



**ECONOMIC DEVELOPMENT AUTHORITY MEETING
VIRTUAL MEETING HELD VIA WEBEX
SEPTEMBER 21, 2020
7:15 PM (IMMEDIATELY FOLLOWING THE HRA MEETING)**

Call to Order

Attendance

Open Forum: Opportunity for Citizens to address the EDA on items not on the Agenda; dial phone number 612-861-0651. As you call in, a moderator will assist you

Approval of the minutes of the regular Economic Development Authority meeting of August 17, 2020.

AGENDA APPROVAL

1. **Consent Calendar contains several separate items which are acted upon by the EDA in one motion. Once the Consent Calendar has been approved, the individual items and recommended actions have also been approved. No further EDA action on these items is necessary. However, any EDA Commissioner may request that an item be removed from the Consent Calendar and placed on the regular agenda for EDA discussion and action. All items listed on the Consent Calendar are recommended for approval.**

A. Consideration of resolution correcting the Economic Development Authority proposed property tax levy for payable 2021.

Staff Report No. 15

2. Consideration of items, if any, removed from Consent Calendar

RESOLUTIONS

3. Consideration of a resolution creating a second round of Economic Development Authority administered COVID-19 Small Business Assistance Forgivable Loans and authorizing the Executive Director and Economic Development Authority legal counsel to modify the terms of all COVID loans (both rounds).

Staff Report No. 16

EDA DISCUSSION ITEMS

4. EDA Discussion Items

EXECUTIVE DIRECTOR REPORT

5. Executive Director's Report

CLAIMS AND PAYROLLS

6. Claims

7. Adjournment

Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9738.



ECONOMIC DEVELOPMENT AUTHORITY MEETING MINUTES

Richfield, Minnesota

August 17, 2020

CALL TO ORDER

The meeting was called to order by President Supple at 7:48 p.m. via Webex.

EDA Members Present: Mary Supple, Chair; Maria Regan Gonzalez; Sue Sandahl; Erin Vrieze Daniels; and Pat Elliott.

EDA Members Absent: None

Staff Present: Katie Rodriguez, City Manager; John Stark, Executive Director; Julie Urban, Housing Manager; Myrt Link, CD Accountant and LaTonia DuBois, Administrative Assistant.

OPEN FORUM

Administrative Assistant DuBois announced live comment is now available and provided the phone number along with instructions for submitting comments prior to the meetings. There were no speakers.

APPROVAL OF MINUTES

M/Elliott, S/Sandahl to approve the minutes of the regular EDA meeting of June 15, 2020

Motion carried 5-0

Item #1	APPROVAL OF THE AGENDA
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M/Regan Gonzalez, S/Elliott to approve the agenda.

Motion carried 5-0

Item #2	CONSIDERATION OF RESOLUTIONS APPROVING THE 2021 PROPOSED ECONOMIC DEVELOPMENT AUTHORITY BUDGET AND TAX LEVY AND THE 2020 REVISED ECONOMIC DEVELOPMENT AUTHORITY BUDGET. (S.R. NO 14)
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Executive Director Stark shared the EDA Budget presentation and offered explanation to the change in the levy and how the levy is reflected on resident’s taxes and why the EDA levy was being reduced \$30,000.

City Manager Rodriguez offered further explanation regarding the tax levy and the need for the reduction to the EDA levy.

Executive Director Stark explained how the levy affects the budget and spoke of current reserve funds and explained changes in the 2020 budget and the proposed 2021 budget and reviewed EDA budget highlights.

President Supple opened the phone lines for live comment on the budget; Administrative Assistant DuBois provided the phone number for live comment.

Commissioner Vrieze Daniels inquired about why the Transformation Home Loan and Apartment Rehab home loans under the EDA opposed to the HRA.

Executive Director Stark explained that due to restrictive HRA pooled funds the EDA was created levied EDA taxes are less restrictive.

President Supple inquired about callers for live comment, there were no callers.

President Supple explained the change to the EDA levy for \$529,190 which differs from the amount in the agenda packet.

Commissioner Sandahl inquired about the \$30,000 reduction.

Executive Director Stark explained the \$30,000 would come out of the surplus.

