



AGENDA – REGULAR MEETING
6:00 p.m., August 10, 2020

Economic Development Authority

- 1. ROLL CALL**
- 2. APPROVAL OF AGENDA**
- 3. APPROVAL OF MINUTES**
 - A. July 13, 2020
- 4. MATTERS FROM THE FLOOR**

Members of the public can submit comments online at www.DiscoverOsseo.com/virtual-meeting

- 5. PUBLIC HEARING**
- 6. ACCOUNTS PAYABLE**
- 7. OLD BUSINESS**
- 8. NEW BUSINESS**
 - A. Update on EDA COVID-19 Small Business Relief Grant Program
- 9. REPORTS OR COMMENTS: Executive Director, President, Members**
- 10. ADJOURNMENT**

**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



City of Osseo Economic Development Authority Meeting Item

Accounts Payable Listing

8/10/20 EDA

2020

8

Check Name	Comments	Amount
5C OSSEO HOLDINGS LLC	1 ST HALF TIF DISTRIBUTION 2020	\$54,365.46
CAS PROPERTIES LLC	1 ST HALF TIF DISTRIBUTION 2020	\$7,358.56
CITY OF OSSEO	108 1 ST AVE NW 2020 PROP TAX REIMBURSE	\$184.32
EHLERS & ASSOCIATES	6/8/20 EDA MEETING/TIF PRESENTATION	\$1,192.50
FIRST MINNESOTA BANK	1 ST HALF TIF DISTRIBUTION 2020	\$44,381.12
KENNEDY & GRAVEN	JUNE 2020 LEGAL SERVICES	\$202.17
LYNDE ENTERPRISES INC	1 ST HALF TIF DISTRIBUTION 2020	\$9,609.90
MEER	1 ST HALF TIF DISTRIBUTION 2020	\$19,625.11
MINUTE MAKER SECRETARIAL	7/13/20 EDA MTG MINUTES	<u>\$148.00</u>
		\$137,067.14

EDA MONTH END CASH BALANCE

		DIRECTIONAL					
FUND	DESCRIPTION	7/13/2020 BALANCE	SIGNAGE REVENUE	ADJUSTMENTS (+/-)	7/13/2020 BALANCE	PROPOSED EXPENSE	8/10/2020 BALANCE
801	GENERAL	423,944.69		(22,490.64) A	401,454.05	(1,726.99)	399,727.06
806	TIF 2-5 REALIFE	19,092.49		-	19,092.49	(44,381.12)	(25,288.63)
817	TIF 2-4 BELL TOWER	206,546.51		-	206,546.51	(7,358.56)	199,187.95
819	TIF 2-6 CELTIC CROSSING	62,977.76		-	62,977.76	(19,625.11)	43,352.65
825	TIF 2-8 LANCOR/LYNDES	28,065.83		-	28,065.83	(9,609.90)	18,455.93
836	TIF 2-9 5 CENTRAL	(53,689.04)		-	(53,689.04)	(54,365.46)	(108,054.50)
		686,938.24	0.00	(22,490.64)	664,447.60	(137,067.14)	527,380.46
A	2020 1ST HALF BUDGET TRANSFERS			(22,500.00)			
	MAY INTEREST			4.58			
	JUNE INTEREST			4.78			
				<u>(22,490.64)</u>			



City of Osseo Economic Development Authority Meeting Item

Agenda Item: Update on EDA COVID-19 Small Business Relief Grant Program

Meeting Date: August 10, 2020

Prepared by: Riley Grams, Executive Director

Attachments: Program Update Spreadsheet

Background:

At the EDA meeting on July 13, 2020 and subsequent City Council meeting on that same night, the City created the Osseo Economic Development Authority COVID-19 Small Business Relief Grant Program with funds received from the CARES Act. The CARES Act allowed for local units of government to divert funds to EDAs or HRAs with the purpose of creating a relief grant or loan program to help distribute funds to local small businesses.

The program was available to eligible small businesses in Osseo provided they use the funds on eligible expenses, and the City set aside \$120,000 in total for the program with grants up to \$3,000 per applicant. Staff created the program details and notified the business community immediately.

