



**AGENDA – REGULAR MEETING**  
**6:00 p.m., December 10, 2018**

## **Economic Development Authority**

- 1. ROLL CALL**
- 2. APPROVAL OF AGENDA**
- 3. APPROVAL OF MINUTES**
  - A. November 13, 2018
- 4. MATTERS FROM THE FLOOR**
- 5. PUBLIC HEARING**
- 6. ACCOUNTS PAYABLE**
- 7. OLD BUSINESS**
  - A. Approve Amendment to 5 Central TIF Development Agreement
  - B. Approve Updated EDA Bylaws
  - C. Update on Osseo Urban Townhomes
- 8. NEW BUSINESS**
  - A. Approve 2019 EDA Budget
  - B. Review 2019 EDA Meeting Schedule
- 9. REPORTS OR COMMENTS: Executive Director, President, Members**
- 10. ADJOURNMENT**

**OSSEO ECONOMIC DEVELOPMENT AUTHORITY  
REGULAR MEETING MINUTES  
November 13, 2018**

1. ROLL CALL

President Juliana Hultstrom called the regular meeting of the Osseo Economic Development Authority to order at 6:00 p.m., Tuesday, November 13, 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 Planner Nancy Abts, and City Attorney Gina Fiorini.

Others present: Rebecca Kurtz-Ehlers & Associates.

2. APPROVAL OF AGENDA

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

3. APPROVAL OF MINUTES – OCTOBER 8, 2018

**A motion was made by Johnson, seconded by Stelmach, to approve the minutes of October 8, 2018, as presented. The motion carried 7-0.**

4. MATTERS FROM THE FLOOR – None.

5. PUBLIC HEARINGS – None.

6. ACCOUNTS PAYABLE

Grams presented the EDA Accounts Payable listing.

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

7. OLD BUSINESS – None.

8. NEW BUSINESS

A. DISCUSS AMENDMENTS TO 5 CENTRAL TIF DEVELOPMENT AGREEMENT

Executive Director Riley Grams stated the 5 Central Apartments property has been sold to Magellan Investments. Marc Swerdlow from Magellan asked about amending the existing TIF Agreement with the City/EDA.

Grams reported staff worked closely with Rebecca Kurtz, Ehlers & Associates, over the past weeks to develop a few negotiation points that would greatly benefit the City and EDA. Those points were conveyed to Magellan and Magellan agreed in principal to the negotiated items. This is a discussion item only and is meant to generate questions or comments from the EDA

members that Ms. Kurtz can answer. The EDA should consider the items and direct staff to amend the TIF Agreement. Staff will bring the final documents to the December 10 EDA meeting for review and approval.

Rebecca Kurtz discussed a memo she prepared for the EDA that outlined the negotiated points and explained the benefits to the EDA and City. She commented on the bonds that were issued for this project noting the remaining balance was \$470,000. She explained the minimum market value for these units was higher than originally anticipated. She reviewed the proposed amendments to the agreement and the pay-as-you-go note. She estimated the EDA would retain 10% in administrative fees, which totaled \$37,850 annually.

Murdock asked if the proposed adjustments were based on 100% occupancy of the building. Ms. Kurtz stated the City does not look at the occupancy rate but rather the tax market value and taxes being paid on the property.

Stelmach thanked Ms. Kurtz for her thorough review of this item.

Poppe requested further information on the administrative fee that would be retained by the City. Ms. Kurtz explained per state statute municipalities could retain 10% for the administration of a TIF District.

Johnson requested background information on the petition that has been filed by the seller. Ms. Kurtz stated she did not have much information on this but understood the seller had filed tax petitions in order to reduce the market value for the property. She reported the concern was the minimum market value had been set and quickly increased which impacted the taxes payable. She stated Hennepin County could take up to three years to settle this matter. She indicated if there was a reduction, that it would be small in nature. Further discussion ensued regarding how the City would handle the situation if an overpayment was made.

Grams stated the City would know more about this situation once Hennepin County makes a determination on the petition. He reported a good thing the City has on its side was the sale price of this property.

Ms. Kurtz commented this item would be back for EDA consideration on December 10.

## **B. DISCUSS UPDATING EDA BYLAWS**

Grams explained EDA Commissioners Stelmach and Schulz had requested that the EDA review the bylaws for any potential updates. It was noted the EDA Bylaws were last amended in January 2012. They outline the Authority and its powers, the makeup of the Board, the officers and positions, rules for running meetings, as well as other miscellaneous items. If there are any suggested changes, staff will draft the bylaws with those changes and bring them back to the December 10 EDA meeting for approval.

