



AGENDA – REGULAR MEETING
6:00 p.m., March 11, 2019

Economic Development Authority

- 1. ROLL CALL**
- 2. OATH OF OFFICE FOR NEW MEMBERS**
- 3. APPROVAL OF AGENDA**
- 4. APPROVAL OF MINUTES**
 - A. February 11, 2019
- 5. MATTERS FROM THE FLOOR**
- 6. PUBLIC HEARING**
- 7. ACCOUNTS PAYABLE**
- 8. OLD BUSINESS**
 - A. Approve EDA Investment Policy
- 9. NEW BUSINESS**
 - A. “Open to Business” Program Presentation—Rob Smolund, MCCD
- 10. REPORTS OR COMMENTS: Executive Director, President, Members**
- 11. ADJOURNMENT**



OSSEO ECONOMIC DEVELOPMENT AUTHORITY OATH OF OFFICE

I, Deanna Burke, do solemnly swear to support the Constitution of the United States, the Constitution of the State of Minnesota, and to discharge faithfully the duties of the office of Economic Development Authority member of the City of Osseo, Minnesota, to the best of my judgment and ability, so help me God.

Dated: March 11, 2019

Signature

Witness:



OSSEO ECONOMIC DEVELOPMENT AUTHORITY OATH OF OFFICE

I, Sherry Murdock, do solemnly swear to support the Constitution of the United States, the Constitution of the State of Minnesota, and to discharge faithfully the duties of the office of Economic Development Authority member of the City of Osseo, Minnesota, to the best of my judgment and ability, so help me God.

Dated: March 11, 2019

Signature

Witness:

**OSSEO ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING MINUTES
February 11, 2019**

1. ROLL CALL

President Juliana Hultstrom called the regular meeting of the Osseo Economic Development Authority to order at 6:00 p.m., Monday, February 11, 2019.

Members present: Teresa Aho, Juliana Hultstrom (excused herself from the meeting at 6:22 p.m.), Harold E. Johnson, Duane Poppe, Mark Schulz, and Larry Stelmach.

Members absent: None.

Staff present: Executive Director Riley Grams, City Planner Nancy Abts, and City Attorney Mary Tietjen.

Others present: Dave & Roseanna Garibaldi, Gary Groen, and Deanna Burke.

Hultstrom asked for the floor and requested the agenda be amended in consideration of Council Resolution No. 2019-1 (Affirming Council/Staff Responsibilities). She reported this resolution had the public's best interest in mind. She feared the EDA Board and the City Council had made decisions that were along the line of personal benefit and not in the public's best interest. She stated there have been disclosures that have come to light and according to the League of Minnesota Cities could be investigated for the perception of, if not an actual, conflict of interest. She explained there has been a release of information that was not included in the packet and the EDA followed experienced Councilmembers in a majority vote in actions that violate Council Resolution No. 2019-1. She stated she followed how she understood the chain of command to work and this chain of command was to come to the Executive Director with her concerns, followed by the League of Minnesota Cities and State Representative Kristin Bahner. She requested that agenda items 2 and 3 be removed until the EDA can hold a strategic planning session to discuss the City's goals and actions further. She commented that the Council and EDA actions and perceptions in the community make the City strong. She then yielded the floor to the EDA.

A motion was made by Hultstrom, seconded by Johnson, to remove items 2 and 3 from the agenda.

Stelmach stated he appreciated Hultstrom communicating her concerns but, without further information on this, he could not support the motion on the floor. He explained he would have appreciated further information from Hultstrom prior to the meeting.

Hultstrom reported it has come to her attention that Teresa Aho was the landlord for Councilmember Schulz, as well as a business operated by the wives of Stelmach and Schulz.

Schulz stated he was uncertain where Hultstrom received this information, but noted it was inaccurate.

Aho explained she owns no buildings in Osseo.

Stelmach reported Aho owns a business in town, in a building where she has rented space. He stated he appreciated Hultstrom bringing her concerns forward, but encouraged her to verify the facts and perhaps bring these types of issues to Executive Director Grams prior to bringing this information straight to the EDA.

Hultstrom questioned if this concern was brought to staff prior to the meeting. Grams reported Hultstrom expressed concerns both verbally and in writing but did not provide detail about the substance of the concerns. He explained he did not believe their discussion did not warrant an item on the agenda and told President Hultstrom she could request an amendment to the agenda.