The program has been a huge success since its implementation. Applications were accepted starting on July 20, and as of Wednesday, August 5, a total of 39 applications totaling \$113,743.01 in requested grant funds.

I have been regularly sending a continually updated grant program spreadsheet to the EDA Review Committee. All 39 applications have been approved for the proposed expenses as indicated in the applications. Staff also required completed W9 from the businesses, as well as documentation that the funds have been used, or will be used, on eligible expenses per the program details. Final approval of grant payments are made once all necessary documentation is submitted. The first round of grant payments will go out later this week or early next week (the week of August 10).

Attached is a spreadsheet detailing the applications approved thus far (through August 5).

At this point, the program has \$6,256.99 remaining which equates to two maximum grant payments with change left over. After conferring with City Accountant April Weller, the City projects that we will have a remaining balance of \$31,920.89 from the City's portion of the CARES Act funds after eligible expenses are considered. Because we are still receiving applications for the EDA COVID-19 Small Business Relief Grant Program, I recommend that an additional **\$29,743.01** be directed by the City Council to this program to round out a total remaining balance of \$36,000 for this program (equating a total of 12 grants for the maximum amount of \$3,000 each). If this is acceptable, the EDA can make a motion to recommend to the City Council that a total of \$29,743.01 of CARES Act funds be directed to the EDA to support this program. The City Council may consider this action at their meeting on August 10. This way, the City and EDA maximizes the available CARES Act funds.

Options:

The Economic Development Authority may choose to:

1. Recommend to the City Council an additional \$29,743.01 in CARES Act funds be directed to the EDA for support of the EDA COVID-19 Small Business Relief Grant Program;
2. Deny recommending any additional CARES Act funds be directed for this program;
3. Table action on this item for more information.

Recommendation/Action Requested:

Staff recommends the Economic Development Authority choose option 1) Recommend to the City Council an additional \$29,743.01 in CARES Act funds be directed to the EDA for support of the EDA COVID-19 Small Business Relief Grant Program.

Next Step:

If the EDA makes this recommendation, the City Council will consider action on a Resolution to direct additional funds to the EDA for support of this program.

OSSEO EDA COVID-19 SMALL BUSINESS RELIEF GRANT PROGRAM

(as of Wednesday, August 5)

