

**MINUTES OF THE CONCURRENT MEETING OF THE MOUND CITY COUNCIL AND
MOUND HOUSING AND REDEVELOPMENT AUTHORITY**

March 13, 2018

The Mound City Council and Mound Housing and Redevelopment Authority in and for the City of Mound, Minnesota, met in concurrent special session on Tuesday, March 13, 2018, immediately following the regular City Council meeting that started at 7:00 p.m. in the council chambers of the Centennial Building.

Members present: Mayor/Chair Mark Wegscheid, Council Members/Commissioners Kelli Gillispie, Jennifer Peterson, Jeff Bergquist, Ray Salazar (7:45 pm)

Members absent: None

Others present: City Manager and Director of Public Works Eric Hoversten, Finance Director/Clerk/Treasurer Catherine Pausche, Community Development Director Sarah Smith, and Administrative Assistant Rebecca Kress, Tom Backritges, Tim Whitten, Mike Kevitt.

1. Open meeting

MOTION made by Chair Mark Wegscheid, seconded by Peterson, to reconvene the February 27, 2018 concurrent special session with the City Council and the Mound Housing and Redevelopment Authority at 7:30 p.m. All voted in favor. Motion carried.

2. Approve agenda

MOTION by Wegscheid, seconded by Peterson, to approve the agenda. All voted in favor. Motion carried.

3. Council Action: Approve minutes from February 27, 2018 concurrent meeting.

MOTION by Peterson, seconded by Gillispie, to approve minutes from February 27, 2018 concurrent meeting. All voted in favor. Motion carried.

4. HRA Action: Approve minutes from February 27, 2018 concurrent meeting.

MOTION by Peterson, seconded by Bergquist, to approve minutes from February 27, 2018 concurrent meeting. All voted in favor. Motion carried.

5. Request for Qualifications and Interest in a Townhome Development in the Mound Harbor District in Mound, MN: Discussion and action to select the preferred developer

Catherine Pausche, Finance Director, summarized review of what was discussed at the previous February 27, 2018 meeting in which staff were directed to provide recommendations in response to the presentations and material submitted by the developers in response to the City request for qualifications and interest in the Mound Harbor District Townhome Development. The Council heard from 2 developers: Tom Bakritges, Director of Land Development, Homestead Partners and Mike Kevitt, Vice President of Land Development, SVK Development. Pausche reviewed the objectives from the previous meeting which are (1) obtain a competitive price for the land and maximize the market value of the completed development, (2) balance the intensity of use with preservation of public enjoyment of the area; and (3) complete the development in a timely manner with the developer independently financing all improvements.

Pausche continued the review of the concept plans presented from each developer. Homestead Partners proposed a 21 unit development, which Pausche pointed out fits within the footprint of the Staff concept plan and the idea there would be more circulation for the public to the downtown area and allowing for a restaurant parcel which will be set aside for future use. SVK Development, although similar, presented a detached style of townhome with a bit less public space being proposed. Pausche added that the SVK Development proposal suggested a build of 16-17 units and offered \$960K for the

parcel of land and Homestead offered \$660K with 21 units. Pausche said more units will provide higher tax revenue to the City over time and noted that both concepts were desirable, formidable offers of high quality. Pausche stated that both participants stated they were able and willing participants in moving forward in the land use process. Pausche reiterated that both proposals have many similarities which the City is looking for such as owner occupied properties with both presented proposals which are complimentary to the Villas on Lost Lake. Pausche also mentioned that Homestead provided for additional off-street parking and SVK for stormwater management, as well as both demonstrated high end finishes which will support higher market value.

Pausche referenced the Staff memo observation that although there are many benefits to the stand alone units in SVK's proposal, including windows which takes advantage of views, the City does not want the development to have a single-family residential neighborhood feel. Pausche said Homestead's design compliments the Villas by using slab-on-grade flush with the trails and public spaces and achieves the medium density targets for the area, therefore Staff recommends proceeding to negotiate a purchase and development agreement with Homestead Partners with SVK as the alternate.

