



**AGENDA – REGULAR MEETING**  
**6:00 p.m., May 14, 2018**

## **Economic Development Authority**

- 1. ROLL CALL**
- 2. ELECTION OF OFFICERS**
- 3. APPROVAL OF AGENDA**
- 4. APPROVAL OF MINUTES**
  - A. April 9, 2018
- 5. MATTERS FROM THE FLOOR**
- 6. PUBLIC HEARING**
- 7. ACCOUNTS PAYABLE**
- 8. OLD BUSINESS**
- 9. NEW BUSINESS**
  - A. North Central Redevelopment Update
  - B. Update on Osseo Spring Opener Event
  - C. Update on Osseo Urban Townhomes
- 10. REPORTS OR COMMENTS: Executive Director, President, Members**
- 11. ADJOURNMENT**



## City of Osseo Economic Development Authority Meeting Item

<b>Agenda Item:</b>	<b>Election of Officers</b>
<b>Meeting Date:</b>	May 14, 2018
<b>Prepared by:</b>	Riley Grams, City Administrator
<b>Attachments:</b>	Osseo Code Chapter 33 Bylaws of the Economic Development Authority

### **Policy Consideration:**

The EDA will need to elect a new President due to the resignation of EDA President Todd Woods.

### **Background:**

Due to a vacancy, the EDA will need to elect a new President. As a reminder, the President cannot be a current Councilmember.

Here are the current Officers:

President:	<u>(Vacant)</u>
Vice President:	Mark Schulz
Treasurer:	Harold E. Johnson
Assistant Treasurer:	Larry Stelmach
Executive Director:	Riley Grams
Secretary:	LeAnn Larson

Currently, two EDA members are eligible to be President (Commissioners Murdock and Hultstrom). However, the vacant position could also be the President. The EDA has the option to either elect the President from the two current eligible members, or the option to wait until the vacant seat is filled before electing the President.

### **Recommendation/Action Requested:**

Staff recommends the Economic Development Authority discuss the options available and either elect a new President or wait for the vacant seat to be filled.

## **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:

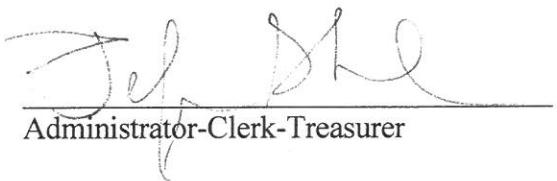
City of Osseo Economic  
Development Authority

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Secretary

City of Osseo

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Administrator-Clerk-Treasurer

**OSSEO ECONOMIC DEVELOPMENT AUTHORITY  
REGULAR MEETING MINUTES  
April 9, 2018**

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, April 9, 2018.

Members present: Juliana Hultstrom, Harold E. Johnson, Sherry Murdock, Duane Poppe, Mark Schulz, and Larry Stelmach.

Members absent: Chair Todd Woods.

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

Others present: City Accountant Teri Portinen.

2. APPROVAL OF AGENDA

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

3. APPROVAL OF MINUTES – MARCH 12, 2018

**A motion was made by Hultstrom, seconded by Johnson, to approve the minutes of March 12, 2018, 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 Stelmach, to approve the Accounts Payable. The motion carried 6-0.**

7. OLD BUSINESS

A. UPDATE ON ANNEXATION AND REDEVELOPMENT OPPORTUNITY

Grams stated the EDA heard a March EDA presentation on potential redevelopment at the gas station site located at 9970 County Road 81 in Maple Grove. This involved a possible annexation. Since then, staff discussed this opportunity with several stakeholders. At this time, the Osseo School District has taken a more active role in negotiating the purchase of this

property for future athletic improvements. If the school district were to purchase the property for its own redevelopment needs, the City of Osseo and the EDA would not have any role in the transaction.

Grams reported City Attorney Mary Tietjen has done research regarding annexation in general. Assuming the school district ends up purchasing this property, it would need to combine the parcel with its existing school parcel (assuming a redevelopment would occur), which requires a lot combination. It is unknown if the property would need to be annexed into Osseo for that to occur. Staff will stay in communication with the stakeholders of this property.

General EDA discussion was to watch how this potential redevelopment evolves and reexamine City requirements at a future time, if necessary.

## 8. NEW BUSINESS

### A. TAX INCREMENT FINANCING ANNUAL REVIEW – Rebecca Kurtz, Ehlers & Associates

Rebecca Kurtz, Ehlers & Associates, thanked the EDA for its time. She provided the EDA with an update on the City's Tax Increment Financing. She explained TIF was the ability to capture and use most of the increased local property tax revenue from new development within a defined geographic area for a defined period of time without approval of the other taxing jurisdictions. She described how TIF funds were captured and could be utilized by the City. It was noted TIF funds could only be spent in the project area. She discussed how TIF plans were created for projects, along with the types of TIF districts. The length of TIF districts was reviewed for housing, renewal, and renovations districts. She stated if a development was only possible but for the use of tax increment, then TIF could be considered. It was noted the City Council had to make this finding.

Ms. Kurtz discussed each of the TIF Districts currently operating in the City of Osseo. She noted TIF District 2-4 or the Bell Tower Redevelopment was an office/warehouse project that was established in 2000 and would be decertified in 2028. She stated TIF District 2-5 or the Realife Cooperative was a redevelopment district that was established in 2001 and would be decertified in 2028. She reported TIF District 2-6 or the Celtic Crossing redevelopment was for condominiums; the district was established in 2002 and would be decertified in 2030. She explained TIF District 2-8 was the Lynde's redevelopment project that was established in 2007 and would be decertified in 2034. She indicated the most recent TIF District was District 2-9 for the Five Central redevelopment which includes 140 units of rental housing that was established in 2013 and would be decertified in 2040 or when obligations are paid. She commented further on the interfund loan for this project and noted there was adequate funding available to make the bond payments at this time.

Stelmach asked if the length of the interfund loan was the same as the TIF District. Ms. Kurtz reported this was the case.

Ms. Kurtz reviewed the successful TIF Districts the City has decertified. She commented on the options the EDA had for redevelopment funds. She encouraged the EDA to not use positive cash balances from the TIF Districts until all outstanding bonds were paid in full. She provided further comment on the levying process for the EDA.

Murdock asked if the EDA had ever had a levy in the past. Schulz noted the EDA pursued this option nine or ten years ago.

B. UPDATE ON 5 CENTRAL PROPERTY TAX VALUE APPEAL PROCESS

Grams explained the owner/developer of the 5 Central Apartments project filed a petition to lower the property's market value, as assessed by the Hennepin County Assessor. The EDA was updated with this information, and directed staff come back with additional information.

Rebecca Kurtz, Ehlers & Associates, stated a tax petition was filed for 2017 by the 5 Central property owner. She commented on how the property value was set for this property and noted it could not go below \$14.7 million. She stated in 2017 the market value was \$21 million and is estimated to be \$23 million in 2018. She explained the developer had the right to reduce this amount down to \$14.7 million. She reported it may take some time for this matter to be reviewed in tax court. She indicated she would keep the EDA posted on how this matter proceeds with Hennepin County and how the interfund payments would be impacted if the property value were decreased.

Johnson asked if the TIF District would have a shortfall if the property taxes were not paid. Ms. Kurtz reported this would be the case and noted the City would be responsible for making the bond payments.

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

Hultstrom stated she and Johnson would be attending a Resilient Cities Conference in St. Paul this week.

Schulz thanked Ms. Kurtz for her thorough report.

10. ADJOURNMENT

**A motion was made by Hultstrom, seconded by Johnson, to adjourn at 6:55 p.m. The motion carried 6-0.**

Respectfully submitted,

Heidi Guenther  
*TimeSaver Off Site Secretarial, Inc.*



## City of Osseo Economic Development Authority Meeting Item

### Accounts Payable Listing

5/14/18EDA

2018

5

Check Name	Comments	Amount
CITY OF OSSEO	FINAL PAY-T WOODS	\$48.44
CROWN STAMP & ENGRAVING	SHERRY MURDOCK NAME TAG	\$12.05
EHLERS & ASSOCIATES, INC	5 CENTRAL MARKET VALUE PETITION	\$352.50
EHLERS & ASSOCIATES, INC	2018 TIF WORKSHEETS	\$2,160.00
EHLERS & ASSOCIATES, INC	2017 AUDIT	\$1,440.00
EHLERS & ASSOCIATES, INC	TIF PRESENTATION	\$660.00
KENNEDY & GRAVEN, CHARTERED	OSSEO URBAN TOWNHOME PROGRAM RESEARCH	\$2,605.25
KENNEDY & GRAVEN, CHARTERED	MAR 2018 SERVICES	\$291.74
TIMESAVER OFF SITE	4/9/18 EDA MTG	<u>\$142.00</u>
		\$7,711.98

### EDA MONTH END CASH BALANCE

			DIRECTIONAL					
		4/9/2018	SIGNAGE	ADJUSTMENTS		5/14/2018	PROPOSED	5/14/2018
FUND	DESCRIPTION	BALANCE	REVENUE	(+/-)		BALANCE	EXPENSE	BALANCE
801	GENERAL	532,030.75				532,030.75	-7,359.48	524,671.27
806	TIF 2-5 REALIFE	5,031.57				5,031.57		5,031.57
817	TIF 2-4 BELL TOWER	159,988.63				159,988.63		159,988.63
819	TIF 2-6 CELTIC CROSSING	57,541.85				57,541.85		57,541.85
824	TIF 2-7 BARGER PROJECT	0.00				0.00		0.00
825	TIF 2-8 LANCOR/LYNDES	1,231.76				1,231.76		1,231.76
836	TIF 2-9 5 CENTRAL	-21,668.76		19,266.80	1	-2,401.96	-352.50	-2,754.46
		734,155.80	0.00	19,266.80		753,422.60	-7,711.98	745,710.62
1	INTERFUND LOAN ADJUSTMENT FROM							
	THE WATER FUND							



## City of Osseo Economic Development Authority Meeting Item

**Agenda Item:** North Central Redevelopment Update

**Meeting Date:** May 14, 2018

**Prepared by:** Riley Grams, City Administrator

**Attachments:** TIF Development Agreement Information from Ehlers  
Relocation Memo and Information from Kennedy Graven

**Policy Consideration:**

Consider an update from the North Central Redevelopment Committee and further information from Rebecca Kurtz (Ehlers) as well as from Mary Tietjen and Doug Shaftal (Kennedy Graven).

