

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

1. ROLL CALL

President Juliana Hultstrom called the regular meeting of the Osseo Economic Development Authority to order at 6:00 p.m., Monday, July 9, 2018.

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

Members absent: None.

Staff present: Executive Director Riley Grams, City Accountant Teri Portinen, and City Attorney Mary Tietjen.

Others present: Nancy Englund.

2. OATH OF OFFICE FOR CHARLES FLYNN

City Attorney Mary Tietjen administered the Oath of Office to newly appointed EDA Commissioner Charles Flynn. A round of applause was offered by all in attendance.

3. APPROVAL OF AGENDA

A motion was made by Stelmach, seconded by Johnson, to approve the Agenda as presented. The motion carried 7-0.

4. APPROVAL OF MINUTES – JUNE 11, 2018

A motion was made by Johnson, seconded by Stelmach, to approve the minutes of June 11, 2018, as presented. The motion carried 7-0.

5. MATTERS FROM THE FLOOR – None.

6. PUBLIC HEARINGS – None.

7. ACCOUNTS PAYABLE

Executive Director Riley Grams presented the EDA Accounts Payable listing and discussed an additional invoice from Ehlers & Associates.

A motion was made by Stelmach, seconded by Murdock, to approve the Accounts Payable. The motion carried 7-0.

8. OLD BUSINESS

A. DISCUSS OSSEO URBAN TOWNHOMES

Grams stated in August 2003 the Osseo EDA entered into a Deferred Loan Agreement with Hennepin County HRA for the purpose of constructing townhomes in the City of Osseo. As part of the HRA's Affordable Housing Incentive Fund (AHIF) program, the EDA applied to the HRA for a loan of \$190,000, the proceeds of which were to be used solely for the acquisition and

development of 15 newly constructed townhome units. Pursuant to the Agreement, three of the units were to be market rate; eight units were to be affordable for homeownership to low income households; and four units were to be affordable to very low-income households. He explained City Attorney Tietjen would be discussing this item in more depth.

City Attorney Tietjen commented the 2003 Loan Agreement was originally set to be a twenty (20) year agreement. However, in 2004, the parties entered into a First Amendment to the Agreement changing the duration of the Agreement and the repayment obligations to a 30-year period. A copy of the 2004 Amendment, as well as the Amended and Restated Promissory Note, were included in the EDA packet.

City Attorney Tietjen reported the Agreement states that the HRA will provide the AHIF to the EDA in the form of a “nondeclining, deferred loan at Zero Percent (0%) interest” to allow the EDA to complete the project. The Agreement also provides the terms for repayment of the AHIF funds. It states as follows:

No repayment shall be required prior to Thirty (30) years from the latter of the date of this Agreement and the date that the very low-income (LI) Purchaser takes possession of the Premises... if and only if...:

- A. Provider (EDA) and LI Purchaser comply with all provisions and requirements set forth in this Agreement, the Mortgage, any other instrument securing the Note, or any other instrument collateral to the Note or executed in connection with the sums secured thereby.
- B. The Premises remains a single-family unit, occupied by an eligible homeowner.
- C. Premises remains affordable to very low-income households as determined by the U.S. Department of Housing and Urban Development.
 - (1) Very low-income is defined as income of up to 50 percent of the area median income adjusted for family size as determined by HUD.

City Attorney Tietjen stated as long as these conditions are met, the EDA will not be required to repay the loan before the 30-year period. At the end of the 30-year period, the EDA will be required to repay the entire loan amount to the HRA.

City Attorney Tietjen explained staff reviewed the May 21, 2003, Development Agreement between the Osseo EDA and GMHC. That Agreement provided for the transfer of the property for the townhome project from the EDA to GMHC for \$227,001. GMHC agreed to construct the townhome units and upon the sale of each unit, GMHC agreed to pay Osseo the sum of \$15,133.33. Osseo would then give a Release of the Mortgage in exchange for the payment and GMHC would “cause to be executed and recorded” a second mortgage in the amount of the difference between the sale price of the unit and the appraised value. The second mortgages were made by the purchasers of the units as mortgagors with the EDA and are due within 30 years after issuance of the second mortgage.

Nancy Englund, Kennedy & Graven, provided the EDA with an overview on her findings with the County. She then asked for comments or questions from the Commission.

Hultstrom asked how the EDA was to address the property that was not homesteaded. Ms. Englund explained the HRA was not responsible for double-checking this but rather the responsibility fell to the Osseo EDA. She encouraged the City to investigate if Unit #11 was still owner occupied or if it was being rented.

