



**AGENDA**  
**CITY OF MINNETONKA**  
**ECONOMIC DEVELOPMENT ADVISORY COMMISSION**  
May 11, 2023  
6:00 p.m.

Council Chambers – Minnetonka Community Center (open to public)

1. Call to Order
2. Roll Call

Charlie Yunker  
Maram Falk  
Melissa Johnston  
Ann Duginske Cibulka

Steven Tyacke  
Jay Hromatka  
Lee Jacobsohn

**BUSINESS ITEMS**

3. Greystar Financing Request

Review and provide a recommendation.

4. Emergency Business Loan Fund

Review and provide feedback.

5. Other Business

The next scheduled EDAC meeting will be held on **June 22, 2023 at 6:00 p.m.**

6. Adjourn

If you have questions about any of the agenda items, please contact:  
Alisha Gray, EDFP, Economic Development and Housing Manager (952) 939-8285  
Julie Wischnack, AICP, Community Development Director, (952) 939-8282



**Economic Development Advisory Commission  
Agenda Item #3  
Meeting of May 11, 2023**

**Title:** Greystar (10701 Bren Road East) Financing Request  
**Report From:** Alisha Gray, EDFP, Economic Development and Housing Manager  
**Submitted through:** Julie Wischnack, AICP, Community Development Director

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**Action Requested:**  Motion  Informational  Recommendation  
**Form of Action:**  Resolution  Ordinance  Contract/Agreement  Other  N/A  
**Votes needed:**  4 votes  5 votes  N/A  Other

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**Summary Statement**

Greystar seeks financing assistance to provide affordable housing units at 10701 Bren Road East.

**Recommended Action**

Review the request for financing and provide a recommendation.

**Strategic Profile Relatability**

- |  |  |
|--|--|
| <input type="checkbox"/> Financial Strength & Operational Excellence | <input checked="" type="checkbox"/> Safe & Healthy Community           |
| <input type="checkbox"/> Sustainability & Natural Resources          | <input checked="" type="checkbox"/> Livable & Well-Planned Development |
| <input type="checkbox"/> Infrastructure & Asset Management           | <input checked="" type="checkbox"/> Community Inclusiveness            |
| <input type="checkbox"/> N/A   |  |

Statement: This item supports the production of affordable housing.

**Financial Consideration**

Is there a financial consideration?  No  Yes \$500,000  
Financing sources:  Budgeted  Budget Modification  New Revenue Source  
 Use of Reserves  Affordable Housing Trust Fund

Statement: The proposed funding source is the existing fund balance through the Affordable Housing Trust Fund.

**Background**

Greystar Development Central, LLC proposes redeveloping the property at 10701 Bren Road East. As submitted, the redevelopment would include removing the existing building to construct a new 275-unit apartment building.



East Elevation – view from Red Circle Drive and future light rail transit

**Current Proposal**

The city's Affordable Housing Policy requires the developer to provide a minimum of 5% of the units at 50% of the Area Median Income (AMI) and a minimum of 5% of the units at 60% AMI. Greystar is proposing to provide a deeper level of affordability to 40% AMI on the lower end of the affordability spectrum and 80% AMI for a portion of the other affordable units. If approved, the 40% units would provide the deepest level of affordability of the newer multi-family housing developments in Opus.

The proposed project would include a six-story apartment building with 275 units (28 affordable units). The units would be a mix of studio, one, two, and three-bedroom units. The developer is proposing to provide 14 affordable units at 80% AM and 14 affordable units at 40% AMI, with the following unit mix:

Unit Type	Units	Rent	Sq Ft
<b>Studio</b>	<b>21</b>		
40% AMI	2	\$822	448
80% AMI	2	\$1,644	448
Market Rate	17	\$1,500	448
<b>Alcove</b>	<b>28</b>		
Market Rate	28	\$1,790	617
<b>1BR</b>	<b>126</b>		
40% AMI	7	\$880	742
80% AMI	7	\$1,761	742
Market Rate	112	\$2,220	813
<b>2BR</b>	<b>86</b>		
40% AMI	4	\$1,056	1,126
80% AMI	4	\$2,112	1,126
Market Rate	78	\$2,800	1,255
<b>3BR</b>	<b>14</b>		
40% AMI	1	\$1,220	1,503
80% AMI	1	\$2,440	1,503
Market Rate	12	\$4,496	1,503
<b>Total</b>	<b>275</b>		

On [May 4, 2023](#), the Minnetonka Planning Commission reviewed the Greystar proposal. Currently, staff is recommending the denial of the request. Regardless of the recommendations, the proposal will be reviewed at the May 22, 2023 city council meeting. Aside from the land use matters, discussion about project assistance should be discussed.

