

**ECONOMIC DEVELOPMENT AUTHORITY
CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

The City of Ramsey Economic Development Authority (EDA) conducted a regular meeting on Thursday, October 8, 2015, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Acting Chairperson Wayne Skaff
 Member Philip Brunt
 Member Glen Hardin
 Member Chris Riley
 Member Kristine Williams

Members Absent: Chairperson Jim Steffen
 Member Brian Burandt

Also Present: Patrick Brama, Econ. Dev. Mgr/Assistant City Administrator
 Tim Gladhill, Community Development Director
 Kurt Ulrich, City Administrator

1. CALL TO ORDER

Acting Chairperson Skaff called the Economic Development Authority meeting to order at 7:30 a.m.

2. APPROVE AGENDA

Motion by Member Hardin, seconded by Member Williams, to approve the agenda as presented.

Motion carried. Voting Yes: Acting Chairperson Skaff, Members Hardin, Williams, Brunt, and Riley. Voting No: None. Absent: Chairperson Steffen, Member Burandt.

3. APPROVE MINUTES

3.01: Approve Meeting Minutes Dated September 3, 2015 and Special Meeting Minutes Dated September 17, 2015.

Motion by Member Hardin, seconded by Member Williams, to approve the September 3, 2015 and September 17, 2015, minutes as presented.

Motion carried. Voting Yes: Acting Chairperson Skaff, Members Hardin, Williams, Brunt, and Riley. Voting No: None. Absent: Chairperson Steffen, Member Burandt.

4. EDA BUSINESS

4.01: Consider Approving a TIF Agreement between the City of Ramsey and Parkview East LLC (PSD LLC)

Economic Dev. Mgr/Assistant City Administrator Brama presented the staff report.

Mr. Jason Aarsvold, Ehlers Associates, reviewed the TIF agreement with the Board.

Member Riley wondered if in the agreement there were more specifications to materials being used. Mr. Aarsvold stated there was not. He noted this will be a judgement call for the EDA to decide if they meet the task outlined in the agreement. He stated sometimes the developer wants more certainty around that so that discretion does not exist.

Economic Dev. Mgr/Assistant City Administrator Brama stated the developer has read the agreement and is comfortable with what they have now. He thought there was a level of trust between the two parties at this time but there is a level of discretion there and they could make it more specific if needed.

Mr. Aarsvold reviewed the schedule with the Board. He noted June 30, 2017, is the end date listed in the construction schedule. There is a section in the agreement outlining how the TIF will be delivered and it is going to be done on a basis similar to the Life Fitness agreement. It is a \$500,000 pay as you go assistance, a note, which means they will be paid from the tax increment generated from this parcel to pay down that note. The way this is set up is that they will only get 85% of the TIF. It was determined that this will be limited to four years of assistance. Mr. Aarsvold reviewed the payments, building value and fees with the Board.

Member Hardin asked if an appraisal has been done and how they came up with the value.

Mr. Aarsvold stated they do not do an appraisal because without a project built and functioning it is difficult to do an actual appraisal so they have conversations with the assessor.

Member Hardin asked on number 4D if they have that information.

Economic Dev. Mgr/Assistant City Administrator Brama stated they do and as part of their due diligence in taking in this application they have received statements from their banks and have written equity.

Member Riley asked if this agreement has already been negotiated and discussed with them.

Economic Dev. Mgr/Assistant City Administrator Brama stated it has and the timeline has been moving very quickly and any discrepancies or additions will be brought to the City Council.

Member Riley asked on 3D, the developer will not seek reduction in market value; he understood that was very important in a TIF project because they are relying on that but does that mean "ever".

Mr. Aarsvold stated that provision is included for administrative purposes because if a developer were to appeal their valuation they could find themselves in a situation where the City would be presented with a bill to pay the County for a reduction in the valuation and that might occur after the TIF period is up. In a longer duration district they can handle that but with the shorter duration they are saying there is a strict prohibition during that time that they cannot challenge the valuation.

Member Riley stated on the construction schedule, he understood they are in a big hurry to get the project done so how have they jumped ahead to June 2017 because it seems unreasonably long.

Member Skaff asked if they have applied for a building permit or where are they in the process of getting the project started.

Community Development Director Gladhill stated for the building permit they have been authorized to do footings, foundation and grading but they have not issued the overall building permits and staff still has some work to do on the review of those.

Economic Dev. Mgr/Assistant City Administrator Brama stated as far as the date, the goal for this project is to be ready to go by next fall. However, as in the past there could be some delays but the end date could be tightened up if the Board and City Council preferred. Member Riley stated they did not want to make this too short but thought December 2016 might be a good end date. He also wanted to be sure they are meeting the assessment dates. The first increment that is anticipated to be received from this project is in 2018. When assessments are placed for 2017 taxes payable in 2018 they expect there to be some valuation there that can be collected. The fact that the contract has a date that is out further will not impact that.