M/Regan Gonzalez, S/Vrieze Daniels to set the EDA levy at \$529,190

Motion carried 5-0

RESOLUTION NO. 24
RESOLUTION APPROVING PROPOSED 2021 ECONOMIC DEVELOPMENT
AUTHORITY BUDGET AND CERTIFYING THE 2021 TAX LEVY

M/Regan Gonzalez, S/Vrieze Daniels to approve a resolution authorizing the revision of the 2020 EDA budget.

RESOLUTION NO. 25
RESOLUTION AUTHORIZING REVISION OF THE 2020 BUDGET OF THE
ECONOMIC DEVELOPMENT AUTHORITY OF RICHFIELD

Motion carried 5-0

Item #3	EDA DISCUSSION ITEMS
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Commissioner Regan Gonzalez shared gratitude for amazing work being done by the HRA and EDA staff.

President Supple inquired about Season’s Park.

Housing Manager Urban provided an update regarding the refinance of the Season’s Park mortgage to allow \$6 Million in rehab funding and mentioned different rehab and upgrades that were starting at Season’s Park.

Item #4	EXECUTIVE DIRECTOR'S REPORT
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Executive Director Stark explained the efforts put forth by CD Accountant Myrt Link to put together the budgets and thanked her for all her hard work.

Mentioned a second round of possible Covid Loans being proposed in the coming months and asked commissioners to provide insight as to how the EDA could assist businesses.

President Supple expressed appreciation for the Covid Loan program

Item #5	CLAIMS
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M/Regan Gonzalez, S/Sandahl that the following claims be approved:

U.S. BANK	7/20/2020
EDA Checks: 20451-20465	\$11,463.68
TOTAL	\$11,463.68

U.S. BANK	8/17/2020
EDA Checks: 20466-20483	\$21,283.34
TOTAL	\$21,283.34

Item #8	ADJOURNMENT
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The meeting was adjourned by unanimous consent at 8:18 p.m.

Date Approved: September 21, 2020

Mary B. Supple
President

LaTonia DuBois
Administrative Assistant

John Stark
Executive Director



STAFF REPORT NO. 15
ECONOMIC DEVELOPMENT AUTHORITY
MEETING
9/21/2020

REPORT PREPARED BY: Chris Regis, Finance Director & Myrt Link, Community Development Accountant

OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: John Stark, Executive Director
9/15/2020

ITEM FOR COUNCIL CONSIDERATION:

Consideration of resolution correcting the Economic Development Authority proposed property tax levy for payable 2021.

EXECUTIVE SUMMARY:

At the August 17, 2020 Economic Development Authority (EDA) meeting a resolution was presented for approval that contained the proposed tax levy for payable 2021 in the amount of \$540,605.

Within the budget document in the EDA General Fund, budgeted revenues for property taxes was \$529,790. The amount the EDA Board changed the tax levy for payable 2021 and approved was \$529,190. However, this was incorrect. This amount of \$529,790 represents the original tax levy amount of \$540,605 less a 2% uncollectible reduction. Therefore, a new resolution needs to be passed with a proposed tax levy for payable 2021 in the amount of \$540,605.

RECOMMENDED ACTION:

By motion: Adopt the attached resolution correcting the proposed tax levy for payable 2021.

BASIS OF RECOMMENDATION:

A. **HISTORICAL CONTEXT**

- N/A

B. **POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- Minnesota Statutes require adoption of a preliminary levy from each taxing authority.

C. **CRITICAL TIMING ISSUES:**

- As required by State Statutes, each taxing authority must certify its proposed tax levy for the payable year 2021 to the County Auditor on or before September 30, 2020.

D. **FINANCIAL IMPACT:**

- The Proposed 2021 EDA levy represents a 2.42% decrease from the previous year's levy.
- The levy is approximately \$156,721 less than the maximum EDA levy established by law of the .01813% of the City's total estimated taxable market value.

E. **LEGAL CONSIDERATION:**

- N/A

ALTERNATIVE RECOMMENDATION(S):

- None

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

Description	Type
□ Resolution	Resolution Letter

EDA RESOLUTION NO.

**RESOLUTION APPROVING PROPOSED 2021 ECONOMIC DEVELOPMENT
AUTHORITY BUDGET AND CERTIFYING THE 2021 TAX LEVY**

BE IT RESOLVED by the Housing and Redevelopment Authority of the City of Richfield, Minnesota as follows:

Section 1. The budget for the Economic Development Authority General Fund of Richfield for the year 2021 in the amount of \$398,250 is hereby ratified.