Mayor Wegscheid said he was glad all City parties took the time to pause and consider all the information presented by the developers. Wegscheid stated he appreciated Staff's reflection on both proposals. Wegscheid also stated that both participants are highly qualified parties and thanked both parties for their time and effort in this process.

Peterson added that she felt both proposals were great but that the Homestead Partners option feels more like downtown and more aligned with what the public has been requesting.

6. Council Action: Action on a resolution authorizing staff to negotiate the terms of a purchase agreement for consideration by the HRA Board and City Council with Homestead Partners

MOTION by Peterson, seconded by Bergquist, to authorize staff to negotiate the terms of a purchase agreement for consideration by the HRA Board and City Council with Homestead Partners. All voted in favor. Motion carried.

RESOLUTION NO.18-29 : RESOLUTION AUTHORIZING STAFF TO NEGOTIATE THE TERMS OF A PURCHASE AGREEMENT FOR CONSIDERATION BY THE HRA BOARD AND CITY COUNCIL WITH HOMESTEAD PARTNERS

7. HRA Action: Action on a resolution authorizing staff to negotiate the terms of a purchase agreement for consideration by the HRA Board and City Council with Homestead Partners

Gillispie asked if there is a timeline as to when we would see a purchase agreement come back from the developer. Pausche stated that the City would be back with a progress report by the last meeting in April. Pausche added that the timeline is hopeful but there are variables to consider that could affect the proposed timeline. Pausche said that the intention is to keep the process moving forward. Smith added that Staff would like to meet with Homestead Partners and get the timeline nailed down and agreed that the timeline should keep moving forward for both the City and the developers benefit.

MOTION by Bergquist, seconded by Peterson, to authorize staff to negotiate the terms of a purchase agreement for consideration by the HRA Board and City Council with Homestead Partners. All voted in favor. Motion carried.

RESOLUTION NO. 18-03H: RESOLUTION AUTHORIZING STAFF TO NEGOTIATE THE TERMS OF A PURCHASE AGREEMENT FOR CONSIDERATION BY THE HRA BOARD AND CITY COUNCIL WITH HOMESTEAD PARTNERS

8. Council Action: Action on a resolution approving amended and restated Master Subordination Agreement and Estoppel Certificate related to the Indian Knoll Manor Project

Pausche stated that Aeon is modifying the Master Subordination Agreement for the mortgages on Balsam Hill to move the primary to MHFA (the end loans) in place of Wells Fargo who was the construction lender. Pausche noted that the City/HRA's place in line doesn't change and this is just a housekeeping issue.

MOTION by Gillispie, seconded by Salazar, to approve amended and restated Master Subordination Agreement and Estoppel Certificate related to the Indian Knoll Manor Project. All voted in favor. Motion carried.

RESOLUTION NO. 18-30: RESOLUTION APPROVING AMENDED AND RESTATED MASTER SUBORDINATION AGREEMENT AND ESTOPPEL CERTIFICATE RELATED TO THE INDIAN KNOLL MANOR PROJECT

9. HRA Action: Action on a resolution approving amended and restated Master Subordination Agreement and Estoppel Certificate related to the Indian Knoll Manor Project

MOTION by Gillispie, seconded by Salazar, to approve amended and restated Master Subordination Agreement and Estoppel Certificate related to the Indian Knoll Manor Project. All voted in favor. Motion carried.

RESOLUTION NO: 18-04H: RESOLUTION APROVING AMENDED AND RESTATED MASTER SUBORDINATION AGREEMENT AND ESTOPPEL CERTIFICATE RELATED TO THE INDIAN KNOLL MANOR PROJECT

10. Adjourn

MOTION by Bergquist, seconded by Gillispie, to adjourn at 7:53 p.m. All voted in favor. Motion carried.

Chair Mark Wegscheid

Attest: Catherine Pausche, Clerk