

**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, January 12, 2023, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson William MacLennan
 Member Chelsea Howell
 Member Chris Riley
 Member Shanna Stewart
 Member Scott Wiyninger

Members Absent: Member Rachal Johnson

Also Present: Sean Sullivan, Economic Development Manager
 Stephanie Hanson, Community Development Director

4. EDA BUSINESS

4.01: Consider Business Assistance Application and First Amendment to Purchase Agreement for Ramsey Properties, LLC (A portion of this meeting may be closed to the public)

Economic Development Manager Sullivan presented the staff report.

Member Wiyninger asked if the City would be responsible for any site improvements.

Economic Development Manager Sullivan replied that the site improvements and related costs would be the responsibility of the developer. He provided additional details on the pay-go TIF format for the reimbursement of site improvement and development costs to the developer.

Chairperson MacLennan invited the applicant to address the EDA.

Emily Allegra, applicant, commented that she believes that the change of site to the larger lot would be wise and would provide the opportunity to operate the hotel in a more efficient manner as recommended by Hilton. She stated that if the City is willing to partner with them and work through this, they are willing to take the risk.

Member Wiyninger asked for details on the expansion component.

Ms. Allegra replied that is typically a 30-to-40-unit increase. She stated that it would be a similar mix of rooms and they could potentially add a meeting room or other space as well.

Chairperson MacLennan asked if the hotel would have a pool.

Ms. Allegra replied that the hotel would have a pool, fitness center, onsite laundry and would serve hot breakfast. She stated that they would also have outdoor seating with fire pits.

Member Riley recognized that this change is driven by the hotel chain to make it more profitable and provide a better product to Ramsey.

Economic Development Manager Sullivan commented that the financial analysis completed for the new 98 unit project had similar results to the past 82 unit project on the site across the street, confirming the need for the level of assistance, satisfying the “but-for test” and not unduly enriching the developer.

Jason Aarsvold, Ehlers, provided details on the analysis that was done to ensure the recommended assistance would not go above what is needed to get the project done. He commented that they found that the assistance is necessary and would not unduly enrich the project. He recognized that the numbers requested are bigger, as is the building, which provides the same projected return on investment.

Economic Development Manager Sullivan asked for Ehlers to provide more information on the concept of minimum assessment agreement as part of the project.

Ms. Aarsvold stated that within the TIF Agreement they can have another agreement called an Assessment Agreement that sets the minimum baseline value for the duration of the assistance payback. He noted that would ensure they would generate the revenue necessary for the TIF.

Member Stewart referenced the extended inspection period and asked for details.

Economic Development Manager Sullivan replied that there are 180 days in the standard purchase agreement which allows the applicant to conduct due diligence for the condition of the site and to start working through the site plan and platting processes. He stated that because they have moved to a new site, he felt it appropriate to provide additional inspection time. He noted that the applicant does not have to fully utilize that time if it is not needed.

Member Howell stated that she is excited about the project but is nervous about the additional assistance needed from the City. She stated that her concern is not that it would unduly enrich the project but that the additional funds that it would require to reach the return on investment, and therefore she will deny the request.

Chairperson MacLennan asked for additional details on the cost to the City Member Howell is speaking of.

Member Howell stated that her issue is with the assistance requested to result in only a 7.7 percent return on investment with the assistance, which is a risk and not a very high rate of return. She commented that maybe it's just not the right time for a hotel.

Member Riley commented that if they do not move forward that would mean nothing would happen. He stated that this is an appropriate use of TIF. He stated that overall, there is an increase of \$367,000 in assistance. He stated that the new land is not shovel ready and would require \$350,000 in fill, therefore it would seem the increase would be related to moving to the new site.

Member Stewart commented that she likes this project.

Chairperson MacLennan commented that he likes that this project is moving forward on an undeveloped site, which could be a catalyst for other development to come.

Motion by Member Stewart, seconded by Member Wyingner, to recommend to the City Council to approve the First Amendment to Purchase Agreement, Business Assistance and a TIF Agreement in the form of \$434,511 in TIF Land Cost Write Down and \$550,000 in Pay-Go TIF for Site Development/Improvements as presented, subject to City Attorney Review.

Total TIF Business Assistance Package of \$984,511 for Ramsey Properties LLC and to Draft a TIF Agreement.

Motion carried. Voting Yes: Chairperson MacLennan, Members Stewart, Wyingner, and Riley. Voting No: Member Howell. Absent: Member Johnson.

Member Wyingner asked if there is a request for the City Council to provide input to the applicant in regards to their support of the project and support of the proposed assistance.

Economic Development Manager Sullivan replied that he will speak with the City Attorney to determine the proper format to do so.

6. ADJOURNMENT

Motion by Member Riley, seconded by Member Wyingner, to adjourn the meeting.

Motion carried. Voting Yes: Chairperson MacLennan, Members Riley, Wyingner, Howell, and Stewart. Voting No: None. Absent: Member Johnson.

The regular meeting of the Economic Development Authority adjourned at 8:53 a.m.

Respectfully submitted,

Sean Sullivan
Economic Development Manager

ATTEST:

Wendy Schlueter
Economic Development Administrative Assistant

Draft by Amanda Staple
TimeSaver Off Site Secretarial, Inc.

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