

**MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY
MEETING MINUTES**

**March 6, 2006
6:00 p.m.**

**Council Chambers
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: Dan Duffy, Dave Larson, Bunny Robinson, Peter St. Peter, Al Thomas, Tony Wagner, and Bob Walker.

Staff present: Desyl Peterson, Ron Rankin, and Elise Souders.

Others present: Approximately five residents.

3. APPROVE MINUTES OF FEBRUARY 21, 2006 EDA MEETING.

Larson moved, Thomas seconded a motion to approve the February 21, 2006 EDA meeting minutes. All voted yes. Motion passed.

BUSINESS ITEMS

4. PUBLIC HEARING FOR ITEMS RELATED TO THE GLEN LAKE REDEVELOPMENT PROJECT.

Rankin said the EDA is required to hold a public hearing on items related to eminent domain for the Glen Lake redevelopment project. He said the EDA is being asked to consider two items, one being an agreement for joint exercise of eminent domain with the city, and the other being a resolution to authorize eminent domain. Rankin introduced City Attorney Desyl Peterson.

Peterson said eminent domain is the most awesome power the city has, and Minnetonka has used this power very infrequently in the past. She said there are two parcels in the Glen Lake redevelopment project where negotiations for acquisition between the developer and the land owner have stalled.

Peterson said one of the parcels is the Alano parcel located on Excelsior Boulevard. She said the city and the board have come to an understanding

however, and there will be a friendly condemnation with a relocation site. Peterson explained the city, in the past, purchased the first single-family home on Woodhill Road north of Glen Lake Park. She said the city has a purchase agreement to buy the second single-family home north of the park. The plan is to redivide the properties, keep the second house for Alano, and construct a parking lot. Peterson said there is a conceptual agreement, but the Alano membership must approve the plan and they are scheduled to meet on March 19.

Peterson said the second parcel is 14301 Stewart Lane, a parcel owned by Mr. Arnie Zachman. She said this parcel is owned by Mr. Zachman as a business investment and the single-family home on the property was being rented out; however, it is now vacant. Peterson said the city had an appraisal done on the property, and it is appraised at \$305,000, but, the appraiser was not able to get in the house. She said the developer has offered Mr. Zachman \$400,000 for the property but there has been no deal worked out; however, both sides are still talking.

Peterson explained the EDA is being asked to consider a joint agreement with the city for the acquisition of the Zachman parcel because of the trail easement the city wants. She said the EDA will acquire the remainder of the parcel outside of the trail easement. Peterson also described the eminent domain process.

Peterson said staff recommends the EDA approve of the agreement for joint exercise of eminent domain and adopt the resolution authorizing eminent domain.

St. Peter opened the public hearing.

Jeff Beck, 13100 Wayzata Boulevard, said change is inevitable. He said eminent domain is a win-win for both parties because with eminent domain the proceeds are shielded from the capital gains tax and therefore because of that there is incentive to settle. Beck asked why there is a backwards plan of development. He said there needs to be support for the grocery first. He asked why there are only 11 affordable units, and commented the affordable units in the site A building will be small and not big enough for a family. Beck also asked if there is going to be a price guarantee on the affordable units and why subsidies are being given for luxury units.

Rankin replied there is no tax increment going to the site C for development; however, site C is included in the TIF district because it will contribute tax increment to the rest of the project. He said the EDA and City Council have put into the development agreement that the affordable units in site A will have a minimum square footage. Rankin also commented that the phasing is chosen by the developer.

Peterson also commented the phasing is being done in the way it is because of the need to relocate the businesses from the existing shopping center to the new site B building. She also clarified that the Stewart Lane property is not owned by Mr. Mason, but that Mr. Zachman acquired the parcel approximately three or four years ago as part of an unrecorded deed.

St. Peter explained the capital gains tax.

Keith Weigel, 14209 Glen Lake Drive, said that at the December 2005 and January 17 EDA meetings there were no discussions on eminent domain; however, he did bring up the subject when he testified. He said the use of eminent domain on the Zachman parcel is an improper use of eminent domain and the EDA is taking the property from one owner and giving it to another. Weigel said this is his greatest concern. He said the property does not have blight and there are no affordable units in the site C building. Weigel said he cannot find minutes from the January 17 EDA meeting on the city's website. He said he would like clarification about who actually makes the final decision on eminent domain because he thought the EDA was an advisory board.

Peterson said the Minnetonka EDA is not advisory only. She said the EDA does have authority to acquire property, but the City Council must also approve the actions.

Rankin said the EDA meeting minutes are available at the city and a set of the January 17 minutes will be emailed to Mr. Weigel. He added that the eminent domain actions were contemplated in the development agreement previously discussed by the EDA.

St. Peter closed the public hearing.

Wagner moved, Duffy seconded a motion to adopt resolution 2006-005, a resolution authorizing eminent domain, and approval of the agreement for joint exercise of eminent domain.

Wagner said he presented his points at the City Council meeting; however, he mentioned the parcel owned by Mr. Zachman is not owner-occupied and needs to be included for the good of the project.

St. Peter re-iterated Wagner's comment and he said with the actions taken by the City Council to condemn part of the property for a trail easement, then it leaves an undevelopable parcel.

All voted yes. Motion passed.

5. RESOLUTION ADOPTING A MODIFICATION TO THE HOUSING DEVELOPMENT AND REDEVELOPMENT PLAN FOR THE GLEN LAKE STATION HOUSING DEVELOPMENT AND REDEVELOPMENT PROJECT.

Rankin said the EDA is being asked to consider a resolution adopting a modification to the redevelopment project plan for Glen Lake. He pointed out on the map where the boundaries of the TIF district are, and showed the two additional parcels that have been requested to be added to the redevelopment project area. He said these two parcels are where Alano will relocate to. Rankin said by including the parcels it allows the city to be repaid by TIF proceeds for the money given to help with the Alano relocation. He said the properties do not need to be in the TIF district, just the project area for repayment by the TIF proceeds. Rankin said staff recommends adopting the resolution.

Larson clarified the two parcels being included in the project area and said the inclusion makes sense. He said it is a more appropriate site for Alano.

Duffy moved, Wagner seconded a motion to adopt resolution 2006-006, a resolution modifying the housing development and redevelopment plan for the Glen Lake Station Housing Development and Redevelopment Project. All voted yes. Motion passed.

6. STAFF REPORT.

Souders reviewed the staff report items including updates on the Shady Oak Road project from Highway 7 to Excelsior Boulevard, the Minnetonka Boulevard/County Road 101 intersection plans, the Commuter Challenge, and upcoming events.

7. OTHER BUSINESS.

The next regular EDA meeting was announced as April 11.

8. ADJOURN.

Thomas moved, Wagner seconded a motion to adjourn the meeting. All voted yes. Motion passed. The meeting adjourned at 6:40 p.m.