



AGENDA – REGULAR MEETING
6:00 p.m., January 8, 2018

Economic Development Authority

- 1. ROLL CALL**
- 2. ELECTION OF EDA OFFICERS**
- 3. APPROVAL OF AGENDA**
- 4. APPROVAL OF MINUTES**
 - A. December 11, 2017
- 5. MATTERS FROM THE FLOOR**
- 6. PUBLIC HEARING**
- 7. ACCOUNTS PAYABLE**
- 8. OLD BUSINESS**
- 9. NEW BUSINESS**
 - A. Roles and Responsibilities Presentation (Kennedy & Graven)
 - B. Discuss Spring Opener Event Finances
- 10. REPORTS OR COMMENTS: Executive Director, President, Members**
- 11. ADJOURNMENT**



City of Osseo Economic Development Authority Meeting Item

Agenda Item: EDA Officers for 2018

Meeting Date: January 8, 2018

Prepared by: LeAnn Larson, City Clerk

Attachments: City Code Chapter 33
Bylaws of the Economic Development Authority

Background:

Officers for the Economic Development Authority are elected annually. EDA Bylaws, Article III-OFFICERS, state the following:

1. President cannot be a Councilmember.
2. Vice President can be anyone on the Board.
3. Treasurer must be a Councilmember.
4. The President, VP, and Treasurer must be members of the Board, while the Assistant Treasurer and Secretary do not need to be members.
5. President and VP cannot hold any other office on the Board.
6. Treasurer and Assistant Treasurer cannot be the same person.
7. The President and the Treasurer will sign the checks.
8. The President and the Executive Director will sign the contracts.

In 2017 the EDA Officers were:

President: Todd Woods
 Vice President: Mark Schulz
 Treasurer: Harold E. Johnson
 Assistant Treasurer: Larry Stelmach
 Secretary: LeAnn Larson

(Riley Grams is Executive Director of the EDA as outlined in his job description.)

Recommendation/Action Requested:

Approve motion to consider the election of EDA Officers for 2018.

ECONOMIC DEVELOPMENT AUTHORITY

§ 33.50 ESTABLISHMENT.

An Economic Development Authority for the city is established. The name of the Authority shall be the City Economic Development Authority (which may sometimes be referred to as the EDA or the Authority), and its governing body shall be called the Board of Commissioners (the Board). The Board shall be the body responsible for the general governance of the Authority and shall conduct its official business at meetings thereof. The Authority shall be the city economic development agency as authorized by M.S. Ch. 469, as it may be amended from time to time, with specific powers and obligations to promote and to provide incentives for economic development.

(1997 Code, § 13.01)

§ 33.51 MEMBERSHIP.

(A) The Board of Commissioners shall have seven members, at least two of which shall be members of the City Council, appointed by the Mayor and approved by the City Council for six-year terms as established by the Osseo City Council, except the term of any Commissioner who is a member of the City Council shall end when the City Council term of office ends. A Commissioner shall serve until his or her successor has been appointed and installed. Commissioners may be appointed to serve on the Board for any number of consecutive terms.

(B) Absence from any three meetings in a year, unless excused in advance by the President, constitutes a vacancy. In the event of any vacancy, the President of the Authority shall notify the Council promptly of any vacancies and the Council shall appoint a person to complete the unexpired term of the original appointment.

(C) Any adult resident of the city or adult owner of a business located in the city shall be eligible to be appointed and installed as a Commissioner.

(D) A quorum shall be three members of the Authority.

(E) Each of the seven regular Commissioners shall have equal voting privileges. Any member may be removed by majority vote of the Council for just cause, but that member shall be entitled to a public hearing before the vote is taken.

(1997 Code, § 13.02) (Am. Ord. 2006-2, passed 3-13-2006)

§ 33.52 MEETINGS.

The Authority shall establish regular meeting dates and shall hold at least one regular meeting each month. Special meetings may be called by the President or by any two members of the Authority upon three-days' notice to all members. The Authority shall establish and adopt rules of procedure as necessary. The Authority shall hold public hearings when required by city ordinance or any other applicable law, and it, or the Council, may, at their discretion, initiate any additional hearing they deem necessary.

(1997 Code, § 13.03)

§ 33.53 OFFICERS; RULES; EXPENSES.

(A) The Authority shall annually elect a President, Vice President, Treasurer, Assistant Treasurer, and Secretary. The board member elected as President shall not be a City Council member.

(B) The Authority shall have the power to adopt, alter, and repeal its by-laws from time to time. Before the by-laws are effective or in force, they shall be submitted to and approved by the Council. Any provision of the by-laws that conflicts with this subchapter is null and void.

(C) The Authority shall keep a record of attendance at its meetings and of resolutions, transactions, findings, and determinations, showing the vote of each member on each question requiring a vote or if absent or abstaining from voting indicating that fact. The records of the Authority shall be a public record.

