

**OSSEO ECONOMIC DEVELOPMENT AUTHORITY  
REGULAR MEETING MINUTES  
January 9, 2017**

1. ROLL CALL

Acting President Mark Schulz called the regular meeting of the Osseo Economic Development Authority to order at 6:00 p.m., Monday, January 9, 2017.

Members present: Harold E. Johnson, Duane Poppe, Mark Schulz, and Larry Stelmach.

Members absent: Todd Woods.

Staff present: Executive Director Riley Grams, City Planner Nancy Abts, and City Attorney Mary Tietjen.

Others present: Rebecca Kurtz-Ehlers & Associates, and Kyle Peters, Premier Bank Osseo.

2. APPROVAL OF AGENDA

**A motion was made by Stelmach, seconded by Johnson, to approve the Agenda as presented. The motion carried 4-0.**

3. APPROVAL OF MINUTES – DECEMBER 12, 2016

**A motion was made by Johnson, seconded by Stelmach, to approve the minutes of December 12, 2016, as presented. The motion carried 4-0.**

4. MATTERS FROM THE FLOOR – None.

5. PUBLIC HEARINGS – None.

6. ACCOUNTS PAYABLE

Executive Director Riley Grams presented the EDA Accounts Payable listing.

**A motion was made by Johnson, seconded by Stelmach, to approve the Accounts Payable. The motion carried 4-0.**

7. OLD BUSINESS

A. RECEIVE OSSEO SPORTS STRUCTURAL ANALYSIS REPORT

Grams stated the EDA approved participating in the cost of doing a structural analysis report on the two separate structures located at the Osseo Sports redevelopment site in late 2016. Direction was given to staff to enter into the agreement with Premier Bank and pay for one-half the cost of the proposal, provided the end analysis report was delivered to the City.

Grams explained the report has been completed and delivered to the City for review. The report showed mixed results of the conditions of the buildings at that location. The two-story building, located at 332 Central Avenue, is in very poor condition. The analysis revealed many structural and building deficiencies, including roof leaks, second floor levelness issues, steel lintel and masonry pier issues, girder deformation, supplemental column concerns, foundation

deterioration, extensive water damage, and exterior masonry issues. Additionally, the attached one-story addition had many of the same issues, all due to substandard maintenance of the buildings over the course of decades. Due to the conditions of the two-story building at 332 Central Avenue, the recommendation would be to demo this building, as any rehabilitation of the structure would prove costly.

Grams explained the larger warehouse building, located at 340 Central Avenue, is in fair to poor condition. The analysis revealed masonry wall cracks, slab-on-grade cracks, and some masonry façade issues. The south wall of the building showed moderate masonry deterioration, and if the building were to be rehabbed, the south wall may need to be rebuilt or supported.

Grams indicated the recommendation also calls for enhanced roof water runoff controls to keep water away from the building in general. Additional remediation to the entire structure is recommended. This location also includes additional pre-engineered metal buildings to the east. Those buildings showed large structural deficiencies and is recommended for demolition.

Grams stated the result is that the smaller surrounding buildings most likely cannot be rehabbed to a point where they would be reused. However, with sufficient structural work and some masonry work, the larger warehouse building located at 340 Central Avenue could be reused. Any future developer who wishes to reuse the existing structural should seek their own engineering determination before making any decisions about whether or not to use the existing structure. It was noted this report should be shared with any potential developer interested in the site for redevelopment as a tool to bring new development (or redevelopment) to the site.

Schulz noted the EDA received the Osseo Sports Structural Analysis Report.

#### B. CONSIDER OSSEO SPORTS ENVIRONMENTAL ANALYSIS PROPOSAL

Grams stated the EDA originally considered this proposal back in October 2016. However, at that time the EDA decided to table action on this item until the structural analysis was completed. One of the major concerns with the redevelopment of the Osseo Sports site is the unknown environmental impacts after a long history of multiple uses. Getting a better understanding of the environmental impacts of the site will help facilitate future redevelopment as it would take that question off the board for any perspective buyer.