### **Financing Request**

Greystar provided an initial request for assistance of approximately \$5.1 million to fill the financial gap created by this project. Ehlers conducted a preliminary review of the project's financials and concluded with the information available that the project's need for assistance to fill the gap was approximately \$500,000. The developer's analysis differs from the methodology that Ehlers uses to analyze these requests on behalf of the city. Primarily, Greystar's analysis looks to reduce the initial capital costs to the project, and Ehlers's review utilizes assumptions that the assistance will supplement the project's Net Operating Income in the first two years. Ehler's review and recommendation are consistent with the previously approved projects' terms. Ehlers will continue to review the project as financing requirements and the lending environment continues to evolve. The recommendation may change as the project nears consideration by the city council. Staff requests flexibility in the EDAC's recommendation to accommodate changing market conditions.

A representative from Ehlers will be available at the meeting to discuss the financing request.

### **Additional Information**

Location Map

Greystar Narrative

Memo from Schane Rudlang - Ehlers

Affordable Housing Policy

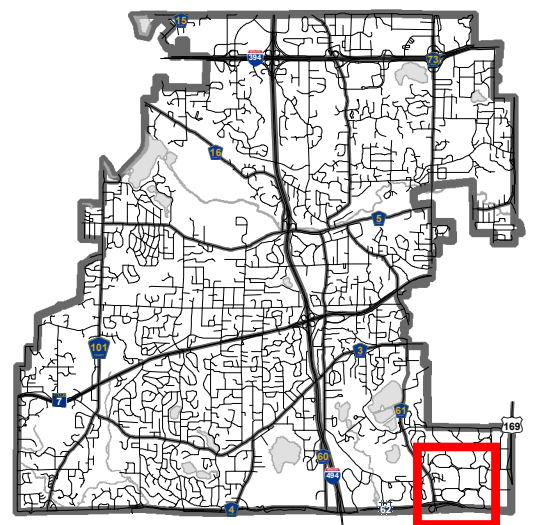
Minnetonka Affordable Housing Production Summary

[Opus Public Realm Design Guidelines](#)



### Location Map

Project: Greystar Development  
Address: 10701 Bren Road



# DEVELOPMENT TEAM EXPERIENCE



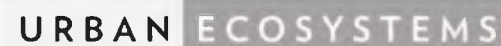
## ABOUT GREYSTAR

Greystar is a leading, fully integrated real estate company offering expertise in investment management, development, and management of rental housing properties globally. Headquartered in Charleston, South Carolina, Greystar manages and operates over \$221 billion of real estate in 224 markets globally including offices throughout North America, Europe, South America, and the Asia-Pacific region. Greystar is the largest operator of apartments in the United States, managing over 768,000 units globally, and has a robust institutional investment management platform with more than \$58.2 billion of assets under management, including over \$24 billion of development assets.



## ABOUT ESG

ESG is a national leader in the planning, design and development of award-winning residences and communities throughout the US. Our architects and designers base their work on timeless design principles. These principles include the integration of pedestrian-friendly streetscapes and landscaping, proximity to mass transit, generating density, and the incorporation of sustainable-design strategies and mixed-use commercial enterprises.



# PROJECT NARRATIVE

## VISION STATEMENT

Greystar desires to create a market rate rental community to serve residents in an area that will soon benefit from enhanced transit opportunities and an extensive network of recreational trails. The new residents will enhance the Opus Park community and foster the ongoing development of a new neighborhood centered around the light rail station.

## PROJECT GOALS

- Support a mixed-use community at the Opus campus by growing the resident population.
- Create a Transit-Oriented Development community that will provide ridership on the new light rail line.
- Enhance and support the district's natural features and integrate the site into the existing landscape of trails.
- Provide density to support the area's existing businesses and provide additional residents to serve as a catalyst for more retail/commercial development within the Opus Park.
- Connect the Red Circle Trail from Shady Oak Road to Bren Road as per the Opus Area Placemaking + Urban Design Implementation Guide.
- Develop a concept for connecting the project to the existing trail network with seating areas, landscaping and an updated stormwater management approach.