(D) All members shall serve without salaries or fees for their services thereon, but may receive necessary travel, per diem, and other expenses while on official business for the Authority, if funds are available for this purpose.

(1997 Code, § 13.04) (Am. Ord. 2005-1, passed 1-24-2005)

§ 33.54 APPROPRIATIONS, FEES, AND OTHER INCOME.

(A) The Council shall make available to the Authority appropriations as it may see fit for salaries, fees, and expenses necessary in the conduct of its work.

(B) Subject to the approval of the Council and within limits set by appropriations or other funds made available, the Authority may employ technicians and experts as may be deemed proper, and may incur other expenses as may be necessary and proper for the conduct of its affairs.

(C) The Authority shall have authority to expend all sums so appropriated and other sums made available for its use from grants, gifts, property tax levies, and other sources for the purposes and activities authorized by this subchapter.

(1997 Code, § 13.05)

BYLAWS OF THE CITY OF OSSEO ECONOMIC DEVELOPMENT AUTHORITY

ARTICLE I - THE AUTHORITY

Section 1. Name of Authority. The name of the Authority shall be the "City of Osseo Economic Development Authority" (which may sometimes be referred to as the "EDA" or the "Authority"), and its governing body shall be called the Board of Commissioners (the "Board"). The Board shall be the body responsible for the general governance of the Authority and shall conduct its official business at meetings thereof.

Section 2. Seal of Authority. The Authority shall have an official seal, as required by Minnesota Statutes, Section 469.096, Subdivision 1.

Section 3. Office of Authority. The offices of the Authority shall be the Osseo City Hall.

Section 4. Scope of Authority. All actions of the Authority are subject to review and must be confirmed by the City Council of the City of Osseo.

ARTICLE II - BOARD

Section 1. Number and Appointment of Commissioners. The Board of Commissioners shall have seven (7) members, at least 2 of which shall be members of the City Council, appointed by the Mayor and approved by the Osseo City Council for six (6) year terms as established by the Osseo City Council, except the term of any commissioner who is a member of the City Council shall end when the city council term of office ends. A Commissioner shall serve until his/her successor has been appointed and installed. Commissioners may be appointed to serve on the Board for any number of consecutive terms.

Section 2. Eligibility. Any adult resident of the City of Osseo or adult owner of a business located in Osseo shall be eligible to be appointed and installed as a Commissioner.

Section 3. Vacancies. Vacancies shall be filled by appointment made by the Mayor and approved by the Osseo City Council and shall be for the unexpired term of the commissioner who vacated his/her position.

Section 4. Removal. A commissioner may be removed by the City Council of the City of Osseo for inefficiency, neglect of duty or misconduct in office. Removal shall only be after a hearing as prescribed by M.S. 469.095, Subd. 5. Removal of a commissioner may be recommended by the Board of Commissioners to the City Council upon the unanimous vote of the other commissioners.

ARTICLE III - OFFICERS

Section 1. Officers. The officers of the Authority shall be a President, a Vice-President, a Treasurer, an Assistant Treasurer, and a Secretary. All officers shall be elected annually by the Authority. The President, the Vice-President, and the Treasurer shall be members of the Board, the Secretary and the Assistant Treasurer need not be members of the Board. No commissioner may be both President and Vice-President simultaneously and the President and Vice-President shall not hold any other office with the Authority. No commissioner may be both Treasurer and Assistant Treasurer simultaneously. The Treasurer must be a member of the City Council. The Board member elected as President shall not be a City Council member. The office of Assistant Treasurer may be held by the Executive Director.

Section 2. President. The President shall preside at all meetings of the board. Except as otherwise authorized by resolution of the Board, the President shall sign all contracts, deeds, and other instruments made or executed by the Authority. At each meeting the President shall submit such recommendations and information as he or she may consider proper concerning the business, affairs, and policies of the Authority.

Section 3. Vice-President. The Vice-President shall perform the duties of the President in the absence or incapacity of the President; and in case of the resignation or death of the President, the Vice-President shall perform such duties as are imposed on the President until such time as the Board shall elect a new President.

Section 4. Secretary. The Secretary shall keep minutes of all meetings of the Board and shall maintain all records of the Authority. The Secretary shall also have such additional duties and responsibilities as the Board may from time to time and by resolution prescribe.

Section 5. Treasurer. The Treasurer shall have the care and custody of all funds of the Authority and shall deposit the same in the name of the Authority in such bank or banks as the Board may select. The Treasurer shall sign all Authority orders and checks for the payment of money and shall pay out and disburse such moneys under the direction of the Board. The Treasurer shall keep regular books of accounts showing receipts and expenditures and shall render to the Board, at least annually (or more often when requested), an account of such transactions and also of the financial condition of the Authority.

