

**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 12, 2018, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson Jim Steffen
 Member Brian Burandt
 Member Glen Hardin
 Member Dominic Kanaventi
 Member LeAnn Lambrecht
 Member John LeTourneau
 Member Chris Riley

Also Present: 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

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

Motion carried. Voting Yes: Chairperson Steffen, Members Hardin, Burandt, Kanaventi, Lambrecht, LeTourneau, and Riley. Voting No: None. Absent: None.

3. APPROVE MINUTES

3.01: Approve Meeting Minutes Dated June 14, 2018

Member Hardin noted on page five, the third paragraph, it should state, "...~~Hardin~~ Hardin..."

Motion by Member Riley, seconded by Member Burandt, to approve the June 14, 2018, minutes as amended.

Motion carried. Voting Yes: Chairperson Steffen, Members Riley, Burandt, Hardin, Kanaventi, Lambrecht, and LeTourneau. Voting No: None. Absent: None.

City Administrator Ulrich introduced two new members of staff present today, Communications and Event Coordinator Megan Thorstad and Administrative Intern Heather Mohr.

4. EDA BUSINESS

4.01: Consider Purchase Agreement for 6710 Highway 10 NW; Case of PDKP Properties, LLC (Sterling Trophy)

City Administrator Ulrich presented the staff report.

Chairperson Steffen asked and received confirmation that the only change to the purchase agreement since the last review is that the approval be contingent upon the applicant receiving financing.

Member Hardin asked the position of CBRE in this sale.

City Administrator Ulrich stated that this is a CBRE listed property.

Member Hardin noted that neither the purchase agreement or letter of intent were drafted by CBRE and therefore asked if the City was the driver in this sale rather than CBRE representing both the buyer and seller.

City Administrator Ulrich stated that staff can follow up on that but believed that the applicant came directly to the City rather than to CBRE. He stated that because the property is a CBRE listed property it would fall into the category in which CBRE would receive commission.

Member Hardin asked if CBRE has earned their commission in this case.

Community Development Director Gladhill stated that can be a discussion point in the next six-month contract discussion for CBRE. He stated that the contract terms do specify that CBRE receive commission for their listed properties.

Member Letourneau stated that perhaps staff could look into the contract further. He stated that in his memory the deal range was set in order to recover the ancillary costs related to selling properties.

City Administrator Ulrich stated that the deal range typically covers the market, which has been updated in the past year. He stated that if it is the desire of the EDA, the deal range could be reviewed again.

Member LeTourneau stated that he appreciates the concern with whether the real estate broker has earned their way. He stated that there have been several parties that have shown interest in the property in the past and therefore even though that did not result in a sale, the broker is doing work for the City and showing properties.

Member Riley asked if right of re-entry will be a separate agreement or whether that is included in the agreement. He believed that element should be a standard condition, as the City is selling the land in the thought that it is being built upon.

Chairperson Steffen asked if the right of re-entry is a standard condition.

City Administrator Ulrich stated that typically that element is included. He confirmed that the modification could be made to the agreement.

Chairperson Steffen commented that this will be a great use of the land and a great business to add to the community.

Motion by Member Riley, seconded by Member Hardin, to recommend to City Council to approve the purchase agreement with PDKP Properties, LLC for roughly 1.23 acres of City owned land, contingent upon the applicant receiving financing and with the added condition that a right of re-entry agreement be added.

Further discussion: Chairperson Steffen asked if direction should be given to look into whether the broker was the agent for both the buyer and seller. It was confirmed that staff should follow up to determine that appropriate commission is paid.

Motion carried. Voting Yes: Chairperson Steffen, Members Riley, Hardin, Burandt, Kanaventi, Lambrecht, and . Voting No: None. Absent: None.

4.02: Consider Amendment to Purchase Agreement for Harvest Estates; Case of GS Land, LLC (Portions may be closed to the public)

Community Development Director Gladhill presented the staff report.

Darrell Gamar, GS Land, LLC, stated that NIC Construction needed financing for the project and GS Land started as the finance company for the project and eventually took over the development. He confirmed that they saw the original purchase agreement. He stated that absorption of the development was slow for the first two years and the absorption has been much better in 2018. He believed that the market is currently between \$70,000 to \$80,000 for lot sales. He stated that they would like to continue with the project and they attempted to be fair in the counteroffer. He stated that had the project been available to do all at once it would have been possible to move dirt from phase one to phase two but given that option was not available that did impact the costs for phase two.

Member Hardin asked if there will be a pond in that area.

Community Development Director Gladhill stated that the ponding has already been created to support the project, there is no other need to excavate additional ponding, and therefore fill will need to be imported.

