

**OSSEO ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING MINUTES
March 8, 2021**

1. ROLL CALL

President Poppe called the regular meeting of the Osseo Economic Development Authority to order at 6:00 p.m., Monday, March 8, 2021. Due to the COVID-19 pandemic this meeting was held virtually.

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

Members absent: None.

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

Others present: Anna Schmiel and Hennepin County Commissioner Jeff Lunde.

2. APPROVAL OF AGENDA

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

3. APPROVAL OF MINUTES – FEBRUARY 8, 2021

A motion was made by Murdock, seconded by Vickerman, to approve the minutes of February 8, 2021, 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 Vickerman, to approve the Accounts Payable. A roll call vote was taken. The motion carried 7-0.

7. OLD BUSINESS – None.

8. NEW BUSINESS

A. HENNEPIN COUNTY BUSINESS DISTRICT INITIATIVE – Anna Schmiel, Hennepin County

Grams stated staff has engaged with Hennepin County staff to discuss partnering for a Downtown Business Initiative program. The Business District Initiative supports municipal efforts to strengthen small business districts and main streets. Thriving commercial main streets and small business districts provide important goods and services, create a sense of place, and help make communities desirable and productive. Small businesses produce considerable tax revenue, provide jobs, and serve as hubs of activity. Successful business districts also provide opportunities to foster entrepreneurship and help support the region's innovation economy. Cities are in the best position to design and implement strategies that support their community's priority business districts. The Business District Initiative provides funding assistance for multi-jurisdictional projects within suburban municipalities for the implementation of strategies that enhance the economic vitality of these priority business districts.

Grams explained after meeting with Hennepin County Commissioner Jeff Lunde, along with Anna Schmiel and Vicky Soukaseum, there is an opportunity to receive some funding from Hennepin County to support the creation of a Business District Initiative for downtown Osseo. The idea is to connect with local downtown businesses and provide them with some resources to help strengthen their online presence which includes building a website (if they do not have one), revamping their existing website, creating an online ordering and sales component, and building their social media sites. We have enlisted the help of current EDA member Teresa Aho as well as former City Councilmember and EDA Commissioner Mark Schulz, both of whom own businesses in downtown Osseo, to solicit existing businesses in Osseo to gauge their interest in this program.

Grams commented he has also considered partnering with CCX Media to create a downtown business advertising campaign that will help bring customers and visitors to Osseo's business community. Dave Kiser with CCX Media and Grams have begun discussing possible content creation later in spring/summer. It was noted staff invited Commissioner Jeff Lunde and County staff member Anna Schmiel to the EDA meeting to provide some information on this program and how the EDA can participate.

Anna Schmiel, Hennepin County, thanked the EDA for its time. She discussed the work being done at the County that would assist small businesses with online support, social media campaigns, and marketing efforts. She noted the Business District Initiative could assist Osseo in funding a marketing campaign for Osseo businesses. She reported up to \$50,000 could be received to assist with this campaign. She anticipated this campaign would assist with reaching small business owners where they are at.

Hennepin County Commissioner Jeff Lunde explained the County wants to support Osseo's initiatives and small businesses.

Johnson asked how the County would conduct this program. Ms. Schmiel reported the County would be contacting local business owners to run this idea by them and to take an inventory on their needs. She explained a marketing expert would then reach out to the business owners if funds are received to improve or enhance their online presence.

Johnson questioned if a match was required from the Osseo EDA. Ms. Schmiel explained matching funds were not required for this initiative. She stated it would greatly benefit the initiative for her to talk to local businesses to assess what the expense would be to assist each business.

Johnson inquired how the grant funds would be allocated to local businesses. Ms. Schmiel stated the funds would be spent on a first come, first served basis.

Johnson asked how many years this program has been in existence. Ms. Schmiel reported the program has been in place since 2015.

Further discussion ensued regarding how the County approves funding for the Business District Initiative.

Stelmach questioned if non-profits would qualify for these County dollars. Ms. Schmiel explained she would have to investigate this further and would report back to staff. County Commissioner Lunde indicated the regulations for this funding would flow to the City and was regulated differently than the requirements for CARES Act dollars.

Johnson inquired if all businesses in Osseo could apply for this or just retail establishments. Grams stated this has not been discussed but would be determined after further conversations with Hennepin County.

Johnson commented he would like all businesses in Osseo to be included in this initiative.

Aho indicated this was her hope, noting she would be reaching out to every business in Osseo.

Poppe thanked Ms. Schmiel for the information on this program and looked forward to this initiative moving forward in Osseo.

B. CONSIDER DECLARATION FOR OSSEO URBAN TOWNHOME OWNER'S ASSOCIATION

City Attorney Mary Tietjen reported by letter dated January 26, 2021, Mr. Matthew Greenstein, an attorney representing the Osseo Urban Townhomes Owner's Association, notified the Osseo EDA that the Association is in the process of amending its Common Interest Community Declaration, which was recorded in Hennepin County on May 5, 2004. Mr. Greenstein's letter stated that the EDA is being notified because it is the holder of the first mortgage of record on the property located at 601 1st Avenue NW, Osseo, MN, which is owned by Alan and Pamela Pickwell. She reviewed the proposed rental restrictions within the CIC Declaration with the EDA in further detail.