Number	Date Received	Business Name	Business Address	Amount Requested	Grant Expenses
1	20-Jul	Great Lakes Chiropractic	24 3rd Street NE	3,000.00	PPE, Supplies, Utilities
2	20-Jul	Get It Done Fitness	308 County Road 81	3,000.00	PPE, Supplies, Signage, Printing, Advertising, Other supplies, Rent, Employee payroll
3	20-Jul	Shek Lash & Glow Studio LLC	240 Central Ave, Unit C	3,000.00	Furnishings, PPE, Supplies, Other supplies, Rent, Employee payroll, Utilities
4	20-Jul	Royal Nutrition LLC ('Nourish')	319 Central Ave	3,000.00	PPE, Supplies, Printing, Advertising, Rent, Utilities
5	20-Jul	ERP LLC ('POS Providers')	8661 Jefferson Hwy	3,000.00	Rent, Utilities
6	20-Jul	SCD Automotive Inc ('Maaco Osseo')	8765 Jefferson Hwy	3,000.00	Building improvements, PPE, Advertising
7	20-Jul	Dixon-Premco LLC	413 County Road 81	3,000.00	PPE, Supplies, Signage, Employee payroll
8	20-Jul	Furniture Manor	334 County Road 81	3,000.00	PPE, Utilities
9	20-Jul	PCS Engineering Inc ('PM Technologies')	25 4th Street NW	3,000.00	Transition to online sales
10	21-Jul	Synchrony LLC ('Jai Dee')	233 1st Ave NE	2,473.00	Advertising, Rent
11	21-Jul	Frames To You, Inc	324 5th Ave SE	3,000.00	Building improvements, Sanitizing supplies, Signage, Rent, Employee payroll, Utilities
12	21-Jul	Infinity Floral Blooms LLC	227 Central Ave	3,000.00	PPE, Advertising, Rent, Employee payroll, Utilities
13	21-Jul	Bellies to Babies LLC	8833 Jefferson Hwy	3,000.00	Supplies, Rent, Utilities
14	22-Jul	Gavin Asher LLC ('C&J Auto')	248 Central Ave	3,000.00	PPE, Advertising, Rent
15	22-Jul	The Tire Guy 2	108 Broadway St W	3,000.00	PPE, Advertising, Employee payroll
16	22-Jul	BCSP Holdings ('TPMI')	24 3rd Street NE	3,000.00	PPE, Supplies, Advertising, Rent, Employee payroll, Utilities
17	22-Jul	HHC Acquisition LLC ('Hearing Health Clinic')	512 Central Ave	3,000.00	Building furnishings, PPE, Supplies
18	23-Jul	The Parlor Hairstylists LLC	213 Central Ave	3,000.00	Supplies, Other supplies, Rent, employee payroll, Utilities
19	23-Jul	Bridal Aisle Wedding Consignment LLC ('Bridal Aisle Boutique')	308 5th Ave SE	3,000.00	Supplies, Advertising, Rent, Utilities
20	23-Jul	Created By Me Photography LLC	24 3rd Street NE	2,820.01	Rent
21	23-Jul	Olympia Café and Gyros	247 Central Ave	3,000.00	Rent
22	23-Jul	Nailtique ('Uyen hung Inc')	8841 Jefferson Hwy	3,000.00	PPE, Supplies, Other Supplies, Rent, Employee Payroll, Utilities
23	23-Jul	Elite Therapeutic Massage, LLC	8857 Jefferson Hwy	3,000.00	PPE, Supplies, Signage, Rent, Utilities
24	24-Jul	Phone Guys, Inc	17 2nd Street NW	3,000.00	Rent, Employee payroll, Utilities
25	24-Jul	SR Hoskins Fine Jewelry	207 Central Ave	3,000.00	Rent, Utilities
26	24-Jul	Stormy Anderson Inc ('Stormy Lee Salon')	226 Central Ave	3,000.00	Building improvements, PPE, Signage, Printing
27	24-Jul	Antique Alley ('The Alley')	218 Central Ave	1,650.00	Rent, Other costs
28	24-Jul	Lynde's Inn Incorporated ('Lynde's Restaurant & Catering')	207 County Road 81	3,000.00	PPE, Supplies, Signage, Utilities
29	27-Jul	Gregory M. Joiner, DDS, PA	30 Central Ave	3,000.00	PPE
30	27-Jul	Jodi Baglien Aromatherapy ('Well Being + Wisdom Studio')	221 1st Ave NE	3,000.00	Rent, Employee payroll
31	28-Jul	Osseo Liquors Inc ('Dick's Bar & Grill')	205 Central Ave	3,000.00	Employee payroll
32	28-Jul	A Hand in Balance	221 1st Ave NE	1,800.00	PPE, Supplies, Advertising, Other supplies, Rent
33	29-Jul	Painted Turtle Chocolatier, Inc.	229 Central Ave	3,000.00	PPE, Signage, Advertising, Rent, Utilities
34	29-Jul	Pioneer Midwest LLC	415 County Road 81	3,000.00	Building improvements, PPE, Signage, Advertising, Rent, Employee payroll
35	30-Jul	Reuan Thai Restaurant	311b Central Ave	3,000.00	Building improvements, PPE, Supplies, Signage, Rent, Utilities
36	3-Aug	Bonita Bolsa ('TCNCC')	24 3rd Street NE	3,000.00	PPE, Supplies, Rent, Employee payroll, Utilities
37	3-Aug	K&CO	218 Central Ave	3,000.00	Building improvements, PPE, Supplies, Advertising, Rent
38	3-Aug	Lux Brand Company	506 Central Ave	3,000.00	Employee payroll
39	3-Aug	IE Works LLC	8769 Jefferson Hwy	3,000.00	Rent

TOTAL: 113,743.01