Section 2. The estimated gross revenue of the Economic Development Authority General Fund of Richfield from all sources, including general ad valorem tax levies as hereinafter set forth for the year 2021, and as the same are more fully detailed in the Executive Director's official copy of the budget for the year 2021, in the amount of \$532,140 is hereby approved.

Section 3. There is hereby levied upon all taxable property in the City of Richfield an ad valorem tax in 2020, payable in 2021 for the following purposes:

Economic Development Authority	\$540,605
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Section 4. A certified copy of this resolution shall be transmitted to the County Auditor.

Resolution No. 24, adopted on August 17, 2020, is hereby superseded by this resolution and is of no further effect.

Adopted by the Economic Development Authority in and for the City of Richfield, Minnesota this 21st day of September, 2020.

Mary B. Supple, President

ATTEST:

John Stark, Executive Director



STAFF REPORT NO. 16
ECONOMIC DEVELOPMENT AUTHORITY
MEETING
9/21/2020

REPORT PREPARED BY: John Stark, Executive Director
OTHER DEPARTMENT REVIEW:

EXECUTIVE DIRECTOR REVIEW: John Stark, Executive Director
9/16/2020

ITEM FOR COUNCIL CONSIDERATION:

Consideration of a resolution creating a second round of Economic Development Authority administered COVID-19 Small Business Assistance Forgivable Loans and authorizing the Executive Director and Economic Development Authority legal counsel to modify the terms of all COVID loans (both rounds).

EXECUTIVE SUMMARY:

In response to the devastating impacts that the COVID-19 pandemic has on our local business community, the Richfield Economic Development Authority (EDA) created a local COVID-19 Small Business Assistance Forgivable Loan (Loan) on April 20. This Loan program resulted in 36 loans averaging over \$3,700 each (see attached results summary).

In June, staff learned that grants and forgivable loans, such as those provided by the EDA, can be reimbursed from federal Care\$ Act funding. The City (and associated entities) was awarded approximately \$2.7 million in Care\$ Act funding. Only those funds which are not returned to the EDA are eligible for reimbursement. As a result, staff is recommending amending the Loan terms to provide better guidance on which portions of the Loan would be forgivable (see attached Loan Summary). Because our understanding of the provisions of the Care\$ Act is constantly being augmented, staff is seeking authorization for authority of the Executive Director, with written support from EDA legal counsel Julie Eddington, to amend the terms of the loans of the Loan program (both existing loans and any future loans).

Due to continuing need in the local business community, staff is recommending a second round of forgivable loans. The recommendation is to provide up to \$118,000 in funding to provide and/or administer loans. If loan amounts are similar to the first round of funding, this should assist 25-30 businesses. Based on experiences in reviewing and awarding loans in the first round, staff is recommending that a business must be, or become, registered with the Minnesota Secretary of State as a condition of loan approval. This would provide a greater measure of legitimacy of a business when other documentation is lacking (as was the case with several applicants in the first round). As the result of discussions with the City Manager and City Department Heads, staff is recommending that the EDA seek reimbursement of 100% of costs (including staff time) already expended in the first round of providing the COVID-19 Small Business Assistance Forgivable Loan and reimbursement of at least 70% of the costs for this second round. The EDA has funding available in its Business Assistance budget line item to fund the remaining 30% (\$35,400).

RECOMMENDED ACTION:

By motion: Approve a resolution amending the terms of the Economic Development Authority administered COVID-19 Small Business Assistance Forgivable Loans and authorizing a second round

of loans.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The impacts of the global pandemic on local businesses is unprecedented.
- The first round of loans (authorized by the EDA on April 20, 2020) were administered without any major issues.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

- Minnesota state statutes give Economic Development Authorities the ability to provide business loans, including forgivable loans.

C. CRITICAL TIMING ISSUES:

- In order to be eligible for reimbursement with Federal Care\$ Act funding, costs must be incurred by November 15, 2020.