Section 6. Assistant Treasurer. The Assistant Treasurer has the powers and duties of the Treasurer if the Treasurer is absent or disabled.

Section 7. Additional Duties. The officers of the Authority shall perform such other duties and functions as may from time to time be required by the Board or the bylaws or rules and regulations of the Authority.

Section 8. Vacancies. Should the office of President, Vice-President, Treasurer, Assistant Treasurer, or Secretary become vacant, the Board shall elect a successor from its membership at the next regular meeting, or at a special meeting called for such purpose, and such election shall be for the unexpired term of said officer.

Section 9. Additional Personnel. The Board may from time to time employ such personnel as it deems necessary to exercise its powers, duties, and functions. The selection and compensation of such personnel shall be determined by the Board.

9.1 Executive Director. The City Administrator-Clerk-Treasurer shall serve as the Executive Director of the Authority, however such service is at the pleasure of the Board and may be terminated at any time with or without cause. The Executive Director shall not be a member of the Board, however the Executive Director may also hold the office of Assistant Treasurer. The Executive Director shall handle day-to-day matters of the Authority on behalf of the Authority at the direction of the Board.

Section 10. Signature Authority. The following signature authority shall be authorized for transactions executed under direction of the Board:

- (A) All orders and checks of the Authority for the payment of money as directed by the Board shall be signed by the President and Treasurer.
- (B) All contracts, deeds and other instruments made or executed by the Authority, except as otherwise authorized by resolution of the Board, shall be signed by the President and the Executive Director.
- (C) The Vice-President shall have the capacity to sign as an alternate officer of the Authority under certain extenuating circumstances such as lengthy excused absence, vacancy, termination, resignation, incapacitation or death of the President, Treasurer, Assistant Treasurer or Executive Director. The Vice-President may sign as an alternate for only one absent officer for any Authority matter until the absent officer has returned or a successor is elected to fill the office. The Vice-President may not sign in the capacity of more than one officer for any particular item requiring more than one signature.
- (D) For purposes of definition, absent is defined as "a period, usually significant in length, during which an officer is away and/or unable to fulfill the officer's role within the Authority leading to the potential for business issues of the Authority to be delayed and/or deadlines to be missed."

ARTICLE IV - MEETINGS

Section 1. Regular Meetings. The Board may hold regular meetings according to a meeting schedule, if any, adopted or revised from time to time by resolution of the Board, and shall hold at least one regular meeting each month.

Section 2. Special Meetings. Special meetings of the Board may be called by the President or any two members of the Board for the purpose of transacting any business designated in the call. The call for a special meeting may be delivered at any time prior to the time of the proposed meeting to each member of the Board or may be mailed to the business or home address of each member of the Board at least three (3) days prior to the date of such special meeting. At such

special meeting no business shall be considered other than as designated in the call. Notice of any special meeting shall be posted and/or published as may be required by law.

Section 3. Quorum. The powers of the Authority shall be vested in the Board. Four (4) Commissioners shall constitute a quorum for the purpose of conducting the business and exercising the powers of the Authority and for all other purposes, but a smaller number may adjourn from time to time until a quorum is obtained. When a quorum is in attendance, action may be taken by the Board upon a vote of a majority of the Commissioners present.

Section 4. Order of Business. At the regular meetings of the Board the following shall be the order of business:

1. Roll call
2. Approval of agenda
3. Approval of the minutes of previous meeting
4. Matters from the floor
5. Public hearings
6. Accounts payable
7. Old business
8. New business
9. Executive Director's report
10. Other reports
11. Adjournment

Section 5. Adoption of Resolutions. Resolutions of the Board shall be deemed adopted if approved by not less than a simple majority of all Commissioners present, unless a different requirement for adoption is prescribed by law. Resolutions may but need not be read aloud prior to vote taken thereon but the title must be read aloud prior to vote taken thereon. Resolutions shall be reduced to writing and shall be executed after passage. Voting on resolutions shall be by roll call vote.

All resolutions shall be written or transcribed and shall be retained in the journal of the proceedings maintained by the Secretary.

Section 6. Rules of Order. The meetings of the Board shall be governed by the most recent edition of Robert's Rules of Order.

ARTICLE V - MISCELLANEOUS

Section 1. Amendments to Bylaws. The bylaws of the Authority shall be amended only by resolution approved by at least four (4) of the members of the board. Amendments to the Bylaws must be approved by the City Council of the City of Osseo before becoming effective.

Section 2. Fiscal Year. The fiscal year of the Authority shall coincide with the fiscal year of the City of Osseo.

Section 3. Review of Commission Applications. The Authority, at its last meeting of the year, or in a meeting at least three weeks and not more than eight weeks prior to the end of the EDA fiscal year, shall review the applications on file with the City and make a recommendation to the Council for appointment of new commissioners and/or reappointment of existing commissioners to the Authority. The Board shall forward its recommendation to the Council for consideration. If the Board finds it cannot decide on a collective recommendation, the Board may choose to submit to Council a recommendation of "No Opinion."

