

**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, January 8, 2015, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson Jim Steffen
 Member Philip Brunt
 Member Glen Hardin
 Member John LeTourneau
 Member Chris Riley (arrived at 7:33 a.m.)
 Member Wayne Skaff
 Member Kristine Williams

Members Absent: None

Also Present: Patrick Brama, Econ. Dev. Manager/Assistant City Administrator
 Tim Gladhill, Development Services Manager

1. CALL TO ORDER

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

2. APPROVE AGENDA

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

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

3. APPROVE MINUTES

**3.01(1): Approve Meeting Minutes Dated September 11, 2014
 Approve Meeting Minutes Dated October 9, 2014
 Approve Meeting Minutes Dated December 11, 2014**

Motion by Member Skaff, seconded by Member Hardin, to approve the September 11, 2014, October 9, 2014, and December 11, 2014, minutes as presented.

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

Member Riley arrived at 7:33 a.m.

4. EDA BUSINESS

4.01: Consider Purchase Agreement with PSD LLC

Economic Development Manager/Assistant City Administrator Brama presented the staff report.

Member Skaff asked if City Staff and the Planning Commission were happy with the site plan and position of the garages.

Development Services Manager Gladhill stated there were some concerns but they have reserved their recommendations until the architectural rendering is seen.

Chairperson Steffen asked what the cost of the road would be.

Economic Development Manager/Assistant City Administrator Brama stated the original negotiation for the property yielded a higher per square foot price and the amount was deducted from that.

Member LeTourneau thought there was a preferred price range per square foot that was inside their guidelines and he wondered if the current price fell within that range.

Economic Development Manager/Assistant City Administrator Brama indicated it was well within the range and would be considered to be in the mid to upper range.

Chairperson Steffen wondered if negotiations are done as far as staff is concerned.

Economic Development Manager/Assistant City Administrator Brama stated the only open item is the earnest money.

Member LeTourneau stated they are done negotiating because they have a purchase agreement but he did not think they were closed to negotiating if the Board sees something else that should be reviewed and negotiated.

Chairperson Steffen indicated he did not see any additional items that needed to be negotiated.

Motion by Member Skaff, seconded by Member Brunt, to recommend to the City Council approval of the purchase agreement with PSD, LLC for \$13.97 acres of City owned land located within The COR.

Further discussion: Member Hardin indicated he liked the fact they had the earnest money.

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

4.02: Consider Purchase Agreement between NIK Management Group and the City of Ramsey for the Former Municipal Center Site

Economic Development Manager/Assistant City Administrator Brama presented the staff report.

Member Skaff asked if NIK has given any indication on the size or price of homes they want to build.

Development Services Manager Gladhill stated NIK would be looking at other subdivisions in the area for comparables and he thought the price range would be between \$170,000 and \$200,000.

Chairperson Steffen asked if staff will influence the size of the lots or is that up to NIK to decide.

Development Services Manager Gladhill stated the City Zoning Code will dictate a lot of that but the City can go through a Planned Unit Development process and can negotiate those terms. Staff will go through a concept design phase with the Planning Commission at their next meeting to get some feedback.

Chairperson Steffen asked why NIK was offering a price above the listing price.

Economic Development Manager/Assistant City Administrator Brama stated they had a separate offer from TR Horton that came in significantly lower.

Chairperson Steffen asked if NIK has the capital to start to construct spec homes in May or will they have to wait until the lots are purchased.

Economic Development Manager/Assistant City Administrator Brama stated NIK does have a contingency in place as part of the purchase agreement to get their financing secure before close. Verbally Nik has indicated they have reached agreements with First Minnesota Bank but it is not confirmed at this time.

Chairperson Steffen asked what contingencies they have in place regarding the closing in May 2016.

Economic Development Manager/Assistant City Administrator Brama stated there are a number of generic contingencies in place, which are entitlements to the property, site plan approval, and plat and are also requiring a number of predevelopment documents and information. He stated the financing has been taken care of as part of Phase One. The big item is going to be the City clearing the site in time for June opening.

Member Hardin stated if this was always intended to be a two-phase closing because of the Fire Station.

