

City of Ramsey
Agenda
Housing and Redevelopment Authority (HRA)
Regular Session
Tuesday December 11, 2012
Immediately Following City Council
Council Chambers, 7550 Sunwood Drive NW

- 1. Call to Order**
- 2. Citizen Input**
- 3. Approve Agenda**
- 4. Approve Minutes**
 1. Approve the following Meeting Minutes:
 1. HRA Special - October 16, 2012
 2. HRA Regular - October 23, 2012
 3. HRA Regular - November 13, 2012
 4. HRA Special - November 20, 2012
- 5. HRA Business**
 1. Adopt Resolution Approving Final 2013 HRA Levy
- 6. Development Team Report**
- 7. Commissioner Input**
- 8. Adjournment**

HRA Regular Session

4. 1.

Meeting Date: 12/11/2012

Submitted For: Jo Thieling

By: Jo Thieling, Administrative Services

Information

Title:

Approve the following Meeting Minutes:

1. HRA Special - October 16, 2012
2. HRA Regular - October 23, 2012
3. HRA Regular - November 13, 2012
4. HRA Special - November 20, 2012

Background:

HRA meeting minutes are attached for approval.

Funding Source:

N/A

Council Action:

Approve the attached HRA meeting minutes.

Attachments

[HRA Special 101612](#)

[HRA Reg 102312](#)

[HRA Reg 111312](#)

[HRA Special 112012](#)

Form Review

Inbox

Kurt Ulrich

Reviewed By

Kurt Ulrich

Date

12/05/2012 03:20 PM

Form Started By: Jo Thieling

Started On: 11/30/2012 03:28 PM

Final Approval Date: 12/05/2012

**SPECIAL HOUSING AND REDEVELOPMENT AUTHORITY
CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

The Housing and Redevelopment Authority conducted a Special Session meeting on Tuesday, October 16, 2012, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson Colin McGlone
 Commissioner Randy Backous
 Commissioner David Elvig
 Commissioner Bob Ramsey
 Commissioner Sarah Strommen
 Commissioner Jason Tossey
 Commissioner Jeffrey Wise (seated at the dais at 8:15 p.m.)

Members Absent: None.

Also Present: HRA Executive Director Kurtis Ulrich
 Finance Director Diana Lund
 Public Works Superintendent Grant Riemer
 Development Services Manager Timothy Gladhill
 Assistant Planner/Environmental Coordinator Chris Anderson
 City Attorney William Goodrich
 Development Manager Darren Lazan
 Interim Engineer Shane Nelson
 Tom Bray with Briggs & Morgan
 Stacie Kvilvang with Ehlers & Associates

1. CALL TO ORDER

Chairperson McGlone called the special session meeting of the Housing and Redevelopment Authority to order at 8:02 p.m.

2. CITIZEN INPUT

Jeffrey Wise, 7901 165th Avenue NW, stated at the last HRA meeting, the purchase agreement between the HRA and M&W Holding LLC, of which he is majority owner, was not approved. He noted the HRA had seven unanimous votes for this purchase and asked whether it was an issue of timing or if the HRA was no longer interested in the project as a whole.

Commissioner Elvig stated the HRA learned the action was illegal for the Council and borderline illegal for HRA. In addition, it appeared to be slipped through, an ugly perception. He stated he supports the project and the issue is one of timing. Commissioner Elvig stated that Mr. Wise being on the Council stood in the way for him being able to vote in support of the project.

Commissioner Strommen stated she had indicated at the meeting last week that she is not against the project but new information came to light at the eleventh hour. After careful consideration of the conflict of interest issue and creating process to deal with them, this information came forward at the eleventh hour and in her opinion undermined that public trust. Commissioner Strommen stated it is a timing issue and not the project.

Commissioner Backous stated he echoes what has been stated and believes the previous project 6-0 votes speaks for themselves. It is clearly a timing issue.

Mr. Wise pointed out this project started with the HRA and he does not expect anyone to change their minds but he needs to save his business and personal livelihood.

Commissioner Backous stated what is disturbing the most is how difficult it is for some to discern right from wrong, which is basic to him. He stated he cannot vote in support while Mr. Wise is a sitting Councilmember/Commissioner.

Commissioner Ramsey stated he did vote on it, supports it, know the difference between right from wrong, and the law said the HRA can do it. He noted this was an HRA project and presented as an HRA project.

Commissioner Tossey stated he was not in attendance at the last meeting but has been a champion of the project since Day 1. In addition, the Wiser Choice Liquor property is crucial and will eventually accommodate Highway 10 and Armstrong Boulevard. Commissioner Tossey stated he does have an issue with saying “right and wrong” because the HRA/Council had voted in support all year so why is it being questioned now whether it is a “right and wrong” issue. Commissioner Tossey stated if the Council is not to do it, then it shouldn’t do it. He questioned whether the lawyers are incompetent and should be fired or if they are competent but the HRA knows better on the dais.

Commissioner Backous stated he did not have an ethical issue voting for this project before the information came out that it was against Statute, though he understands the burden is on the Councilmember, not the Council. However, when the information came out, it was hard to defend being party to that vote. He noted the membership of the Council and HRA are the same so personally, when the information came out about the State Statute, that changed it for him. Commissioner Backous stated the HRA had been very careful to assure transparency from beginning to end in the process and all agreed to not treat Mr. Wise any better or worse than anyone else because of his position. The City did an independent appraisal and took the extra step to have it reviewed. He stated he did not want anyone to think he is against or had suddenly turned cold on the project. It was the simple fact that the State Statute was discovered too late and if things change in January, then he will support it. It is a timing issue.

Commissioner Ramsey asked Mr. Bray to present his analysis for Commissioner Tossey.

Commissioner Tossey stated it does not matter if he hears it now but would ask if the Statute exists then why is the HRA finding out only a week before the vote.

Commissioner Ramsey stated concern has been raised about public perception but now it is “muddying the water.”

Commissioner Strommen stated she understands the legal arguments and does not question them. But to her, it is a technical thing and while it is technically legal, that does not make it right in her mind as a matter of policy in how to do business as a City, HRA, and Council. Commissioner Strommen noted the HRA spent an entire meeting debating the conflict of interest issue and if she had known the State Statute barred this transaction, she would not have voted in support while on the HRA. She agreed it is a very small technical difference, but it was raised at the eleventh hour, on the consent agenda, and had been known for three weeks. Commissioner Strommen stated she did not care for that process or doing business in that way.

Commissioner Backous stated there is the law and the spirit of the law. He stated it was a technicality and looked like the City was trying to make an end run around the law. Commissioner Backous stated this is why the HRA should not be in the development business.

Commissioner Tossey indicated when the time comes, he will meet with Mr. Bray. He felt the bigger issue is that the HRA members found out a week before. Commissioner Tossey stated he is finding that many things are raised at the last minute, and that is a problem.

Eric Zaetsch, 6521 - 154th Avenue NW, stated Mr. Wise is speaking as a citizen and asked what hardship Mr. Wise will endure by waiting until January.

Mr. Wise stated over the last six months, he has spent \$25,000 on architectural, environmental, and engineering, and hundreds of hours preparing. Unfortunately, the road construction has wreaked havoc on his business and revenues are off but he has obligations to pay bills. That is the hardship.

Commissioner Wise took his seat at the HRA dais at 8:15 p.m.

3. APPROVE AGENDA

Motion by Commissioner Elvig, seconded by Commissioner Backous, to approve the agenda as revised to add Consideration of Comparison of Final Pro-Forma and Current Draw Schedule in Regard to The Residence at The COR to Case 5.05 and to consider it prior to Case 5.01.

Motion carried. Voting Yes: Chairperson McGlone, Commissioners Elvig, Backous, Ramsey, Strommen, Tossey and Wise. Voting No: None.

4. APPROVE MINUTES

None.

5. HRA BUSINESS

5.05: Comparison of Final Pro-Forma and Current Draw Schedule in Regard to The Residence at The COR & Approve Agreement Related to Pre-payment – The Residence at The COR

Chairperson McGlone recused himself due to a potential conflict of interest and left the Council Chambers at 8:16 p.m.

Development Manager Lazan reviewed the staff report.

Acting Chairperson Elvig noted that Development Manager Lazan is the development manager but also a commissioned salesperson with the development and has a partner with this development who is producing the draws being presented, which he found to be a conflict of interest.

Development Manager Lazan clarified he is not a commissioned salesperson but receives a development fee on a monthly basis and on an incentive basis.

Acting Chairperson Elvig stated he had raised questions about the original proforma and potential “leakage” through developer fees being paid prior to the HRA getting paid. He described his review of fees and concerns that the draws include builders overhead, builders profit, contingency, and that travel fees are up to \$150,000. He stated to him that appears to be “leakage.”

