

Osakis Economic Development Authority
Meeting Minutes - Osakis City Hall
November 25, 2019 4:00 PM

Present: John Peterka, Kip Emerson, Bruce, Pederson, Bonnie Schultz, Justin Dahlheimer, Keith Emerson, Dave Zerr, Ryan Peterson

Absent: None

Others Present: Angela Jacobson, Jason Murray, Chris Drown, Lynnette Swenstad, Candy Bruder

Meeting called to order by John Peterka at 4:00 p.m.

Motion by Emerson, seconded by Zerr, to approve the agenda as presented with the addition of the Sauk River Watershed assessment letter and Housing Application. All Ayes

Motion by Pederson, seconded by Dahlheimer, to approve the general consent items, minutes, bills, treasurer's report. All Ayes

OEDC: Have a balance of \$6,433.

VFW: None

Hotel Hospitality Marketers:

Jason Murray was in attendance and discussed the following:

- Development along the main corridor – lots for redevelopment.
- TIF (Tax Increment Financing)
- Economic Development TIF – requires the following to be met:
 1. Would be for 9 years, tax base after hotel would be built, TIF amount considered.
 2. Use tourism as a component to receive TIF.
 3. Mid-Household income needs to be at 80%.
 4. Must be more than 10 miles from a city with a population over 10,000.

Murray explained the three TIF options for financing:

1. 9 year TIF development:
 - \$615,000 assistance for up to 9 years.
 - 40-unit hotel with a pool if needed.
 - Starting land value of \$50,000 to \$100,000 is considered in model.
 - Building value after built TIF assistance at 2.4 million was in model.
2. Redevelopment TIF:
 - \$1.8 million in TIF assistance over 26 years with starting land value at \$100,000 and hotel build value of 2.4.
 - 40-unit hotel is built
 - 51% blighted area must be removed to receive.
3. Tax Abatement:
 - County will not give– a tax break.
 - Limits if school will want to participate in assistance.

- Create jobs at required wages is required.
4. Points must be met for tax abatement:
- Tourism
 - Median income levels met
 - Hotel built

Discussion was held to form an Investors Group that guides a lot of the total cost, location, how much investment is needed and assistance to make the investment worthwhile.

Discussed looking at hotel options – many different kinds.

Murray was working with other HRAs and they put together a list of 50 people that they know in the investor level in their community and contacted them for interest.

They held a public meeting for information and had a hotel representative come in and give some information.

A perspective list left to cobblestone (the hotel) to handle so it was not public information.

We would want to see a project work:

- 40% equity – 60% funds borrowed.
- 30 – 40 room hotel would be a small size hotel.
- 45 – 65 room hotel would be a midsize hotel.

If the EDA fronted the bonding, it will help get the project going if the investor group is really aggressive.

Need to get better numbers to be able to give a better TIF layout.

Jacobson commented that she visited with Greg Hanis and he would be willing to help guide us through the process. Hanis can help to outline what needs to be done and has contacts for others that may know investors looking for a new project.

Motion by Dahlheimer, seconded by Peterson, to form a committee of Peterson, Dahlheimer & Zerr to pursue the project. All Ayes

The first item will be to setup a discussion with Greg Hanis to meet with a committee to discuss our options. Jacobson will setup this meeting.

EDA Housing Request: An application from Charles and Sarah Thieschafer at 604 Nestor Street East was reviewed for funding.

Motion by Peterson, seconded by Zerr, to approve funding for Charles and Sarah Thieschafer at 604 Nestor Street East for a maximum of \$5,502. All Ayes

Jump4Fun: No one was in attendance. The EDA Board would like to see the owner at a meeting and a letter from West Central Initiative as to where she is in the process with them.

Jacobson will ask her to come to the December meeting.

Marthaler Land: The EDA Board discussed the Marthaler Land. Possibly using TIF funds for funding the infrastructure and land. Funding them separately may be best financially.

When it gets close, the EDA will discuss the pros and cons for financing with TIF funds for infrastructure.

Have not closed on the property. Deferred assessment amount is different with interest between city and county numbers.

The city needs to approve the property split and we are working on that now.

The pending assessment for the SRWD will need to be paid.

After these matters are complete, a closing date will be set.

Sauk River Watershed Assessment: The EDA assessment for the Industrial Park is \$304.46 and for Osakis Properties is \$67.14.

Motion by Emerson, seconded by Dahlheimer, to approve the payment for the SRWD assessment before the end of the year. All Ayes

Future Items: Jump4Fun, Marthaler Land and Hotel Committee update.

Meeting adjourned at 5:25 p.m. All Ayes

Next meeting will be held December 23rd, 2019. .

Angela A. Jacobson – City Clerk/ Treasurer