## PLACEMAKING AND DESIGN CONCEPT

The project's vision and design concept will align with the goals of the Opus Area Placemaking + Urban Design Implementation Guide.

- Located within the "Red Loop", the proposed development is an important part of the broader Opus Area Placemaking and Design trail system. The area is characterized by natural open spaces stitched together with an exceptional network of pedestrian trails and a one-way road system.
- The proposed residential building will integrate into this well-established environment by giving precedence to landscape design and upgraded pedestrian connections.
- New sidewalks will be integrated around the site to the east where it will connect to the proposed LRT station. Along the south side of the building, paths connect to both the Shady Oak Rd. trail system as well as the Orange Loop. New connections within the site, and around the north will further solidify pedestrian connections for residents and visitors of OPUS park.
- With the new Southwest Light Rail station located adjacent to the site, residents will have direct access to a transit option that will reduce dependency on automobile use.
- The grounds immediately adjacent to the buildings will be highly landscaped since there is no structured parking below ground. The landscape program will include full overstory canopy trees.
- The open space around the perimeter of the buildings will incorporate a carefully designed stormwater feature and native landscaping.
- Native vegetation will take precedence based on historic species located in this area.
- Walk-up style residential units with sidewalks, front porches, and entry doors will ground the building and facilitate an active streetscape environment.

# PROJECT NARRATIVE

## PROJECT DESCRIPTION

- An office building and surface parking exist on the site today. The proposed project consists of a five and six-story market rate apartment building with approximately 275 units. The building will also incorporate approximately 28 affordable residential units (10%: 14 units at 40% AMI and 14 units at 80% AMI). The multifamily building wraps a large interior courtyard and a six-story parking structure that will contain about 395 parking spaces.
- The residential building will be fully amenitized and include a lobby and common areas at ground level. A vehicular drop-off court is accessed from Red Circle Drive. This arrival court will include several guest parking stalls for prospective tenants and visitors. The Level one amenity spaces will overlook the amenity courtyard as well as a double-height resident clubroom located at Level P1 below. A level six “sky lounge” will provide indoor and outdoor spaces with views toward the north and east.
- The landscaped courtyard is inspired by the naturally occurring landscapes of Minnesota. Frozen lakes and ice bubbles, dense aspen and birch forests, wetlands, and bogs, as well as the oak savannah ecosystem inspire forms and program throughout the site. Informal seating and grilling areas are scattered throughout the courtyard. A seating berm and tree bosc provide spaces for relaxation as well.
- At the perimeter of the building, the project will use the existing topography of the site to manage stormwater in a series of cascading raingardens that will connect to the larger stormwater management system.
- Service functions like move-ins and trash pickup will be located on the north side of the building, accessed via an existing private drive and existing shared access easement. Architectural screening and landscaping will visually screen this area from the pedestrian sidewalks along Bren Road.
- Ample bike parking will be provided in the building to support and encourage bicycling.

## BUILDING DESIGN AND EXTERIOR MATERIALS

- A key building design element is in response to the street curve at the intersection of Bren Road and Red Circle Drive. The building face along this frontage consists of a series of angled planes that mediate between the rectilinear courtyard and the property line condition. These planes provide opportunity to nestle balconies into the facades and create an interesting fish-scale like expression. While the exterior skin of the building is lighter in color, where this primary massing is carved away, a darker color becomes predominant.
- The exterior materials will include a mix of brick, true three-coat cementitious stucco, painted cementitious panels, metal panel, glass and accent materials to creating an integrated palette that will complement the intensive landscaping of the site.

## DESIGN UPDATES SUBSEQUENT TO CONCEPT PLANNING COMMISSION AND CITY COUNCIL MEETINGS

- The Planning Commission and City Council provided thoughtful feedback at the meetings of August 18, 2022, and September 12, 2022.
- City Staff has also provided meaningful feedback during the past several months.
- Changes that have been made based on this feedback include:
  - o Further developed the stormwater conveyance system in the front yards of Red Circle Drive and Bren Road as a resilient landscape feature of the development.
  - o The Bren Road East Elevation has been updated to show a major massing break. This break is placed at the location of the passageway that provides a direct and secure link to the courtyard from the Bren Road pedestrian sidewalk.
  - o Setback along west property line increased from 10’ to 15’.
  - o Added brick to the base of the building at all public facades.
  - o The sky deck and sky lounge geometry has been simplified.
  - o West garage façade is now fully enclosed and concealed and thoughtfully integrated into the overall building design.
  - o Adjusted the secondary color per feedback to a more ochre hue.
  - o Interior façade design of courtyard enhanced with a two-tone wall panel patterning.
  - o Solar access studies have influenced elements of the courtyard to maximize use by residents all year around.
  - o Greystar has committed to providing twenty EV spaces in the parking garage.



