

**DRAFT 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, March 9, 2017, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present:     Chairperson Jim Steffen  
                              Member Philip Brunt  
                              Member Brian Burandt  
                              Member Glen Hardin  
                              Member Chris Riley  
                              Member Kristine Williams

Members Absent:     Member Wayne Skaff

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

**1.     CALL TO ORDER**

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

**2.     APPROVE AGENDA**

No changes.

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

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

**3.     APPROVE MINUTES**

**3.01:   Approve Meeting Minutes Dated February 9, 2017**

Motion by Member Riley, seconded by Member Hardin, to approve the February 9, 2017, minutes as presented.

Chairperson Steffen stated there was one change on page 9, last paragraph the sentence is incorrect and should be changed to reflect the following: "IAG Commercial is not a non-profit".

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

#### **4. EDA BUSINESS**

##### **4.01: Informational Interview Oppidan Development**

Economic Dev. Mgr/Assistant City Administrator Brama stated this case is a follow up to the EDA's ongoing discussion RE marketing strategies for The COR, and the sale of City-owned land. He presented the staff report.

Mr. Drew Johnson, Manager of Commercial Development for Oppidan Development reviewed his background and the history and previous projects Oppidan Development has done with the Board. He stated Oppidan Development is mainly merchant developers, they sell ninety percent of the projects they do, they do not have a portfolio.

Mr. Johnson reviewed a six-acre site they are developing in Minneapolis.

Chairperson Steffen asked if Oppidan Development owns the site on the current project they are working on in Minneapolis.

Mr. Johnson stated they do own the site but they usually do not own a site until they are ready to break ground. He stated this project is A-typical in the nature of it.

Chairperson Steffen asked what is the general perception of The COR and what are the strengths and weaknesses.

Mr. Johnson stated knowing how hard and expensive mixed use has been and is to do, he thought Ramsey was doing pretty well in terms of what has been done so far and also knowing how expensive market rate housing is to build. He stated from the center of where the money is flowing, Ramsey is pretty far out and suburban housing is challenging and hard and when looking at some of the other large projects that have gone on has been pretty big with city subsidies and free land, TIFF's and things that have been done to make that happen, he thought that was a huge barrier of entry for how big the COR is and how much Ramsey has so far, he thought they have been doing pretty well. There is a lot of communities in the same spot where they want to remake an area and do a downtown.

Member Riley asked what Mr. Johnson thought of vertically integrated building, which he thought Ramsey had a little bit already and a lot more of that in the plan.

Mr. Johnson thought it was hard because on a large scale format to do well, if they have a footprint that is going to handle 100 residential units and enough underground parking where it is efficient to build, where the project needs a large project to do that because of some of the costs. He stated if the expectation of the ground floor will be a lot of retail, for a less dense area like Ramsey, that is a huge challenge. He thought a reasonable expectation, may be the best corner could have some support style retail uses.

Chairperson Steffen asked which strategies would be recommended and which ones would Oppidan Development help them out with.

Mr. Johnson stated he would be as flexible as possible. He stated a firm like CBRE has a strong international and national reach, he would choose CBRE path if just starting out and put their best foot forward. Secondly to that and as it would relate to engaging a developer, their interest in land anywhere is very tenant driven. He stated they could have a project built within twelve, eighteen to twenty-four months.

Chairperson Steffen stated the City has about 150 acres of available retail land is located within/adjacent to The COR today. He asked if it was realistic for Ramsey to absorb that much retail land.

Mr. Johnson thought right now there was too much land there for retail. He did not think it needed to be rezoned right away but they should look at the next step of retail development after the grocery, he thought better retail would be larger box stores such as Michaels, JoAnn Fabrics, Maurices, TJ/MAXX which from a real estate risk profile would be harder to do for a developer to do. He did not think there was the population or critical mass to pull that off. He would advise the big power centers to be built such as Home Depot, Menards, Lowe's, Fleet Farm.

Mr. Johnson stated in closing, the best strategy, where in terms of development they would not just doing another convenience store, the question is how do they grow the tax base and CBRE is already aware of this. He thought there is shovel ready, utility stub, soil corrected large parcels of land in Mpls and there is very few of them left where people are bringing them further out to surrounding communities. He stated Ramsey was probably in the position to respond to a larger land owner such as a manufacturing business use.