Member Skaff asked when the assessor evaluates the project.

Mr. Aarsvold stated the assessor will look at the project on January 2, 2016, and they will look at where the value is at that time which will be the value for taxes payable in 2017. They are assuming there will not be any increase in value during this assessment period, the bulk of the assessment will occur in January 1, 2017, so by then they expect this project to be 100% complete. Upon that date the full evaluation will be placed on that property and those taxes will get paid in 2018 and that is where they will have the increments start to be generated.

Member Skaff asked if there was concern that they might delay that past January 2017.

Member Riley agreed and did not think the timeline fit with the agreement.

Mr. Aarsvold stated this does provide a little more leeway than what the actual construction schedule is anticipated to be.

Member Riley understood they were trying to be helpful to the applicant and do things really quickly on their side but then the City is not asking them to hold up their end and giving them

extra time when the City has not been afforded the same opportunity. He stated he would like the end date to be changed to December 31, 2016.

Member Skaff agreed and stated if they cannot meet that date then they would need to meet with the City to amend the agreement.

Community Development Director Gladhill stated they presumed they could get the project done by December 2016 but there are also many ways the project could be delayed. A lot of it will hinge on how it goes this fall and how the winter conditions turn out to be.

Member Riley stated it sounds like in theory the amount of time and payments result in the same but why would they say they are only doing four years if they are also stating a dollar amount. He felt like there was a disconnect.

Economic Dev. Mgr/Assistant City Administrator Brama stated originally when they talked about this there was discussion about \$500,000 and there are different ways of slicing this up. The terms are talking about present value and the way the agreement is written it is the lesser of four years in increment, or \$500,000. He stated this was something that he was not involved in. Mr. Aarsvold stated based on their early analysis based on the need, the dollar amount was important but also a big part of it was having four years of payments in their cash flow for their Proforma. It could be written that they receive \$500,000 regardless of how long for the payoff to occur. But part of the thought of doing this, was to add another layer of protection for the City and make sure they are not paying beyond the four years because the City has other needs with respect to TIF from this project in the years going forward and a limited number of years from the back end that the District will exist. He stated this was a way to make sure the City is not paying any more than it needs to. The City has the ability to pay the entire \$500,000 in the agreement and leave it open ended for payback if they choose.

Member Skaff asked if this is the final authority for this agreement or does it go back to the City Council. It was indicated it will go before the City Council for approval.

Member Skaff asked if there could be a compromise on the end date, such as March 2017.

Member Riley stated the reason he thought the end date should be December 2016 is to tie in with the assessment date of January 2017. He stated neither March nor June meet that criteria. It is based on the assumption that the project will be done by December 2016 but the agreement is not requiring that it be done by then so he felt there was a disconnect.

Economic Dev. Mgr/Assistant City Administrator Brama asked if it would be the preference of the Board for him to have a discussion with the developer and bring the comment back to the City Council for further discussion.

Member Skaff indicated he would be agreeable with that.

Member Hardin thought if in January 2017, the project is 98% complete, it will not be assessed at the full value. Mr. Aarsvold stated that was correct and if the project is not fully completed by

that assessment date, then that first year of payments they are anticipating will be reduced because it will not have the full value that was anticipated so they would not receive the full payment, it does not affect the City's stake in any of this, it will be a financial hit to the developer. The other implication is if this date goes in the agreement, their risk now is if that date passes without it being 100% complete then they will be in default of the agreement, which would allow the City and EDA to cancel the agreement and rescind the note. They would be at extreme risk of not being able to receive the assistance if they could not meet that date.

Member Riley stated through discussion, he understands the reasoning for the June 30, 2017 end date and does minimize the risks.

Member Hardin thought there was a typo on the TIF note on the second paragraph regarding the percentage, as they do not match.

Motion by Member Hardin, seconded by Member Riley, to recommend to City Council approval of the TIF Agreement between the City of Ramsey and Parkview East LLC; subject to final review and amendments by the City Attorney.

Motion carried. Voting Yes: Acting Chairperson Skaff, Members Hardin, Riley, Brunt, and Williams. Voting No: None. Absent: Chairperson Steffen, Member Burandt.

4.02: Consider Support of Anoka Area Chamber of Commerce Manufacturer's Coalition

Economic Dev. Mgr/Assistant City Administrator Brama presented the staff report.

Member Skaff asked if they were already a member of the Anoka Chamber and what kind of fees do they pay for that.

Economic Dev. Mgr/Assistant City Administrator Brama stated they were members but was not sure what the fees are.