## MEMORANDUM

TO: Julie Wischnack – Community Development Director  
 Alisha Gray – Economic Development and Housing Manager

FROM: Schane Rudlang & Stacie Kvilvang - Ehlers

DATE: May 4, 2023

SUBJECT: Greystar Marlowe Opus Station – Preliminary Analysis of Financial Request

The City of Minnetonka (the “City”) received a financial assistance request from Greystar Worldwide LLC (the “Developer”) seeking tax increment financing (TIF) for their proposed redevelopment of 10701 Bren Rd E. The Developer has proposed to construct a 275-unit, mixed-income, multi-family apartment project with a unit mix as shown in the following table.

Unit Mix				
	Market Rate	80% AMI	40% AMI	Total
Studio	17	2	2	21
Alcove	28			28
1BR	112	7	7	126
2BR	78	4	4	86
3BR	12	1	1	14
<b>Total</b>	<b>247</b>	<b>14</b>	<b>14</b>	<b>275</b>
<b>Percent</b>	<b>90%</b>	<b>5%</b>	<b>5%</b>	

Construction would commence in Q3 of 2023 and is anticipated to cost approximately \$94.6 million or \$343,887 per unit. The Developer cited a financial gap in their financial projections for the project (“proforma”) and requested TIF in the present value amount \$ 5,191,834.

### Financial Analysis

Ehlers conducted a preliminary review of the financials for the project. The review included a review of the cost of the project and operating parameters including rents and operating expenses. The developer stated that to make the project financially feasible, a Yield on Cost return of 5.75 - 6.00% was needed. We concluded that, based on the preliminary information that we have at this time, TIF in the amount of \$500,000 would be warranted for the project to achieve this return. Project sources and uses reflecting this amount of assistance is as shown in the following table.

SOURCES			
	Amount	Pct.	Per Unit
First Mortgage	59,069,022	62%	214,796
TIF Grant	500,000	1%	1,818
Equity	35,000,000	37%	127,273
<b>TOTAL SOURCES</b>	<b>94,569,022</b>	<b>100%</b>	<b>343,887</b>
USES			
	Amount	Pct.	Per Unit
Acquisition Costs	5,895,000	6%	21,436
Construction Costs	72,872,225	77%	264,990
Professional Services	8,630,549	9%	31,384
Financing Costs	4,334,177	5%	15,761
Developer Fee	2,837,071	3%	10,317
<b>TOTAL USES</b>	<b>94,569,022</b>	<b>100%</b>	<b>343,887</b>

Please contact either of us at 651-697-8500 with any questions.

**Policy Number 13.2  
Affordable Housing Policy**

**Purpose of Policy:** This policy establishes general procedures and requirements to govern the City’s commitment to affordable housing.

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**Introduction**

The City of Minnetonka has a long history of promoting diversity in the type and size of housing units in Minnetonka, including the production of new affordable rental and ownership opportunities.

This Policy recognizes the city’s commitment to provide affordable housing to households of a broad range of income levels in order to appeal to a diverse population and provide housing opportunities to those who live or work in the city. The goal of this policy is to ensure the continued commitment to a range of housing choices by requiring the inclusion of affordable housing for low and moderate-income households in new multifamily or for-sale developments.

The requirements in this policy further the Minnetonka Housing Action Plan and city’s Housing Goals and Strategies identified in the 2040 Comprehensive Plan.

**Applicability and Minimum Project Size**

This policy applies to all new multifamily rental developments with 10 or more dwelling units and all new for-sale common interest or attached community developments, (condominiums, townhomes, co-ops) with at least 10 dwelling units. This includes existing properties or mixed-use developments that add 10 or more units.

**Calculation of Units**

The number of Affordable Dwelling Units (ADUs) required shall be based on the total number of dwelling units approved by the city. If the final calculation includes a fraction, the fraction of a unit shall be rounded up to the nearest whole number.

