



1. ROLL CALL
2. ELECTION OF OFFICERS
3. APPROVAL OF AGENDA
4. APPROVAL OF MINUTES – January 3, 2012
5. MATTERS FROM THE FLOOR
6. SPECIAL BUSINESS
7. APPROVAL OF ACCOUNTS PAYABLE
8. OLD BUSINESS
 - A. Approve Amendment to EDA Bylaws Resolution
 - B. Approve Development Agreement for Iten Building
 - C. Update on Block 6 Redevelopment with Beard Group
9. NEW BUSINESS
 - A. Discuss Roberts Rules of Order at Commission Meetings
10. REPORTS OR COMMENTS: Executive Director, President, Members
11. ADJOURNMENT

*****Please note that a work session has been scheduled before the meeting at 6:00 pm in the Council Chambers to receive an update from the Beard Group on the Block 6 Redevelopment Project.**

Reports:
Strategic Plan
Celtic Crossing
Council Approval of Steeple Point Consolidation



City of Osseo EDA Meeting Item

Subject: Election of Officers for EDA

Meeting Date: February 6, 2012

Prepared by: LeAnn Larson, Deputy Clerk

Copies to: Jeffrey Dahl, City Administrator

Attachments: Excerpt from EDA Bylaws

Background:

Officers for the Economic Development Authority are elected annually. Please see the attached "Article III-Officers" from the EDA Bylaws.

Officers elected in March 2011 were:

President	Kevin Rebman
Vice President	Will Lienemann
Secretary	LeAnn Larson
Treasurer	Duane Poppe
Assistant Treasurer	Jeffrey Dahl

Recommendation/Action Requested:

Staff recommends the EDA consider the annual slate of officers for the EDA.

ARTICLE III - OFFICERS

Section 1. Officers. The officers of the Authority shall be a President, a Vice-President, a Treasurer, an Assistant Treasurer, and a Secretary. All officers shall be elected annually by the Authority. The President, the Vice-President, and the Treasurer shall be members of the Board, the Secretary and the Assistant Treasurer need not be members of the Board. No commissioner may be both President and Vice-President simultaneously and the President and Vice-President shall not hold any other office with the Authority. No commissioner may be both Treasurer and Assistant Treasurer simultaneously. The Treasurer must be a member of the City Council. The Board member elected as President shall not be a City Council member. The office of Assistant Treasurer may be held by the Executive Director.

Section 2. President. The President shall preside at all meetings of the board. Except as otherwise authorized by resolution of the Board, the President shall sign all contracts, deeds, and other instruments made or executed by the Authority. At each meeting the President shall submit such recommendations and information as he or she may consider proper concerning the business, affairs, and policies of the Authority.

Section 3. Vice-President. The Vice-President shall perform the duties of the President in the absence or incapacity of the President; and in case of the resignation or death of the President, the Vice-President shall perform such duties as are imposed on the President until such time as the Board shall elect a new President.

Section 4. Secretary. The Secretary shall keep minutes of all meetings of the Board and shall maintain all records of the Authority. The Secretary shall also have such additional duties and responsibilities as the Board may from time to time and by resolution prescribe.

Section 5. Treasurer. The Treasurer shall have the care and custody of all funds of the Authority and shall deposit the same in the name of the Authority in such bank or banks as the Board may select. The Treasurer shall sign all Authority orders and checks for the payment of money and shall pay out and disburse such moneys under the direction of the Board. The Treasurer shall keep regular books of accounts showing receipts and expenditures and shall render to the Board, at least annually (or more often when requested), an account of such transactions and also of the financial condition of the Authority.

Section 6. Assistant Treasurer. The Assistant Treasurer has the powers and duties of the Treasurer if the Treasurer is absent or disabled.

Section 7. Additional Duties. The officers of the Authority shall perform such other duties and functions as may from time to time be required by the Board or the bylaws or rules and regulations of the Authority.

Section 8. Vacancies. Should the office of President, Vice-President, Treasurer, Assistant Treasurer, or Secretary become vacant, the Board shall elect a successor from its membership at the next regular meeting, or at a special meeting called for such purpose, and such election shall be for the unexpired term of said officer.

**OSSEO ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING MINUTES
January 3, 2012**

1. ROLL CALL

President Kevin Rebman called the regular meeting of the Osseo Economic Development Authority to order at 7:00 p.m., Tuesday, January 3, 2012.

Members present: Allan Hartkopf, Terry McNeil, Chris Mercadante, Duane Poppe, Kevin Rebman, and Dan Sadler.

Member absent: Will Lienemann.

Staff present: Executive Director Jeffrey Dahl and City Attorney Loren Magsam.

Others present: Ron Barger, Dan Spanier, and Al Lindquist.

2. APPROVAL OF AGENDA

A motion was made by Poppe, seconded by Mercadante, to approve the Agenda as presented. The motion carried 6-0.

3. APPROVAL OF MINUTES – December 5, 2011

A motion was made by Sadler, seconded by Poppe, to approve the minutes of December 5, 2011, as presented. The motion carried 6-0.

4. MATTERS FROM THE FLOOR – None.

5. SPECIAL BUSINESS – None.

6. ACCOUNTS PAYABLE

Dahl presented the EDA Accounts Payable listing.

A motion was made by Poppe, seconded by Hartkopf, to approve the Accounts Payable (Listing EDA-YE 2011, run 12/28/11, 12:13 PM, for \$2,701.64). The motion carried 6-0.

