

**MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY
MEETING MINUTES**

**Tuesday, May 13, 2003
6:00 P.M.**

****Gray's Bay Room**
Minnetonka Community Center, Upper Level**

1. CALL TO ORDER

EDA President Peter St. Peter called the meeting to order at 6:05 p.m.

2. ROLL CALL

EDA Commissioners present: Paula Chatterjee, Dan Duffy, Dave Larson, Bunny Robinson (arrived late), Peter St. Peter, Ken Tauer, Al Thomas, and Bob Walker.

Staff present: Ron Rankin and Elise Souders.

Others present: Residents Winnie White Scherber and Neil Hering.

3. APPROVE MINUTES

St. Peter mentioned on page 5, the suggestion for establishing Housing Improvement Area policy guidelines came after the vote was taken.

Tauer moved, Duffy seconded a motion to approve the minutes of the April 8, 2003 EDA meeting with modifications. All voted "yes." Motion passed.

4. ELECTION OF OFFICERS

Rankin reviewed how the bylaws provide for the annual election of EDA officers, and St. Peter opened up the nominations.

Larson moved, Walker seconded a motion to nominate St. Peter for president and Duffy for vice president.

Thomas moved, Tauer seconded a motion to close the nominations and elect St. Peter for president and Duffy for vice president.

All voted "yes." Motion passed.

BUSINESS ITEMS**7. REQUEST FROM MINNSTAR BUILDERS, INC. TO EXTEND THE BUILD-OUT SCHEDULE IN THE CONTRACT FOR PRIVATE REDEVELOPMENT FOR THE RIDGEBURY/WILLOUGHBY REDEVELOPMENT.**

(This item was taken up out of sequence.)

Rankin reviewed the request from Minnstar Builders, and said this item had also been discussed at the November 2002 EDA meeting. He noted the questions that were raised by the EDA at the time, and the responses to them. Rankin said staff recommends the EDA approve the amendment as proposed.

Tauer said he was fine with the request.

Thomas asked how there still could be an early payoff of the TIF amounts when the developer is having a hard time selling units. Rankin answered that the TIF payoff was structured to come from the Crescent Ridge Office Building market value, and the housing component was not part of the tax relied upon for the project.

Duffy asked about the interest on the escrow account and whether it goes to the city or to the developer. Rankin replied that it goes into the account.

St. Peter suggested that in the future the obligation for future units to be built should go to a different type of unit. Tauer asked for clarification on which units were the ones that needed the extension.

Tauer moved, Duffy seconded a motion to approve the extension to the build out schedule.

Discussion followed regarding if this were to happen again, what unit types should be under obligation.

All voted "yes." Motion passed.

6. CONTINUED DISCUSSION REGARDING THE INDEXING SYSTEM USED FOR AFFORDABLE HOUSING RESALE PRICES.

(This item was taken up out of sequence).

Rankin provided the background, and noted this item was a follow up to the April EDA meeting with the numbers from the alternative indexing system the EDA requested to see. He said the EDA should select the most appropriate indexing system based upon the past history of the average annual sales increases in the metropolitan area.

St. Peter asked if there were other cities that use the indexing system. Rankin said no.

Both Tauer and Duffy said after looking at the numbers, they would prefer using the floating maximum approach for the indexing rather than the mini-max approach.

St. Peter said he originally suggested the mini-max approach; however, he said he thought that using the floating made more sense though.

Walker stated he did not like the minimum level in the mini-max approach, and that he favored using the floating maximum system. Larson also said he liked the floating maximum better as well.

St. Peter recommended if using the floating maximum that it should start at 50% of the average annual percent increase of the metropolitan area. He suggested starting with a lower percentage to test out the numbers, and then adjustments could be made later if necessary.

Tauer asked what types of objections there has been when WHAHLT has tried to sell their homes with an appreciation of only 35%. Rankin said there has been some hesitation by homeowners to buy with only a 35% appreciation; however, he said this concern could be seen anywhere.

Tauer said he preferred using the 60% rather than the 50%. Larson said he agreed with Tauer and that 60% may be more appropriate.

St. Peter said by starting at 50%, or the lowest percentage, it would be easier to move up the percentage if it did not seem appropriate rather than trying to lower the percentage.