Development Manager Lazan explained that builders overhead and builders profit were in the original proforma, have always been an expense, and have always been in the draw. The HRA has never discussed to withhold builders overhead and costs. Development Manager Lazan explained when the first draw came through, those costs were broken out and the travel item moved from developers fee/overhead to an item they could draw from out of their profit. He noted it was submitted prior to closing on the sample draw sheet originally prepared and presented for final approval and documentation. He stated it is correct that travel dollars moved from ineligible to draw to eligible but they also paid \$200,000 prepaid interest on the loan before they drew on the loan. At the end, the HRA always knew there was about \$1.2 million of profit for the developers that would be held until near the end of the project and that is still the case. He recommended the HRA accept the \$500,000 to reduce the HRA’s exposure.

Acting Chairperson Elvig restated that the builders fee was not included in the original proforma.

Stacy Kvilvang, Ehlers & Associates, stated she had prepared the proforma for analysis and assured the HRA that the builders fees/overhead were included in the original proforma in the construction costs. In the draw, the builders overhead and builders profit were broken out. Ms. Kvilvang advised that the overall initial sources and uses of dollars have not changed with the draw schedule.

Acting Chairperson Elvig stated he understands sources and uses balance but was asking about leakage of equity and if they were using HRA money for equity. He stated he does not want to

pay builders fees or developers fees before the HRA is paid or to allow it to be used to capitalize the HRA loan. He asked if it is going back to Flaherty & Collins as equity.

Ms. Kvilvang stated builder's overhead and profit are going to Flaherty & Collins as the builder for doing the construction and drawn appropriately over the loan. The \$500,000 request is part of the developer fee to Flaherty & Collins for time spent on the project but they are choosing to prepay the HRA instead of keeping it for themselves.

Acting Chairperson Elvig asked about the other line items.

Ms. Kvilvang advised it is not viewed as leakage or equity dollars back to Flaherty & Collins. Rather, they are valid expenditures and appropriate within the realm of the proforma.

Bond Counsel Tom Bray of Briggs & Morgan advised that the loan documents allow the developer to recover costs related to construction. Nothing in loan documents prohibit Flaherty & Collins from taking draws their construction company have incurred.

Acting Chairperson Elvig asked why the contractor fee was shown as zero on the proforma.

Ms. Kvilvang explained the proforma includes a larger construction cost that includes contractor overhead and contractor fees. In the actual draw, that detail was broken out.

Acting Chairperson Elvig stated he is satisfied that the extra dollars are not coming from profit to Flaherty & Collins; however, he remained against the request.

Motion by Commissioner Wise, seconded by Commissioner Tossey, to accept the \$500,000 early principal reduction payment, direct the team to execute the agreement, and transfer funds as outlined in the agreement.

Motion carried. Voting Yes: Commissioners Wise, Tossey, Backous, Ramsey, and Strommen. Voting No: Acting Chairperson Elvig. Absent: Chairperson McGlone.

Chairperson McGlone returned to Council Chambers and his seat at the dais at 8:33 p.m.

5.01: Consider Alternative Development Scenario – Sunwood Retail

Development Manager Lazan reviewed the staff report.

Commissioner Elvig noted part of the proceeds are needed to purchase Wisser Choice Liquor for \$1.2 million and asked about the net proceeds.

Development Manager Lazan explained at a previous meeting, the HRA determined it would not have a contribution towards the road and that the proceeds for the sale of Lot 3 would go for the Sunwood Retail project.

Commissioner Strommen asked if staff assumes no deal on Lot 3 or a delay.

Development Manager Lazan stated this budget and development scenario assumes the worst-case scenario with no deal on Lot 3 but if it proceeds in January, the budget would be flush. He stated this past week he vetted the other lot purchasers. SuperAmerica will close tomorrow and he expects that the improvements will be made.

Commissioner Strommen stated she preferred to take the time to fully vet whether the HRA is in a delay scenario and what that will mean with potential purchasers.

Development Manager Lazan stated he can detail the option of delay but has strong belief that SuperAmerica will close and provide proceeds to fund some of the costs. In addition, McDonalds indicated it would execute and hopes to start construction this winter with a spring open.

Commissioner Strommen asked about the development management fees if the sale does not close.

Development Manager Lazan explained the development management agreement has dollars due when a project is put under agreement with adequate earnest money placed to cover those payments, fees at closing, and fees at occupancy. He noted it also indicates: "or as we choose to arrange otherwise." Landform is asking the HRA to consider compensation on work it has done to date to pay \$25,000 of the fee (40%) as part of this project moving forward with credit towards the deal on Lot 3. This is asking for consideration of \$10,000 of the capital improvements and for work with Solomon over the last year, which was considerable.

Commissioner Strommen stated she missed that was being asked of the HRA in the budget. She asked if the Solomon coordination was necessary to facilitate the other projects.

Development Manager Lazan stated it was not because the building could have been backed to their building but the City set the course to work with the developer who has endured through thick and thin to make it work. He indicated Solomon would acknowledge that Landform went above and beyond to restore that relationship from a potential litigation to them being pleased with the outcome.

Commissioner Elvig stated this is considering a "half step" and he has no problem with the dead end scenario because it provides additional parking.

Development Manager Lazan advised this configuration is typical in pad-ready developments to narrow the choices. He reviewed the decision making process and indicated there is a commitment to Solomon to let them re-engage the building fronts and this new parking lot opens more possibilities in being able to flip parking from Lot 2 to Lot 3 and to relieve parking congestion. Development Manager Lazan noted Solomon wants to keep sight lines open to its building.

Commissioner Elvig stated he understands the benefit of having alternatives figured out and that this is where the pad will be located but he is concerned about putting down this much

bituminous and the potential it will be damaged during building construction. He recommended improving only the east side of the parking lot at this point.

Commissioner Strommen noted the case report says the funding source is future land sales. She asked what is the interim funding source.

Development Manager Lazan stated he talked today with HRA Executive Director Ulrich and it was determined there are options with the HRA fund balance.

Commissioner Strommen noted in the mean time, the HRA has bills to pay and needs to know the source of interim funding.

HRA Executive Director Ulrich stated the HRA has a balance of \$300,000 that could be used for cash flow until the SuperAmerica land sale can pay it back.

Commissioner Strommen asked what are the intended net proceeds from the SuperAmerica sale.

Development Manager Lazan reviewed the soft costs and advised the proceeds from Lot 5 for SuperAmerica are slightly over what was anticipated from the sale of Lot 3 to Mr. Wise.

HRA Executive Director Ulrich stated the HRA will not want to proceed without a signed purchase agreement with SuperAmerica to assure those land proceeds will come in.

Commissioner Strommen noted they are interwoven but the downside the HRA faces is when one of the anticipated sales does not go forward so the HRA needs to understand all things are contingent. She noted that without having the cash flow information, it is difficult to vote on these serious issues and she wished the information was in writing before being asked to make this decision.

Commissioner Elvig asked about the process and if staff is seeking the HRA's approval to bring back to potential land buyers that the HRA will build infrastructure ahead of the development.

Development Manager Lazan stated the HRA needs to understand its role to move this forward to create certainty on the other side. He stated he will work with SuperAmerica on its closing and components they will undertake. He will also let McDonalds know it can plan on commitments in the Purchase Agreement, which will be brought before the HRA next week.

Commissioner Elvig asked if staff should draft a resolution indicating the HRA is willing to move forward on this project in order to give SuperAmerica that assurance.

Development Manager Lazan advised that SuperAmerica is under contract so it only needs word that the HRA is moving forward. McDonalds will be under contract next week. He asked the HRA to approve the development scenario to move forward.

Commissioner Tossey stated this is contingent on SuperAmerica closing and if it does not close he would not support paving Lot 3 for \$800,000.

HRA Executive Director Ulrich stated staff needs to clarify soft costs, such as engineering that the HRA would have to absorb, prior to closing. He recommended the HRA act on development fees separately instead of approving through a preliminary budget action.

Development Manager Lazan stated he has soft costs associated with modifying the legal documents, easements, and plans but the hard costs will be held subject to closing with SuperAmerica.

Motion by Commissioner Elvig, seconded by Commissioner Tossey, to approve the COR TWO plat and initial improvements development scenario as outlined in the case report, and direct the Development Team to proceed with the effort to assume the responsibilities related to the development and construction of the initial improvements, subject to a spending cap of \$40,000 and hard costs contingent on planned closing with either Lot 3, Lot 4, or Lot 5.