Hultstrom reported her recommendation of Teresa Aho to the EDA was the first action she took on the City Council. She stated this recommendation was based on a simple letter submitted by Ms. Aho. She explained in the past the Council Human Resources Committee reached out to potential candidates. She noted the HR Committee had not reached out to other applicants Deanne Burke, Sherry Murdock, or any other member of this body. Therefore, based on Council Resolution No. 2019-1, the City has not met the proper obligations in resolution items 3 and 4 and she recommended EDA agenda items 2 and 3 be removed from the agenda.

Schulz requested the President call the question.

The motion failed 2-3 (Poppe, Schulz, and Stelmach opposed).

2. OATH OF OFFICE

City Attorney Mary Tietjen administered the Oath of Office to newly appointed EDA Commissioner Teresa Aho.

3. ELECTION OF EDA OFFICERS

Executive Director Riley Grams requested the EDA elect a President, Vice President, Treasurer, and Assistant Treasurer for 2019.

Stelmach stated he would like to see City Administrator Grams and LeAnn Larson retain their roles as the Executive Director and Secretary for the EDA. He explained he would be happy to retain his role in the EDA as Treasurer. He stated he supported Poppe serving as President of the EDA given his high level of experience with economic development. He commented he could support Schulz as EDA Vice President.

Johnson indicated he would support putting off the election of EDA officers for one month to allow the EDA to hold a strategic planning session. He noted the EDA has been lacking leadership since Kevin Rebman was on the EDA and would benefit from holding a strategic planning session.

Hultstrom commented she spoke with Grams several times regarding the election of officers for the EDA. She explained she supported the EDA officers remaining as is for another month until strategic planning could be done.

Schulz agreed with Johnson that the EDA has been lacking in leadership. He indicated he supported Stelmach's recommendation of Poppe for EDA President. He reported Poppe had

more economic experience than the sum total of the entire Board. Schulz stated he would be willing to continue his role as the Vice President.

Upon discussion of the slate of officers, Johnson stated he would like his name removed from consideration as the Assistant Treasurer.

A motion was made by Schulz, seconded by Stelmach, to elect the following slate of officers for 2019:

Duane Poppe - President
Mark Schulz - Vice President
Larry Stelmach - Treasurer
Teresa Aho – Assistant Treasurer
Riley Grams – Executive Director
LeAnn Larson - Secretary

The motion carried 4-2 (Hultstrom and Johnson opposed).

Hultstrom stated she would be resigning from the EDA based on personal health issues and explained she did not appreciate what had taken place. Hultstrom left the meeting at 6:22 p.m.

4. APPROVAL OF AGENDA

A motion was made by Schulz, seconded by Stelmach, to approve the agenda as presented. The motion carried 5-0.

5. APPROVAL OF MINUTES – JANUARY 14, 2019

A motion was made by Stelmach, seconded by Aho, to approve the minutes of January 14, 2019, as presented. The motion carried 5-0.

6. MATTERS FROM THE FLOOR

Dave Garibaldi, 12 6th Street NE, introduced himself to the EDA.

Roseanna Garibaldi, 12 6th Street NE, expressed concern with the lack of objectivity the City used in appointing members to the EDA. She stated at the January 14 meeting the EDA praised the performance of Ms. Murdock during her term and decided to replace her because she was not a business owner. It was noted the EDA preferred to have a local business owner on the EDA even though three Councilmembers who were business owners were already on the EDA. She encouraged the EDA to have diversity of members versus loading the EDA with business owners. She reported Hultstrom tried to advocate for Ms. Murdock and this information was totally disregarded. She questioned why Stelmach did not have enough respect to call Ms. Murdock to further discuss her service on the EDA. She stated she was really disappointed in what she witnessed this evening and encouraged the EDA to do better.

7. PUBLIC HEARINGS – None.

8. ACCOUNTS PAYABLE

Grams presented the EDA Accounts Payable listing.

A motion was made by Schulz, seconded by Stelmach, to approve the Accounts Payable. The motion carried 5-0.

9. OLD BUSINESS – None.

10. NEW BUSINESS

A. REVIEW EDA INVESTMENT SUMMARY

Grams stated the Osseo Economic Development Authority's investments are handled by Finance Consultant Gary Groen. Recently the EDA desired to conduct a review of all EDA investments and have a discussion about the overall investment strategy. He explained Mr. Groen was in attendance to talk about the process by which EDA investments are handled, and to take a quick look at the current state of EDA investments. Staff recommends the Economic Development Authority discuss their desired goals regarding EDA investments and direct Staff accordingly.

Gary Groen commented on the City's investment strategies and reviewed how these were governed by State Statute. He discussed the benefit of the EDA having its own investment policy separate from the City. He reported safety was his primary concern, along with liquidity and yield. He described the internal controls that were in place for reviewing financial documents. He reviewed the audit process that was followed on a yearly basis for the EDA financials. He provided the EDA with a preliminary example of the year-end financial numbers for 2018. He explained the City and the EDA combined had a total of \$8.3 million in investments.

