

**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, April 2, 2015, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Member Glen Hardin
 Member Chris Riley
 Member Wayne Skaff
 Member Kristine Williams

Members Absent: Member Philip Brunt
 Member Brian Burandt
 Chairperson Jim Steffen

Also Present: Patrick Brama, Asst. City Administrator/Ec. Dev. Manager
 Kurt Ulrich, City Administrator
 Kathleen DuChene, Metropolitan Consortium of Community Developers

1. CALL TO ORDER

Vice Chairperson Skaff called the Economic Development Authority meeting to order at 7:29 a.m.

2. APPROVE AGENDA

There were no changes.

Motion by Member Riley, seconded by Member Hardin, to approve the agenda.

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

3. APPROVE MINUTES

3.01: Approve Meeting Minutes Dated March 5, 2015

Member Williams pointed out that a reference to CVRE should be CBRE under section 4.02.

Motion by Member Hardin, seconded by Member Riley, to approve the March 5, 2015 minutes as amended.

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

Vice Chairperson Skaff abstained from the vote as he was not at the last meeting.

4. EDA BUSINESS

4.01: Introduce New Anoka County Open to Business Program

Economic Development Manager/Assistant City Administrator Brama introduced Kathleen DuChene, Business Advisor with Metropolitan Consortium of Community Developers. He stated that this program was reviewed briefly at the last EDA meeting. He stated that he will be asking a question regarding additional marketing for this initiative at the end of the presentation. He also stated that staff is generally in support of the program the County has put together. It fills the gap of expertise that City staff does not have and staff thinks it is a valuable resource for the City's businesses.

Ms. DuChene stated that she is the Business Advisor for Anoka County and works for MCCD. MCCD has a contract with Anoka County under the HRA department. It has been around for almost 30 years. It is a community-based organization that deals with affordable housing, public policy and the Open to Business Program. The Open to Business Program started about five years ago in the City of Brooklyn Park and is now in 67 communities. It is rolling out in Anoka County and will be opening in Washington County towards the end of the year. The Open to Business Program is an extension of the City's economic development efforts. They would like the program to be the City of Ramsey's program and to use MCCD's brand and information. They are asking the City to advertise and market the program. If the cities don't do that in Anoka County, MCCD cannot effectively evaluate the program. Anoka County's funding of the program will be discussed at an April 8th meeting in Coon Rapids. The cities' marketing of the program, the cost and who will pay for next year will be discussed. Ms. DuChene explained Matt Brown from Coon Rapids came to MCCD and asked them to start the program in Coon Rapids. It was successful and he suggested rolling it out in Anoka County. Ms. DuChene explained that she has set up office hours in seven communities and spends 2 ½ hours each month working with walk-in clients or scheduled appointments.

Ms. DuChene provided an overview of the program. She explained that the program can provide assistance with cash flow projections, financial information, bookkeeping, and writing a business plan, or clients can be directed to other professionals such as accountants and attorneys. She explained her own background. For the last 14 years, she has owned companies with her husband that were successful and prior to that she worked for Target in human resources, store operations and finance for about 13 years. She joined MCCD in February of 2015, but is not new to small business and feels she can effectively coach small businesses. She stated that the program asks a lot of questions of clients to coach and counsel them. Success may mean the business is not feasible and that is also considered a success. She stated that the program does offer a financing option for businesses and provided Board members with a handout explaining their loan products. The loan products are similar to a bank, but the program considers itself an exception lender. The loans the program provides may get a business owner ready to get an

eventual bank loan. They offer micro loans up to \$25K for start-up and early stage businesses and they offer gap financing. She stated that technical assistance is the main thrust of the program but they also offer financing.

City Administrator Ulrich asked about the origins of the funds and how they are replenished.

Ms. DuChene replied that the program works with a community of banks. The money is loaned to the program at a low interest rate and the program will in turn loan the money out at a little bit higher interest rate. They are now 70 to 80% self-funded. They also get monies from the federal government and foundations.

Vice Chairperson Skaff asked if the program is looking to the City of Ramsey for a contribution and if Ms. DuChene would be available at the City of Ramsey for 2 ½ hours a month.

Ms. DuChene replied that she would be available at the City and that the program is not asking for dollars. The program is a free service to residents and small business and is funded by the City or county. She is asking the cities to promote it as much as possible.

Vice Chairperson Skaff asked about the loan interest rates.

Ms. DuChene replied that they don't go over 10%. They are slightly higher than traditional banks because there is more risk. The program uses the same process that a bank would and has to look at collateral and how much money will be invested. The program goes through a very intensive process of evaluating the business and risks. There is a loan committee that looks at the loans and approves them.

Member Hardin asked about the counselors' background.

Ms. DuChene replied that the backgrounds are similar to hers. She stated that there are four or five other business advisors. Their backgrounds include working for banks, owning their own businesses, and one is a professor at a community college. She also stated that the program had 40 clients that have been seen in the first quarter and over a 100 hours in direct contact with those clients. Specific records are kept and are reported to the counties or the cities.

Member Riley stated that he is thinking about three or four of his clients that could use the program's services and that this sounds like it would be a great resource.