Further discussion ensued regarding the outstanding mortgage balances for the Osseo Urban Townhomes.

Johnson requested further information on the income standards for these townhome units. Ms. Englund explained the original mortgage was written on the basis of there being a low income and this stays in place for 30 years and was not something the EDA needed to evaluate on a yearly basis.

City Accountant Teri Portinen discussed the history of this project and the necessity for staff to have a paper trail on the mortgages, along with their outstanding balances for auditing purposes.

Schulz asked where the balance of the payments was. Ms. Portinen stated these funds were placed in the EDA's General Fund.

Hultstrom asked if any of the units were making payments on the second mortgages at this time. Ms. Portinen stated she has not received any payments as of July 2014 when she was hired by the City.

Schulz suggested the EDA set aside fund for these funds. Grams supported this recommendation and noted he would research this matter further and report back to the EDA.

City Attorney Tietjen explained she would be searching for clarification on the loan forgiveness after 30 years.

9. NEW BUSINESS

A. DISCUSS FUTURE EDA FIELD TRIP (TOUR REDEVELOPMENT SITES)

Grams stated EDA Commissioner Harold Johnson brought up an idea of having the EDA members go on a field trip to visit the potential redevelopment sites in Osseo. The EDA members could gain a better understanding of the sites. Staff could compile basic information on the potential redevelopment sites as follows:

- 1) North Central Redevelopment site
- 2) Celtic Crossing empty redevelopment site
- 3) Across 2nd Street NW from Rochon (next to Phone Guys)
- 4) Empty field located at St. Paul's Lutheran Church
- 5) Jefferson Properties location (8603 Jefferson Hwy)
- 6) Northern Tractor Equipment Company (335 Co Rd 81)
- 7) Apartments behind Top Ten Liquors

Grams explained the idea would be to gain some more info on each site to determine how feasible redevelopment would be for the EDA. A bus could be rented with EDA funds to provide transportation around Osseo for the attendees.

Grams commented EDA President Hultstrom and Commissioner Johnson have been participating in local Housing For All meetings recently, and that group is planning a bus tour to view several properties in the area. Both President Hultstrom and Commissioner Johnson suggest we add some Osseo specific sites to that tour and invite all EDA members to attend the bus tour and learn about the sites and what organizations like Housing For All can do in these specific situations.

Grams stated typically these groups will purchase underappreciated housing units, before they are sold to the highest bidder, make significant improvements to the units, and then keep them affordable for people who need those types of housing units. The Housing For All bus tour is on Tuesday, September 18, from 6-8 PM. The tour group will meet at Advent Lutheran Church. EDA members are encouraged to attend this tour.

Johnson stated he believed a tour of the sites would provide the EDA members with greater insight on the properties.

Hultstrom commented on the meetings she has attended with Housing For All and discussed a new affordable housing complex that was recently renovated in Dayton. She reported that a large portion of that project was funded by grants.

Hultstrom commented on a Habitat for Humanity project that was taking place in Maple Grove and noted this organization was in need of 10 to 16 volunteers July 16-20 and July 23-27 from 8:30 a.m. to 4:00 p.m. Those interested were encouraged to contact Habitat for Humanity in Maple Grove.

Johnson asked if the EDA members supported a proposed EDA field trip.

Stelmach stated he supported an EDA field trip.

Schulz commented he has visited each of the sites and he did not support the EDA spending funds for a bus rental when this money could be set aside for future redevelopment projects.

Hultstrom indicated she respected this opinion but noted there were new members to the Commission that could benefit by visiting each of the sites.

Murdock stated she supported visiting the local sites prior to visiting the City of Dayton.

Stelmach requested staff forward several dates to the Commission to consider for the EDA field trip.

Johnson suggested Monday, August 6, be considered for the EDA field trip. Grams proposed holding the field trip on an EDA meeting night but at 5 p.m. instead of 6 p.m., as the members would already have this night set aside. The Commission was in agreement.

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

Hultstrom thanked Flynn for joining the Osseo EDA.

Hultstrom noted she would be attending a light rail meeting in Brooklyn Park on Tuesday, July 10.

Hultstrom reported she would be attending a Housing For All meeting on Tuesday, July 24.

11. ADJOURNMENT

A motion was made by Schulz, seconded by Stelmach, to adjourn at 7:07 p.m. The motion carried 7-0.

Respectfully submitted,

Heidi Guenther
TimeSaver Off Site Secretarial, Inc.