**Background:**

The EDA formed a Committee charged with reviewing the two proposals received from the North Central Redevelopment project site, which included then-President Todd Woods, Commissioners Harold Johnson and Juliana Hultstrom, and City Staff Riley Grams and Nancy Abts. The Committee met several times to begin looking into the time frame and costs associated with this project. At this point, the Committee reviewed potential long term costs and an increased timeline, and would like the EDA members to hear more information on those two topics. The Committee would then like the remainder of the EDA to decide if this project is something we want to spend time, effort and money on or not.

The Committee has invited Rebecca Kurtz (Ehlers) back to give a presentation to the EDA on some additional TIF basics, but also to discuss how the EDA sets up a TIF district (which is something the Committee feels would be absolutely necessary with this project), the costs associated with setting up a district and Development Agreement, and to talk about how the increment can be spent (eligible TIF costs).

The Committee also invited both Mary Tietjen and Doug Shaftal (Kennedy Graven) to talk about relocation costs. As we saw with the 5 Central project, we were hit with some rather large invoices on the relocation of several businesses in order to make the project larger. Since the City or EDA currently owns no properties on the North Central Redevelopment site, we will need to be mindful of purchasing properties and relocating the current owners or tenants and how much that will really cost (in addition to any environmental cleanup and demo costs).

Currently the EDA General Fund has approximately \$525,000. We have an average monthly EDA expense of about \$8,000 (or \$96,000 annually). I am concerned that we do not have enough upfront cash available to do this project. With the 5 Central project, we were able to tap into multiple funds that had money available for a project such as this. However, the City tapped all of those funds with the 5 Central project in order to shorten the TIF note as much as possible. Even with some available grant money to acquire properties, we'd be looking at using some EDA funds to purchase some of the properties. Additionally, we'll have many other up front expenses, including: relocation of businesses, environmental cleanup, site demo and so on.

We have explored the idea of doing an EDA levy as part of the annual budgeting process. We are only able to levy so much money per year, which equates to approximately \$47,000 annually. If the Council wanted to being an EDA levy for a few years, we could only collect roughly \$47,000 per year, which comes directly from the City's tax payers.

The long term funding strategy would be to acquire as much grant funds possible for site purchase, environmental cleanup (if any), and site demo. As always, the fickle nature of grant funding means we cannot rely 100% on grant funds to cover those expenses. The EDA may need to kick in funds to cover those expenses. There are ways for the City to provide the upfront funding, however, it is very risky. Part of the discussion amongst the EDA on Monday night should be to consider what level of risk is appropriate. On the extreme end the City can issue bonds for the upfront costs, but that means the City would need to levy taxes to pay the debt service payments until the project starts generating increment, and as we all know, there is no guarantee that a project would ever generate enough increment to pay 100% of the debt service.



On the other end of the spectrum, we could the long approach and be extremely patient with the project. This could take years, like the 5 Central project did, but involves lower risk. We could identify a Developer who would be willing to do all the up-front financing, and the City would have minimal risk associated with the project. Assuming TIF is provided as part of the financing package, the term may need to be much longer (perhaps the full 26 years?), but that is the Developer's risk.

Currently the EDA does have a Letter of Interest to purchase the Chris Rains property. The LOI states that the purchase would be contingent on receiving grant funds. We won't know the outcome of our grant application until June 2018. If the EDA decides to pump the brakes on this project, we are able to get out of the LOI per the terms we placed on it.

For Monday night, I am looking for a discussion amongst the EDA members to determine what level of risk we want with this project. The North Central Redevelopment Committee will need some direction on next steps on how to proceed with this project (if at all).

**Recommendation/Action Requested:**

Staff recommends the Economic Development Authority discuss this project in detail, and direct the North Central Redevelopment Committee and Staff accordingly.




**EHLERS**  
LEADERS IN PUBLIC FINANCE


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## Osseo TIF Basics

Rebecca Kurtz – Ehlers





May 14, 2018

1 

## Basics of Tax Increment

Minnesota Statutes 469.174 – 469.1811

2 



**EHLERS**  
LEADERS IN PUBLIC FINANCE

## What is TIF?

### Tax Increment Financing (TIF):

The ability to capture and use most of the increased local property tax revenues from **new development** within a **defined geographic area** for a defined period of time without approval of the other taxing jurisdictions.



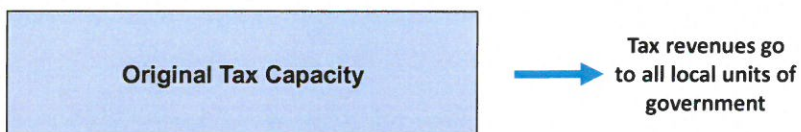
## Why use TIF?

- Encourage certain types of development or redevelopment that would not normally occur without assistance ("but for" test)
  - Create or retain jobs
  - Redevelop blighted areas
  - Remediate polluted sites
  - Construct affordable housing



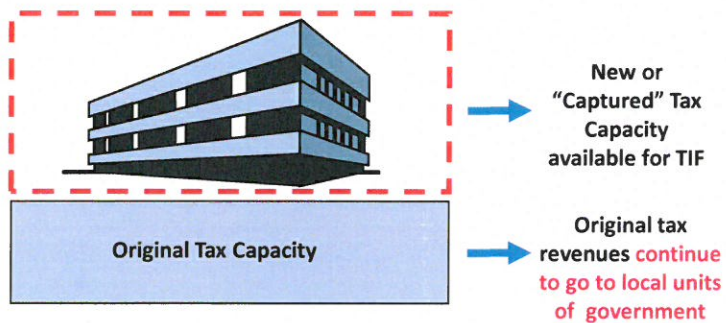
## Building Blocks of TIF

There is a starting property value in the TIF District when it is created (also called "base value")



## Building Blocks of TIF

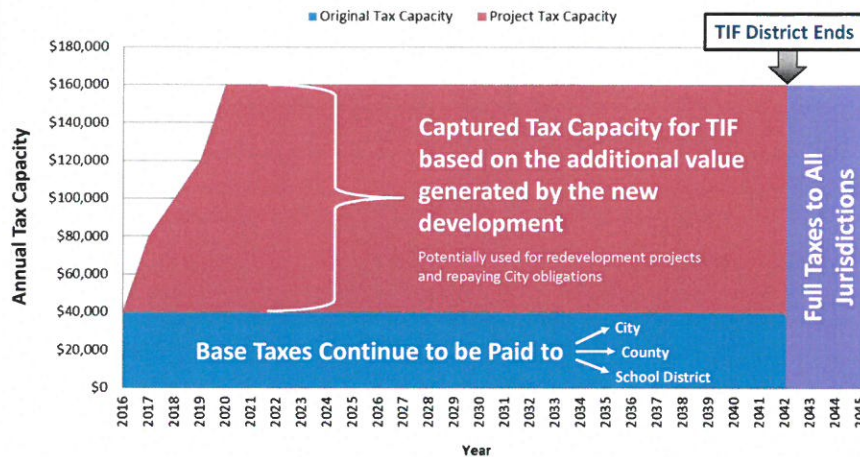
Development Occurs = New Tax Capacity  
TIF District can "capture" the increased value from the new development



$$\text{TIF} = \text{Captured Tax Capacity} \times \text{Tax Rate}$$



## TIF Example (26 year district)

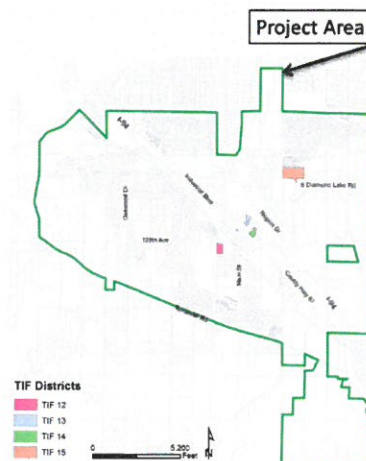


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## Project Area: Where increment may be spent

- TIF Districts must be located in a Project Area or Development District
- Multiple TIF Districts can be in a Project Area
- Increment can be spent outside a TIF District in Project Area (aka "pooling")



8

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### TIF District: Where increment is collected

- Defines parcels whose increased value will be captured
- Parcels do not have to be contiguous, but usually are
- Must meet criteria in State law for type of District being established



## TIF District approval

- Established by EDA and must have approval of Council following public hearing
- TIF Plan and Project Area Plan
  - State policy objectives
  - Provide maximum budget authority for TIF revenues and expenditures



## TIF Establishment: 60-90 Days

- Blight inspections for qualification of redevelopment TIF
- EDA / City set public hearing date
- County Commissioner representing area is notified
- Fiscal Impacts are sent to County and School
- Planning Commission reviews TIF Plan
- EDA reviews TIF Plan
- Public hearing notice is published
- City Council holds public hearing
- Approval of Development Agreement

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## Types of Districts

Purpose	Type of District	Max. Term
Redo substandard / obsolete buildings	Redevelopment	26
	Renovation & Renewal	16
Affordable housing	Housing	26
	Economic Development - Workforce Housing	9
Job & tax base creation	Economic Development	9

12


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## Redevelopment District

- Parcels consisting of 70% of area must be improved
- More than 50% of buildings must be substandard
- 90% of TIF used to correct redevelopment issues
- Reasonable distribution of conditions