Schulz thanked staff for the presentation and explained he appreciated receiving a summary on the EDA investments. He requested this type of presentation continue to be done on an annual basis. He recommended the EDA work to have a safe, secure, and balanced investment portfolio. He stated he would support staff drafting an investment policy, with several language changes and bringing this back to the EDA for review and further consideration.

Johnson commended Gary Groen and City Accountant Teri Portinen on their efforts on behalf of the City and EDA.

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

Grams welcomed Teresa Aho to the EDA.

Johnson reported he attended a meeting today where affordable/workforce housing and trailer parks were discussed. He commented on how the City of Dayton was addressing this concern given the rising cost of housing. He encouraged the EDA to consider affordable housing as one of its strategic goals going forward.

Stelmach stated he felt targeted by dis-information and feared that the information presented had not been fact checked. He commented further on why he had supported Teresa Aho being appointed to the EDA. He discussed the benefit of the EDA having business owners appointed noting these individuals were subject matter experts. For this reason, he noted he

had supported the appointment of Charles Flynn in 2018, a resident, and Teresa Aho, a business owner. He explained Mr. Flynn has since resigned his position, along with Juliana Hultstrom. He noted these resignations would allow the Council to consider new appointments to the EDA Board. He welcomed Teresa Aho to the EDA.

12. ADJOURNMENT

A motion was made by Schulz, seconded by Aho, to adjourn at 7:00 p.m. The motion carried 5-0.

Respectfully submitted,

Heidi Guenther
TimeSaver Off Site Secretarial, Inc.



City of Osseo Economic Development Authority Meeting Item

Accounts Payable Listing

3/11/19 EDA

2019

3

Check Name	Comments	Amount
CITY OF OSSEO	LEGAL REIMBURSEMENT - NOV 2018 EDA BYLAWS	\$26.92
EHLERS & ASSOCIATES, INC	2019 TIF SEMINARS - HULTSTROM	\$295.00
EHLERS & ASSOCIATES, INC	1/8/19 REVIEW 2ND HALF 2018 DEVELOPER DISTRIBUTIONS	\$245.00
EHLERS & ASSOCIATES, INC	1/10/19 GASB 77 HENN CO TIF REPORTING	\$551.25
EHLERS & ASSOCIATES, INC	1/8/19 REVISE 2ND HALF 2018 DEVELOPER DISTRIBUTION	\$490.00
EHLERS & ASSOCIATES, INC	11/30/18 RECALC OF TIF 2-9 PAYGO WITH NEW	\$960.00
KENNEDY & GRAVEN, CHARTERED	JAN 2019 EDA LEGAL	\$136.61
TIMESAVER OFF SITE	2/11/19 EDA MTG	<u>\$145.00</u>
		\$2,849.78

EDA MONTH END CASH BALANCE								
		2/11/2019		ADJUSTMENTS		3/11/2019	PROPOSED	3/11/2019
FUND	DESCRIPTION	BALANCE		(+/-)		BALANCE	EXPENSE	BALANCE
801	GENERAL	515,347.85		-43,876.15	1	471,471.70	-1,399.78	470,071.92
806	TIF 2-5 REALIFE	10,910.14		0.00		10,910.14		10,910.14
817	TIF 2-4 BELL TOWER	317,078.06		-168,391.95	2	148,686.11		148,686.11
819	TIF 2-6 CELTIC CROSSING	60,284.40		-677.46	3	59,606.94		59,606.94
825	TIF 2-8 LANCOR/LYNDES	12,797.31		1,173.21	4	13,970.52		13,970.52
836	TIF 2-9 5 CENTRAL	82,873.54		-1,140.00	5	81,733.54	-1,450.00	80,283.54
		999,291.30	0.00	-212,912.35		786,378.95	-2,849.78	783,529.17
1	TO REIMBURSE CITY STAFF SERVICE	-45,000.00						
	CODE CORRECTION TO 836	1,140.00						
	2018 FICA TAX CODED TO WRONG CASH ACCT	-16.15		-43,876.15				
2	TO REIMBURSE DEBT SERVICE			-168,391.95				
3	CODE CORRECTION TO 825			-677.46				
4	CODE CORRECTION TO 819	677.46						
	2018 HENN CO TIF FINAL ADJ	495.75		1,173.21				
5	CODE CORRECTION FR 801			-1,140.00				
				-212,912.35				



City of Osseo Economic Development Authority Meeting Item

Agenda Item: Approve EDA Investment Policy

Meeting Date: March 11, 2019

Prepared by: Riley Grams, Executive Director

Attachments: Draft EDA Investment Policy

Policy Consideration:

Consider approving the draft EDA investment policy.

