

**OSSEO ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING MINUTES
July 13, 2020**

1. ROLL CALL

President Poppe called the regular meeting of the Osseo Economic Development Authority to order at 6:02 p.m., Monday, July 13, 2020. Due to the COVID-19 pandemic this meeting was held virtually.

Members present: Teresa Aho, Deanna Burke, Harold E. Johnson, Sherry Murdock, Duane Poppe, Mark Schulz, Larry Stelmach.

Members absent: None.

Staff present: Executive Director Riley Grams and City Attorney Mary Tietjen.

Others present.

2. APPROVAL OF AGENDA

A motion was made by Stelmach, seconded by Burke, to approve the Agenda as presented. A roll call vote was taken. The motion carried 7-0.

3. APPROVAL OF MINUTES – JUNE 8, 2020

A motion was made by Burke, seconded by Murdock, to approve the minutes of June 8, 2020, as presented. A roll call vote was taken. The motion carried 7-0.

4. MATTERS FROM THE FLOOR – None.

5. PUBLIC HEARINGS – None.

6. ACCOUNTS PAYABLE

Executive Director Riley Grams presented the EDA Accounts Payable listing.

A motion was made by Johnson, seconded by Stelmach, to approve the Accounts Payable. A roll call vote was taken. The motion carried 7-0.

7. OLD BUSINESS – None.

8. NEW BUSINESS

A. APPROVE ASSIGNMENT AND ASSUMPTION OF DEVELOPMENT AGREEMENT FOR COTTEN'S NAPA (Resolution)

Grams stated the EDA entered into a development agreement with Cotten's Automotive Supply on March 8, 2004. Since then, the company has transferred its obligations and responsibilities to CAS Properties, LLC. Because of this transfer, the EDA will need to consent

to the assignment of the development agreement. By consenting, all future TIF payments will be made to CAS Properties, LLC. This is a basic housekeeping/record keeping approval. The EDA may recall that similar action was taken a few years ago on Celtic Crossing properties with MEER, LLC. The EDA will need to approve the assignment and assumption of the development agreement and approve the attached Resolution.

A motion was made by Johnson, seconded by Stelmach, to adopt EDA Resolution No. 2020-1, approving the assignment and assumption of the Cotten's NAPA development agreement to CAS Properties, LLC. A roll call vote was taken. The motion carried 7-0.

B. DISCUSS EDA COVID-19 SMALL BUSINESS RELIEF GRANT PROGRAM

Grams explained the City is eligible for CARES Act (federal Coronavirus Aid, Relief, and Economic Security) funding which is intended to financially support local governments with costs associated with the COVID-19 pandemic. Those funds should be coming from the State soon. The City of Osseo is eligible for \$205,604 (which is based on each city's population). Those funds can be used to reimburse local governments with certain costs and expenditures associated with the on-going pandemic.

Grams reported one potential use for those funds is for a localized small business grant or loan program. A grant program does not require recipients pay the funds back over time, while a loan program does require recipients pay the funds back over time. Many metro area cities have set up, or are in the process of setting up, similar type programs and they are generally being managed by the local EDA (if there is one). He has reviewed several different programs and compiled what he believes to be a good program for the City of Osseo and its small businesses. The intent of these funds is to support those smaller businesses that have struggled due to the pandemic. The funds are not intended for larger businesses or chain locations. Details of the program were reviewed by staff and it was recommended a review committee be established for the grant requests. Staff commented further on the proposed relief grant program and feedback was requested from the EDA.

Stelmach clarified utilities, mortgage, and rent payments were eligible expenses for reimbursements. Grams understood this to be the case after receiving information from the League of Minnesota Cities.

Stelmach indicated he sent 30 emails last night to local business owners about the potential program. He stated several owners responded with questions about the terms surrounding employee training, extraordinary costs, and transitioning to online sales. He requested staff address these matters further. Grams explained he anticipated the League of Minnesota Cities was getting bombarded with these same questions. He commented more information came out on Friday and the information submitted in the packet was somewhat outdated.

Stelmach asked if the EDA was being asked to set criteria to help guide future decisions. Grams stated this was his hope because he didn't want to have to wait another month to have to roll out this program.

Murdock did not believe the EDA would be able to approve an entire program tonight given the fact the document was already out of date and additional research was needed.

Stelmach questioned why non-profits were not eligible for the grant funds. Grams commented he was following the direction that had been followed by other communities.

Schulz stated he had been following the League's documentation, along with Hennepin County's documentation. He reported the purpose was to get this document done this evening. He encouraged the EDA to focus on the activities that were eligible for relief grant funding. He indicated staff did the best he could with the information he had at the time when proposing this program. He explained new information has since become available from Hennepin County and the League of Minnesota Cities. He commented further on this information and how it pertained to eligible expenditures. He supported the EDA amending staff's email to have eligible expenses include rent payments, mortgage payments, utility payments, payroll expenses, inventory, and business license fees. He stated if business owners showed these expenses have been paid, it would be a straight forward process.