Further discussion: Commissioner Ramsey noted the HRA has voted seven times to support another project but not approved this one and it is now costing the HRA over \$200,000 to fix due to “public perception.” Commissioner Elvig stated the HRA has the opportunity to earn back that amount at the same time. Development Manager Lazan recommended the utility stubs be included in the Sunwood Drive project, which would result in cost savings. Interim Engineer Nelson stated the contractor is installing utilities in this location so the City could expand the scope. Following a brief discussion of this option, City Attorney Goodrich advised it is a City project and would not require a bidding process if under \$100,000. Commissioner Strommen asked the HRA to act on the motion on the floor since the issue of utility stubs is a Council decision.

Motion carried. Voting Yes: Chairperson McGlone, Commissioners Elvig, Tossey, Backous, Ramsey, and Strommen. Voting No: None. Abstain: Commissioner Wise.

5.02: Approve Development Agreement – COR TWO

Development Manager Lazan reviewed the staff report.

Commissioner Strommen asked if this is also contingent on closing of other properties.

Development Manager Lazan explained it is not because the plat has to be recorded to dedicate the rights-of-way for Armstrong Boulevard and completion of the grant preparation. He stated if a closing is delayed, the projects could be deferred.

Development Services Manager Gladhill advised the time deadline is one year upon approval to complete the improvements and the HRA can also consider an extension, if needed.

Commissioner Strommen asked if the Council also needs to approve the development agreement.

Development Services Manager Gladhill noted the Council had approved it subject to review as to legal form.

Motion by Commissioner Tossey, seconded by Commissioner Ramsey, to approve the Development Agreement related to the plat of COR TWO subject to final modifications approved by the HRA Executive Director and the HRA Counsel and authorizing and directing the HRA Chair and HRA Executive Director to execute the Development Agreement.

Motion carried. Voting Yes: Chairperson McGlone, Commissioners Tossey, Ramsey, Backous, Elvig, and Strommen. Voting No: None. Abstain: Commissioner Wise.

5.03: Approve Documents Related to the Plat of COR TWO

Development Manager Lazan reviewed the staff report.

Motion by Commissioner Ramsey, seconded by Chairperson McGlone, to approve the Final Plat of COR TWO, and Adopt Resolution HRA#12-10-008 Authorizing the HRA Chair and HRA Executive Director to Execute the Plat and all other documents necessary to record; to approve the Agreement related to the Plat of COR TWO, subject to final modifications by HRA Counsel and Adopt Resolution HRA#12-10-009 Authorizing the HRA Chair and HRA Executive Director to Execute the Agreement, Quit Claim Deeds, and all other documents necessary to record; to approve the Agreement and Declarations of Easements, Covenants, and Restrictions subject to final modifications by HRA Counsel, and Adopt Resolution HRA#12-10-010 Authorizing the HRA Chair and HRA Executive Director to Execute the Agreement, Quit Claim Deeds, and all other documents necessary to record; to approve the Agreement and Declaration of Signage and Utility Easements subject to Final Modifications by HRA Counsel, and Adopt Resolution HRA#12-10-011 Authorizing the HRA Chair and HRA Executive Director to Execute the Agreement, and all other documents necessary to record; and, to approve the Restrictive Covenants related to Lot 4, Block 1, COR TWO, subject to final modifications by HRA Counsel, and Adopt Resolution HRA#12-10-012 Authorizing the HRA Chair and HRA Executive Director to Execute the Agreement, and all other documents necessary to record.

Motion carried. Voting Yes: Chairperson McGlone, Commissioners Ramsey, Backous, Elvig, Strommen, and Tossey. Voting No: None. Abstain: Commissioner Wise.

5.04: Approve Contract for Design Services – Sunwood Retail

Development Manager Lazan reviewed the staff report.

Commissioner Elvig asked if the recommendation is to approve a direction to move forward and to look at fees at a later date.

HRA Executive Director Ulrich explained these are soft costs related specifically to the project itself subject to the cap placed in a previous motion. Developer Management fees will come back at a later date.

Motion by Commissioner Tossey, seconded by Commissioner Ramsey, to approve Work Order number RAM 12025 for \$34,600 and direct staff to execute the agreement and proceed with the effort outlined.

Motion carried. Voting Yes: Chairperson McGlone, Commissioners Tossey, Ramsey, Backous, Elvig, and Strommen. Voting No: None. Abstain: Commissioner Wise.

5.05: Approve Agreement Related to Pre-payment – The Residence at The COR

This case was considered prior to Case 5.01.

5.06: Approve Option Agreement – Edgewood Management Group (portions may be closed to the public)

Development Manager Lazan reviewed the staff report and asked if the HRA would like to discuss the option agreement/purchase agreement details in closed session.

The HRA indicated it would discuss this case during open session.

Commissioner Strommen asked if it will come back for site approval.

Bond Counsel Bray stated the consideration is granting Edgewood Management Group an option to purchase one of the two sites on the terms set forth in the Purchase Agreement. If nothing is finalized within 60 days, then it expires. During the 60 days, Edgewood Management Group can sign one of the Purchase Agreements and with the required earnest money, the HRA would be obligated to sell under those terms.

Commissioner Strommen asked if discussion of TIF is a separate issue so the City is not obligated on TIF.

Bond Counsel Bray advised there is no obligation on the part of the City to grant TIF.

Motion by Commissioner Elvig, seconded by Commissioner Wise, to accept the Option Agreement and Purchase Agreements outlined and Adopt Resolution HRA#12-10-013 Allowing the HRA Chair and HRA Executive Director to Execute the Agreement.

Further discussion: Development Manager Lazan advised that once the Option Agreement is signed, the details will be public.

Motion carried. Voting Yes: Chairperson McGlone, Commissioners Elvig, Wise, Backous, Ramsey, Strommen, and Tossey. Voting No: None.

6. DEVELOPMENT TEAM REPORT

Development Manager Lazan stated they are preparing for the train station opening.

Chairperson McGlone indicated he watched two semi-trucks negotiate the turnaround with no problem.

At the inquiry of Commissioner Strommen, City Attorney Goodrich stated he will prepare an appropriate amendment to the Landform contract, which currently refers to Deputy City Administrator Nelson.

7. COMMISSIONER INPUT

None.

8. ADJOURNMENT

Motion by Commissioner Elvig, seconded by Commissioner Tossey, to adjourn the special session meeting of the Housing and Redevelopment Authority.

Motion carried.

The special session meeting of the Housing and Redevelopment Authority adjourned at 9:37 p.m.

Respectfully submitted,

Kurtis G. Ulrich
HRA Executive Director

ATTEST:

Jo Ann M. Thieling
City Clerk

Drafted by Carla Wirth
TimeSaver Off Site Secretarial, Inc.

**HOUSING AND REDEVELOPMENT AUTHORITY
CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

The Housing and Redevelopment Authority conducted a regular meeting on Tuesday, October 23, 2012, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson Colin McGlone
 Commissioner Randy Backous
 Commissioner Bob Ramsey
 Commissioner Sarah Strommen
 Commissioner Jason Tossey
 Commissioner Jeffrey Wise

Members Absent: Commissioner David Elvig

Also Present: HRA Executive Director Kurtis G. Ulrich
 Development Services Manager Timothy Gladhill
 City Attorney William Goodrich
 Development Manager Darren Lazan

1. CALL TO ORDER

Chairperson McGlone called the regular meeting of the Housing and Redevelopment Authority to order at 8:55 p.m.

2. CITIZEN INPUT

David Jeffrey, 5592 – 155th Lane NW, referenced the recent *StarTribune* article relating to the City of Ramsey and stated he had submitted a seven-page letter to the State Auditor that included 36 citing of meeting minutes and City documents obtained under Statute requests. He emphasized that the information he submitted to the State Auditor was factual with citing and not of opinion.

Chairperson McGlone took exception to the comments of Mr. Jeffrey.

Commissioner Ramsey respectfully requested the HRA forego this conversation and asked Mr. Jeffrey to step down.

Mr. Jeffrey stated his intent was to set the record straight that his document is cited and contained the truth of the facts.

3. APPROVE AGENDA

The agenda was approved as submitted.

4. APPROVE MINUTES

Motion by Commissioner Ramsey, seconded by Commissioner Wise, to approve the following minutes:

HRA Work Session – October 2, 2012
HRA Regular Session – October 9, 2012

Motion carried. Voting Yes: Chairperson McGlone, Commissioners Ramsey, Wise, Backous, Strommen, and Tossey. Voting No: None. Absent: Commissioner Elvig.

5. HRA BUSINESS

5.01: Approve Purchase Agreement – Lot 4, Block 1, COR TWO (Portions were closed to the public)

Development Manager Lazan reviewed the staff report and asked if the HRA would like to discuss the option agreement/purchase agreement details in closed session.