Member Hardin stated he was opposed to this because they have been a trusted partner in this group since its inception or shortly after and they are still trying to assess what the return on their investment is. There was an organizational meeting a few weeks ago and there were a fair number of people there but only one manufacturer was present. His concern with the group is the interest in the manufacturers is actually waning. There is good representation from cities, the County, the Workforce Center and Technical College, but the number of manufacturers actually attending seems to be dwindling. He stated he was certainly in favor of workforce development and manufacturers are clamoring for skilled workers but he did not know how that gets them there and did not know how they would assess their return on the \$5,000. They are a member of the Chamber and supporting that already.

Member Skaff asked if there are other cities in the County that are making this kind of contribution.

Member Hardin stated there are, some of the surrounding communities have been involved and the cost has been less but this year they are asking everyone for \$5,000.

Member Brunt asked if there has been any kind of plan from the group. He indicated he has talked to Councilmember LeTourneau at length about this because in California, in the past, had these type of technical groups that were strictly formed for manufacturing elements to address some of these issues. He was interested in supporting this because manufacturing is something that is critical to the City as they go forward but the problem is determining what they can do to help the manufacturers get workers. They had these kind of problems in California. There is a disconnect between the entry level workers and the skilled workers. He thought \$5,000 might be a reasonable investment. He stated there needs to be an assessment done and tie-ins with the schools and the manufacturers need to come forward with their concerns and needs. He stated he would be in favor of trying to help them out but Member Hardin had a good point of what the payback would be for the City.

Member Riley stated the topic seems very appropriate for the EDA. This is a general thing to help the community and the manufacturing sector has been a focus of the City. He was concerned about the comments because it starts to sound like "I am here from the Government and I am here to help you." They cannot push an issue. He wanted to make sure the businesses that have a vested interest are interested but it does seem like the appropriate thing for the City to be involved with, the EDA specifically. This is a specific program that would be helping the manufacturers. If they were to do this they would have to do a lot of disclosure, due to the partnership between Councilmember LeTourneau and the Anoka Chamber and CO2 Partners.

Member Skaff stated he was in favor of supporting this. He wondered if they wanted to take action or have a presentation made.

Member Williams stated she would really like to hear some more information about this and the points that Member Hardin raised about a declining representation of manufacturers. She was very much in favor of supporting the manufacturers but if the organization they are choosing to support is not supporting those manufacturers, then their dollars and resources are not being spent appropriately. She asked with respect to Councilmember LeTourneau's participation, would the \$5,000 in any way allow the EDA or the City of Ramsey to influence the Chamber's decision to hire that particular representative of the CO2 partners or would that remain with the Chamber.

Economic Dev. Mgr/Assistant City Administrator Brama stated they do have control of the outcome of the group but he did not want to oversell it because there are so many people involved and they are all trusted partners. This Chamber has indicated they want the direction and feedback from this group and want a list of expectations because they want to make sure they provide a return on investment.

City Administrator Ulrich added that there is a clear separation because this money does go to the Anoka Chamber and the Chamber Board makes the decision on hiring the CO2 Partners. That will not be the EDA choice, they will have input but the decision will be the Board's.

Member Riley asked if there were any other cities more deeply involved in this. City Economic Dev. Mgr/Assistant City Administrator Brama stated the City of Coon Rapids has been attending most of the meetings and he has been to most of the meetings also.

Member Hardin thought the topics that have been covered over the last twelve to eighteen months have not brought the manufacturers back over and over again. There is a core group of manufacturers from Ramsey that have been regular attendees but the concern is that the topics have not been towards manufacturing issues and his observation is their interest has been waning. He thought they could get more mileage out of sponsoring two scholarships at the Technical College for Ramsey high schoolers who want to go into manufacturing and pay their way through the Technical College and get them the training they need. He would rather see the money go there than to the organization.

Member Brunt thought based on the conversation they should have a member of the Chamber come before the Board and speak to them. He thought Member Hardin had some valid points.

Member Skaff agreed.

Economic Dev. Mgr/Assistant City Administrator Brama reviewed with the Board his discussion with the Chamber.

Consensus of the Board was to have a presentation from the Chamber before making a decision.

5. MEMBER / STAFF UPDATE

The EDA reviewed the Staff Update.

6. ADJOURNMENT

Motion by Member Riley, seconded by Member Williams, to adjourn the meeting.

Motion carried. Voting Yes: Acting Chairperson Skaff, Members Riley, Williams, Brunt, and Hardin. Voting No: None. Absent: Chairperson Steffen, Member Burandt.

The regular meeting of the Economic Development Authority adjourned at 8:31 a.m.

Respectfully submitted,

Kurtis G. Ulrich
City Administrator

ATTEST:

Patrick Brama
Econ. Dev. Mgr/Assistant City Administrator

Draft by Sue Osbeck
TimeSaver Off Site Secretarial, Inc.