

**MINUTES
OF THE JOINT MEETING OF THE
EDINA HOUSING AND REDEVELOPMENT AUTHORITY
AND EDINA CITY COUNCIL
HELD AT CITY HALL
AUGUST 15, 2000 - 7:00 P.M.**

ROLLCALL Answering rollcall were Commissioners/Members Faust, Hovland, Johnson, and Chair/Mayor Maetzold.

CONSENT AGENDA APPROVED Motion made by Commissioner Johnson and seconded by Commissioner Faust approving the Edina Housing and Redevelopment Authority Agenda as presented.

Rollcall:

Ayes: Faust, Hovland, Johnson, Maetzold

Motion carried.

***MINUTES OF THE REGULAR MEETING OF THE EDINA HOUSING AND REDEVELOPMENT AUTHORITY FOR AUGUST 1, 2000, APPROVED** Motion made by Commissioner Johnson and seconded by Commissioner Faust approving the Minutes of the Regular Meeting of the Edina Housing and Redevelopment Authority for August 1, 2000.

Motion carried on rollcall vote - four ayes.

RESOLUTION NO. 2000-06, AN AMENDMENT TO REDEVELOPMENT PLAN - ESTABLISHMENT OF HAZARDOUS SUBSTANCE SUBDISTRICT APPROVED

Director/Manager Hughes explained that a public hearing must be conducted to establish a Hazardous Substance Subdistrict to the Grandview Tax Increment District. He presented amendments to the Grandview redevelopment plan and tax increment district taking actions as follows:

1. Clarify the authorized expenditures for the plan. The 1999 amendments were placed in categories that did not match the State-mandated reporting requirements. The proposed amendment places the dollars into the proper categories.
2. Clarify the amount of bonded indebtedness to be incurred pursuant to the Financing Plan. The original amendments authorized \$15,092,000 in additional expenditures. The amendment as presented states the bonded indebtedness cannot exceed this amount. The expenditures of tax increments to pay interest is authorized as well.
3. Authorize the establishment of a hazardous substance subdistrict and adopt a financing plan. This subdistrict is established to finance the environmental cleanup costs associated with the development project. This form of subdistrict utilizes the base taxes of the tax increment district to finance the cleanup cost. The district may last for 25 years or until the cleanup costs are paid off.

Director/Manager Hughes presented comments from Hennepin County Deputy Administrator Richard Johnson. The County views this as a financing tool of "last resort"

and acknowledges that this amendment satisfies the criteria established by the County Board for use of tax increment financing.

Commissioner comments

Commissioner/Member Hovland inquired about the cost of the removal and remediation of the hazardous substances. Director/Manager Hughes elaborated that remediation is still estimated at one million dollars.

Resident comment

John Menke, 5301 Pinewood Trail, asked; 1) why does the City want to establish a hazardous substance district, 2) has this been done before in Edina, 3) why for this developer, and 4) is this be a million dollar bonus for the developer. He said Opus Clark knew what they were doing, they made a bid and they should pay their own way.

Director/Manager Hughes said fortunately the City has little experience with polluted sites. The City has been involved in clean-up of buried concrete found at Centennial Lakes previously at the cost of three-quarters of a million dollars borne by that tax increment district. It is a problem associated with older industrial areas and the situation needs to be faced when the sites are redeveloped.

Commissioner/Member Johnson said it is the obligation of the City to deliver buildable property and this is not providing a subsidy but fulfilling a contractual commitment to the developer.

Director/Manager Hughes informed the HRA that all proposals that were received during the process included a caveat that the land was clean.

Chair/Manager Maetzold explained the State Legislature contemplated this type of thing happening and established a tax increment act that addresses hazardous waste.

Commissioner/Member Johnson made a motion to close the Public Hearing.
Commissioner/Member Hovland seconded the motion.

Ayes: Faust, Hovland, Johnson, Maetzold
Motion carried.