City Attorney Goodrich advised that under Minnesota Statutes, the meeting can move into closed session to discuss confidential purchase agreements. He indicated closed session discussion will relate to property acquisitions of Lot 4, Block 1, COR TWO for future development. The closed session will be tape recorded and that tape will be maintained for a period of eight years.

Motion by Commissioner Ramsey, seconded by Commissioner Tossey, to move to closed session to discuss acquisition negotiations.

Motion carried. Voting Yes: Chairperson McGlone, Commissioners Ramsey, Tossey, Backous, Strommen, and Wise. Voting No: None. Absent: Commissioner Elvig.

The HRA meeting moved into a closed session at 9:02 p.m.

The HRA reconvened in open session at 9:12 p.m.

Development Manager Lazan stated during the closed session the HRA held discussion and reached consensus to approve the purchase agreement for construction of a prototype McDonalds Restaurant. The offer under contract includes \$5,000 earnest money and a period of 170 days for due diligence with closing in the spring. The purchase offer of \$470,000 equates to \$10.79/foot net (1.0 acre net) and \$8/foot gross (1.36 acres gross). This is in the average calculated for the dashboard. The project development fee of \$51,441 would be phased over time per the contract.

Motion by Commissioner Ramsey, seconded by Commissioner Tossey, to approve the purchase agreement for Lot 4, Block 1, COR TWO, subject to final modifications by HRA Counsel and Adopt Resolution HRA#12-10-014 Authorizing the HRA Chair and Executive Director to execute the agreement and all other documents necessary to close.

Motion carried. Voting Yes: Chairperson McGlone, Commissioners Ramsey, Tossey, Backous, and Strommen. Voting No: None. Absent: Commissioners Elvig and Wise.

Commissioner Wise returned to the HRA dais at 9:14 p.m.

Development Manager Lazan displayed a slide depicting the McDonalds Restaurant site, reviewed the components of the concept design, points of access, and rationale for constructing a roundabout to prevent backups onto the County road systems and assure all retail uses can be viable.

5.02: Development Management Compensation

Development Manager Lazan reviewed the staff report and development management compensation worksheets, noting portions are paid on a monthly basis and portions on an incentive basis for projects under contract, closed, and constructed. The incentive based payments are based on development value (land sale proceeds, hard building costs, hard site construction costs, soft development costs). He requested approval of the first three compensation requests: McDonalds, SuperAmerica at Armstrong, and SuperAmerica at Ramsey Boulevard.

HRA Executive Director Ulrich stated he had reviewed these three compensation requests and found they were in accordance with the contract. It was noted the Development Team comprises the Deputy City Manager (which is being removed from the contract), Development Manager Lazan, his partner, and the HRA Executive Director.

In response to the HRA's questions related to whether the proforma will fluctuate once the project is constructed, Development Manager Lazan explained that was a source of discussion at contract negotiations. He stated the concept is to prepare the best possible proforma numbers when the deal is prepared to close. If there is significant change between closing and construction, it can be negotiated.

HRA Executive Director Ulrich advised the development fee is paid 20% at purchase agreement, 60% at closing, and the final 20% at occupancy.

Commissioner Backous asked HRA Executive Director Ulrich if he saw problems administering capitalized cost since it can change over time. He also asked what is considered 'significant,' perhaps 5%.

HRA Executive Director Ulrich stated practically the capitalized costs are subjective so there may be negotiations on what a "significant" change is for these smaller projects. He noted the

projects under consideration are fairly small so it is unlikely that the building costs will change significantly (5%). He stated the HRA can consider that as a negotiation point.

Motion by Commissioner Ramsey, seconded by Commissioner Backous, to approve the following compensation requests: McDonalds, SuperAmerica at Armstrong, and SuperAmerica at Ramsey Boulevard and direct staff to include these compensations in the upcoming closings.

Further discussion: Commissioner Wise stated his intention to abstain from consideration and vote on this case.

Motion carried. Voting Yes: Chairperson McGlone, Commissioners Ramsey, Backous, Strommen, and Tossey. Voting No: None. Abstain: Commissioner Wise. Absent: Commissioner Elvig.

Development Manager Lazan presented compensation requests for the Sunwood Retail Area, noting due to the complex nature of development, this request does not “follow the mold” in considering the value. He explained to get the Sunwood Retail lots ready for the three users, the HRA could have ignored the neighboring owners and work only on the three parcels or work with those neighbors (Sophia Ramsey LLC and Coburn’s Anchored Center). Development Manager Lazan reviewed his work to address the needs of those properties related to access, parking, walkways, orientation of future retailers, buildability of existing pad, and current shortage of parking. All of that work netted no compensation for the Development Team.

Development Manager Lazan presented a compensation request for general coordination with Sophia Ramsey LLC equaling \$6,000 to address the platting agreement, final plat, easements, maintenance, and construction issues. In addition, he requested \$4,000 as the value of hard improvements (1/3 share = \$2,000 x 2%). He noted this work had resulted in providing increased parking, made the pad site more viable and valuable

Development Manager Lazan presented a compensation request for a development fee advance of \$25,000 for Lot 3 that would be deducted from future development management fees. He explained Landform had proceed with its efforts on Lot 3 based on HRA approvals, structured agreements and documents, and addressed construction component responsibility. Then, the HRA decided it would be more appropriate to wait for spring. Landform is requesting an advance of \$25,000 on Lot 3 that would be credited when Lot 3 closes.

HRA Executive Director Ulrich indicated this compensation request is more complex and the contract does not obligate the HRA to pay it. He noted this work for Sophia Ramsey may result in capturing fees on other parcels and there was some lot creation that may lead to additional development because Solomon picked up an extra piece and it would enhance the City’s tax base. He recommended considering the request for \$4,000 (Sophia Ramsey LLC value of hard improvements) but recommended postponing consideration and requesting additional documentation of the \$6,000 request (Sophia Ramsey LLC general coordination).

HRA Executive Director Ulrich then addressed the request for the Lot 3 advance. He explained it is the incentive fee on the land to provide a buildable lot so considering it would set a

precedent because it would result in paying for the creation of buildable lots. HRA Executive Director Ulrich noted the HRA had rejected the purchase agreement when it came up for consideration so, perhaps, if the HRA rejects it then it owes the Development Manager an advance for his efforts. He pointed out if the development of Lot 3 goes through then the Development Manager would be reimbursed fairly quickly but if it is not developed, there would not be reimbursement.

City Attorney Goodrich presented his review of the Landform contract, Section c, Page 12, number 4 and advised the contract does contemplate appropriate compensation on specialized deals.

HRA Executive Director Ulrich concurred the HRA has the authority but not the obligation under the contract.

Commissioner Tossey stated he supports approval of the \$4,000 for Sophia Ramsey LLC and to request additional documentation on the \$6,000 request. With regard to the \$25,000 Lot 3 advance, he asked if the contract assures Landform is paid for deals in progress that close even if its contract has expired.

HRA Executive Director Ulrich stated once an agreement is reached on incentive compensation, then it is paid in accordance with the schedule. If the Landform contract is terminated prior to January 31 or prematurely terminated, there is a 15-month window of time.

Commissioner Tossey asked why the HRA would consider the Lot 3 advance since that deal will get done, one way or the other, for the Armstrong overpass. He stated he would like the Lot 3 deal done sooner rather than later so the City can go to the Legislature to request the overpass. Commissioner Tossey asked again why the HRA would pay a Lot 3 advance now since the Landform contract has a contingency to assure the Development Manager will be paid.

Chairperson McGlone stated he found this situation to be different because the HRA decided to terminate the purchase by tabling indefinitely.

Commissioner Tossey stated there is a precedent issue and he wants to assure the HRA is not boxing themselves in.

Development Manager Lazan stated with the dynamic nature of this portion of the contract and request, it indicates there is no precedent and he would acknowledge it is considered on a case-by-case basis. He stated he had worked in good faith to bring the project (Lot 3) forward and believed it is a distinct difference that the project had received positive votes for over a year. Landform acted on that, expended a tremendous amount of work, and is asking the HRA to consider this advance request.

Commissioner Tossey felt the distinction on this deal (Lot 3) is that it has to get done to get the Armstrong Boulevard overpass because it goes through the Wiser Choice Liquor property. Because of that, Landform is assured to get paid for services rendered one way or the other.

Commissioner Strommen stated she understand the work put into this project and the concern that incentive compensation is to be incentive to close the project. She stated if there was not also an administrative fee in the contract, she may be more sympathetic but that is the difference for her. In addition, it gives her some “heartburn” because the work for Sophia Ramsey LLC should have come to the HRA up front and that Landform would expect compensation. Commissioner Strommen stated she still has “heartburn” about having to pay full compensation on a sale (Lot 3) to a member of this body. She stated she realizes that deal is not on the table but had previously asked the HRA to discuss that unique circumstances. Commissioner Strommen stated for these reasons she is not comfortable with the Lot 3 advance or the \$10,000 Sophia Ramsey LLC request.