7. OLD BUSINESS

A. APPROVE DEVELOPMENT AGREEMENT FOR ITEN BUILDING

Executive Director Jeffrey Dahl stated at the November meeting the EDA directed staff to work with Dan Spanier of Osseo Historic Development, LLC on a purchase agreement to sell the Iten Building. More specifically, the direction authorized staff to negotiate an agreement at a sale price of \$85,000, with the purchaser assuming the levied and pending special assessments.

Dahl explained that he met with Mr. Spanier and developed a development agreement and minimum assessment agreement. The highlights of the agreement are:

- Sale of the building for \$85,000 and payment of special assessments;
- Agreement of a minimum tax value of \$400,000;

- Property shall memorialize the “Iten Building” with approved signage’
- Work must be complete within one year;
- Developer must insure the building; and
- Developer cannot sell building without EDA approval.

Dahl explained he spoke with Mr. Spanier today regarding construction expenses for the property. There was also some concern with the minimum assessment time period and requested that action on this item be delayed.

Dan Spanier, 208 4th Avenue NE, addressed the EDA and expressed concern with the minimum tax value placed on his property and how this would affect financing. He was also concerned with the fact he would need EDA approval to sell the building. He requested these items be removed from the development agreement. Mr. Spanier was interested in pursuing this property if the changes were made.

Rebman apologized to Mr. Spanier for not speaking to him prior to this evening’s meeting.

Mercadante questioned why this property was valued at \$400,000. He felt this value was much too high considering the current values on the surrounding properties. He also felt the purchaser had the right to sell the property without EDA approval.

Rebman indicated a committee discussed the property value. He said City Attorney Loren Magsam stated the rationale was the property was currently taxed at \$362,000 and the hope was to have the property improve, therefore increasing the value of the building. A concern expressed by the EDA was that selling the building for only \$85,000 could reduce property values along main street. The assessed value of \$400,000 would alleviate this concern. The minimum value would only remain for five years and after that time would be market driven. An alternative would be to review the proposed improvements and assess the potential value based on these plans.

Rebman questioned if the EDA was more comfortable with \$370,000 versus \$400,000. He was in favor of maintaining a minimum assessed value to protect property values.

McNeil asked if the City received any comments from Hennepin County regarding the assessed value of properties. Dahl noted the City did hear back from Hennepin County and the County did not see that the special sale of this property would adversely affect property values.

Sadler explained this was one of his concerns and wished staff would have passed this information along to the EDA. Dahl stated he did forward the letter along electronically to the EDA and apologized to Sadler for the miscommunication.

Mercadante indicated the comments from the County Assessor should alleviate the concerns of the EDA and that property values would not be affected by the sale of the Iten Building. He did not feel the value should be elevated to \$400,000.

Rebman questioned if the EDA would be more comfortable at an assessed value of \$362,000.

Sadler commented the Iten Building was larger than the bakery and other buildings on Central Avenue, and the assessed values could not be equally compared. He was in favor of a minimum assessed value.

Rebman asked what the concerns were from the bank with the minimum assessed value. Mr. Spanier stated the concerns were that the monthly taxes were almost \$2,000 a month and they

did not want the site foreclosed. The bank was also concerned with the need to seek approval from the EDA in order to sell the site.

McNeil felt there was no need for the minimum assessment value. He suggested this was an overextension of the government and was not necessary. This property has been for sale for some time now, and the EDA needed to proceed with the sale. McNeil asked why the developer could not sell the building without EDA approval.

Poppe understood the concern to keep taxable values up along Central Avenue. However, he worried about over-burdening the developer. Poppe wanted to be certain that the building would be improved. He felt the vision and plans of the developer provided enough guidance for the site that the assessed minimum could be done away with.

Rebman stated the minimum assessed value had not been used in the past. He felt the stipulations protected the City and provided greater vision for the site.

Sadler was in favor of the minimum assessed tax value, as this would ensure the developer would improve and add value to the property.

Mercadante indicated the EDA has reviewed the proposed plans from the developer. He felt the City had to trust that the developer would follow through with his plans and improve the property.

Rebman explained that this was the reasoning for establishing the \$400,000 minimum assessed value. He did not want to leave the future assessed values of properties along Central Street in jeopardy.

McNeil said he regrets that the property was not appraised prior to this whole process. He indicated the market was not driving the price higher.

Rebman questioned how the EDA would like to proceed with the development agreement.

Poppe suggested the assessed minimum value be put into place after one year if no improvements are made to the property. This would ensure the developer was following through with his proposed plans.

Mercadante asked if the developer's plans and the potential increase in value would be sufficient, to forego the need to set in place a minimum assessed value.

Rebman stated if the property were to foreclose after a year or two the overall impact on Main Street would be devastating if a minimum assessed value was not in place.

McNeil indicated a requirement to have the property ready for occupancy or a tenant in one year would require the developer to invest in the site. He was not comfortable with setting a minimum tax assessment value on this property.

Dahl indicated the development agreement was a fluid document and could be revised or amended in the future.

Rebman was in favor of discussing this item further in a work session.

A motion was made by Sadler, seconded by Hartkopf, to table action on this item to the February EDA meeting. The motion carried 4-2 (Mercadante & McNeil-nay).