Commissioner/Member Hovland introduced the following Resolution and moved its adoption:

**HRA RESOLUTION NO. 2000-06
RESOLUTION APPROVING MODIFICATION OF GRANDVIEW
REDEVELOPMENT PROJECT NO. 1, GRANDVIEW AREA
REDEVELOPMENT PLAN AND GRANDVIEW TAX INCREMENT FINANCING
PLAN AND REQUESTING THE APPROVAL OF THE CITY COUNCIL**

BE IT RESOLVED, by the Board of Commissioners (the "Board") of the Housing and Redevelopment Authority in and for the City of Edina, Minnesota (the "HRA"), as follows:

1. Proposed Amendment. The HRA and the City of Edina (the "City") have approved a redevelopment plan, as defined in Minnesota Statutes, Section

469.002, subdivision 16, designated as the Grandview Area Redevelopment Plan (the "Redevelopment Plan"), and a redevelopment project to be undertaken pursuant thereto, as defined in Minnesota Statutes, Section 469.002, subdivision 14 designated as Grandview Redevelopment Project No. 1 (the "Redevelopment Project"), and that in order to finance the public redevelopment costs to be incurred by the HRA and City in connection with the Redevelopment Plan and the Redevelopment Project, the HRA and City have approved a tax increment financing plan, pursuant to the provisions of Minnesota Statutes, Section 469.175, designated as Grandview Tax Increment Financing Plan (the "Financing Plan"), which establishes a tax increment financing district, as defined in Minnesota Statutes, Section 469.174, subdivision 9, designated by the HRA as Grandview Tax Increment Financing District (Hennepin County No. 1202) (the "District"). On April 7, 1997 and December 7, 1999, the HRA and City approved amendments to the Redevelopment Plan, Redevelopment Project and Financing Plan (the "Amendments"). It has been proposed that the HRA approve amendments to the Redevelopment Project, Redevelopment Plan and Financing Plan, as amended by the Amendments, which is entitled "Modification of Grandview Redevelopment Project No. 1, Grandview Area Redevelopment Plan and Grandview Tax Increment Financing Plan for Tax Increment Financing District No. 1202" (the "2000 Amendment"). The 2000 Amendment establishes Hazardous Substance Subdistrict No. 1 (the "HSS") within the District and authorizes the use of tax increment derived from the HSS to pay or reimburse costs specified within Minnesota Statutes, Section 469.176, subdivision 4c, within the HSS.

2. Approval of 2000 Amendment. The 2000 Amendment has been presented to this Board and is ordered placed on file in the office of the Executive Director of the HRA, and the 2000 Amendment is hereby approved. The 2000 Amendment further serves the original goals and objectives of the City and HRA in approving the Redevelopment Plan, the Redevelopment Project and the Financing Plan and the Amendments, by redeveloping property in the City in order to prevent or reduce blight, blighting factors and the causes of blight, and by providing needed public facilities. The HRA makes the findings specified in Subsection 2-4 of the 2000 Amendment which findings and the reasons and supporting facts thereof are by reference incorporated herein.

3. Presentation to City Council. The 2000 Amendment hereby approved shall be presented to the City Council for a public hearing thereon pursuant to Minnesota Statutes, V Section 469.029, subdivision 6 and Section 469.175, subdivision 4.

Dated the 15th day of August, 2000.

ATTEST: _____
Executive Director Chair

Commissioner/Member Faust seconded the motion.
Rollcall:

Ayes: Faust, Hovland, Johnson, Maetzold
Motion carried.

RESOLUTION NO. 2000-05, BUSINESS SUBSIDY AGREEMENT APPROVED

Director/Manager Hughes explained that Minnesota law provides that the TIF assistance being provided to the Grandview Square project constitutes a "business subsidy" under Minnesota Statutes, Section 116J.993 through 116J.995 (the "Business Subsidy Act"). The Act requires that prior to providing such assistance, the HRA hold a public hearing concerning business subsidy criteria under the Business Subsidy Act and enter into an Agreement with the recipient that provides for certain obligations on behalf of the recipient. If the recipient does not meet the obligations, the assistance is required to be repaid to the HRA. The Business Subsidy Act provides that if the HRA determines that following a public hearing that creation or retention of jobs is not a goal of the HRA in providing the assistance, then the wage and job goals for the Business Subsidy may be zero.

No public comments were heard.

Commissioner/Member Hovland made a motion to close the Public Hearing.
Commissioner/Member Faust seconded the motion.

Ayes: Faust, Hovland, Johnson, Maetzold
Motion carried.

