



**AGENDA – REGULAR MEETING
6:00 p.m., June 8, 2020**

Economic Development Authority

- 1. ROLL CALL**
- 2. APPROVAL OF AGENDA**
- 3. APPROVAL OF MINUTES**
 - A. May 11, 2020
- 4. MATTERS FROM THE FLOOR**

Members of the public can submit comments online at www.DiscoverOsseo.com/virtual-meeting

- 5. PUBLIC HEARING**
- 6. ACCOUNTS PAYABLE**
- 7. OLD BUSINESS**
- 8. NEW BUSINESS**
 - A. Annual Tax Increment Financing (TIF) Review – Rebecca Kurtz, Ehlers
- 9. REPORTS OR COMMENTS: Executive Director, President, Members**
- 10. ADJOURNMENT**

**OSSEO ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING MINUTES
May 11, 2020**

1. ROLL CALL

President Poppe called the regular meeting of the Osseo Economic Development Authority to order at 6:07 p.m., Monday, May 11, 2020. Due to the COVID-19 pandemic this meeting was held virtually.

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

Members absent: None.

Staff present: Executive Director Riley Grams and City Attorney Mary Tietjen.

2. APPROVAL OF AGENDA

A motion was made by Murdock, seconded by Stelmach, to approve the Agenda as presented. A roll call vote was taken. The motion carried 7-0.

3. APPROVAL OF MINUTES – April 13, 2020

A motion was made by Johnson, seconded by Murdock, to approve the minutes of April 13, 2020, as presented. A roll call vote was taken. The motion carried 7-0.

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 Johnson, seconded by Schulz, to approve the Accounts Payable. A roll call vote was taken. The motion carried 7-0.

7. OLD BUSINESS – None.

8. NEW BUSINESS

A. DISCUSS PURCHASE OF RESIDENTIAL PROPERTY FOR LARGER DEVELOPMENT PROPOSAL (600 CENTRAL AVENUE)

Grams stated in 2017 and 2018 the EDA decided to pursue property acquisition on the 600 block of Central Avenue. These opportunities have been declining due to lack of available funding for acquisition and potential relocation costs. However, staff has recently been approached by property owners interested in discussing a willing sale of a property on this block, with the potential of no relocation costs required. Staff agreed to raise this topic at an EDA meeting and requested feedback from the EDA regarding this matter.

Murdock stated this would be a tough block for the EDA to acquire.

Aho questioned what the property was zoned. Grams explained the property was zoned Central Business, which allowed for a great deal of flexibility.

Schulz indicated he would support the EDA holding onto this property for a certain period with a gift back in the future. He stated he would need to know if this was allowed legally. City Attorney Mary Tietjen reported she had discussed this matter with Grams. She explained after receiving direction from the EDA she would speak with the experts in her office to address relocation expenses, etc., and would report back to the EDA.

Schulz supported the EDA acquiring this property and laying the groundwork for future redevelopment of this block.

Stelmach appreciated the discovery nature of this property. While he understood COVID-19 was a concern, he supported the EDA and staff exploring the options.

Johnson stated in 2018 the EDA discussed this property and at that time the relocation costs were too high. He indicated he liked the idea of redeveloping this block but recommended another developer be the driving force.

Schulz asked if property owners could contractually waive relocation costs. City Attorney Tietjen reported she would need to speak with a colleague regarding this matter. She stated it was her recollection relocation assistance could be waived if a specific notice was given to the property owners. She explained she would confer with her colleagues regarding this matter and would report back to staff.

Schulz supported the EDA pursuing this property as the real estate market may open after the COVID-19 crisis and this would be a great block to begin redeveloping.

Poppe agreed.

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

Grams reported City Planner Nancy Abts submitted her letter of resignation two weeks ago. He explained Ms. Abts joined Osseo as an intern and grew into the City Planner position. He indicated she was a fantastic employee for Osseo, and he was grateful for her dedicated service to the City. He wished her but the best in the future.

City Attorney Tietjen stated she enjoyed working with Nancy Abts and explained she would be dearly missed.

Johnson explained it was a surprise to him the EDA was discussing the 600 Central Avenue block redevelopment. He indicated there was a great deal of information missing regarding this topic. He supported the EDA not meeting in the future if items could not be fully addressed.