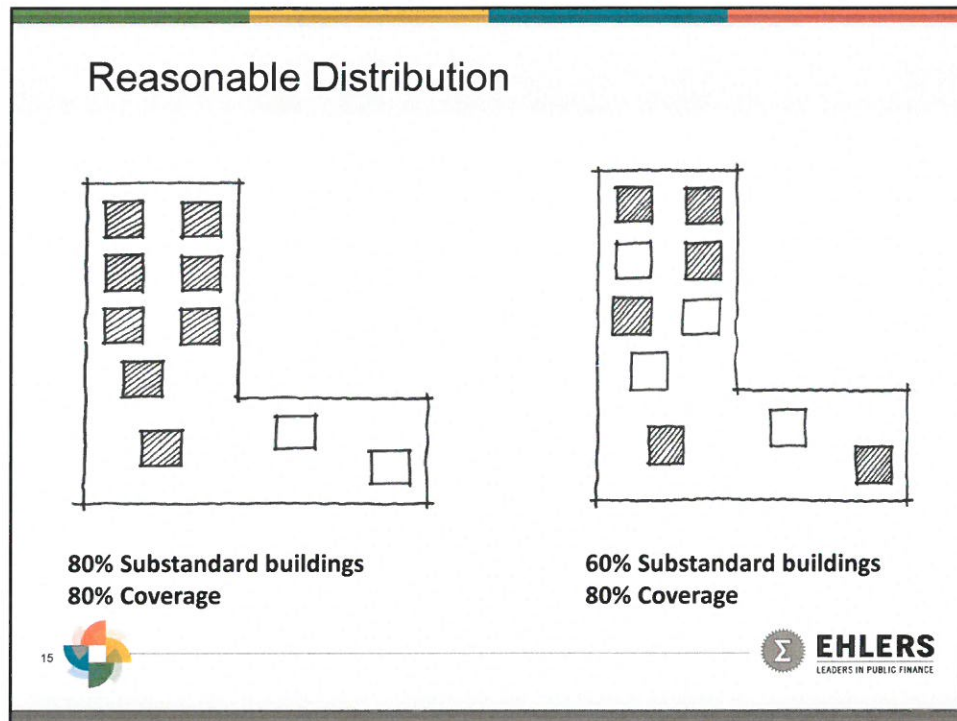
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## Renewal and Renovation District


- Parcels consisting of 70% of area is improved
- 20% of buildings are structurally substandard
- 30% of other buildings require substantial renovation or clearance
  - To remove inadequate street layout, incompatible uses or land use relationships, overcrowding of buildings, excessive dwelling unit density, obsolete buildings not suitable for improvement or conversion, etc.






### How can increment be spent?

- Must meet policy objectives in TIF Plan
- Must be in TIF Plan Budget





## How can increment be spent?

- Must be costs associated with new development:
  - Land Acquisition
  - Demolition and Relocation
  - Site improvements
  - Utilities, Streets, Sidewalks
  - Environmental Clean-up
  - Parking
  - Buildings (only for housing districts)



## “But For” Test

- The development is only possible *but for* the use of tax increment
- Council has to make this finding



## Protecting Local Resources

- Review developer's application and financial information to establish appropriate level of public assistance
- Confirm project qualifies for proposed type of assistance
- Determine form of assistance
- Maximize private sources of funding

19



## Form of TIF Financing

### Paygo

- Most common
- Cheapest and most proceeds
- Don't always know what developer does with it
  - Hold it, pledge it or sell it

### Revenue Bond

- Developer monetizes through underwriter
- Tax exempt or taxable bonds issued by City
  - Typically after constructed and paying taxes
  - Can be done up front

### GO Bond

- Least common
- City only does when they have major issue they want to address

20



## Interfund Loans

- Needed within 60 days after the funds have been transferred or spent
- Resolutions must include:
  - Principal amount
  - Term
  - Interest rate (fixed or annual adjustment with statutory cap)
- Loans are TIF Bonds
  - Include in TIF Plan bonded indebtedness

21



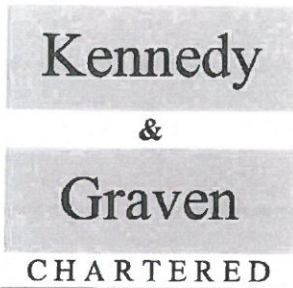
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**Senior Municipal Advisor**

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## MEMORANDUM

To: Osseo EDA  
Riley Grams, Executive Director

From: Doug Shaftel, attorney

Re: North Central Redevelopment: Relocation Issues

Date: 5/10/18

Below are three topics I will broadly discuss at the EDA meeting on Monday, May 14, 2018.

The first topic is under what circumstances the EDA, as a public entity acquiring property for an economic redevelopment project, must provide relocation services and financial assistance (collectively, "relocation assistance") under the Minnesota Uniform Relocation Act. While there are exceptions, the prudent approach is to assume that it must provide relocation assistance to every displaced tenant. It may also have to provide relocation assistance to owner-occupants, but there are at least two scenarios in which it may not. Where the EDA is acting like any other market participant because it lacks authority to condemn the property (i.e., it is not blighted, contaminated or a nuisance property), the federal regulations do not consider the owner-occupant a "displaced person" and do not require that it receive relocation benefits. Further, even when the EDA arguably has authority to condemn, when the owner has already indicated an intention to sell the property, the EDA may negotiate a waiver from the owner of its relocation benefits after providing a written summary of the benefits being waived. Such waivers often result in an increased purchase price.

The second topic is the role of the relocation specialist. While I can advise the EDA on the application of the Minnesota Uniform Relocation Act, relocation specialists are well-versed in the federal regulations and agency guidance that govern the scope of services and assistance. They are trained to provide relocation notices, such as the 90-day notice to vacate, and services, such as identifying replacement locations and housing. They also facilitate relocation claim preparation and processing. Should the EDA decide to proceed with acquiring properties for this project, I would encourage it to engage a qualified relocation specialist.

The third topic is the scope of relocation expenses for which the EDA may be responsible. The Relocation Act is a reimbursement program and the public entity is only responsible for paying for actual and documented expenses incurred by the displaced business or individual. There are numerous different expenses for which businesses may be eligible but they fall under two broad categories – moving expenses and reestablishment expenses.<sup>1</sup> A business must be reimbursed for both the actual costs of moving its personal property (uncapped) and the costs of reestablishment at the replacement location (up to \$50,000).

Residential displacements are generally less expensive than commercial as the typical household has less personal property to move. Like businesses, the eligible displaced residential occupant is eligible for all her actual costs of moving personal property.<sup>2</sup> While residential displacees do not receive reestablishment assistance, they can receive a replacement housing payment. For a homeowner, a replacement housing payment is the difference between the amount she is paid for the acquired property and the amount it costs to buy a comparable replacement property (capped at \$25,000). For a tenant, a replacement housing payment assists with increased rent payments for a period of 42 months (capped at \$7,200). If the EDA wants a rough estimate of the total costs of relocating certain businesses and residential occupants, it should consult a relocation specialist.

Because the act is a benefit program with limits on the scope of eligible expenses, disputes often arise. The claimant can appeal any denied claim to the Office of Administrative Hearings and shall conduct a full evidentiary hearing, when needed. The claimant can also seek review of the OAH decision by the Minnesota Court of Appeals. Although disputes over eligible expenses occur with some frequency, those that result in evidentiary hearings are uncommon. Nonetheless, on a significant redevelopment project, it would be prudent to assume that there will be additional expenses associated with resolving relocation appeals.

DDS

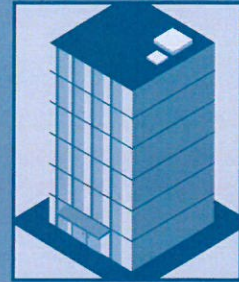
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<sup>1</sup> Attached is a Minnesota Department of Transportation brochure that addresses many of the subcategories of eligible expenses.

<sup>2</sup> There are minimum lengths of occupancy that the residential displacee must meet to be eligible.

# RELOCATION ASSISTANCE

**YOUR  
RIGHTS  
AND  
BENEFITS**



**October 2014**



For requesting accessibility needs, interpretive services or obtaining documents in an alternative format, contact the Agency sponsoring the project directly.

For MnDOT's projects, to request this document in an alternative format, call:

MnDOT's Disability Program Coordinator  
651-366-4718 (Metro), or  
1-800-657-3774 (Greater Minnesota)  
(Please request one week in advance.)

For assistance in placing your call  
TTY, Voice, ASCII, or Hearing Carry Over  
Dial 711 -or- 1-800-627-3529  
(*Minnesota Relay*)

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THIS BOOKLET IS PRINTED FOR USE BY THE  
MINNESOTA DEPARTMENT OF TRANSPORTATION

The contents, however, are generic and may be used to assist  
other agencies in their programs.

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## STATEMENT OF POLICY

It is the policy of the Minnesota Department of Transportation  
(MnDOT) that:

1. The services and payments described herein shall be provided to all displaced persons within the limits of the laws and administrative procedures established by MnDOT.
2. No person shall be displaced from a dwelling by its construction projects unless and until adequate replacement housing has been provided for or made available to them, regardless of their race, color, religion, sex or national origin.
3. To the greatest extent practicable, no person lawfully occupying real property shall be required to move from their dwelling or to move their business, farm operation or nonprofit organization without written notice at least 90 days prior to the date such move is required.

---

Prepared by:

Minnesota Department of Transportation  
Office of Land Management  
Relocation Unit  
2014 MMM

# Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970

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## DECLARATION OF POLICY

The purpose of this title is to establish a **uniform policy for fair and equitable treatment** of persons displaced as a result of federal and federally assisted programs in order that such persons **shall not suffer disproportionate injuries** as a result of programs designed for the benefit of the public as a whole.

## INTENT OF THIS BOOKLET

The relocation laws and regulations are quite complex. This booklet is not meant to discuss in detail the law and its procedures. It is meant to give an overview of the Federal and State program. Please discuss all aspects of your proposed relocation with your displacing Agency representative to ensure your eligibility and prompt reimbursement of claims. Always contact your Relocation Advisor before you move or finalize your plans.