Following a brief discussion, **Commissioner/Member Johnson introduced the following Resolution and moved its adoption:**

**HRA RESOLUTION NO. 2000-05
RESOLUTION RELATING TO BUSINESS SUBSIDIES;
APPROVING CRITERIA FOR THE GRANTING OF BUSINESS
SUBSIDIES AND GRANTING OF BUSINESS SUBSIDY
TO GRANDVIEW SQUARE, L.L.C.**

BE IT RESOLVED by the Board of Commissioners of Housing and Redevelopment Authority of Edina, Minnesota (the "HRA"), as follows:

SECTION 1. RECITALS

1.01. Minnesota Statutes, Sections 116J.993 to 116J.995 (the "Act"), provides that the HRA, as a local government agency within the meaning of the Act, may not grant a business subsidy, within the meaning of the Act, until it has adopted criteria, following notice of a public hearing, for awarding business subsidies, and the Act further provides that before granting a business subsidy that exceeds \$100,000 the HRA must provide notice and a public hearing on the business subsidy.

1.02. A public hearing on the adoption of the criteria for the awarding of business subsidies and on the granting of a business subsidy to Grandview Square, L.L.C. (the "Redeveloper") was held by the HRA on August 15, 2000. A copy of the criteria of the HRA for awarding of business subsidies (the "Criteria") and the Business Subsidy Agreement between the HRA and Redeveloper (the

“Business Subsidy Agreement”) has been presented to this Board and is ordered placed on file with the Executive Director of the HRA.

SECTION 2. APPROVALS.

2.01. The Criteria as presented to this Board is hereby approved.

2.02. This Board hereby determines that the creation or retention of jobs is not a goal of providing the business subsidy to the Redeveloper. The form of the Business Subsidy Agreement is hereby approved and the Chair and Secretary are hereby authorized to execute and deliver the Business Subsidy Agreement on behalf of the HRA in the form presented to this Board with such changes thereto as may be approved by such officers.

ATTEST: _____
Executive Director Chair

Commissioner/Member Faust seconded the motion

Rollcall:

Ayes: Faust, Hovland, Johnson, Maetzold

Motion carried.

RESOLUTION 2000-07, REDEVELOPMENT CONTRACT - GRANDVIEW SQUARE

APPROVED Director/Manager Hughes presented an executive summary of the redevelopment agreement with Grandview Square, highlighting points:

1. Project
2. Redevelopment Property
3. Redeveloper
4. Contingencies
5. Acquisition of Parcels; Eminent Domain
6. Environmental Remediation
7. Construction of Minimum Improvements
8. Sale of Library/Senior Center Site
9. Reimbursement of Public Redevelopment Costs; General Description
10. Grandview Equity Contribution; Debt Payoff
11. Public Easement and
12. Definitions

Staff recommends approval of the Resolution regarding the Redevelopment Agreement for Grandview Square, L.L.C. (Opus Northwest L.L.C. and R.E.C., Inc..

Commissioner'/Member comments

Commissioner/Member Johnson asked if the Redevelopment Agreement Contract is approved, what further HRA approvals will be necessary as the developer moves forward. Director/Manager Hughes said the only thing the HRA would see would be in Phase II, the Council would see final development plans for the next phase of condominiums for the library/senior center building. Adoption of this resolution would conclude the HRA part of the project.

No public comments were heard.

Commissioner/Member Hovland made a motion to close the Public Hearing.
Commissioner Faust seconded the motion.
Ayes: Faust, Hovland, Johnson, Maetzold
Motion carried.

Following a brief discussion, **Commissioner/Member Faust introduced the following Resolution and moved its adoption:**

**HRA RESOLUTION NO. 2000-07
RESOLUTION RELATING TO GRANDVIEW AREA
REDEVELOPMENT PROJECT; APPROVING EXECUTION
OF CONTRACT FOR PRIVATE REDEVELOPMENT WITH
GRANDVIEW SQUARE, L.L.C. AND ISSUANCE OF
LIMITED REVENUE TAX INCREMENT NOTES**

BE IT RESOLVED by the Board of Commissioners (the “Board”) of the Edina Housing and Redevelopment Authority (the “HRA”), as follows:

Section 1. Recitals.

