

**MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY
SPECIAL MEETING MINUTES**

**MARCH 23, 2009
5:30 P.M.**

1. CALL TO ORDER

EDA President Peter St. Peter called the meeting to order at 5:30 p.m.

2. ROLL CALL

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

Staff present: Julie Wischnack, Desyl Peterson, Elise Durbin, and Merrill King.

Others present: Mark Ruff, Steve Bubul and Tom Wartman.

3. APPROVE MINUTES OF MARCH 2, 2009 EDA MEETING

Wiersum moved, Wagner seconded a motion to approve the March 2, 2009 meeting minutes with the following change:

Page 10: He was not as concerned with having 15 ~~30~~ years instead of 30 ~~45~~.

Cousins, Duffy, Robinson, Wagner, Wiersum, St. Peter, and Yaeger voted yes. Motion passed.

4. Resolution approving an Amended and Restated Contract for Private Redevelopment between the City of Minnetonka, the Economic Development Authority in and for the City of Minnetonka, and Glen Lake Redevelopment LLC

Wischnack explained that the purpose of the meeting was for EDA commissioners to review the final draft of the redevelopment contract. The contract will be reviewed at the city council immediately following the EDA meeting.

Wischnack gave the staff report. There will be a delay in the land use approval until the developer's financing has been worked out. She reviewed elements of the redevelopment contract.

Wischnack reviewed a change memo dated March 23, 2009. It outlines the role of the city council in the event a default would occur.

Tom Wartman, applicant, was surprised by St. Therese's request for a delay, but, with the market and economy the way it is, he understands. He hopes to be back sooner than later for final approval. He has talked to other parties interested in the site.

Wiersum acknowledged that St. Therese is not out of the process, but that the financing is taking a little more time than expected. He asked if a third party would redesign the site. Mr. Wartman is talking to two interested parties. One would proceed with the plan in its current form. The other party would have a reason to revisit the site plan because they have a facility located close to the site.

Mr. Wartman stated that the floors are currently being laid in the Gold Nugget. It is on target to be open by the end of April.

Wagner stated that the staff report indicated the intent would be that if a profit is created that the city would use the funds for affordable housing purposes. He asked if it should be made part of the motion or the contract. Wischnack explained that if that profit would be generated, then that action would be taken separately to reallocate those funds. Mr. Bubul, legal counsel for the city, agreed with Wischnack. The contract does stipulate that the city may use the tax increment left after other obligations have been paid off for other affordable housing projects. Commissioners located and reviewed the wording. Wischnack noted that the staff report and minutes will be part of the record.

Wiersum found a correction on Page A56. The word "million" was written twice when only one "million" is accurate.

In response to Wagner's question related to Page A70, Mr. Bubal clarified that the term "redevelopment project" includes the whole project area.

Duffy noted the potential for turnover in a senior housing facility and questioned if the 15-year time period should begin once the certificate of occupancy has been issued rather than after a certain number of units have been rented. Wischnack agreed that the certificate of occupancy would be easier to determine, but commissioners reached a general consensus about starting this when half of the affordable units were rented.

St. Peter recalled requesting an option to purchase or right of first refusal on the back end in regard to the Kinsel site. There is no back end in the

event that the developer defaults. He said while he does not support the first right of negotiation as written into the contract, he is inclined to vote to move the application forward to the city council on the recommendation that the council table action or deny the request, given the timing and scheduling of meetings.

Wiersum talked about the possible options for Phase 3. St. Peter recommended that a purchase option or right of first refusal be drafted. A right of first refusal is easier to draft. St. Peter found that acceptable. There is no requirement that the developer move forward and continue to comply with the agreement because the teeth have been taken out of it.

Wiersum agreed that negotiating in good faith sounds nice and, not to say that there is not good faith, but the issue is that the economy has changed so dramatically it cannot be predicted what will happen next month. A right of first refusal does not obligate the city, but gives the opportunity to purchase the property if things do not proceed as all involved hope that it does. He would like to understand the terminology of the right of first refusal and what that obligates the city to do, but he was agreeable to that.

Mr. Bubul explained how a right of first refusal would be drafted. It would have less of an economic impact on the value of the land and the ability to borrow against it or do something with it, with respect to a third party. Wiersum asked if it would reduce the likelihood to find a buyer or reduce the price. Mr. Ruff explained that it is the developer's position that it could diminish the value or create another hurdle for the development. The developer's position is that a potential buyer would be discouraged by knowing that the property could be tied up for several months. Over one-third of the tax increment would come from the property. He understood the EDA's position, which wants action.

Wischnack added that the additional partnership complicated matters. Wiersum stated that the agreement has sufficient teeth. He does want to create roadblocks. He wanted to see things happen with the proposal.

Duffy agreed with Wiersum's comments. He wanted to make sure the property would be accessible and put to good use, such as a park. If the project takes longer than anticipated, there should be a safeguard to allow the city to have the first option to recapture the property.

Yaeger considered the possibility of a condition kicking in one year after default. Mr. Bubul stated that it would depend on if the extension of the time period of the TIF district is successful or not.

St. Peter asked if staff had a sense of how the extension request is being received at the legislature. Wischnack stated that there will be a hearing a

week from Friday, and that staff has spoken with the tax committee chair. Wischnack felt it was going well.

St. Peter asked what the TIF increment for Kinsel would be if the extension of the district did not occur, assuming that it would be set up to go out to 2022 or 2023.

Wiersum said he wants to move forward, and that it would be in the best interests of the residents of Minnetonka and Glen Lake to do so. There are enough teeth and the incentives are in place. When he thought about how much things have changed and all of the challenges with real estate, he hopes that something would be built. St. Peter concurred.

Wagner moved, Robinson seconded a motion to recommend that the city council adopt the resolution approving an amended and restated contract for private redevelopment between the City of Minnetonka, the Economic Development Authority in and for the City of Minnetonka, and Glen Lake Redevelopment LLC.

Cousins, Duffy, Robinson, St. Peter, Wagner, Wiersum, St. Peter, and Yaeger voted yes. Motion passed.

5. ADJOURN

Wiersum moved, Cousins seconded a motion to adjourn the meeting. All voted yes. Motion passed. The meeting adjourned at 6:15 p.m.