B. APPROVE AMENDMENT TO EDA BYLAWS

Dahl stated at its December meeting the EDA directed staff to draft amended bylaws that includes requirements of annual approval of the general operating budget and annual approval of a strategic plan. He reviewed the revised language in detail with the EDA and recommended approval of the draft amended EDA bylaws.

Rebman indicated the language stating the budget would be reviewed by the Council was redundant as all information was reviewed by the Council.

A motion was made by Sadler, seconded by Poppe, to approve the amended EDA Bylaws with the change noted above. The motion carried 6-0.

C. CONSIDER AMENDMENT TO LETTER OF INTENT WITH THE BEARD GROUP

Dahl stated the EDA authorized the agreement of a Letter of Intent with the Beard Group at its October 3, 2011, meeting. The agreement indicated a termination date of January 31, 2012. Staff and the Block 6 Committee met with representatives from the Beard Group on December 22. The Beard Group has accomplished most of the market research associated with a potential project but has requested a two month extension. The extension will allow additional time for a future work session and more formal presentation to the EDA in February or March. Dahl recommended the EDA authorize an extension to the Letter of Intent to March 31, 2012.

A motion was made by Hartkopf, seconded by Mercadante, to approve the amendment to the Letter of Intent with the Beard Group, allowing an extension to March 31, 2012. The motion carried 5-1 (McNeil-nay).

8. NEW BUSINESS

A. RECEIVE TIF UPDATE FROM EHLERS AND ASSOCIATES

Dahl stated the Council Budget and Finance Committee has recently met with Rebecca Kurtz with Ehlers and Associates, the City's Financial Advisors, to discuss ways to consolidate outstanding City/EDA debt while increasing the City tax base. Because this topic pertains to the EDA, President Rebman was involved in the meeting. Dahl indicated that Ms. Kurtz was in attendance to discuss the matter further with the EDA. Staff recommends the EDA move forward with pursuing debt pay off of Steeple Point (TIF District 2-2) and declaring Celtic Crossing Development Agreement (TIF District 2-6) to be in default and sending notice to the developer.

Rebecca Kurtz, Ehlers and Associates, introduced herself to the EDA and stated there were several actions the City and EDA could take to reduce debt. She noted several of the older bond issues were tied to redevelopment. Kurtz recommended the fund balance within the Steeple Point TIF District 2-2 be used to pay off 2003 bonds and TIF obligations. The City could then decertify this TIF district and would increase its bond capacity by \$91,275. She reviewed how this process would take place. This would place the property back on the tax rolls for 2013.

Ms. Kurtz indicated another area of interest would be the Celtic Crossing TIF District 2-6. This redevelopment district was established in 2002 and has an internal EDA loan remaining in the amount of \$64,218. The project has not been completed and a note for the project was not issued. The developer was in default which created options for the Council and EDA. She

recommended the minimum improvements and timeline be reviewed within the development agreement.

Ms. Kurtz stated there was a five-year rule within the district and indicated TIF District 2-6 had a fund balance of \$367,800 with a tax capacity of \$25,981. She noted if the EDA chose to declare the agreement in default and decertified the district, it would increase the City's tax capacity by approximately \$26,000. The fund balance could be used to pay off the EDA inter-fund loan. Ms. Kurtz noted the remaining districts did not warrant a change at this time.

Dahl asked if the City was at risk if no action was taken at this time on District 2-6. Ms. Kurtz explained the City has been filing reports on this development since 2002 and she believed there was some risk if the reports were audited by the State, as there was not a valid development.

Sadler requested further information on the Celtic Crossing development. Dahl indicated the sewer replacement expenses would be reimbursed if the terms of the development agreement were met. This has not been the case.

Sadler questioned if staff had been in contact with the owners of Celtic Crossing. Dahl stated the owners came to a meeting six months ago and indicated they were working with a senior housing developer. However, this appears to have fallen through. Additional issues were discussed with the owner several months ago. Dahl felt the first step would be for the City to recognize the development agreement was in default and either decertify the TIF District or amend the agreement.

Poppe asked if an amendment to the agreement would prolong the TIF District. Ms. Kurtz stated there was a maximum of 26 years on the TIF District.

A motion was made by Mercadante, seconded by McNeil, to declare the Celtic Crossing Development Agreement to be in default and direct staff to send notice to the developer thereof. The motion carried 6-0.

McNeil requested further information on the Steeple Point recommendation. Ms. Kurtz reviewed her recommendation and the numbers for TIF District 2-2 with the EDA in further detail. She noted approval of the staff recommendation would potentially increase the City bond rating.

Poppe questioned if the inter-fund loan payoff would place funds back into the EDA general fund. Ms. Kurtz stated she was uncertain as to the originals of these funds but thought these funds would be placed back into the EDA general fund.

A motion was made by Poppe, seconded by Mercadante, to direct staff to pay off Steeple Point debt, the 2003B bonds, the internal EDA inter-fund loan, and decertify TIF District 2-2 as outlined in the staff memo.

Sadler asked if any action was needed from the EDA on any other TIF districts. Dahl stated not at this time. There were no savings as found with the two recommended districts.

The motion carried 6-0.

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

Dahl reported the City has three vacant Planning Commission appointments for this year.

McNeil commented the Osseo Community Foundation donated \$2,200 to the City of Osseo for Concerts in the Park. In addition, he would like to discuss further the powers of the President of the EDA as it pertains to Roberts Rules of Order.