Stelmach agreed stating this was straightforward. He requested non-profits be included in the grant program, noting Yellow Tree Theatre was an asset in the community.

Schulz indicated Hennepin County has excluded non-profits. He recommended staff investigate this matter further to see if non-profits can be included. He commented on the ability to modify the program and the number of businesses that could be helped in the community with these funds. Grams clarified non-profits were not eligible for assistance at the County level. He requested comment from the City Attorney regarding this matter. City Attorney Tietjen explained she would search for an answer to this question.

Schulz commented the EDA was set up to have a conflict of interest regarding the proposed program. He stated he felt confident the EDA could move forward with the program and a committee should be set up to assist with reviewing requests.

Johnson questioned if a new business was eligible for these funds. He asked if property owners would be eligible for funds.

Poppe explained eligible businesses must have employed 25 or fewer employees on March 1, 2020.

Johnson commented there were property owners that were losing rent at this time and these property owners should be considered eligible for this program. He estimated the City would be receiving \$205,000 in CARES Act dollars. He discussed how the dollars could be used to assist with COVID-19 expenditures by the City as well as for small business relief.

Schulz reviewed the language within the Hennepin County document stating ineligible businesses cannot derive income from passive investments without operational ties to operating businesses. He stated this would mean property owners with renters would not be eligible for small business relief grant dollars.

Poppe supported the new information from staff and recommended the program move forward with an approval committee to assist with review of any grant dollar requests.

Schulz questioned who staff was recommending serving on the approval committee. Grams stated he was thinking of himself along with two or three EDA members (those that do not have conflicts of interest).

Schulz inquired when the approval committee meetings would be held. Grams commented he was uncertain of those details, but noted applications could be reviewed by the committee

members and feedback could be provided to staff. Otherwise, if the EDA preferred, a WebEx meeting could be scheduled.

Johnson supported the applications remain anonymous. He wanted to be assured the committee members would judge the requests considered based upon the needs of the business and not who the owner of the business was. He indicated he would like to help many businesses in Osseo. Grams commented if the CARES Act dollars were all utilized by the EDA, the EDA could ask the City Council for additional funding if there was still a need in the community.

Schulz questioned how this program would be communicated to the public. He suggested EDA members speak to business owners personally regarding this program.

Murdock indicated the EDA may have to consider additional funding for this program if over 20 businesses were interested in grants.

Johnson asked how the City would be promoting this program. Grams stated information could be posted on the City's website, Facebook, and Twitter accounts. In addition, information can be placed on the City's gateway sign. He reported a postcard could also be sent out to local business owners for a relatively low expense. He anticipated that word of mouth would be the most effective form of communication.

Stelmach inquired if staff had an email list for local business owners. Grams reported this was something staff was working on and noted an email blast could be sent out as well.

Grams summarized the comments received from the EDA stating the eligible expense language should be modified to include rent, mortgage, utility, payroll expenses, etc.

City Attorney Tietjen reported the League of Minnesota Cities was supposed to be providing clarification on language regarding non-profits, but this was not available yet. She explained she would report back to staff and the EDA once language had been drafted by the LMC.

Further discussion ensued regarding the Payment Protection Plan (PPP).

Grams questioned if new businesses should be considered for grant funds.

Poppe supported the language that was in place that required the business to be in place with 25 or fewer employees by March 1, 2020.

Grams asked if the EDA supported the \$3,000 grant amount.

Burke suggested the grants be within a range of \$3,000 to \$5,000.

Grams supported the EDA setting a firm amount. The EDA recommended the grants remain at \$3,000 and that \$120,000 be set aside for the small business relief grants.

Grams inquired who would be interested in serving on the approval committee. Burke and Johnson volunteered to serve on the committee.

Schulz asked that Poppe asked for abstentions on this vote. City Attorney Tietjen explained EDA members that owned small businesses would not have to abstain from voting on this program. She stated she was comfortable with every EDA member voting on this item.

A motion was made by Stelmach, seconded by Burke, to approve the EDA COVID-19 Small Business Relief Grant program as discussed. A roll call vote was taken. The motion carried 4-0-3 (Aho, Schulz, and Stelmach abstained).

9. REPORTS OR COMMENTS: Executive Director, President, Members

Schulz thanked Xfinity employee Pat Arntson for fixing the main internet hub in downtown Osseo.

Johnson stated the SBA was creating a new loan program called Economic Injury Disaster Loans which would range from \$1,000 to \$10,000.

10. ADJOURNMENT

A motion was made by Schulz, seconded by Johnson, to adjourn at 7:04 p.m. A roll call vote was taken. The motion carried 7-0.

Respectfully submitted,

Heidi Guenther
Minute Maker Secretarial