Schulz commented he requested this item be on the agenda given the fact EDA President Hultstrom was elected to the City Council. He reported in 2019 no one would be qualified to serve as the President, given that the current bylaws state the President cannot be a Councilmember. He reviewed several language changes within the bylaws with the EDA and requested changes. He commented on how the bylaws have to coincide with City Ordinance. He stated he would forward his notes and the proposed changes to the bylaws to staff.

Stelmach stated he wanted this item discussed as well in order for the EDA to remain transparent.

Murdock expressed concern with the language at the bottom of Article 3, Section 1. She recommended this section be reviewed closer to remove any conflict.

Johnson recommended the duties of the treasurer and secretary be clarified within the bylaws. He recommended Teri Portinen not be listed as any position within the EDA.

Hultstrom suggested the terms also be clarified within the document.

The EDA discussed who could serve as the President. The EDA recommended the language be amended to read the President could be any member of the Authority.

Staff was directed to revise the bylaws and report back to the EDA in December.

#### C. DISCUSS 2019 EDA BUDGET

Grams explained each year the EDA sets its own fiscal budget for the following year. The budget is usually approved during the last meeting of the year in December. Staff commented on the proposed 2019 EDA budget. The Board should discuss potential changes to the 2019 budget and direct staff accordingly. The updated EDA budget would come back for final approval at the December 10 EDA meeting.

Schulz suggested the group further discuss Board compensation to ensure the EDA was not in violation of its own Ordinance.

Stelmach asked how quickly this matter could be addressed. Grams explained this item could be reviewed by staff this week.

Hultstrom recommended the EDA attorney fees be reevaluated for 2019. Grams commented he could discuss this matter with City Attorney Mary Tietjen. He reported this line item could be slightly inflated for the coming year.

Johnson requested further information on the payoff of the beautification/flower fund.

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

Grams congratulated the newly elected City Councilmembers Larry Stelmach and Juliana Hultstrom, along with Mayor Duane Poppe.

Johnson updated the EDA on a property being redeveloped by the school district on the border of Osseo and Maple Grove.

Schulz thanked Mayor Poppe for his work on the border property near the school district.

Hultstrom explained she attended a Minnesota DEED Conference in St. Cloud in early November with Councilmember Johnson. She thanked Councilmember Johnson for scheduling a bus tour of Osseo properties to be held on Tuesday, November 20.

#### 10. ADJOURNMENT

**A motion was made by Johnson, seconded by Murdock, to adjourn at 7:15 p.m. The motion carried 7-0.**

Respectfully submitted,  
Heidi Guenther  
*TimeSaver Off Site Secretarial, Inc.*



## City of Osseo Economic Development Authority Meeting Item

### Accounts Payable Listing

12/10/18 EDA  
2018  
12

Check Name	Comments	Amount
CITY OF OSSEO	LEGAL - OUTLINE FOR EDA VS HRA	\$128.34
EHLERS & ASSOCIATES, INC	TIF 2-9 5 CENTRAL SALE	\$1,500.00
JOHNSON, HAROLD E	11/20/18 CITY TOUR TRANSPORTATION	\$133.54
KENNEDY & GRAVEN, CHARTERED	OCT 2018 LEGAL SERVICE	\$215.08
TIMESAVER OFF SITE	11/13/18 EDA MTG	<u>\$176.50</u>
		\$2,153.46

### EDA MONTH END CASH BALANCE

			DIRECTIONAL					
		.11/13/18	SIGNAGE	ADJUSTMENTS		12/10/2018	PROPOSED	12/10/2018
FUND	DESCRIPTION	BALANCE	REVENUE	(+/-)		BALANCE	EXPENSE	BALANCE
801	GENERAL	513,991.82	150.00	185.83	1	514,327.65	-653.46	513,674.19
806	TIF 2-5 REALIFE	8,426.29				8,426.29		8,426.29
817	TIF 2-4 BELL TOWER	238,780.26				238,780.26		238,780.26
819	TIF 2-6 CELTIC CROSSING	58,913.08				58,913.08		58,913.08
825	TIF 2-8 LANCOR/LYNDES	7,897.77				7,897.77		7,897.77
836	TIF 2-9 5 CENTRAL	128,306.59				128,306.59	-1,500.00	126,806.59
		956,315.81	150.00	185.83		956,651.64	-2,153.46	954,498.18
1	INTEREST JULY-SEP			185.83				



# Memo

**To:** Riley Grams, City of Osseo  
Osseo EDA Board Members

**From:** Rebecca Kurtz, Ehlers

**Date:** November 27, 2018

**Subject:** Amendment to the Development Agreement for 5 Central

Attached is the proposed Amendment to the Development Agreement for the 5 Central. The Amendment has been drafted by the EDA's tax increment attorney and reviewed by representatives from Magellan Investments, the owner of 5 Central.

