

Agenda

Minnetonka Economic Development Authority

Monday, April 11, 2016

Following the Regular Meeting

Council Chambers

1. Call to Order
2. Roll Call: Wagner-Ellingson-Allendorf-Acomb-Wiersum-Bergstedt-Schneider
3. Approval of Agenda
4. Approval of Minutes: March 28, 2016 EDA meeting
5. Business Items:
 - A. Resolution supporting an application to DEED for funds from the Minnesota Investment Fund in connection with StemoniX

Recommendation: Hold the public hearing and adopt the resolution (4 votes)
6. Adjourn

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Minutes
Minnetonka Economic Development Authority
Monday, March 28, 2016

1. Call to Order

Schneider called the meeting to order at 7:27 p.m.

2. Roll Call

Commissioners Tim Bergstedt, Tony Wagner, Bob Ellingson, Patty Acomb, Brad Wiersum, and President Terry Schneider were present. Dick Allendorf was excused.

3. Approval of Agenda

Bergstedt moved, Wiersum seconded a motion to accept the agenda with an addendum to item 5A. All voted "yes." Motion carried.

4. Approval of Minutes: February 29, 2016 meeting

Bergstedt moved, Wiersum seconded a motion to approve the February 29, 2016 minutes. All voted "yes." Motion carried.

5. Business Items:

A. Resolution approving HUD Subordination Language and Extension of Time to commence construction for Phase III of Glen Lake Development

Wiersum moved, Bergstedt seconded a motion to adopt Resolution 2016-002 approving HUD Subordination Language and Extension of Time to commence construction for Phase III of Glen Lake Development.

Bergstedt, Wagner, Wiersum, and Schneider voted "yes." Ellingson and Acomb voted "no." Motion carried.

6. Adjournment

Bergstedt moved, Wiersum seconded a motion to adjourn the meeting at 7:28 p.m. All voted "yes." Motion carried.

Respectfully submitted,

David E. Maeda
City Clerk

**Economic Development Authority Agenda Item #5A
Meeting of April 11, 2016**

Brief Description	Resolution supporting an application to DEED for funds from the Minnesota Investment Fund in connection with StemoniX
Recommendation	Hold the public hearing and adopt the resolution

Background

Recently, the city was contacted by DEED (Minnesota Department of Employment and Economic Development) and Greater MSP about a company locating its facility in Minnetonka. The company, StemoniX, plans to lease and improve the property located at 5909 Baker Road. The company produces microscope screening plates for pre-clinical drug discovery.

StemoniX was incorporated in April 2014 and is privately owned by the founders, angel investors predominately located in Minnesota, and company employees. The company currently has operations in San Diego, California but has not yet produced products commercially. The site at 5909 Baker Road would be the company's first commercial production facility.

Proposal

StemoniX plans to lease the facility in order to produce the screening plates. The details of the project are as follows:

- *Lease and improve a Minnetonka facility.* The company would lease the 10,000 square foot facility to accommodate growth in Minnesota. The company plans to invest up to \$1.5 million in furniture, fixtures, equipment, and IT equipment at the site.
- StemoniX plans to *generate twenty (20) new jobs* with an hourly wage averaging \$37 dollars an hour plus benefits, in addition to retaining six (6) existing employees.

Minnesota Investment Fund (MIF) and Proposed Loan

As part of the meetings with DEED and Greater MSP, the company became aware of DEED's program called the Minnesota Investment Fund (MIF). The MIF program is designed to retain and create high quality jobs, with focus on industrial, manufacturing, and technology related industries. The MIF program is also intended to be used to increase the local and state tax base and improve the economic vitality of the state.

Funds are awarded to cities from DEED. Cities then provide loans or grants to the business for such expenses as land, buildings, and equipment to assist in expansion. In

order to receive the funds, the business is required to create a minimum number of jobs at a certain wage level. Minnetonka has received various MIF funds for past projects.

The company is requesting \$300,000 to assist with the purchase of machinery and equipment. The loan would be structured as a forgivable loan, the loan terms and structure have not yet been determined.