Development Manager Lazan stated he agrees with the comment about the Lot 3 deal because it has taken twice as long and twice as many steps so he would welcome discussion. He noted that the City purchasing Mr. Wise’s property on one side in no way obligates Mr. Wise to locate on this side. It is a new deal with a purchase agreement. Development Manager Lazan stated he could argue it was more work than other deals. With regard to the Sophia Ramsey LLC issue, he stated if he had acted in his own selfish interest, he would not have spent that time but Sophia Ramsey LLC is an important partner in this project so he had acted accordingly to resolve those issues. Development Manager Lazan stated it is difficult to ask for compensation until the HRA sees the results and he understands this is a request and reflects on their relationship and efforts going forward.

Commissioner Tossey agreed with Commissioner Strommen that it would have been good to come forward before the work was done. He stated Sophia Ramsey LLC is an important partner, that work was done, and Landform should be compensated. But with the Lot 3 advance, it is assured Wisser Choice Liquor will be taken down for the Armstrong overpass and that purchase had only been postponed until after January 1, 2013, so Landform will get paid.

City Attorney Goodrich advised that five HRA members would be voting so three was the majority required to pass a motion.

Motion by Commissioner Ramsey, seconded by Commissioner Tossey, to approve the development management compensation related to Sophia Ramsey LLC for hard improvements (1/3 share = \$2,000 x 2%) in the amount of \$4,000, and to request additional documentation on the general coordination costs for the additional \$6,000.

Motion carried. Voting Yes: Chairperson McGlone, Commissioners Ramsey, Tossey, and Backous. Voting No: Commissioner Strommen. Abstain: Commissioner Wise. Absent: Commissioner Elvig.

The consensus of the HRA was to not take action on the Lot 3 development fee advance in the amount of \$25,000.

6. DEVELOPMENT TEAM REPORT

Development Manager Lazan and HRA Executive Director Ulrich provided updates on projects and on-going negotiations and announced the upcoming grand opening of the North Star Station.

7. COMMISSIONER INPUT

Chairperson McGlone reiterated his concern about the inaccuracies in the recent *StarTribune* article.

8. ADJOURNMENT

Motion by Commissioner Ramsey, seconded by Commissioner Tossey, to adjourn the regular meeting of the Housing and Redevelopment Authority.

Motion carried.

The regular meeting of the Housing and Redevelopment Authority adjourned at 9:53 p.m.

Respectfully submitted,

Kurtis G. Ulrich
HRA Executive Director

ATTEST:

Jo Ann M. Thieling
City Clerk

Drafted by Carla Wirth
TimeSaver Off Site Secretarial, Inc.

**HOUSING AND REDEVELOPMENT AUTHORITY
CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

The Housing and Redevelopment Authority conducted a regular meeting on Tuesday, November 13, 2012, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson Colin McGlone
 Commissioner Randy Backous
 Commissioner David Elvig
 Commissioner Bob Ramsey
 Commissioner Sarah Strommen
 Commissioner Jason Tossey
 Commissioner Jeffrey Wise

Members Absent: None.

Also Present: HRA Executive Director Kurtis G. Ulrich
 Finance Director Diana Lund
 Development Services Manager Timothy Gladhill
 Management Analyst Patrick Brama
 City Attorney William Goodrich
 Development Manager Darren Lazan
 Interim Engineer Shane Nelson

1. CALL TO ORDER

Chairperson McGlone called the regular meeting of the Housing and Redevelopment Authority to order at 8:07 p.m.

2. CITIZEN INPUT

There was none.

3. APPROVAL OF AGENDA

Development Manager Lazan requested the agenda be revised to remove Case 5:01, which will be considered at the next HRA meeting.

Motion by Commissioner Elvig, seconded by Commissioner Ramsey, to approve the agenda as revised to remove Case 5.01, Preparation and Submittal of Stormwater Management Plan for The COR.

Motion carried. Voting Yes: Chairperson McGlone, Commissioners Elvig, Ramsey, Backous, Strommen, Tossey and Wise. Voting No: None.

4. APPROVAL OF MINUTES

None.

5. HRA BUSINESS

5.01: Approve Preparation and Submittal of Stormwater Management Plan for The COR

This case was removed upon adoption of the agenda.

5.02: Consider Award of Construction Contract – North Commons

Development Manager Lazan reviewed the staff report and presented the bids received for the work associated with North Commons, a 17-lot subdivision in the residential area north of Bunker Lake Boulevard. He described the North Commons project components and work included in the bid. Development Manager Lazan reviewed project funding and benefits the City will realize from this project. Development Manager Lazan advised he found the bids to be the best that can be anticipated for a project with this high number of challenges.

Development Manager Lazan then presented the North Commons proforma including three anticipated income returns based on the lot sale price and expenses. He noted he is proposing reduced development fees related to water and sanitary sewer laterals that would be subject to review and approval by the Council. It was noted this proforma included no acquisition dollars and anticipates HRA proceeds of \$53,836.

Commissioner Tossey asked how many lots have been sold.

Development Manager Lazan stated one lot is under contract but the site has not been marketed.

Commissioner Tossey asked why this matter is before the HRA tonight when there are no interested buyers and prior HRA direction was to bring this item back in the spring.

Development Manager Lazan stated the HRA motion had been amended by Commissioner Elvig to rebid the project for spring construction.

Commissioner Tossey noted when this project was originally brought forward, there were supposed to be interested builders.

Development Manager Lazan stated it is still fairly active. He reviewed that the first offer to purchase included the potential for that builder to take over all of the lots but the HRA expressed interest to bring in multiple builders. If approved tonight, staff will develop a marketing plan and put it out to the development community.

Commissioner Tossey stated he would not support moving forward to expend \$500,000 in the hope of a \$30,000 return until it is known there will be buyers for the lots.

Chairperson McGlone stated builders buy lots and the HRA can't sell this land until lots have been created to sell.

Commissioner Wise asked if this property will not be developed by private developers.

HRA Executive Director Ulrich stated that is correct, public intervention is needed for this property to develop.

Commissioner Strommen asked staff to provide the proforma as part of the case report so it can be reviewed prior to the meeting. She asked if there is urgency to this action.

Development Manager Lazan stated if not approved, public improvements would not be completed that this project would fund. In the short-term, the HRA has received a good bid for this project and if rejected it would have to be rebid at a future date. He noted the direction of the HRA months ago was that the bid prices were too high and to rebid the project over a longer term to get better prices.

Commissioner Strommen asked whether the proforma is anticipating that with one buyer it would still not be at a break even.

Development Manager Lazan pointed out that even with the lowest lot price scenario, the City would still receive \$130,300 as well as infrastructure improvements and funding for the park.

Commissioner Wise stated staff has indicated this property will not develop without public intervention and while he knows many don't like the government to be involved in development, sometimes that is the only way things happen, such as with the stadium.

Commissioner Elvig reviewed that this project had started from Commissioner Tossey's indication that residents in this area wanted the park developed because they had been promised a park. In that effort, the City looked at how it could afford to develop the park and decided to offset those costs by putting lots up there. He stated he would like the HRA to have more land sale commitments and suggested staff ask the bidder how long he would hold the numbers. Commissioner Elvig raised the option of having a set percentage of the lots sold, such as 50%, at which time the HRA could release the project.

Commissioner Tossey agreed that residents in that area want a park and he had met with Parks and Assistant Public Works Superintendent Riverblood multiple times. He asked if it makes sense to spend \$500,000 to make \$35,000. Commissioner Tossey indicated he is not saying to not do the project, but to wait until more lots are sold. He suggested marketing the four lots that are ready to sell, noting some of the lots will require a lot of fill to develop.

Commissioner Ramsey stated he is not opposed to moving forward and found it is a valid point that the land has not been marketed. He agreed this land will never develop via the private sector and another question is when the storm sewer will have to be fixed, this winter or next spring, because those costs have to be incurred anyway. Commissioner Ramsey stated he would like to

hear the consensus of those who will be on the Council after January 1st and whether they think it makes sense to move forward or should be delayed for several weeks to provide time to market the lots and get an indication of the commitment.

Commissioner Wise pointed out there had been similar concerns with the Sunwood Drive realignment project that was approved with money spent and no land proceeds. But, at that time, the City had pending purchase agreements on two of the properties that would have put funds back into the system.

Commissioner Backous stated he finds the concerns expressed to be valid and agreed it is hard to market lots that do not yet exist. In addition, he did not know how strong a commitment to purchase a lot would be. Commissioner Backous stated he thinks something needs to be done and he liked the suggestion of Commissioner Elvig for a contingency motion to release the project when a certain percentage of lots have been sold.