Section 4: Annual General Operating Budget. The Authority shall adopt an annual general operating budget.

Section 5: Tax Increment and Other Special Revenue Funds. In addition to the City's annual Audit, the Authority shall annually conduct an analysis of its Tax Increment and Other Special Revenue Funds by its Financial Advisor.


Section 6: Strategic Plan. The Authority shall annually adopt a Strategic Plan that promotes and provides incentives for economic development in the City.

ATTEST:

City of Osseo Economic
Development Authority




President

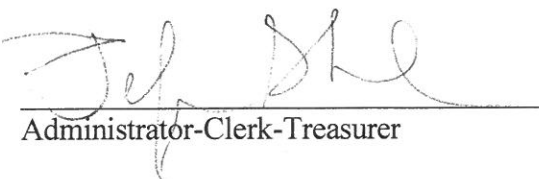


Secretary

City of Osseo



Mayor



Administrator-Clerk-Treasurer

**OSSEO ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING MINUTES
December 11, 2017**

1. ROLL CALL

Vice President Mark Schulz called the regular meeting of the Osseo Economic Development Authority to order at 6:00 p.m., Monday, December 11, 2017.

Members present: Juliana Hultstrom, Harold E. Johnson, Dan LaRouche, 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: None.

2. APPROVAL OF AGENDA

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

3. APPROVAL OF MINUTES – NOVEMBER 13, 2017

A motion was made by Johnson, seconded by Hultstrom, to approve the minutes of November 13, 2017, as presented. The motion carried 6-0.

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 Hultstrom, seconded by Johnson, to approve the Accounts Payable. The motion carried 6-0.

7. OLD BUSINESS – None.

8. NEW BUSINESS

A. APPOINT COMMITTEE TO REVIEW NORTH CENTRAL REDEVELOPMENT PROPOSALS

City Planner Nancy Abts stated the EDA has discussed potential redevelopments for the 600 block of Central Avenue East. To better understand market interest, the City requested proposals from local developers. The Beard Group and Lunski, Inc., both submitted proposals.

Abts explained the responses are private until the City has negotiated any agreement with a selected developer. Staff suggest the EDA appoint a committee to review the proposals. The committee can make a recommendation to the group. EDA President Todd Woods has volunteered to serve on the committee, alongside City staff. One or two other EDA members could also be part of the group.

Hultstrom volunteered to serve on this committee.

Johnson stated he would also serve on this committee. He asked if the committee would be meeting during the day or in the evening hours. Grams explained staff would make themselves available for the committee.

Poppe indicated he was willing to serve on this committee, but would remove his name from consideration in order to keep the committee at three EDA members.

A motion was made by Stelmach, seconded by Schulz, to authorize a committee comprised of President Woods and EDA members Harold Johnson and Juliana Hultstrom to review and make a recommendation on the RFP responses. The motion carried 6-0.

B. DISCUSS 609 1ST AVENUE NW (OSSEO URBAN TOWNHOMES)

City Attorney Mary Tietjen explained this is a follow-up item to the discussion that was raised at the November EDA meeting. She stated in August 2017 City staff received notice of a foreclosure sale relating to the property at 609 1st Avenue NW. The mortgagee, Midwest Minnesota Community Development Corporation, was foreclosing on its first mortgage, recorded against the property on October 25, 2004. The Osseo EDA and the Hennepin County HRA hold a second mortgage on the property, recorded on October 24, 2004, in the amount of \$70,000. That mortgage is subordinate to the MMCDC mortgage.

City Attorney Tietjen reported a sheriff's sale was scheduled on October 24, 2017, at 11 a.m. Upon request by Teri Portinen, City Finance Officer, Ms. Tietjen followed up to determine where the sale occurred. Staff could find no record of it. Staff received confirmation from the attorney's office for the foreclosing entity that the sale had been canceled. The law firm also sent an email to Riley Grams on November 21, 2017, confirming the same. When a foreclosure is stopped, there is nothing that is physically recorded, so the City does not have any additional details about the matter. However, it is reasonable to assume that the property owner may have made the payments to stop the foreclosure process.

Johnson requested the EDA review the loan schedules for these properties at a future meeting. Grams stated he would report back to the EDA at the February 2018 meeting

C. APPROVE 2018 ECONOMIC DEVELOPMENT AUTHORITY BUDGET

Grams stated the EDA should consider and approve an operating budget for the following year. The final draft of the 2018 EDA budget includes suggested changes per the EDA members from the November EDA meeting. If approved, staff will work within this budget for the 2018 calendar year.

