

**OSSEO ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING MINUTES
April 4, 2011**

1. ROLL CALL

President Kevin Rebman called the regular meeting of the Osseo Economic Development Authority to order at 7:00 p.m., Monday, April 4, 2011.

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

Member absent: Will Lienemann.

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

Others present: Al Lindquist, Larry Marofsky, and Ron Barger.

2. APPROVAL OF AGENDA

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

3. APPROVAL OF MINUTES – March 7, 2011

A motion was made by Poppe, seconded by Hartkopf, to approve the minutes of March 7, 2011, as presented. The motion carried 6-0.

4. MATTERS FROM THE FLOOR – None.

5. ACCOUNTS PAYABLE

A motion was made by Poppe, seconded by Wiley, to approve the Accounts Payable (Listing 040411EDA, run 03/31/11, 9:47 AM, for \$28,156.55). The motion carried 6-0.

6. OLD BUSINESS

A. 533 CENTRAL AVENUE LLC DEVELOPMENT AGREEMENT

Dahl stated over the past year the EDA has delayed rescinding its Development Agreement with 533 Central, LLC, in order to provide an opportunity for the entity to re-obtain ownership of the property from Summit Bank. Summit Bank sold the property to a private entity, Prime Holdings, LLC, in late 2010. The sale, which was market rate with no presumption of any Tax Increment Financing (TIF) assistance, essentially eliminated any hope of reviving the development agreement.

Action was not taken on the development agreement in February because all seven members were not present at that meeting. In March, the EDA tabled action on the item again in order to consider a proposal from Lawrence Marofsky, attorney representing 533 Central, LLC, for the entity to re-obtain ownership. Since then, staff and representatives of 533 Central, LLC have met and communicated on a number of issues and proposals.

Dahl said the key issue is NOT whether the property has met its age and income requirements or submitted enough eligible site improvement expenses. The key issue IS whether the aforementioned proposal cures the development agreement of default in terms of its foreclosure.

While 533 Central, LLC, has provided a proposal to re-obtain ownership of the property, the property has already been sold by Summit Bank to an entity other than 533 Central, LLC, at a market rate with zero presumption of TIF as per the requirements set forth in the development agreement. The EDA did not approve or amend the agreement to allow this sale. As such, staff believes that accepting the proposal brought forth by 533 Central, LLC, would be an inappropriate use of public funds.

Sadler asked why it made any difference about the sale to Prime Holdings in late 2010 that was done at market rate without any TIF assistance. Dahl said there must be a need for TIF assistance, which helps fund a gap in whether the project would or would not be accomplished.

Wiley said this was a frustrating project. He stated he could see both sides of the issue. The EDA has worked with Barger, the developer, on this project for a number of years and Barger put forth the risk with the project in the first place. Wiley understands the City's position in that a development agreement with Barger has been in default and not cured.

Rebman noted there was no way for Barger to cure the default at this point since the property has been purchased by a private party.

Sadler questioned the March letter about this matter from Mary Ippel, Briggs & Morgan. He thought the whole process seemed to change with each EDA meeting. Sadler said the developer needs to come back into possession of the property and should be able to receive the TIF increment.

Rebman noted Ippel's letter states her recommendation that the development agreement with 533 Central, LLC, be cancelled and rescinded because Prime Holdings purchased this project without the need for TIF.

City Attorney Loren Magsam stated the object has been that everyone work together so that when the developer repurchased the property after the foreclosure, the repurchase would cure the default of the development agreement. Since this action did not happen and another owner purchased the property without financial assistance, 533 Central LLC is not in compliance with the development agreement. Magsam stated 533 Central LLC has failed to cure the default.

A motion was made by McNeil, seconded by Poppe, to cancel and rescind the Development Agreement between the Osseo EDA and 533 Central, LLC, based on the developer's failure to cure the default of the mortgage foreclosure.

Attorney Lawrence Marofsky asked for more time on behalf of 533 Central, LLC, to grant an extension of time to achieve what is desired by Prime Holdings and 533 Central, LLC.

Wiley asked about a clearer "answer" from the State Auditor's Office about its position in this matter.

Magsam noted in Ippel's letter the State Auditor does not give opinions but does provide guidance with respect to projects in relation to a statement of position.

Sadler said the EDA could set this aside for now and wait for the developer to cure the default.

Rebman asked why we would want to put the EDA at risk.

McNeil said former Executive Director Greg Withers had advised that the EDA cancel and rescind the development agreement previously, as had Executive Director Jeffrey Dahl. He stated Mary Ippel, Briggs & Morgan, has advised that same thing and the EDA should take these recommendations.

The motion carried on a roll call vote of 5-1 (Sadler-nay).

B. ITEN BUILDING SOLICITATION OF INTEREST

Dahl stated at the last meeting the EDA acknowledged a letter of interest to purchase this property, located at 226 Central Avenue, and directed staff to respond to the letter. A draft solicitation of interest was presented for review tonight. Several wording changes were suggested.

Dahl said he would send this letter of interest to a list of developers and advertise in several publications. It will also be included on the City website. The deadline for submittals was Friday, May 27.