If an occupied property with existing dwelling units is expanded by 10 or more units, the number of required ADUs shall be based on the total number of units following completion of expansion.

**Affordable Dwelling Unit (ADU)**

General Requirements.

For projects not requesting a zoning change and/or comprehensive plan amendment and not receiving city assistance.

- In multi-family rental developments, at least 5% of the units shall be affordable to and occupied by households with an income at or below 50% of

the AMI.

- In attached for-sale common interest or attached community developments (condominiums, townhomes, co-ops), at least 10% of the units shall be affordable to and occupied by households with an income at or below 80% AMI.

For projects requesting a zoning change or comprehensive plan amendment without city assistance.

- In multi-family rental developments, at least 10% of the units shall be affordable to and occupied by households with incomes at or below 60% AMI, with a minimum of 5% at 50% AMI.
- In attached for-sale common interest or attached community developments (condominiums townhomes, co-ops), at least 10% of the units shall be affordable to and occupied by households with an income at or below 80% AMI.

For projects receiving city assistance.

- For multi-family rental developments, at least 20% of the units shall be affordable to and occupied by households with an income at or below 50% of the AMI; or at least 40% of the units shall be affordable to and occupied by households with an income at or below 60% AMI.
- In attached for-sale common interest or attached community developments (condominiums, townhomes, co-ops), at least 10% of the units shall be affordable to and occupied by households with an income at or below 80% AMI.

### **Calculation of AMI**

For purposes of this policy, Area Median Income means the Area Median Income for the Twin Cities metropolitan area calculated annually by the Minnesota Housing Finance Agency for establishing rent limits for the Housing Tax Credit Program (multi-family ADU) and the Department of Housing and Urban Development (attached for-sale common interest or attached community developments, including: condominiums, townhomes, co-ops).

### **Rent Level Calculation (Multi- Family Rental Developments)**

The monthly rental price for an ADU receiving city assistance shall include rent and utility costs and shall be based on fifty percent (50%) or sixty percent (60%) for the metropolitan area that includes Minnetonka adjusted for bedroom size and calculated annually by Minnesota Housing Financing Agency for establishing rent limits for the Housing Tax Credit Program. This does not apply to units not receiving city assistance.

**For Sale Projects**

The qualifying sale price for an owner-occupied dwelling unit shall include property taxes, homeowner's insurance, principal payment and interest, private mortgage insurance, monthly ground lease, association dues, and shall be based upon eighty (80%) AMI for the metropolitan area that includes Minnetonka adjusted for bedroom size and calculated annually by the Department of Housing and Urban Development.

**Period of Affordability**

In developments subject to this policy, the period of affordability for the ADUs shall be thirty (30) years.

**Location, Standards, and Integration of ADUs**

Distribution of affordable housing units. Unless otherwise specifically authorized by this policy, the ADUs shall be integrated within the development and distributed throughout the building(s). The ADUs shall be incorporated into the overall project unless expressly allowed to be located in a separate building or a different location approved by the city council.

Number of bedrooms in the affordable units. The ADUs shall have a number of bedrooms proportional to the market rate units. The mix of unit types shall be approved by the city.

Size and Design of ADUs. The size and design of ADUs shall be consistent and comparable with the market rate units in the rest of the project.

Exterior/Interior Appearance of ADUs. The exterior/interior materials and design of the ADUs in any development subject to these regulations shall be indistinguishable in style and quality with the market rate units in the development.

**Non-Discrimination Based on Rent Subsidies**

Developments covered by this policy must not discriminate against tenants who would pay their rent with federal, state or local public assistance, including tenant based federal, state or local subsidies, but not limited to rental assistance, rent supplements, and Housing Choice Vouchers.

**Alternatives to On-Site Development of an ADU**

The city recognizes that it may not be economically feasible or practical in all circumstances to provide ADUs in all development projects due to site constraints resulting in extraordinary costs of development. The city reserves the right to waive this policy if the developer requests a waiver and can provide evidence of extraordinary costs prohibiting the inclusion of ADUs. The city will review on a case-by-case basis to determine if the waiver is justifiable and granted.