Johnson asked if the electric service for the Gateway Sign should be paid by the EDA given the fact all of the income from the sign was going to the City. Grams explained the EDA had discussed the operating costs for the sign in the past and he recommended the \$3,000 expense be considered a transfer to the City for these costs. He stated he preferred to have all of the costs be covered by one "house."

Schulz questioned how much revenue was generated by the Gateway Sign. He supported the City covering the expenses for the sign through these incoming revenues. Grams stated through mid-November the City had collected \$3,550 and the City had budgeted \$5,000 for the year.

Stelmach was pleased the Gateway Sign was generating income. He supported the electrical expenses being covered by the revenues from the sign.

Schulz suggested a fund also be created for the Gateway Sign to cover any future expenses for repairs.

Hultstrom supported this recommendation.

Johnson stated if the EDA were to pay for this expense, he would want to see an ad running for the Osseo EDA.

A motion was made by Hultstrom, seconded by Stelmach, to approve the 2018 Osseo Economic Development Authority Budget, less the \$3,000 Gateway Sign expense. The motion carried 6-0.

D. APPROVE 2018 ECONOMIC DEVELOPMENT AUTHORITY MEETING SCHEDULE

Grams stated the EDA should consider and approve a meeting schedule for 2018. The schedule remains unchanged from previous years, with EDA meetings being held on the second Monday of every month beginning at 6 p.m. in the Council Chambers at City Hall. The EDA may also schedule work sessions throughout the year. If the EDA is to hold a work session, the EDA should approve the meeting date/time ahead of the proposed date so staff could publically post the meeting.

A motion was made by Stelmach, seconded by Hultstrom, to approve the 2018 Osseo Economic Development Authority meeting schedule. The motion carried 6-0.

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

Grams thanked the EDA members for their service to the community. He explained the EDA would be reviewing a project spreadsheet in January.

Abts reported Ehlers would be holding a seminar on February 1 and 2 at the Earle Brown Conference Center. Those EDA members interested in attending were encouraged to speak with staff.

City Attorney Tietjen reported on Monday, January 8, 2018, she would be inviting a bond attorney to provide a presentation to the EDA board on economic development powers and authority.

Hultstrom stated she was grateful to be serving on the EDA.

Johnson explained Northwest Hennepin Human Services Council would be holding its final meeting next week. He asked when the North Central Redevelopment Committee would be meeting. Grams anticipated this group would be meeting shortly after the holidays.

10. ADJOURNMENT

A motion was made by Stelmach, seconded by Johnson, to adjourn at 6:31 p.m. The motion carried 6-0.

Respectfully submitted,

Heidi Guenther
TimeSaver Off Site Secretarial, Inc.



City of Osseo Economic Development Authority Meeting Item

Agenda Item: Accounts Payable

Meeting Date: January 8, 2018

Prepared by: Teri Portinen, City Accountant

Attachments: None

Accounts Payable Listing

Check Name	Comments	Amount
CITY OF OSSEO	2017 PAYROLL	\$468.28
CITY OF OSSEO	REIMB LEGAL EXP - FORECLOSURE	\$26.52
EHLERS & ASSOCIATES, INC	2ND HALF TIF DISTR CALC	\$99.00
EHLERS & ASSOCIATES, INC	2ND HALF TIF DISTR CALC	\$99.00
EHLERS & ASSOCIATES, INC	10/12/17 LYNDES REVIEW	\$176.25
EHLERS & ASSOCIATES, INC	2ND HALF TIF DISTR CALC	\$99.00
EHLERS & ASSOCIATES, INC	2ND HALF TIF DISTR CALC	\$99.00
EHLERS & ASSOCIATES, INC	10/12/17 5-CENTRAL REVIEW	\$176.25
EHLERS & ASSOCIATES, INC	2ND HALF TIF DISTR CALC	\$99.00
EHLERS & ASSOCIATES, INC	AUG 2017 TIF MANAGEMENT	\$1,760.00
KENNEDY & GRAVEN, CHARTERED	NOV 2017 LEGAL SERVICE	\$228.27
TIMESAVER OFF SITE	12/11/17 EDA MTG	<u>\$139.00</u>
		<u>\$3,469.57</u>

