

**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, June 8, 2017, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present:     Chairperson Jim Steffen  
                          Member Brian Burandt  
                          Member Glen Hardin  
                          Member Chris Riley  
                          Member Wayne Skaff  
                          Member Kristine Williams (arrived at 7:42 a.m.)

Members Absent:     Member Philip Brunt

Also Present:         Patrick Brama, Econ. Dev. Mgr/Assistant City Administrator  
                          Tim Gladhill, Development Services Manager  
                          Kurt Ulrich, City Administrator  
                          Brian Pankratz, CBRE  
                          Jason Aarsvold, Ehlers and Associates

**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.

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

**3.     APPROVE MINUTES**

**3.01:   Approve Meeting Minutes Dated May 25, 2017**

Motion by Member Skaff, seconded by Member Hardin, to approve the May 25, 2017, minutes as presented.

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

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

##### **4.01: Aeon Purchase Agreement: Multiple Actions**

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

Member Hardin asked if the parcels were being purchased under separate entities and received confirmation that is correct.

Motion by Member Skaff, seconded by Member Hardin, to recommend to City Council to approve the second amendment to the original Purchase Agreement between the City and Aeon and to approve the second Purchase Agreement with Aeon, for the second phase of their proposed development.

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

##### **4.02: Sharp and Associates Purchase Agreement**

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

Chairperson Steffen asked if the geotechnical was discovered as part of the last offer on the property.

Economic Dev. Mgr/Assistant City Administrator Brama explained that the issue was discovered during due diligence and was not part of the shovel ready process during the last offer. He confirmed that the soil test had an impact on the purchase price.

Member Hardin asked if there have been estimates on the soil corrections.

Dennis Sharp stated that there would need to be soil corrections and the site would need to be brought up to grade. He estimated \$300,000 to \$400,000, depending what is needed.

Chairperson Steffen asked and received confirmation that there is room for a second building on the site.

Member Riley asked and received confirmation that Mr. Sharp is comfortable with the language staff suggested regarding the building.

Economic Dev. Mgr/Assistant City Administrator Brama clarified that the building language is tied to phase one, the first building, and there is nothing tied to the second building. He provided additional information on the process Mr. Sharp follows in developing sites in this manner.

Member Hardin asked if this parcel has not been listed.

Economic Dev. Mgr/Assistant City Administrator Brama stated that this parcel has never been listed with CBRE.

Member Hardin stated that he would be opposed to paying a broker fee for a parcel that has never been listed with the broker.

Member Williams arrived.

Brian Pankratz, CBRE, stated that he had been working with developers to find a parcel and attention was brought to this parcel through that process.

Member Hardin stated that the City has a long relationship with Mr. Sharp and the purchase agreement was drafted with staff, and therefore he would be opposed to paying a broker fee.

Chairperson Steffen asked how Mr. Sharp had discovered this parcel.

Mr. Sharp stated that he was alerted to the parcel through conversations with Economic Dev. Mgr/Assistant City Administrator Brama. He stated that the land is near his other parcels and is a good location for him. He stated that he thought the land was fairly undisturbed prior to the soil testing. He stated that most of his building have been speculative, noting that his last one was in 2009. He believed that there is a demand for this smaller space. He explained that when bigger companies come that tends to draw smaller companies as well and he enjoys working with the smaller companies. He stated that those businesses eventually grow and then he often builds a larger building for them. He confirmed that he builds the shell and the interior is then built out to match the size and needs of the company.

Member Riley asked for the input of staff on the brokerage commission.

Economic Dev. Mgr/Assistant City Administrator Brama stated that the property was identified as available land and was directed to work with CBRE to market the land. He noted that almost immediately a purchase agreement was brought forward from CBRE with Platinum Properties. He stated that it has been a fluid situation that Mr. Sharp and Platinum Properties were working on together and evolved into just Mr. Sharp. He stated that perhaps the EDA concern is expressed and he can have a discussion with CBRE prior to the Council review.

Chairperson Steffen noted that in the previous case CBRE brought forth the developer while in this case they did not, although there may have been a tie. He stated that he likes the project and is excited to have another project with Mr. Sharp.

Motion by Chairperson Steffen, seconded by Member Hardin, to recommend to City Council to approve/deny the purchase agreement between the City of Ramsey and Sharp & Associates LLC for 9.33 acres of City owned land, with direction for further discussion regarding the CBRE commission.