The EDA thanked Mr. Johnson for being at the meeting.

#### **4.02: Anoka County Open-to-Business Program Update**

Economic Dev. Mgr/Assistant City Administrator Brama stated Kathleen DuChene with the Anoka County Open-to-Business Program was at the meeting to provide an update.

Ms. DuChene updated the Board on the Open-to-Business Program in Anoka County and customers they have helped get financing and start, grow their businesses.

Ms. DuChene stated the trends she has seen in the last few years are very little brick and mortar businesses. A lot of new businesses are inside the home and online women's boutique businesses. She stated she has helped a business owner put together an online business in the travel industry for women who want to travel but travel alone. She stated another trend is micro-breweries and organic home to table micro greens businesses. She noted the pet industry is growing and specialty foods, mostly ethnic foods and pasty and baked goods are also growing.

Ms. DuChene thought there was a lot going on in different industries and retail is changing rapidly. She stated big box stores are having difficulties and closing stores and there are more global markets and more online shopping and ordering is happening. She thought there were some implications for economic development in cities and economic development brings in business, hiring and creates tax base. She also thought there are going to be changing trends drastically in the next fifteen years.

Chairperson Steffen asked besides financing what are businesses looking for.

Ms. DuChene stated existing businesses are struggling with cash flow. Because of some of the changes she is seeing happening, business is not reacting quick enough on how to market differently, how to find different customers, they are struggling. Some of them have gone into business with not putting together a good plan or thinking through it thoroughly enough. She stated some businesses she looks at she sends them back to the drawing board and tells them they need some financial projections. Part of it is in planning. She thought the businesses they have made loans to have a thought-out plan and they are second stage businesses and are going to grow, know what they are doing and expanding and need financing for that. She stated she has been brainstorming with people and find out what they need to do. She noted she does get a lot of calls from Ramsey and encourage them to get a little blurb out into a newsletter every time it goes out.

#### **4.03: EDA RLF Request, American Print & Digital**

Economic Dev. Mgr/Assistant City Administrator Brama stated this case was reviewed by the EDA in January and February. This loan request was approved by the EDA and Council in February, contingent upon staff obtaining sufficient collateral. The purpose of this case is to update the collateral source. American Print & Digital is suggesting the City take a first lien on the attached existing equipment list, rather than a second mortgage on their personal residence. Staff has verified sufficient value exists in the attached equipment list to collateralize the EDA loan. With this in mind, staff believes this change is administrative in nature, and still meets the intent of Ramsey's policies and prudent lending standards. Staff recommends the EDA re-approve this loan with the updated collateral requirement.

Member Hardin recused himself from discussion and voting due to conflict of interest.

Motion by Member Burandt, seconded by Member Brunt, to recommend to City Council approve the attached draft loan agreement with American Print & Digital and approve an EDA RLF loan in an amount of up to \$72,500 (not to exceed 5% of the project cost), subject to:

- The borrower providing a first lien to the City on the attached "Equipment List"
- The borrower receiving approval of the project loan by the Bank of Elk River and the SBA
- Final review and approval of the loan agreement by the City Attorney and the CMDC.

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

#### **4.04: Arterial Infrastructure Discussion for Bunker/Puma & Capstone Homes**

Economic Dev. Mgr/Assistant City Administrator Brama stated this case is being reviewed by the EDA because the project is proposed to utilize two economic development funding sources. Since the proposed arterial infrastructure will serve the City's future business park, potential funding source for the arterial infrastructure include both the EDA Fund and Anoka County EDA/HRA accounts.

Economic Dev. Mgr/Assistant City Administrator Brama presented the staff report. He reviewed the three alternatives with the Board.

Economic Dev. Mgr/Assistant City Administrator Brama stated the benefits of Alternative A is that it appears it can work for all parties and an agreeable deal. This would trigger 300 to 350-unit residential development which would help drive traffic and consumers to The COR and would help to push their demographics to bring in retail restaurants. This would also help to trigger development of the new Itasca Park and modifications to Alpine along with allowing for new pedestrian connections within their community.

Economic Dev. Mgr/Assistant City Administrator Brama stated Alternative B would minimize the City's exposure to risk. Alternative C is to hold tight. They are able to meet their primary goal of getting their business park ready to go and have land available. He stated Capstone is at the meeting to discuss and answer any questions the EDA may have.