## Proposed Amendment

The terms of the proposed Amendment have not significantly changed since the review and discussion of terms at the November EDA meeting. The only change is in bold in the terms below:

- Establish a new minimum market value of \$161,000 per unit, and a total market value of \$22,540,000.
- Amend the Agreement to not allow the owner to petition / decrease the market value below \$161,000 per unit **or the amount identified in the petition if that amount is greater than \$161,000 per unit**. If the value is above \$161,000 per unit, and the owner petitions, they are able to reduce to the value to \$161,000; per the Agreement, the value will not be less than \$161,000 per unit during the term of the TIF District. While the petition(s) are outstanding, the EDA will make payments on the Paygo Note based on a value of \$161,000 per unit **or the amount identified in the petition** and hold the remaining TIF.

**As an example, if the market value increases and is \$190,000 per unit, the owner could request to reduce the market value to \$175,000 per unit. In this scenario, the EDA could make payments on the Paygo Note based on the value of \$175,000 per unit and hold the remaining TIF until the petition is settled.**

At the time the petition(s) are settled by Hennepin County, the EDA will reconcile the payments for the Paygo Note based on the settled market value.

- Amend the Agreement to allow the EDA to retain a fixed, semi-annual amount that would allow for the payment of the 2014A and 2014B Bonds and the Interfund Loan. The fixed payment would also allow the EDA to collect additional funds that would be used to pre-pay the 2014B Bonds in February 2026. The goal is for all of the EDA obligations to be paid in full at that date. The EDA has three obligations:
  - \$510,000 G.O. Utility Bonds, Series 2014A (maturing February 2025)
  - \$550,000 G.O. TIF Bonds, Series 2014B (maturing February 2028)



- \$700,000 Interfund Loan to reimburse for up-front expenses
- Amend the Agreement to allow the balance of increment to pay the \$1,495,719 Pay-as-you-go Note issued to the Developer. This allows for the payments to the Note holder to increase or decrease based on the market value and tax rate. It also places the benefit of shortening the term of the Note or the risk of lengthening the term on the Note holder.

The Amendment would not change the 10% of tax increment that can be retained for administration of the District. The Amendment also would not change the affordability requirements for the development.

The proposed Amendment would meet the following goals for the EDA:

- Allow the EDA to continue to retain up to 10% of the tax increment for administration of the TIF District.
- Continue to provide for the 2014A and 2014B Bonds to have priority on the tax increment revenue. This maintains the assurance that the City would not need to levy taxes to make Bond payments, as the Bonds are general obligations of the City.
- Provide a set payment schedule for the Interfund Loan, with the goal to pay the Loan in full by February 2026. At time the District was established, it was estimated that the Loan would be paid in February 2031. Establishing a set payment schedule also allows the EDA to better plan for funds being available for future projects.
- Increase the semi-annual payments on the Pay-as-you-go Note, with the goal of shortening the term of the Note. At the time the Note was issued, it was estimated that the Note would be paid in full in 2033. A proposed Amendment may provide for the Note to be paid as early as August 2028, at which time the District could be decertified, and the City could receive the benefit of the full value of the development for calendar year 2029. *Please note that this date is subject to change and ultimately is dependent on the market value, tax rates, and future legislative changes to tax increment.*

### **Additional Information**

As with any tax increment project, the increment likely to change over the remaining term of the District and is subject to the market value on the property, tax rates and future legislative changes. The two tax petitions filed by the previous owner have not been settled by Hennepin County, and the final settlement may also impact the final payment date for the interfund loan.

I will not be at the EDA meeting on December 10; however, if you have question prior to the meeting, I am happy to work with Administrator Grams to answer them.

## FIRST AMENDMENT TO DEVELOPMENT AGREEMENT

THIS FIRST AMENDMENT TO DEVELOPMENT AGREEMENT (the "Amendment"), dated as of the 10th day of December, 2018, by and between the CITY OF OSSEO ECONOMIC DEVELOPMENT AUTHORITY (the "Authority"), a public body corporate and politic, organized and existing under the laws of the State of Minnesota, and 5C Osseo Holdings, L.L.C., a Minnesota limited liability company (the "Developer").