Mercadante agreed to place this issue on a future agenda.

10. ADJOURNMENT

A motion was made by Hartkopf, seconded by Sadler, to adjourn at 8:32 p.m. The motion carried 6-0.

Respectfully submitted,

Heidi Guenther
TimeSaver Secretarial

CITY OF OSSEO

7.

Accounts Payable Listing

020612EDA

2012

2

Check Name	Comments	Amount
CARROLL COUNTY STATE BANK	Developers payment & TIF Credit	\$33,959.00
CARROLL COUNTY STATE BANK	Developers payment & TIF Credit	\$13,918.00
CENTER POINT ENERGY	Gas - Ilen building	\$358.51
COTTENS AUTOMOTIVE SUPPLY TIF	Developers Payment	\$10,739.00
ECONOMIC DEVELOPMENT ASSOC	2012 Membership	\$250.00
EHLERS & ASSOCIATES, INC	2011 TIF Analysis	\$190.00
EHLERS & ASSOCIATES, INC	2011 TIF Analysis	\$190.00
EHLERS & ASSOCIATES, INC	2011 TIF Analysis	\$190.00
EHLERS & ASSOCIATES, INC	2011 TIF Analysis	\$190.00
EHLERS & ASSOCIATES, INC	2011 TIF Analysis	\$190.00
EHLERS & ASSOCIATES, INC	2011 TIF Analysis	\$190.00
EHLERS & ASSOCIATES, INC	2011 TIF Analysis	\$190.00
HENNEPIN CTY TREASURER-A600	TIF Admin fees - 2415	\$554.20
HENNEPIN CTY TREASURER-A600	TIF Admin fees - 2411	\$417.23
HENNEPIN CTY TREASURER-A600	TIF Admin fees - 2416	\$472.07
HENNEPIN CTY TREASURER-A600	TIF Admin fees - 2417	\$460.12
HENNEPIN CTY TREASURER-A600	TIF Admin fees - 2418/2419	\$780.17
HENNEPIN CTY TREASURER-A600	TIF Admin fees - 2420	\$781.44
HENNEPIN CTY TREASURER-A600	TIF Admin fees - 2421	\$600.96
HENNEPIN CTY TREASURER-A600	TIF Admin fees - 2422	\$493.39
HENNEPIN CTY TREASURER-A600	TIF Admin fees - 2423	\$435.84
HENNEPIN CTY TREASURER-A600	TIF Admin fees - 2410	\$536.31
LOREN A MAGSAM	Service thru 1/15/12	\$420.00
TIMESAVER OFF SITE	January 3 2012 minutes	\$137.50
WILEY ENTERPRISES	Developers Payment	\$23,828.00
XCEL ENERGY	Electric - 232 Central - Credit	-\$8.45
XCEL ENERGY	Electric - 232 Central Nov - Dec	\$50.69
XCEL ENERGY	Electric - 232 Central Dec - Jan	\$59.57
		<u>\$90,573.55</u>

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Payments

Current Period: FEBRUARY 2012

Batch Name	020612EDA	User Dollar Amt	\$90,573.55		
Payments		Computer Dollar Amt	\$90,573.55		
				\$0.00	In Balance
Refer	2	<u>CARROLL COUNTY STATE BANK</u>			
Cash Payment	E 806-71000-315 DEVELOPER PMT	Developers payment & TIF Credit		\$33,959.00	
Invoice					
Cash Payment	E 806-71000-315 DEVELOPER PMT	Developers payment & TIF Credit		\$13,918.00	
Invoice					
Transaction Date	2/1/2012	EDA PREMIER CHE	10110	Total	\$47,877.00
Refer	1	<u>CENTER POINT ENERGY</u>			
Cash Payment	E 801-71000-390 GAS - HEATING	Gas - Iten building		\$358.51	
Invoice					
Transaction Date	2/1/2012	EDA PREMIER CHE	10110	Total	\$358.51
Refer	3	<u>COTTENS AUTOMOTIVE SUPPLY</u>			
Cash Payment	E 820-71000-315 DEVELOPER PMT	Developers Payment		\$10,739.00	
Invoice					
Transaction Date	2/1/2012	EDA PREMIER CHE	10110	Total	\$10,739.00
Refer	4	<u>ECONOMIC DEVELOPMENT ASSO</u>			
Cash Payment	E 801-71000-255 DUES & SUBSCRIPTIO	2012 Membership		\$250.00	
Invoice					
Transaction Date	2/1/2012	EDA PREMIER CHE	10110	Total	\$250.00
Refer	5	<u>EHLERS & ASSOCIATES, INC</u>			
Cash Payment	E 806-71000-310 OTHER PROFESSIONA	2011 TIF Analysis		\$190.00	
Invoice	344086				
Cash Payment	E 811-71000-310 OTHER PROFESSIONA	2011 TIF Analysis		\$190.00	
Invoice	344086				
Cash Payment	E 812-71000-310 OTHER PROFESSIONA	2011 TIF Analysis		\$190.00	
Invoice	344086				
Cash Payment	E 813-71000-310 OTHER PROFESSIONA	2011 TIF Analysis		\$190.00	
Invoice	344086				
Cash Payment	E 819-71000-310 OTHER PROFESSIONA	2011 TIF Analysis		\$190.00	
Invoice	344086				
Cash Payment	E 824-71000-310 OTHER PROFESSIONA	2011 TIF Analysis		\$190.00	
Invoice	344086				
Cash Payment	E 825-71000-310 OTHER PROFESSIONA	2011 TIF Analysis		\$190.00	
Invoice	344086				
Transaction Date	2/1/2012	EDA PREMIER CHE	10110	Total	\$1,330.00
Refer	6	<u>HENNEPIN CTY TREASURER-A600</u>			
Cash Payment	E 811-71000-612 FISCAL AGENTS FEES	TIF Admin fees - 2410		\$536.31	
Invoice					
Cash Payment	E 811-71000-612 FISCAL AGENTS FEES	TIF Admin fees - 2411		\$417.23	
Invoice					
Cash Payment	E 812-71000-612 FISCAL AGENTS FEES	TIF Admin fees - 2415		\$554.20	
Invoice					
Cash Payment	E 813-71000-310 OTHER PROFESSIONA	TIF Admin fees - 2416		\$472.07	
Invoice					