Chairperson Steffen asked if 60/40 is past policy. Economic Dev. Mgr/Assistant City Administrator Brama stated this is not past policy but is what happened for Legacy Christian Academy, Sunwood Drive and Rhinestone. The City does not have a formal policy and is usually negotiated.

Economic Dev. Mgr/Assistant City Administrator Brama stated the proposal that stands today, typically assessments are going to be over a ten to fifteen-year term. Capstone Homes has requested that the assessment be paid back at the time the property is sold. He thought the City would not want to sit on the assessments for any length of time so he thought a five-year sunset clause for when assessments would be due is appropriate. That would state that the lots, if not sold within five years, those assessments will come due. He noted this is sort of a hybrid approach. He stated Capstone Homes and staff has not had a lot of time to review this MOU in detail.

Member Williams asked to revisit the past practice statement. She asked if the 60/40 split is the basis for other residential developments in the City.

Economic Dev. Mgr/Assistant City Administrator Brama stated from a residential perspective, typically residential projects do not get involved with arterial infrastructure. Usually they will locate a development off a County Road or an existing city collector street. He stated the City of Ramsey typically does not get involved with infrastructure for residential projects, especially interior to a site. In this project there is going to be a lot of interior residential roads and the City

of Ramsey would not pay for any of that, what is less clear is arterial infrastructure collector roads, they would probably have to do some more digging to see what has been the practice in the past. He stated it was his understanding that those roads are typically City responsibility. He stated in this scenario they are extending those roads ahead of development and he did not know if they have done that in the past.

Member Riley asked if they should be considering this as two different phases. He thought it made sense to push it a little further when they know another phase is waiting.

Community Development Director Gladhill stated this does increase the cost of the project. What is unique here is that there is a specific phasing line. In this circumstance, they are only plating up to phase two which will give them a cleaner break. From a street maintenance perspective, they would prefer to do this all at once because then they do not have a sequential street maintenance program.

Member Williams asked if the gross and net numbers are different because there are already contributions from the City for the extension. She wondered why they are not calculating that difference as part of the 60/40 split proposal.

Economic Dev. Mgr/Assistant City Administrator Brama stated that is a perspective they can take on this project. Those dollars are preprogrammed for those arterial trunk lines. This development along with any development pays trunk/sewer fees for every single development to help pay for that system. He stated to that point an argument could be made both ways that they are making a contribution through standard development fees just like any other developer would.

Mr. Steve Bona, Capstone Homes, stated they are really excited for this project and feel it would be wonderful for the City and great for Capstone Home. He thought there may be more of a benefit to The COR then to the business park. He thought the business park would be an added bonus if they can pave the road on the south side adjacent along Puma along the west side of the business park but The COR needs rooftops and this project would provide that. He thought that was the biggest benefit they could provide to the City. They don't really have any frontage onto Bunker Lake Boulevard, it dead ends into their site but, if the road needs to be extended they would like to contribute to help that happen. They did come up with a dollar amount in order to assist that and then when it came to Puma, the 60/40 split, they looked at past practice, they have the business park on one side so it is not all residential. That seems to align with past practice and is why they included it that way in their proposal.

Mr. Bona stated they are offering funds along Bunker Lake Boulevard, even without any frontage on it in order to pull it towards their property. Right now one of the things they are fighting in regards to residential is there is still quite a few bank owned properties out there in those areas and they can only pay for so much offsite improvements before they get into the neighborhood. The bank owned land in Elk River and Otsego is their competition as well as coming closer to the cities and they are building in both of those areas and they know what those values are and to be competitive on this property, it is very important that they watch the

numbers. He stated he understood the City's view. He thought that the long-term vision for The COR is something they should be focusing on.

Mr. Bona stated they have revised their neighborhood plan. He thought plan was so much better than the first plan they presented to the City. He stated there is open space, curvature in the roads, they have created more ponding and amenities on the site.

Chairperson Steffen asked how long it will take to build out phase one.

Mr. Bona stated they are trying to determine what size phase one will be but assuming they are going to have fifty or so lots, they anticipate that will happen in a twelve to eighteen-month period once they gain some momentum. He stated they have different product type of homes that will be in the project. He noted they have removed the townhomes on the far south side and left them on the north side of the project.

