



Monday, December 16, 2019
7:00 pm

City Hall – Council Chambers
5200 - 85th Ave North

**THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF BROOKLYN PARK
REGULAR MEETING – AGENDA #15**

**President Jeffrey Lunde, Vice President Lisa Jacobson & Treasurer Wynfred Russell
Commissioners Mark Mata, Terry Parks, Susan Pha & Tonja West-Hafner, Executive Director Kim
Berggren, Assistant Executive Director Jay Stroebel & Secretary Theresa Freund**

For reasonable accommodations or alternative formats, contact Theresa Freund, 763-493-8059 or email theresa.freund@brooklynpark.org.

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Our Mission: Brooklyn Park, a thriving community inspiring pride where opportunities exist for all.

Our Goals:

*Strong Neighborhoods • Adapting to Changing Demographics • Public Safety
Financial Sustainability • Community Image • Focused Redevelopment and Development*

I. ORGANIZATIONAL BUSINESS

1. CALL TO ORDER/ROLL CALL

2. PUBLIC COMMENT AND RESPONSE

This provides an opportunity for the public to address the EDA on items, which are not on the agenda. Open Forum will be limited to 15 minutes (if no one is in attendance for the Open Forum, the Regular Meeting may begin) and it may not be used to make personal attacks, to air personality grievances, to make political endorsements or for political campaign purposes. Commissioners will not enter into a dialogue with citizens. Questions from the EDA will be for clarification only. Open Forum will not be used as a time for problem solving or reacting to the comments made but, rather, for hearing the citizen for informational purposes only.

2A. RESPONSE TO PRIOR PUBLIC COMMENT

2B. PUBLIC COMMENT

3. APPROVAL OF AGENDA

II. STATUTORY BUSINESS AND/OR POLICY IMPLEMENTATION

4. CONSENT

4.1 Consider Approving Meeting Minutes

4.1A August 19, 2019 Meeting Minutes

4.2 Notice of Administrative Action to Issue Tax Increment Financing Note to Scannell Properties #321, LLC

4.2A Tax Increment Financing Note

4.3 Consider Approving a Revised BrookLynk Cooperative Agreement between the Brooklyn Park EDA and the City of Brooklyn Center to Reflect Changes in the Advisory Committee Structure and Function

4.3A Resolution

- 4.3B Redlined BrookLynk Cooperative Agreement
- 4.4 Consider Approving 2020 EDA Meeting Calendar
 - 4.4A 2020 EDA Meeting Calendar

The following items relate to the EDA's long-range policy-making responsibilities and are handled individually for appropriate debate and deliberation. (Those persons wishing to speak to any of the items listed in this section should fill out a speaker's form and give it to the Secretary. Staff will present each item, following in which audience input is invited. Discussion will then be closed to the public and directed to the EDA table for action.)

5. Public Hearings

- 5.1 None.

6. General Action Items

- 6.1 Consider Accepting D'Amico Catering's Annual Business Plan
 - 6.1A D'Amico Catering 2020 Edinburgh USA Report
- 6.2 Consider Authorizing Conveyance of EDA-Owned Land to the City for Fair Oaks Park
 - 6.2A Resolution
 - 6.2B Deed
- 6.3 Consider Funding Four Additional BrookLynk Interns for the 2020 Youth Sports Initiative
 - 6.3A Request from Brooklyn Bridge Alliance
 - 6.3B Alliance Commitment to Equitable Access in Sports
- 6.4 Consider Approving a Preliminary Term Sheet between the EDA and Aeon BP, LLC for the Acquisition and Rehabilitation of Huntington Place Apartment Community
 - 6.4A Preliminary Term Sheet

III. DISCUSSION - These items will be discussion items but the EDA may act upon them during the course of the meeting.

7. Discussion Items

- 7.1 Status Update
 - 7.1A Cultivate Wrap-up Presentation
- 7.2 Housing Update

IV. WORK SESSION - This portion of the meeting will not be televised nor videotaped and will be held in the Council Chambers.