Grams indicated the environmental report may also open up potential clean up grants (if necessary) through the state to help scrub the site clean and allow for future redevelopment. This report will give us an extensive look into what environmental concerns currently exist and what remediation will be required.

Grams reported Premier Bank obtained two different quotes for the site from The Javelin Group. The first is a Phase I assessment, which includes a cursory level review of the site for environmental impacts. The cost of this proposal is \$1,600. The second quote is for a Phase II assessment. This includes probing into the ground around the site to a depth of 30 feet to obtain soil samples. Additionally, groundwater samples would be collected for analysis. The assessment also includes sub-slab vapor points for analysis. The cost of this proposal is \$6,838.75.

Grams stated the EDA should consider participating in these proposals, which would help move any current redevelopment proposal (and any potential future redevelopment proposals) forward and aid redevelopment. Staff has negotiated with Premier Bank and tentatively agreed to pay for 50% of the proposal cost. The EDA's proposed participation for the Phase I assessment would be \$800, and for the Phase II assessment \$3,419.37 (combined total for both Phases is \$4,219.37).

Grams commented, if approved, the combination of the structural analysis and environmental analysis should give a pretty clear picture of the existing conditions located at the Osseo Sports site. Staff recommends that the EDA approve participating in the cost of the proposal, with the check sent to Premier Bank when the full report has been delivered to the City.

Johnson believed that if this property were to redevelop an environmental analysis would have to be completed. Grams stated this was the case.

Johnson supported the environmental analysis being completed.

Schulz asked if the EDA was asked to participate in the environmental study for the Rochon redevelopment. Grams stated the EDA did not assist and this was due to the past use of this property. He explained the City did assist with the Phase I and Phase II environmental analysis on the 5 Central project.

Schulz did not believe the EDA should get involved in the environmental study at this time. He was of the opinion this was a cost of sale item for Premier Bank.

Poppe supported the environmental study being completed.

Stelmach questioned if the bank had any developers interested in this property. Grams stated he was not aware of any interested parties at this time; however, he has had individuals contact him in the past.

Stelmach recommended the EDA not spend funds on the environmental study at this time.

Schulz stated the environmental study was a hurdle to the development, but he did not support the expenditure of EDA funds for the analysis at this time.

**A motion was made by Poppe, seconded by Stelmach, to deny approval of the proposal from The Javelin Group for Phases I and II environmental analysis reports at the Osseo Sports redevelopment site at a cost of \$4,219.37 to the EDA. The motion carried 3-1 (Johnson opposed).**

## 8. NEW BUSINESS

### A. APPROVE MODIFICATIONS TO TIF DISTRICT NO. 2-6 (Resolution)

Rebecca Kurtz, Ehlers & Associates, stated in 2002 the Osseo EDA and City established TIF District No. 2-6 to assist with the redevelopment of a portion of the downtown. As part of the proposed redevelopment, the EDA entered into an agreement with MEER LLC to complete a multi-family housing project. A portion of the MEER project was completed, and the EDA has since amended the original agreement and issued a pay-as-you-go note to MEER. The obligation is paid based only on a portion of the tax increment generated from the MEER development.

Ms. Kurtz reported on April 11, 2016, the Council adopted a resolution removing parcels not related to the MEER development from the TIF District. This action resulted in only parcels related to the MEER project remaining in the District (two multi-family buildings and three vacant parcels).

Mr. Kurtz explained on December 27, 2016, the EDA and City received a request from Lighthouse Management Group on behalf of MEER LLC, to remove and release three parcels

from TIF District No. 2-6 and amend the Development Agreement accordingly. This action would result in the three vacant parcels being removed from the District, and the two multi-family buildings remaining under an Amended Agreement with MEER. She reviewed the parcels that would and would not remain within TIF 2-6. Since the net tax capacity of the three parcels requested to be removed has increased, the EDA and City can remove the parcels by resolution, and a public hearing is not required. If the EDA and Council chose to remove the three parcels, a Third Amendment to the Development Agreement is required to remove and release the three parcels from the tax increment obligation.