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Payments

Current Period: FEBRUARY 2012

Cash Payment	E 812-71000-612 FISCAL AGENTS FEES	TIF Admin fees - 2417		\$460.12
Invoice				
Cash Payment	E 819-71000-310 OTHER PROFESSIONA	TIF Admin fees - 2418/2419		\$780.17
Invoice				
Cash Payment	E 806-71000-310 OTHER PROFESSIONA	TIF Admin fees - 2420		\$781.44
Invoice				
Cash Payment	E 819-71000-310 OTHER PROFESSIONA	TIF Admin fees - 2421		\$600.96
Invoice				
Cash Payment	E 824-71000-310 OTHER PROFESSIONA	TIF Admin fees - 2422		\$493.39
Invoice				
Cash Payment	E 825-71000-310 OTHER PROFESSIONA	TIF Admin fees - 2423		\$435.84
Invoice				
Transaction Date	2/1/2012	EDA PREMIER CHE 10110	Total	\$5,531.73
Refer	7	MAGSAM LOREN A		
Cash Payment	E 801-71000-304 LEGAL SERVICES - CIV	Service thru 1/15/12		\$420.00
Invoice				
Transaction Date	2/1/2012	EDA PREMIER CHE 10110	Total	\$420.00
Refer	8	TIMESAVER OFF SITE SECRETARI		
Cash Payment	E 801-71000-310 OTHER PROFESSIONA	January 3 2012 minutes		\$137.50
Invoice	M18839-EDA			
Transaction Date	2/1/2012	EDA PREMIER CHE 10110	Total	\$137.50
Refer	9	WILEY ENTERPRISES		
Cash Payment	E 813-71000-315 DEVELOPER PMT	Developers Payment		\$23,828.00
Invoice				
Transaction Date	2/1/2012	EDA PREMIER CHE 10110	Total	\$23,828.00
Refer	10	XCEL ENERGY		
Cash Payment	E 801-71000-380 ELECTRIC	Electric - 232 Central Nov - Dec		\$50.69
Invoice				
Cash Payment	E 801-71000-380 ELECTRIC	Electric - 232 Central Dec - Jan		\$59.57
Invoice				
Cash Payment	E 801-71000-380 ELECTRIC	Electric - 232 Central - Credit		-\$8.45
Invoice				
Transaction Date	2/1/2012	EDA PREMIER CHE 10110	Total	\$101.81

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Payments

Current Period: FEBRUARY 2012

Fund Summary

	10110 EDA PREMIER CHECKING
801 GENERAL EDA	\$1,267.82
806 REALIFE COOP	\$48,848.44
811 DOWNTOWN PROJECT DEBT	\$1,143.54
812 STEEPLEPOINT TIF DEBT 2003 B	\$1,204.32
813 WILEY PROJECT	\$24,490.07
819 CELTIC CROSSING CONDOS	\$1,571.13
820 COTTONS-NAPA-TIF	\$10,739.00
824 BARGER PROJECT 2-7 - 824	\$683.39
825 LANCOR/LYNDES INN	\$625.84
	<hr/>
	\$90,573.55

Pre-Written Check	\$0.00
Checks to be Generated by the Compute	\$90,573.55
Total	<hr/>
	\$90,573.55



City of Osseo EDA Meeting Item

Subject: Discuss Amendments to EDA By-laws

Meeting Date: February 6, 2012

Prepared by: Jeffrey Dahl, Executive Director

Copies to: Loren Magsam, City Attorney

Attachments: Resolution

Update:

At its January meeting, the EDA approved amendments to EDA By-laws. However, the current By-laws indicate that a resolution is needed for amendments.

ARTICLE V - MISCELLANEOUS

Section 1. Amendments to Bylaws. The bylaws of the Authority shall be amended only by resolution approved by at least four (4) of the members of the board. Amendments to the Bylaws must be approved by the City Council of the City of Osseo before becoming effective.

See the attached draft resolution with the amendments to the EDA By-laws.

Options:

The EDA may choose to:

1. Approve the draft amended EDA By-laws;
2. Approve a variation of the attached resolution draft EDA By-laws;
3. Table action to consider additional information; or

Recommendation/Action Requested:

Staff recommends option #1, approving the resolution.

Next Steps:

Upon approval of the resolution and Council confirmation, the EDA shall annually adopt an operating budget (Fall) and create/update its Strategic Plan (Winter).

