



CITY COUNCIL MINUTES

Richfield, Minnesota

Special Worksession

July 12, 2011

CALL TO ORDER

The meeting was called to order by Mayor Goettel at 5:30 p.m.

ROLL CALL

Council Members Present: Debbie Goettel, Mayor; Fred Wroge; Sue Sandahl; Pat Elliott; and Tom Fitzhenry.

Staff Present: Steven L. Devich, City Manager; Mike Eastling, Public Works Director; John Stark, Community Development Director; Karen Barton, Community Development Manager; and Cheryl Krumholz, Recording Secretary.

Item # 1	DISCUSSION REGARDING UPDATE FROM THE CORNERSTONE GROUP
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Colleen Carey, President of The Cornerstone Group, discussed the chain of events resulting in the current financial situation related to Kensington Park.

Julie Eddington, Kennedy and Graven, discussed the financial analysis as it relates to the bonds, tax increment financing and interfund loan on the subordinate mortgage on the property.

Ms. Carey explained an investor is being added, the property is not being sold because she remains a partner. A timeline should be clearer next week. The financial proposal to the investor has not changed but the sheriff sale made the processing go to a different department and now has to become familiar with the situation.

Ms. Eddington explained the processing of the costs for time spent by Kennedy and Graven and Ehlers which is billed to the City and passed on the Cornerstone.

She also explained the process of the appeal of the property tax by Cornerstone and calculating tax increment impacts.

Community Development Director Stark stated the actions taken were to protect the interests of the HRA and City.

Ms. Carey said she was optimistic for things to fall into place at Kensington but it's not a done deal.

Council Member Elliott expressed concern with explaining to constituents that if Kensington fails, the same developer may be seeking public financing for the proposed Lyndale Garden Center project.

Ms. Carey responded that she did not believe Kensington was a failure because it is a vibrant site that has done a lot for the neighborhood and City as a whole.

Council Member Wroge expressed concerns regarding the financing. He questioned The Cornerstone Group's stating Kensington's financial problems result from the I-494 Bridge project when other businesses in the same area stayed operative.

Mayor Goettel stated The Cornerstone Group is not walking away from Kensington.

Council Member Sandahl stated her concern was that the City not lose any money and she is confident that will not happen and is comfortable with proceeding.

Ms. Carey discussed the proposed Lyndale Garden Center concept, timeline, financing and parking options to be resolved. The project is a mixed-use town home center on two parcels, including anchor space, flex space and housing. Economically it makes sense to re-use the current garden center since it has been determined to be sound.

Ms. Carey discussed Minnesota Life College as a potential part of the project.

Ms. Carey explained the funding stages related to the Lyndale Garden Center purchase agreement, including the sources and uses funds, final project budget and short term acquisition funds.

Mayor Goettel expressed support for the proposed Lyndale Garden Center project, including the Minnesota Life College partnership.

Ms. Carey said Kensington is successful because the City and developer worked together in helping get priorities completed. She said she was asking for the City Council's feedback on supporting or not supporting the proposed Lyndale Garden Center project before proceeding financially.

Council Member Sandahl expressed her support for the project to go forward.

Council Member Fitzhenry stated he was concerned financially but supported the improvement to the area.

Council Member Elliott stated there are always reservations but he was willing to move forward to see what develops.

Council Member Wroge stated he would wait to see what happened and hoped for success.

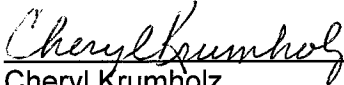
Item # 2	DISCUSSION REGARDING SIDEWALK SNOWPLOWING
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Due to lack of time, this item was deferred to a future meeting.

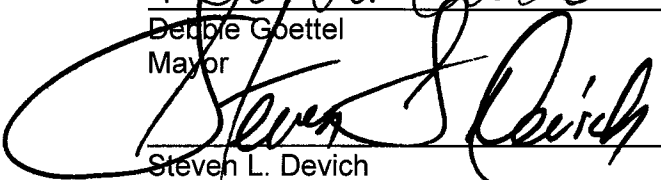
ADJOURNMENT

The meeting was adjourned by unanimous consent at 6:55 p.m.

Date Approved: July 26, 2011


Cheryl Krumholz
Recording Secretary


Debbie Goettel
Mayor


Steven L. Devich
City Manager