## INTRODUCTION

Having to move from your residence or place of business can be a significant interruption in your life. The State of Minnesota recognizes the inconvenient and sometimes traumatic nature of being displaced by a public improvement project. We are committed to do our utmost to make the situation as simple, straightforward and trouble-free as possible.

If you are required to move as a result of a project, you will be contacted by a Relocation Advisor. The Advisor will explain the relocation program to you, will answer your specific questions, and will help you draw up your personal relocation plans. Your Advisor will also personally work with you to make your transition, and your move, go as smoothly as possible.

The purpose of this booklet is to assist in your relocation efforts by briefly explaining the benefits to which you may be entitled. You will have questions. The law is complex and there are certain procedures that must be followed.

Your Relocation Advisor will guide you through the procedures and help you receive all benefits to which you are entitled. If you do not have the name and phone number of your Advisor, please contact the Agency that is handling the project. For MnDOT projects you may call the Office of Land Management at 651-366-5000 or toll free at 1-888-234-1247, open daily from 8:00 a.m. to 4:30 p.m.

If at any time you feel that any act or work of any Agency personnel has been discriminatory in relation to age, color, race, religion, gender, marital status, or national origin, please contact the State Office of Equal Employment Opportunities/Contract Management Director at 651-366-3043. If that does not resolve your complaint to your satisfaction, you may appeal to the Minnesota Department of Human Rights.

## Important Definitions

### **Acquiring Agency**

An Agency having the authority to acquire property by eminent domain (condemnation).

### **Alien Not Lawfully Present**

If a displaced person is an alien not lawfully present in the United States, such person shall not be eligible for relocation payments or assistance, unless such ineligibility would result in exceptional and extremely unusual hardship to the alien's spouse, parent or child, and such spouse, parent or child is a citizen or an alien lawfully admitted for permanent residence.

### **Business**

Any lawful activity, with the exception of a farm operation, that is conducted: primarily for the purchase, sale, lease, or rental of personal and/or real property; or for the manufacture, processing, or marketing of products, commodities, or any other personal property; or for the sale of services to the public; or for outdoor advertising display purposes when the display must be moved as a result of a project; or by a nonprofit organization that has established its nonprofit status under applicable Federal or State law.

### **Displaced Person**

A person (individual, partnership, corporation, or association) who moves from the real property or moves his/her personal property from the real property as a direct result of the acquisition of the real property, in whole or in part, or as the result of a written notice from the Agency to vacate the real property needed for a project. In the case of a

partial acquisition, the Agency shall determine if a person is displaced as a direct result of the acquisition. Relocation benefits will vary, depending upon the type and length of occupancy, as discussed later in this booklet.


Displaced persons are classified as either:

- A residential owner-occupant (includes mobile homes), or
- A residential tenant-occupant (includes mobile homes and sleeping rooms), or
- A non-residential owner/tenant occupant, and/or
- A business, farm, or nonprofit organization.



## **Farm**

Any activity conducted solely or primarily for the production of one or more agricultural products or commodities including timber, for sale or home use, and customarily producing such products or commodities in sufficient quantity to be capable of contributing materially to the operator's support.



## **Nonprofit Organization**

An organization that is incorporated under applicable State law as a nonprofit organization, and is exempt from paying Federal income taxes under section 501 of the Internal Revenue Code.

# **Section I**

## **Information For Displaced Residential Persons**



## ***General Information***

If you qualify as a displaced residential person, you are entitled to reimbursement for certain payments. Based upon your occupancy status and extent of displacement, these payments may include:

1. Moving costs
2. Replacement housing costs

The following pages briefly explain the eligible payments and the methods of determination.

## **Moving Cost Reimbursement Options**

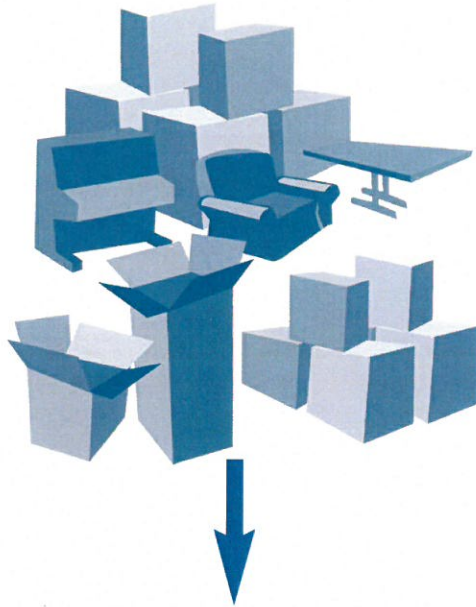


### **Individuals and Families**

If you qualify as a displaced person, you are entitled to reimbursement of certain moving and related expenses.

The method of moving and the various types of cost payments are explained on the following pages.

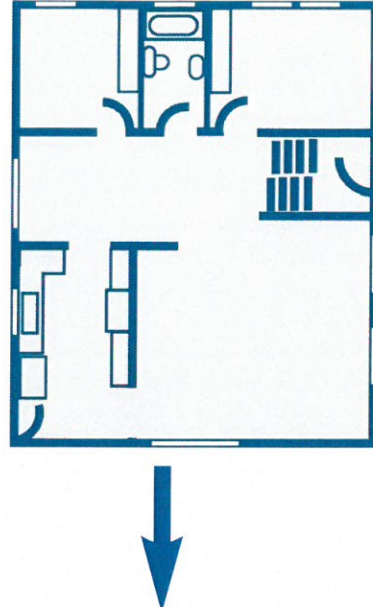
## You Can Choose Either of These Two Options:



### Actual Reasonable Moving Costs

- Packing and unpacking
- Transportation – up to 50 miles
- Moving insurance
- Other related costs

or



### Fixed Moving Cost Schedule

- Based on a per-room schedule (see pg. 4)

## Actual Reasonable Moving Costs

You may be reimbursed or paid for your actual reasonable moving costs and related expenses when the move is performed by a commercial mover, or if you perform the move yourself. The Agency's participation of costs will be limited to a 50-mile distance in most cases. Related expenses may include:

- Packing and unpacking personal property
- Disconnecting and reconnecting household appliances
- Insurance while property is in transit
- Mobile home park entrance fees

The cost of any actual expense must be considered reasonable. It is the Agency's responsibility to determine what is reasonable and what is not. The Agency will participate in the cost of only one move unless another move is determined necessary beforehand (as in the case of placing personal property into storage). Storage costs may be allowed if it is necessary to store personal property while waiting for another home. Storage costs will not be allowed unless prior approval is given by the Agency.

## Fixed Moving Cost Schedule

If displaced from your dwelling, you may choose to be paid on the basis of a fixed moving cost schedule. The amount of the payment is based on the number of rooms of furniture and personal property in your dwelling. If you choose this option, receipts are not necessary. Under this option, you will not be eligible for reimbursement of the other related expenses listed above.

### MOVING SCHEDULE

*effective 07-24-2015*

Residential Moving Expense and Dislocation  
Allowance Payment Schedule

#### The occupant owns furniture

Rooms	1	2	3	4	5	6	7	8	Each additional room
Amount	\$575	725	925	1125	1325	1525	1725	1925	\$275

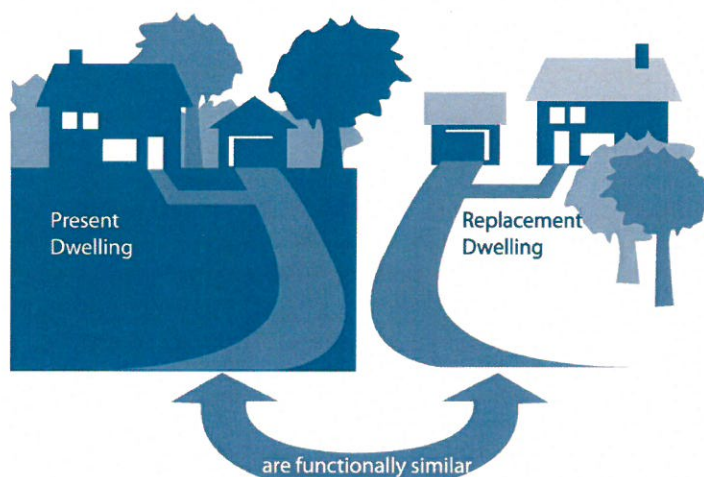
#### The occupant does not own furniture

Rooms	1	Each additional room
Amount	\$450	\$100

# ***Replacement Housing Payments***

Replacement Housing Payments can be better understood if you become familiar with the definitions of the following terms:

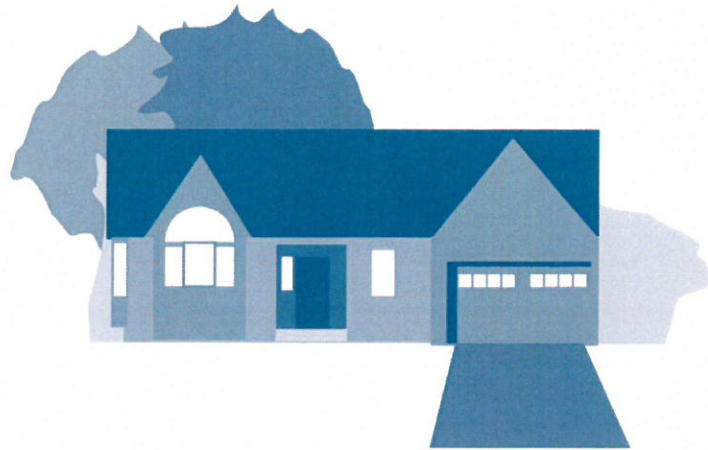
- Comparable Replacement Dwelling
- Decent, Safe and Sanitary (DS&S)



## **Comparable Replacement Dwelling**

The term “Comparable Replacement Dwelling” means a replacement dwelling which, when compared to your current dwelling, is:

- Decent, Safe and Sanitary (defined on pg. 6)
- Functionally equivalent, meaning that it will generally perform the same function and provide the same utility as your current dwelling
- Adequate in size to accommodate its occupants
- In an area not subject to unreasonable adverse environmental conditions
- In a location generally not less desirable than your present location with respect to public utilities, commercial and public facilities; and is reasonably accessible to your place of employment
- On a site typical in size for residential development with normal site improvements, including customary landscaping, but does not necessarily include special improvements such as outbuildings, swimming pools. etc. . .