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**Recorded Agreements, Conditions and Restrictions**

A declaration of restrictive covenants shall be executed between the city, EDA and developer, in a form approved by the city's EDA attorney, which formally sets forth development approval and requirements to achieve affordable housing in accordance with this policy. The declaration shall identify:

- The location, number, type, and size of affordable units to be constructed;
- Sales and/or rental terms; occupancy requirements;
- A timetable for completion of the units; and
- Annual Tenant income and rent reporting requirements; and
- Restrictions to be placed on the units to ensure their affordability and any terms contained in the approval resolution by the city/EDA.

The applicant or owner shall execute all documents deemed necessary by the city manager, including, without limitation, restrictive covenants and other related instruments, to ensure affordability of the affordable housing unit within this policy.

The documents described above shall be recorded in the Hennepin County as appropriate.

**Definitions**

**Affordable Dwelling Unit:** A unit within a residential project subject to this policy that shall meet the income eligibility and rent affordability standards outlined in this policy.

**Financial Assistance:** Funds derived from the city or EDA, including but is not limited to fund from the following sources:

- City of Minnetonka
- Housing Redevelopment Authority (HRA) Funds
- Economic Development Authority (EDA) Funds
- Community Development Block Grant (CDBG)
- Reinvestment Assistant Program
- Revenue Bonds and/or Conduit Bonds
- Tax increment financing (TIF), TIF pooling, or tax abatement
- Land write downs
- Other government housing development sources

Adopted by Resolution 2019-060  
Council Meeting of July 8, 2019

Minnetonka Affordable Housing Production Summary

Name of Project	Number of Affordable Units	Number of Market Rate Units	Total Assistance (for affordable units)	Years of Affordability	Assistance per Unit, per Year	Affordability Level
<b>Greystar</b>	<b>28</b>	<b>247</b>	<b>\$500,000</b>	<b>30</b>	<b>\$595</b>	<b>5%@40%AMI, 5%@80% AMI</b>
Doran (Allcott)	40	157	\$4,600,000	30	\$3,833	20@60%AMI, 20@80% AMI
Linden Street (10400 Bren Rd)	28	247	\$553,000	30	\$1,315	10% at 50% AMI
Doran (5959 Shady Oak)	54	302	\$280,000	30	\$491	5%@50%, 5%@60%, 5%@80%
Wellington Management	68	155	\$2,400,000	30	\$1,716	10%@50% AMI, 20% @80% AMI
United Properties (The Pointe )	19	167	\$400,000	30	\$701	9@ 50% AMI, 9@ 60% AMI
Dominium	482	0	\$7,809,000	30	\$540	60% AMI
Homes Within Reach (2004-2020 grant years)	59	0	\$2,981,435	99	\$510	80% AMI
The Ridge	52	0	\$1,050,000	30	\$673	60% AMI
Shady Oak Crossing	52	23	\$1,900,000	30	\$2,753	60%AMI
West Ridge Market (Crown Ridge, Boulevard Gardens, Gables, West Ridge)	185	0	\$8,514,000	30	\$1,534	Crown Ridge—60% AMI Boulevard Gardens—60% AMI Gables—initially 80% AMI, now no income limit West Ridge—50% AMI
Beacon Hill (apartments)	62	48	\$2,484,000	25	\$1,602	50% AMI
Ridgebury	56	163	\$3,243,000	30	\$1,930	Initially--80% AMI, Now no income limit
Glen Lake (St. Therese, Exchange)	43	119	\$4,800,000	30	\$3,721	60% AMI
Cedar Point Townhomes	9	143	\$512,000	15	\$3,792	50% AMI
Tonka on the Creek (Overlook)	20	80	\$2,283,000	30	\$3,805	50% AMI
At Home - The Chase at 9 Mile	21	106	\$2,500,000	30	\$3,968	50% AMI
Applewood Pointe	9	80	\$1,290,000	Initial Sale/Ongoing maximum %	\$4,777	80% AMI
Doran (Birke)	35 (20% of units)	175	\$4,800,000	30	\$4,571	50% AMI

updated 05/04/2023



**Economic Development Advisory Commission  
Item #4  
Meeting of May 11, 2023**

**Title:** Emergency Business Loan Fund  
**Report From:** Rob Hanson, EDFP, Economic Development Coordinator  
**Submitted through:** Julie Wischnack, AICP, Community Development Director

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**Action Requested:**  Motion  Informational  Recommendation  Vote  
**Form of Action:**  Resolution  Ordinance  Contract/Agreement  Other  N/A  
**Votes needed**  4 votes  5 votes  N/A  Other

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**Summary Statement**

Draft guidelines have been prepared for an emergency business loan fund to support Minnetonka businesses.

