

**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.*