D. FINANCIAL IMPACT:

- It is hoped that 100% of the first round will be reimbursed by Federal Care\$ Act funds. Only those loan funds which the EDA does not forgive (and would therefor be returned to the EDA as repayment by loan recipients) is not eligible for federal reimbursement.
- Similarly, Care\$ Act funding would be sought for at least 70% of round two funding.
- The EDA has sufficient funding available in its Business Assistance programming to absorb the remaining 30% for round two (\$35,400).

E. LEGAL CONSIDERATION:

- EDA legal counsel (Julie Eddington of Kennedy & Graven) prepared the resolution under consideration and has been consulted in all aspects of this loan program.

ALTERNATIVE RECOMMENDATION(S):

- Do not authorize the use of funds as recommended.

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

	Description	Type
□	Resolution	Resolution Letter
□	COVID Loan Recipient Summary	Backup Material
□	Covid Loan Round 2 - rules/procedures	Backup Material

RICHFIELD ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. _____

**RESOLUTION IMPLEMENTING A COVID-19 SMALL BUSINESS ASSISTANCE FORGIVABLE
LOAN PROGRAM**

WHEREAS, 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, and much remains unknown about the virus and how it spreads; and

WHEREAS, on March 11, 2020, the World Health Organization determined that the COVID-19 outbreak constitutes a pandemic, and on March 13, 2020, President Trump declared a national state of emergency as a result of the pandemic; and

WHEREAS, 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, which triggered activation of the emergency management plan of the City of Richfield, Minnesota (the “City”) and enabled the City to exercise its emergency powers; and

WHEREAS, the Governor has subsequently issued 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; and

WHEREAS, on March 16, 2020, the Mayor of the City issued a proclamation declaring a local emergency invoking the City’s emergency plan and authorizing other appropriate community containment and mitigation strategies and authorizing city staff to take actions deemed necessary to protect the public health and safety; and

WHEREAS, the Richfield Economic Development Authority (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; and

WHEREAS, on April 20, 2020, the Authority approved the COVID-19 Small Business Assistance Forgivable Loan Program (the “COVID-19 Loan Program”) to assist area businesses with the expenses incurred and specifically caused by the impact of the pandemic and the Governor’s Emergency Executive Orders; and

WHEREAS, in order to continue to retain small businesses in the City, the Authority has determined to create a second round of the COVID-19 Small Business Assistance Forgivable Loan Program (the “COVID-19 Loan Program”) to assist area businesses with the expenses incurred and specifically caused by the impact of the pandemic and the Governor’s Emergency Executive Orders; and

WHEREAS, the second round of the COVID-19 Loan Program is expected to be funded in an amount of up to \$118,000; and

WHEREAS, revised guidelines for the second round of the COVID-19 Loan Program are on file with the Executive Director and have been presented before the Board of Commissioners of the Authority; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Richfield Economic Development Authority as follows:

1. The implementation of the second round of the COVID-19 Loan Program by the Authority is hereby approved.

2. The Executive Director of the Authority and the Authority's legal counsel shall have the discretion to make changes to the loan program guidelines and the loan program documents as needed to conform with the most recent guidance for the use of CARES Act funds and to conform the COVID-19 Loan Program to the needs of the small businesses in the City of Richfield.

3. This resolution shall be in full force and effect as of the date hereof.

Adopted by the Richfield Economic Development Authority this 21st day of September, 2020.

Mary B. Supple, President

John Stark, Executive Director

RC260-1 (JAE)
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Richfield COVID Business Loans

Of the 38 applications received, 36 loans were issued.

Of the 2 not funded, one was ineligible (not a Richfield business) and one needs to provide additional information.

\$132,400 in loans was awarded for an average loan of \$3,725.

5 businesses received the maximum \$7,500 loan.

22 (61%) of the loans were made to businesses with a physical commercial space in Richfield.

14 (40%) of the loans were to home-based/non-physical location businesses.

24 (67%) loans were made to women-owned business

10 (28%) loans were made to minority-owned businesses (and all 10 of these were also women-owned)

14 (39%) of the businesses were sole-proprietorships.

21 (58%) businesses had at least one part-time employee and represented a total of 181 owners and employees (134.5 FTEs).