Background:

At the February 11, 2019 EDA meeting, the Board reviewed the EDA's investments and considered the strategy by which the EDA manages its investments. The Board directed Staff to develop a new EDA investment policy which would direct the manner in which the EDA manages its investment. The draft policy is modeled closely after the City's own investment policy. The Board should consider the draft policy and direct Staff to make any changes as necessary, or motion to approve the draft policy.

City Goals Met By This Action:

Ensure the City's continued financial stability
Update City policies

Options:

The Economic Development Authority may choose to:

1. Approve the draft EDA Investment Policy;
2. Approve the draft EDA Investment Policy, with noted changes/as amended;
3. Deny approval of the draft EDA Investment Policy;
4. Table action on this item for more information.

Recommendation/Action Requested:

Staff recommends the Economic Development Authority choose option 1) Approve the draft EDA Investment Policy.

Next Step:

If approved, the Policy will be finalized with signatures. If changes are needed, the policy can come back to the EDA at the April 11 meeting for approval.

OSSEO ECONOMIC DEVELOPMENT AUTHORITY INVESTMENT POLICY

ADOPTED 3/11/2019

I. PURPOSE AND NEED FOR POLICY

It is the policy of the Osseo Economic Development Authority (EDA) to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow requirements of the EDA and conforming to all state and local statutes governing the investment of public funds. The purpose of this Policy is to develop an overall program for cash investments, designed and managed with a high degree of professionalism, and worthy of the public trust; to establish that elected and appointed officials and employees are custodians of a portfolio which shall be subject to public review; to establish cash investment objectives, delegation of authority, standards of prudence, internal controls, authorized investments, selection process for investments, and broker representations.

II. SCOPE

This Policy applies to the investment and deposit of all funds of the EDA.

A. Pooling of Funds

Except for cash in certain restricted and special funds, the EDA will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

III. OBJECTIVE

At all times, investments of the EDA shall be in accordance with Minnesota Statutes Chapter 118A and amendments thereto. The primary objectives of the EDA's investment activities shall be in the following order of priority:

A. Safety

Safety of principal is the foremost objective of the investment portfolio. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk, interest rate risk, and custodial risk.

Credit Risk: Credit Risk is the risk of loss due to failure of the security issuer or backer. Thus, designated depositories shall have insurance through the FDIC (Federal Insurance) or the SIPC (Securities Investor Protection Corporation). To ensure safety, it is the policy of the EDA that when considering an investment, all depositories under consideration be cross-checked against existing investments to make certain that funds in excess of insurance limits are not made in the same institution unless collateralized as outlined below. Furthermore, the EDA will approve all financial institutions, brokers, and advisors with which the EDA will do business.

Interest Rate Risk: Interest Rate Risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. The EDA will minimize Interest Rate Risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

Custodial Risk: The EDA will minimize deposit Custodial Risk, which is the risk of loss due to failure of the depository bank (or credit union), by obtaining collateral or bond for all uninsured amounts on deposit, and by obtaining necessary documentation to show compliance with state law and a perfected security interest under federal law.

B. Liquidity

The investment portfolio shall remain sufficiently liquid to meet projected disbursement requirements. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Generally, investments shall have “laddered” maturities so that money becomes available on a regular schedule. Liquid funds will allow the EDA to meet possible cash emergencies without being penalized on investments.

C. Yield

The investment portfolio shall be designed to manage the funds to maximize returns consistent with items A and B above and within the requirements set forth in this Policy. Subject to the requirements of the above objectives, it is the policy of the EDA to offer financial institutions and companies within the City of Osseo the opportunity to bid on investments; however, the EDA will seek the best investment yields.

IV. DELEGATION OF AUTHORITY

Day-to day responsibility for the investment program is hereby delegated from the EDA to the EDA Executive Director, subject to review and approval by the EDA. Authority to conduct actual investment transactions may be delegated to the Executive Director, who shall act in accordance with procedures as established with this Policy, subject to review and approval by the EDA. The authorized individual, when acting in accordance with this Policy and exercising due diligence, shall not be held responsible for losses, provided that the losses are reported immediately and that appropriate action is taken to control further losses.

V. PRUDENCE

The standard of prudence to be used by investment officials shall be the “prudent investor”, and shall be applied in the context of managing the investments. All investment transactions shall be made in good faith with the degree of judgment and care, under the circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of their own affairs. This standard of prudence shall mean not for speculation, and with consideration of the probable safety of the capital as well as the probable investment return derived from assets.