### WITNESSES:

WHEREAS, the City and Osseo Mainstreet Holdings I, LLC (the "Original Developer") entered into a Development Agreement dated as of April 7, 2014 (the "Development Agreement") relating to the acquisition and development of certain real property; and

WHEREAS, the Original Developer and the Developer entered into a Consent, Assignment and Assumption of Development Agreement dated as of September 20, 2018 wherein the Developer assumed all the of Original Developer's obligations under the Development Agreement; and

WHEREAS, the City and the Developer wish to amend the Development Agreement as provided in this Amendment; and

WHEREAS, the City and the Developer have both duly authorized the Amendment; and

NOW, THEREFORE, the Development Agreement is amended as provided herein.

1. Section 3.4, subparagraphs (3) and (4) of the Development Agreement are amended and restated as follows:

'(3) The principal amount of the TIF Note and the interest thereon shall be payable solely from the Tax Increments in the priority identified in (4) below.

(4) Subject to the provisions of Section 3.6, the Tax Increments received by the Authority during the preceding 6 months shall be applied in the following order of priority:

- (i) 1st Priority: Authority retains 10%;
- (ii) 2nd Priority: Authority retains \$99,010;
- (iii) 3rd Priority: Developer shall be paid on each Note Payment Date the balance of the Tax Increments, which shall be applied first to accrued interest and then to reduce the principal of the TIF Note.'

2. The last paragraph of Section 3.6 is amended and restated as follows:

"If the taxable market value for the Development Property and the facilities constructed thereon exceeds \$22,540,000 (\$161,000 per unit, 140 units), as



determined by Hennepin County, the Developer may seek through the exercise of legal or administrative remedies a reduction in such market value for property tax purposes to a value no less than \$22,540,000. The Developer shall give written notice to the Authority of its intent to seek a reduction in market value of the Development Property and Project in excess of the minimum of \$22,540,000 and such notice shall specify the proposed reduced value (the "Proposed Reduced Value"). The amount of Tax Increments derived from the market value in excess of the Proposed Reduced Value shall be held by the Authority and not applied as provided in Section 3.4(4) until the actual market value is finally determined by the entity adjudicating the market value reduction action. When such final determination is made, the Authority shall first (i) repay to the County the Tax Increments that were held by the Authority that are required to be prepaid to the County as a result of such market value reduction and second (ii) apply the balance according to the priority set forth in Section 3.4(4)."

3. Except as herein amended, all terms and provisions of the Development Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Authority and the Developer have caused this Amendment to be duly executed on the date first written above.

CITY OF OSSEO ECONOMIC  
DEVELOPMENT AUTHORITY

By: \_\_\_\_\_  
Its President

By: \_\_\_\_\_  
Its Executive Director

This is a signature page to the First Amendment to the Development Agreement by and between the City of Osseo Economic Development Authority and 5C Osseo Holdings, LLC.

5C OSSEO HOLDINGS, LLC

By\_\_\_\_\_

Its\_\_\_\_\_

This is a signature page to the First Amendment to the Development Agreement by and between the City of Osseo Economic Development Authority and 5C Osseo Holdings, LLC.



**TIF 2-9: 5 Central**  
City of Osseo, MN

Assumed market value of \$161,000 / unit and no inflation.