Further discussion: Member Hardin stated that he is opposed to the CBRE commission. Economic Dev. Mgr/Assistant City Administrator Brama stated that if there is strong consensus

that would be good to know prior to the Council review. He noted that another option would be to reduce the payment to CBRE. City Administrator Ulrich stated that it would be helpful to have input as to whether the EDA is opposed to the full commission or whether a lower commission would be allowed. Member Hardin suggested amending the purchase agreement to remove the commission for CBRE. Members Skaff and Burandt agreed that the commission should not be paid. Member Hardin suggested amending the language in the purchase agreement to remove paragraph 16.

Motion by Chairperson Steffen, seconded by Member Hardin, to amend the motion to recommend to City Council to approve the purchase agreement between the City of Ramsey and Sharp & Associates LLC for 9.33 acres of City owned land, removing paragraph 16.

Further discussion: Member Williams stated that this deal has a structure different than the original purchase agreement. She was concerned that it would be more difficult to obtain funds after the fact rather than refunding the funds. Economic Dev. Mgr/Assistant City Administrator Brama provided additional details on the structures of the purchase agreements. Member Hardin noted that these are two different deals and that is why the structure is different. Economic Dev. Mgr/Assistant City Administrator Brama provided additional information on the letter of credit. Community Development Director Gladhill stated that letters of credit are used frequently and you can draw on them without approval from the developer. He did agree that there is some risk, compared to having straight cash. He noted that every project that goes before the Planning Commission has a letter of credit. He noted that in the mid-2000's there were several times the City had to draw on letters of credit. Mr. Pankratz stated that there is a difference in what Platinum was proposing compared to what Mr. Sharp is proposing. He noted that Platinum was going to build two buildings, while Mr. Sharp is proposing to build the first building and then future buildings as needed to client needs. He stated that the additional geotechnical information also changes the deal. Chairperson Steffen asked when Mr. Sharp would begin construction. Mr. Sharp stated that he would like to start construction this year but at the latest would be spring 2018.

Motion carried. Voting Yes: Chairperson Steffen, Members Hardin, Burandt, Riley, and Skaff. Voting No: Member Williams. Absent: Member Brunt.

#### **4.03: PSD LLC Business Park: Approve MOU Related to New Internal Public Roadway**

Economic Dev. Mgr/Assistant City Administrator Brama presented the staff report and reviewed all three requests from PSD, which are split between three cases.

Chairperson Steffen stated that at the last meeting this was discussed and there was one building, but now there are two buildings. He noted that the City cost requested was not changed.

Motion by Member Skaff, seconded by Member Burandt, to recommend to City Council to adopt the Memorandum of Understanding (MOU), authorizing a not to exceed \$250,000 reimbursement to PSD LLC for the construction of a new public roadway located within the City's new business park.

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

**4.04: PSD LLC Business Park: Establish TIF District 16 and Approve TIF Agreement (Building #1)**

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

Jason Aarsvold, Ehlers and Associates, stated that they review the project costs, total development costs, rents that will be charged, and other costs attached to evaluate that those are in line with the request for assistance. He stated that they are comfortable with the requests, given the nature of the building. He stated that the next step will be to determine the impact to the developer's return on investment to ensure that is not outside of the range of seven to nine percent. He noted that providing the assistance will help the developer obtain financing and will not be outside of the typical range of the return on investment.

Matt Kuker, PSD, stated that the first building is always the toughest and once that is established people will want to come into the business park.

Motion by Member Skaff, seconded by Chairperson Steffen, to recommend to City Council to Adopt Resolution #17-06-131 to Modify Development District 1, Establish TIF District 16, and Adopt a Plan for TIF District 16, subject to changes by the City Attorney; Adopt Resolution #17-06-132 Authorizing Execution of a TIF Agreement, subject to changes by the City Attorney; and Adopt Resolution #17-06-133 Authorizing the Establishment of an Inter Fund Loan for TIF District 16.

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

**4.05: PSD LLC Business Park: Accept Business Subsidy Application & Call for a Public Hearing (Building #2)**

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

Chairperson Steffen noted that it seems a similar request to the last.

Economic Dev. Mgr/Assistant City Administrator Brama stated that the review is not as stringent with this request as this is not TIF.

Member Riley stated that he likes the idea that this is tied to the building.

Mr. Kuker provided additional details on the building and how it could be converted if Adrenalin leaves after their seven-year lease. He noted that the structure itself would be almost identical with the exception of the dock doors that would not be installed.

Chairperson Steffen asked if TIF is not available because of the recreational use.

Economic Dev. Mgr/Assistant City Administrator Brama confirmed that recreational uses are not available for TIF.

Mr. Kuker noted that the rent would be slightly smaller for this second building because there is a lesser cost to build out the building. He noted that the cost for rent will be higher than the tenant was paying at their current location but confirmed that the tenant does have leases in place for this site which will be larger than their current location.