Chairperson McGlone stated that sounds good but you cannot sell lots when lines do not exist on a map.

Commissioner Backous stated it would at least show some amount of commitment by the HRA.

Development Manager Lazan stated he was unsure whether the open bid law allows the HRA to ask the bidder to extend the bid date. He reviewed that the HRA previously had a commitment to buy all of the lots over a given period of time but the HRA wanted it opened to other builders so it agreed to sell only one lot to that buyer. Development Manager Lazan stated he has recently talked to three brokers who are interested and wanted to know when the lots would be delivered.

Commissioner Strommen asked about the option of presales before moving forward with the project. She noted funding is proposed from an internal loan on the short term that would be paid back with future sale proceeds. Commissioner Strommen asked about the current level of obligations and loans from the Landfill Trust Fund or other internal funds and questioned the intended time horizon on the proforma.

Development Manager Lazan stated the proposal outlined previously for the 15 lots was a three-to five-year timeline and that remains the projection with three to five lots being sold per year. He indicated HRA Executive Director Ulrich and Finance Director Lund had recommended use of the Landfill Trust Fund.

Finance Director Lund addressed the acquisition cost, and said the HRA should be aware that it will be booked as a loss on the record because no land sale proceeds are coming in.

Development Manager Lazan clarified the proforma contemplates \$206,000 would be received in development fees in addition to \$40,000 to repay park construction costs.

Finance Director Lund stated when presented in August, the funding source was the Landfill Trust Fund, which was to be reimbursed at the time of future land sales. However, it will show as a loss in HRA books.

HRA Executive Director Ulrich pointed out that only a portion of the funds would come from the Landfill Trust Fund and other sources, like the Stormwater Fund, will be used for this project.

Development Manager Lazan stated he can do an analysis of initial costs but would guess it to be the original \$420,000 plus \$30,000, for a total of \$450,000.

HRA Executive Director Ulrich advised that according to the City Attorney, the HRA can presell lots but then it needs to perform if selling under certain conditions.

Chairperson McGlone asked how the HRA can presell lots that do not yet exist.

City Attorney Goodrich advised the lots can be described by metes and bounds or the HRA can file the plat. But, whether or not someone will sign a purchase agreement based on a recorded plat or drawing, is an issue. Secondly, in order to extend the bid, the HRA would need to negotiate with the contractor and if they agree, the HRA can extend the bid but if extended too far, other bidders may complain. City Attorney Goodrich advised the City had extended bids in the past with approval of the contractor.

Commissioner Ramsey asked how the \$40,000 for the park is accounted for because normally those dollars would be profit.

Development Manager Lazan stated it is a benefit to the City across the board and even at the lowest lot cost scenario, the City ends up with 15 homes, a park and storm pipe being paid for, and will receive building permit fees and taxes so there are still upsides to the City.

Commissioner Ramsey stated there are at least three houses under construction in that area. He thought the Northstar Train stop was driving some of that development along with Legacy Christian Academy.

Commissioner Elvig stated he thinks an absorption rate of three to five years is fairly accurate. He noted presale is common and usually requested by the bank. He has no issue with asking the low bidder to extend the bid since the project would be constructed in the spring anyway and the HRA could then market lots through the winter.

Commissioner Backous asked why the HRA previously turned down a purchase agreement for the whole project.

Development Manager Lazan explained staff had presented for approval a contract to have an exclusive builder of all 17 lots, buying two to three lots at a time. However, the direction of the HRA was that lot sales would go faster if opened to the private market so the purchase agreement was changed with that builder to include only one lot.

Commissioner Backous stated he would have supported approval if someone paid a check to cover the HRA's cost and investment.

Commissioner Tossey stated the original builder wanted most of the lots but had altered some of the options to include preferred and non-preferred lots.

Development Manager Lazan stated the original builder had submitted a \$25,000 check under an agreement for all 17 lots. When the HRA gave direction to allow other builders in, he went back to the original builder who indicated he still wanted to move forward with one lot.

Chairperson McGlone stated that past conversation changed at the same point as it is tonight about paying money to make money.

Commissioner Tossey stated he thought lots were to be marketed during the interim from the August 13, 2012, meeting.

Development Manager Lazan advised that in today's marketplace when buyers are rare, it is difficult to get presales on raw land. In addition, other developed lots are available in the general area and competing with the HRA's lots.

Chairperson McGlone stated with the sale of typical lots, the builder may put down a deposit on the lots and then pay for the lots as he takes them down. He did not think that 50% of these lots would presell when the lots are not yet developed. Chairperson McGlone asked the HRA if it wanted to move forward with this project and solve the park, sewer, and drainage problems that already exist. He referenced the proforma, noting the bottom line profit is \$130,300, or could be \$215,300 or \$330,000 depending on the lot cost.

Commissioner Strommen stated she thinks it is worth trying to presell lots and appreciates Commissioner Elvig's proposal if consensus can be reached that it is worth trying. She noted, however, that the City Attorney had indicated if the HRA hits that number of presales, it is obligated to move forward.

Development Manager Lazan stated the purchase agreement with the first builder was for exclusive development rights and to partner with the HRA to promote the project. The first builder would have had rights to all 17 lots if taken at a certain burn rate and the HRA had to produce all the lots for him to close on the first lot. Development Manager Lazan stated the first builder was never obligated to close and if that had occurred, then the option would run out and the HRA would market the lots to others. He indicated that \$25,000 had been deposited and the contract was forwarded for HRA approval but the HRA thought it could achieve a better price and complete sales faster if it was opened to other builders.

Chairperson McGlone stated the HRA also did not like the bid on the grading.

Commissioner Ramsey stated he remembers that discussion at a previous Work Session meeting and that the HRA thought it could complete it faster with more builders. He indicated he likes

Commissioner Elvig's idea. He suggested this consideration be brought back in two weeks so staff can market the lots in the meantime and negotiate with the contractor to extend the bid.

Chairperson McGlone stated someone has to expend the dollars and it is the HRA, not the builder.

Commissioner Ramsey noted even if this project only makes \$130,300, it is probably a wise investment given the low percentage paid on investments today.

Development Manager Lazan stated the proposal from the original bidder occurred in the May/June timeframe. He reviewed the extensive and time-consuming work he had undertaken over the past two years with free engineering and park design, neighborhood meetings, and funding solutions. Development Manager Lazan stated he does not think marketing over the next several weeks will yield a high level of presales.

HRA Executive Director Ulrich asked the HRA if there is any interest in pursuing Anoka County HRA money to fund this project to preserve the City's reserve balances, noting this is a housing project and should qualify.

Chairperson McGlone stated he would have no objection to that option as long as it didn't hold up the project.

Commissioner Elvig stated he thinks the HRA can get letters of intent on the lots. He indicated he had thought the first proposal was too low and the HRA did not get good bids because it was too short of a time frame. Commissioner Elvig stated he would support moving forward to accept the bid contingent on 30% presale/letters of intent with earnest money of \$5,000 per lot and a minimum price per lot of \$40,000 to \$45,000 between now and project start date in the spring.

Development Manager Lazan advised the transaction would have to be purchase agreements because Bond Counsel Tom Bray had indicated he would not allow the HRA to enter into letters of intent because they are "buyer's documents."

City Attorney Goodrich suggested the motion not accept the bid but, instead, direct staff to negotiate with the bidder for an extension for award at a later date.

Motion by Chairperson McGlone, seconded by Commissioner Wise, to award the contract for construction of North Commons to County Line Excavating in the amount of \$417,373.22; to approve the proposed project pro-forma for North Commons; and, direct the Development Team to proceed with the project and market the finished lots.

Further discussion: Development Manager Lazan indicated the bid is structured to allow project start during the winter if weather allows with completion in the spring. He noted staff had spent one month and considerable expense to prepare the bid for this project. Commissioner Backous stated the bidders also spent time and expense to submit a bid, which should be respected.

Chairperson McGlone felt it would be easier to sell developed lots in the spring, which may also result in selling for a higher amount.

Motion carried. Voting Yes: Chairperson McGlone, Commissioners Wise, Backous, and Ramsey. Voting No: Commissioners Elvig, Strommen, and Tossey.

6. DEVELOPMENT TEAM REPORT

Development Manager Lazan reported on the negotiated reinstatement of the McDonalds Restaurant purchase agreement, which will be presented next week at a Special Meeting. He provided updates on projects under construction and land sale negotiations.

Commissioner Backous asked whether the issue with the Connexus utility box had been resolved.