Thomas said the most appropriate percentage is really unknown until actually trying it to see the numbers. He said he would use 50% of the average sales increase to attempt to keep the units more affordable. Duffy said he would also use the lower percentage, and after looking at the numbers, there is still a good appreciation.

Walker said he would use the lower percentage to begin with. Tauer said he would now also agree that using 50% would be more appropriate. Robinson also said she agreed with using 50%.

Duffy moved, Tauer seconded a motion to revise the indexing system to use a floating maximum approach set at 50% of the average annual percent increase of the metropolitan area, with an annual review by the EDA to determine how the indexing system is working.

Discussion followed on what constitutes the metropolitan area and where the number would come from to calculate the average annual percent increase.

All voted "yes." Motion carried.

5. STAFF REPORT (INCLUDING DISCUSSION OF ELECTRONIC AGENDA PACKETS FOR THE EDA).

Rankin reviewed information on the electronic agenda packets for the EDA. All EDA members stated they were interested in trying out the electronic packet for the next EDA meeting.

Souders reviewed the staff report items, including the Glen Lake Planning Study, Minnetonka Boulevard/County Road 101, WHAHLT, transit items, the Making Affordable Housing Affordable Conference, and upcoming events.

Thomas said he was very concerned about the number of people living at Minnetonka Heights that do not have cars and how they would be affected by the reduction in transit service to their neighborhood. He asked if there was a way to find out the number of people that do not have cars at Minnetonka Heights. Rankin said that staff would look into it.

Discussion followed about the Making Affordable Housing Affordable Conference. Walker said he would like to do a demonstration project involving Hearts and Hammers and the city by refurbishing the exterior of a home, possibly a WHAHLT home.

Larson mentioned there were a lot of builders at the conference in addition to those from the public and non-profit sectors. He also said the building industry has not changed much, unlike others such as the automobile industry.

St. Peter mentioned some of the new construction techniques that were discussed at the conference. He said Minneapolis had worked on a project involving prefab units. He suggested perhaps there could be a demonstration project involving a new construction technique at the Minnetonka Heights site, and involve a partner such as the Minnesota Housing Finance Agency to help.

Robinson asked why prefab homes were never successful. Discussion followed on some of the issues that initially surfaced with prefab homes.

8. REVIEW NEW CONCEPT PLANS FOR FUTURE REDEVELOPMENT IN GLEN LAKE.

Rankin and Souders gave the background information and history about what has happened with the planning process, and also explained the two concept plans that have come out of the process.

Rankin explained one of the questions was what types of businesses should be put into the commercial area when the Glen Lake area provides nearly every type of business that a neighborhood would need. Tauer asked what restaurants are in the area beside the Gold Nugget. Discussion followed on what restaurants and other businesses are located in Glen Lake.

Rankin pointed out in the concept plans it shows that Stewart Lane would be closed at the west end to avoid cut through traffic. Tauer asked if the Dairy Queen has their own circulation to allow this closure to be feasible. Discussion followed regarding Stewart Lane, cut through traffic, and circulation in general around the area.

Thomas said one of the issues that came out of the discussions was what is appropriate density for the area. Rankin also pointed out that the Woodhill Road and Excelsior Boulevard intersection was another concern that was brought up. He also said that many residents who live along Stewart Lane wanted to see two fronts to any commercial businesses that are located between Stewart Lane and Excelsior Boulevard.

Thomas pointed out that this process was an attempt to be proactive in planning for the future. He thought there needs to be more education of citizens on affordable and life-cycle housing as well as the community-wide interest and need on the subject. Thomas suggested doing a series of brief articles in the Minnetonka Memo in an attempt to educate citizens.

9. OTHER BUSINESS

Rankin reviewed what the upcoming EDA meetings through the summer months were like. He pointed out to keep EDA Commissioners more informed on what items would be discussed at what meetings, and what other items needed to be planned, there would be a new schedule of upcoming EDA meetings. Discussion followed on what other items EDA commissioners would like to have planned for upcoming meetings, and there was a suggestion that the Richfield and Hopkins residential over retail sites discussed at the April EDA meeting be visited on a tour. The Clover Ridge development in Chaska was also suggested as a site to be visited.

10. ADJOURN

Duffy moved, Larson seconded a motion to adjourn the meeting. All voted "yes."
Motion carried. The meeting adjourned at 8:06 p.m.