



AGENDA – REGULAR MEETING
6:00 p.m., October 12, 2020

Economic Development Authority

- 1. ROLL CALL**
- 2. APPROVAL OF AGENDA**
- 3. APPROVAL OF MINUTES**
 - A. September 14, 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**
 - A. Update on EDA COVID-19 Small Business Relief Grant Program
- 8. NEW BUSINESS**
 - A. Discuss Bell Tower TIF District – Gary Groen/Rebecca Kurtz
 - B. Remove Property from TIF District – 109 Broadway Street East (Resolution)
- 9. REPORTS OR COMMENTS: Executive Director, President, Members**
- 10. ADJOURNMENT**

**OSSEO ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING MINUTES
September 14, 2020**

1. ROLL CALL

President Poppe called the regular meeting of the Osseo Economic Development Authority to order at 6:00 p.m., Monday, September 14, 2020. Due to the COVID-19 pandemic this meeting was held virtually.

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

Members absent: Deanna Burke.

Staff present: Executive Director Riley Grams and City Attorneys Mary Tietjen & Ashley Kemplin-Gamm.

Others present: None.

2. APPROVAL OF AGENDA

A motion was made by Stelmach, seconded by Aho, to approve the Agenda as presented. A roll call vote was taken. The motion carried 6-0.

3. APPROVAL OF MINUTES – AUGUST 10, 2020

A motion was made by Murdock, seconded by Johnson, to approve the minutes of August 10, 2020, as presented. A roll call vote was taken. 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 Johnson, seconded by Aho, to approve the Accounts Payable. A roll call vote was taken. The motion carried 6-0.

7. OLD BUSINESS

A. UPDATE ON EDA COVID-19 SMALL BUSINESS RELIEF GRANT PROGRAM

Grams stated the Osseo EDA COVID-19 Small Business Grant Program continues. As of Thursday, September 10, the City had received a total of 48 applications from the local small business community, all of which have been reviewed by the Review Committee and approved. Funds totaling \$140,743.01 have now been requested through the grant program. A total of two (2) fully funded grants remain, so if there are any other small businesses

considering applying, they should do so as soon as possible. Once the funds have been exhausted, the program will end. Staff has processed and mailed 43 of the 48 grants to date. A big thank you to City Accountant April Weller for processing the completed grants, cutting the checks, and mailing them in a timely manner so that we can get these funds in the hands of our small businesses quickly.

8. NEW BUSINESS

A. UPDATE ON OSSEO URBAN TOWNHOMES

City Attorney Mary Tietjen stated in late 2018 and early 2019 there were discussions with the EDA regarding the Urban Townhomes project. One question that was raised is whether the homeowners' loans are forgiven if they stay in their units for the full 30 years. Upon initial review of the loan and mortgage documents, Tietjen concluded that they do not explicitly address this issue. After discussion with the EDA, it was also determined that this was indeed the intent, even though the documents do not clearly state it as such. Therefore, a real estate attorney in their office is working on revisions to the documents to clarify this issue. The original mortgages were reviewed along with the notes and the other loan documents between the Hennepin County HRA and the Osseo EDA. Real estate records on all the loan properties were reviewed and determined which were paid off and satisfied and which were outstanding. Marital status of the owners with outstanding mortgages was confirmed and amended promissory notes have been drafted. She reported she was currently drafting the mortgage amendments that will need to be recorded at the County once executed.

Attorney Ashley Kemplin-Gamm discussed the steps she has taken to review the background information for the Osseo Urban Townhome loans. She reported the best route for the EDA to go would be to amend the notes to make it clear the intent was to forgive the debt in the event the homeowner stayed in the property for 30 years. She explained the mortgages would also have to be amended. She commented she drafted new notes and this information had been passed along to staff. She stated she did not anticipate the homeowners would have any changes, but this information would be brought forward to the EDA if questions or comments were to arise.

Johnson asked how many of the original owners were still within the Urban Townhomes. Ms. Kemplin-Gamm explained six of the fifteen owners were still original.

Murdock commented she was a resident who has been helped through this program. She thanked the EDA for working with the City Attorney and taking action on this matter.

Johnson stated he was pleased that the EDA was taking the necessary steps to protect these six townhome owners.