8. Work Session

- 8.1 Discuss Housing Policy in Brooklyn Park
 - 8.1A Matrix of Housing Strategies and Tools
- 8.2 Discuss Development of North Hennepin Community College Surplus Land for Affordable Housing
- 8.3 Discuss Potential Business Incubator Model Options
 - 8.3A LIST OF INCUBATORS IN MINNEAPOLIS/SAINT PAUL
 - 8.3B OPPORTUNITY ZONE AND NEW MARKET TAX CREDIT ELIGIBLE AREAS MAP
 - 8.3C OPTIONS FOR BUSINESS INCUBATOR CONCEPT

V. ADJOURNMENT

Since we do not have time to discuss every point presented, it may seem that decisions are preconceived. However, background information is provided for the EDA on each agenda item in advance from City staff; and decisions are based on this information and past experiences. If you are aware of information that has not been discussed, please raise your hand to be recognized. Please speak from the podium. Comments that are pertinent are appreciated. Items requiring excessive time may be continued to another meeting.

The Brooklyn Park Economic Development Authority's Agenda Packet is posted on the City's website. To access the agenda packet, go to www.brooklynpark.org
The Next Scheduled EDA Meeting is January 21, 2019

City of Brooklyn Park Request for EDA Action

Agenda Item No:	4.1	Meeting Date:	December 16, 2019
Agenda Section:	Consent	Prepared By:	Theresa Freund, EDA Secretary
Resolution:	N/A	Presented By:	Theresa Freund, EDA Secretary
No. of Attachments:	1		
Item:	Consider Approving EDA Meeting Minutes		

Executive Director's Proposed Action:

MOTION _____, SECOND _____ TO APPROVE THE AUGUST 19, 2019 EDA MEETING MINUTES.

Overview:

N/A

Primary Issues/Alternatives to Consider:

N/A

Budgetary/Fiscal Issues:

N/A

Attachments:

4.1A AUGUST 19, 2019 MEETING MINUTES

THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF BROOKLYN PARK
AUGUST 19, 2019 REGULAR MEETING MINUTES

I. ORGANIZATIONAL BUSINESS:

1. CALL TO ORDER: President Jeff Lunde at 7:02 p.m.

ROLL CALL PRESENT: President Jeff Lunde, Vice President Lisa Jacobson, Treasurer Wynfred Russell and Commissioners Mark Mata, Terry Parks, Susan Pha and Tonja West-Hafner, Executive Director Kim Berggren and EDA Secretary Theresa Freund

ABSENT/EXCUSED: None.

2. PUBLIC COMMENT AND RESPONSE:

2. A Response to Prior Public Comment: None.

2. B Public Comment: None.

3. APPROVAL OF AGENDA

MOTION LUNDE, SECOND WEST-HAFNER APPROVING THE AGENDA AND PULLING ITEM 4.1 FOR DISCUSSION. MOTION PASSED UNANIMOUSLY.

II. STATUTORY BUSINESS:

4. CONSENT:

- 4.1 Consider Approving the Contract for 2019 Maintenance Investments at the Transitional Housing Facility Located at 7600 69th Avenue North to Amani Construction, LLC.

MOTION LUNDE, SECOND WEST-HAFNER, TO WAIVE THE READING AND ADOPT RESOLUTION #2019-15 APPROVING THE CONTRACT FOR 2019 MAINTENANCE INVESTMENTS AT THE TRANSITIONAL HOUSING FACILITY LOCATED AT 7600 69TH AVENUE NORTH TO AMANI CONSTRUCTION LLC. MOTION CARRIES (5 TO 2) WITH COMMISSIONERS PHA AND MATA VOTING NO.

5. PUBLIC HEARINGS:

- 5.1 Consider Approving a Purchase and Development Contract Between the Brooklyn Park Economic Development Authority and Christina's Child Care Center, LLC.; Approving Conveyance of Certain Property Located At 7516 Brooklyn Blvd N, and Approving a Business Subsidy.