## **Decent, Safe and Sanitary**

Replacement housing must be “decent, safe and sanitary,” (DS&S) meaning that it must meet all of the minimum requirements established by federal regulations and conforms to local housing and occupancy codes. The dwelling shall:

- Be structurally sound, weather tight and in good repair
- Contain a safe electrical wiring system adequate for lighting and electrical appliances
- Contain a heating system capable of sustaining a healthful temperature (of approximately 70 degrees)
- Be adequate in size with respect to the number of rooms and area of living space to accommodate the displaced person(s)
- Contain a well-lighted and ventilated bathroom providing privacy to the user and containing a sink, bathtub or shower stall and a toilet, all in good working order and properly connected to appropriate sources of water and to a sewage drainage system

- Contain a kitchen area with a fully usable sink, properly connected to potable hot and cold water and to a sewage drainage system, with adequate space and utility connections for a stove and refrigerator
- Have unobstructed egress to safe, open space at ground level
- Be free of any barriers that prevent reasonable ingress, egress, or use of the dwelling in the case of a handicapped displacee

## **Important notice regarding compliance and inspection for decent, safe and sanitary requirements**

An inspection for decent, safe and sanitary requirements will be conducted of your replacement dwelling by Agency personnel. This inspection is for the sole purpose of determining your eligibility for a relocation payment. Do not interpret the Agency's approval of a dwelling to be any assurance or guarantee that there are no deficiencies in the dwelling or its fixtures and equipment which may be discovered at a later date. It is your responsibility to protect your best interest and investment in the purchase or rental of your replacement property. The Agency assumes no responsibility or blame if structural, mechanical, legal or other unforeseen problems are discovered after the inspection has been conducted.

# ***Types of Replacement Housing Payments***

## **Payments are Separated Into Three Basic Types:**

1. PURCHASE SUPPLEMENT
2. RENTAL ASSISTANCE
3. DOWN PAYMENT ASSISTANCE

The type of payment depends on whether you are an owner or a tenant and how long you have lived in the property being acquired prior to negotiations.

### **Purchase Supplement**

For homeowner occupants of 90 days or more

see page ..... 10

### **Rental Assistance**

For homeowner occupants and tenants of 90 days or more

see page ..... 12

### **Down Payment Assistance**

For tenant occupants of 90 days or more

see page ..... 16

Complete details on length-of-occupancy requirements follow.

### **Date for Vacating the Property**

All occupants will ultimately be notified in writing of a specific date by which they must vacate the property, which in many cases may be up to 120 days after the Agency acquires the property. Check with the acquiring Agency on specific dates associated with your property and the Agency's needs.

## Basic Occupancy and Time Periods Determine Benefits

There are some basic length-of-occupancy requirements that determine the type of replacement housing payment a residential occupant may be entitled to. Length of occupancy is simply the number of days the dwelling is occupied on and before the date of initiation of negotiations by the acquiring Agency for the purchase of the property. The term "initiation of negotiations" refers to the date the acquiring Agency presents the property owner or owner's representative a written offer to purchase the property to be acquired.

- **Homeowner-Occupants** on and of at least 90 days or more prior to the initiation of negotiations **may be** eligible for either a purchase supplement or a rental assistance payment.
- **Tenants** in occupancy on and of at least 90 days or more prior to the initiation of negotiations, **may be** eligible for either a rental assistance payment or a down payment toward the purchase of a replacement dwelling.
- **All Occupants** of less-than-90-days before the initiation of negotiations for property that is subsequently acquired, or **Occupants** who move onto the property after the initiation of negotiations and are still in occupancy on the date of acquisition, may be eligible for last resort housing (see pg. 17). Check with a Relocation Advisor for details regarding possible benefits.

## Purchase Supplements

### For Homeowner-Occupants of 90 days or More

If you are an owner and have occupied your home for 90 days or more immediately prior to the initiation of negotiations for the acquisition of your property, you may be eligible—in **addition to the fair market value of your property**—for a supplemental payment, not to exceed \$31,000, for all costs necessary to purchase a comparable decent, safe and sanitary (DS&S) replacement dwelling. The Agency will compute the maximum payment you are eligible to receive. To receive this payment, you must purchase and occupy a DS&S replacement dwelling within one year.

There are three items that may be included in a Purchase Supplement, all of which would be in addition to the acquisition price paid for your home. They are:

#### 1. **Price Differential**

The price differential payment is the amount by which the cost of an Agency determined replacement dwelling exceeds the acquisition cost of the displacement dwelling.

#### 2. **Increased Mortgage Interest Cost**

You may be reimbursed for increased mortgage interest costs if the interest rate on your replaced mortgage exceeds that of your present mortgage. To be eligible, your acquired dwelling must have been encumbered by a bona fide mortgage that was a valid lien on the property for at least 180 days prior to the initiation of negotiations.

#### 3. **Incidental Expenses (Closing Costs)**

You may also be reimbursed for other expenses such as reasonable costs for title search, recording fees, a home inspection and certain other closing costs, but not prepaid expenses such as real estate taxes or property insurance.

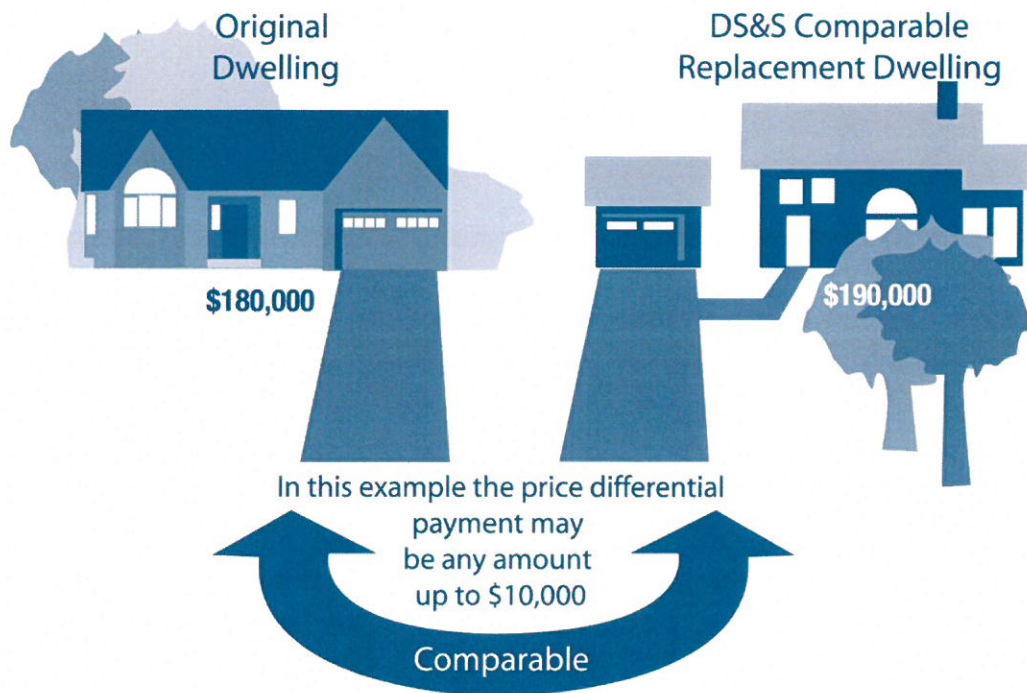
The total amount of the purchase supplement shall not exceed \$31,000 according to law.

## Example of a price differential

### Example of a Price Differential Payment Computation

Assume that the Agency purchases your property for \$180,000. After a thorough study of available decent, safe and sanitary dwellings on the open market, the Agency determines that a comparable replacement property is available at a cost of \$190,000. You would then be eligible for a "price differential" up to \$10,000.

If your purchase price is more than \$190,000, you pay the difference (see Example C - pg. 12). If your purchase price is less than \$190,000, the differential payment will be based on actual costs (see Example B - pg. 12).



How much of the differential payment you receive depends on how much you actually spend on a replacement dwelling, as shown in these examples:

### **Acquiring Agency's Computation**

Available Comparable Replacement Dwelling . . . . .	\$190,000
Agency Purchase Price of Your Current Dwelling . . . . .	\$180,000
<b>Eligible Maximum</b> Potential Price Differential:	\$10,000

### **Example A**

Available Comparable Replacement Dwelling . . . . .	\$190,000
Purchase Price of Your Actual Replacement Dwelling . . . . .	\$190,000
Agency Purchase Price of Your Current Dwelling . . . . .	\$180,000
<b>You Receive</b> the Maximum Price Differential of:	\$10,000

### **Example B**

Available Comparable Replacement Dwelling . . . . .	\$190,000
Purchase Price of Your Actual Replacement Dwelling . . . . .	\$185,000
Agency Purchase Price of Your Current Dwelling . . . . .	\$180,000
<b>You Receive</b> the Price Differential of:	\$ 5,000

### **Example C**

Available Comparable Replacement Dwelling . . . . .	\$190,000
Purchase Price of Your Actual Replacement Dwelling . . . . .	\$195,000
Agency Purchase Price of Your Current Dwelling . . . . .	\$180,000
You Receive the Price Differential of . . . . .	\$10,000
and <b>You Must Pay</b> the Additional:	\$ 5,000

## **Rental Assistance**

### **Homeowner-Occupants and Tenants of 90 Days or More**

Homeowner-Occupants and tenants of 90 days or more may be eligible for a rental assistance payment. To be eligible for a rental assistance payment, tenants and/or owners must have been in occupancy of the dwelling at least 90 days immediately preceding the initiation of negotiations for the acquisition of the property.

This payment was designed to enable you to rent a comparable decent, safe and sanitary replacement dwelling for a 42-month period. If you choose to rent a replacement dwelling and the rental payments are higher than you have been paying, you may be eligible for a rental assistance payment up to \$7,200.

