

**OSSEO ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING MINUTES
June 1, 2009**

1. ROLL CALL

President Kevin Rebman called the regular meeting of the Osseo Economic Development Authority to order at 7:00 p.m., Monday, June 1, 2009.

Members present: Will Lienemann, Steve Menth, Kevin Rebman, Ken Schreiber, and Bruce Wiley.

Members absent: Dan Sadler and Dan Spanier.

Staff present: City Administrator Greg Withers, City Attorney Loren Magsam, City Planner Jeffrey Dahl, and Deputy Clerk LeAnn Larson.

Others present: Ron Barger.

2. APPROVAL OF AGENDA

Agenda item 7.G. Notice of Events of Default for 533 Central LLC was added to the Agenda.

A motion was made by Menth, seconded by Lienemann, to approve the Agenda as amended. The motion carried 5-0.

3. APPROVAL OF MINUTES – April 6, 2009, regular meeting

A motion was made by Lienemann, seconded by Schreiber, to approve the minutes of the April 6, 2009, meeting as presented. The motion carried 5-0.

4. MATTERS FROM THE FLOOR – None.

5. ACCOUNTS PAYABLE

A motion was made by Menth, seconded by Wiley, to approve the Accounts Payable (Listing 060109EDA, run 5/28/09 9:45AM, in the amount of \$4,167.93). The motion carried 5-0.

6. OLD BUSINESS – None.

7. NEW BUSINESS

A. UPDATE ON POTENTIAL DEVELOPMENTS

1) Appraisal of Osseo Express Property at 501 Central Avenue

City Planner Jeffrey Dahl stated over the past few months the EDA has looked at several properties in key commercial areas of the City that are either for sale or in the foreclosure process. The property at 501 Central Avenue---the former Osseo Express Service Station--is currently in foreclosure.

Because the redemption period doesn't expire until October, the property likely wouldn't be able to be purchased until then---at the earliest. If the EDA is serious about acquiring this property for redevelopment, it should authorize staff to seek an appraisal (approx. \$3,500).

Wiley asked about this site being used as a gas station again and the potential for soil remediation. Dahl said there is a moratorium on such use at this site since a gas station is not consistent with the Master Plan. Also, there may be grants available to mitigate any potential environmental concerns if soil contamination were to be found on this site due to its former use.

Executive Director Withers stated redevelopment of this site would have a building up to the front property line on Central Avenue, with parking at the rear. The alley on part of this block should be completed to facilitate traffic flow for any potential mixed use redevelopment.

Schreiber suggested getting the ball rolling on seeking possible grants for potential clean-up of the property. Dahl said the City cannot seek money for property it does not own. Schreiber asked if the City could buy the property from the bank. City Attorney Loren Magsam said the City could conceivably purchase the property, but the bank's interest or loan for the property could be higher than an appraised value.

Schreiber suggested negotiating with the bank for purchase of this property. Dahl said the City cannot purchase property without an appraisal.

Wiley stated doing some preliminary environmental investigation might aid in future negotiations with the bank. Withers said staff could look into the history of the site to better determine the potential for soil remediation.

Rebman said the EDA could consider this matter again in the fall, closer to the end of the redemption period. EDA consensus was to discuss this matter again this fall.

2) Former Sinclair and KFC Properties

Dahl said the EDA has also expressed interest in acquiring 257 4th Street SE and 308 County Road 81 in order to redevelop the area and realign the frontage road per the approved preliminary plans of the County Road 81/Bottineau Boulevard Reconstruction Project. Staff has met separately with Mark Doran of Premier Liquors and Bob Fields of LandCor Companies on the potential redevelopment of this area. Rather than spending \$7,000 on two appraisals, staff suggests that the EDA continue to communicate with local property owners/interested developers regarding the site and what financial assistance the EDA might be able to bring to the table. The EDA could always authorize appraisals on the properties if needed in the future. Staff will continue discussions with Doran and Fields on this potential redevelopment.

3) Former Advance Home Improvements (Tatur) Property

The City Council recently gave staff direction to move ahead with an appraisal of 9 Central Avenue. This property is needed for street and streetscape improvements for both the Central Avenue and County Road 81/Bottineau Boulevard Reconstruction Projects. At this time, the appraisal is not complete as there has been difficulty in gaining access to the property. Condemnation of the property might be a necessary action if the property owners are unwilling to negotiate with the City.

Menth stated it appears some construction work has been done recently on this property. Dahl said Tatur's had installed windows recently.

Menth said to let Hennepin County worry about the property when the County Road 81/Bottineau Boulevard project comes to Osseo.

Withers said this small piece of property was included in the landscape design of the Central Avenue Project, as the building was substandard due to a fire in 2008. City staff has applied for grant funds to offset costs of demolition of this substandard building. Staff will continue to obtain an appraisal of the property per Council direction.

B. REVIEW PROPERTY ACQUISITION/CONDEMNATION PROCEDURES

Withers outlined a flow chart that depicts the process for property acquisition and/or condemnation. The entire process can take as long as four months.

Magsam stated the eminent domain process is more restrictive than it was in past years. Now, the public purpose for eminent domain can no longer be just for economic development.

Wiley said possible condemnation of the Tatur property could take a long time if an appraisal is not allowed or the owners get extensions of their building permit for the property. He also said the City has made a good faith effort to try to acquire the property through various methods.

