

**Minnetonka Economic Development Advisory Commission
Meeting Minutes**

**March 16, 2017
6 p.m.**

1. Call to Order

Chair Isaacson called the meeting to order at 6 p.m.

2. Roll Call

EDAC commissioners present: Michael Happe, Lee Jacobsohn, Jerry Knickerbocker, Charlie Yunker, and Ken Isaacson were present. Jacob Johnson and Melissa Johnston were absent.

Staff present: Community Development Director Julie Wischnack and consultant Julie Eddington, an attorney with Kennedy and Graven.

Chair Isaacson welcomed Jacobsohn to the commission.

3. Approval of January 26, 2017 Minutes

Happe moved, Knickerbocker seconded a motion to recommend that the EDAC approve the minutes from the January 26, 2017 meeting as included in the agenda. Happe, Knickerbocker, Yunker, and Isaacson voted yes. Jacobsohn abstained. Johnson and Johnston were absent. Motion passed.

4. Cloud Nine Condominiums Housing Improvement Area Request

Wischnack reported. Julie Van Guilder, of Multiventure Properties, and Doug Strandness, the association's consultant, were also available for questions.

Wischnack stated that the city council is scheduled to conduct a public hearing for this item April 10, 2017.

Happe asked what would happen with the funds gained from the sale of the parking ramp. Eddington said that the funds could be used as prepayment. Chair Isaacson clarified that his intent at the last meeting was to provide the city with an opportunity to allow prepayment, not require it to be done. The amount of the reserves would be considered at that time. Eddington explained that the association has not had an opportunity yet to review the contract and provide comments. It would be up to the board and the city to determine what the covenant should cover.

Happe asked why the applicant would be required to provide financial statements. Eddington explained that it would allow the city to see that the applicant is solvent and

things are progressing as expected during the term of the obligation. Wischnack explained the HIA policy. The city has a responsibility to make sure things are being operated and managed properly. Eddington reviewed the default parameters and remedies. A professional manager would be required.

Doug Strandness, representing the homeowner's association, stated that Cloud Nine had a difficult start. The reserve started out with nothing and the amount of dues was not sufficient to meet the future needs. The reserve contribution has gone up significantly since then. It was unable to catch up to fund the curtain wall. The current finances of the association are very good. There are no owners delinquent on dues. Requiring an audit to the city would allow the responsible voices in the association to be followed. The HIA structure is secured by the assessment to the property taxes. State law requires every association to have an "adequate" reserve and to do a formal, for-the-record evaluation every three years. The city always has the option to take control of the finances of the association.

Mr. Strandness stated that the parking structure provides 5.5 parking stalls for every unit in the building. The parking structure has not been maintained and needs \$1.5 million of work. A sale of the ramp needs to provide enough funds to construct a new parking structure for the association. That provision will need more attention in the future.

Mr. Strandness estimated the current monthly dues to be \$434 per month.

Chair Isaacson was in favor of a provision that would ensure that the city would have the leverage to make sure that the remaining proceeds from the sale would be adequately preserved to ensure that the reserves would be adequately funded going forward. Wischnack noted that would be a change to Article Section 6.12 on Page 20.

Eddington reviewed that the proceeds from the sale of the parking ramp must be used to fund a new parking structure and the city would have control to decide for what any remainder could be used. Chair Isaacson was less concerned with paying down the debt than making sure that there would be an adequate reserve.

Knickerbocker noted that the city has done this type of contract before. There are a series of provisions to protect the city's interest.

Knickerbocker moved, Yunker seconded a motion to recommend that the city council approve the contract for private development for Cloud 9 Condominiums' Housing Improvement Area request. Jacobsohn, Knickerbocker, Yunker, and Isaacson voted yes. Happe voted no. Johnson and Johnston were absent. Motion passed.

5. Newport Midwest

Wischnack reported.