Ms. Kurtz stated it is her understanding that MEER is in discussions with a potential buyer for the property. If the parcels are removed, they could be used to establish a new housing or economic development TIF district at a future date, if the EDA, City, and buyer chose to do so. She recommended the EDA adopt a resolution removing three parcels from TIF District No. 2-6 and adoption of the Third Amendment to the Development Agreement, which removes and releases the three parcels from the tax increment obligation.

Poppe questioned what type of TIF District could be established for the three removed parcels. Ms. Kurtz explained the three parcels could be put into a new TIF housing or economic development district.

Johnson asked if there is a mortgage on these properties and would it be impacted if a TIF district were created. Ms. Kurtz reported this would not impact the properties or the mortgage company.

Poppe believed it made a great deal of sense to remove the three proposed parcels.

**A motion was made by Stelmach, seconded by Johnson, to adopt EDA Resolution No. 2017-1 approving the elimination of parcels from Tax Increment Financing District No. 2-6 within Municipal Development District No. 2 in the City of Osseo. The motion carried 4-0.**

B. APPROVE AMENDED TIF AGREEMENT WITH MEER (Resolution)

Rebecca Kurtz, Ehlers & Associates, requested the Council approve an amended TIF Agreement with MEER.

**A motion was made by Stelmach, seconded by Johnson, to adopt EDA Resolution No. 2017-2 authorizing the execution of a Third Amendment to the Development Agreement. The motion carried 4-0.**

C. APPROVE EHLERS MUNICIPAL ADVISOR CLIENT DISCLOSURE AGREEMENT FOR 2017

Rebecca Kurtz, Ehlers & Associates, explained Ehlers is registered as a Municipal Advisor and therefore required by the Municipal Securities Rulemaking Board (MSRB) to provide various disclosures including potential conflicts of interest, scope of services, compensation, and other disclosures detailing our obligations and responsibilities to municipal or obligated person clients. These disclosures must be provided to the City and EDA prior to or upon Ehlers engaging in any municipal advisory activity. To comply with this requirement, she asked the Osseo Economic Development Authority to approve the Ehlers' "Annual Advice Disclosure".

Ms. Kurtz indicated this Annual Advice Disclosure allows Ehlers to provide uninterrupted municipal advisor advice through December 31, 2017. Under this disclosure and at no charge, Ehlers can answer the City's municipal advisory questions, analyze refunding opportunities,

and provide preliminary debt issuance planning advice. If any preliminary debt issuance planning advice the City requests results in a debt issuance, Ehlers will then provide a separate scope of service and fee disclosure for that specific project. She reported no action was necessary but noted she was available for questions.

**A motion was made by Johnson, seconded by Stelmach, to approve the 2017 Municipal Advisor Client Disclosure Agreement with Ehlers & Associates. The motion carried 4-0.**

D. APPROVE INVESTMENT DEPOSITORIES FOR 2017 (Resolution)

Grams requested the EDA adopt a Resolution approving investment depositories for 2017.

**A motion was made by Johnson, seconded by Poppe, to adopt EDA Resolution No. 2017-3 approving investment depositories for 2017. The motion carried 4-0.**

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

City Planner Nancy Abts reported the Comprehensive Plan Steering Committee met last week. She invited the EDA to attend the next meeting on Thursday, January 26, from 6-8 p.m.

Johnson stated he attended the Comprehensive Plan Steering Committee meeting and was pleased by the number of volunteers in the group.

10. ADJOURNMENT

**A motion was made by Poppe, seconded by Stelmach, to adjourn at 6:38 p.m. The motion carried 4-0.**

Respectfully submitted,

*Heidi Guenther*  
*TimeSaver Off Site Secretarial, Inc.*