

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

The Housing and Redevelopment Authority conducted a regular meeting on Tuesday, January 8, 2013, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson Randy Backous
 Commissioner David Elvig
 Commissioner Mark Kuzma
 Commissioner John LeTourneau
 Commissioner Chris Riley
 Commissioner Sarah Strommen
 Commissioner Jason Tossey

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

Commissioner Strommen called the regular meeting of the Housing and Redevelopment Authority to order at 8:59 p.m.

2. CITIZEN INPUT

Wayne Buccholz, 14621 Neon Street NW, opined the Council had acted hypocritically, the same as the previous Council, when it approved the three-year consultant deal while talking about transparency yet “rammed it down resident’s throats.”

3. APPROVAL OF AGENDA

Development Manager Lazan recommended considering Case 5:07 prior to Case 5:02 and removing Item 5.02 since Mr. Cronk was not able to attend

Motion by Commissioner LeTourneau, seconded by Commissioner Riley, to approve the agenda as revised.

Motion carried. Voting Yes: Commissioners LeTourneau, Riley, Backous, Elvig, Kuzma, Strommen, and Tossey. Voting No: None.

4. APPROVAL OF MINUTES

None.

5. HRA BUSINESS

5.01: Elect 2013 HRA Officers

Motion by Commissioner Tossey, seconded by Commissioner Elvig, to elect Commissioner Backous as HRA Chairperson for 2013.

Motion carried. Voting Yes: Commissioners Tossey, Elvig, Backous, Kuzma, LeTourneau, Riley, and Strommen. Voting No: None.

Chairperson Backous then presided over the remainder of the meeting and called for nominations for HRA Vice Chairperson.

Motion by Commissioner Riley, seconded by Chairperson Backous, to elect Commissioner LeTourneau as HRA Vice Chairperson for 2013.

Motion carried. Voting Yes: Chairperson Backous, Commissioners Riley, Elvig, Kuzma, LeTourneau, Tossey, and Strommen. Voting No: None.

Chairperson Backous called for nominations for HRA Secretary-Treasurer.

Motion by Commissioner LeTourneau, seconded by Commissioner Elvig, to elect Commissioner Riley as 2013 HRA Secretary-Treasurer for 2013.

Motion carried. Voting Yes: Chairperson Backous, Commissioners LeTourneau, Elvig, Kuzma, Riley, Strommen, and Tossey. Voting No: None.

5.07: Consider Waiving / Not Waiving Statutory Tort Limits

Finance Director Lund reviewed the staff report and recommendation to not waive statutory tort limits.

Motion by Commissioner Elvig, seconded by Commissioner Strommen, to adopt Resolution #HRA-13-01-023, Not Waiving the Statutory Tort Limits for League of Minnesota Cities Insurance Trust Liability Coverage for the City of Ramsey.

Motion carried. Voting Yes: Chairperson Backous, Commissioners Elvig, Strommen, Kuzma, LeTourneau, Riley, and Tossey. Voting No: None.

5.02: Update on Leasing Activity – The Residence at The COR

This item was removed upon adoption of the agenda.

5.03: Consider Offer to Purchase Property – Lot 3, Block 1, COR TWO (Portions were closed to the public)

5.04: Consider Purchase of 14590 Armstrong Boulevard NW, Ramsey, Minnesota (Wiser Choice Liquor Store) from M&W Holding Company, LLC (Portions were closed to the public)

Development Manager Lazan reviewed the staff report and indicated that at the request of the HRA, this item was for discussion purposes only.

Chairperson Backous noted this item was open for discussion.

Commissioner Riley stated he wanted all of the information on which to base an intelligent decision including why the property is being considered for purchase and justification of the price.

Development Manager Lazan stated this information is available to the public and was brought forward because Mr. Wise is anxious to align tenants and would like an indication whether he should continue to work to secure a tenant. Development Manager Lazan explained the acquisition was conceptualized and governed by State Law to purchase the real estate, building, and fixtures. The City hired an appraiser for the property, another appraiser for the furniture and fixtures, and an expert to determine relocation costs. The City got a second technical review of the appraisal that confirmed the first appraisal was correctly done for public acquisition. On the issue of timing, he noted there has been considerable discussion on the HRA's approach to this project to get ready for THE Highway 10 overpass. Mr. Wise is now the last parcel to consider in that strip of land necessary to realign Armstrong Boulevard and construct the overpass. Development Manager Lazan stated there are phasing exhibits on acquisitions for this project and this is the last parcel. Mr. Wise wanted to relocate his business to The COR and it is a willing buyer/willing seller process rather than a condemnation process.