Becky Landon, with the applicant Newport Midwest, stated that:

- The proposal is for a mix of affordable and market-rate units. There would be two different buildings financed separately, but the buildings would look, function, and be managed the same.
- There would be 55 affordable units with a mix of studio, 1-bedroom, 2-bedroom, and 3-bedroom units. There would be a total of 190 units.
- The applicant would apply to the MN HFA for funding by June 15, 2017 and the Metropolitan Council a month or two before that.
- The applicant should receive award notification from Hennepin County in early May 2017.
- The goal would be to start construction in 2018.
- The development entity is a joint venture between herself and Newport Partners which has a large portfolio of tax-credit housing on the west coast. Her partner came to Minnesota eight years ago to construct a solar manufacturing plant on the iron range. He has been doing affordable rental units for 30 years. She has been doing affordable housing in Minnesota for over 20 years. They have several other sites in the metropolitan area. They will be the joint managing owners for both properties.

Knickerbocker asked how confident she was that the other funding applied for would be awarded. Ms. Landon stated that the biggest factor would be to obtain the nine percent tax credits. Without that, it would be hard to make the proposal work. Sometimes it takes two years to receive tax credits. Based on the location, the application's score is currently extremely low. The application would score higher if funding would be secured before June 15, 2017.

Wischnack will email an article that was in the *Minneapolis Star Tribune* regarding tax credits to commissioners.

Knickerbocker asked Ms. Landon if she had a range of the amount of money she would request from the city. Ms. Landon estimated \$500,000 to \$1 million. The construction pricing would be completed this week and provide a better idea.

Chair Isaacson invited two or three commissioners to participate on a subcommittee. Jacobsohn, Yunker, and Isaacson volunteered. Wischnack stated that the subcommittee would meet to go over detailed financials including the amount of the ask.

Chair Isaacson noted that a tentative commitment should have a sunset provision.

6. 2018-2022 EIP

Wischnack reported.

Chair Isaacson noted that in the second paragraph of Page 5, in regard to the CDBG Small Projects Program, “more emphasis will be placed on this program” needs to be changed to “less emphasis will be placed on this program.” Wischnack agreed.

Knickerbocker asked if the city would have to pay more money to add a MTC bus route in Minnetonka. Wischnack answered in the negative. The investment fare revenue that the city pays would remain the same to add a route. Convincing the MTC that the route would have sufficient ridership would be the prompt to add a route. It is hard to change or delete routes since it would impact current riders.

Knickerbocker asked how often the EIP is used as a reference. Wischnack replied that she refers to it regularly, especially during budget time.

7. Staff Report

Wischnack reported:

- The SWLRT projects are out for bid. Construction will begin in Minnetonka by November.
- A pre-bid meeting for the Disadvantaged Business Enterprises was held March 3, 2017. Over 200 people attended.
- Staff has been meeting with MTC to renegotiate the 2017 contract and discuss potential changes to Route 9 which includes week-day trips from Greenbriar to the west end. The route has had an increase in ridership. Adding a route to operate after 10 p.m. is being considered.
- The city provided grants of up to \$15,000 to businesses to be used for recycling.
- Unmapped Brewing is expected to open in June.
- Twin Cities Orthopedics on Highway 7 and a nail salon on Baker Road will be opening soon.
- Prestige Preschool, Highland Bank, Cherrywood Pointe, and At-Home Apartments are under construction.
- The Cheesecake Factory is looking to locate in Ridgedale Center.
- Lighting will be added to the soccer fields located on the city hall campus.
- Lecessé in Opus will be closing at the end of April.
- The city received a positive review on its use of CDBG funds. The Small Projects Loan Program met its required spend down of CDBG funds in December. The Minnetonka Home Enhancement and Welcome to Minnetonka programs had four loans close in 2016 and five down-payment assistant loans in 2016. With the 2017 money added to it, the fund has \$154,000 left.
- The West Metro Home Remodeling Fair was well attended with 1,300 visitors.

8. Other Business

The next SLUC luncheon will be on the last Wednesday of the month. The presentation will be on vehicle technologies.

The next EDAC meeting is scheduled for Thursday, April 27, 2017 at 6 p.m.

9. Adjournment

Knickerbocker moved, Happe seconded a motion to adjourn the meeting at 7:50 p.m.
Motion passed unanimously.