A wide variety of business types were represented:

- 6 Health Care-related
- 6 Retail/wholesale Sales
- 5 Restaurants
- 5 Fitness/Dance
- 3 Consultants/Independent Contractors
- 2 Hair Salons
- 2 Construction-related contractors
- 2 Pet Service-related
- 2 Music-related
- 1 Service
- 1 Real Estate
- 1 Child Care

Richfield Economic Development Authority
September, 2020

Richfield Economic Development Authority
COVID-19 Small Business Assistance Forgivable Loan (Round 2)

Funding: \$ _____

Loan/Grant Amount: \$2,500 for first employee + \$500 for each add'l employee up to \$7,500

Eligible Businesses:

- a. Businesses continuously operating in Richfield for at least a 12-month period (from March 1, 2019 to March 1, 2020).
- b. Businesses with no more than 25 FTE Employees as of January 2020.
- c. For-profit businesses only (public agencies or nonprofit organizations are not eligible).
- d. Business must be registered as a business with the Minnesota Secretary of State (or do so prior to the awarding of funds).
- e. Businesses that have not already received a Richfield EDA Forgivable Loan in 2020.
- f. Businesses who primarily sell pawned merchandise, guns, tobacco or vaping products are not eligible.
- g. For purposes of counting employees toward the grant reward:
 - a. The owner(s)/manager(s) of the business shall count first employees
 - b. Employees who are provided with a W2 from a Richfield employer can be counted toward the total;
 - c. Employees who are provided with a 1099 from a Richfield employer can be counted toward the total only if they are not eligible to apply for a Richfield COVID-19 Forgivable Loan as self-employed contractors (eligibility would require them to have a Richfield address as their business address and would need to have been in business in Richfield continuously from 3/19 to 3/20). If a business is to include 1099 employees toward their loan application, the name and mailing address of any 1099 employee must be included in the application.
 - d. An employee must work more 32 hours or more per week for at least 3 months to be considered a full-time employee.

Consideration of applications will be weighted with more preference given to those who:

- Were impacted by Minnesota Executive Order 20-04, 20-08, and 20-09; including (but not limited to):
 - a. Restaurants
 - b. Coffee Houses and Cafes
 - c. Beauty Salons, Barber Shops, Nail Salons, Spas, etc.
 - d. Medical or Dental facilities primarily performing elective procedures
 - e. Fitness Centers and Recreational Facilities
- Have operated in Richfield the longest
- Owner/General Manager is a Richfield Resident
- Can demonstrate a high number or percentage of employees are Richfield residents
- Can demonstrate some extraordinary hardship related to COVID-19
- Can demonstrate that the business contributed to the fight against COVID-19 (by providing PPE's, cleaning supplies, childcare to essential workers, etc.)
- Is a woman or minority owned business

Loan Terms

- Loan shall be documented by a Loan Agreement.
- 0% interest accrual until 12/31/21; 2.25% APR thereafter with biannual payments of 12.5% of the principal due every 6 months beginning 1/31/22.
- Up to 100% forgiven upon evidence that the business has incurred commensurate expenses in the following after receiving it's EDA loan funding:
 - COVID Expenses (PPE's, cleaning supplies, etc.)
 - Payroll Expenses
 - Capital Improvements visible from a public street
 - Other expenses as detailed and approved in the loan application documents

And/Or

- Up to 100% forgiven by 12/31/21 if the business is operational for at least 9 consecutive weeks in 2021
- In circumstances deemed by the EDA Board to constitute a hardship, a portion or the entirety of the remaining loan balance may be forgiven after 12/31/21.
- The loan proceeds may be considered taxable income by the federal and/or state government.

The EDA COVID-19 Forgivable Loan is being considered at the discretion of the Richfield Economic Development Authority (EDA) and should not be considered as an entitlement.

Data Privacy

The EDA is subject to Minnesota Statutes Chapter 13 (the "Minnesota Government Data Practices Act"). Under the Minnesota Government Data Practices Act, when businesses apply for a loan from the EDA, the financial information about the business, including credit reports; financial statements; net worth calculations; business plans; income and expense projections; balance sheets; customer lists; income tax returns; and design, market, and feasibility studies not paid for with public funds are all private data. However, once the business receives a loan from the EDA, the information provided will be public data, except that the following data remain private: business plans; income and expense projections not related to the financial assistance provided; customer lists; income tax returns; and design, market, and feasibility studies not paid for with public funds.