The Agency will determine the maximum payment you may be eligible to receive in accordance with established procedures. The rental assistance payment will be paid in a lump sum unless the Agency determines that the payment should be paid in installments. To receive this payment, you must rent and occupy a DS&S replacement dwelling within one year from the date you vacate the property being acquired for the project.

All computations use a "base monthly rent" to calculate the Rental Assistance benefit, which will be the lesser of –

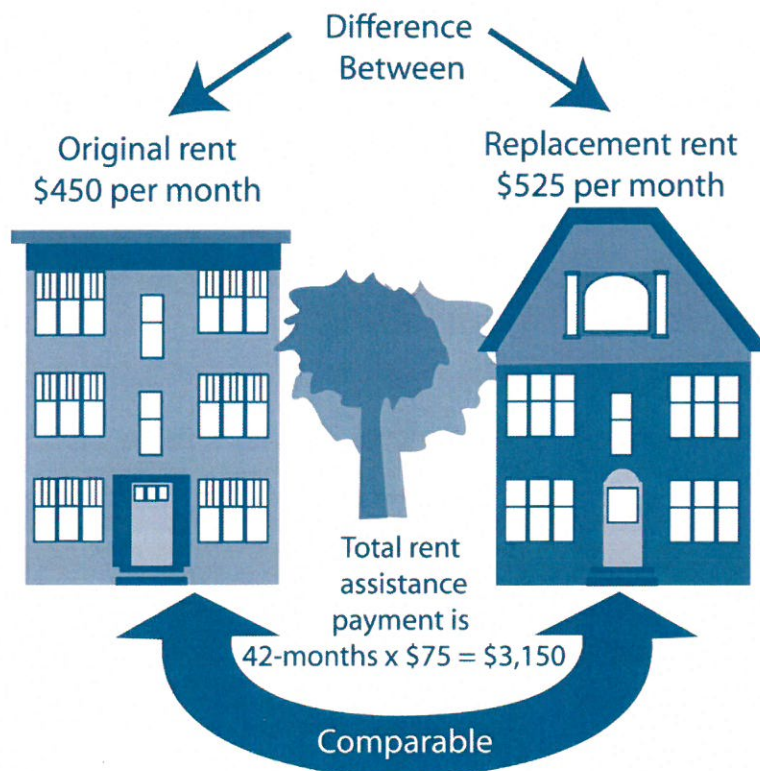
1. Your current average monthly cost for rent and utilities;  
or
2. 30% of your average monthly gross household income if the amount qualifies as "low Income" by the U.S. Housing and Urban Development Annual Survey of Income Limits for Public Housing and Section 8 programs.

This will be further explained by your Relocation Advisor.



## Example of Rental Assistance

As an example of how a rental assistance payment is computed, let's assume that you have been paying \$450 per month rent for the dwelling occupied by you and purchased by the Agency. After a study of the rental market, the Agency determines that a replacement rental unit, which is DS&S and comparable to your present dwelling, is available for \$525 per month. The maximum rental assistance payment you can receive in this case is \$75 per month for a 42-month period, or \$3,150.



## Option A

If you select a replacement dwelling that rents for \$550 per month, despite the availability of comparable DS&S replacement rental units that rent for \$525 per month, you will still receive only the maximum computed payment of \$3,150. In other words, you must pay the additional \$25 per month.

## Option B

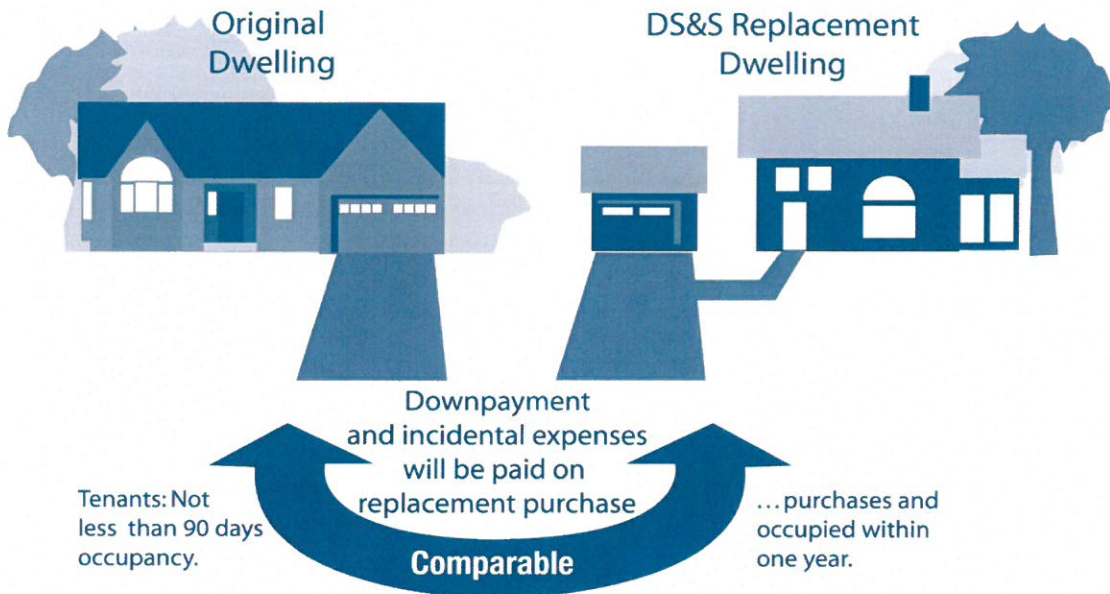
If you select a replacement dwelling that rents for more than your present rent but less than the amount determined by the Agency, you will be paid on the basis of actual cost. For example, assume you select a replacement dwelling unit that rents for \$500 per month. On the basis of actual cost, you will be eligible for a payment of \$50 per month for 42 months or \$2,100.

The computation of a rental assistance payment for an Homeowner-Occupant is slightly more complex, and space does not permit its inclusion in this brochure. Owners interested in renting should contact a Relocation Advisor for a complete explanation.

## Downpayment Assistance

### Tenants of 90 Days or More

Tenant occupants of 90 days or more may be eligible for a downpayment and incidental expenses. The Agency will determine the maximum downpayment you may be eligible to receive.



Incidental expenses include the reasonable costs of a title search, recording fees and certain other closing costs, but do not include prepaid expenses such as real estate taxes and property insurance. You also may be eligible for the reimbursement of loan origination or assumption fees, if such fees are normal to real estate transactions in your area and they do not represent prepaid interest. The combined amount of the downpayment and incidental expenses cannot exceed the amount determined as a rental assistance payment, or the actual purchase price of the replacement, whichever is less. The downpayment amount that you are eligible for is based on the amount of the computed rental assistance that you would have received if you had continued in a tenant status. The total computed amount must go toward the purchase of a DS&S replacement dwelling. Again, you must purchase and occupy a DS&S replacement dwelling within one year.

## Last Resort Housing

On most projects, an adequate supply of housing will be available for sale and for rent, and the benefits provided will be sufficient to enable you to relocate to comparable housing. However, there may be projects in certain locations where the supply of available housing is insufficient to provide the necessary housing for those persons being displaced. When a housing shortage occurs, the Agency will solve the problem by the administrative process called Last Resort Housing.

If comparable housing is not available or is not available within the \$7,200 or \$31,000 payment limits, it must be provided before you are required to move.

The Agency may provide the necessary housing in a number of ways, such as:

1. Purchasing an existing comparable residential property and making it available to the displacee in exchange for the displacement property.
2. The relocation and rehabilitation (if necessary) of a dwelling purchased within the project area by the Agency and making it available to the displacee in exchange for the displacement property.
3. The purchase, rehabilitation and/or construction of additions to an existing dwelling to make it comparable to a particular displacement property.
4. The purchase of land and the construction of a new replacement dwelling comparable to a particular displacement property when comparables are not otherwise available.

5. The purchase of an existing dwelling, removal of barriers and/or rehabilitation of the structure to accommodate a handicapped displacee when suitable comparable replacement dwellings are not available.
6. A replacement housing payment in excess of the \$7,200 or \$31,000 payment limits.
7. A direct loan that will enable the displacee to construct or contract for the construction of a decent, safe and sanitary replacement dwelling.

The acquiring agency has broad flexibility in implementing the Last Resort Housing program, and the methods are not limited to the above list.

All persons eligible for replacement housing assistance have a freedom of choice in the selection of replacement housing. The Agency will not require any displaced person, without his/her written consent, to accept the replacement housing offered by the Agency. If a displacee decides not to accept the replacement housing offered by the Agency, the displacee may secure a replacement dwelling of his/her choice, providing it meets DS&S housing standards.

## To All Residential Displacees

The most important thing to remember is that the replacement dwelling you select must meet basic "decent, safe and sanitary" standards. **Do not execute a sales contract or a lease agreement until a representative from the agency has inspected and certified in writing that the dwelling you propose to purchase or rent does meet the basic standards.**

Please do not jeopardize your right to receive a replacement housing payment by moving into a substandard dwelling.

## Fair Housing

The Federal Fair Housing Act sets forth the policy of the United States to provide, within constitutional limitations, for fair housing throughout the United States. This Act and amendments make discriminatory practices in the purchase and rental of most residential units illegal if based on race, color, religion, sex, national origin or disability.

Whenever possible, minority persons shall be given reasonable opportunities to relocate to decent, safe and sanitary replacement dwellings, not located in an area of minority concentration, that are within their financial means. This policy, however, does not require an acquiring Agency to provide a person a larger payment than is necessary to enable that person to relocate to a comparable replacement dwelling.