EDA MONTH END CASH BALANCE

FUND	DESCRIPTION	12/11/2017	DIRECTIONAL			1/8/2018	PROPOSED	1/8/2018
		BALANCE	SIGNAGE	ADJUSTMENTS		BALANCE	EXPENSE	BALANCE
			REVENUE	(+/-)				
801	GENERAL	640,239.95		1,294.14	1	641,534.09	-2,622.07	638,912.02
806	TIF 2-5 REALIFE	-25,995.95		31,941.00	2	5,945.05	-99.00	5,846.05
817	TIF 2-4 BELL TOWER	269,389.89		79,772.91	2	349,162.80	-99.00	349,063.80
819	TIF 2-6 CELTIC CROSSING	42,425.10		15,215.75	2	57,640.85	-99.00	57,541.85
824	TIF 2-7 BARGER PROJECT	-727.43		0.00		-727.43		-727.43
825	TIF 2-8 LANCOR/LYNDES	-13,486.04		16,248.99	2	2,762.95	-275.25	2,487.70
836	TIF 2-9 CENTRAL 5	-279,673.95		563,679.25	3	284,005.30	-275.25	283,730.05
		632,171.57	0.00	708,152.04		1,340,323.61	-3,469.57	1,336,854.04
1	OCTOBER 2017 INTEREST		1,294.14					
2	RECORD TIF FROM COUNTY	31,941.00						
	RECORD TIF FROM COUNTY	79,772.91						
	RECORD TIF FROM COUNTY	15,215.75						
	RECORD TIF FROM COUNTY	16,248.99	143,178.65					
3	TRANSFER BALANCES FR ACCT 826(CLOSE IT)	397,799.72						
	TRANSFER BOND PAYMENT FR ACCT 826	-48,600.00						
	RECORD TIF FROM COUNTY	214,479.53	563,679.25	708,152.04				

Kennedy

&

Graven

CHARTERED

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SUMMARY OF MINNESOTA HRA AND EDA POWERS

Julie Eddington
Kennedy & Graven, Chartered
January 2018

Following is a generalized summary of the powers of a housing and redevelopment authority ("HRA") under Minnesota Statutes, Sections 469.001 through 469.047 ("HRA Act") and an economic development authority ("EDA") under Minnesota Statutes, Sections 469.090 through 469.1082 ("EDA Act").

A. HRAs

1. Housing

Housing powers are generally grouped under the definition of a "housing project" and a "housing development project."

Housing projects are any work or undertaking to provide decent, safe and sanitary dwellings for persons of *low income* and their families. Section 469.002, Subd. 13. Such persons are those who lack a sufficient income to enable them, without financial assistance, to live in decent, safe and sanitary dwellings without overcrowding.

Housing development projects are any work or undertaking to provide housing for persons of *moderate income* and their families. Section 469.002, Subd. 15. Such persons are those whose income is not adequate to cause private enterprise to provide, without governmental assistance, a substantial supply of decent, safe and sanitary housing and rents or prices within their financial means.

The statute includes a more specific schedule of powers that fleshes out this general authority, most of which are discussed below. Generally, HRAs may do all things necessary and convenient to acquire, construct and operate housing projects and housing development projects.

Key specific powers that supplement the general language above include:

- a. Interest reduction programs, allowing financial assistance to reduce the cost of interest on privately financed housing intended primarily for occupancy by low and moderate income individuals. Sections 469.012, Subds. 7 through 9.
- b. Housing rehabilitation loan and grant programs, for property owned by person of low and moderate income. Section 469.012, Subd. 6.
- c. Down payment assistance loans and grants, where the HRA finds that the program is necessary to promote economic integration or encourage owner occupancy of single family residences. Section 469.012, Subd. 13

HRAs may finance housing projects and housing development projects through issuance of bonds secured by a mortgage on HRA property, a pledge of HRA revenues, or a pledge of grants or contributions from the federal government or any other source. Section 469.012, Subd. 1q, Section 469.034. If certain criteria are met, and subject to certain limits, the HRA may sell bonds for housing development projects secured by the City's general obligation pledge, with the City Council's approval following a public hearing. Section 469.034, Subd. 2.

2. Redevelopment

HRA powers regarding redevelopment are described under the powers to create and operate "redevelopment projects." That term means, generally, any work or undertaking to acquire property in order to remove, prevent or reduce blight, blighting factors, or the cause of blight; clear any areas acquired and install, construct, or reconstruct utilities and site improvements essential to the preparation of sites for uses in accordance with the redevelopment plan; sell or lease land for uses in accordance with the redevelopment plan; prepare a redevelopment plan; or conduct an "urban renewal project," which itself is broadly defined to include any undertaking for the elimination or prevention of blighted or deteriorating areas. Section 469.002, Subd. 14.

The specific schedule of powers regarding redevelopment includes the power:

- a. To establish a redevelopment project. The HRA (and City Council) must approve a redevelopment plan, which is a general plan for the development or redevelopment of the project area. After a public hearing, with at least 10 days' published notice, the City Council must find that:
 - (i) the land in the project area would not be made available for redevelopment without the financial aid to be sought;
 - (ii) the redevelopment plans for the redevelopment areas in the locality will afford maximum opportunity, consistent with the needs of the locality as a whole, for the redevelopment of the areas by private enterprise; and
 - (iii) the redevelopment plan conforms to a general plan for the development of the

locality as a whole.

Section 469.028, Subd. 2.