City Attorney Tietjen explained Mr. Greenstein's letter included a ballot to vote "no" or "yes" for the proposed Amendment. There appears to be no specific concerns for the EDA to agree to this Amendment; however, if the EDA wishes to vote "no", it should direct staff accordingly,

as a failure to respond within 60 days of the January 26 letter will be deemed a consent. If the EDA wishes to vote “yes,” it can fill out and return the ballot or do nothing.

Johnson stated he had the understanding renting the units was not allowed.

Murdock explained the declaration has been amended several times. She discussed the previous language that was included in the declaration, noting the intent was to not allow renters to rent more than five years. She commented the intent was to keep this an owner-occupied townhome association.

Johnson asked if Murdock agreed with the proposed changes.

Murdock stated she agreed because she would like to see the repeat renting come to an end. She commented for the record that she would not be voting on this item as she occupies a unit at the Townhomes.

A motion was made by Johnson, seconded by Aho, to direct staff to vote yes on the Osseo Urban Townhome 1st Amendment to the Declaration. A roll call vote was taken. The motion carried 6-0-1 (Murdock abstained).

C. RECEIVE URBAN TOWNHOME ASSOCIATION 2ND MORTGAGE UPDATES

City Attorney Tietjen stated this is an update on the proposed amendments to the loan and mortgage documents to reflect what we believed was the intent that homeowners’ loans would be forgiven if they remain in their units for the full 30 years. It seemed there was consensus with the EDA and the City that the intent was to forgive the loans after 30 years. Ms. Tietjen’s office drafted the necessary documents to reflect that intent. Because the Hennepin County HRA is a named lender in the original loan documents, its consent and execution of these documents was required. The County HRA questioned whether it really was the intent to forgive the loans after 30 years and sent some information that seemed to support a contrary position.

City Attorney Tietjen commented after we received this information from HCHRA, city staff did some additional research to try to confirm earlier discussions about the intent to forgive these loans. City Clerk LeAnn Larson found records from 2003 that appear to support what the HCHRA is telling us – that there was no intention to forgive the loans after 30 years. Three pieces of information from those records that support this are as follows:

1. A statement in EDA minutes from October 6, 2003, that the second mortgages were not a grant and “would be repaid to the City upon sale or refinancing.”
2. A summary of second mortgages document prepared by the City, dated 12/31/10, that outlines the conditions under which the second mortgages will need to be paid, including: voluntary payment; upon sale of the unit; upon event of default; or, 30 years from date of second mortgage.
3. (Then) City Attorney Magsam stated in a memo, dated April 2, 2013, to the EDA and Council: “The terms of the second mortgage include that the principal earns interest at

the rate of 3% per annum and would be due in 30 years or when the property was sold if sold before 30 years (maturity date is May 25, 2034).”

City Attorney Tietjen stated based on this information and without the consent of the HCHRA, she did not see a viable way forward to amend the loan documents as was previously discussed. She indicated staff could not move this item forward without approval from the HCHRA.

Johnson asked if City Attorney Tietjen was around for the creation of this 2nd mortgage. City Attorney Tietjen reported the 2nd mortgage far precedes her appointment as Osseo City Attorney.

Poppe indicated the 2nd mortgage precedes him being on the Council and EDA as well.

Murdock thanked City staff for all their research on this item. She recommended the City not use the term “windfall” when referring to any resident in Osseo. She commented on how a change must have been made after October 26, 2003, when mortgages were signed because she was told the 2nd mortgage did not have to be repaid. She feared a change was made at the County level with this paperwork.

Johnson agreed that he recalled hearing after 30 years the 2nd mortgage was to be forgiven. He questioned how many original townhome owners remained.

Murdock stated there were five original owners remaining.

City Attorney Tietjen asked who was making these statements that the 2nd mortgage would not have to be repaid.

Murdock explained she had to attend several classes at the County after waiting on a list for five years. She asked the County why she did not have to pay on the 2nd mortgage and was told again, she did not have to make any payments for 30 years. She was also told that if she remained in her townhome for 30 years the loan would be forgiven.

City Attorney Tietjen stated she could keep digging to learn more from the title or closing companies. She indicated she would also like to learn why the EDA was not receiving money back. The EDA supported staff pursuing both items further.

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

Johnson reported additional PPP dollars were available. He encouraged all small businesses with fewer than 20 employees to apply as the deadline was March 9, 2021.

10. ADJOURNMENT

A motion was made by Johnson, seconded by Murdock, to adjourn at 6:59 p.m. A roll call vote was taken. The motion carried 7-0.

Respectfully submitted,

Heidi Guenther
Minute Maker Secretarial