

**MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY
MEETING MINUTES**

**July 17, 2008
5:00 p.m.**

Glen Lake Activity Center

Prior to the meeting, the EDA, along with members of the public, toured The Exchange building at 14403 Excelsior Boulevard.

1. CALL TO ORDER

EDA President Peter St. Peter called the meeting to order at 5:40 p.m.

2. ROLL CALL

EDA commissioners present: Peter St. Peter, Dan Duffy, Bunny Robinson, Tony Wagner, Ellen Weishar Cousins, Bill Yaeger

EDA commissioners absent: Brad Wiersum

Staff Present: Julie Wischnack, Elise Durbin, Stephanie Scott-Sims

Others Present: James Hiller, Bob Ellingson, Grace Sheely, Anne Malm Hossfeld, Ivan Fox

3. APPROVE MINUTES OF MAY 13, 2008 AND JUNE 16, 2008 MEETINGS

Wagner moved, Robinson seconded a motion to approve the May 13, 2008 meeting minutes. St. Peter, Duffy, Robinson, Wagner and Yaeger voted yes. Weishar Cousins abstained. Motion passed.

Duffy moved, Wagner seconded a motion to approve the June 16, 2008 meeting minutes. St. Peter, Duffy, Wagner, Weishar Cousins, and Yaeger voted yes. Robinson abstained. Motion passed.

BUSINESS ITEMS

4. GLEN LAKE REDEVELOPMENT UPDATE

Durbin presented the item. Durbin provided the critical dates for redevelopment to occur on Phase III/Site A (Glenhaven shopping center), Phase I/SiteB (The Exchange) and Phase II/ Site C (Kinsel Point) as provided for in the redevelopment agreement with the redeveloper.

Weishar Cousins asked whether there were plans for Site A. Wischnack stated that Mr. Wartman has discussed ideas with staff, which will come before the EDA once there is a plan.

Wagner asked if there is a predetermined amount to purchase Site A. Duffy asked for a point of clarification on whether the property would still cost \$3 million now that the building is demolished. Wischnack stated that the cost of the property does not distinguish between whether the building was or was not on it. Duffy asked whether an appraisal had been done. St. Peter stated that an appraisal was done on the property and it did not matter whether the building was on it or not, the cost to purchase the property would still be \$3 million. Durbin noted that according to the development contract, if the redeveloper does not begin the minimum improvements on Phase III (Site A) by December 31, 2009, the EDA has the option to buy the property.

Wischnack discussed the next steps, stating that staff is currently discussing Mr. Wartman's request to issue the revenue notes early with the city's counsel and financial consultants. Staff will prepare a recommendation for the EDA when more information is available. The issue is whether the city should issue the revenue notes now or wait until Phase II is constructed.

Wagner stated that he was interested in what the report says and what the city and the EDA will get in return. Wagner asked whether the streetscaping plans are on target. Wischnack stated that they are, with the goal of late September/early October for construction and the plaza has a planned construction date of spring 2009.

Duffy wondered whether the city should commence with the planned streetscaping when the original plans for development in Glen Lake may change in the future, which may conflict with the new streetscaping. Wischnack stated that staff has considered this and to address this possibility, the streetscaping is only going to take place along the major corridor (Excelsior Blvd.) and not on side streets. Wischnack stated that if there were any changes to the project, staff would bring the plans back to the EDA for review, including any changes in the redevelopment contract.

5. HRA LEVY DISCUSSION

Durbin introduced the item, stating that in the past the EDA had proposed the idea of establishing an HRA levy in order to help fund affordable housing and redevelopment activities within the city. The livable communities funds and the development account funds that are currently used to fund such activities are not capable of being replenished and thus are not an ongoing, reliable source of revenue. An HRA levy is a tool for providing a continual revenue source for the

livable communities and development accounts. An HRA levy is a property tax, levied by the EDA, and many surrounding communities have them. The city sets the desired amount of the levy based on how much funding the city wants to generate. The state legislature recently increased the maximum HRA levy amount from 0.0144% of the city's market value to 0.0185%.

Durbin stated that on March 17, the council and EDA commissioners had a discussion on the livable communities and development account funds, as well as an HRA levy. At that meeting, council members expressed concern about adding another tax without a plan in place for how the funds would be spent and how all the proposed programs would work. At that meeting, council provided direction to have the EDA continue to discuss the HRA levy, and also for the council to revisit the item during its consideration of the 2009 property tax levy at its August study session.

In the March 17 study session report, staff developed a number of programs that could be supported with the funds collected from an HRA levy including: Homes Within Reach (WHAHLT), affordable housing write-down, neighborhood connections, senior housing transitions, Minnetonka Heights and Crown Ridge, land purchases, and housing rehabilitation should CDBG funds become unavailable. Staff is recommending that the EDA recommend that the council adopt an HRA levy that funds a minimum of \$300,000, or .0036% of total market value to accommodate continued commitment to WHAHLT.

