

Osakis Economic Development Authority
Meeting Minutes – March 22nd, 2021 4:00 PM
Held at Osakis Community Center

Roll Call:

Present: Dave Zerr, John Peterka, Bonnie Schultz, Bruce Pederson, Ryan Peterson (arrived at 4:10 pm)

Absent: Randy Anderson, Justin, Dahlheimer, Dan Wessel

Others Present: Angela Jacobson, Jason Murray

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

Motion by Zerr, seconded by Pederson, to approve the agenda as presented with the addition of the Website.
Motion Carries Absent: Anderson, Dahlheimer, Wessel

Motion by Pederson, seconded by Schultz, to approve the general consent items, bills, treasurer's report.
Motion Carries Absent: Anderson, Dahlheimer, Wessel

VFW: None

West Central Initiative: The EDA received the end of the year report. Balance as of 12/31/2020 is \$52,045.45.

Housing Fund Grant: The EDA received an application from Calvin and Christina Uhl for deck.

The EDA discussed this project and does not feel they want to approve grant funding for just a deck. The EDA like to see remodeling improvement projects in addition. No grant funds approved.

Marthaler Land Development / Ryan Smith (10 acres)

Jason Murray was in attendance. Ryan Smith is interested in the eastern 10 acres instead of the 5 acres discussed before if he can.

Murray – The profit from selling the 10 acres to Smith must go back into the TIF fund that the land is purchased from.

Murray – The best way to utilize TIF funds is to purchase and spend down those funds. Forgivable loans to invest dollars back into the community. TIF funds that are decertified goes to each tax entity. If TIF funds are spent and then sold, they will need to go back to the county, decertified and then sent to each taxing entity.

Use TIF funds to buy land: Lot sale price – use TIF to buy the lot price down to be affordable. The buyer can't show benefits if they do not qualify and they would not get the TIF buy down.

Peterson stated the bank looks at a maximum of 25% of gross income for housing costs when approving loans.

Murray is seeing housing developments in Northwest Minnesota. The cost is \$50,000 to \$55,000 per lot and for this price they are not moving. The lots Murray is seeing move are those for \$20,000 to \$25,000.

Zerr asked – Why doesn't Osakis have industry like Alexandria?

Manufacturing does a lot of sub out projects. We don't see a spinoff of small companies because bigger corporations are purchasing those small companies. The cost of machine technology is so much higher to start a small business.

The biggest focus point is to attract commercial and industrial businesses to the area.

One way to help a developer is to use city TIF funds to help with a project like infrastructure.

One city had apartment buildings. They sold bonds and are going to use TIF funds to pay for the cost of the infrastructure and the developer does the housing project.

It was asked how we can promote housing without income requirements.

A business that employees 20 or more people and have a total of 9 years of TIF to use to assist a housing project do not need income requirements for an industry that needs housing in the area.

Motion by Zerr, seconded by Pederson, to offer Ryan Smith the 21 acres for \$5,000 more than what the EDA paid. Motion Carries Absent: Anderson, Dahlheimer, Wessel

The reason for the vote is to pay the cost of the lot back to the TIF fund no matter what it is sold for. The EDA cannot use 10 acres for a housing district. It is not enough land to pursue a housing development.

Peterka and Zerr will have a conference call with Smith to see if he wants to discuss the offer.

The EDA felt we had the last offer on the Industrial Park lot for \$40,000 plus assessments. The EDA wants Smith to respond to the offer. Zerr and Peterka will talk to Smith about this.

The EDA discussed the price and the point we are at and if it compares to the area.

19 acres sold for \$200,000. Total tax is \$47,000 per year paid for this project. This land sale was for the storage buildings by UPS on Hwy 82.

Scott Backer was going to lease the Marthaler Land for 2021 but has not signed the contract. Baker was looking to do in April.

The EDA is ok with moving forward with the sale to Ryan Smith and leasing the property to Baker for only 1 year at a time.

Abatement is another form of housing help – but abatement only included city tax and not county and school tax.

Murray mentioned again the work force TIF is a 9 year district. Employer must employ 20 or more jobs from one employer, and must show 2% or less in open rental property in Osakis.

It was asked – how can we help a developer? Or create a tax district to help all of Osakis?

TIF for commercial requires 10 miles or more from other cities. So have to see if Alexandria is more than 10 miles to qualify as a small city.

Website: Jacobson asked what the EDA want to see on the website.

The EDA wants to see it user friendly for grant, programs, storefront information. Want it easy to find. Also promoting improvements.

Dahlheimer and Peterson will view the website and give input when it is ready.

Future Agenda:

Next meeting will be April 25th, 2021.

Motion by Zerr, seconded by Peterson, to adjourn the meeting at 5:30 p.m. Motion Carries Absent: Anderson, Dahlheimer, Wessel

Angela A. Jacobson – City Clerk/ Treasurer