Hennepin Co. Settlement	10% Admin.	Total Semi-Annual Net TIF	Funds for \$510,000 G.O. Utility Bonds 2014A*	Funds for \$550,000 G.O. TIF Bonds 2014B*	Additional funds to call 2014B 02/01/26	\$700,000 City IFL Note A** 3%	Total Retained by EDA for three obligations	Total Retained by EDA for three obligations	Est. payments: \$1,495,719 Paygo Note B** 4%	PERIOD ENDING Yrs.	Tax Year	Payment Date
201,769	(20,177)	181,592	(29,188)	(27,600)	(7,333)	(35,000)	(99,121)	99,010	82,471	4	2018	02/01/19
189,920	(18,992)	170,928	(28,688)	(27,150)	(7,333)	(35,000)	(98,171)	99,010	72,758	4.5	2019	08/01/19
189,920	(18,992)	170,928	(28,688)	(27,150)	(7,333)	(35,000)	(98,171)	99,010	72,758	5	2019	02/01/20
189,920	(18,992)	170,928	(28,188)	(29,070)	(7,333)	(35,000)	(99,591)	99,010	71,338	5.5	2020	08/01/20
189,920	(18,992)	170,928	(28,188)	(29,070)	(7,333)	(35,000)	(99,591)	99,010	71,338	6	2020	02/01/21
189,920	(18,992)	170,928	(27,688)	(28,418)	(7,333)	(35,000)	(98,438)	99,010	72,490	6.5	2021	08/01/21
189,920	(18,992)	170,928	(27,688)	(28,418)	(7,333)	(35,000)	(98,438)	99,010	72,490	7	2021	02/01/22
189,920	(18,992)	170,928	(29,563)	(27,765)	(7,333)	(35,000)	(99,661)	99,010	71,268	7.5	2022	08/01/22
189,920	(18,992)	170,928	(29,563)	(27,765)	(7,333)	(35,000)	(99,661)	99,010	71,268	8	2022	02/01/23
189,920	(18,992)	170,928	(28,875)	(27,011)	(7,333)	(35,000)	(98,219)	99,010	72,709	8.5	2023	08/01/23
189,920	(18,992)	170,928	(28,875)	(27,011)	(7,333)	(35,000)	(98,219)	99,010	72,709	9	2023	02/01/24
189,920	(18,992)	170,928	(28,188)	(28,758)	(7,333)	(35,000)	(99,278)	99,010	71,650	9.5	2024	08/01/24
189,920	(18,992)	170,928	(28,188)	(28,758)	(7,333)	(35,000)	(99,278)	99,010	71,650	10	2024	02/01/25
189,920	(18,992)	170,928		(27,920)	(7,333)	(55,000)	(90,253)	99,010	80,675	10.5	2025	08/01/25
189,920	(18,992)	170,928		(27,920)	(7,333)	(55,000)	(90,253)	99,010	80,675	11	2025	02/01/26
189,920	(18,992)	170,928		(29,508)					170,928	11.5	2026	08/01/26
189,920	(18,992)	170,928		(29,508)					170,928	12	2026	02/01/27
189,920	(18,992)	170,928		(28,504)					170,928	12.5	2027	08/01/27
189,920	(18,992)	170,928		(28,504)					170,928	13	2027	02/01/28
										13.5	2028	08/01/28
										14	2028	02/01/29
										14.5	2029	08/01/29
										15	2029	02/01/30
										15.5	2030	08/01/30
										16	2030	02/01/31
										16.5	2031	08/01/31
										17	2031	02/01/32
		(371,563)	(371,563)	(535,805)	(109,995)	(565,000)			1,791,956			
						499,247			1,432,481			

**Notes:**

500,000.00

1,495,000

\* The General Obligation Bonds are callable 2/1/2023.

\*\* Payment schedules for the IFL Note A and Paygo Note B are subject to change based on actual increment. Note A and Note B are not general obligations of the City.

1. Distinct must be decertified the earlier of the payment of the final obligation or 12/31/2040.



## City of Osseo Economic Development Authority Meeting Item

<b>Agenda Item:</b>	<b>Approve Updated EDA Bylaws</b>
<b>Meeting Date:</b>	December 10, 2018
<b>Prepared by:</b>	Riley Grams, City Administrator
<b>Attachments:</b>	Amended EDA Bylaws – Clean Version Amended EDA Bylaws – Redline Version

### **Policy Consideration:**

Consider amending the EDA bylaws with a number of proposed changes.

### **Background:**

The EDA recently reviewed its current bylaws and recommended several changes. Staff took those proposed changes and incorporated them into a draft version (clean version and redline version) attached to this agenda item. Staff conferred with City Attorney Tietjen on a number of the proposed changes for legal clarification and legal opinion.

Here are some of the proposed changes:

<i>Article II, Section 1:</i>	This section should describe the makeup of the Board, which is seven members.
<i>Article II, Section 4:</i>	Clarified language on the Board recommending removal of a Commissioner.
<i>Article III, Section 1:</i>	Removed the requirement that the President be a non-Council member. Now, any member of the Board is eligible to be the President upon the annual vote by the Board.
<i>Article III, Section 4:</i>	Clarified language about the Secretary. The Secretary has historically been the City Clerk (LeAnn Larson, in this case). Currently, minutes are produced by an outside consultant hired by the City and the EDA (TimeSaver Secretarial Service). I have included clarifying language in this Section.
<i>Article IV, Section 1:</i>	Noted that the Board shall approve the annual meeting dates for the following year at the last meeting of the calendar year.
<i>Article IV, Section 2:</i>	Included language that allows for electronic notification to Board members (via email, phone call, text, etc).
<i>Article V, Section 3:</i>	Currently, the Board does not review applications for open seats on the Authority and make recommendations to the Council for appointments. I included a new paragraph that explains how we have been doing things for years.

*Article V, Section 6:* Deleted this section. The Board does not adopt a Strategic Plan currently.

*Miscellaneous:* Updated several grammar, punctuation and titles throughout the bylaw document.