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

Stelmach stated he was pleased by the positive response the City has had to the EDA COVID-19 Small Business Relief Grant Program.

10. ADJOURNMENT

A motion was made by Schulz, seconded by Johnson, to adjourn at 6:19 p.m. A roll call vote was taken. The motion carried 6-0.

Respectfully submitted,

Heidi Guenther

Minute Maker Secretarial



City of Osseo Economic Development Authority Meeting Item

Accounts Payable Listing

10/12/20EDA

2020

10

Check Name	Comments	Amount
EHLERS & ASSOCIATES, INC	2019 TIF REPORTING SVCS THRU 8/31/20	\$375.00
KENNEDY & GRAVEN	AUG 2020 LEGAL SVCS	<u>\$306.52</u>
		\$681.52

EDA MONTH END CASH BALANCE

FUND	DESCRIPTION	DIRECTIONAL			10/12/2020 BALANCE	PROPOSED EXPENSE	10/12/2020 BALANCE
		9/14/2020 BALANCE	SIGNAGE REVENUE	ADJUSTMENTS (+/-)			
801	GENERAL	394,947.82		6,762.11 A	401,709.93	(681.52)	401,028.41
806	TIF 2-5 REALIFE	24,023.74		-	24,023.74		24,023.74
817	TIF 2-4 BELL TOWER	322,364.83		-	322,364.83		322,364.83
819	TIF 2-6 CELTIC CROSSING	65,159.12		-	65,159.12		65,159.12
825	TIF 2-8 LANCOR/LYNDES	35,048.40		-	35,048.40		35,048.40
836	TIF 2-9 5 CENTRAL	103,373.79		-	103,373.79		103,373.79
860	COVID 19 GRANT PROGRAM	18,000.00		(15,000.00) B	3,000.00		3,000.00
		962,917.70	0.00	(8,237.89)	954,679.81	(681.52)	953,998.29

A AUGUST INTEREST 6,762.11

B COVID19 SMALL BUS. GRANT DISBURSEMENTS (15,000.00)



City of Osseo Economic Development Authority Meeting Item

Agenda Item: Update on EDA COVID-19 Small Business Relief Grant Program

Meeting Date: October 12, 2020

Prepared by: Riley Grams, Executive Director

Attachments: Program Update Spreadsheet

Background:

The Osseo EDA COVID-19 Small Business Grant Program has now closed as all the available funding has been requested and received. In total, 51 applications were submitted, reviewed, and approved by the Review Committee, totaling \$149,743.01. The program was created using available CARES Act funds and went directly to local Osseo small businesses to help during this difficult on-going pandemic.

While the program has now been completed, there is still hope that Congress may pass a second CARES Act to bring additional funds to local governments with the idea of further funding similar programs. Staff will continue to monitor news out of Washington for any potential future available funding.

Attached is the updated business list.

Recommendation/Action Requested:

No action is required. This is merely an update item for the EDA

OSSEO EDA COVID-19 SMALL BUSINESS RELIEF GRANT PROGRAM

(as of October 7)

