

Agenda

Minnetonka Economic Development Authority

Monday, April 6, 2020

Following the Regular Meeting

Webex

1. Call to Order
2. Roll Call: Calvert-Schaeppi-Coakley-Kirk-Schack-Carter-Wiersum
3. Approval of Agenda
4. Approval of Minutes:
 - A. Feb. 24, 2020 EDA Meeting
5. Business Items:
 - A. Resolution approving emergency forgivable loans to address the impacts of COVID-19 on small businesses within the City of Minnetonka

Recommendation: Adopt the resolution (4 votes)
6. Adjourn

Minutes
Minnetonka Economic Development Authority
Monday, February 24, 2020

1. Call to Order

Wiersum called the meeting to order at 9:51 p.m.

2. Roll Call

Commissioners Brian Kirk, Rebecca Schack, Susan Carter, Deb Calvert, Bradley Schaeppi, Kissy Coakley and Brad Wiersum were present.

3. Approval of Agenda

Schack moved, Calvert seconded a motion to accept the agenda, as presented.

All voted "yes." Motion carried.

4. Approval of Minutes:

A. December 2, 2019 EDA minutes

Calvert moved, Schack seconded a motion to accept the minutes, as presented. Schack, Carter, Calvert and Wiersum voted "yes." Kirk, Schaeppi and Coakley abstained. Motion carried.

5. Business Items:

A. Shady Oak Crossing Redevelopment Contract for Private Development and Establishment of a TIF District Recommendation: Adopt the Resolutions

Community Development Director Julie Wischnack gave the staff report.

Carter moved, Calvert seconded a motion to adopt Resolutions 2020-001 and 2020-002, establishing a TIF District. All voted "yes." Motion carried.

6. Adjournment

Kirk moved, Calvert seconded a motion to adjourn the meeting at 9:53 p.m. All voted "yes." Motion carried.

Respectfully submitted,

Becky Koosman
City Clerk

**EDA Agenda Item #5A
Meeting of April 6, 2020**

Brief Description: Resolution approving emergency forgivable loans to address the impacts of COVID-19 on small businesses within the City of Minnetonka

Recommendation Adopt the resolution

Background

Over the last several weeks, staff has been engaging with local small businesses and property owners to facilitate discussions regarding the economic impacts of local businesses due to the COVID-19 pandemic. Through these conversations, staff is aware that there is an immediate need from the business community to access emergency funds to assist with payroll and lease payments, rent/mortgage assistance, employee health benefits, accounts payable, and other immediate business expenses.

The COVID-19 loan and grant funding that is available through the Small Business Administration (SBA) and the State of Minnesota Department of Employment and Economic Development (DEED [Link to available programs](#)) will likely not be available to businesses for several weeks or months, and is most easily accessible for businesses that have an existing relationship with lenders. Small businesses with smaller cash reserves, such as those ordered to close due to the governor's required business closures and stay at home orders, will be at a high risk of business failure.

In response to a more immediate short term issue, staff is recommending that the Economic Development Authority (EDA) consider allocating \$225,000 of the existing HRA levy fund balance to assist businesses with forgivable loans (grants) of up to \$7,500 per business. The purpose of this grant is to ensure the preservation of employment opportunities through the prevention of business closure to promote long-term economic vitality in the community. While this effort focuses on business stability, it also assists by allowing workers and business owners to support their ability to stay in their homes.

Proposed Eligibility

Staff is in the process of developing eligibility requirements for the grant program. This will include the preparation of a policy, application, and grant agreement based upon best practices. Basic eligibility for grant funding may include the following components:

- Eligible businesses may receive up to \$7,500 for immediate business expenses
- Businesses must provide evidence of loss of income due to COVID-19 and show profitability prior to the viral outbreak.
- Preference is given to small, locally-owned Minnetonka businesses with up to 20 employees
- Funds must be used to support a Minnetonka location if the business operates in more than one city
- Must be in business for at least one year at the time of application

City Assistance Request

Staff is recommending that the EDA designates \$225,000 of the existing fund balance from the HRA levy to provide emergency business assistance structured as forgivable loans. With this funding, approximately 30 grants will be available to businesses in need. This represents approximately 10 percent of the small businesses in Minnetonka.

There is a total HRA Levy fund balance of \$550,000, which has various designated uses from current and previous budgets. The proposal is to designate \$250,000 of the fund balance to the business assistance program, rather than for housing loan funds. Staff will explore requesting additional HRA levy funds during the 2021 budget discussion to replenish funding for these programs. The Welcome to Minnetonka and Minnetonka Home Enhancement programs will become self-sustaining in future years as the city receives repayments from previously disbursed loans.

The attached memo from Julie Eddington of Kennedy and Graven further explains the EDA's ability to provide loans or grants to businesses that are at risk of business failure. The city council and EDA are both required to approve resolutions supporting the small business forgivable loan program.

Next Steps

Staff will continue to prepare a policy, application, and agreement reviewed by the city's EDA attorney, Julie Eddington, prior to grant implementation. Staff anticipates that the grant will be available to businesses by the end of April.

Recommendation

Staff recommends the EDA adopt the resolution directing staff of the EDA authority to prepare policy guidelines, a forgivable loan application, and a forgivable loan agreement for the Minnetonka EDA COVID-19 Small Business Forgivable Loan Program.

Submitted through:

Geralyn Barone, City Manager
Darin Nelson, Finance Director

Originated by:

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

Attachments

Memo from Julie Eddington, Kennedy & Graven
Resolution



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MEMORANDUM

TO: Alisha Gray
FROM: Julie Eddington
DATE: March 30, 2020
RE: Emergency Economic Development Loans for Small Businesses to Lessen Impacts of COVID-19

ISSUE

The Minnetonka EDA is considering using some of its levy dollars to provide emergency economic development loans to local small businesses in order to lessen the economic impacts of COVID-19.