MOTION WEST-HAFNER, SECOND PHA TO WAIVE THE READING AND ADOPT RESOLUTION #2019-16 APPROVING A PURCHASE AND DEVELOPMENT CONTRACT BETWEEN THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY AND CHRISTINA'S CHILD CARE CENTER, LLC., APPROVING CONVEYANCE OF CERTAIN PROPERTY LOCATED AT 7516 BROOKLYN BLVD N, AND APPROVING A BUSINESS SUBSIDY. MOTION CARRIES (6 TO 1) WITH COMMISSIONER MATA VOTING NO.

6. GENERAL ACTION ITEMS:

- 6.1 Consider Approving Special Benefit Tax Levies for Defraying the Costs Incurred by the Brooklyn Park Economic Development Authority for the Year 2020.

MOTION MATA, SECOND WEST-HAFNER TO WAIVE THE READING AND ADOPT RESOLUTION #2019-17 APPROVING SPECIAL BENEFIT TAX LEVIES FOR THE PURPOSE OF DEFRAYING THE COSTS INCURRED BY THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY FOR THE YEAR 2020. MOTION PASSED UNANIMOUSLY.

- 6.2 Consider Approving Commitment to Participate Financially in the Development of the Center for Innovation and the Arts and Participate in the Development of an Operational Agreement.

MOTION LUNDE, SECOND JACOBSON TO WAIVE THE READING AND ADOPT RESOLUTION #2019-18 APPROVING COMMITMENT TO PARTICIPATE FINANCIALLY IN THE DEVELOPMENT OF THE CENTER FOR INNOVATION AND THE ARTS AND PARTICIPATE IN THE DEVELOPMENT OF AN OPERATIONAL AGREEMENT. MOTION CARRIES (6 TO 1) WITH COMMISSIONER MATA VOTING NO.

- 6.3 Consider Changes to Eligibility Requirements for the Sewer Availability Charge and Water Access Charge Reduction Policy.

MOTION JACOBSON, SECOND PARKS TO APPROVE CHANGES TO ELIGIBILITY REQUIREMENTS FOR THE SEWER AVAILABILITY CHARGE (SAC) AND WATER ACCESS CHARGE (WAC) REDUCTION POLICY. MOTION PASSED UNANIMOUSLY.

- 6.4 Consider Approving the Amended Loan Terms for the \$400,000 Housing Rehabilitation Loan for Reprise Associates LP – Amorice, LLC For Brooks Landing and Brook Gardens.

MOTION WEST-HAFNER, SECOND PARKS TO WAIVE THE READING AND ADOPT RESOLUTION #2019-19 APPROVING THE AMENDED LOAN TERMS FOR THE \$400,000 HOUSING REHABILITATION LOAN FOR REPRIS ASSOCIATES LIMITED PARTNERSHIP – AMORCE, LLC FOR BROOKS LANDING AND BROOK GARDENS. MOTION CARRIES (6 TO 1) WITH COMMISSIONER MATA VOTING NO.

III. DISCUSSION:

7. DISCUSSION ITEMS

- 7.1 Status Update – Kim Berggren highlighted the following:
- We did have a business use the SAC & WAC Reduction Program since the last meeting. HSIO Technologies, an engineering and manufacturing company, was able to access that program and were thankful to have that benefit as they were moving here.
 - I would like to highlight the CBRE Spotlights Report that we recently saw indicated that Brooklyn Park has increased its industrial base

by 25% in the past five years. We are leading the way and we knew this, but it is nice to see it affirmed by the different data sources that are available around our growth in the industrial space.

- Restaurant Week is coming up September 9th to 13. Please follow it and promote it. There are several restaurants here that will be highlighted through that work. This is work the EDA is doing in partnership with the communications team.
- Yesterday was a very exciting five-year celebration for the BrookLynk Program. Thank you to Commissioners Lisa Jacobson and Tonja West-Hafner for attending on behalf of the City Council and EDA. This was a great celebration. As many of you may know the Program Coordinator Luis Salado-Herrera is moving on. We have hired a new manager, Catrice O'Neal who you will be seeing around.
- There is a summary of big things that are happening related to Beyond the Rails Work.
- Cultivate Bottineau flyer is in your packet. We have a couple of events that are coming up in September that promote art and conversations around CITA.