**Recommended Action**

Provide feedback and a recommendation on the proposed guidelines for establishing the Emergency Business Loan Fund Program.

**Strategic Profile Relatability**

Financial Strength & Operational Excellence  Safe & Healthy Community  
 Sustainability & Natural Resources  Livable & Well-Planned Development  
 Infrastructure & Asset Management  Community Inclusiveness  N/A

**Financial Consideration**

Is there a financial consideration?  No  Yes \$50,000 HRA Levy (Approved in 2021)  
Financing sources:  Budgeted  Budget Modification  New Revenue Source  
 Use of Reserves  Other [Enter]

**Background**

In [December 2020](#), the city council approved \$50,000 through the HRA Levy to support businesses with emergency expenses. With the influx of resources available through federal and state programs, the city did see the need to release the funds immediately, and through 2021, the city researched the needs of the businesses to determine the best possible use of the city-committed funds.

At the EDAC meeting on [March 10, 2022](#), staff presented the Business Development Strategy Work Plan, which outlined programmatic ideas for consideration to address issues identified in the 2021 business survey. Businesses indicated that loans and financing support were among the most critical potential future services that city staff could provide. Staff included the Emergency Business Program in the [2023-2027 Economic Improvement Program](#) as a program to develop in 2023 to address the businesses' request for financial assistance.

### **Program Details**

Staff developed guidelines for implementing the Emergency Business Assistance Program with an initial pool of \$50,000 from the 2021 approved HRA Levy. The program will provide one-time forgivable loans to local businesses that have experienced an emergency or unexpected hardship, which would prove burdensome for the business. The assistance will be structured as forgivable loans up to \$2,500. The Metropolitan Consortium of Community Developers (MCCD) or Elevate Hennepin (Hennepin County) will meet with businesses to identify the need for assistance prior to the disbursement of the forgivable loan.

### **Eligible Businesses:**

To be eligible to receive a loan through the Emergency Business Assistance Program, all applicants must meet the following criteria:

- Physically located within Minnetonka.
- Be a for-profit business legally allowed or licensed to operate within the City of Minnetonka.
- Be a locally owned and operated business.
- Be a legal entity registered with the Minnesota Secretary of State and be in good standing.
- Be in compliance with city ordinances, codes, licensing, and must not have any delinquent taxes, bills, or other charges due to the city.

### **Eligible Uses of Funds:**

Funding is for businesses experiencing an emergency or unexpected financial burdens. Staff declined to publish a specific list of eligible activities to allow for greater flexibility. Instead, the final use of program funds is based upon the recommendation received by a third-party business advisor or city staff review.

Examples of potential uses of funding include:

- Situational Marketing Assistance (In response to construction projects, road closures, detours, natural disasters, etc.)
- Technical Assistance (Consulting, Engineering, etc.)
- Unplanned relocation expenses (if within Minnetonka)
- Security Updates
- Inventory
- Critical Equipment Repair

Funding is not to be used for general operating expenses. For example, this program would not be for rent, payroll, utilities, and other non-capital costs.



Program Administration

Staff will administer this program internally. However, a business intending to apply must meet with a business assistance provider such as Open to Business or Elevate Hennepin before funding approval. The business consultant may be asked to recommend the best use of emergency funds to the client.

**Attachments**

Draft Emergency Business Fund Guidelines



## **Minnetonka Emergency Business Fund**

### **Purpose**

The City of Minnetonka approved \$50,000 through the HRA Levy in 2021 to be used for emergency business assistance. The fund has been established to provide one-time assistance of up to \$2,500 to local businesses that have experienced an emergency or unexpected cost, which would prove burdensome for the business operation and jeopardize job retention for employees.

Forgivable loan funds would be available on a first-come, first-served basis. The program is subject to funding available from the EDA. The EDA retains the authority and discretion to approve or deny an application and reserves the right to subsequently add different priorities, change eligibility criteria, or discontinue the program.

### **Eligibility**

To be eligible to receive a loan through the Minnetonka Emergency Business Fund, all applicants must meet the following criteria:

- Be located within the City of Minnetonka and have a physical commercial property
- Be a locally owned and operated business (including independently owned and operated franchises)
- Be a for-profit business
- Be a legal entity registered with the Minnesota Secretary of State, and be in good standing
- Be in compliance with city ordinances, codes, licensing, and must not have any delinquent taxes, bills, or other charges due to the city
- Must have met with a business advisor or city staff to determine project needs.