Executive Director Ulrich distributed an exhibit depicting the sources and uses of the Sunwood Drive project, noting land acquisitions were included with the initial cost of that project. There are two properties left to acquire: Diversified Paving has a tentative agreement and Wiser Choice Liquors. He explained that money is part of this project, which is a combination of funds from the County, grants, utility money, Equipment Revolving Loan Fund, and TIF.

Commissioner Kuzma asked how old is the appraisal.

City Attorney Goodrich stated the appraisal is dated April 3, 2012. The City conducted appraisals of the property, business, and fixtures and hired an expert to determine the relocation estimate. The purchase does not include relocation costs, as required by the statute. City Attorney Goodrich reviewed the Statute and provided an explanation of the Relocation

Assistance and Benefit Act, noting the owner can waive relocation benefits but that is hardly ever done because it is a tax-free source of money for the seller. Tenants ARE not able to waive relocation fees. He explained how appraisals are different from the assessed value, which is a tax number. Appraisals look at comparable sales of similar nearby properties.

Commissioner Strommen referenced the comparable sales and asked if the appraisal is also required to bracket lower and higher valued comparables on which to make adjustments.

City Attorney Goodrich agreed that process is often used. He explained the City is in the process of acquiring four properties for the Sunwood Drive realignment project: Wisser Choice Liquor, Diversified Paving (USCO), the Nordvik property, and the Billmark easement. None were acquired for Armstrong Boulevard but the Wisser Choice Liquor property, if acquired, would be for the Armstrong Boulevard project. He advised there is no ability to condemn the Wisser Choice Liquor property since there is no funded project. In 2006, it was thought the City would get a big box retailer and could acquire all of the property on that side but the law changed in May 2006 so cities can no longer condemn property for economic development. City Attorney Goodrich advised that the City is under no obligation to purchase Wisser Choice Liquor.

Commissioner Riley asked if the City buys Wisser Choice Liquor in anticipation of the Armstrong interchange, would it count towards the City's portion of funding.

Executive Director Ulrich stated the City anticipates it will and has asked Anoka County to verify that is the case. It is the same situation with the Oasis property that was acquired and the City would like it counted towards the City's contribution. He noted the Armstrong interchange will involve County and State and possibly the Federal government so all would have to agree. Executive Director Ulrich advised that when purchased in advance, the City would not be reimbursed if the agencies do not agree or if the project is 100% funded by some other means.

City Attorney Goodrich noted that \$2.7 million was budgeted for land acquisition and with current acquisitions, costs are very close to that budget.

Commissioner LeTourneau asked if the City cannot use condemnation for the overpass project.

City Attorney Goodrich explained if the City had an official project, it can acquire by condemnation because it is then for a public purpose. However, in this case there is no project, no funding, and the City cannot bank land through condemnation. He advised that condemnation is Council driven but property owner conscious. City Attorney Goodrich described the steps in the condemnation process.

Executive Director Ulrich distributed an exhibit on estimated market value by Anoka County, and the ultimate purchase price on 15 properties along Highway 10 through the RALF program. He noted there is generally a significant difference between the County assessed value and purchase price. These transactions were all willing buyer/willing seller.

Commissioner Strommen asked if there is appraisal data on these properties.

City Attorney Goodrich answered there are appraisals and reappraisals on these properties so it can be determined how close the purchase price is to the appraisals. He stated staff could also invite the appraiser to talk with the HRA, if desired.

Chairperson Backous stated he does not think that is necessary because the City used a professional licensed appraiser and also had a second appraisal to give the HRA and public additional comfort and it confirmed the first appraisal. Chairperson Backous stated he is comfortable with the process and prefers a willing buyer/willing seller process. He stated the HRA has looked at this item for months but he understands the need for the new HRA Commissioners to be comfortable with this issue prior to voting.

Commissioner Riley stated if this is a good idea, why now and not later. If purchased now, he would ask why at that price because to outside citizens, it seems to be shockingly high. Commissioner Riley stated he has additional questions on the appraisal and comparable sales since one was a pending sale of a gas station at the corner of Ramsey Boulevard and Sunwood Drive, which never closed.