- b. To undertake, prepare, carry out and operate projects¹ and to provide for the construction, reconstruction, improvement, extension, alteration, or repair of any project or any part thereof. Section 469.012, Subd. 1d.
- c. To give, sell, transfer, convey or otherwise dispose of real or personal property or any interest therein, and to execute leases, deeds, conveyances, negotiable instruments, purchase agreements and other contracts or instruments and take action that is necessary or convenient to carry out the purposes of the HRA Act. Section 469.012, Subds. 1e and 1f.
- d. To acquire real or personal property or any interest therein by gift, grant, purchase, exchange, lease, transfer, bequest, devise, or otherwise, and by exercise of the power of eminent domain. Section 469.012, Subd. 1g.
- e. To borrow money or other property and accept contributions, grants, gifts, services or other assistance from the federal government, the state government, state public bodies, or from any other public or private sources. Section 469.012, Subd. 1o.
- f. To cooperate with or act as the agent for the federal government, the state or any state public body, or any agency or instrumentality of the forgoing, in carrying out the provisions of the HRA Act. Section 469.012, Subd. 1l.
- g. To issue bonds for any corporate purposes and to secure the bonds by mortgages upon property held or to be held by the HRA or by pledge of its revenues, including grants or contributions. Section 469.012, Subd. 1q; Section 469.034.
- h. To levy a special benefits tax on all property in the HRA's area of operation (in this case, the City as a whole). The City Council must approve the tax levy either annually or without a time limitation; in any event, the HRA must file a budget with the City in accordance with the procedures for executive departments of the City. The special benefits tax may not exceed 0.0185% of the estimated market value in the City. Section 469.033, Subd. 6.
- i. To carry out studies of the housing and redevelopment needs within its area of operation and of the meeting those needs. Section 469.012, Subd. 1t.
- j. To lease or rent any dwellings, accommodations, land, buildings, structures or facilities included in any project, and, subject to limitations contained in the HRA Act, to establish and revise the rents or charges therefor. Section 469.012, Subd. 1v.
- k. To own, hold and improve real or personal property and to sell, lease, exchange, transfer,

¹ The term "project," unless otherwise indicated, includes a housing project, a housing development project, a redevelopment project, and an interest reduction program. Section 469.002, Subd. 12.

assign, pledge or dispose of any real or personal property or any interest therein. Section 469.012, Subd. 1w. Sale or lease of land in a redevelopment project generally requires a public hearing with 10 days' published notice and restrictions on use or resale of the property to accomplish the public purpose of the redevelopment plan. Section 469.029, Subds. 1 and 2.

- l. To exercise the powers of a City in carrying out a commercial rehabilitation loan program under Section 469.184, if the City by ordinance so authorizes. Section 469.184, Subd. 7.
- m. To make loans to a business, a for-profit or nonprofit organization, or an individual for any purpose that an HRA is otherwise authorized to carry out under the HRA Act. Section 469.192.

In addition to the powers described above, HRAs are one of the "authorities" with the power to establish tax increment financing districts (with City Council approval) under Sections 469.174 through 469.1794. The tax increment must be used to finance or otherwise pay the "public redevelopment costs" pursuant to the HRA Act, including administrative expense of the HRA allocable to the project and debt charges and all other costs authorized to be incurred by the HRA in the HRA Act.

B. EDAs

The powers of an EDA are more ambiguous and complex than those of an HRA. Most of the powers specified in the EDA Act itself must be exercised within an "economic development district" (not to be confused with a tax increment financing district with the same name).

The EDA Act offers significant flexibility because of its cross-referencing provisions. An EDA has all the powers of an HRA (described above) and all the powers of a city under Minnesota Statutes, Sections 469.124 through 469.133 (the "Municipal Development District Act"). The Municipal Development District Act provides broad authority to carry out economic development. Further, an EDA may use powers under Sections 469.152 through 469.1655 (the "Municipal Industrial Development Act") for a purpose under the HRA Act or EDA Act, and may use the powers under the HRA Act and EDA Act for a purpose under the Municipal Industrial Development District Act. Section 469.101, Subd. 12.

In addition to these cross-referenced powers, the EDA Act includes some specific unique powers, including the power to become a limited partner in a partnership "whose purpose is consistent with the authority's purpose" (Section 469.101, Subd. 6); to carry out public relations activities in furtherance of the City's economic development (Section 469.101, Subd. 16); and to invest in certain venture capital businesses (Section 469.101, Subd. 23).

The net result is that EDAs generally have similar powers to HRAs, except that the purposes extend beyond housing and redevelopment to include the broader goals of economic development.

A final point involves tax levies. EDAs have access to two types of tax levies. First, an EDA may

use its HRA powers and levy the HRA tax described above (subject to City Council approval). In cities that have both an EDA and an HRA, the maximum levy (0.0185% of market value) probably applies collectively to the two bodies. That is, if both an EDA and HRA wish to levy a special benefit tax, they probably need to allocate the statutory limit between them.

