

**OSSEO ECONOMIC DEVELOPMENT AUTHORITY  
REGULAR MEETING MINUTES  
July 5, 2011**

1. ROLL CALL

President Kevin Rebman called the regular meeting of the Osseo Economic Development Authority to order at 7:00 p.m., Tuesday, July 5, 2011.

Members present: Will Lienemann, Chris Mercadante, Duane Poppe, Kevin Rebman, and Dan Sadler.

Members absent: Allan Hartkopf and Terry McNeil.

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

Others present: Vinay & Kavita Mehta, Bruce Wiley, Dan Spanier, Dale Wills, and Ron Barger.

2. APPROVAL OF AGENDA

**A motion was made by Lienemann, seconded by Mercadante, to approve the Agenda as presented. The motion carried 5-0.**

3. APPROVAL OF MINUTES – June 6, 2011

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

4. MATTERS FROM THE FLOOR – None.

5. SPECIAL BUSINESS – None.

6. ACCOUNTS PAYABLE

**A motion was made by Poppe, seconded by Lienemann, to approve the Accounts Payable (Listing 070511EDA, run 06/30/11, 10:19AM, for \$21,623.02). The motion carried 5-0.**

7. OLD BUSINESS

A. CONSIDER RECOMMENDATION TO SELL ITEN BUILDING

Executive Director Jeffrey Dahl stated in April the EDA approved distribution and advertisement of a Solicitation of Interest for the Iten Building--226 Central Avenue. At the end of May, the EDA received letters of interest (proposals) from VKAS, LLC and Osseo Historic Redevelopment, LLC/Dayton Properties, LLC. At the regular EDA meeting in June, the EDA formed a Committee, consisting of Rebman, Poppe, Hartkopf and staff, to interview the two parties. The Committee met recently with the two interested parties. The meetings allowed the parties to explain their proposals in person and answer specific questions from members of the committee.

Dahl reviewed the evaluation criteria for the two offers: purchase price, future taxable value, traffic generation, active storefront, jobs, desired use, design, Iten Tribute, etc. He stated there was consensus on the committee to recommend that the EDA direct staff to draft a purchase agreement with Osseo Historic Redevelopment, LLC/Dayton Properties, LLC for the purchase of 226 Central Avenue per the proposal received.

Sadler asked if a public hearing would be required to sell the EDA property. Dahl said yes, a public hearing would be required.

Lienemann asked about the special assessments on this property. Rebman noted that specific negotiations were not complete.

Lienemann asked how a sale price in the \$70,000 to \$85,000 range would affect values of other commercial properties nearby when the County has a taxable market value of more than \$360,000 for this property. Dahl stated there could some affect to neighboring properties, but the amount of improvements required for this property would have to be factored into the situation.

Poppe stated that one sale, such as this, likely would not negatively affect other property values since it was a gift to the City. He said this is not a normal transaction.

Bruce Wiley, Wiley Properties, stated he has concerns with this gift-giving precedent and how it might affect commercial values negatively in Osseo. He questioned how the special assessments would be handled, and stated the City/EDA should not “forgive” the special assessments. Wiley said a “distressed sale” could decrease commercial market values. He asked the EDA to keep the playing field level.

Rebman stated the final project has not been determined. He said his primary goals for this project were to protect market rates as much as possible, get this property back on the tax rolls, and create a destination business development.

Sadler asked how the EDA could select one developer when there were still too many unknowns. He asked for more specific information for each of the proposals. Sadler said it was too early to pick one proposal over the other without more information to evaluate.

Rebman stated Osseo Historic Redevelopment, LLC/Dayton Properties, LLC had a more solid idea and was well thought out.

**A motion was made by Sadler, seconded by Lienemann, to table this matter to the next EDA meeting for more specific information from the two proposers.**

Sadler said it would be helpful to have more unknowns determined and more assurance of the sale not being under valued and/or money not put back into the building. He said conceptual drawings are not cost-prohibitive and should be presented for the two proposals.

Rebman stated it is difficult to come up with future tax values for a redevelopment project.

