

**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, July 13, 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 7:32 a.m.)

Members Absent: Member Philip Brunt

Also Present: Patrick Brama, Econ. Dev. Mgr/Assistant City Administrator
 Kurt Ulrich, City Administrator
 Brian Pankratz, CBRE
 Jim Deal, PSD
 Matt Kuker, PSD
 Mike Mulrooney, CMDC

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 June 8, 2017

Motion by Member Hardin, seconded by Member Skaff, to approve the June 8, 2017, minutes as presented.

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

Member Williams arrived.

4. EDA BUSINESS

4.01: Strategy for Marketing and Selling City Owned Land

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

Chairperson Steffen asked Mr. Pankratz for his input on not working with a broker long-term.

Brian Pankratz stated that if the City were to sell the remaining land in a bulk sale, the developer would have the carry costs and maintenance on their hands, which will take the land price down. He noted that the developer would also want certainty on what can and cannot be developed in each location. He stated that the unknown road alignment for Ramsey Parkway has come into play in some discussions. He stated that another question would be if the amenities will be put into place, such as Lake Ramsey. He stated that another issue is the visibility or lack thereof, from Highway 10, and therefore signage should be considered. He noted that zoning would be another component to consider. He stated that there is a lot of activity and once that is in place and the press releases go out, that will continue to build interest. He stated that a full restaurant is very expensive to build and there are not second and third generation restaurant buildings for a restaurant to come into.

Chairperson Steffen asked if Mr. Deal had input.

Jim Deal stated that the activity has picked up substantially and the industrial side of things is starting to pick-up, which is why PSD thinks there is opportunity for a business park. He noted that the increased industrial business would bring in additional traffic to The COR, which can bring in additional interest for businesses. He stated that the more rooftops you gain, the more interest you will get from commercial and retail. He identified an area (the old Diamonds parcel) that would be perfect for a large anchor, such as a Menards or Fleet Farm, which will then attract additional retailers.

Matt Kuker stated that signage is a huge issue because businesses want to be visible from Highway 10. He stated that people do not want to buy land if they do not know what can be done on it. He stated that rather than master plan the development, they will almost have to piece it together as it comes. He noted that the interest turned down for the Diamonds parcel was another RV dealer and they felt the City did not need another RV dealer.

Chairperson Steffen agreed that the City should probably follow the wait and see approach because there are so many projects in the hopper.

Economic Dev. Mgr/Assistant City Administrator Brama stated staff and the City is not taking the position of not doing anything and waiting, because there are several initiatives currently underway, and there will be more moving forward. He noted that this would be more of an interim approach to allow the market to adjust.

Member Riley stated that doing nothing is not an approach he will support, but stated that he does understand that there is a lot going on right now that could attract additional interest. He stated that the City should be prepared to say what they want when the time is right.

Chairperson Steffen stated that the City is doing all of the things outlined in the case under the recommendation and confirmed the consensus of the EDA to follow the steps of the interim route.

City Administrator Ulrich stated that the recommendation was to stay the course identified and let the pieces get into place in order to reassess the situation and identify a long-term strategy. He stated the recommended approach was not to wait and do nothing.

Member Riley stated that Mr. Pankratz has knowledge of where the City has been in the past, to where they are now, and where they may end up in the future and asked for his opinion.

Mr. Pankratz stated that perhaps there is a happy medium in between that involves the City, a broker, and developer. He stated that the RFP process is unknown, noting that Shakopee is selling their old City Hall for \$2, plus incentives through TIF. He stated that from where the City was three years ago to where they are now has changed the perception of the City in a positive manner. He stated that the City is creating a positive momentum. He explained that the retail market has changed so dramatically in the past year that retailers are gun shy. He stated that the housing market continues to boom. He stated that the City could probably get a master developer but he was unsure how much skin those developers would be willing to put in the game. He stated that the unknown with an RFP is how much the developer is willing to put into the game and what they are going to do.

Mr. Kuker stated that ISD #11 is looking for a bond and identified Ramsey as one of their biggest areas. He noted that another school would bring additional interest. He agreed that the perception of Ramsey has changed in the past few years in a positive measure.

Member Riley stated that although there are projects to be excited about, these are not the projects that residents have been asking for.

Member Williams stated that the City does not know the cost to engage a developer, and what the deliverables would specifically be. She stated that this interim plan maintains the status quo but the EDA still needs to identify what they want and what they are willing to pay for.

Mr. Deal noted that restaurants are a tough market and will be a tough sell. He noted that hotels have also been a discussion but those developers are also shy because they are unsure that the traffic flow would support that development. He stated that those projects will come once the City has more activity.

Mr. Pankratz stated that if residents want restaurants they should email those businesses to tell them they would like to see their business in Ramsey.

Member Williams encouraged the group to continue to discuss the vision, because if the EDA does not provide input, they will become reactive to someone else's vision rather than being a part of that voice. She provided additional input on the vision statement and the groups that have been involved.