Ms. DuChene stated that the program looks at itself as an extension of economic development and also to relieve City staff. She also stated that the key is to advertise the program and talked about getting information on the City's website, newsletter, and notices in utility bills.

Member Skaff suggested advertising at the Business Expo being held April 18th.

Economic Development Manager/Assistant City Administrator Brama stated that the City would hand out the program's brochures at events.

Member Riley suggested having someone from the program available at the expo with a presence at a booth and thinks the expo is the best opportunity of the year.

Ms. DuChene spoke about her passion for wanting to help people in this capacity.

Economic Development Manager/Assistant City Administrator Brama stated that the staff is looking for general support for the program, which he believes there is and that the Board would support staff moving forward with a marketing blast. He would also like the Board to consider directing staff to go above and beyond the normal advertising venues and do some sort of direct mail to all City of Ramsey residents. He also spoke about the City's revolving loan fund and how it fits nicely with this program. He stated that this program would be a huge help to staff and that it supports the program.

Member Riley stated that he supported the program and the marketing blast. He felt that the target audience for the post cards needed to be refined to make sure it would get to perspective business owners.

Vice Chairperson Skaff stated that a half page in the *Ramsey Resident* would reach out broadly.

Economic Development Manager/Assistant City Administrator Brama stated that this will be in the next *Ramsey Resident* so the information will go out to every address in the City and he thinks that the small business list can be refined to a few hundred businesses.

Discussion took place regarding when and to whom the *Ramsey Resident* is sent.

Economic Development Manager/Assistant City Administrator Brama stated that if Board Members wanted someone to get information on the program, to contact him and he will see that they get the information.

4.02: New Policy for the Sale of City Owned Land and Template Purchase Agreement

Economic Development Manager/Assistant City Administrator Brama stated that the EDA has discussed this issue several times so he would provide an overview. He stated that the reason the case has been brought back to the Board is the template purchase agreement. The EDA and City Council have recently reviewed a handful of purchase agreements. Based on those reviews and the new policy for the sale of city owned land, direction was provided that the City should have a template purchase agreement that runs parallel with the new policy. He stated that the policy and the template purchase agreement have been gone over by City staff, CBRE and the City attorney in conjunction with Tom Bray. The template purchase agreement was modeled off of an agreement provided by Member Williams. He also stated that included in the case is a breakdown of benefits and potential concerns and that staff is in support of the policy and the template purchase agreement and feels it will make the process smoother and lay out expectations for City EDA staff. This will be brought before the City Council on April 14, 2015.

Member Williams stated that she thinks that this is a better place to start than responding to potential purchase agreements from prospect buyers.

Member Hardin asked about language that indicated that if the purchaser had their own agreement, the City would modify it. He asked why the City wouldn't use theirs all of the time.

Economic Development Manager/Assistant City Administrator Brama stated that the City would attempt to use the City's purchase agreement, but some buyers may not be willing to accept that and it may jeopardize a deal if we are strong on that. The City would open negotiations with using their agreement. If a prospect refused to use the City's purchase agreement, the City would use their policy for the sale of city owned land to review a buyer's purchase agreement and make sure it matches with the components the City needs in the purchase agreement.

City Administrator Ulrich asked Board Members for feedback regarding their experience working with larger corporations on land deals.

Member Williams stated that it was on more of a lawyer-by-lawyer basis and definitely more of an individual preference. She stated that she would like to think a major tenant would be treated a little bit differently and that it is good to have a template to show the City's starting position. She has found that a broker who won't use the seller's purchase agreement usually doesn't have the authority to negotiate the terms.

Economic Development Manager/Assistant City Administrator Brama stated Tom Bray did feel that this template will be useful for all the reasons the Board has discussed but added a word of caution that some of the terms might be debated by a buyer, especially a very educated buyer, because they lean in favor of the city. He wanted the Board to know that there are a few terms that are not standard.

Member Hardin asked if the template has been reviewed by CBRE.

Member Riley stated that he likes that it has been drafted and reviewed by the professionals and will rely on the experts.

Vice Chairperson Skaff concurred with Member Riley and stated that it's nice to have a template to start with so that issues are straightforward and laid out.

Member Hardin asked if CBRE will be using the template.

Economic Development Manager/Assistant City Administrator Brama answered affirmatively and stated that he will contact them to let them know they should be using the template as their starting point.

Member Riley stated that he would still want negotiations and flexibility and would not want the City to look like it is difficult to work with, but the template seems to cover everything the City needs.

Member Williams asked if Tom Bray had given the City an idea of where a reasonable line would lie in regard to the questionable sections.

Economic Development Manager/Assistant City Administrator Brama stated that Mr. Bray did not break it down but did provide detailed comments that will be saved and kept for a frame of reference. He does not have information on alternatives and middle ground and would be happy to follow-up on that. He would also forward the comments to the Board if they desire.

Member Williams stated that the Board should consider a deal range when looking at individual projects and that might help with negotiations.

