

**Unapproved
Minnetonka Economic Development Advisory Commission
Minutes**

Sept. 8, 2022

1. Call to Order

Chair Yunker called the meeting to order at 6 p.m.

2. Roll Call

EDAC commissioners Ann Duginske Cibulka, Jay Hromatka, Lee Jacobsohn, Steven Tyacke and Melissa Johnston were present. Maram Falk was absent.

Staff present: Community Development Director Julie Wischnack, Economic Development and Housing Manager Alisha Gray and Community Development Coordinator Rob Hanson.

Councilmember Deb Calvert was present.

3. Approval of the EDAC May 19, 2022 and July 14, 2022 Meeting Minutes

Tyacke moved, Hromatka seconded, a motion to approve the May 19, 2022 and July 14, 2022 meeting minutes. Duginske Cibulka, Hromatka, Jacobsohn, Tyacke, Johnston and Yunker voted yes. Falk was absent. Motion carried.

4. MCCD Open to Business

Chair Yunker introduced the item and called for the staff report.

Hanson introduced Tyler Hilsabeck, director of small business development at the Metropolitan Consortium of Community Developers (MCCD), and Vicky Gonzalez, a business advisor with the Hennepin County Open to Business program.

Mr. Hilsabeck stated that:

- MCCD works with small businesses one-on-one to provide technical assistance and financing options.
- MCCD's mission is to build strong, stable communities by leveraging resources for the development of people and places.
- MCCD assists businesses that are starting or expanding by creating a strategic plan.
- There is no cost to the business owner.
- MCCD provides a loan program with participating lenders.
- MCCD has served 127 clients since 2017.
- MCCD distributed CARES Act funds and small-business-emergency loans.

- There is a challenge in communicating what MCCD does due to confidentiality issues.

Ms. Gonzalez stated that:

- She has been working with several businesses. One is a start-up and one is an existing daycare looking to expand.
- She is able to provide additional resources and different language capabilities.

Mr. Hilsabeck stated that:

- MCCD is seeing businesses having difficulties due to a shortage of workers.
- There is an increased need for financing as interest rates increase.

Johnston stated that she appreciates the work done by MCCD. She has worked with MCCD in her role as a banker. She asked if MCCD receives tax allocation for new-market-tax-credit loans. Mr. Hilsabeck answered that MCCD does not, but it works with CDFI banks that do receive allocations.

In response to Jacobsohn's question, Mr. Hilsabeck stated that the SBA definition of a small business is a business with 1,500 or fewer employees that earns less than \$40 million a year in revenue. He explained that 95 percent of the businesses MCCD serves have 20 employees or less. Start-up businesses typically have no employees in the beginning and, at the most, usually five or ten employees.

Ms. Gonzalez stated that she deals mainly with start-up businesses that have one to two employees.

Mr. Hilsabeck stated that the most common type of businesses MCCD serves are service, retail and food which includes distilleries and breweries. Restaurants are difficult to operate if a business owner does not have the right experience. Generally, a business with 20 employees or more has more resources. He had one client that made \$8 million in one year, but, usually, MCCD assists businesses that earn no more than \$500,000 a year.

Hromatka asked how MCCD markets its services. Mr. Hilsabeck answered that they travel to businesses in person; attend chamber meetings; host webinars; attend city events; hold office hours at city halls and libraries; and leave brochures for cities to distribute. He would appreciate ideas. Outreach is half of the job. He has learned a lot from the grant programs on how to reach those clients. MCCD tracks its numbers and if participation dips, then staff looks into the cause.

Wischnack added that Minnetonka advertises MCCD's services in the Thrive newsletter which is delivered to every business in Minnetonka. Almost every Minnetonka staff

member knows about the service including building permit inspectors and environmental health staff who interact with business owners on site and have the opportunity to direct a business owner to MCCD. Participation was slow in the beginning, but the last few years have produced amazing results.

Chair Yunker thanked Mr. Hilsabeck and Ms. Gonzalez for attending the meeting.

Hromatka thanked staff for the city tour commissioners and councilmembers attended. He found it very beneficial.

5. Commercial Code Compliance Loan Program

Hanson provided the staff report.

Jacobsohn asked if the loan could be utilized by either a business owner or a property owner. Hanson answered affirmatively. The property is required to be used for commercial use.

Johnston likes the changes made from the last meeting. She asked if a C corporation would be ineligible. Hanson answered affirmatively. National-chain franchises would not be eligible.

Hromatka moved, seconded by Jacobsohn, to recommend that the city council approve the commercial code compliance loan program with the following changes:

- Loans would have a two percent interest rate; loans less than \$15,000 would have a term of five years; loans between \$15,000 and \$25,000 would be paid over ten years; and there would be a monthly repayment.
- Loans would be entirely guaranteed by at least 50 percent ownership of the business.
- The full balance of the loan may be due at the sale or transfer of ownership of the business.
- The business must operate for profit and be legally allowed or licensed to operate within Minnetonka.

Duginske Cibulka, Hromatka, Jacobsohn, Tyacke, Johnston and Yunker voted yes. Falk was absent. Motion carried.

6. Staff Report

Hanson and Wischnack provided the staff report:

- Staff, councilmembers and commissioners went on a bus tour of developments and improvements recently done and ongoing in Minnetonka.

- The Metropolitan Council staff are offering a walking tour of the Opus SWLRT Station on Sept. 17, 2022 from 1 p.m. to 3 p.m. Bren Road West has reopened and the bridgework is complete. Construction on Yellow Circle Drive will continue into the fall. Part of Red Circle Drive remains closed to westbound traffic.
- Regional Metro Transit ridership is increasing. The express routes have not yet returned to normal; however, local routes have largely returned to normal scheduling.
- Development updates on The Pointe, Minnetonka Station, Doran, Shady Oak Office Center (Wellington), Greystar Development, Abdo Market House, Amavida, Ridgedale Park project, Goddard School, Minnetonka Vantage and Momentum buildings, Buhl Investments, Brito's Burritos, First Light Donuts, Dick's House of Sport and Top Ten Liquors and WineSide.
- The number of visitors to the Ridgedale shopping area has improved since the decrease caused by COVID.
- Update on the business work plan.
- HomeHelpMN is accepting applications for mortgage assistance until funds are exhausted. Homeowners may now be eligible for up to \$50,000. There is no longer a time restriction on past-due expenses.
- Minnetonka continues to offer emergency rental assistance to Minnetonka renters who have been financially impacted by COVID.
- A new staff member will be starting in community development on Sept. 26, 2022.
- The Homes Within Reach CDBG rehabilitation program provided nine households with assistance. Forty-four percent of the assisted homeowners were people of color and all had incomes below 80 percent of the area median income.

7. Other Business

EDAC commissioners are invited to attend a housing study session with councilmembers scheduled to be held on Sept. 19, 2022 and review a TIF management report with councilmembers at its meeting scheduled to be held Oct. 3, 2022.

There will be a webinar entitled The Leading Real Estate Voices on the Business Case for Sustainability scheduled to be held on Oct. 5, 2022 from 12 p.m. to 1 p.m.

The next EDAC meeting is scheduled to be held on Oct. 27, 2022 at 6 p.m.

Tyacke noted that the electric-vehicle chargers at the Target by Ridgedale are always being used. He suggested electric-vehicle-charging stations be provided at Ridgedale Center. Wischnack explained that staff is researching the legality of requiring businesses to provide electric-vehicle-charging stations. There are 434 electric vehicles currently owned by Minnetonka residents. She noted that there is usually a wait to purchase an electric vehicle.

8. Adjournment

The meeting was adjourned at 6:55 p.m.