Chairperson Steffen asked when the developer became aware of the need for the fill.

Mr. Gamar replied that they knew that there would be some fill needed but they were not fully aware of the scale until the engineer reviewed the plans in the second half of 2017.

Chairperson Steffen stated that the developer is asking for a discount of \$274,000 in the land price, which exceeds the cost of the fill.

Mr. Gamar confirmed that the cost of the fill would be \$250,000. He confirmed that is the total discount requested and feels that would be the price necessary to make the project work in today's market conditions.

Member LeTourneau asked for additional input on a different use or different developer.

Community Development Director Gladhill replied that discussion can be had, noting that would be a longer process but would be acceptable. He stated that the purchase agreement can lapse, and the listing can be put back on the market to determine the interest.

Member LeTourneau stated that discounting a property by \$279,000 is a large discount and the sale of the property is about recovering costs and getting the property back on the tax roll. He suggested perhaps putting the property back on the market to determine if another developer would be interested.

City Administrator Ulrich stated that going out to market might open up different considerations in terms of design. He stated that currently the design is locked in and the project could be value engineering in a different manner that could make it more viable.

Member Riley stated that he is not interested in negotiating this price. He stated that the City did not dictate the original selling price and the land has been tied up for the past three years. He stated that he believes that the City should open the property up to the market which could bring additional ideas on how to use the land and a better selling price.

Chairperson Steffen confirmed the consensus of the EDA. He asked if phase one is complete.

Community Development Director Gladhill confirmed that the infrastructure for phase one has been completed and construction of phase one is almost completed. He provided additional details on the exiting parking lot, which is functioning as a temporary cul-de-sac, noting that there are terms in the purchase agreement for phase one which address the need for a cul-de-sac improvement should phase two not move forward.

Motion by Member Riley, seconded by Member Burandt, to recommend to City Council to deny Amendment 3 to the Purchase Agreement with GS Land.

Motion carried. Voting Yes: Chairperson Steffen, Members Riley, Burandt, Hardin, Kanaventi, Lambrecht, and LeTourneau. Voting No: None. Absent: None.

4.03: Review Update Restaurant Subsidy Program

Community Development Director Gladhill presented the staff report.

Chairperson Steffen confirmed that this would become a part of the business subsidy application.

Motion by Member Hardin, seconded by Member Burandt, to recommend to City Council to approve the policies/programs related to recruiting new restaurants.

Further discussion: Member LeTourneau stated that there has been feedback from the community on the desire to have additional restaurants and retail establishments in the City and this document will provide additional flexibility in order to attract additional businesses. He stated that this is a good tool and is glad that the City is using this to solve issues in today's market.

Motion carried. Voting Yes: Chairperson Steffen, Members Hardin, Burandt, Kanaventi, Lambrecht, LeTourneau, and Riley. Voting No: None. Absent: None.

5. MEMBER / STAFF UPDATE

5.01: Update: Two Shovel Ready Certifications

Community Development Director Gladhill stated that developers appreciate the ability to work through the entitlement process quickly. He explained that shovel ready sites allow developers to move through that process quickly. He reviewed two properties which have qualified as shovel ready, which will gain additional exposure to possible developers.

Chairperson Steffen asked if there are any other pending shovel ready sites.

Community Development Director Gladhill stated that there are possibly other sites, but that will be delayed until a new Economic Development Director is on staff.

5.02: Business Retention and Expansion Update

Community Development Director Gladhill stated that there is not an update at this time being that this is an interim time with staffing demands. He estimated that momentum on this program would begin again in the next 30 to 60 days. He stated that there have been three second interviews for the Economic Development Director position and a job offer will be sent to the final candidate today. He stated that the job offer will be presented to the City Council on the July 24th meeting agenda and the candidate name will be made public at that time.

City Administrator Ulrich stated that the Kitchen Table, a new restaurant, is opening on July 23rd and is taking over the previous Lunchbox location. He advised of an upcoming art fair that will take place on Sunday, July 15th at Elmcrest Park.

Community Development Director Gladhill reported that the EDA Business Appreciation Day will take place on August 7th. He stated that there are still golfing spots available.

6. ADJOURNMENT

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

Motion carried. Voting Yes: Chairperson Steffen, Members Hardin, Kanaventi, Burandt, Lambrecht, LeTourneau, and Riley. Voting No: None. Absent: None.

The regular meeting of the Economic Development Authority adjourned at 8:24 a.m.

Respectfully submitted,

Kurtis G. Ulrich
City Administrator

ATTEST:

Timothy Gladhill
Community Development Director

Draft by Amanda Staple
TimeSaver Off Site Secretarial, Inc.