Economic Development Manager/Assistant City Administrator Brama stated that he could go back to the terms that were potential concerns and review them and identify what acceptable alternatives would be and have them ready for negotiations. He asked Member Williams if she was looking for the alternatives to come back to the Board ahead of time or have Staff ready to answer the questions when a negotiation takes place.

Member Williams stated that the Board might want to review them because she feels the City Council might want to know more about them when a case comes before them. She feels that it is important to know what the City's minimum requirements are and wondered how much could be discussed at a public meeting. She stated that the document is intended to be one sided and doesn't think we should go forward without understanding what our minimum standards are.

Member Hardin stated that he thinks the City's purchase agreement should be one sided and if the buyer wants to negotiate, they certainly can.

Economic Development Manager/Assistant City Administrator Brama stated the three major items brought up by Mr. Bray were the phased escrows becoming hard over time; full liability on the prospect if someone is hurt on the property; and not allowing reassignment without the City's agreement in writing.

Member Williams stated that based on that information, she agrees with Member Hardin.

Vice Chairperson Skaff concurred and stated that from a small business standpoint it is a great place to start from and will save attorney costs.

Motion by Member Hardin, seconded by Member Riley to recommend the City Council approve the policy for the sale of City owned land and purchase agreement template.

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

5. MEMBER / STAFF INPUT

The EDA reviewed the Staff Update.

5.01: Joint City Council – EDA Meeting

Economic Development Manager/Assistant City Administrator Brama stated the joint meeting is on April 14, 2015 at 5:30 p.m. in the Lake Itasca Room. He stated that he has contacted the State of Minnesota and DEED representative Jim Gromberg will provide an introduction to the Shovel Ready Program.

5.02: Skeeter Boat Company Considering Elk River Location

Economic Development Manager/Assistant City Administrator Brama stated that Staff is staying in contact with the prospect and are hoping to keep them in the City of Ramsey.

5.03: Economic Development Prospect “Power”

Economic Development Manager/Assistant City Administrator Brama stated that this is a business based out of Elk River that is considering the City of Ramsey. He stated that prospect is looking at a 105,000 square foot facility. The project would create 190 jobs making it the fourth largest employer in the City. The last word the City received is the prospect is considering the cities of Otsego and Ramsey as the final locations and will be making a decision in the next week. He stated that Staff along EDA Chairperson Steffen, Councilmember LeTourneau, Economic Development Consultant Mulrooney and MN DEED representative Jim Gromberg and his staff met with this prospect earlier this week. He stated that the meeting went really well and that the City had put themselves in a good position to have a fighting chance for this prospect. They are excited to hear back from the prospect in the next week or so.

5.04: RALF and Armstrong City Owned Properties

5.05: F & C (Residence at The COR) Refinance/Sale

Economic Development Manager/Assistant City Administrator Brama stated that the closing for The Residence is scheduled for April 9th. The City Council recently reauthorized a number of agreements and amendments to previous purchase agreements with F & C to allow for this sale. He stated that this sale wipes out the City’s risks and notes.

5.06: Purchase Agreements:

Economic Development Manager/Assistant City Administrator Brama stated that the agreements moving forward as scheduled are PSD, LLC, Casey’s General Store and Common Bond Communities. The agreements are scheduled to close in the next couple of months. He stated that the City recently received a notice that the NIK Management agreement was reassigned to a new investor. That investor is known as GS Land, LLC and staff is meeting with them April 3rd. He stated that this LLC was formally PCI Roads and that staff has had communication with the group over the phone and they have been very responsive. Staff feels that this is good news for the project and provides the capital needed to make the project move forward and get it to the finish line.

Member Hardin asked if the new investor was connected with NIK Management.

Economic Development Manager/Assistant City Administrator Brama replied that there were connections and that NIK Management is still managing the project to close.

Economic Development Manager/Assistant City Administrator Brama stated that the 24 Restore purchase agreement was never executed. Staff attempted to connect with 24 Restore and get the purchase agreement executed but has not received a reply. It is staff's understanding that they are looking at other properties so staff has given them notice that the purchase agreement is now void and no longer in play. 24 Restore would need to submit a new purchase agreement to the City for the property. Staff did extend an offer to help them secure a new site.

City Administrator Ulrich reported that the City Council has authorized legislation for the railroad separations at Ramsey Boulevard and Sunfish Lake Boulevard for 10 million dollars; approved a tower exemption to the ordinance to allow Connexus to build a communications tower on their property up to 99 feet; and authorized requests for quotes for permitting, licensing and code enforcement software which is part of the strategic plan to improve the City's process.

Vice Chairperson Skaff asked about the timetable for the closure of Armstrong and the interchange construction.

Economic Development Manager/Assistant City Administrator Brama stated that substantial completion will be October, 2015 and that there is an incentive to encourage early substantial completion. The final completion is scheduled for summer, 2016.

City Administrator Ulrich stated that construction will start around May 5, 2015.

6. ADJOURNMENT

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

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

The regular meeting of the Economic Development Authority adjourned at 8:25 a.m.

Respectfully submitted,

Kurtis G. Ulrich
City Administrator

ATTEST:

Patrick Brama
Asst. City Administrator/Economic Development Manager

Draft by Denise Bosch
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