Number	Date Received	Business Name	Business Address	Amount Requested	Grant Expenses
1	20-Jul	Great Lakes Chiropractic	24 3rd Street NE	3,000.00	PPE, Supplies, Utilities
2	20-Jul	Get It Done Fitness	308 County Road 81	3,000.00	PPE, Supplies, Signage, Printing, Advertising, Other supplies, Rent, Employee payroll
3	20-Jul	Shek Lash & Glow Studio LLC	240 Central Ave, Unit C	3,000.00	Furnishings, PPE, Supplies, Other supplies, Rent, Employee payroll, Utilities
4	20-Jul	Royal Nutrition LLC ('Nourish')	319 Central Ave	3,000.00	PPE, Supplies, Printing, Advertising, Rent, Utilities
5	20-Jul	ERP LLC ('POS Providers')	8661 Jefferson Hwy	3,000.00	Rent, Utilities
6	20-Jul	SCD Automotive Inc ('Maaco Osseo')	8765 Jefferson Hwy	3,000.00	Building improvements, PPE, Advertising
7	20-Jul	Dixon-Premco LLC	413 County Road 81	3,000.00	PPE, Supplies, Signage, Employee payroll
8	20-Jul	Furniture Manor	334 County Road 81	3,000.00	PPE, Utilities
9	20-Jul	PCS Engineering Inc ('PM Technologies')	25 4th Street NW	3,000.00	Transition to online sales
10	21-Jul	Synchrony LLC ('Jai Dee')	233 1st Ave NE	2,473.00	Advertising, Rent
11	21-Jul	Frames To You, Inc	324 5th Ave SE	3,000.00	Building improvements, Sanitizing supplies, Signage, Rent, Employee payroll, Utilities
12	21-Jul	Infinity Floral Blooms LLC	227 Central Ave	3,000.00	PPE, Advertising, Rent, Employee payroll, Utilities
13	21-Jul	Bellies to Babies LLC	8833 Jefferson Hwy	3,000.00	Supplies, Rent, Utilities
14	22-Jul	Gavin Asher LLC ('C&J Auto')	248 Central Ave	3,000.00	PPE, Advertising, Rent
15	22-Jul	The Tire Guy 2	108 Broadway St W	3,000.00	PPE, Advertising, Employee payroll
16	22-Jul	BCSP Holdings ('TPMI')	24 3rd Street NE	3,000.00	PPE, Supplies, Advertising, Rent, Employee payroll, Utilities
17	22-Jul	HHC Acquisition LLC ('Hearing Health Clinic')	512 Central Ave	3,000.00	Building furnishings, PPE, Supplies
18	23-Jul	The Parlor Hairstylists LLC	213 Central Ave	3,000.00	Supplies, Other supplies, Rent, employee payroll, Utilities
19	23-Jul	Bridal Aisle Boutique	308 5th Ave SE	3,000.00	Supplies, Advertising, Rent, Utilities
20	23-Jul	Created By Me Photography LLC	24 3rd Street NE	2,820.01	Rent
21	23-Jul	Olympia Café and Gyros	247 Central Ave	3,000.00	Rent
22	23-Jul	Nailtique ('Uyen hung Inc')	8841 Jefferson Hwy	3,000.00	PPE, Supplies, Other Supplies, Rent, Employee Payroll, Utilities
23	23-Jul	Elite Therapeutic Massage, LLC	8857 Jefferson Hwy	3,000.00	PPE, Supplies, Signage, Rent, Utilities
24	24-Jul	Phone Guys, Inc	17 2nd Street NW	3,000.00	Rent, Employee payroll, Utilities
25	24-Jul	SR Hoskins Fine Jewelry	207 Central Ave	3,000.00	Rent, Utilities
26	24-Jul	Stormy Anderson Inc ('Stormy Lee Salon')	226 Central Ave	3,000.00	Building improvements, PPE, Signage, Printing
27	24-Jul	Antique Alley ('The Alley')	218 Central Ave	1,650.00	Rent, Other costs
28	24-Jul	Lynde's Restaurant & Catering	207 County Road 81	3,000.00	PPE, Supplies, Signage, Utilities
29	27-Jul	Gregory M. Joiner, DDS, PA	30 Central Ave	3,000.00	PPE
30	27-Jul	Jodi Baglien Aromatherapy	221 1st Ave NE	3,000.00	Rent, Employee payroll
31	28-Jul	Osseo Liquors Inc ('Dick's Bar & Grill')	205 Central Ave	3,000.00	Employee payroll
32	28-Jul	A Hand in Balance	221 1st Ave NE	1,800.00	PPE, Supplies, Advertising, Other supplies, Rent
33	29-Jul	Painted Turtle Chocolatier, Inc.	229 Central Ave	3,000.00	PPE, Signage, Advertising, Rent, Utilities
34	29-Jul	Pioneer Midwest LLC	415 County Road 81	3,000.00	Building improvements, PPE, Signage, Advertising, Rent, Employee payroll
35	30-Jul	Reuan Thai Restaurant	311b Central Ave	3,000.00	Building improvements, PPE, Supplies, Signage, Rent, Utilities
36	3-Aug	Bonita Bolsa ('TCNCC')	24 3rd Street NE	3,000.00	PPE, Supplies, Rent, Employee payroll, Utilities
37	3-Aug	K&CO	218 Central Ave	3,000.00	Building improvements, PPE, Supplies, Advertising, Rent
38	3-Aug	Lux Brand Company	506 Central Ave	3,000.00	Employee payroll
39	3-Aug	IE Works LLC	8769 Jefferson Hwy	3,000.00	Rent
40	11-Aug	Osseo Savitt Paint	212 Central Ave	3,000.00	Supplies, Online sales, Rent,; Employee payroll
41	12-Aug	Cottens Inc ('Cottens NAPA')	224 County Road 81	3,000.00	Rent
42	13-Aug	Deans Supermarket	312 Central Ave	3,000.00	Employee payroll
43	18-Aug	The Special Touch of Osseo, Inc	338 County Road 81	3,000.00	Supplies, Employee payroll
44	21-Aug	Biff's Garage ("Union Speed & Style")	340 Central Ave, #100	3,000.00	Building and Equipment
45	24-Aug	JDM Management Corp (Duffy's Bar & Grill)	337 Central Ave	3,000.00	Utilitie
46	31-Aug	McGee Family Law, PLLC	106 Central Ave, Ste. C	3,000.00	PPE, Supplies,; Signage, Printing, Advertising, Lease,; Employee payroll
47	8-Sep	Spark Music Studio	240 Central Ave	3,000.00	Supplies, Rent, Employee payroll, Utilities
48	8-Sep	Two Muses Tattoo Studio	340 Central Ave, #200	3,000.00	Building improvements, PPE, Supplies, Signage, Rent, Utilities
49	12-Sep	Princeton's Liquors	341 Central Ave	3,000.00	Building improvements, PPE, Payroll, Utilities
50	15-Sep	KW Floors	313 Central Ave	3,000.00	Supplies, Rent, Payroll, Utilities
51	15-Sep	Phoenix Games	300A Central Ave	3,000.00	PPE, Supplies, Payroll