AUTHORITY

Ability to Make Loans

Pursuant to Minn. Stat. Section 469.192, a statutory city, a home rule charter city, an economic development authority, a housing and redevelopment authority, or a port authority may make a loan to a business, a for-profit or nonprofit organization, or an individual for any purpose that the entity is otherwise authorized to carry out under Minn. Stat. Sections 469.001 through 469.047 (the "HRA Act"), Minn. Stat. Sections 469.048 through 469.068 (the "Port Authority Act"), Minn. Stat. Sections 469.090 through 469.1082 (the "EDA Act"), Minn. Stat. Sections 469.124 through 469.133 (the "City Development Act"), Minn. Stat. Sections 469.152 through 469.1655 (the "Municipal Industrial Development Act"), or any special law.

Ability to Make Loans for Working Capital Expenses

Minn. Stat. Sections 469.101, subd. 12 provides that an EDA may exercise the *powers and duties* of a redevelopment agency under the Municipal Industrial Development Act for a purpose set forth in the HRA Act or the EDA Act. An EDA may also use the *powers and duties* in the HRA Act or the EDA Act for a *purpose* in the Municipal Industrial Development Act.

Section 469.152 of the Municipal Industrial Development Act provides that the welfare of the state requires the active promotion, attraction, encouragement, and development of economically sound industry and commerce through governmental action for the purpose of preventing the emergence of blighted and marginal lands and areas of chronic unemployment. It further states that by the use of the powers and procedures described in the Municipal Industrial Development Act, local government units and their agencies and authorities responsible for redevelopment and

economic development may prevent occurrence of conditions requiring redevelopment, or aid in the redevelopment of existing areas of blight, marginal land, and avoidance of substantial and persistent unemployment.

CONCLUSION

Due to the significant potential for closures of small businesses and persistent unemployment due to the impact of the COVID-19 pandemic in Minnesota, it is our opinion (based on the authority described above) that the Minnetonka Economic Development Authority has the legal authority to provide forgivable loans for working capital expenses to businesses for relief of the economic impacts of the COVID-19 pandemic.

Please contact me at your convenience with any questions regarding the foregoing.

KENNEDY & GRAVEN, CHARTERED

Julie Eddington

EDA Resolution No. 2020-

Resolution approving Emergency Forgivable Loans to Address the Impacts of COVID-19 on Small Businesses within the City of Minnetonka

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

Section 1. Background.

- 1.01. The Authority was created pursuant to Minnesota Statutes, Sections 469.090 through 469.1082, as amended, and was authorized to transact business and exercise its powers by a resolution adopted by the City Council of the City of Minnetonka, Minnesota (the “City”).
- 1.02. The Authority and the City have undertaken a program to promote economic development and job opportunities, promote the development and redevelopment of land which is underutilized within the City, and facilitate the development of affordable housing.
- 1.03. The spread of COVID-19 in the United States and Minnesota has raised serious public health concerns and resulted in a great deal of uncertainty. Much remains unknown about the virus and how it spreads.
- 1.04. On March 11, 2020, the World Health Organization determined that the COVID-19 outbreak constitutes a pandemic. On March 13, 2020, President Trump declared a national state of emergency as a result of the pandemic.
- 1.05. On March 13, 2020, Governor Tim Walz issued Emergency Executive Order 20-01, declaring a state of peacetime emergency to address the COVID-19 pandemic in Minnesota. The Governor’s Executive Order triggered activation of the City’s emergency management plan and enabled the City to exercise its emergency powers. The Governor has subsequently issued 23 additional Executive Orders to combat the impacts of COVID-19 within the State of Minnesota, which include closures of schools, bars, restaurants, and other places of public accommodation, and directing Minnesotans to stay at home (with exceptions for obtaining necessary supplies, healthcare and similar needs) unless they are engaged in critical sector work.
- 1.06. On March 16, 2020, the Mayor of the City issued Declaration 2020-01, declaring a local emergency. On March 16, 2020, the City Council of the City approved Resolution 2020-029 consenting to the Mayor’s declaration and formally authorizing the City to implement its Emergency Operations Plan and Pandemic Response Plan. These plans provide the basic strategy of the City to mobilize resources, conduct activities to guide and support local emergency management efforts, and authorize city staff to take actions deemed necessary to protect the public health and safety.

Section 2. Creation of COVID-19 Small Business Loan Program.

- 2.01. Many businesses within the City have been economically impacted by the Governor's Emergency Executive Orders in response to the COVID-19 pandemic.
- 2.02. The Authority has the power of a housing and redevelopment authority and an economic development authority and may provide forgivable loans to businesses for purposes of preventing blight and preventing substantial and persistent unemployment.
- 2.03. In order to retain small businesses in the City, the Authority has determined to create the Minnetonka EDA COVID-10 Small Business Loan Program to assist with the expenses incurred and specifically caused by the impact of the Governor's Emergency Executive Orders. The Authority has determined to use up to \$225,000 in levy funds for the loan program and provide forgivable loans in the amount of up to \$7,500 to small businesses in the City.

Section 3. Approvals.

- 3.01. The staff of the Authority are hereby authorized and directed to prepare policy guidelines, a loan application, and a forgivable loan agreement for the Minnetonka EDA COVID-10 Small Business Loan Program.

Adopted by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka, Minnesota, on April 6, 2020.

Brad Wiersum, President

Attest:

Becky Koosman, 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 Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka, Minnesota, at a meeting held on April 6, 2020.

Becky Koosman, Secretary