

**OSSEO ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING MINUTES
February 7, 2011**

1. ROLL CALL

President Kevin Rebman welcomed new Council member Allan Hartkopf to the EDA Board for 2011.

Rebman called the regular meeting of the Osseo Economic Development Authority to order at 7:00 p.m., Monday, February 7, 2011.

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

Members absent: Will Lienemann and Bruce Wiley.

Staff present: Executive Director Jeffrey Dahl, City Attorney Loren Magsam, and Secretary LeAnn Larson.

Others present: Rebecca Kurtz-Ehlers & Associates, and Ron Barger.

2. APPROVAL OF AGENDA

A motion was made by Poppe, seconded by Sadler, to approve the Agenda as presented. The motion carried 5-0.

3. APPROVAL OF MINUTES – January 3, 2011

A motion was made by Sadler, seconded by Hartkopf, to approve the minutes of January 3, 2011, as presented. The motion carried 5-0.

4. MATTERS FROM THE FLOOR – None.

5. ACCOUNTS PAYABLE

A motion was made by Poppe, seconded by McNeil, to approve the Accounts Payable (Listing 020711EDA, run 02/02/11, 9:51 AM, for \$110,860.70). The motion carried 5-0.

6. OLD BUSINESS

A. 533 CENTRAL LLC DEVELOPMENT AGREEMENT

A motion was made by Rebman, seconded by Sadler, to table this matter to the next EDA meeting. The motion carried 4-1 (Poppe-nay).

7. NEW BUSINESS

A. CONSIDER BOND REFINANCE FROM EHLERS & ASSOCIATES

Rebecca Kurtz, financial consultant with Ehlers & Associates, stated at the February 14 City Council meeting the Council would consider calling for the sale of \$1,720,000 General Obligation Tax Increment Refunding Bonds. These Bonds would refund the 2001A Bonds,

which were issued to finance various public improvements in Tax Increment Financing District No. 2-4 (the Bell Tower TIF District). Based on current interest rates, Ehlers staff is estimating a savings of \$181,000 after all fees and expenses.

These Bonds are general obligations of the City, so all legal actions to refund the bonds will be required by the City Council. However, the debt service is paid with tax increment, so if the sale moves forward, the savings will result in an estimated additional \$17,000 per year in tax increment in District No. 2-4.

Since the TIF District was established in 2000 and the savings is tax increment, there are limitations on how the funds can be used. However, if the Council moves forward with the refunding, Kurtz said they could explore options on using the funds for redevelopment efforts.

No action is required by the EDA.

B. CONSIDER TIF ANALYSIS FROM EHLERS & ASSOCIATES

Kurtz proposed a Tax Increment Financing (TIF) Analysis as a comprehensive review and plan for the EDA's TIF Districts. The process reviews each of the TIF Districts' revenues and expenditures in a manner that allows the EDA to determine if existing obligations will be met and plan for how additional increment may be leveraged. This Analysis also identifies future opportunities or challenges for each TIF District and identifies any issues that may need to be resolved. The Analysis allows the community to make realistic decisions for its future and its use of tax increment. Information will be provided to help make decisions related to revenue and expenditure practices and to assist in matching resources to development future needs. The resulting product of a TIF Analysis is a plan with a funding strategy for the EDA's TIF districts.

The project cost to review each TIF District would be \$1,500 per district, with the entire Analysis not to exceed \$12,000.

Rebman asked about funding options for this Analysis.

Kurtz said the EDA has several options to fund this expense: 1) The Analysis is an eligible TIF expense and can be paid by the EDA's administration fee of 10% per district; 2) EDA General Fund revenues can be used to pay for the Analysis; or 3) The cost could be factored into the City's refunding of the G.O. TIF Bonds, Series 2001A. The estimated savings is \$181,000, which will make additional tax increment available in TIF District No. 2-4.

McNeil said he welcomed more information on TIF and what this Analysis would provide.

A motion was made by Poppe, seconded by Hartkopf, to approve the Proposal for Tax Increment Financing Analysis by Ehlers & Associates as presented, with the funding for this report to be paid through eligible TIF administration fees from the districts. The motion carried 5-0.

C. APPROVE METROPOLITAN COUNCIL LIVABLE COMMUNITIES DEVELOPMENT ACT GRANT AGREEMENT

Dahl stated the EDA Block 6 Redevelopment Project Committee met with a Met Council representative recently to discuss details of the \$626,000 Livable Communities Development Act (LCDA) grant received by the EDA.