The question of Board pay for non-Council members also came up at the last meeting. In checking with Attorney Tietjen, there is a State Statute that requires pay for EDA members for any regular or special meeting they attend. State statute requires that Commissioners be paid for attending regular and special meetings "in an amount to be determined by the city council." Council passed a Resolution in 2001 approving the \$15 per meeting payment. The bylaws don't say anything about this and Sec. 33.53(D) of the ordinance actually says that members serve "without salaries or fees for their services." Attorney Tietjen's recommendation would be to amend Sec. 33.53(D) to say that "Commissioners shall be paid for attendance at regular and special meetings in an amount to be determined by the City Council." The language in Sec. 33.53(D) of the ordinance regarding travel, per diem, etc. is separate from the meeting compensation and can stay in the ordinance.

Staff is also aware that these bylaws do not mesh well in several areas with the current City Ordinance on file that created and describes the Economic Development Authority. If these proposed changes are approved by the EDA, and then by the City Council, Staff will begin work to update the Ordinance early next year. Ordinance amendments are reviewed and approved by the City Council.

**Previous Action or Discussion:**

The EDA discussed amendments to the bylaws at their [November 13, 2018 meeting](#).

**Options:**

The Economic Development Authority may choose to:

1. Approve the proposed amendments to the EDA bylaws;
2. Approve the proposed amendments to the EDA bylaws, with noted changes/as amended;
3. Deny approval of the proposed amendments to the EDA bylaws;
4. Table action on this item for more information.

**Recommendation/Action Requested:**

Staff recommends the Economic Development Authority choose option 1) Approve the proposed amendments to the EDA bylaws.

# **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 consists of 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. The Board of Commissioners may recommend removal of a Commissioner upon a majority vote of the other Commissioners present at the meeting.

## **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 President may be any member of the Authority. 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.

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

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- (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 the Board, and shall hold at least one regular meeting each month. The Board shall approve the annual meeting dates for the following year at the last meeting of the calendar year.

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 or electronically notified by the Executive Director (email, phone call, text, etc.). 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
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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. Applications or letters of interest for open seats on the Authority shall be reviewed by the City Council. The City Council has the sole authority to appoint Commissioners to the Board.

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.

ATTEST:

City of Osseo Economic  
Development Authority

City of Osseo

\_\_\_\_\_  
President

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Administrator

# 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 consists of 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 ~~C~~ommissioner 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 ~~C~~ommissioner who vacated his/her position.

Section 4. Removal. A ~~C~~ommissioner 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.~~ The Board of Commissioners may recommend removal of a Commissioner upon a majority vote of the other Commissioners present at the meeting.

### 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 President may be any member of the Authority. 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.

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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."~~ Applications or letters of interest for open seats on the Authority shall be reviewed by the City Council. The City Council has the sole authority to appoint Commissioners to the Board.

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

City of Osseo

\_\_\_\_\_  
President

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Secretary

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



Kennedy

&amp;

Graven

CHARTERED

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## MEMORANDUM

To: Osseo Economic Development Authority  
 Riley Grams, Executive Director

From: Mary Tietjen, City Attorney

Re: Osseo Urban Townhomes Project  
 Hennepin County HRA Loan Agreement

Date: December 6, 2018

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On July 9, 2018, we provided information to the EDA regarding the terms of the 2003 loan agreement with the Hennepin County HRA. Since that meeting, we have had further discussion with the Hennepin County HRA regarding the terms and conditions of the loan agreement.

As noted in my memo dated July 24, 2018, the EDA is not required to repay the loan before the 30-year period as long as the conditions in the agreement and mortgage documents are met. This includes the condition that the premises continue to be occupied by eligible homeowners and that certain units remain affordable to very low-income households as determined by HUD. We also confirmed with the HRA that the Amended and Restated Promissory Note provides for full forgiveness of the loan amount after the 30-year period assuming that the conditions are met.

We also clarified with the County the terms in the agreement relating to the use of repaid funds to the EDA. The agreement states that loan documents must include certain conditions related to a resale of any of the units. In the event of a sale or transfer of title of a unit, the homeowner must repay the loan funds to the EDA. If the loan funds are repaid before the maturity date of the loan, the EDA is required to allocate those funds, within one year from the date of the sale of the premises, to an “affordable housing activity” within the city benefitting low-income households. The County emphasized that it would interpret this requirement in the “broadest sense” possible.

The County requested that it be notified of any future repayments at the time that the EDA or City has been notified of a sale or transfer by the homeowner and how the EDA intends to use the proceeds of the repayment.