Stelmach stated he was pleased to see that more businesses in Osseo were opening.

Stelmach wished Nancy Abts all the best stating he appreciated her strong work ethic and professionalism.

Aho wished Nancy Abts the best in the future stating she would be missed.

Murdock reported her nephew had a birthday on Friday. She thanked the Osseo Police and Fire Departments for driving by to assist in celebrating.

Murdock thanked Nancy Abts for all her hard work and wished her well in the future.

Schulz wished Nancy Abts all the best and thanked her for her dedicated service to the City of Osseo. He appreciated how professionally and proactively she worked for the community.

Schulz stated he appreciated the conversation and content of the meeting because it would allow the EDA to begin thinking about how to redevelop an important area in the community.

10. ADJOURNMENT

A motion was made by Schulz, seconded by Stelmach, to adjourn at 6:35 p.m. A roll call vote was taken. The motion carried 7-0.

Respectfully submitted,

Heidi Guenther
Minute Maker Secretarial



City of Osseo Economic Development Authority Meeting Item

Accounts Payable Listing

6/8/2020

2020

6

Check Name	Comments	Amount
MINUTE MAKER	5/11/20 EDA MTG MINUTES	\$148.00
KENNEDY & GRAVEN	FEB LEGAL SVCS	\$199.72
KENNEDY & GRAVEN	MAR LEGAL SVCS	135.36
KENNEDY & GRAVEN	APR LEGAL SVCS	<u>85.13</u>
		\$568.21

EDA MONTH END CASH BALANCE

FUND	DESCRIPTION	5/11/2020 BALANCE	DIRECTIONAL		6/8/2020 BALANCE	PROPOSED EXPENSE	6/8/2020 BALANCE
			SIGNAGE REVENUE	ADJUSTMENTS (+/-)			
801	GENERAL	421,968.40		-	421,968.40	(568.21)	421,400.19
806	TIF 2-5 REALIFE	19,092.49		-	19,092.49		19,092.49
817	TIF 2-4 BELL TOWER	206,546.51		-	206,546.51		206,546.51
819	TIF 2-6 CELTIC CROSSING	62,977.76		-	62,977.76		62,977.76
825	TIF 2-8 LANCOR/LYNDES	28,065.83		-	28,065.83		28,065.83
836	TIF 2-9 5 CENTRAL	(46,644.04)		-	(46,644.04)		(46,644.04)
		692,006.95	0.00	-	692,006.95	(568.21)	691,438.74



Tax Increment Financing Review

City of Osseo, MN

1



Why Consider Providing Assistance?

Part of an economic development strategy

- Create or retain jobs
- Redevelop blighted areas
- Remediate polluted sites
- Construct affordable housing
- Increase tax base
- Change the market in the community

6/3/2020

2

2



Why Consider Providing Assistance?

Fill a financing gap / encourage development that would not normally occur without assistance.

The development is only possible **but for** the use of tax increment.

6/3/2020

3

3



What is Tax Increment Financing (TIF)?

Minnesota Statutes 469.174-469.1794

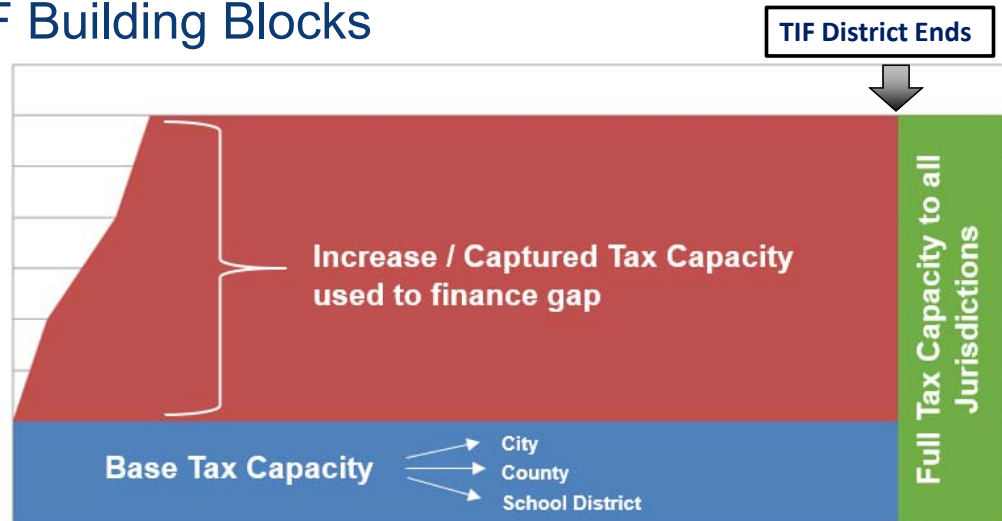
The ability to capture and use most of the **increase** in local property tax revenues from **new development** within a defined geographic area for a defined period of time **without** approval of the other taxing jurisdictions.