Chairperson Steffen noted that the timeline appears very tight.

Mr. Kuker agreed that the timing is very tight as the tenant has leases that start on January 1, 2018. He stated that in essence the tenant is paying rent for 12 months of the year while they will most likely only use the facility six months out of the year as the soccer will be outdoors in the warmer months. He noted that the tenant will be exploring options for additional activities that could occur during the warmer months. He confirmed that the tenant is currently not in a location as the site he was previously located in has been closed.

Chairperson Steffen asked if the developer could build the building within the timeline.

Mr. Kuker stated that the closing will occur on June 27<sup>th</sup> and he has received permission to begin grading.

Community Development Director Gladhill noted that it is a very aggressive schedule and some preapprovals can be given. He noted that the more they deviate from the regular schedule, the more risk that will come. He stated that the process can be sped up, but acknowledged that the developer is willing to take on the risk and liability regarding grading and stormwater. He stated that staff will do what they can to be flexible.

Mr. Kuker acknowledged that there is risk that would fall on him. He stated that Adrenalin would bring in additional traffic to The COR. He noted that if there is additional cost that arises from speeding this process up, that cost can be split up between the future pads that will be sold.

Member Williams asked if that sensitivity would be part of the business subsidy analysis.

Economic Dev. Mgr/Assistant City Administrator Brama confirmed that would be included in the review.

Chairperson Steffen stated that he loves the project and the signage.

Member Williams stated that she has experience as a parent of a child that went to Adrenalin Sports and once this is open she will go to Acapulco rather than stay at Adrenalin and believes that many other parents will do the same and frequent businesses in The COR.

Motion by Member Williams, seconded by Member Hardin, to recommend to City Council to accept a business subsidy application from PDS LLC and call for a public hearing on July 25, 2017.

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

#### **4.06: CBRE Update**

Mr. Pankratz provided the first quarter statistics metro wide, noting that net absorption for office and retail are negative. He stated that the retail world is changing as many retailers continue to close their doors and follow the virtual trend. He stated that the trend is now on food and fitness. He stated that traffic patterns take time to change and people are now utilizing the Armstrong interchange more often. He stated that the residential market is booming. He stated that Ramsey is in between two retail nodes and with large stores closing in Riverdale, retailers will most likely backfill in that location. He noted that the additional homes being built in Ramsey will help to attract businesses. He stated that the restrictive covenant is no longer in force, which is good for additional food locations that may want to come. He stated that the additional industrial and PSD projects will bring in additional traffic and could attract more business. He stated that they continue to see interest from medical office tenants. He provided an update on marketing. He noted that he has been pushing Ramsey for quick food users and hard goods and has heard that Ramsey is on their growth plans. He noted that he has also reached out to gas stations in attempt to bring a tenant to Armstrong as traffic patterns push more vehicles on that route. He reviewed the marketing suggestions and next steps.

#### **4.07: Review Architectural Design for Stonebrook Academy (Project #17-101); Case of Michael and Kristen Johnson**

Community Development Director Gladhill presented the staff report.

Chairperson Steffen asked for details on the materials for the Sunwood side of the building.

Community Development Director Gladhill provided details on the proposed materials.

Member Williams stated that it appears that no landscaping is proposed for the west side. She asked if the windows are all real.

Community Development Director Gladhill confirmed the lack of landscaping for the west, noting that it would allow for future development on the adjacent parcel and meets the requirements of The COR. He stated that it is his understanding that they would be real windows, although they may be shaded.

Member Williams asked for the location of the two out parcels on the plat.

Community Development Director Gladhill noted that the case references the remnant parcels that are not used for the daycare center, to the west and the east.

Member Williams stated that it appears there is not a door on the Sunwood side.

Community Development Director Gladhill noted that the existing plan is silent on whether a door is needed on Sunwood. He stated that the main entrance is not on Sunwood and the daycare center has concern with having even a security door that would allow children to leave the building to the Sunwood side.

Chairperson Steffen stated that he generally supports the plan and noted that the applicant has come a long way from the first rendition. He confirmed the consensus of the EDA.

## **5. MEMBER / STAFF UPDATE**

The EDA reviewed the Staff Update.

City Administrator Ulrich provided an update on McDonald's. He noted that both USBank and Coborn's have installed their taller signs.

## **6. ADJOURNMENT**

Motion by Chairperson Steffen, seconded by Member Riley, to adjourn the meeting.

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

The regular meeting of the Economic Development Authority adjourned at 9:02 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 Amanda Staple  
*TimeSaver Off Site Secretarial, Inc.*