Another question that was raised is whether the homeowners’ loans are forgiven if they stay in their units for the full 30 years. The loan and mortgage documents do not explicitly address this

issue. The Second Mortgage Promissory Note states that principal and interest payments do not need to be made prior to the Maturity Date unless the property is sold or there is an event of default. If the property is sold or transferred or there is a default, then the principal balance of the Note and interest become due and payable. In addition, the Note states that prepayment of principal is permitted and “partial prepayment” does not affect the Debtor’s obligation to pay succeeding installments. These provisions do not seem consistent with the idea that the loan is forgivable after the 30-year period. If the intent was to forgive the loans in cases in which residents stay in the units for at least 30 years (which seems reasonable given that the EDA’s loan from the HRA is forgivable after that time period), then I would recommend amending the Second Mortgage Promissory Notes to reflect this intent.



## City of Osseo Economic Development Authority Meeting Item

**Agenda Item:** Approve 2019 EDA Budget

**Meeting Date:** December 10, 2018

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

**Attachments:** Proposed Final 2019 EDA Budget

**Policy Consideration:**

Consider approving the attached proposed final 2019 Economic Development Authority budget.

**Background:**

Each year the EDA must approved its annual operating budget at the last meeting of the year. The EDA discussed the 2019 budget in previous meetings this year. Those recommendations have been incorporated into this budget.

Items of note on the budget:

*Board Compensation:* As noted in the EDA bylaw discussion, State Statute requires compensation for Board members for meeting attendance. The City Council passed a Resolution in 2001 to pay non-Council EDA Commissioners \$15 per meeting. With five Councilmembers on the EDA in 2019, the remaining two seats are eligible for compensation (\$15/meeting, 12 meetings, for two Commissioners).

*Legal Services:* The budget for Legal Services was increased slightly per, the recommendation of the EDA.

*Transfers to City General Fund:* This is the annual \$45,000 that is transferred to the City to cover the cost of Staff time dedicated to the EDA (includes Staff time, time with the annual audit for the EDA, and Finance consultant time (Gary Groen)).

*Beautification Fund Payoff:* In Nov 2017, the EDA approved an expense to pay off the existing deficit in the Beautification Fund and was included on the 2018 budget. At the end of 2018, the Fund currently sits with a deficit of \$4,018. That amount shows up as an expense here in 2018, with no additional funds dedicated to that in 2019. Moving forward, all expenses and donations towards the Beautification Fund flows through the City General Fund, and is budgeted appropriately there.

I am aware of discussion that involves moving the revenue and expenditures of the Osseo Gateway Sign into the EDA's General Fund. One idea it to permanently move that into the EDA General Fund budget as a revenue stream, and another idea is to move that into the EDA General Fund until the full donated amount by the EDA was paid off

(which is \$61,848). Ultimately that is a discussion for the City Council, and requires their action. Staff is anticipating holding a work session meeting with the Council early next year to review the revenue and expenditure projections for the Osseo Gateway Sign. The question of where to house these funds will be discussed at that time, with direction given to Staff. For the sake of discussion, currently the Gateway Sign is projecting expenditures of \$5,300 and revenues of \$12,000 in the City's General Fund for 2019 (a net of \$6,700).

**Previous Action or Discussion:**

The EDA discussed the 2019 budget at their [November 13, 2018 meeting](#).

**Options:**

The Economic Development Authority may choose to:

1. Approve the 2019 Economic Development Budget;
2. Approve the 2019 Economic Development Budget, with noted changes/as amended;
3. Deny approval of the 2019 Economic Development Budget;
4. Table action on this item for more information.

**Recommendation/Action Requested:**

Staff recommends the Economic Development Authority choose option 1) Approve the 2019 Economic Development Budget.