VI. INTERNAL CONTROLS

Internal controls are designed to prevent loss of public funds due to fraud, error, misrepresentation, unanticipated market changes, or imprudent actions. Before the EDA invests any surplus funds, competitive quotations may be obtained. Written quotations from local financial institutions may be obtained via fax, email, or other form of written documentation, with all of them receiving the exact same rate request. Verbal quotations may be received from all other brokers, along with a subsequent written confirmation. If a specific maturity date is required, either for cash flow purposes or for conformance to maturity guidelines, quotations may be requested for instruments that meet the maturity requirement. If no specific maturity is required, a yield analysis may be conducted to determine which maturities would be most advantageous. Quotations will be requested from financial institutions for various options with

regard to term and investment type. The EDA will accept the quotation which provides the highest rate of return within the maturity required and within the limits of this Policy.

The Executive Director will report periodically to the EDA on the total of all funds invested and the total interest received on all securities year to date.

VII. AUTHORIZED INVESTMENTS AND COLLATERALIZATION

All EDA investments and deposits shall be those allowable by Minnesota Statutes Chapter 118A and amendments thereto. In accordance with MN Statutes 118A, collateralization will be required on all demand deposit accounts, including checking, savings, and money market accounts, and non-negotiable certificates of deposit in excess of federal deposit insurance.

State law defines the types of securities that a financial institution may pledge as collateral for public deposits. These securities include:

- United States Treasury Issues
- Issues of US Government Agencies and Instrumentalities
- Obligations of State and Local Governments
- Time Deposits (Certificates of Deposits fully insured by the federal deposit insurance company or federal agency).

Since the amount a public entity has on deposit will vary from time to time, the financial institution needs sufficient amounts of pledged collateral to cover 110% of the uninsured amount on deposit during peak deposit times.

VIII. DIVERSIFICATION

The EDA will attempt to diversify its investments according to type and maturity. The portfolio, as much as possible, will contain both short-term and long-term investments. The EDA will attempt to match its investments with anticipated cash flow requirements. Extended maturities may be utilized to take advantage of higher yields.

IX. CONFLICT OF INTEREST

Officers and employees of the City of Osseo and EDA involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.

X. BROKER REPRESENTATIONS

Public Authorities as defined in MS118.01A must obtain from their brokers certain representations regarding future investments. Pursuant to Minnesota Statutes 118A, the EDA shall provide each broker with the EDA's investment policy, and the securities broker shall submit a certification annually stating that the officer has reviewed the investment policies and objectives, as well as applicable state law, and agrees to disclose potential conflicts of interest or risk to public funds that might arise out of business transactions between the firm and the EDA. All financial institutions shall agree to undertake reasonable efforts to preclude imprudent transactions involving the EDA's funds.

Adopted by the Osseo EDA the 11th day of March, 2019.

Duane Poppe, EDA President

Riley Grams, EDA Executive Director



Osseo Economic Development Authority Meeting Item

Agenda Item: "Open to Business" Program Presentation

Meeting Date: March 11, 2019

Prepared by: Nancy Abts, City Planner

Attachments: Hennepin County "Open to Business" Flyer
Presentation

Policy Consideration:

Rob Smolund, Program Manager/Business Advisor with the Metropolitan Consortium of Community Developers, will be on hand to provide information about the "Open to Business" program.

Open to Business provides free consulting services and business advising to small businesses and residents. The program is free of charge to entrepreneurs. Services available through Open to Business include:

- Business plan development;
- Feasibility studies;
- Cash flow and financing projections;
- Marketing;
- Loan request preparation; and
- Advocacy with lending institutions.

Fostering entrepreneurship

Open to Business Program



Vital economies begin with small businesses

Small businesses are responsible for creating two out of every three jobs in our economy. They reflect our growing diversity, as well. But, emerging entrepreneurs and small businesses can face some of the toughest obstacles to success, from developing necessary skills and industry know-how to accessing capital or securing loans. We help entrepreneurs navigate challenging headwinds through our backing of the Open to Business program.

Open to Business Program

To support entrepreneurs and small businesses in growing their enterprise, creating jobs, and contributing to the economic vitality of the region

Community impact

From 2012 to 2017, Open to Business provided meaningful technical support to 1900 business clients. The program also provided \$7.8 million in direct or facilitated capital to small businesses, leveraging another \$51 million in financing from other sources — resulting in the creation or retention of more than 932 jobs.

Diversity of participants accessing financing in 2017



43% Women entrepreneurs



51% Minority entrepreneurs



46% Low income entrepreneurs



“Hennepin County, through the Open to Business program, was our literal lifeline. We simply wouldn’t be here without them.”