The EDA's role is to service the loan, which is entirely from state funds with cash flowing in and out through the city's development fund. There are no actual city dollars involved. The exact terms of the agreement have yet to be determined between DEED, the EDA and StemoniX. However, the EDA will be asked to approve the loan agreement when details are finalized. The resolution authorizes the executive director and president to execute those documents.

Recommendation

Staff recommends the EDA hold the public hearing and adopt the resolution supporting the application to DEED for funds from the Minnesota Investment Fund.

Submitted through:

Geralyn Barone, City Manager

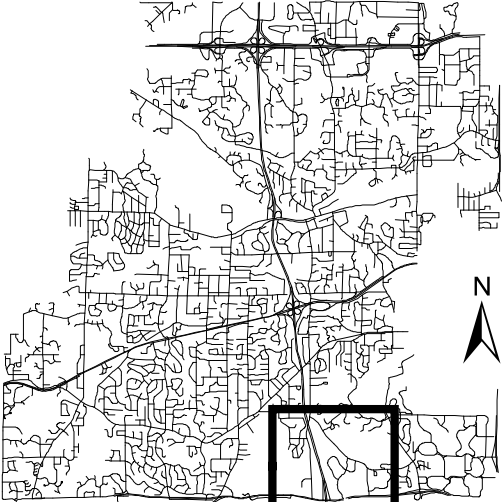
Originated by:

Julie Wischnack, AICP, Community Development Director
Alisha Gray, Economic Development and Housing Manager



Location Map

Address: 5909 Baker Rd



This map is for illustrative purposes only.

EDA Resolution No. 2016-

Resolution authorizing an application to the Minnesota Department of Employment and Economic Development for funding from the Minnesota Investment Fund for StemoniX

Be it resolved by the Board of Commissioners (the "Board") of the Economic Development Authority in and for the city of Minnetonka, Minnesota as follows:

Section 1. Background.

- 1.01. StemoniX is a business that plans to locate within the city of Minnetonka (the "City") at 5909 Baker Road.
- 1.02. StemoniX wants to renovate/expand this facility to meet the needs of their business (the "Project").
- 1.03. The Economic Development Authority is assisting StemoniX by applying for \$300,000 of financial assistance from the Minnesota Department of Employment and Economic Development.

Section 2. Findings.

- 2.01. The Economic Development Authority has the legal authority to apply for this financial assistance, and the institutional, managerial, and financial capability to ensure, through a contract with StemoniX, adequate construction, operation, maintenance and replacement of the proposed Project for its design life.
- 2.02. The Economic Development Authority has not incurred any costs and has not entered into any written agreements to purchase property in connection with the Project.
- 2.03. The Economic Development Authority has not violated any federal, state, or local laws pertaining to fraud, bribery, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice.
- 2.04. Upon approval of its application by the state, the Economic Development Authority may enter into an agreement with the State of Minnesota for the above-referenced project, and the City certifies that it will comply with all applicable laws and regulations as stated in all contract agreements and described on the Compliance Section (S-7) of the Business and Community Development Application.
- 2.05. City staff has reviewed information from the United States Bankruptcy Court and has found no concerns about StemoniX financial status. The City acknowledges that the failure to disclose any adverse information could result in revocation of assistance or other legal action.

Section 3. Board Action.

3.01. The Economic Development Authority shall act as the legal sponsor for the Project, and Terry Schneider, President and Geralyn Barone, Executive Director, are hereby authorized to execute the Business and Community Development Application to the Department of Employment and Economic Development for funding of this Project to be submitted on or about April 11, 2016.

3.02 Terry Schneider, President and Geralyn Barone, Executive Director are authorized and directed to execute such future agreements and amendments as necessary to implement the Project.

Adopted by the Board of Commissioners of the Economic Development Authority in and for the city of Minnetonka, Minnesota on April 11, 2016.

Terry Schneider, President

Attest:

David E. Maeda, Secretary

Action on this resolution:

Motion for adoption:

Seconded by:

Voted in favor of:

Voted against:

Abstained:

Absent:

Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the Economic Development Authority of the City of Minnetonka, Minnesota, at a duly authorized meeting held on April 11, 2016.

David E. Maeda, Secretary