Economic Development Manager/Assistant City Administrator Brama indicated it was. He stated NIK is very interested in the site and entire project and want to have the second portion of the second phase locked up and ready to go.

Chairperson Steffen did not think that five thousand earnest money seemed like a lot of money for a deal that is going to close in sixteen months. He felt the amount was low and did not want to see the City list the property again in sixteen months because NIK walked away from the deal.

Member Riley agreed and stated the second phase of the closing is at the City's convenience because they can't sell it now. NIK is not asking the City to hold the property for them, the City is asking not to have to sell the property at this time which puts a twist on it. He did feel five thousand was not a lot of money to hold a parcel of land for. He asked staff was the earnest amount would be if the new policy was in place.

Economic Development Manager/Assistant City Administrator Brama asked the Board for a minute while he calculated the amount.

Chairperson Steffen asked if there was going to be an access on Alternative A on the North/South Street on the right side of the plans.

Development Services Manager Gladhill reviewed the site plan with the Board.

Economic Development Manager/Assistant City Administrator Brama stated based off the new policy, they would be at a little over \$17,000 in earnest money. They could increase the money in Phase Two and have some earnest money in Phase Two go hard after a certain date.

Member Williams asked if there is a concern that the City would not want to move forward with Phase Two. She wondered if part of this is to protect the City's interest as well.

Economic Development Manager/Assistant City Administrator Brama stated in working with the City Attorney, they did revise the PA to give the City strength or positioning in case they did not want to be liable or exposed to damages from the buyer before they move forward with the second phase. They also include a provision regarding moving forward with Fire Station Two.

Member Williams asked what is the timeline for determining if the fire station will move forward.

Economic Development Manager/Assistant City Administrator Brama stated Fire Station Two will be reviewed by the City Council on Tuesday, January 13, 2015 and a contract could be awarded to a general contractor in March.

Member Williams asked if that changed the Planning Commissions review of Parcel A on the proposed design of those lots. If there is a possibility of not moving forward with the second phase of the acquisition, would there end up being two cul-de-sacs.

Development Services Manager Gladhill stated it does not change the preliminary plat for both phases and the final plat will come through with only Phase One lots. There will be two terminating streets and they will try to be flexible and creative in utilizing both parking lots as a temporary turn around provision. They have also talked about holding some sort of surety to construct a more permanent cul-de-sac if Phase Two did not occur or was delayed.

Chairperson Steffen asked if it was ever discussed not to sell the second phase at this time.

Economic Development Manager/Assistant City Administrator Brama stated that is an option but NIK does not want to do that. He stated there is a risk on both sides of that because if they delay this it is possible for NIK to come back at a later time with a lower purchase price so it is best to lock them in at the current price.

Member Skaff stated the driving force to build the new fire station is because they would have the dollars or have a PA for that property. He thought the timing of the fire station may be further down the road without the PA.

Chairperson Steffen did not think there would be a substantial amount of the money involved that would build the fire station so he did not think the City was relying on the cash from the sale of this property to build it.

Economic Development Manager/Assistant City Administrator Brama stated that was correct and would be supplemental.

Chairperson Steffen thought the first phase of the project will go well and the homes will sell quickly and if that happens, the price of the second piece of land will probably go up. He thought they either need more earnest money to guarantee that closing or they should consider selling one piece of land at a time.

Member LeTourneau thought that was a good point and wondered if they should go into a closed session and have a discussion for that.

Economic Development Manager/Assistant City Administrator Brama stated as long as they are talking about earnest money there is no need for a closed session. A closed session is to be used only for purchase price discussion and he did not feel the Board was at that point.

Chairperson Steffen asked what the preference of the group was.

Member Riley stated if they do not sell parcel two, they do not need a new fire station. He was not certain that was an EDA issue but a good question. He was not sure if they can approve or disapprove a purchase agreement before them.

Member LeTourneau did not think that Fire Station 2 came about because they were planning on selling this parcel of land. He thought they decided the current fire station was not adequate for the growth of the community and it was decided the City needed a second new fire station, which

would happen regardless and they would use the proceeds from the sale of this to supplement the cost of the fire station.