7.2 Housing Update – Erika Byrd highlighted the following:

- We are still working on contracting with the University of Minnesota for the CURA Study on evictions and apartment stability. We had an interview with Minnesota Housing about a potential grant. We will find out about by the end of the month.
- There is some maintenance, deferred work and improvements happening at Huntington Place. I heard they had a great National Night Out. Thank you to the police, fire and city council members who were part of that.
- Staff will be bringing the Tenant Notification Policy to the City Council in September for a public hearing. The City Attorney is currently reviewing the policy.

IV. WORK SESSION: Commissioners recessed at 9:02 pm and reconvened at 9:07 pm in the Council Chambers. This portion of the meeting was not televised nor videotaped. President Jeff Lunde was absent and Vice President Lisa Jacobson presided.

8. WORK SESSION ITEMS

- 8.1 Update on Opportunity Zone Projects in Brooklyn Park. Breanne Rothstein stated the purpose of this meeting is to provide an update to the EDA on the Opportunity Zone District and the development interest we have in this area.

Back in April of this In April of 2019, EDA directed staff to pursue and bring forward projects that would take advantage of Opportunity Zone funding. An Opportunity Zone is federal legislation that encourages investment in census tracts that were identified through a long process. There are seven census tracts in all suburban Hennepin County that are eligible Opportunity Zones. For Hennepin County, it is a unique opportunity if you have one of those census tracts identified. Brooklyn Park has one and this is the outline of the census tract. It goes from Zane Avenue North to Noble and 85th Avenue North to the creek. This census tract represents an area that was identified through a state process and approved by the federal government as our Opportunity Zone.

What that means is that outside investment is encouraged through several different options:

- Investor eligible new development is the one that gets primarily discussed and is the main interest in our site. Why I say investor eligible is because this relies on a model where you are looking at loan and equity to come together to do a development and then lease the space. It is very hard for an owner and operator to take advantage of this outside equity because it really relies on a lease model.
- The second option for accessing Opportunity Zone funds is through substantial rehab. This is also a difficult standard to meet because to do a rehabilitation project you must invest 50% of the total market value of the building on the site. So, there might be a project that comes forward over time that meets that criteria, but it is hard to see outside investors essentially doubling the value of a building in this area.
- Finally, Opportunity Zone funding can be used for new business ventures. This isn't something we have seen or heard a lot about. It is something that the federal government anticipated being able to access the equity from Opportunity Zone funds to foster business development too. This is something where we are continuing to learn more about and hopeful that we will be able to access within this area in the future.

Opportunity Zone funding is basically a tax shelter for capital gains. Any investor or group of investors that have capital gains on a real estate deal or on a stock market sale can invest those dollars into development in these areas and avoid capital tax gains. This is a very simple explanation of it. We are seeing a lot of Opportunity Zone funds popping up and having significant dollars to invest in these areas. Because of that and the market improvements both within Brooklyn Park and the region we are seeing and hearing a lot of interest in our Opportunity Zone site. The EDA owns most of the available land for development in the Opportunity Zone. So, it is really a unique time where the EDA can put in its resources and leverage this land in order to leverage the investment in the Opportunity Zone funds.

As you have heard tonight Christina's Daycare is one of the sites in the Opportunity Zone that is being developed. It will not take advantage of Opportunity Zone funds because it is an owner operator model.

The second site is Devean George's mixed-use development. You may have seen the video that he put out talking about his proposal. He is doing community engagement through that video. The link to the video was sent out to council members by email and it will be shared through social media as well. We do anticipate that Opportunity Zone funding would be likely in that development. Although we have not seen a detailed proforma for that project to date.

The third site is the topic of conversation for the next work session item. A multi-family housing developer, Roers is proposing a mixed-use development on the southeast Welcome site and that is a project that plans to take advantage of its own Opportunity Zone capital.

Finally, on the Regent Site we do have developer interest in doing a development on that site and taking advantage of the Opportunity Zone fund.

Both representatives from Roers and John Opara who is interested in developing the Regent site, are present in the room tonight. Staff wanted to provide an opportunity for them to hear the conversation and show their interest in developing this area by being here tonight. I will turn the meeting over to Kim Berggren and Jen Jordan will provide a more detailed review of the Roers project.