Schreiber wondered if the City Code could be updated to establish a maximum time limit on building renovations after a fire.

C. CENTRAL AVENUE PROJECT UPDATE

Withers presented revised cashflows for the bonds and payments for the Central Avenue Project, from Rebecca Kurtz-Ehlers & Associates. It outlines the delayed collection on the tax rolls until 2011. The General Fund transfer for lighting has increased to a not-to-exceed amount of \$30,000 annually. With the changes, the City does not need to levy from 2013 to the end of the bonds and there will be excess funds each year. However, for 2011 and 2012, the City will need to levy to help pay for the bonds. The "excess funds" from 2010 will bring the levy in 2011 to approximately \$57,000. The levy in 2012 will be approximately \$71,000.

Options for funding the Central Avenue Project include:

- A levy.
- Increasing the TIF revenue from TIF Districts 1 and 2, as more funds might be available.
- An interfund loan, with the excess funds from 2013 repaying it.
- Any combination of the above.

Withers explained the delayed certification of the assessments for the Central Avenue and Side Street Lighting projects.

Mailed Notice of Hearing on Proposed Assessment to property owners May 22
Public Hearing on Proposed Assessments is Monday, June 8, 2009
30 Day Period to Appeal to District Court expires July 9, 2009
30 Day Period to Pay Full Assessment w/o Interest on or before July 8, 2009
Assessments not paid in full accrue interest as of July 1, 2009

“Normal” Certification of Assessments to County would be November 30, 2009
Central Avenue Project “Delayed” Assessment Roll certified to County on
November 30, 2010
1st Installment of Assessment due with tax payments in May 2011 & October
2011

Wiley said if the project assessments were not delayed, the lease agreements with business lease holders could be “assessed” their portion of the assessment to the property.

Withers said all properties being assessed must be treated the same; some can’t be assessed with the first payment due in 2010 while others are assessed with the first payment due in 2011.

D. DISCUSS “AFTER THE CENTRAL AVENUE PROJECT”

Withers stated he envisions a leadership team to measure interest and ideas for how to market Osseo after the Central Avenue Project has been completed this fall. Possible ideas include surveys of the businesses, customers, and property owners; development incentives; improvement incentives; recruitment and retention programs; business continuation assistance; special services district; City programs such as the Farmers Market, neighborhoods, culture, and history; Central Business District parking plan; the Zoning Code; etc.

Withers added that City staff needs to do more research in these areas if the EDA thinks this is a good idea. EDA consensus was in support of this marketing concept.

Wiley said he was glad to see the City pursuing a marketing plan for the overall benefit of the community and bringing quality businesses to Osseo.

E. BENNETT PROJECT CLOSED

Withers stated the sale of the former Bennett property along the railroad has been completed. Portions of the property were sold to two companies, Wiley Properties and Hornibrook/Ryan. Wiley Properties plans to expand the parking area for its commercial center at 8881 Jefferson Hwy. For Hornibrook/Ryan, the sale will improve access and visibility to the property in order to redevelop the site.

F. JULY 6 REGULAR EDA MEETING

Withers stated he would be on vacation Monday, July 6, for the regular EDA meeting. EDA consensus was to hold the regular meeting as scheduled.

G. DISCUSS NOTICE OF EVENTS OF DEFAULT FOR 533 CENTRAL LLC

Withers said City staff has learned that foreclosure proceedings have commenced on Osseo Commons, located at 533 Central Avenue. The Development Agreement between 533 Central LLC and the EDA identifies certain Events of Default, such as foreclosure. The legal process is to send written Notice of Events of Default to the Developer, which provides notice to the Developer if the identified Events of Default are not cured within 30 days of the Notice, then the EDA will cancel and rescind the Development Agreement.

Withers asked if the EDA was in agreement to send such Notice of Events of Default to the Developer and if the EDA was interested in negotiating with the current owner of the property.

A motion was made by Schreiber, seconded by Menth, to approve the mailing of said Notice of Events of Default to 533 Central LLC. The motion carried 5-0.

Staff offered to discuss potential options for this property with the current owner. EDA consensus was in agreement with this action.

8. OTHER REPORTS: Executive Director, President, Members

Withers reminded everyone of the upcoming Open House to meet new Police Chief Timothy Ryan on Wednesday, June 1, at the Community Center from 1-3 p.m.

Withers stated City Hall and Police Administration hours for the summer will start June 1 and go through Labor Day. Hours are Monday-Thursday, 7:30 a.m.-5:00 p.m.; Fridays are 7:30-11:30 a.m.

City Attorney Loren Magsam had no report.

Schreiber asked about the complaint of noise from a neighbor near Boerboom Park relating to Concerts/Movies in the Park. Withers said the City lacks funds to pursue this matter but staff will see if any grants might be available.

Menth has no report.

Lienemann thanked the Al Lindquist and the Wiley's for organizing the Concerts/Movies in the Park.

Wiley had no report

Rebman reminded everyone of the upcoming 3rd Annual Osseo Marching Band Festival at noon on Saturday, June 27.

9. ADJOURNMENT

A motion was made by Menth, seconded by Schreiber, to adjourn at 8:40 p.m. The motion carried 5-0.

Respectfully submitted,

LeAnn Larson
Deputy Clerk