Member Hardin asked if the fire station is moving forward because it is needed or because of this project.

Member Riley stated there is a need that is being moved up because of the sale of the land.

Member LeTourneau disagreed and stated they need to look at the timeline and the things that have occurred in the last six to twelve months. He felt the Fire Station 2 project has been on a progressive track over the last six to twelve months and escalated in 2014. He indicated there is a cost to this and NIK has given the City an offer and they have structured what it is worth to them. He stated they could trade one for the other and if the City asks for more earnest money, he thought NIK may offer the City less money per acre and they would probably end up with the same deal in the end.

Chairperson Steffen indicated he would make the trade of less money and more earnest money.

Economic Development Manager/Assistant City Administrator Brama stated this could still be open for negotiation and he did not feel it would hurt to ask NIK for more earnest money and see what their response would be.

Member Riley stated if they are concerned about Phase Two, that is a \$326,000 purchase so \$5,000 is getting closer to their proposed policy. He thought a lot of the contingencies about not closing are on the City's end.

Motion by Member LeTourneau, seconded by Member Skaff, to recommend to City Council consider adopting the Purchase Agreement with NIK Management, Inc. with the flexibility of having staff continue to work with NIK to increase the earnest money aspect.

Further discussion: Member Riley stated they should also indicated that Option C with the cul-de-sac should be removed and also indicate the type of housing should be the same as what is on either side of this parcel. Development Services Manager Gladhill stated if they are comfortable with what is there their base zoning code will take care of that. If they start asking for that to be a little bit more, it might impact the price range because lots tend to change hands and if they do not deliver what was promised as part of the discussion residents may come back to the planners with their expectations. Chairperson Steffen asked if there was architectural language in the Purchase Agreement. Economic Development Manager/Assistant City Administrator Brama indicated there was not. Development Services Manager Gladhill stated he would prefer no language be included in the Purchase agreement.

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

4.03: Consider Forwarding New Policy for the Sale of City Owned Land to the City Council

Economic Development Manager/Assistant City Administrator Brama presented the staff report.

Chairperson Steffen stated as written earnest money becomes hard only if they request for an extension.

Economic Development Manager/Assistant City Administrator Brama indicated that was correct.

Member Riley indicated when he read the second paragraph, it looked like the earnest money would become hard upon a second extension so there would be one free extension. He wondered if CBRE had input on this.

Economic Development Manager/Assistant City Administrator Brama stated CBRE did review this policy and did provide a lot of recommendations in the policy. He stated the CBRE is motivated to close deals and would support some sort of hard money up front at some level but are very cautious of not going over the top because they are afraid it would scare away some deals.

Chairperson Steffen thought the word “second” could be removed from the paragraph.

The Board agreed.

Member Williams did not know if \$1,000 or \$1,500 is going to incent someone to close on a property and she thought it was on the low end for earnest money. She did not think it would kill a deal and she would support Councilmember Riley’s suggestion to keep a hard earnest money at the first request for due diligence extension because that is pretty standard and happens all of the time. She also suggested removing the second extension wording.

Member Hardin stated he was always concerned about putting too much detail into a policy because they need some flexibility. He stated every deal is different and the amount of earnest money needed per project is different and might depend on many different factors.

Member Riley asked if they wanted to change the earnest money amount in the policy because it was indicated it was low by a few members.

Economic Development Manager/Assistant City Administrator Brama stated CBRE along with his research indicated the earnest money could be anywhere from 1.5% to 3%.

Member Williams stated in her experience earnest money is an art not a science and it has a lot to do with who is holding the most risk and who is the most interested in seeing certain things happen. She stated they need to find a balance.

Member Hardin asked if they should remove the dollar amounts and have a blanket statement indicating the City will require earnest money contingent upon the size and scope of the project. He thought this would allow the City to be more flexible.

Member Riley stated he liked that idea. This would indicate there needed to be earnest money with direction given. He indicated they need to make sure that both sides have something so they need to be flexible but also protect their interests.