Economic Dev. Mgr/Assistant City Administrator Brama stated that he can add language that the EDA would like to continue to be a part of the visioning process.

Member Williams suggested that the EDA take the vision statement and make their recommended changes; considering what the statement is today and whether the robust statement is what they want to put forward to developers. She stated that she has thoughts on the plan from an EDA perspective, noting that the momentum of the document is going to represent the vision of The COR, although it reads more like a working document from one group (Planning Commission). She did not believe it is representative of what the EDA or the City as a whole would like to see.

Economic Dev. Mgr/Assistant City Administrator Brama stated that he can bring that document back to the EDA to review and provide input.

Chairperson Steffen agreed that the EDA should be involved rather than simply reviewing the work of the Planning Commission. He stated that it would be helpful for the EDA to jump on board before the train gets too far out of the station.

The consensus of the EDA is to stay the course and reassess in the future, while continuing to participate in the vision discussion.

4.02: 2018 EDA Workplan

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

Chairperson Steffen asked for clarification on business incubators.

Economic Dev. Mgr/Assistant City Administrator Brama provided additional details on flexible workspaces, noting that many microbusinesses start in that manner because they do not have the capacity to lease space.

Chairperson Steffen stated that he would support having business incubators within the Workplan. He stated that RALF moved from secondary to primary and asked if there were any other shifts.

Economic Dev. Mgr/Assistant City Administrator Brama confirmed that was the only shift.

Member Riley stated that the City is only looking at strategic RALF properties. He noted that in the past the City was too aggressive and is now being more strategic in acquiring properties, rather than simply acquiring the properties and removing them from the tax roll.

City Administrator Ulrich stated that as the road alignment is known, the City will be able to resell some of the properties that will not be needed that were purchased through RALF.

Member Riley asked for additional clarification on the infrastructure.

Economic Dev. Mgr/Assistant City Administrator Brama stated that there is infrastructure in place, but there is no plan for future infrastructure that will be needed.

Member Riley stated that the City has a few plats that are pending and asked if that would be a good time to redo work and attempt to gain a separate zip code for Ramsey.

Economic Dev. Mgr/Assistant City Administrator Brama stated that the City is able to reapply once per year at minimum for its own zip code. He stated that there are items beyond number of mailing addresses or population that dictate where post offices are placed. He stated that the other items outside of population and addresses are what is keeping the City from that step.

Member Riley asked if the old municipal center should be removed.

Economic Dev. Mgr/Assistant City Administrator Brama stated that there is not much left on that project and the City will continue to progress whether the item is on the Workplan or not.

It was the consensus of the EDA to remove the old municipal center from the Workplan as the EDA's work on that item has been completed.

4.03: CBRE Real Estate Listing Contract, Amendment #2, 1-Year Extension w/Month to Month Termination Option

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

Chairperson Steffen asked if Mr. Pankratz is comfortable with this proposal.

Mr. Pankratz stated that he is comfortable with this agreement.

Motion by Member Skaff, seconded by Member Hardin, to recommend to City Council to approve the 1-year contract extension for broker services with CBRE, subject to final review and amendments by the City Attorney.

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

4.04: Riverstone Development Purchase Agreement (Portions may be closed to the public)

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

Member Riley asked why the road was incorrectly aligned to begin with.

Economic Dev. Mgr/Assistant City Administrator Brama replied that the road was historically aligned incorrectly.

Member Riley asked, and received confirmation, that the purchase price includes the right-of-way.

Member Williams stated that she would like to consider discussing the purchase price, as the development has a higher density than the other parcels and is on a major road. She believed that the City should carefully consider the purchase price.

Economic Dev. Mgr/Assistant City Administrator Brama replied that the EDA can go into closed session to discuss the purchase price. He noted that the discussion can also occur in open session if the EDA is comfortable with that. He stated that this deal is on the bottom of the range and therefore the EDA could negotiate for a higher price.

Chairperson Steffen stated that discussion could occur in open session.

Member Williams stated that the 1.5 acres has a higher density, has more visibility and is closer to the major road than the section in the middle of the development. She explained that higher density equals higher prices for the developer. She believed that parcel is worth more than 1.5 acres in other areas. She stated that perhaps negotiation should occur on that parcel. She stated that it is not lost on her that the difference is not worth the effort of renegotiating when this supports a development that supports a lot of the goals of the community. She asked for the input of the EDA on whether that is the right price for the right project.

Economic Dev. Mgr/Assistant City Administrator Brama replied that the property is listed at \$40,000 per acre and the offer was at \$25,000 per acre. He stated that the next step could be for staff to counter and ask for \$5,000 to \$10,000 more before this moves forward to the City Council.

Chairperson Steffen asked if the road has to be realigned.