6/3/2020

4

4

TIF Building Blocks



6/3/2020

5

5

Estimated taxes

TAX CALCULATIONS							
New Use	Total Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Apartments	168,750	218,001	0	0	27,255	245,257	2,725.07
Retail	17,250	15,473	7,511	6,118	1,817	30,919	5.15
TOTAL	186,000	233,475	7,511	6,118	29,072	276,176	

6/3/2020

6

6



What to exclude from TIF?

WHAT IS EXCLUDED FROM TIF?

Total Property Taxes	276,176
less State-wide Taxes	(6,118)
less Fiscal Disp. Adj.	(7,511)
less Market Value Taxes	(29,072)
less Base Value Taxes	(1,346)
Annual Gross TIF	232,129

6/3/2020

7

7



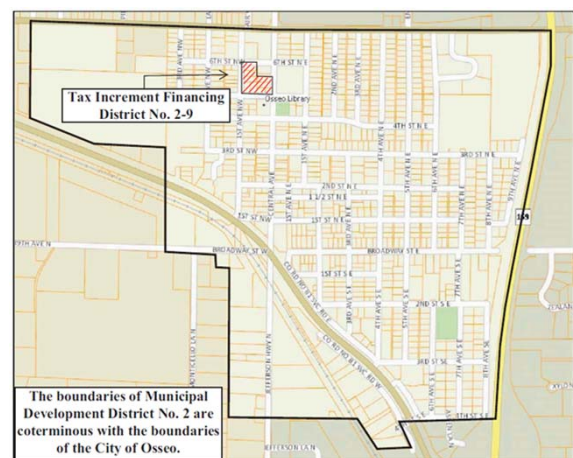
Project Area & TIF Districts

Project Area

- Where increment can be spent

TIF District

- Where increment is collected
- Defines parcels whose increased value will be captured



6/3/2020

8

8



Common Types of TIF Districts

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

6/3/2020

9

9



Redevelopment TIF District – 26 Years

Parcels consisting of 70% of area must be improved

More than 50% of buildings must be substandard

90% of TIF must be used to correct redevelopment issues

Reasonable distribution of conditions



6/3/2020

10

10



Housing TIF District – 26 Years

Affordable housing

Income test is main qualification

- TIF law references federal rules on income limitations

100% TIF used for affordable housing; but 20% of project's value can include commercial/industrial development (mixed-use)

6/3/2020

11

11



Economic Development – 9 Years

At least 85% of new building space must be

- Manufacturing
- Warehousing, storage, distribution
- Research and development
- Telemarketing
- Space necessary and related to the above



6/3/2020

12

12



Process: TIF Plan

TIF Plan includes:

- Project description
- Parcels in TIF district and map of project area & TIF district
- Maximum budget
- Estimated fiscal impacts of TIF district

Notice(s) to county and school district

6/3/2020

13

13



Process: Public Hearing

Council holds public hearing & considers resolution adopting TIF plan:

- Type of district
- But-For finding
- Fiscal disparities election
- District conforms to general plan for development
- TIF Plan affords maximum opportunity consistent with needs of the city for development of project area

6/3/2020

14

14



How can increment be spent?