Economic Development Manager/Assistant City Administrator Brama summarized the changes that were made in the discussion indicating that the earnest money amount will be turned into a blanket statement with a range of two to three percent. He thought this will allow a greater strength in their negotiations.

4.04: Consider Forwarding the 2015 EDA Workplan to the City Council

Economic Development Manager/Assistant City Administrator Brama presented the staff report.

Motion by Member Steffen, seconded by Member Brunt, to recommend to City Council the EDA Workplan as outlined.

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

4.05: Review Draft Closed Landfill Use Plan; Case of Minnesota Pollution Control Agency (MPCA)

Development Services Manager Gladhill presented the staff report.

Member Riley asked for clarification as to why this item is before the EDA. He wondered if they do nothing, this entire area will get changed on the Comprehensive Plan and the City will never be able to do anything on it, if they would want to potentially do something in the area they would need to make a change.

Development Services Manager Gladhill reviewed what the Board needed to do if they wanted to potentially use the land in the future. He stated if they want that to be an industrial user sometime in the future the City needs to ask that the land use plan as presented today be changed to allow for that.

Member Riley thought it seemed this was identified in the past as a good potential use for an industrial user and that they would not want to accept that as not being allowed. He thought they would want to ask for the plan to be changed to allow a future user.

Member LeTourneau thought this would be a low priority business user site in their community.

Development Services Manager Gladhill indicated the window has started to close on this and action needs to be taken if the City wants the ability in the future to develop.

Economic Development Manager/Assistant City Administrator Brama talked about the quality of the site and indicated there is a lot of discussion and concern around the quality and conditions of the area. He noted this is a very desirable location for businesses.

Member LeTourneau stated this is not a high priority quantity wise but he disagreed on the quality. He stated he sat in on the EPB Board meeting and they talked about the quality of the site. He did bring forward to them explaining this site has all of the infrastructure but there is a lot of discussion and concern around the quality of the site as it relates to environmental issues because of the great unknown associated with what is going on with the decomposition of that land fill. There seems to be a real concern from the EPB's perspective in regards to any kind of issues moving forward.

Economic Development Manager/Assistant City Administrator Brama thought from a personal staff perspective, that is a perception issue.

Chairperson Steffen asked what the process was for trying to change this.

Development Services Manager Gladhill reviewed the process with the Board. He believed they needed to adopt a land use plan but thought there was room to negotiate the small parcel of land adjacent to the landfill.

Member Riley recommended the City should carve out the piece of land they want to use and bring that forward to the EPA.

Member Hardin agreed.

5. MEMBER / STAFF INPUT

The EDA reviewed the Staff Update.

5.01: Rum River Hills Joint Venture Request

Economic Development Manager/Assistant City Administrator Brama indicated Rum River Hills submitted a request for a joint venture agreement with the City. Staff reviewed the request which was in regards to a previous proposal Rum River Hills made. They are proposing relocating two of their golf holes across Hwy 47 and purchasing City owned land along with some other land and developing around 165 to 200 new housing units and expanding their golf services.

5.02: Board Changes

The Board discussed the New Year and the possible need to find another resident to be a member on the Board because Member Williams was now a Councilmember.

Economic Development Manager/Assistant City Administrator Brama indicated there can be more than two Councilmembers on the Board if the Board would like to keep all three Councilmembers.

Chairperson Steffen indicated the Board was meant to be an advisory to the Council and he felt that if there were more than two Councilmembers on the Board it would end up to be like the HRA was before them. He would prefer the majority to be residents. He indicated one Councilmember could be an alternate and come to the meetings if all three wanted to be at the meetings.

It was indicated the Mayor would make the decision on which of the three Councilmember will be placed on the EDA Board.

6. ADJOURNMENT

Motion by Member Skaff, seconded by Member Steffen, to adjourn the meeting.

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

The regular meeting of the Economic Development Authority adjourned at 9:39 a.m.

Respectfully submitted,

Kurtis G. Ulrich
City Administrator

ATTEST:

Ted LaFrance
Economic Development Manager

Draft by Sue Osbeck
TimeSaver Off Site Secretarial, Inc.