Wagner asked if the livable communities fund could only be replenished through interest earned on the account. St. Peter replied yes, and also added that the EDA has been reimbursed sometimes in the past when they have sold a property they have owned for another project. Wagner asked if it has been the EDA's policy to sell at cost. St. Peter replied that it is. Weishar Cousins asked whether that only applies to intra city sales. St. Peter replied yes.

Wagner stated that he was interested in discussing alternative fund options. Between now and the August meeting, he stated that he would like to have a discussion on funding goals. Wagener stated that in his opinion, \$300,000 is not enough to maintain the fund and that he would advocate this.

Duffy stated that he would like further discussion before voting on this matter to determine whether WHAHLT is a priority. Wagner asked whether the EDA wants to take a more active role in this or to remain reactive. Wischnack stated that staff is only recommending \$300,000 and that it is up to the EDA to determine the amount they are comfortable with.

Weishar Cousins stated that while it is important for WHAHLT to have funding, the city needs funds for goals brought out of the comprehensive plan, such as neighborhood connections. Yaeger stated that he would support \$300,000 but

that he would have a hard time supporting \$800,000. He stated that there needs to be very definite plans for this money.

St. Peter, referring to page A2, stated that these accounts are shared accounts, which limits the EDA's use of the funds. He stated that property values are depressed at this time and that it may be a good time to either help WHAHLT purchase property, or for the EDA to purchase property.

Wagner asked whether Edina has an HRA levy. Scott-Sims stated that she was not sure but would look into it.

Weishar Cousins asked whether the EDA's recommendation would be used in determining what the city will do for 2009. St. Peter replied yes.

Robinson stated that she has no problem with having further discussions. She stated that if the EDA is going to recommend more than \$300,000, then, it should have a rationale behind it.

Wischnack stated that staff direction is needed and asked what the EDA would like to look at besides funding for WHAHLT. Wagner stated that he has not thought about that and would need some time to flesh it out. Duffy stated that he would like to see the EDA have more control over these funds and asked what it could do directly rather than giving them to other entities, like buying properties. St. Peter stated that the city founded WHAHLT in order to shift that administrative responsibility out of the city; however, commissions have the right to change that direction.

Wagner and Yaeger left the meeting at this time.

Duffy stated that the EDA should reevaluate where it is at, where it is going, its priorities, and, set what the funding amounts should be.

Duffy asked where the numbers on page 9 came from. Durbin stated that they are a combination of what the city did in the past and what it may wish to do in the future. St. Peter stated that the city should look at the village nodes as identified in the comprehensive plan and see if there are properties it could purchase.

Duffy asked whether staff need the EDA to determine an amount tonight or could the EDA delay its recommendation until next month's meeting.

Robinson stated that whatever the EDA decides, it should be a clear amount and there should be a clear way to communicate it to the public. She is concerned that the depressed economy would make the addition of an extra tax difficult for people to support.

St. Peter stated that there a number of acquisitions along the proposed LRT line have already occurred as developers are speculating. The city should start looking at those areas now and at possible buildings to purchase, however, it can be difficult to determine exactly which buildings to focus on.

St. Peter stated that he senses that both he and Wagner would like to see the proposed levy amount increase to \$800,000 to provide adequate funding to work with, but that others do not support an increased amount and are more willing to support the proposed \$300,000.

Duffy stated that it does not matter how much the levy is, but how the funds are going to be used. People are more likely to support a tax that provides a direct benefit to everyone and not just to certain populations.

Weishar Cousins stated that she likes the larger levy amount in order to generate more money to use for things that will impact more people.

Wischnack stated that for the next meeting, staff will develop two options: a \$500,000 and an \$800,000 option with a proposed plan for the use of the funds.

6. STAFF REPORT

Scott-Sims reviewed the staff report items including the Opus station area study, Southwest LRT DEIS study, Glen Lake streetscaping and plaza concepts, Minnetonka foreclosures update, conflict of interest statute, and the ULI-MN Opportunity City Pilot Program.

Scott-Sims presented three proposed plaza concepts as developed by Close Landscape Architecture. Wischnack provided details for each concept. St. Peter expressed concern for a proposed water feature for the Glen Lake plaza. He stated that other cities' investments in water features have failed due to their increased need for maintenance.

7. OTHER BUSINESS

8. ADJOURN

Duffy moved, Weishar Cousins seconded a motion to adjourn the meeting. All voted yes. Motion passed. The meeting adjourned at 7:11 p.m.