—Tomme Beevas, Founder and Owner, Pimento Jamaican Kitchen (Pictured on front)

Who is eligible?

Entrepreneurs can access technical assistance free of charge through Open to Business.

Suburban cities can apply to Hennepin County to provide Open to Business programming to their community.

How does it work?

Hennepin County provides matching grants up to \$12,500 to cities who contract directly with the Metropolitan Consortium of Community Developers (MCCD) to provide business assistance.

Hands-on help for small businesses and entrepreneurs

Technical and financial assistance including business plan development, feasibility studies, marketing, loan request preparation, finance projections and much more

Learn more

Businesses:
www.opentobusinessmn.org
info@opentobusinessmn.org
612-789-7337

Cities:
hennepin.us/businessassistance
patricia.fitzgerald@hennepin.us
612-543-0864





What is Open to Business?



A Program that enables cities and counties to extend their economic development efforts by providing a complete suite of small business support services to their residents and businesses. These services are free to the entrepreneur and include one on one advising and access to capital. OTB currently operates in 70 communities. History of OTB started in 2010 with one city now operates throughout the Metro area in 70 communities.



Business Consulting Goals

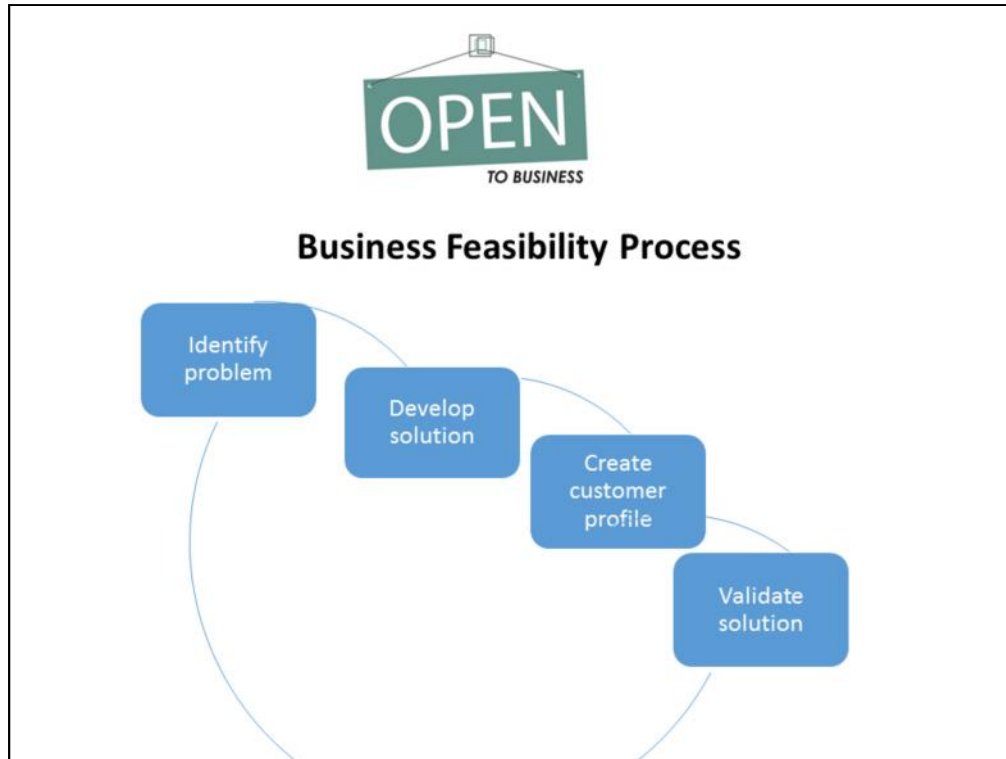
- Trusted Advisor
- 3rd Party objective view of business
- Demystify financial management part of business



Types of Assistance



Business Feasibility analysis; Cash flow management; loan packaging; Marketing; Strategic planning and overall Business Therapy



Problem needs to be identified. Most entrepreneurs go directly to the Develop Solution.