Mr. Bona stated they have not gotten into the details about the assessment and how it would be paid back. In past practice, they have had a five-year term on assessments like this but they would divide out the total assessment by units that are envisioned to pay it back. He noted that phase one is not all of the units and it would have to be based on phase two as well but the minimum assessment payment could be made each year versus waiting until year five. He stated the benefit to them is it spreads out their cost and they would not need it to be pushed out to year five because as they are selling houses they will be paying back assessments.

Chairperson Steffen asked if they planned on preselling the lots.

Mr. Bona stated they will have permanent sales centers for each type of product. They will presell as much as possible. They are seeing a really good market in the Twin Cities right now.

Chairperson Steffen asked if Capstone has ever done a three hundred home project.

Mr. Bona indicated Capstone has not but Capstone has completed projects in multiple phases. He noted he has experience in this type of master planned communities project.

Chairperson Steffen asked how many homes Capstone built in 2016.

Mr. Bona indicated they built approximately 175 and closed around 150 and the target this year is to close 220 homes.

Community Development Director Gladhill stated from a planning perspective Capstone has done a good job of managing the Brookfield project and staff is excited about this project because it is something different.

Member Riley stated the Board has the MOU and alternative A of the 60/40 split. There is also alternative B which is a 50/50 split and he wondered how Mr. Bona felt about that alternative.

Mr. Bona stated with their contribution that they are making to Bunker Lake Boulevard, with no frontage on Bunker Lake Boulevard they feel like they are contributing more than their fair share to that. They have business parks on both sides of Bunker Lake Boulevard and they will achieve that value that will be built for the road and the arterial infrastructure at some point in the future. Even if they are not paying now or are paying a small share now, Capstone is not going to see any of that for their contribution made to Bunker Lake Boulevard. Those property owners will and they need to remember that. He stated that is where they are making a contribution that is over and above what would normally be done but they do see the benefit for it because they need the utilities to get to the property.

Mr. Bona stated on Puma, the 60/40 split there with the business park being on the east side and the residential being on the west side they feel it is fair for the City to look at the same approach that was taken the first time. He stated this is needed for the business park and this has been done in the past and they would like to see that continue here as well. Moving forward, north of this phase, that is different because there will not be a business park involved anymore and 50/50 split is what they anticipate with that phase once they get there.

Member Brunt left the meeting at 9:00 a.m.

Chairperson Steffen asked what their preferred timing is for closing.

Mr. Bona stated they would like to get this going as soon as possible but realistically they are probably looking at a fall completion for streets. They need to have this site under construction in July/August to have that happen. He stated the public project with Puma and Bunker Lake Boulevard will have to go through the 429 process which takes time.

Member Hardin asked on the fifty-five acres if it was shovel ready.

Economic Dev. Mgr/Assistant City Administrator Brama stated the shovel ready process they engaged WSB was for the entire south side of Bunker Lake Boulevard.

Member Hardin asked if the City has put a number to the two-business park parcel. If the City completed this project based on Alternative B, what would the cost per square foot be for the infrastructure on those business park parcels.

Economic Dev. Mgr/Assistant City Administrator Brama stated the study breaks the cost down per acre but it can be broken down per square foot. He stated he could find it out and let them know. He thought they would be looking at twenty-thirty thousand per acre.

Chairperson Steffen thought the EDA was in concurrence that they would not be in favor of Alternative C.

Member Hardin stated he was not opposed to the residential project but was concerned with leapfrogging and how long it is going to take to develop the business parks. He stated he had reservations on this. He stated if they do move forward he would like to see the timeline for the assessments moved up.

Member Williams left the meeting at 9:10 a.m.

Chairperson Steffen thought Alternative A was Capstone Homes only offer for this.

Member Riley stated if the EDA approved what Capstone Homes was asking for he wondered if they would be ready to close and move forward.

Mr. Bona stated Capstone is ready to close and move forward with this project and this project is good and sound.

Member Riley thought that was important, along with the leap frogging to have an end user that will utilize this. He stated he was in favor of this.

Chairperson Steffen asked if Capstone has new plans and drawings they will be showing to the City Council.

Mr. Bona indicated they did and he has discussed this with Mr. Gladhill.