The project is for the acquisition and site clearance of four parcels that will facilitate the first phase of redevelopment to occur in the summer/fall of 2011 and to advance the objective of full redevelopment of Block 6 to a denser residential pattern with up to 15 rowhouses or townhomes.

In summary, the project must be completed by December 31, 2012, and must consist of 15 rowhouses/townhomes on the west half of Block 6. The project must include sustainable or “green-friendly” elements and, because of CDGB funds previously utilized, must include an affordability component. Staff will be meeting in the near future with representatives of Hennepin County, who manage CDGB grant funds, to determine the exact perimeters of the affordability component.

Once the Grant Agreement is approved, the next step is to re-start communication with remaining property owners on the west half of the block and, assuming they are willing sellers, draft purchase agreements for the EDA approval. Assuming the EDA can agree to terms with the property owners, the Committee will then draft a Request for Proposals for EDA review.

Also, a portion of the grant funds received (\$199,000) was allocated to acquire and clean up the old Osseo Express property for a future “Phase 2” of the project. At this point, “Phase 2” is undefined, giving the EDA more flexibility with its ultimate use. Communication with the property owner of the old Osseo Express will commence in the near future, as well.

McNeil asked if this was a grant or a loan. Dahl said it is a grant. The EDA will incur the project costs but be reimbursed for those expenses.

McNeil questioned some of the language in the “Demonstration Account” portion of the Development Grant Program document, specifically about rental housing and references to a loan.

Rebman stated this is general language about parameters of the Development Grant Program, not specific to the Block 6 project proposed in Osseo. He pointed out that the Roles & Responsibilities, Project Summary, and Appendix 2-Eligible costs for your Project are specific to Osseo’s project. The other language in the grant does not apply to Osseo.

Rebman suggested two items: One, that the Grantee be the City of Osseo Economic Development Authority rather than the City of Osseo; and Two, that the dates of the project be modified slightly to allow a few more months to achieve goals.

A motion was made by Poppe, seconded by Sadler, to approve the Livable Communities Development Act (LCDA) Grant Agreement for the redevelopment of Block 6, and authorize the EDA President and Executive Director to sign the grant agreement documents. The motion carried 5-0.

McNeil said he would vote affirmatively on this motion since he was in favor of utilizing grant funds whenever possible, though he has not decided if he was in total agreement with this RFP.

Sadler suggested there be personal contact with the Request for Proposals for this project, rather than just sending an RFP out to developers.

Rebman suggested a notice of the RFP be published in the Construction Daily paper for metro circulation.

McNeil suggested making the RFP competitive, with ads and calling to maximize responses to the RFP.

D. DISCUSS OSSEO PARKING INITIATIVES

Rebman stated he has several ideas to address a perceived parking issue in downtown Osseo. He suggested additional signage be erected to direct people to parking opportunities off Central Avenue. Rebman said the goal is to remove "city-wide parking" as an issue from the Business District and get on with those items that really do have an impact on economic development. He noted the City has a striper machine and the public works department could do the striping. Rebman stated there is ample parking in Osseo.

One option would be to seek costs to post 6-8 "P" (parking) signs with arrows to put on Central pointing down side streets where city parking is available.

Another option could be to seek costs to stripe parking lines to better guide parking opportunities on Central Avenue and on side streets. Asphalt could be placed on the former senior center lots and striped to outline more parking until the site is redeveloped. In addition, asphalt and striping could be done at the EDA property next to Lubbe Dental.

Sadler said he was concerned about costs of new asphalt parking lots if engineering costs would be required. He said every City has a perceived parking problem when people have to look for a spot. Sadler stated he wanted to know the costs of these measures to determine cost versus benefit.

Consensus was to discuss the costs of parking signs and striping at the March EDA meeting.

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

Dahl noted the discussion of the Co Rd 30/Hwy 169 interchange would be discussed again at the upcoming Council meeting.

McNeil suggested the EDA post a "For Sale or Lease" sign at the former Iten building property and discuss any viable offer that might come.

Rebman suggested the EDA meet again in a work session to discuss the Iten property. EDA consensus agreed to meet in a work session at 6:00 p.m. on Monday, March 7, before the next EDA regular meeting.

9. ADJOURNMENT

A motion was made by Hartkopf, seconded by Sadler, to adjourn at 7:50 p.m. The motion carried 5-0.

Respectfully submitted,

LeAnn Larson
Deputy Clerk