

**OSSEO ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING MINUTES
August 14, 2023**

1. ROLL CALL

President Poppe called the regular meeting of the Osseo Economic Development Authority to order at 6:00 p.m., Monday, August 14, 2023.

Members present: Teresa Aho, Deanna Burke, Mark Cook, Ashlee Mueller, Kenny Nelson, Duane Poppe, and Mark Schulz.

Members absent: None.

Staff present: Executive Director Riley Grams, Rebecca Kurtz, Ehlers & Associates; and City Attorney Mary Tietjen.

Others present: James Kelly, City Resident; John Hall, City Resident.

2. OATH OF OFFICE - MARK COOK

City Attorney Tietjen administered the Oath of Office to newly appointed EDA Member Mark Cook. A round of applause was offered by all in attendance.

3. ELECTION OF EDA OFFICERS

Grams requested the EDA elect a new Treasurer.

Nelson stated he would be willing to serve as the Treasurer.

A motion was made by Schulz, seconded by Aho, to elect Kenny Nelson Treasurer of the EDA. The motion carried 7-0.

4. APPROVAL OF AGENDA

A motion was made by Schulz, seconded by Mueller, to approve the Agenda as presented. The motion carried 7-0.

5. APPROVAL OF MINUTES – JUNE 12, 2023

A motion was made by Nelson, seconded by Aho, to approve the minutes of June 12, 2023, as presented. The motion carried 7-0.

6. MATTERS FROM THE FLOOR – None

7. PUBLIC HEARINGS – None
8. ACCOUNTS PAYABLE

Grams presented the EDA Accounts Payable listing.

A motion was made by Schulz, seconded by Mueller, to approve the Accounts Payable. The motion carried 7-0.

9. OLD BUSINESS – None
10. NEW BUSINESS

A. ANNUAL TAX INCREMENT FINANCING PRESENTATION

Rebecca Kurtz, Ehlers & Associates, provided the EDA with a presentation on Tax Increment Financing (TIF). She explained TIF was the ability to capture and use most of the increase in local property tax revenues from new development with a defined geographic area for a defined period of time without approval of the other taxing jurisdictions. She described why City's opt to take part in economic development strategies, which included creating or retaining jobs, redeveloping blighted areas, remediating polluted sites, constructing affordable housing, increasing the tax base and changing community market conditions. She explained TIF provides a manner in which to fill a financing gap for developments that normally wouldn't occur "but for". She commented further on how financial gaps occur within development projects. She reviewed the common forms of TIF financing, commented further on the different types of TIF districts, and described the TIF districts the City currently has in place.

Nelson asked if overall property taxes would be lower if TIF districts were paying their full amount. Ms. Kurtz explained TIF districts are paying their full property tax amount, but not the increased full value of their property taxes. She reported the City's tax capacity would increase once a TIF district expired.

Grams questioned what would cause a TIF district to not be paid in full. Ms. Kurtz stated there are several scenarios on why an obligation may not be paid in full. She described how the State of Minnesota reestablished its property tax system, which impacted TIF calculations, and therefore impacted tax increment. She indicated another challenge with TIF was that she made projections on what future values will be prior to the project beginning, which can create a gap. She reiterated that Paygo notes were the responsibility of the developer and not the City.

Nelson asked if failed TIF notes impact a City's credit rating. Ms. Kurtz explained the City issues Pay-as-you-go (PAYGO) notes, which places the risk on the developer. Therefore, the default is not on the City, but rather would fall on the developer.

Aho inquired what the benefit was of paying off a TIF note early. Ms. Kurtz reported the City would then realize the increase in the tax base sooner than anticipated.

11. REPORTS OR COMMENTS: Executive Director, President, Members

Grams welcomed Commissioner Cook to the EDA.

Nelson suggested the City consider putting picnic tables or other seating between 3rd and 4th along Central Avenue for local businesses to take advantage of.

Nelson commented further on the importance of having a variety of housing options available to residents.

Nelson sent his deepest condolences to the Harold Johnson family.

12. ADJOURNMENT

A motion was made by Mueller, seconded by Schulz, to adjourn at 6:58 p.m. The motion carried 7-0.

Respectfully submitted,

Heidi Guenther
Minute Maker Secretarial