### **Ineligible Applicants**

Assistance will not be provided to businesses that:

- Do not have a physical commercial address located within the City of Minnetonka
- Primarily generate income from gambling activities, tobacco, THC, vaping, or other adult-oriented activities
- Are a non-profit organization

### **Eligible Expenses**

- Situational Marketing Assistance (In response to construction projects, road closures, detours, natural disasters, etc.)
- Technical Assistance (Consulting, Engineering, etc.)
- Unplanned relocation expenses (if within Minnetonka)
- Security Updates
- Inventory
- Critical equipment repair
- Operational systems repair

### Ineligible Expenses

- Rent
- Payroll Expenses
- Insurance Costs
- Taxes/Utilities
- Other Operating Expenses / Non-capital costs

### Loan Guidelines

1. **Amount:** Businesses may apply for a one-time forgivable emergency loan award not to exceed \$2,500. Staff will review each applicant's request for loan funds to determine the level of assistance that will be provided. Staff reserves the right to increase the award based on need.
2. **Uses:** The final use of funds will be based upon the recommendation received by a third-party business advisor or city staff. Examples include technical assistance, software, legal advice, etc.
3. **Term:** All loan funds must be utilized within three months of a fully executed loan agreement.
4. **Proof of Need:** All applicants must provide evidence of financial need for funds before approval.
5. **Proof of Expenses:** Applicant shall provide proof of eligible expenses requested to be paid with grant funds.
6. **Disbursement of Funds:** Funds shall be distributed within two weeks after all required parties have executed a loan agreement.
7. **Termination:** Minnetonka shall demand immediate payment of the loan if a loan recipient is found to violate any conditions outlined in the eligibility guidelines or the loan agreement.
8. **Right to Deny:** Minnetonka retains the right to deny funding to any applicant.
9. **Loan Agreement:** Upon an applicant being awarded loan funds, the loan recipient shall enter into a loan agreement with the Minnetonka EDA. Funds will not be distributed for any award until the applicant provides proof of expenses and a loan agreement with the Minnetonka EDA has been executed by all required parties.
10. **Forgiveness of Loan.** Once the EDA receives the proof of expenses described in Section 5, the EDA will forgive the loan and terminate the loan agreement.
11. **Reporting:** All grant recipients are required to submit a brief survey to the EDA within six months after receiving grant funds, specifying how the entirety of the grant funds was utilized and how this money benefitted the business. Recipients may be asked to provide evidence in the form of paid invoices, statements, or similar documentation.



12. **Funding Availability:** The Emergency Business Fund has a limited amount of funds available. Loans will be provided on a first-come, first-served basis until the earlier of the date the fund is exhausted.
13. **Indemnification:** All grant recipients shall be required to indemnify the City of Minnetonka, the Minnetonka Economic Development Authority, and any officers acting on their behalf.

### **Application Process**

Before applying, please review the Emergency Business Fund guidelines to determine eligibility for your business. A business must meet with a business advisor ([Open to Business](#), [Elevate Business HC](#), or other [partner](#)) or consult with city staff before applying.

Applications are available upon request at [bizsupport@minnetonkamn.gov](mailto:bizsupport@minnetonkamn.gov).

1. Upon receipt of an application, staff will confirm acceptance of the application via email.
2. Minnetonka staff and/or consultants will review the applications for eligibility. If additional documentation is necessary, staff will contact the applicant.
3. Funds will be awarded on a first-come, first-serve basis. Applications will be accepted until funds are fully committed.
4. Questions about the application and submissions should be sent to [bizsupport@minnetonkamn.gov](mailto:bizsupport@minnetonkamn.gov) or by hard copy to

City of Minnetonka  
Attn: Rob Hanson  
14600 Minnetonka Blvd.  
Minnetonka, MN 55345

### **Funding Process**

If an application is approved and funds are available, the business will be notified within seven business days and provided with an electronic loan agreement for signatures.

Upon execution of the signed loan agreement with the Minnetonka EDA, funds will be distributed within two weeks. Applicants can select electronic ACH payment or payment by check (which may take longer to receive).

Businesses receiving funds must commit to using the funds for eligible program expenses and agree to show proof of the expenses paid upon the request of the Minnetonka EDA within six months of receiving an award.