EDA RESOLUTION NO. 2012-____

RESOLUTION AMENDING BYLAWS TO REQUIRE ADOPTION OF ANNUAL GENERAL OPERATING BUDGET AND TO REQUIRE ANNUAL ANALYSIS OF TAX INCREMENT AND OTHER SPECIAL REVENUE FUNDS AND TO REQUIRE ADOPTION ANNUALLY OF A STRATEGIC PLAN

IT IS HEREBY RESOLVED by the Economic Development Authority of the City of Osseo as follows:

WHEREAS, the Economic Development Authority of the City of Osseo has adopted Bylaws which govern the actions and operations of the Authority; and

WHEREAS, Article V, Section 1 of said Bylaws provides that “The bylaws of the Authority shall be amended only by resolution approved by at least four (4) of the members of the board. Amendments to the Bylaws must be approved by the City Council of the City of Osseo before becoming effective.”; and

WHEREAS, the Authority did consider certain amendments to the Authority’s Bylaws at its January 3, 2012 meeting, specifically adding sections 4, 5 and 6 to Article V, providing as follows:

Section 4: Annual General Operating Budget. The Authority shall adopt an annual general operating budget.

Section 5: Tax Increment and Other Special Revenue Funds. In addition to the City’s annual Audit, the Authority shall annually conduct an analysis of its Tax Increment and Other Special Revenue Funds by its Financial Advisor.

Section 6: Strategic Plan. The Authority shall annually adopt a Strategic Plan that promotes and provides incentives for economic development in the City.

which amendments were approved by motion; and

WHEREAS, the Authority wishes to amend the Authority’s Bylaws accordingly by this resolution subject to approval by the City Council of the City of Osseo.

NOW, THEREFORE, BE IT RESOLVED that the Authority’s Bylaws are hereby amended by adding sections 4, 5 and 5 to Article V, providing as follows:

Section 4: Annual General Operating Budget. The Authority shall adopt an annual general operating budget.

Section 5: Tax Increment and Other Special Revenue Funds. In addition to the City’s annual Audit, the Authority shall annually conduct an analysis of its Tax Increment and Other Special Revenue Funds by its Financial Advisor.

Section 6: Strategic Plan. The Authority shall annually adopt a Strategic Plan that promotes and provides incentives for economic development in the City.

the following members voted in favor thereof:

and the following members voted against the same:

whereupon said resolution was declared duly passed and adopted by the Economic Development Authority of the City of Osseo this 6th day of February, 2012.

President

Attest:

Jeffrey Dahl, Executive Director

**LOREN A. MAGSAM
ATTORNEY AT LAW
33 FOURTH STREET NW
OSSEO, MN 55369
763-434-3733 TELEPHONE
763-425-3672 FAX**

To: President and Commissioners, Osseo Economic Development Authority
From: Loren A. Magsam, City Attorney
RE: 226 Central Avenue, Osseo
Date: February 2, 2012

Consideration of negotiating a sale of the property at 226 Central Avenue (the "Iten Building") has been considered at prior EDA meetings. One of the issues considered by the EDA was what, if any, effect would the sale of the property have on the assessed values of other commercial property in Osseo. The EDA selected an interested purchaser and instructed staff to meet with the interested purchaser and negotiate the sale and a development agreement. The basic's of the sale were to be a purchase price of \$85,000 with the purchaser assuming the special assessments and agreeing to memorialize the building as the "Iten Building" and agreeing to invest in improvements in accordance with the purchaser's proposal to purchase the property.

City staff did meet with the purchaser and prepared a proposed development agreement which incorporated the purchase price of \$85,000, assumption by the purchaser of the special assessments, memorialization as the "Iten Building" and included a minimum assessment agreement which provided a minimum assessed value of \$400,000 for a five year period and contained a restriction on transfer without EDA approval. The minimum assessment agreement was included because of the expressed concern of the impact on commercial property assessed values. The restriction on transfer was included for the purpose of protecting the minimum assessment agreement.

At the January 3, 2012 EDA meeting the proposed development agreement and minimum assessment agreement were presented for approval. At that meeting objections were raised regarding the minimum assessment agreement and the restriction on transfer without EDA approval. The matter was postponed to the February 2012 EDA meeting and an EDA work session was scheduled to discuss the matter further.

The EDA work session was held on January 31, 2012. While there was no clear consensus, staff was directed to revise the proposed development agreement to remove the minimum assessment agreement and to limit the restriction on transfer to expire once the memorialization as the "Iten Building" has been accomplished by the purchaser.

The proposed development agreement has been revised accordingly and is included in the packet.

Options:

- 1) approve the revised development agreement;
- 2) approve a development agreement with modifications;
- 3) postpone action on the development agreement to a later date with instructions to staff regarding further modifications; or
- 4) rejecting the proposed development agreement.

Recommended Action:

Motion to approve the revised development agreement.

Assuming that the EDA approves the revised development agreement, then a public hearing should be ordered to approve the sale of the property at 226 Central Avenue, Osseo, Minnesota. The hearing is required by Minnesota Statutes, Section 469.105, and the notice of the hearing must be published at least 10 days but not more than 20 days before the hearing. The notice of the hearing must state that the public can see the terms and conditions of the sale at the EDA's office. At the hearing the EDA must hear public comments and then decide if the sale is advisable.

Recommended Action:

Motion to schedule public hearing to be held on March 5, 2012, for the purpose of considering the sale of the property at 226 Central Avenue, Osseo, Minnesota, and directing staff to have a notice of the public hearing published in accordance with Minnesota Statutes, Section 469.105.