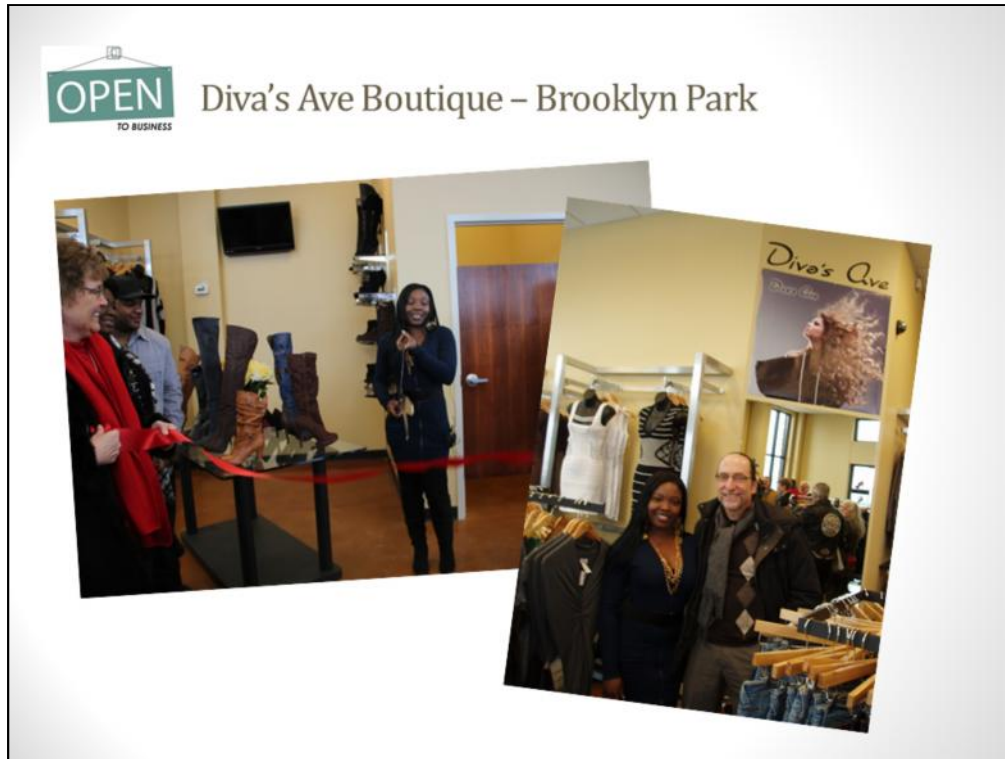
Financing Programs



I will in the following slides describe 4 of our financing program categories and provide examples: Micro Loans, Participation Loans, Real Estate Gap Financing and RE Acquisition



Up to \$25,000 for retail/service businesses; or \$50,000 for manufacturing businesses. Targeted for start-up and early stage businesses that cannot secure financing from traditional commercial lenders. We are usually the only lender but sometimes we partner with other non profit lending agencies. (lead in to Diva's)



24 year old Lara Babalola came to OTB with a dream of opening a women's boutique store. She had experience and passion but needed capital and advice. OTB was able to arrange financing for her dream to come true. Although her capital needs exceeded OTB's lending limit for startups we were able to get two other non profit lenders: WomenVenture and Brooklyn Park Development Corporation to contribute.



Safesha – Golden Valley



LAVENDER



Sylvia Andrews has been working with Open to Business for over 4 years, She has developed a great moisturizing hand sanitizer that is sold in Lund's&Byerly's, Kowalskis HyVEE and many independent boutiques and grocery stores. OTB provided a loan to help take on orders from Bed Bath and Beyond.



Butter Bakery – Minneapolis



Open to Business helped this entrepreneur move from his original location to a brand new building where he has increased capacity and efficiency. This is a great neighborhood asset in South Minneapolis. He has recently testified in front a senate and house committee how the OTB program helped him, “I couldn’t of survived without OTB” Understands the value of his employees by offering PTO and having his employees decide to share tips so that the back of the house gets paid the same as front of the house. Here again his need exceeded our limit but we partnered with the city of Minneapolis to share the loan.



These are loans in partnership with private lenders for physical improvements and hard asset/equipment purchases. OTB can provide financing up to 50% of a given project and will subordinate collateral and repayment to the private lender. Here is an example of a participated loan.

Glam Doll Donuts - Minneapolis



This was a partnership with Central Bank in Minneapolis to assist two wonderful entrepreneurs open a themed donut shop on Nicollet Ave in South Minneapolis. They created 20 new full time jobs and now are in the process of opening a 2nd location



Real Estate Gap Financing



OTB loans in partnership with private lenders to provide gap financing for real estate acquisition projects. Our interest rate will be at or near the bank's rate and will match the bank's term provided that the term does not exceed 10 years though we can amortize over a longer period to less cash flow pressure. Here is an example of deal we did with Aggressive Hydraulics.



Aggressive Hydraulics



This Company manufactures hydraulic cylinders. Open to Business provided the last part of gap financing for the company to consolidate all of its operations into a brand new plant in 2012. The company has 47 employees. We were asked to participate on this 4.7M project after the appraisal came in lower than expected.