Chairperson Steffen stated this is a great project and he would like to see this move forward.

#### **4.05: Stone Brook Academy PA**

Economic Dev. Mgr/Assistant City Administrator Brama stated the EDA is asked to consider the purchase agreement with Stone Brook Academy for 1-acre of land located near the center of The COR for a children's academy and childcare center.

Economic Dev. Mgr/Assistant City Administrator Brama stated this case was reviewed by the EDA, Planning Commission and City Council. All parties are generally very supportive of the use/proposed project. However, the site location has been the focal point of conversations to-date. The EDA is in general support of Stone Brook's proposed site location, Site #1. The Planning Commission is in general support of Stone Brook's proposed site location, Site #1. The Council is in general support of Stone Brook's proposed site location, Site #1. It appears all boards/commissions have indicated support for a north-to-south road construction (Verdin's to Sunwood). It appears there is not consensus on whether that road connection be a private drive or a public road. Additionally, it appears there is general support for Master Plan B which shows an east-to-west internal connection through the proposed Stone Brook site.

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

Motion by Member Hardin, seconded by Member Burandt, to recommend to City Council approval of the attached purchase agreement (PA) with Stone Brook Academy for 1-acre of land located near the center of The COR for a children's academy and childcare center.

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

#### **4.06: Lifestyle Property PA Reassignment**

Economic Dev. Mgr/Assistant City Administrator Brama stated Bill Gleason of Lifestyle Construction, desires to reassign the attached purchase agreement (PA) to Morning Sun Homes, Inc. In order for a reassignment of purchase agreement to occur, the City of Ramsey must provide written approval to Mr. Gleason and Morning Sun Homes.

Economic Dev. Mgr/Assistant City Administrator Brama stated staff considers this case to be administrative. The City needs to make sure they have proper documentation/final form agreements, ready-to-go, to allow the City to close on the sale of this property. As a result of this proposed change of ownership, the Board needs to update the Purchase Agreement, Resolution for Anoka County Recorder's Office and Right-of-Re-Entry Agreement.

Economic Dev. Mgr/Assistant City Administrator Brama stated the City entered into a purchase agreement for the sale of roughly 3-acres of city owned land to Lifestyle Construction on May 31, 2016 for what is commonly referred to as the "U-shaped" residential parcel located in The COR. This agreement was set to close by September 16, 2016, 10 days after the September 16<sup>th</sup> inspection period deadline. The PA was approved for an extension to close, via two amendments. The agreement is now set to close by March 16, 2017.

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

Mr. Bill Gleason, Lifestyle Construction, stated he originally looked at the property and was very excited about it. His position was always to be a part of this transaction to the finish. He stated Mr. Meuleners was a builder he worked with previously. He thought this would be a good benefit to the City.

Mr. Mark Meuleners, Owner of the property, stated this is a tough project as far as the size and quite a bit of design work that needed to be done. He reviewed with the EDA what the homes will look like.

Member Riley asked if the closing next week is ready to happen.

Mr. Gleason stated they were.

Chairperson Steffen asked what will happen after the closing.

Mr. Meuleners stated they plan on building two houses to begin with.

Motion by Member Burandt, seconded by Member Hardin, to recommend to City Council to:

1. Approve the attached Purchase Agreement Amendment #3; reassigning the agreement to from Lifestyle Properties, Inc. to Morning Sun Homes, Inc.
2. Adopt the attached Resolution #17-03-050; Authorizing the Sale of City Owned Land to Morning Sun Homes, Inc.

3. Approve the attached “Right-of-Re-Entry” Agreement with Morning Sun Homes, Inc.

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

**5. MEMBER / STAFF UPDATE**

The EDA reviewed the Staff Update.

**6. ADJOURNMENT**

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

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

The regular meeting of the Economic Development Authority adjourned at 9:30 a.m.

Respectfully submitted,

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Kurtis G. Ulrich  
City Administrator

ATTEST:

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Patrick Brama  
Econ. Dev. Mgr/Assistant City Administrator

Draft by Sue Osbeck  
*TimeSaver Off Site Secretarial, Inc.*

With Ramsey, please remember that each speaker gets their own paragraph. Even if it creates a one line paragraph.

Also, when there is an acting chair, their name is listed first in the roll call:

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

And, also listed first in the vote:

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

DRAFT