Economic Dev. Mgr/Assistant City Administrator Brama confirmed that the Preliminary Plat has already been approved, and therefore the realignment of the road will occur. He confirmed that the realignment does allow approximately four additional lots to be built.

Chairperson Steffen agreed that it would be justified to bring the counteroffer to Capstone for \$5,000 to \$10,000 more per acre.

Motion by Member Skaff, seconded by Member Burandt, to recommend to City Council to adopt the purchase agreement between the City of Ramsey and Riverstone Development for roughly 1.9 acres of City owned land, and direct staff to counteroffer an additional \$5,000 to \$10,000 per acre for the sale price.

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

Member Hardin left the meeting at 8:46 a.m.

4.05: Request from Ramsey Business for Use of EDA Revolving Loan Fund: Case of Stone Brook Children's Academy

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

Mike Mulrooney, CMDC, stated that when they reviewed the request they believed that it would be helpful for the owners to reserve as much capital for working purposes. He stated that the borrowers are highly educated with excellent track records and have jobs outside of this endeavor, which lends additional support for the repayment ability for the loan long-term. He explained that this is a start-up business and therefore additional equity is required, moving the line from ten percent to 15 percent. He noted that the revolving loan fund could fill that equity gap. He explained the difference between the note rate and effective rate.

Chairperson Steffen asked if the construction costs have risen in the past few months.

Michael Johnson, representing the applicant, replied that the construction costs have risen with the comments and requirements of the Planning Commission. He noted that the increased brick and glass will have a positive impact on the aesthetics of the project, but do have a higher cost.

Member Riley asked if the landowner and business operated are separate entities or whether the two are one in the same.

Mr. Mulrooney replied that the landowner will be separate for the operator but noted that both parties will be signed onto the loan as co-borrowers.

Chairperson Steffen asked if it is necessary to go out 15 years on the term of the loan.

Mr. Mulrooney stated that he believes that it is necessary because the loan will be secured with the same assets and therefore the SBA policy is to match the same term as the SBA. He stated that the SBA term is 20 years but he feels that they will be able to gain approval from the SBA on the 15-year term to match the requirements of the City.

Chairperson Steffen asked for input on the process from the applicant.

Mr. Johnson stated that they are in the final stages of the approvals from the City and are awaiting the finishing touches on the loan processes. He stated that once approval is gained from the City, they would finalize the purchase of the property and would hope to break ground soon after. He stated that they are ready and are about three months behind their original schedule.

Motion by Chairperson Steffen, seconded by Member Burandt, to recommend to City Council to approve a Ramsey EDA Loan to MK Johnson LLC consistent with the terms and conditions outlined in this case and to direct staff to draft proper loan agreements and loan documents for approval by the City Council.

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

4.06: PSD LLC Business Park, Building B, Adrenaline Sports Center, Public Financing Agreement

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

Chairperson Steffen asked and received confirmation that the developer has closed on the land since the last meeting.

Mr. Kuker stated that once approval is gained on the 25th they will order the wall panels. He believed that on the 25th they will also be approved to move dirt on the site. He noted that the tree clearing and mass grading was approved subject to the approval of the LRRWMO permit.

Jason Arsvold, Ehlers, stated that the numbers are very similar to the TIF building, noting that this building is a bit larger than the TIF building and there is already a tenant for this building. He stated that with the assistance, after year five there would be a cash on cost return of eight percent; noting that year five would be the year the City assistance runs out. He stated that is within the acceptable range and is not being over subsidized by any means.

Chairperson Steffen asked when the first payment would begin.

Mr. Arsvold replied that the payments would begin one year after completion and would continue for three years, beginning in 2019 and then in 2020 and 2021.

Mr. Kuker stated that he appreciates the quick work of staff to change the parcels. He recognized that changing the plans made things a bit scrambled and wanted to express his appreciation to City staff and the Council.

Motion by Member Skaff, seconded by Member Burandt, to recommend to City Council to approve Resolution #17-07-177 awarding a business subsidy to PSD LLC.

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

5. MEMBER / STAFF UPDATE

The EDA reviewed the Staff Update.

Economic Dev. Mgr/Assistant City Administrator Brama provided an update.

City Administrator Ulrich reported that the City is in the process of attempting to obtain the land back from McDonald's. He noted that the City met with the Game Fair the previous day and provided a flyer for this year's event.

Member Riley stated that the Council reviewed the preliminary budget, noting that there was no change to the EDA portion. He stated that the EDA might be interested in reviewing the preliminary budget to provide input.

6. ADJOURNMENT

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

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

The regular meeting of the Economic Development Authority adjourned at 9:13 a.m.

Respectfully submitted,

Kurtis G. Ulrich
City Administrator

ATTEST:

Patrick Brama
Econ. Dev. Mgr/Assistant City Administrator

Draft by Amanda Staple
TimeSaver Off Site Secretarial, Inc.