DEVELOPMENT AGREEMENT

BY AND BETWEEN

**THE CITY OF OSSEO
ECONOMIC DEVELOPMENT AUTHORITY**

AND

ITEN GARAGE, LLC, and DANIEL L. SPANIER

This document drafted by: Loren A. Magsam
Osseo City Attorney
33 Fourth Street NW
Osseo, MN 55369

02012012

This Agreement is made this _____ day of _____, 2012, by and between The City of Osseo Economic Development Authority ("EDA") and Iten Garage, LLC and Daniel L. Spanier (collectively "Developer").

RECITALS

The EDA is the owner of underdeveloped property located at 226 Central Avenue, Osseo, Minnesota, legally described as:

The North 36 feet of Lot 3 and the South 36 feet of Lot 4,
Block 18, Osseo, Hennepin County, Minnesota (the "Property")

which Property the EDA wishes to sell and have redeveloped for commercial use.

The Developer wishes to purchase the Property and redevelop it for commercial use in accordance with the terms and conditions of this Agreement.

This Agreement is intended as a redevelopment of the Property to enhance the value of the Property, to increase the tax base of the City of Osseo, to create employment opportunities and to attract viable businesses to the central business district of Osseo.

AGREEMENT

NOW, THEREFORE, for valuable consideration given and received, the EDA and the Developer AGREE as follows:

1. The EDA shall sell the Property to the Developer for the sum of Eighty-five Thousand and 00/100ths Dollars (\$85,000.00) with the Developer assuming all assessments levied or pending against the Property, conveyed by Warranty Deed subject to the conditions of Minnesota Statutes, sections 469.090 to 469.108 relating to the use of the Property, in accordance with the terms and conditions of this Agreement.

2. As provided by Minnesota Statutes, section 469.105, the Developer shall, within one year from the date of this Agreement, devote the Property to its intended use

or begin work on the improvements to the Property to devote it to the intended use.

3. The Developer shall memorialize the building as the "Iten Building" in a manner to be approved by the EDA, which approval shall not be unreasonably withheld.

4. The Developer may not assign or transfer its interest in or obligation under this Agreement without the prior written consent of the EDA until after the memorializing of the building has been completed.

5. This Agreement may not be modified except in writing signed by both parties.

6. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.

7. Should the Developer fail to perform its obligations under this Agreement, the EDA shall be entitled to all remedies available at equity or at law, specifically including the right to declare a breach of the covenant running with the land incorporating the conditions of Minnesota Statutes, sections 469.090 to 469.108 relating to the use of the Property.

Dated: _____, 2012

Osseo Economic Development Authority

By: _____

Its President

By: _____

Its Executive Director

Dated: _____, 2012

Iten Garage, LLC

By: _____

Its Chief Manager

Dated: _____,

2012

Daniel L. Spanier

STATE OF MINNESOTA)

) ss.

COUNTY OF HENNEPIN)

This instrument was acknowledged before me this _____ day of _____, 2012 by _____ and by Jeffrey Dahl, the President and Executive Director of the City of Osseo Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the public body corporate and politic.

Notary Public

STATE OF MINNESOTA)

) ss.

COUNTY OF HENNEPIN)

This instrument was acknowledged before me this _____ day of _____, 2012, by _____, the Chief Manager of Iten Garage, LLC, a limited liability company under the laws of Minnesota, on behalf of the limited liability company.

Notary Public

(Top 3 inches reserved for recording data)

WARRANTY DEED Except Assessments

Business Entity to Business Entity

DEED TAX DUE: \$ _____

DATE: _____, 2012

FOR VALUABLE CONSIDERATION, the City of Osseo Economic Development Authority, a public body corporate and politic, ("Grantor"), hereby conveys and warrants to Iten Garage, LLC, a limited liability company under the laws of Minnesota ("Grantee"), real property in Hennepin County, Minnesota, legally described as follows:

The north 36 feet of Lot 3 and the south 36 feet of Lot 4, Block 18, Osseo

Check here if all or part of the described real property is Registered (Torrens)

together with all hereditaments and appurtenances belonging thereto, subject to the lien of all unpaid special assessments and interest thereon and the following additional exceptions: real estate taxes due and payable, if any

Check applicable box:

- The Seller certifies that the Seller does not know of any wells on the described real property.
- A well disclosure certificate accompanies this document or has been electronically filed. (If electronically filed, insert WDC number: [...].)
- I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.

Grantor

CITY OF OSSEO ECONOMIC DEVELOPMENT AUTHORITY

By: _____

Its: President

By: _____

Its: Executive Director

State of Minnesota)
) ss.
County of Hennepin)

This instrument was acknowledged before me on _____, 2012, by _____ as President and by Jeffrey Dahl as Executive Director of the City of Osseo Economic Development Authority, a public body corporate and politic under the laws of Minnesota, on behalf of the public body corporate and politic.