Must meet policy objectives in TIF Plan and in TIF Plan budget:

- Land acquisition
- Demolition and relocation
- Site improvements
- Utilities, streets, sidewalks
- Parking
- Buildings (only for housing districts)

6/3/2020

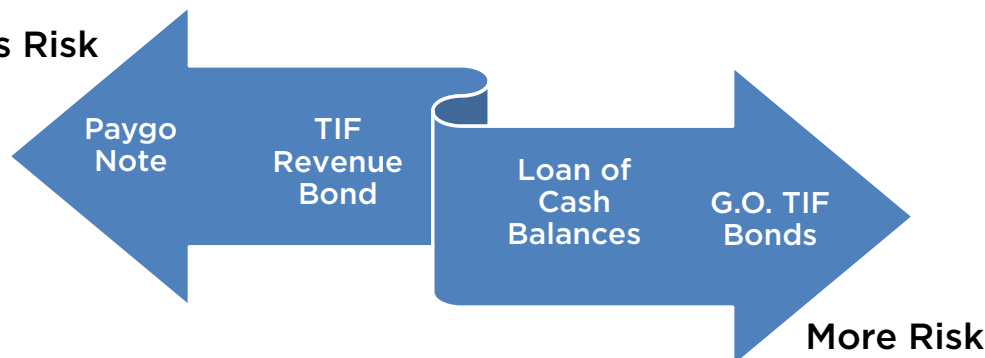
15

15



Common Financing Options

Less Risk



6/3/2020

16

16



Common Financing Options

Pay as you go Note: Developer assumes risk by funding eligible expenses

- Authority reimburses developer with interest from future TIF
- Payment limited to "Available Tax Increment"

Interfund Loan: Authority assumes risk by funding eligible expenses with available funds

6/3/2020

17

17



Common Financing Options

General Obligation or Revenue TIF Bonds: Authority assumes risk by issuing bonds to fund eligible expenses

- Debt service paid with TIF
- G.O. Bonds: If TIF < Debt service, authority is required to cover the gap

6/3/2020

18

18



Summary of TIF Districts



6/3/2020

19

19



TIF 2-4: Bell Tower (redevelopment)

Use:	Office / warehouse
Established:	2000
Decertified:	2028 / Obligations paid
Debt:	G.O. TIF Refunding Bonds, Series 2011A (\$330,000 outstanding; mature 2/1/2022) \$447,790 Paygo Note (Balance: \$202,295)



6/3/2020

20

20



TIF 2-5: Realife Senior Housing (redevelopment)

Use: Mixed-use senior housing cooperative
 Established: 2001
 Decertified: 2028 / Obligations paid
 Debt: \$482,670 Taxable TIF Revenue Note,
 Series 2014 (Balance: \$230,477)
 \$545,451 Taxable TIF Revenue Note,
 Series 2004B (paid after 2014 Note)



6/3/2020

21



TIF 2-6: Celtic Crossings / Mary Patrice (redevelopment)

Use: Celtic Crossing Condominiums
 Established: 2002
 Decertified: 2030 / Obligations paid
 Debt: \$350,000 Paygo Note.
 (Balance: \$217,146)



6/3/2020

22



TIF 2-8: Lynde's Project (redevelopment)

Use: Restaurant and office / warehouse
 Established: 2007
 Decertified: 2034 / Obligations paid
 Debt: \$283,000 Paygo Note.
 (Balance: \$283,000)
 Interfund Loan paid with
 increment from other parcels



6/3/2020

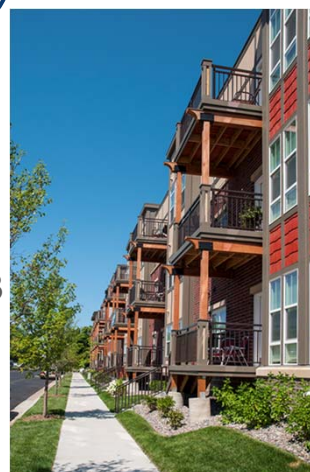
23

23



TIF 2-9: 5 Central (redevelopment)

Use: 140 apartment units
 Established: 2013
 Decertified: 2040 / Obligations paid
 Debt: \$510,000 G.O. Bonds 2014A (\$265,000
 outstanding; mature 2/1/2025)
 \$550,000 G.O. Taxable TIF Bonds 2014B
 (\$390,000 outstanding; mature 2/1/2028)
 \$700,000 Interfund Loan
 \$1,495,719 Paygo Note.
 (Balance: \$1,356,342)



6/3/2020

24

24



Your Presenter

Rebecca Kurtz

Ehlers

rkurtz@ehlers-inc.com

651-697-8516