Rebman said requirements of the proposal would show a preference in working with an interested party based on: purchase price, future taxable value, traffic generation, jobs, desired use, high-quality design that fits downtown environment, and ability to meet desire of donors.

Rebman suggested a work session is held prior to the June 6 EDA meeting, at 6 p.m., to discuss the submittals. There was EDA consensus for a work session on June 6, 6:00 p.m.

C. DOWNTOWN PARKING PROPOSAL

Dahl stated in March the EDA directed staff to come up with more detailed figures regarding parking signage and how much it would cost for the City Engineer to provide an on-street parking plan in the Central Business District (CBD).

For parking signage, Dahl said up to 15 signs could be erected, indicating directions and/or locations of additional parking, for an estimated cost of \$100-200 per sign.

For an on-street parking plan, City Engineer Marcus Thomas estimated the cost to create an on-street parking plan (Central Avenue and side streets from 1st Avenue NW to 1st Avenue NE) at \$4,000. Thomas also drafted a proposal for a comprehensive parking study that would create an on-street and off-street parking plan for the CBD based on current inventory and usage. This study would also look at signage. The estimated cost to create this plan is \$13,770.

According to Dahl, an on-street parking plan would ultimately allow the EDA to move forward with striping as many on-street parking stalls (as street length and width would permit) in the CBD while addressing resulting traffic and safety concerns. Staff believes additional discussion is needed before moving forward with a more comprehensive study.

The staff recommendation is to approve Bolton and Menk's proposal to create an on-street parking plan for an amount not to exceed \$4,000.

Sadler said he thought there were enough signs along Central Avenue, and did not like spending money on another parking study.

Rebman said some signage might eliminate the perception that Osseo does not have ample parking.

McNeil asked about a history of previous parking plans and suggested staff research this more thoroughly. He asked that this matter be tabled until the next EDA meeting.

A motion was made by McNeil, seconded by Poppe, to table this issue to the next EDA meeting. The motion carried 6-0.

D. BLOCK 6 REDEVELOPMENT PROJECT

Dahl stated at the last meeting the EDA approved moving forward with appraisals for two residential properties in order to begin the negotiation process in the project area for Block 6 redevelopment. With completion of the appraisals on 33 5th Street NW and 25 5th Street NW, staff and the property owners have met but not come to terms on preliminary agreements.

Dahl said he hoped to have a draft RFP for consideration at the May EDA meeting.

McNeil said he hoped to have interested parties or proposed developments for Block 6 before the EDA purchases the two residential properties. He stated he did not think there was much of a market for townhomes, currently. McNeil said he preferred to gauge the viability for project success before purchasing these properties.

Rebman said the EDA was working as best as possible to meet the Met Council grant funds timeline.

Sadler said he too was concerned about the market for townhomes. He stated the EDA might have to stick more money into this project to achieve success.

Poppe said it was a good idea to seek proposals for this project.

8. NEW BUSINESS

A. WI-FI EQUIPMENT REMOVAL

Dahl stated the EDA contracted with Donovan Construction a few months ago to take down the wireless equipment on Xcel Energy poles. Due to inaccurate information regarding the location of the wireless equipment, three additional access points still need to be removed. A quote from Donovan Construction to take down the remaining equipment is for \$1,556.02.

It is unfortunate that the EDA has to pay additional funds for a defunct network; however, the equipment does need to come down. The record keeping of the inventory locations appears to be a result of Unplugged Cities not updating the information appropriately.

Staff recommends the EDA authorize staff to enter into an agreement with Donovan Construction to take down the remaining three access points of the wireless network.

A motion was made by McNeil, seconded by Poppe, to authorize staff to enter into an agreement with Donovan Construction to take down the remaining three access points of the wireless network. The motion carried 6-0.

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

Dahl stated he hoped to have a Tax Increment annual update at the May meeting.

Dahl stated a Council Strategic Planning Session was held on Saturday, April 2, and a report will come from that session.

Rebman said he was happy to see the opportunity to save money from the recent bond refinancing.

McNeil said he attended the Capital Improvement Plan and Financial Management Plan open house recently.

Wiley asked if the EDA should discuss the EDA-owned property at 26 2nd Street NW in relation to rental income. He said he hoped to have Jimmy John's x at 8809 Jefferson Highway soon. Wiley said the group spearheading the "savemyosseo" campaign, which predicts the collapse of Osseo, is detrimental to current businesses. He said he wanted all the signs removed.

Sadler agreed with Wiley and asked that all illegal signs be removed, saying the signs and information were only hurting Osseo.

Wiley said he agreed with Sadler, that the signs are not a positive for Osseo.

Hartkopf said he recently attended a housing meeting in Maple Grove.

Rebman said he thought a strategic plan for the EDA would be a good idea.

10. ADJOURNMENT

A motion was made by Poppe, seconded by Sadler, to adjourn at 8:04 p.m. The motion carried 6-0.

Respectfully submitted,

LeAnn Larson
Deputy Clerk