(Seal, if any)

(signature of notarial officer)

Title (and Rank): _____

My commission expires: _____
(month/day/year)

THIS INSTRUMENT WAS DRAFTED BY:
Loren A. Magsam
Attorney at Law
33 Fourth Street NW
Osseo, MN 55369

TAX STATEMENTS FOR THE REAL PROPERTY DESCRIBED IN THIS INSTRUMENT SHOULD BE SENT TO:
Iten Garage, LLC
c/o Daniel L. Spanier
208 Fourth Avenue NE
Osseo, MN 55369

**THE CITY OF OSSEO ECONOMIC DEVELOPMENT AUTHORITY
NOTICE OF PUBLIC HEARING
SALE OF PROPERTY**

TO WHOM IT MAY CONCERN:

Notice is hereby given that the City of Osseo Economic Development Authority will meet at the Osseo City Hall, 415 Central Avenue, Osseo, Minnesota 55369 on the ____ day of _____, 2012 at 7:00 PM or as soon thereafter as the matter can be heard to consider the sale of property located at 226 Central Avenue, Osseo, Minnesota, legally described as:

the North 36 feet of Lot 3 and the South 36 feet of Lot 4, Block 18, Village of Osseo, Hennepin County, Minnesota;

The public may see the terms and conditions of the sale at the office of the City of Osseo Economic Development Authority, 415 Central Avenue, Osseo, Minnesota 55369. At the hearing the City of Osseo Economic Development Authority will meet to decide if the sale is advisable.

All persons desiring to be heard on the proposed sale of property may appear and be heard at said public hearing.



8.C.

City of Osseo EDA Meeting Item

Subject: Update on Block 6 Redevelopment with Beard Group

Meeting Date: February 6, 2012

Prepared by: Jeffrey Dahl, Executive Director

Copies to: Loren Magsam, City Attorney

Attachments: None

Update:

A work session has been scheduled with representatives of the Beard Group at 6 pm before the regularly scheduled meeting.

Q.A.

**LOREN A. MAGSAM
ATTORNEY AT LAW
33 FOURTH STREET NW
OSSEO, MN 55369
TELEPHONE 763-424-3733
FAX 763-425-3672**

TO: Jeffrey Dahl, EDA Executive Director
FROM: Loren A. Magsam, City Attorney
RE: Robert's Rules of Order
DATE: January 16, 2012

At the January 3, 2012, EDA meeting, a request was made by Commissioner McNeil and supported by Commissioner Mercandante to have a matter added to the February 2012 EDA agenda specifically addressing Article Three, section 2 and Article Four, section 6 of the EDA bylaws with respect to Robert's Rules of Order and the President's authority to determine procedure during a meeting.

As I recall, the facts giving rise to this request are as follows. The EDA agenda item was the consideration of a proposed development agreement for the Iten Building property. Two main issues were raised, the first being a provision in the proposed development agreement establishing a minimum assessed value for the property and the second being a provision in the proposed development agreement restricting the developer's right to transfer ownership of the property. Commissioner McNeil made comments regarding the value issue and stated he also had comments to make regarding the transfer issue. President Rebman stated the commission would first discuss the value issue and would later discuss the transfer issue. Later Commissioner McNeil again stated he wanted to comment on the transfer issue and President Rebman again stated the discussion was then limited to the value issue and when consensus was reached on the value issue the transfer issue could be discussed. After further discussion of the value issue Commissioner Sadler moved to "table" the Iten Building agenda item "until the February meeting". The motion was seconded by Commissioner Hartkopf. Some discussion followed during which President Rebman stated a vote would be taken on the motion to "table" and that Commissioner McNeil could comment on the transfer issue after the vote was taken. The vote was then taken and the motion to "table" the matter until the February EDA meeting was passed on a 4-2 vote (McNeil and Mercandante voting nay). President Rebman then offered Commissioners McNeil and Mercandante an opportunity to comment on the transfer issue and both declined stating that it no longer mattered because the entire item, including the transfer issue, had been tabled.

The bylaws of the EDA provide that the president will "preside" at all meetings of the commission (EDA Bylaws, Article Three, Section 2). There is no further detail in the Bylaws or in Chapter 33 of the Osseo Code of Ordinances regarding the president's

authority to determine procedure or to rule on questions of procedure. Contrast this silence with Osseo Ordinance 30.18(B) which specifically provides that the Mayor will preserve the order at city council meetings and "determine without debate, subject to the final decision of the Council on appeal, all questions of procedure and order." This provision is consistent with Article X, Rule 58, of Roberts Rules of Order. The appeal procedure is by a councilmember stating an appeal which must be seconded, the appellant may speak once and the Mayor may respond, and then the full council votes with a majority vote required to sustain the appeal. This provision is in accordance with general principals that the presiding officer of a meeting has the authority to rule on questions of procedure, subject to appeal. While a parliamentarian may advise the presiding officer on questions of procedure, the presiding officer is empowered to rule on questions of procedure or rules.

There was no stated appeal of any ruling or determination of President Rebman's decision to proceed with discussing the issues separately. Even if Commissioner McNeil's statements were to be considered an appeal of a ruling or determination of President Rebman, there was no second to the appeal, thus did not come before the commission for a vote.

Commissioner Sadler's motion to "table" was in reality a motion to "postpone to a specific time". A motion to postpone to a specific time is debatable and requires a majority vote. The action of the commission was to postpone the debate of this matter to the February meeting, it was not an action to limit debate.

Robert's Rules of Order are designed for large group meetings and not always work well with smaller group meetings. For this reason many organizations loosely follow the basic procedures to ensure that the participants and the public understand the process. Roberts Rules of Order are complex and not fully understood by many meeting participants and for this reason some bodies have adopted simplified rules of order, such as "Rosenberg's Rules of Order".