HRA Executive Director Ulrich stated he met with all parties involved and offered a proposal to split the \$19,000 costs to relocate the utility box with the City, Connexus, and Landform each paying one-third of the cost. However, he has not been able to come to agreement with Landform in terms of their percentage.

Development Manager Lazan stated it has been well documented that Landform did all humanly possible to prevent this from happening by raising the issue initially, alerting Connexus to not place the utility box on that corner under any circumstances, had placed a conference call for clarification on the location, provided Connexus with a CAD file to identify the location, and provided an exhibit that showed it was to be 81 feet from the curb line. Instead, Connexus took Landform's instruction and put the transformer in the middle of Sunwood Drive. Development Manager Lazan noted Landform had proposed to do the constructing surveying/staking but it was taken away and given to WSB. When Connexus had to move that transformer from the wrong location, they went to the job trailer and asked about a new location and WSB said okay. In addition, Connexus sent an e-mail to all but Landform of the location. When Landform arrived on site, they immediately said the utility box was in the wrong place. He noted the only comment to date about potentially having opportunity to stop this was that it was discussed in the job trailer when Landform employees were in the trailer at the same time. Development Manager Lazan pointed out it was built last year and he thought it was done so he did not instruct Landform inspectors to "keep their eyes open" for it. He believed Landform took more care to assure it was not constructed incorrectly and it still ended up in the wrong location. Development Manager Lazan stated his position that Connexus has the "lion's share" and WSB has another large share of responsibility because they ultimately directed Connexus to construct the utility box in that wrong location.

HRA Executive Director Ulrich stated Development Manager Lazan has not had the opportunity to offer that explanation before the other parties.

Commissioner Wise asked why the City should pay anything.

HRA Executive Director Ulrich explained that as part of the process, the City signed off on the final plans and it did so electronically.

Commissioner Tossey asked HRA Executive Director Ulrich if he disputes what Development Manager Lazan has stated.

HRA Executive Director Ulrich stated his viewpoint is that Landform was given a construction administration contract to provide for coordination among the various parties including WSB and the City. Coordination was Landform's primary job and they sent a representative to the meeting where this decision was made who was not aware of where the Connexus box should have been located so he felt Landform was somewhat responsible and it was fair to appropriate some of the cost to Landform.

Commissioner Backous stated this issue will not be resolved tonight and suggested HRA Executive Director Ulrich be asked to schedule another meeting with all parties to negotiate a settlement.

HRA Executive Director Ulrich indicated all parties have a compelling reason why they should not be responsible so to resolve the issue, he had suggested splitting the costs.

Development Manager Lazan stated he understands that reasoning but if the utility box had been put in when Connexus was told of the location, the issue would have been over. He suggested there is a difference between directing and placing something in the wrong location and failure to catch something in the trailer. He noted the City had reviewed and accepted the plans and may think it should share in that responsibility, but he had previously stated he did not think so. Development Manager Lazan stated his position that Connexus and WSB had put the utility box in a location they were specifically told not to place it.

The consensus of the HRA was to ask HRA Executive Director Ulrich to schedule another meeting with all parties in attendance including Development Manager Lazan to negotiate a settlement.

7. COMMISSIONER INPUT

None.

8. ADJOURNMENT

Motion by Commissioner Ramsey, seconded by Commissioner Elvig, to adjourn the regular meeting of the Housing and Redevelopment Authority.

Motion carried.

The regular meeting of the Housing and Redevelopment Authority adjourned at 9:22 p.m.

Respectfully submitted,

Kurtis G. Ulrich
HRA Executive Director

ATTEST:

Jo Ann M. Thieling
City Clerk

Drafted by Carla Wirth
TimeSaver Off Site Secretarial, Inc.

**SPECIAL HOUSING AND REDEVELOPMENT AUTHORITY
CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

The Housing and Redevelopment Authority conducted a Special Session meeting on Tuesday, November 20, 2012, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson Colin McGlone
 Commissioner Randy Backous
 Commissioner David Elvig
 Commissioner Bob Ramsey
 Commissioner Sarah Strommen
 Commissioner Jason Tossey
 Commissioner Jeffrey Wise

Members Absent: None.

Also Present: HRA Executive Director Kurtis Ulrich
 Public Works Superintendent Grant Riemer
 Development Services Manager Timothy Gladhill
 Management Analyst Patrick Brama
 Development Manager Darren Lazan
 Interim Engineer Shane Nelson
 Commissioner-Elect Mark Kuzma
 Commissioner-Elect Chris Riley

1. CALL TO ORDER

Chairperson McGlone called the special session meeting of the Housing and Redevelopment Authority to order at 6:54 p.m.

2. CITIZEN INPUT

There was none.

3. APPROVAL OF AGENDA

Motion by Commissioner Ramsey, seconded by Commissioner Wise, to approve the agenda as submitted.

Motion carried. Voting Yes: Chairperson McGlone, Commissioners Ramsey, Wise, Backous, Elvig, Strommen, and Tossey. Voting No: None.

4. APPROVAL OF MINUTES

None.

5. HRA BUSINESS

5.01: Approve Reinstatement of Purchase Agreement – West Real Estate / Super America

Development Manager Lazan reviewed the staff report and recommended approval of the amended and reinstated purchase agreement. He noted there are two changes, a \$1,000 reinstatement fee to cover legal costs and to change the timing from December 20, 2012, to January 11, 2013, because only two meetings are scheduled within that time frame.

Motion by Commissioner Ramsey, seconded by Commissioner Tossey, to approve the amended and reinstated purchase agreement with West Real Estate for the purchase of Lot 5, Block 1, COR TWO, subject to review and approval by HRA legal counsel.

Motion carried. Voting Yes: Chairperson McGlone, Commissioners Ramsey, Tossey, Backous, Elvig, and Strommen. Voting No: None. Abstain: Commissioner Wise.

5.02: Approve Work Order for North Commons Design and Construction Administration

Development Manager Lazan reviewed the staff report and recommendation to approve the amended work order for North Commons. It was noted the interim funding would be a loan from the Landfill Trust Fund to be repaid from land sale proceeds.

Commissioner Elvig left the meeting at 6:57 p.m.

City Administrator Ulrich asked whether this work includes staking and fieldwork throughout the project.

Development Manager Lazan answered in the affirmative.

Motion by Commissioner Ramsey, seconded by Commissioner Wise, to authorize staff to approve the amended work order for North Commons dated November 8, 2012.

Further Discussion: Commissioner Tossey stated he will oppose this motion because he thinks it is not the right thing to do at this time. Commissioner Strommen asked about the hourly rate with this estimate and if it will change over the course of the work order. Development Manager Lazan stated the rate will be the same as in the general contract and stay the same for next year. City Administrator Ulrich stated the schedule of rates is part of the development contract and if it goes over this amount, Development Manager Lazan will need to come back for HRA approval.

Motion carried. Voting Yes: Chairperson McGlone, Commissioners Ramsey, Wise, and Backous. Voting No: Commissioners Strommen and Tossey. Absent: Commissioner Elvig.

5.03: Approve Preparation and Submittal of Stormwater Management Plan for The COR

Development Manager Lazan reviewed the staff report.

At the request of Chairperson McGlone, Development Manager Lazan described the stormwater assumptions used for The COR to create a system wide design. He explained that when taking outside assumptions and reworking the Stormwater Management Plan, it results in very large structures and investment in infrastructure that may not be necessary.

Commissioner Elvig returned to the meeting at 7:08 p.m.

Development Manager Lazan completed presentation of the staff report by reviewing contributions to The COR and new criteria for stormwater treatment. He noted the question came up why The COR had to meet the criteria for the new Lower Rum River Water Management Organization's (LRRWMO) Third Generation Plan since this project was approved between its previous Plan and new Plan. He presented the issues under consideration to resolve off-site and on-site issues as well as system and site design requirements. Development Manager Lazan noted the LRRWMO may not require a full study/plan; however, it would be a good idea to have it completed.

Commissioner Strommen clarified the LRRWMO is not interested in micromanaging the project and did not want to force the City to prepare an entirely new Stormwater Management Plan for The COR.

Development Manager Lazan presented the grading plan and goals of the Stormwater Management Plan. He recommended the HRA authorize the work necessary to complete the proposed Stormwater Management Plan for The COR and direct the Development Team to submit the plan for LRRWMO approval.

Commissioner Wise asked if the stormwater fee charged to residents is based on the size of the pipe.

Development Manager Lazan stated that fee is based on the cost of the overall plan, not just the size of one pipe.

Commissioner Wise asked if the stormwater fees have been exorbitantly high.

Development Manager Lazan stated given the pipe sizes he has seen, he would venture that is the case. He noted staff can revisit those assumptions/fees.

Commissioner Elvig asked if the City was building a more or less densified project than anticipated by the last developer.