Real Estate Acquisition Financing



Provide permanent financing in partnership with banks for commercial real estate acquisition up to 90% of property's appraised value. OTB's portion will be the difference between the bank's Loan to Value cap and 90% but is capped at 40% of the appraised value. **Next is a very visible example of this type of financing**



Travail/Rookery Construction Site



Travail was operating a very successful restaurant but was turning away 20,000 customers a year. They needed to expand. Bought a building a few lots away from their existing location; demolished it and started construction on a brand new restaurant to accommodate their growing customer base. The finished product looks like this.....

Opening Night at the New Travail/Rookery



This deal included many different funding partners: Open to Business, the city of Robbinsdale through TIF financing for site preparation and Citizens Bank. Travail as you can see have a very loyal following and were able to raise an incredible amount of money on Kickstarter to upgrade their kitchen equipment.



Travail/Rookery features two different types of dining experience; the original Travail concept and the Rookery which features a full bar and smaller plate options. Now the 20,000 people they turned away annually due to space limitations have a place to wait and enjoy libations and great tasting appetizers.



Charles Scott and Bethany Buchanan operate Grace Homes, a high quality residential memory care facility in Hopkins. OTB helped them with buying the property they were renting with a real estate acquisition loan.



Example how we help businesses access capital. Open to Business was able to help

Dr. Pham-Vang with loan paperwork, marketing strategies, purchase agreements, and other necessary business items.



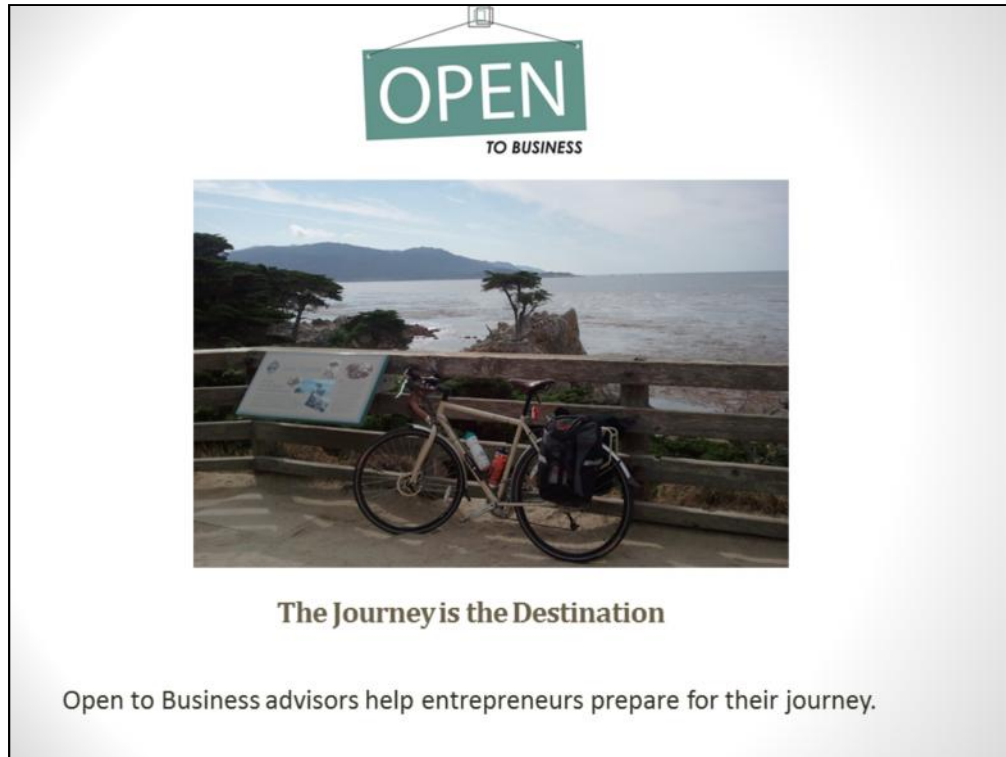
2018 Brooklyn Park Open to Business Results

- Assisted 57 entrepreneurs
- Approved 8 direct loans equaling \$498,000 which leveraged another \$3.1 MM in capital and retained or created 71 jobs
- Provided 356 hours of technical assistance



2018 Open to Business Results

- Assisted 935 entrepreneurs
- Provided 69 direct business loans equaling \$2.99M which leveraged another \$23.3M in capital
- 460 jobs created or retained from our loan clients



Opening a business is quite a journey and I believe this program helps entrepreneurs prepare for that journey and soften the curves in the road or possibly provide cushion from the fall off the cliff.