TOTAL: 149,743.01



MEMORANDUM

TO: Board members, Economic Development Authority of the City of Osseo
FROM: Rebecca Kurtz, Ehlers
DATE: October 7, 2020
SUBJECT: TIF District No. 2-4 and options after Bonds are paid

Background

In October 2000, the Osseo EDA and City of Osseo established TIF District No. 2-4 to assist with the removal of a contaminated auto salvage yard to provide space to expand the commercial area of the downtown.

Redevelopment efforts have resulted in the development of a 53,600 square foot office building and a 65,000 square foot office / warehouse building at 101 Broadway Street East. In addition, the District includes the Calico Barn redevelopment and the Cotton's NAPA project.

The District has two outstanding obligations:

1. General Obligation TIF Refunding Bonds, Series 2011A, which mature February 2022. The Bonds have an outstanding balance of \$330,000. Debt service is paid from the increment generated on the office and warehouse developments.
2. \$447,000 Pay-as-you-go Note to Cotton's NAPA, which has an outstanding balance of \$194,936.32. Debt service is paid from the tax increment generated from the two parcels that are part of the NAPA redevelopment.

Action to Consider

After the Bonds are paid in February 2022, the District will remain active until the Pay-as-you-go Note to Cotton's NAPA ("Cotton's Note") is paid. However, since the increment from only two parcels is pledged to Cotton's Note, the EDA has options for the remaining parcels in the TIF District:

1. The District could remain with all of the parcels active until Cotton's Note is paid in full. Under this scenario, the increment that is not pledged to the Note may be spent as "pooling." For redevelopment TIF Districts, the EDA is able to spend up to 25% of the increment on qualified, redevelopment expenses outside the TIF District. The 25% includes the amount retained for administration.

Under the pooling scenario, it is estimated that the EDA may have between \$900,000 and \$1 million in available funds from the time the Bonds are paid until the TIF District is decertified. These funds are tax increment and must be spent on qualified, redevelopment tax increment expenses. For example, if the EDA used these funds to acquire property, the property would need to meet the same standards as if a redevelopment TIF district were being established.