**The motion carried 3 AYE (Lienemann, Poppe, Sadler) - 2 NAY (Mercadante, Rebman).**

Vinay Mehta, VKAS, LLC, stated he would be willing to pay the property special assessments of about \$30,000 above the \$70,000 proposed purchase price.

B. BLOCK 6 REDEVELOPMENT

1) Review Next Steps with the Beard Group, Inc.

The Block 6 Redevelopment Committee met with the Beard Group, Inc., recently. The meeting served as an opportunity to let the developer explain its proposal for a mixed-use project that would incorporate rental housing and higher density than what the original Request For Information requested. In addition to talking about qualifications and details of the conceptual plan, the potential of significant investment in the community (increase in tax base and consumers along Central Avenue) was the focal point of discussion at the committee meeting.

The committee and the developer agreed on some “next steps” that need to occur to ensure the development proposal moves forward. These steps include revisions to the Concept Plan and a future work session to discuss the funding of the project.

There was consensus on the committee to recommend that the EDA continue to pursue a partnership with the Beard Group, Inc., on a redevelopment project at Block 6.

**A motion was made by Lienemann, seconded by Mercadante, to continue to pursue a partnership with the Beard Group, Inc., on a redevelopment project at Block 6. The motion carried 5-0.**

2) Update on Property Acquisition

At the June EDA meeting, staff was directed to re-initiate negotiations with the three properties involved in the potential Block 6 Redevelopment project. Dahl stated the Block 6 Redevelopment Committee met recently with representatives of all of the properties (501 Central Avenue, 33 6<sup>th</sup> Street NW, 25 6<sup>th</sup> Street NW) that would be part of the Block 6 Redevelopment Project. The meetings served not only as an opportunity to let the committee update the property owners on the development status and acquisition process, but also provided an opportunity for the property owners to ask questions.

While the residential appraisals received this spring are still valid, staff has contacted Hosch Appraisals to update the previously submitted commercial appraisal for 501 Central Avenue. Hosch Appraisals has indicated that the update to the appraisal will cost less than \$1,000.

Staff will be drafting purchase agreements over the next several weeks. As the parties involved agree upon the details, the purchase agreements will be considered for EDA approval at an upcoming meeting.

8. NEW BUSINESS

A. CONSIDER ARCHITECTURAL DESIGN GUIDELINES FINANCE ASSISTANCE GRANT FOR 1<sup>ST</sup> AVENUE COMMONS

Dahl stated Dan Spanier, Chief Manager of First Avenue Commons, LLC, has submitted an Architectural Design Guidelines Financial Assistance Request for the building at the southwest corner of 1<sup>st</sup> Avenue NE and 3<sup>rd</sup> Street NE. Dahl stated the Planning Commission recommended approval (6-1) of the proposed awnings (over windows, doors, and columns) and decorative lighting on the north and east sides of the 1<sup>st</sup> Avenue Commons building. These sides of the building face public street right-of-way.

Dahl stated the EDA has allocated funds available for this request.

Dan Spanier explained more details of his proposed project. He did not have all costs associated with his improvements, however.

Lienemann asked about the improvement amount proposed for this property. Spanier said he estimated the improvements to cost \$40,000-60,000.

Rebman noted the maximum amount for any ADG request is \$10,000. He asked if Spanier would be coming to the next EDA meeting with specific numbers for reimbursement. Spanier said yes, he would have more details by that time.

Dahl stated that two dead trees along 1<sup>st</sup> Avenue NE would be replaced by the City.

**A motion was made by Poppe, seconded by Sadler, to table this item to the next EDA meeting when details will be presented for the ADG request. The motion carried 5-0.**

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

Sadler asked if replacing dead trees by the City on 1<sup>st</sup> Avenue NE was setting a precedent. Dahl said no, as the trees were on right-of-way and there were already grates at the location. The Central Business District has a "tree replacement" plan in place.

10. ADJOURNMENT

**A motion was made by Poppe, seconded by Lienemann, to adjourn at 8:18 p.m. The motion carried 5-0.**

Respectfully submitted,

LeAnn Larson  
Deputy Clerk