

**OSSEO ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING MINUTES
May 13, 2019**

1. ROLL CALL

President Poppe called the regular meeting of the Osseo Economic Development Authority to order at 6:00 p.m., Monday, May 13, 2019.

Members present: Teresa Aho, Deanna Burke, Harold E. Johnson, Duane Poppe, Mark Schulz, and Larry Stelmach.

Members absent: Sherry Murdock.

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

Others present: Mike Bosl and Gary Groen.

2. APPROVAL OF AGENDA

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

3. APPROVAL OF MINUTES – APRIL 8, 2019

A motion was made by Johnson, seconded by Aho, to approve the minutes of April 8, 2019, 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, providing a clarification on TIF funds.

Johnson stated he objected to the handling of this. Grams further discussed how TIF notes are managed by developers and what is covered by administrative fees.

A motion was made by Stelmach, seconded by Schulz, to approve the Accounts Payable. The motion carried 6-0.

7. OLD BUSINESS – None.

8. NEW BUSINESS

A. FY2018 EDA AUDIT REVIEW (Michael Bosl, Bergan KDV)

Grams stated Michael Bosl with Bergan KDV was present to provide the EDA with a summary of the EDA audit. He reported this was a blended document between the City and EDA audit.

Michael Bosl, Bergan KDV, provided the EDA with a presentation on the 2018 Audit. He reviewed the EDA fund balances along with the revenue and expenditure activity for the previous year. He discussed the TIF fund balances and noted when the TIF districts would be decertified.

Johnson commented on the negative figure in the audit report. He requested further information regarding this number. Mr. Bosl stated it was his understanding tax increment revenue has been paid to the City since December 31. He provided further information on an interfund loan that offset the cash balance, resulting in a negative figure for the overall TIF account.

Johnson thanked staff and Bergan KDV for bringing this information to the EDA.

B. NOTICE OF INTENT TO SEEK REDUCTION IN TAX VALUATION OF 5 CENTRAL APARTMENTS

Grams explained the City received official notice on April 18 from Magellan Investment Partners, the new owners of the 5 Central Apartments property. Magellan would be seeking a reduction in market value for taxes payable 2019. The total reduction is \$1,427,000 to an official value of \$22,540,000. The amendment to the Development Agreement, which was approved on December 10, 2018, allows the owner to seek a reduction in market value to a floor of \$22,540,000 (or \$161,000 per unit). The recent amendment increased that floor from \$105,000 to the \$161,000 per unit. The amendment requires the owner to notify the EDA if they are submitting a petition to seek a reduction of market value.

Grams reported there is no official action required by the EDA or the City. The official petition will be sent to Hennepin County and eventually reviewed and settled by the County. This could take multiple years, as we have recently seen with the petition from the previous owner of 5 Central, Dean Lundski. That previous petition has still not been settled by the County. Taxes will continue to be paid at the current value. After the County settles the petition, the EDA will make the necessary adjustments to the various payments.

Stelmach asked if staff should reach out to the County to learn when the County would be making a decision. Grams indicated he could reach out to the County but anticipated their response would be that the County would resolve the matter according to their own schedule.

Johnson questioned if the County hearings were open to the public. Grams stated he was uncertain but stated he would check into this.

Schulz inquired if the City would have to cut a check to the developer if the County were to change the value of the 5 Central property. Grams reported this would have to occur.

Schulz requested staff do further research to see if the City would be responsible for paying interest if an amount were owed to the developer. Grams stated he would look into the matter and would report back to the EDA.

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

Stelmach stated he was pleased by the attendance at the Foreign Car Show and Craft Fair this past weekend.

Johnson reported Amazon would be building a facility in Maple Grove.

Johnson explained he attended the grand opening of True IT Technology Company located in the Bell Tower building. He welcomed this new business to the City.

10. ADJOURNMENT

A motion was made by Stelmach, seconded by Aho, to adjourn at 6:29 p.m. The motion carried 5-1 (Schulz opposed).

Respectfully submitted,

Heidi Guenther
TimeSaver Off Site Secretarial, Inc.