Secondly, the EDA Act authorizes a tax levy for EDAs as described in Section 469.107. If the EDA requests, a City *may* (but is not required to) levy a tax “for the benefit of the authority.” The maximum amount is 0.01813% of the City’s estimated market value. Unlike the HRA levy described above, this is not a separate levy made by the EDA; it is made by the City and is included within the City’s levy limits. As a result this so-called “EDA levy” is not a significant benefit except in unusual circumstances.

Like HRAs, EDAs may issue revenue bonds, and technically may issue general obligations bonds secured by the City’s full faith and credit (with consent of the city council), but such bonds are subject to election.

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MEMORANDUM

ANNUAL EDA REQUIREMENTS

Below is a summary of the annual requirements of an economic development authority established and governed under Minnesota Statutes, Section 469.090 through 469.1082 (the “EDA Act”).

1. **Yearly Report to City Council.** Each year, within 60 days of the anniversary date of the first adoption of the EDA’s enabling resolution, the EDA must submit to the City Council a report stating whether and how the enabling resolution should be modified. Minnesota Statutes, Section 469.092, subdivision 3.
2. **Elect Officers.** Each year, the EDA must elect a president, treasurer and secretary. The same commissioner cannot be the vice-president and the president. The secretary does not need to be a commissioner. Minnesota Statutes, Section 469.096, subdivision 2.
3. **Set Treasurer’s Bond.** The treasurer shall give bond to the state conditioned for the faithful discharge of official duties. The bond must be approved as to form and surety by the EDA and filed with the secretary. The treasurer’s bond must be for twice the amount of money likely to be on hand at any one time, as determined annually by the EDA, provided that the bond must not exceed \$300,000. Minnesota Statutes, Section 469.096, subdivision 6.
4. **Name Depository Bank.** Every *two years*, the EDA must name national or state banks located within Minnesota as its depositories. Minnesota Statutes, Section 469.099, subdivision 1.
5. **Send Budget to City Council.** Annually, at the time fixed by charter, resolution, or ordinance of the city, the EDA must send its budget to the City Council. Minnesota Statutes, Section 469.100, subdivision 2.
6. **Send Status Report to City Council.** Annually, at the time fixed by resolution or ordinance of the city, the EDA must make a written report to the council giving a detailed account of its activities and of its receipts and expenditures during the preceding calendar year, together with additional matters and recommendations it deems advisable for the economic development of the City. Minnesota Statutes, Section 469.100, subdivision 4.

7. **Treasurer Files Financial Statement with Secretary.** Each year, the Treasurer must file the EDA's detailed financial statement with the Secretary at a time set by the EDA. Minnesota Statutes, Section 469.096, subdivision 4.
8. **Financial Statements.** The financial statements of the EDA must be prepared, audited, filed, and published or posted in the manner required for the financial statements of the City and filed with the state auditor by June 30 of each year. Minnesota Statutes, Section 469.100, subdivision 5. [EDA financials will be a component of the City's financial statements]
9. **Tax Levy.** The City may, at the request of the EDA, levy a tax in any year for the benefit of the EDA. Minnesota Statutes, 469.107, subdivision 1. [EDA must request that the City levy the EDA tax by August 1 of each year]

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MEMORANDUM

To: Osseo Economic Development Authority
Riley Grams, Executive Director

From: Mary Tietjen, city attorney
Julie Eddington, attorney

Re: 2018 Spring Opener Event

Date: January 8, 2018

In conjunction with the presentation tonight related to EDA powers and legal authority, staff wished to briefly address these issues as they pertain to the proposed 2018 “Spring Opener” (food truck) Event.

Minn. Stat. § 469.101 sets forth the powers of the EDA. The EDA has many powers, one of which is to spend money for its public purpose of promoting economic development in the City of Osseo. In addition, the EDA may, “[t]o further an authorized purpose, ... carry out other public relations activities to promote the city and its economic development.” Minn. Stat. § 469.101, subd. 16.

Because the EDA has extensively discussed this event in prior meetings, I will not go into great detail about the proposed activities. In short, however, the EDA has previously discussed the Spring Opener Event as including new and exciting food truck vendors, entertainers and other activities, as a way to draw visitors to the City of Osseo and promote local businesses. The EDA had previously received some commitments for donations for the event, as well as a contribution from the Osseo City Council (pursuant to authority state statute 469.191, which gives cities the authority to appropriate up to \$50,000 annually to a development organization for the purpose of promoting, advertising, improving or developing the economic resources of the city).

It is our opinion that the EDA may sponsor and provide funding for the Spring Opener Event as a public relations activity to promote the city and its economic development. We are recommending that the EDA discuss additional ways to advertise the event and consider additional activities for the event that would further emphasize the promotion of economic development in the City. For example, EDA and city staff and Commissioners could be available at designated locations to distribute information and answer questions relating to economic development opportunities.