1.01. Grandview Area Redevelopment Project and Tax Increment Financing Plan. The HRA has approved a redevelopment plan, as defined in Minnesota Statutes, Section 469.002, subdivision 16, designated as Grandview Area Redevelopment Plan (the “Redevelopment Plan”), and a redevelopment project to be undertaken pursuant thereto, as defined in Minnesota Statutes, Section 469.002, subdivision 14, designated as the Grandview Area Redevelopment Project (the “Redevelopment Project”), and that in order to finance the public redevelopment costs to be incurred by the HRA in connection with the Redevelopment Plan and the Redevelopment Project, the HRA has approved tax increment financing plan, pursuant to the provisions of Minnesota Statutes, Section 469.175, designated as the Grandview Area Tax Increment Financing Plan (the “Financing Plan”), which establishes a tax increment financing district, as defined in Minnesota Statutes, Section 469.174, subdivision 9, which is designated by Hennepin County as Tax Increment Financing District No. 1202 (the “District”).

1.02. Expenditure of Tax Increment Revenue. The Redevelopment Project constitutes a “project” and the Tax Increment District constitutes a “tax increment financing district” within the meaning of Minnesota Statutes, Sections 469.174 to 469.179, and thus the HRA has authority under said Sections 469.174 to 469.179 to expend ad valorem tax increments derived from the District to pay costs incurred or to be incurred by the HRA in aid of the Redevelopment Project, or to pay the principal of and interest on bonds, notes or other obligations of the HRA issued to finance such costs, in accordance with the Financing Plan.

1.03. Redevelopment Contract and Notes. It has been proposed that the HRA enter into a Contract for Private Redevelopment (the “Redevelopment Contract”), with Grandview Square, L.L.C. (the “Redeveloper”), the form of which has been presented to this Board and is ordered placed on file in the office of the

Executive Director of the HRA. Under the Redevelopment Contract, the Redeveloper agrees to undertake a project (the "Project") on property included in the area subject to the Redevelopment Plan and in the Tax Increment District. Under the Redevelopment Contract the HRA agrees to transfer certain property of the HRA to the Redeveloper and construct certain improvements of a public nature, subject to the terms and conditions of the Redevelopment Contract. The Redevelopment Contract provides that to reimburse the Redeveloper for a portion of the costs of the Project the HRA will issue the Limited Revenue Tax Increment Notes of the HRA in substantially the forms attached to the Redevelopment Contract (the "Notes"). The Notes will be payable solely out of Opus Available Tax Increment and Clark Available Tax Increment, as defined in the Redevelopment Contract as provided in the Notes.

Section 2. Authorization and Approvals.

2.01. Approval of Redevelopment Contract and Notes. The form and terms of the Redevelopment Contract and the Notes are hereby approved, and the execution and delivery by the HRA of the Redevelopment Contract and execution, delivery and issuance of the Notes and other agreements by the HRA as provided in the Redevelopment Contract are hereby authorized. The terms of the Notes shall be as set forth in the Notes. The Chair and Secretary of the HRA are hereby authorized and directed on behalf of the HRA to execute and deliver the Redevelopment Contract and the Notes and the other agreements provided for in the Redevelopment Contract to be executed and delivered by the HRA (the "Other Agreements") in substantially the form presented hereto with such changes and modifications as may be approved by the officers executing the Redevelopment Contract and the Notes. The execution and delivery of the Redevelopment Contract, the Notes and the Other Agreements by the Chair and Secretary of the HRA shall be conclusive evidence of the approval of any changes and modifications to the Redevelopment Contract, the Notes and the Other Agreements by such officers.

2.02. Pledge of Tax Increment. The portion of the tax increment from the District which constitutes "Opus Available Tax Increment," as defined in the Redevelopment Contract (the "Opus Available Tax Increment"), is hereby pledged to pay the principal of and interest on the Opus Notes, as defined in the Redevelopment Contract (the "Opus Notes") as provided in the Opus Notes subject to the prior pledge of Opus Available Tax Increment to pay the Senior Obligations, as defined in the Redevelopment Contract (the "Senior Obligations"). The "Clark Available Tax Increment," as defined in the Redevelopment Contract (the "Clark Available Tax Increment"), is hereby pledged to pay the principal of and interest on the Clark Note, as defined in the Redevelopment Contract (the "Clark Note") as provided in the Clark Note subject to the prior pledge of Clark Available Tax Increment to pay the Senior Obligations. The HRA covenants that it shall not make any further pledge of the Opus Available Tax Increment or Clark Available Tax Increment which is prior to or on a parity with the pledge of the Opus Available Tax Increment or Clark Available Tax Increment to pay the Clark Note.