Development Manager Lazan advised staff had considerable discussion on the lack of comps in what they were seeing in purchase agreements so the appraiser relied on HRA purchase agreements to date. The appraiser also went through the three purchase agreements on the Sunwood and Armstrong side. Development Manager Lazan noted one thing to consider is that the appraiser has to evaluate as if the property has full access and it will never change. The property has to be appraised as it is today, not based on future access. He noted the Wiser Choice Liquor site is the first property off Highway 10 with full access from two public streets, which drove the value higher. On the willing buyer/willing seller issue and process of condemnation, he estimated it would take two years to iron out the condemnation process on the 4-5 properties involved with the road project. He also noted that with a quick take process, the City would not know the end purchase price until the court process is concluded.

City Attorney Goodrich stated he will put Commissioner Riley in touch with the appraiser to get answers to his questions.

Development Manager Lazan stated this item will be on the January 22, 2013, agenda and he would like to present the offer terms to HRA in Closed Session.

City Attorney Goodrich advised that under Minnesota Statutes, the meeting can move into closed session to discuss confidential or non-public appraisal data, and sale and acquisition negotiations. He indicated closed session discussion will relate to property sale of Lot 3, Block 1, COR TWO for future development and property acquisition of 14590 Armstrong Boulevard NW, (Wiser Choice Liquor Store) from M&W Holding Company, LLC for right-of-way purposes and future development. The closed session will be tape recorded and that tape will be maintained for a period of eight years.

Motion by Commissioner Tossey, seconded by Commissioner Strommen, to move to Closed Session to discuss acquisition negotiations.

Motion carried. Voting Yes: Chairperson Backous, Commissioners Tossey, Strommen, Elvig, Kuzma, LeTourneau, and Riley. Voting No: None.

The HRA meeting moved into a Closed Session at 9:38 p.m.

The HRA reconvened in Open Session at 10:06 p.m.

City Attorney Goodrich stated the HRA held discussion on the acquisition of 14590 Armstrong Boulevard NW (Wiser Choice Liquor Store) from M&W Holding Company, LLC, and sale of Lot 3, Block 1, COR TWO and consensus was reached to give staff direction to further discuss matters with the buyer and seller but no final decision was reached.

5.05: Approve First Amendment to Amended and Restated Parking Use and Maintenance Agreement – Ramp A

Development Manager Lazan reviewed the staff report and recommendation for approval. He answered questions of the HRA, noting Landform had performed the work in accordance with the Agreement.

Motion by Commissioner Tossey, seconded by Commissioner Riley, to approve the First Amendment to the Amended and Restated Parking Use and Maintenance Agreement for Ramp A, subject to final modification and approval by HRA legal counsel, and authorize and direct the Agreement to be executed by the HRA Chair, HRA Executive Director, and recorded, and approve the work order for the preparation of the Exclusive Easement document in an amount not to exceed \$3,400.

Motion carried. Voting Yes: Chairperson Backous, Commissioners Tossey, Riley, Elvig, Kuzma, LeTourneau, and Strommen. Voting No: None.

5.06: Update on Edgewood Project and Approve Commission Agreement – Premier Commercial Properties

Development Manager Lazan reviewed the staff report and recommendation to approve the Commission Agreement. He advised the commission would be paid from proceeds of the closing.

Motion by Commissioner Elvig, seconded by Commissioner LeTourneau, to approve the Commission Agreement with Premier Commercial Properties in the amount of Four Percent (4%) of the purchase price or approximately \$37,374.48 based on current parcel configuration, due at closing.

Motion carried. Voting Yes: Chairperson Backous, Commissioners Elvig, LeTourneau, Kuzma, Riley, Strommen, and Tossey. Voting No: None.

5.07: Consider Waiving / Not Waiving Statutory Tort Limits

This item was considered prior to Item 5:02.

6. DEVELOPMENT TEAM REPORT

Development Manager Lazan reported on the progress of the North Commons project.

HRA Executive Director Ulrich announced the May 1, 2013, ribbon cutting for the first phase opening of Residences at The COR and estimated dates of future phases. He also provided an update on the rail station utility building, noting the building material meets Code standards and will proceed with a flat roof design.

7. COMMISSIONER INPUT

None.

8. ADJOURNMENT

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

Motion carried.

The regular meeting of the Housing and Redevelopment Authority adjourned at 10:17 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.