# **Section II**

## **Information for Businesses, Farms and Nonprofit Organizations**



# ***Moving Cost Reimbursement Options***

## **Businesses, Farms and Nonprofit Organizations**

**Owners and/or tenants may be paid on the basis of actual reasonable moving costs and related expenses or, under certain circumstances, a fixed payment.**

1. **Actual reasonable moving expenses** may be paid when the move is performed by a professional mover or if you move yourself. Related expenses such as personal property losses (pg. 24), reestablishment costs (pg. 25) and expenses in finding a replacement site (pg. 26), may also be reimbursable.  
or
2. You may be eligible to receive a **Fixed Payment** (pg. 27) from a minimum of \$1,000 to a maximum of \$40,000. This payment is based on the annual net earnings of the business or farm, not to exceed \$40,000. To qualify for a fixed payment, certain conditions must be met.

## **Types of Payments**

### **Actual Reasonable Moving Costs**

#### **Including**

- Complete move of personal property, up to 50 miles
- Personal property losses, if any

#### **Plus**

- Related nonresidential expenses (pg. 24)
- Reestablishment expenses (pg. 25)
- Searching expenses in finding a replacement location ( pg. 26)

## Fixed Payment in Lieu of Moving Costs, etc.

- \$1,000 minimum to \$40,000 maximum
- Based on average annual net earnings of the business over the two years prior to the year of displacement
- Paid in-lieu of **ALL** other relocation expenses

## Two Ways to Move Your Enterprise

**Professional Mover:** You may be paid the actual reasonable costs of your move carried out by a professional mover. All of your expenses must be supported by receipts in order to ensure prompt payment of a moving cost claim. **Also, costs must be reasonable and necessary.** Certain other expenses are also reimbursable, such as packing, crating, unpacking and uncrating, disconnecting, dismantling, removing, reassembling and reinstalling relocated machinery, equipment and other personal property. Other expenses, such as insurance while in transit, temporary storage and additional handling costs may also be reimbursable. Storage costs must be considered necessary and be pre-approved by the Agency prior to placing into storage in order to be eligible for reimbursement.

**Self-Move:** If you elect to take full responsibility for all or part of the move, the Agency may approve a payment not to exceed the lowest acceptable bid or estimate prepared by qualified moving firms, moving consultants, or a qualified Agency employee. If two acceptable bids or estimates cannot be obtained, or you decide to move yourself on an actual cost basis, your moving payment may be based on actual, reasonable moving expenses supported by receipted bills or other evidence of actual expenses.

## IMPORTANT

**Notification and Inspection.** To assure eligibility and prompt payment for moving expenses, you must provide the acquiring Agency with **advance written notice** of the approximate date of the planned move and **an inventory of the items to be moved**. The Agency has the right to inspect the personal property at the displacement and replacement sites and to monitor the move. Failure to do this could jeopardize your claim.

### Direct Losses of Tangible Personal Property

Displaced businesses, farms and nonprofit organizations may be eligible for a payment for the actual direct loss of tangible personal property that is incurred as a result of the move or discontinuance of the operation. This payment will be based on the value of the item for continued use at the displacement site, less proceeds from its sale or the estimated cost of moving the item, whichever is the lesser.

Your Relocation Advisor will explain this procedure in detail if you face this problem.

### Related Nonresidential Expenses

The following may also be eligible costs if the Agency determines that they are actual, reasonable and necessary:

- Connection to available nearby utilities from the right-of-way to improvements at the replacement location
- Professional services performed prior to the purchase or lease of a replacement site to determine its suitability for the displaced business operation, including but not limited to:
  - Soil testing, site feasibility and marketing studies
- Impact fees or one-time assessments for anticipated heavy utility usage

## Reestablishment Expenses

A small business, farm, or nonprofit organization may be eligible for a payment, not to exceed \$50,000 for expenses actually incurred in relocating and reestablishing the enterprise at a replacement site. To qualify, the business, farm or nonprofit organization must not have more than 500 employees working at the site being acquired or displaced by the program or project.

Reestablishment expenses may include, but are not limited to, the following:

1. Repairs or improvements to the replacement property required by federal, state or local law, code or ordinance.
2. Modifications to the replacement real property to accommodate the business operation or make the structure(s) suitable for conducting the business.
3. Construction and installation costs for exterior signing to advertise the business.
4. Redecoration or replacement of soiled or worn surfaces at the replacement site, such as painting, paneling and carpeting when required by the condition of the replacement site.
5. Advertising the new business location.
6. The estimated increased costs of operation during the first two years at the replacement site for such items as:
  - Lease or rental charges
  - Personal or real property taxes
  - Insurance premiums
  - Utility charges (excluding impact fees)
7. Other items that the Agency considers essential to the reestablishment of the business, except that certain expenditures are not eligible, including but not limited to: the purchase of capital assets, product or related inventory, or interest on borrowed funds.

## Searching Expenses for Replacement Property

Displaced businesses, farms and nonprofit organizations are entitled to reimbursement for actual reasonable expenses incurred in searching for a replacement property, not to exceed \$2,500.

Expenses may include transportation, meals and lodging when away from home; the reasonable value of the time spent during the search; fees paid to real estate agents, brokers, or consultants, and other expenses determined to be reasonable and necessary by the acquiring Agency.



## ***Fixed Payment (In Lieu of Moving Expenses)***

Displaced businesses, farms and nonprofit organizations may be eligible for and choose a Fixed Payment option, which is paid in lieu of otherwise eligible moving, related nonresidential, reestablishment and searching expenses. The fixed payment amount would not be less than \$1,000 nor more than \$40,000.

For a business to be eligible for a Fixed Payment, the Agency must determine the following:

1. The enterprise cannot be relocated without a substantial loss of its existing patronage.
2. It is not a part of an enterprise having more than three other establishments engaged in the same or similar activity not being acquired.
3. The business must have **contributed materially** to the income of the displaced person during the two taxable years prior to displacement.

A business being operated at a displacement dwelling or site for the sole purpose of renting the dwelling or site to others is not eligible for the Fixed Payment option.

For the owner of a farm to be eligible for a Fixed Payment, the farm operation must be displaced either by total or partial acquisition. In the case of a partial acquisition, the Agency must determine that the acquisition caused the operator to be displaced or it caused a substantial change in the nature of the farm operation.

A payment to a non-profit organization is based on gross revenues.

The Fixed Payment is based on the average annual net earnings of the business or farm operation for the two taxable years immediately preceding the taxable year in which it was displaced.\*

Example:

<u>2013</u>	<u>2014</u>	<u>2015</u>
Annual	Annual	Year
Net	Net	Displaced
\$35,000	\$55,000	
AVERAGE of 2013 & 2014 Net:		\$45,000
		-----
<b>Fixed Payment Benefit Limit:</b>		<b>\$40,000</b>

You must provide information to the acquiring Agency to support your claim. Proof of net earnings is documented by income tax returns.

The Relocation Advisor will explain eligibility requirements and claims documentation if you are interested in this option.

\*Or that two-year period deemed more representative by the acquiring Agency.

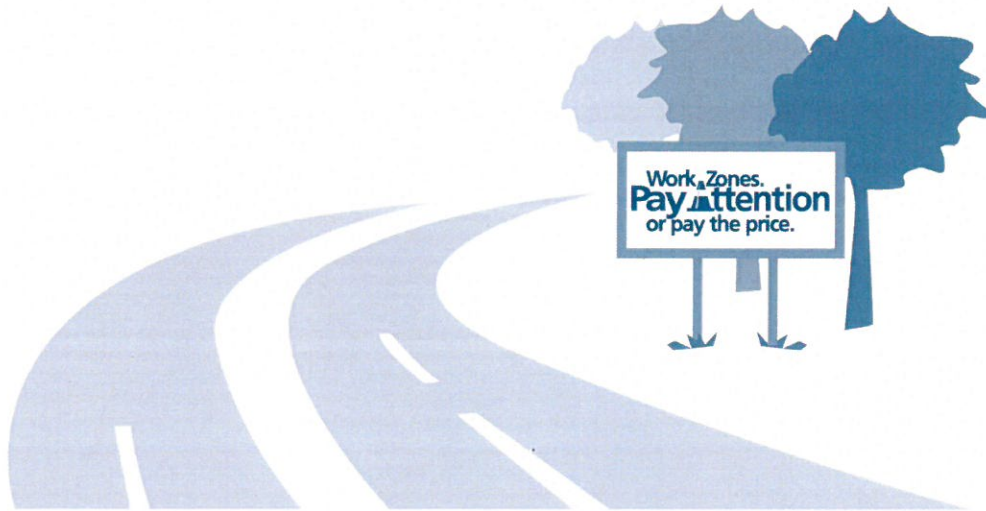
## ***Outdoor Advertising Devices***

Owners of outdoor advertising devices (personal property) being displaced are eligible for actual moving and related expenses.

The amount of a payment for direct loss of an Advertising Device is limited to the lesser of:

1. The depreciated reproduction cost of the sign (as determined by the Agency) less the proceeds from its sale (or salvage value);  
or
2. The estimated cost of moving the sign, but with no allowance for storage.

Searching expenses for a replacement site, up to \$2,500, may also be allowed by the Agency.



## **Section III**

### **Information on Relocation Assistance Services**



# ***Relocation Assistance Services***

Any displaced individual, family, business or farm operation shall be offered relocation assistance services for the purpose of locating a suitable replacement property. Relocation services are provided by qualified personnel employed by, or working on behalf of, the Agency.

They are there to **help**, **assist** and **advise** you; be sure to make full use of their services. Do not hesitate to ask questions, and be sure you understand fully all of your rights and relocation benefits.

## **Relocation Advisor**

### **Residential Assistance**

A Relocation Advisor from the Agency will contact you personally. Relocation services and payments will be explained to you in accordance with your eligibility. During the initial interview, your housing needs and desires will be determined as well as your need for assistance. You cannot be required to move unless at least one comparable replacement dwelling is made available to you. When possible, comparable housing will be inspected prior to being made available to you in order to assure that it meets decent, safe and sanitary standards.

In addition, if you desire, the Relocation Advisor will give you current listings of other available replacement housing. Transportation may be provided to inspect available housing, especially if you are elderly or handicapped. The Agency also will provide counseling or help you get assistance from other sources as a means of minimizing hardships in adjusting to your new location.