2. The EDA could remove all of the parcels from the TIF district, except the two parcels pledged to Cotton's Note. Based on current tax capacities and tax rates, it is estimated that the City would have an additional \$169,503 in tax capacity. The additional tax capacity would allow the City to increase the levy by \$97,000 and maintain approximately the same tax rate. The parcels could be removed in the fall of 2021, so the City could recognize the benefit for Pay 2022.
3. The EDA could take no action continue to collect the increment from all of the parcels in the TIF District. If tax increment is collected but not spent, the EDA would return the funds to the County when the TIF District is decertified. The County would redistribute the funds to the taxing jurisdictions based on their proportionate share of the tax rate. The one-time payment to the City is not considered tax increment and could be spent as the City chooses.

EDA Options

- No actions are needed.

I will participate in the meeting to provide an overview and answer any questions.



MEMORANDUM

TO: Board members, Economic Development Authority of the City of Osseo
 FROM: Rebecca Kurtz, Ehlers
 DATE: October 5, 2020
 SUBJECT: Removal of parcel from TIF District No. 2-4

Background

In October 2000, the Osseo EDA and City of Osseo established TIF District No. 2-4 to assist with the removal of a contaminated auto salvage yard to provide space to expand the commercial area of the downtown.

Redevelopment efforts have resulted in the development of a 53,600 square foot office building and a 65,000 square foot office / warehouse building at 101 Broadway Street East. In addition, the District includes the Calico Barn redevelopment and the Cotton's NAPA project. The North Clinic addition of 10,000 square feet was proposed in this District but was not constructed.

The District has two outstanding obligations:

1. General Obligation TIF Refunding Bonds, Series 2011A, which mature February 2022. The Bond have an outstanding balance of \$330,000. Debt service is paid from the increment generated on the office and warehouse developments.
2. \$447,000 Pay-as-you-go Note to Cotton's NAPA, which has an outstanding balance of \$194,936.32. Debt service is paid from the tax increment generated from the two parcels that are part of the NAPA redevelopment.

Action to Consider

The City has reviewed a request to re-zone the property located at 109 Broadway Street East (PID 18.119.21.23.0181) for single-family housing. Increment generated from this parcel is not pledged to the existing obligations. Therefore, the EDA may remove it from the TIF District, so the City receives the benefit of the increase in tax base after the development.

Since the TIF District was established, the tax capacity of the parcel has increased from \$1,180 to \$2,020. This is due to inflationary increases. Since the tax capacity has increased, the parcel can be removed from the TIF District by resolution, and a public hearing is not required, pursuant to *Minnesota Statutes 469.175, Subd. 4*.

EDA Options

- Adopt the resolution removing the parcel from TIF 2-4.
- Take no action.

I will participate in the meeting to provide an overview and answer any questions.

**OSSEO ECONOMIC DEVELOPMENT AUTHORITY
CITY OF OSSEO
HENNEPIN COUNTY, MINNESOTA**

EDA Resolution No. 2020-2

**RESOLUTION APPROVING THE ELIMINATION OF PARCELS FROM TAX
INCREMENT FINANCING DISTRICT NO. 2-4 WITHIN MUNICIPAL
DEVELOPMENT DISTRICT NO. 2 IN THE CITY OF OSSEO.**

WHEREAS, on October 9, 2000, the Osseo Economic Development Authority (the "EDA") and the City of Osseo (the "City") created its Tax Increment Financing District No. 2-4 (the "TIF District") within its Municipal Development District No. 2 by approval of a tax increment financing plan (the "TIF Plan") for the TIF District; and

WHEREAS, parcel number 1811921230181 located at 109 Broadway Street East in the City of Osseo was included in the TIF District; and

WHEREAS, the EDA desires by this resolution to amend the TIF Plan to remove parcel number 1811921230181 from the TIF District, thereby reducing the size thereof; and

WHEREAS, the total current net tax capacity of the parcel to be eliminated from the TIF District is \$2,020 and exceeds the original net tax capacity of \$1,180 and, therefore, this amendment to the TIF Plan is accomplished pursuant to *Minnesota Statutes, Section 469.175, Subdivision 4, clause (e)(2)(A)*.

NOW, THEREFORE, BE IT RESOLVED by the EDA that the TIF Plan for the TIF District is hereby amended to remove the described parcels and the City Administrator is authorized and directed to notify the County Auditor thereof pursuant to *Minnesota Statutes, Section 469.175, Subdivision 4, clause (e)*.

ADOPTED: October 12, 2020

ATTEST:

Secretary

Chair

(Seal)