2.03. No Representations or Warranties. The HRA does not in any manner represent or warrant that the Opus Available Tax Increment will be sufficient to pay the principal of and interest on the Opus Notes when due or that the Clark Available Tax Increment will be sufficient to pay the principal and interest on the Clark Note when due.

2.04. Opus Notes Sinking Fund. The Opus Notes shall be payable from a separate Opus Notes Sinking Fund (the "Opus Notes Sinking Fund") which shall be created and maintained on the books of the HRA as a separate debt redemption fund until the Opus Notes, and all interest thereon, are fully paid. There shall be credited by the HRA to the Opus Notes Sinking Fund the Opus Available Tax Increment. Opus Available Tax Increment credited to the Opus Notes Sinking Fund shall be applied solely to pay principal and interest on the Opus Notes, subject to the prior pledge of the Opus Available Tax Increment to pay the principal and interest on the Senior Obligations.

2.05. Clark Note Sinking Fund. The Clark Note shall be payable from a separate Clark Note Sinking Fund (the "Clark Note Sinking Fund") which shall be created and maintained on the books of the HRA as a separate debt redemption fund until the Clark Note, and all interest thereon, are fully paid. There shall be credited by the HRA to the Clark Note Sinking Fund the Clark Available Tax Increment. Clark Available Tax Increment credited to the Clark Note Sinking Fund shall be applied solely to pay principal and interest on the Clark Note, subject to the prior pledge of the Clark Available Tax Increment to pay the principal and interest on the Senior Obligations.

2.06. Certification to County Auditor. Certain parcels in the District are subject to the provisions of Minnesota Statutes, Section 469.176, subdivision 6, because not qualifying activity has occurred with respect to such parcels. Upon the occurrence of a qualifying activity described in Minnesota Statutes, Section 469.176, subdivision 6, with respect to any such parcels, the District by the HRA shall certify to the Hennepin County Auditor that the qualifying activity has commenced and request the County Auditor to certify the net tax capacity of such parcel and add it to the original tax capacity of the District as provided in Minnesota Statutes, Section 469.176, subdivision 6.

Section 3. Certification of Proceedings.

3.01. Certification of Proceedings. The officers of the HRA and the County Auditor of Hennepin County are hereby authorized and directed to prepare and furnish to the purchaser of the Notes, certified copies of all proceedings and records of the HRA, and such other affidavits, certificates and information as may be required to show the facts relating to the legality and marketability of the Notes as to the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the HRA as to the facts recited therein.

Passed by the HRA this 15th day of August, 2000.

ATTEST: _____
Executive Director Chair

Commissioner/Member Hovland seconded the motion.

Rollcall:

Ayes: Faust, Hovland, Johnson, Maetzold

Motion carried.

CONSTRUCTION MANAGEMENT AGREEMENT APPROVED Director/Manager Hughes asked the HRA to refer to and approve the executive summary of the Redevelopment Agreement, Section 4 (g) as follows:

The HRA and Opus Northwest Construction Corporation have agreed upon a Construction Management Agreement pursuant to which Opus Northwest Construction Corporation will design, and manage the construction of, the Library, Senior Center and related site improvements and guarantee that the cost of such design and construction will not exceed \$4,500,000.

Commissioner/Member Johnson made a motion approving the Construction Management Agreement with Opus Construction Corporation as presented. Commissioner/Member Hovland seconded the motion.

Rollcall:

Ayes: Faust, Hovland, Johnson, Maetzold

Motion carried.

CLAIMS PAID Motion made by Commissioner Hovland approving the Check Register dated August 9, 2000, and consisting of one page totaling \$1,067,164.63. Commissioner Johnson seconded the motion.

Rollcall:

Ayes: Faust, Hovland, Johnson, Maetzold

Motion carried.

There being no further business on the HRA Agenda, Chair Maetzold declared the meeting adjourned at 7:35 P.M.

Executive Director