**City of Osseo Economic Development Authority (EDA)**

**Operating Budget**

Account Number	Account Description	2016 Actual	2017 Actual	2018 Budget	YTD 11/30/2018	2018 (over)/under	2019 Proposed Budget	
							Amount	Description
REVENUE								
801-36050	Property Rental			\$ -	\$ -	\$ -	\$ -	Sale of Properties for Redevelopment (None for 2019?)
801-36210	Interest Earned on Investments	\$ 7,105	\$ 6,421	\$ 5,500	\$ 2,406	\$ 3,094	\$ 3,000	As of June 30
801-36235	Way Signage	\$ 1,060	\$ 150	\$ 500	\$ -	\$ 500	\$ 500	
	Hennepin County Grant		\$ 2,500	\$ -	\$ -	\$ -	\$ -	
	Other - Spring Opener			\$ 300	\$ -	\$ 300	\$ -	Event not funded by EDA in 2019
	Total Revenue	\$ 8,165	\$ 9,071	\$ 6,300	\$ 2,406	\$ 3,894	\$ 3,500	
EXPENDITURES								
801-71000-106	Board Compensation	\$ 375	\$ 435	\$ 540	\$ 63	\$ 477	\$ 360	2 paid board members, 5 non-paid Council members
801-71000-125	FICA	\$ 29	\$ 33	\$ 42	\$ 1	\$ 41	\$ 28	7.65%
801-71000-211	Operations	\$ 2,060	\$ 1,059	\$ 500	\$ 52	\$ 448	\$ 500	Supplies
801-71000-255	Dues/Memberships	\$ 1,464	\$ 1,069	\$ 1,500	\$ 1,069	\$ 431	\$ -	Chamber disbanded 12/31/18
801-71000-260	Meetings/Travel/Seminars	\$ 195	\$ 797	\$ 2,000	\$ 1,292	\$ 708	\$ 2,000	Ehlers Conference (\$255/person) + travel
801-71000-304	Legal Services	\$ 2,211	\$ 3,956	\$ 3,000	\$ 10,224	\$ (7,224)	\$ 5,000	12 mtgs (\$150) - Note Osseo Townhomes \$6353
801-71000-307	Recording Services	\$ 977	\$ 2,117	\$ 1,530	\$ 1,208	\$ 322	\$ 1,750	Meeting recording
801-71000-310	Other Professional Services	\$ 12,956	\$ 16,424	\$ 12,000	\$ 7,913	\$ 4,087	\$ 15,000	Ehlers TIF management
801-71000-351	Printing/Publishing	\$ -	\$ 354	\$ 500	\$ 284	\$ 216	\$ 500	Newsletter/Annual Disclosure
801-71000-399	Property Taxes	\$ 201	\$ 6,705	\$ 225	\$ 188	\$ 37	\$ 225	Assessments on parking lot
801-71000-720	Transfer to City General Fund (101)	\$ 35,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ -	\$ 45,000	Reimb. to City for staff time, audit, consulting
	Other Gateway Sign		\$ 61,848	\$ -	\$ -	\$ -	\$ -	
	Other Spring Opener			\$ 7,000	\$ -	\$ 7,000	\$ -	Event not funded by EDA in 2019
	Other Beautification Fund Payoff			\$ 4,018	\$ 4,018	\$ 0	\$ -	2017 approved Beautifican Fund payoff, completeted in 2018
	Total Expenditures	\$ 55,467	\$ 139,798	\$ 77,855	\$ 71,313	\$ 6,542	\$ 70,363	
Net Increase/(decrease) in Fund Balance		\$ (47,303)	\$ (130,727)	\$ (71,555)	\$ (68,907)	\$ (2,648)	\$ (66,863)	
Fund Balance, January 1		\$ 713,278	\$ 665,975	\$ 535,248	\$ 535,248	\$ 535,248	\$ 532,600	
Fund Balance, December 31		\$ 665,975	\$ 535,248	\$ 463,693	\$ 466,341	\$ 532,600	\$ 465,737	

UPDATED: 12/6/18 RG



## City of Osseo Economic Development Authority Meeting Item

**Agenda Item:** Review 2019 EDA Schedule of Meetings

**Meeting Date:** December 10, 2018

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

**Attachments:** None

**Background:**

Here are the scheduled meetings for the Osseo Economic Development Authority for 2019 (please note that all EDA meetings will begin at 6:00 PM and be held in the Council Chambers at Osseo City Hall, unless otherwise noted):

Monday, January 14, 2019  
 Monday, February 11, 2019  
 Monday, March 11, 2019  
 Monday, April 8, 2019  
 Monday, May 13, 2019  
 Monday, June 10, 2019  
 Monday, July 8, 2019  
 Monday, August 12, 2019  
 Monday, September 9, 2019  
 Monday, October 14, 2019  
 \*Tuesday, November 12, 2019  
 Monday, December 9, 2019

\*(also note the November meeting will be held on Tuesday, November 12 and not Monday. City Hall is closed for Veteran's Day observation)

Three EDA members' terms will be up at the end of 2018. Commissioner Poppe, Stelmach and Murdock all have terms expiring at the end of 2018. Assuming the two current Council members (Poppe and Stelmach) wish to remain on the EDA for another term, they will conduct the Oath of Office at the January meeting. Commissioner Murdock's seat will be open, and if she wishes to re-apply for another term, she will need to submit a letter of interest to Mayor Poppe for Council review.

As always, the Commission will elect EDA Officers as well at the January meeting. Elections for the following positions will be conducted: EDA President, EDA Vice-President, EDA Secretary, EDA Treasurer, EDA Assistant Treasurer, and EDA Executive Director.

**Recommendation/Action Requested:**

No formal motion is necessary at the December 10 meeting. This is simply information for EDA members to consider ahead of the first meeting in January 2019.