If necessary you also will be provided with information concerning other federal, state and local housing programs offering assistance to displaced persons.

## **Business and Farm Assistance**

The Relocation Advisor will explore listings of commercial properties and farms whenever businesses and farms are displaced. Steps will be taken to minimize economic harm to displaced businesses and to increase their likelihood of being able to relocate back into the affected community. The Advisor also may explore and provide advice concerning possible sources of funding and assistance from other local, state and federal agencies.

## **Social Services Provided By Other Agencies**

Your Relocation Advisor will be familiar with the services provided by other public and private agencies in your community. If you have special problems, the Advisor will make every effort to secure the services of those agencies with trained personnel who have the expertise to help you. Make your needs known in order that you may receive the help you need.



# ***Relocation Advisory Assistance***

## **Checklist**

This checklist is a summary of the relocation advisory assistance you may reasonably expect to receive if you are displaced by a project. In addition to the services listed, the Agency is required to coordinate its relocation activities with other agencies causing displacements to ensure that all persons displaced received fair and consistent relocation benefits.

The Relocation Advisor must personally interview displacees to:

- Determine their needs and preferences
- Explain relocation benefits
- Offer assistance
- Offer transportation if necessary
- Assure the availability of a comparable residential property in advance of a residential displacement
- Provide current listing of comparable properties
- Provide the amount of the replacement housing payment, in writing
- Inspect houses for DS&S acceptability
- Supply information on other local, state and federal programs offering assistance to displaced persons
- Provide advice to minimize hardships
- Assist in the preparation of claims for payment

## **Other Important Aspects**

No adverse effects on:

- Social Security eligibility
- Welfare eligibility
- Income taxes

No relocation payment received will be considered as income for the purpose of the Internal Revenue Code of 1986 or for the purposes of determining eligibility or the extent of eligibility of any person for assistance under the Social Security Act or any other Federal law **except for any Federal law providing low income housing assistance.**

Current SSI recipients should also review resources with the appropriate Social Security Office.

## ***Appeal Rights***

### **Policy**

Any person may appeal the Agency's determination of their eligibility for relocation assistance or for a determined payment amount. The person must, however, specifically request an appeal by writing to the displacing Agency.

### **Procedure**

A request for review of a denied claim for relocation assistance and payments must be submitted not more than 60 days after having been informed of the claims denial.

### **MnDOT Review Hearing**

For MnDOT projects, relocation appeal requests should be in writing and mailed to:

Director, Office of Land Management  
Minnesota Department of Transportation  
Transportation Building, Mail Stop 630  
395 John Ireland Blvd.  
St. Paul, MN 55155

The Director of Land Management will review and attempt to resolve each issue in question on the basis of available information. If resolution or agreement between the parties cannot be reached, then you may request an appeal of the Agency's decision. Your appeal request would then be heard by an Administrative Law Judge (ALJ) in a contested case hearing.

As the appellant, you will be notified of the date, time and place of the hearing, which will give you the opportunity to be heard and to present supporting evidence of your claim.

If the program or project from which the appeal originated did not involve the use of federal funds, then the Administrative Law Judge's (ALJ) determination constitutes a final decision in the case, as provided in Minnesota Statutes §14.62, subd. 4.

If, however, federal funds were used in the program or project from which the appeal originated, then an appeal officer representing the Agency will recommend a decision, based on the ALJ's ruling, to the Commissioner of Transportation, who will inform the person in writing of the State's decision. If, as the grievant, you are still dissatisfied, you may then seek judicial review.

# ***Summary of Benefits***

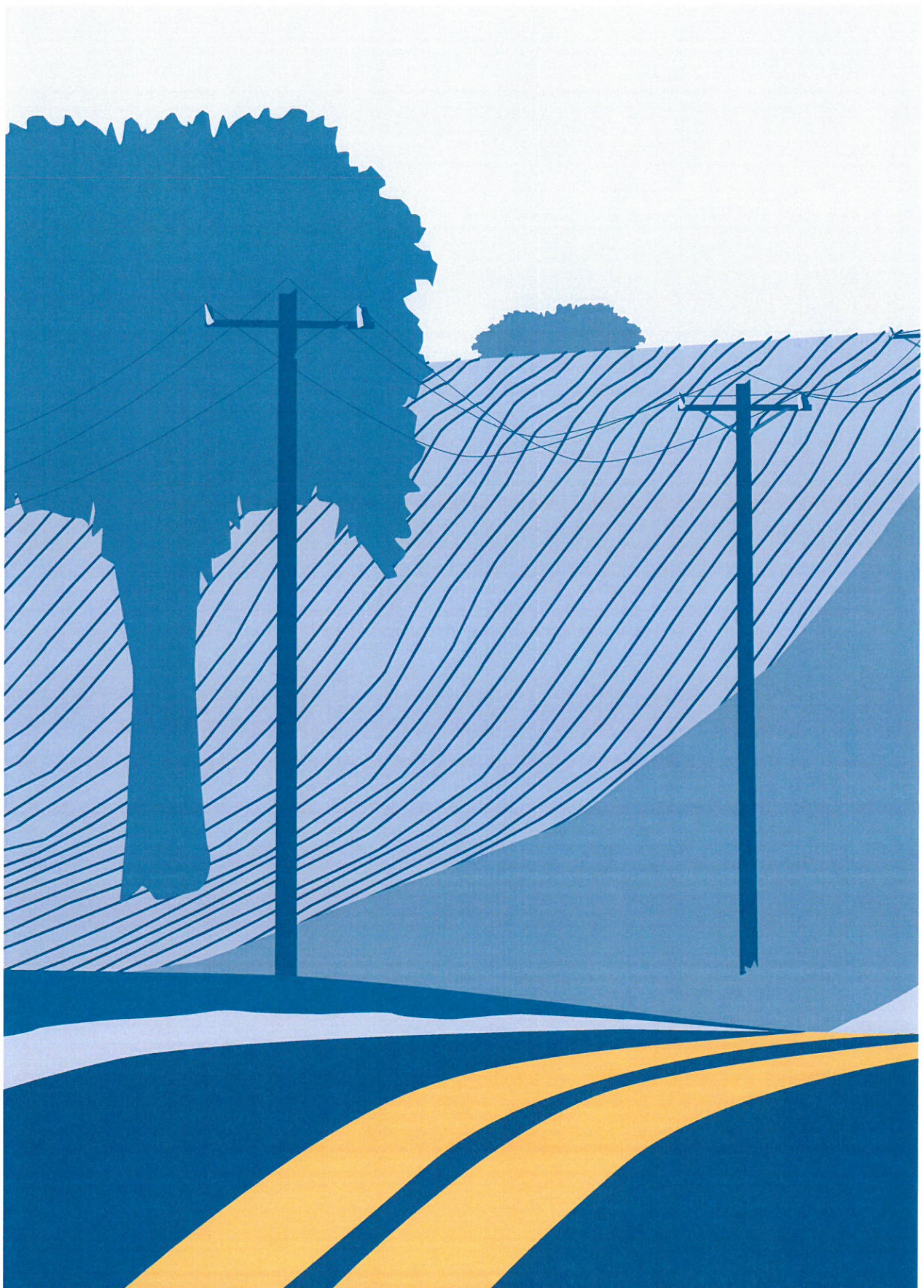
## **Payments for Residential Individuals and Families**

1. Homeowner-Occupants of at least 90 days
  - a. Purchase supplement which includes:
    - i. Price differential
    - ii. Increased mortgage interest costs
    - iii. Incidental expenses (closing costs)
  - b. Can elect to receive a rental assistance instead of a purchase supplement
  - c. Moving expenses
2. Homeowner-Occupants of less than 90 days
  - a. Moving expenses
3. Tenants of at least 90 days
  - a. Rental assistance or downpayment assistance
  - b. Moving expenses
4. Tenants of less than 90 days
  - a. Moving expenses

## Payments for Business, Farm, Nonprofit Organizations

1. Business
  - a. Moving expenses
  - b. Reestablishment expenses
  - c. Payment for searching for replacement location  
or
  - d. a Fixed Payment in lieu of all other eligible expenses
2. Farm operators
  - a. Moving expenses
  - b. Reestablishment expenses
  - c. Payment for searching for replacement location  
or
  - d. a Fixed Payment in lieu of all other eligible expenses
3. Nonprofit organizations
  - a. Moving expenses
  - b. Reestablishment expenses
  - c. Payment for searching for replacement location  
or
  - d. a Fixed Payment in lieu of all other eligible expenses

*Please keep in mind that the relocation laws and regulations are quite lengthy. This brochure briefly described payments you may be entitled to. Consult your Relocation Advisor for details, policies and procedures.*



Minnesota Department of Transportation  
Office of Land Management  
395 John Ireland Blvd. St. Paul, MN 55155



## City of Osseo Economic Development Authority Meeting Item

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**Agenda Item:** Update on Osseo Spring Opener Event

**Meeting Date:** May 14, 2018

**Prepared by:** Riley Grams, City Administrator

**Attachments:** None

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Osseo Economic Development Authority Commissioner Larry Stelmach will provide an update on the 2018 Osseo Spring Opener event at the EDA meeting on Monday, May 14.



## City of Osseo Economic Development Authority Meeting Item

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**Agenda Item:** Update on Osseo Urban Townhomes

**Meeting Date:** May 14, 2018

**Prepared by:** Riley Grams, City Administrator

**Attachments:** None

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Osseo Staff has been hard at working sorting through the complicated history of the Osseo Urban Townhomes and how these agreements will affect the Osseo Economic Development Authority. We have been working with the City's legal firm, Kennedy & Graven, to research the agreements currently in place. City Attorney Mary Tietjen and Kennedy & Graven Paralegal Nancy England have put considerable time into the research side of this program, and are currently awaiting information from Hennepin County.

Staff anticipates that we will be able to provide a full update and review of the Osseo Urban Townhomes at the June EDA meeting. City Attorney Mary Tietjen will provide a verbal update on our progress at the meeting on Monday, May 14.