Development Manager Lazan indicated the project is roughly the same with the biggest disparity in density being in the off-site contributions (60-acre basin to the north of North Commons).

Commissioner Elvig asked why the City would seal off pipes if the project increases stormwater and there is another 60 acres to the north that need to be drained.

Development Manager Lazan stated he is not suggesting filling any pipes. He explained some pipe had to be filled that were clearly not to be used any more and were in the way of projects. He stated the City needs to determine the size of pipe needed before taking out a pipe and putting in a new pipe or continuing a 72-inch pipe that is not necessary. Development Manager Lazan noted that most densification occurs on impervious areas so it does not create additional runoff and is at a one-to-one ratio. He stated it is fair to assume they will handle on-site storm retention and treatment. Then the City can move forward with assumptions in The COR.

Commissioner Ramsey stated the pipes are oversized and to continue to build with 72-inch pipes is not needed and costly.

Commissioner Elvig stated he remembers there was a plan to have some ponding in the North Commons area and because the triangle was difficult to develop it was to be ponding. He recalled they ran out of money and did not like the idea of bringing it across so they wanted to create more holding ponds for infiltration. They abandoned the pipe and now that the City is building in that area, it is forced to run another pipe under the road.

Chairperson McGlone clarified that the triangle piece was slated for medium to high density.

Development Manager Lazan advised that area P41 was not identified as ponding in the 2004 plan but there could have been subsequent changes without updating the plan. He stated he is not looking to upsize the pipe to bring water to the south side of Bunker and thinks it can be downsized since some water can be ponded on the north side.

Commissioner Tossey agreed that the triangle was in the Comprehensive Plan for medium to high density and the retaining pond is to the west, just north of Bunker and East of Armstrong. He stated he is against the development of the triangle because he does not think it is the right time.

Commissioner Ramsey stated there is a huge benefit in getting something on paper and approved by the LRRWMO because if a master plan can be approved, it would not have to be regurgitated. He stated he does not want to spend more money on oversized pipes if they are not needed.

Commissioner Strommen stated she does not think this is a bad idea and there is definite benefit. However, she did not tell the LRRWMO that Ramsey would need to submit a new overall study and it was not required by the LRRWMO. She stated conversations were held at the last few LRRWMO meetings about this project and there was across-the-board appreciation for the predicament Ramsey is in with the old Town Center plan being approved under the Second Generation LRRWMO Plan and the project is now moving through the Third Generation LRRWMO Plan. Commissioner Strommen stated there is language in that Plan for some wiggle room, but she wants it clear since the case report is not clear, what the LRRWMO is and is not requiring because it has not been understood.

Development Manager Lazan stated he agrees with Commissioner Strommen that the case report is written stronger than exists and it is his understanding there was a collaborative effort to put together a Plan and the LRRWMO is not requiring it.

Commissioner Ramsey agreed the LRRWMO has good intentions to work with the City and make things happen. However, the challenge is that soon BWSR and other agencies are involved that influence the LRRWMO and its staff. Commissioner Ramsey stated the Stormwater Management Plan needs to be done properly and approved so there is no ambiguity that causes a problem in the future.

HRA Executive Director Ulrich stated he thinks this Plan will be needed by next spring and recommended the dollar amount be included in the motion.

Motion by Commissioner Ramsey, seconded by Commissioner Wise, to authorize the work necessary to complete the Stormwater Management Plan for The COR at a not to exceed amount of \$15,500 and direct the Development Team to submit the Plan for Lower Rum River Water Management Organization (LRRWMO) approval.

Motion carried. Voting Yes: Chairperson McGlone, Commissioners Ramsey, Wise, Backous, Elvig, Strommen, and Tossey. Voting No: None.

6. DEVELOPMENT TEAM REPORT

Development Manager Lazan reported that Flaherty & Collins signed a lease at \$18/square foot with a dentist for the first floor space and submitted a building permit this week.

Development Services Manager Gladhill stated he has not yet seen that building permit.

Development Manager Lazan stated the purchase agreement with Jeff Wise will be back on the agenda in January and McDonald's continues to work through its due diligence. The COR TWO plat will be filed within two weeks, allowing the City to make application for the grant. He stated a pre-construction meeting is scheduled for North Commons. That marketing package has been freshened and staff will be meeting with brokers over the winter months to get more lots under commitment.

HRA Executive Director Ulrich announced the Local Government Officials meeting next Wednesday in Coon Rapids.

Commissioner Wise noted the west property line of his property is an eyesore and maybe the EDA will want to discuss screening or a privacy fence to make it more marketable.

Commissioner Backous asked if any apartments have been leased.

Development Manager Lazan stated there is a long waiting list but they will not do pre-leasing until January.

Chairperson McGlone urged the Council to discuss and create policy relating to a responsibility when the City spends money to reserve a table or registration for a Councilmember who then does not attend.

Commissioner Elvig stated the Councilmembers used to pay for it and then request reimbursement.

Commissioner Strommen agreed it is a concern if a Councilmember commits to attend, it costs the City money, and then the person does not attend.

7. COMMISSIONER INPUT

None.

8. ADJOURNMENT

Motion by Commissioner Ramsey, seconded by Commissioner Tossey, to adjourn the special session meeting of the Housing and Redevelopment Authority.

Motion carried.

The special session meeting of the Housing and Redevelopment Authority adjourned at 7:41 p.m.

Respectfully submitted,

Kurtis G. Ulrich
HRA Executive Director

ATTEST:

Jo Ann M. Thieling
City Clerk

Drafted by Carla Wirth
TimeSaver Off Site Secretarial, Inc.

HRA Regular Session

5. 1.

Meeting Date: 12/11/2012

By: Diana Lund, Finance

Information

Title:

Adopt Resolution Approving Final 2013 HRA Levy

Background:

Each “taxing authority” must certify its final property tax levy for payable 2013 to the County Auditor by December 28, 2012.

ANALYSIS:

On March 5, 2005 the City Council established a Housing and Redevelopment Authority (HRA). The HRA bylaws state that the makeup of the HRA will be the Ramsey City Council.

For Budget Year 2012, the HRA adopted a maximum levy of \$368,549. For Payable 2013, the maximum allowable levy is \$328,567 (.0185% of total taxable market value of \$1,776,037,837).

On September 11, 2012 the HRA adopted a preliminary levy in the amount of \$187,268 to cover the basic operating costs of the HRA and that any expenses related to the COR would need to be paid from future land sales.

A taxpayer home valued at \$200,000 would be paying \$21.09 towards the levy. The levy will be used for ongoing costs associated with the basic operating costs of the HRA: designated personnel, general liability and approximately \$48,000 of maintenance costs related to the maintenance of the parking ramp.

Recommendation:

Adopt Resolution approving the final 2013 HRA levy in the amount of \$187,268.

Funding Source:

The HRA budget is supported by the HRA tax levy.

Council Action:

Motion by Commissioner and seconded by Commissioner to adopt Resolution #HRA-12-XX authorizing approval of the final 2013 HRA levy in the amount of \$187,268.

Attachments

2013 Final HRA Levy

Form Review

Inbox	Reviewed By	Date
Kurt Ulrich	Kurt Ulrich	12/05/2012 03:15 PM
Form Started By: Diana Lund		Started On: 11/29/2012 08:00 AM
Final Approval Date: 12/05/2012		

Commissioner introduced the following resolution and moved for its adoption:

RESOLUTION #HRA-12-12-009

A RESOLUTION ESTABLISHING A HRA PROPERTY TAX LEVY PAYABLE IN 2013 UNDER MINNESOTA STATUTES CHAPTER 469

WHEREAS, on March 8, 2005, the Ramsey City Council adopted Resolution #05-03-072 to establish a Housing and Redevelopment Authority, in and for the City of Ramsey; and

WHEREAS, the proposed HRA budget for 2013 includes expenditures for personnel, general liability and parking maintenance costs.

WHEREAS, pursuant to Minnesota Statutes 469, the Housing and Redevelopment Authority has the power to establish a property tax levy as a funding source for qualifying activities; and

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AND REDEVELOPMENT AUTHORITY, IN AND FOR THE CITY OF RAMSEY, ANOKA COUNTY, STATE OF MINNESOTA, as follows:

1. That a HRA property tax, payable in 2013, be levied in the amount of \$187,268. The Statutory maximum levy allowed is \$328,567 (.0185% of total taxable market value of \$1,776,037,837).

The motion for the adoption of the foregoing resolution was duly seconded by Commissioner, upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

and the following abstained:

and the following were absent:

whereupon said resolution was declared duly passed and adopted by the Housing and Redevelopment Authority Board of Commissioners this the 11st day of December 2012.

Chairperson

ATTEST:

HRA Executive Director