Kim Berggren stated we are happy to take questions on what the status of the projects are and if you have some initial reactions to where we are at and where we are going. This would be a great time to hear that feedback. We anticipate that John Opara is going to be bringing forward a proposal on the larger Regent site and it may or may not include the entire site. If there is any interest of the EDA talking about the different strategies for developing that site, we could talk about that tonight as well. Whether there is a desire to have a developer that can take the whole site at once or if we are willing to play more of a development role and plan for the site and break off pieces of the site that could be sold for development. We are bringing this up now, but it is not something we had suggested as an option in the past. Given that we are in this window of time where we have a unique opportunity to take advantage of the Opportunity Zone and we also have a developer that is interested and seems to have a viable team that may be interested in a portion of the site we wanted to bring up this idea here before we went down the path too far.

Commissioners provided feedback to staff on the sites. There was concern about rental being built in that area due to history.

- 8.2 Discuss a Proposal from Roers Companies for the Purchase of EDA owned land at 7601 Brooklyn Boulevard to Construct a 150 Unit Mixed-Use Development – Jennifer Jordan stated this is a rendering of the type of development they would be building. It is not what commissioners saw at Mezzo, but it is attractive and durable. It would be similar to a project they completed in Ames Iowa and the finish level they would expect to complete for this project in Brooklyn Park. There would be an amenity package, however it would not be the amenity package you saw at the Mezzo Apartments. It would be something that is attractive and a different product than what is currently available in that area of the city today.

Breanne Rothstein added they are meeting the mixed income housing policy as proposed but their market rate rents are just above that 60% AMI level because there hasn't been new multifamily housing built in this area. They are anticipating, although conservative estimates for what rents they will be able to receive. So, the subsidy that is being requested is based on the market rate rents being close to 60% AMI, maybe 70% AMI. If those rents are exceeded, we could put in the terms of the development agreement that some of the subsidy could be recaptured as we have in previous developments. I would add that if the market rate rents aren't

what would be needed to have a subsidy free development which would be close to \$1,900 to 2,000 for a two bedroom and up for three bedrooms. The cost of construction and the cost of money is such that it takes a lot of rent to have these projects be subsidy free.

Kim Berggren stated that this project could be structured similarly to the Doran project. It would be structured based on conservative rents but if those rents do go up, we would recapture and not pay out as much of the assistance. It is my understanding that it would be their intention to have this be a long-term ownership. Our multifamily housing guidelines that were established by a task force, that talked over a year after many other studies in 2009 and 2010, recommended local ownership, smaller buildings, having amenity packages that are distinct from the existing housing stock and product that is currently not available to really mix up the unit types across the city and geographic distribution of affordable housing. Staff is consciously looking at those guidelines as we are talking to developers and referencing them as well.

Jennifer Jordan informed commissioners that the next slide shows the initial request, and this is our starting point. If the EDA says no go, not interested than that is fine. If commissioners want us to pursue it, staff will start the negotiation process of how we can refine this TIF ask. Eligible TIF costs would be acquisition and structured parking. That would be a major use of the TIF funds for this development. They do show in some of their preliminary renderings surface parking, which I believe will be just for visitors and the majority of parking will be for residents in structured underground parking. In talking initially with Ehlers, the best source for this development would be using TIF 3 cash. We want to make sure that we are working with our development partners wisely and we don't want to waste the EDA's time if it is not something you want to pursue. I think it is fortunate that we do have quite a bit of developer interest in this area because of the Opportunity Zone and this is something we can really capitalize on, but it won't be without assistance. That is where we are coming from. If you want us to proceed and work on the finding that number, we are happy to do so but if it is simply a land use and direction you don't want to go, we can continue to hold onto the property.

Breanne Rothstein reported Opportunity Zones are placed in areas that lack investment. They pick zones to spur investment and the investment is in lease space. Whether that is housing or commercial it is leased space that investors are going to invest in. It wasn't that they targeted low income neighborhoods. It was that they were looking to spur economic development in an area that had not seen it nor will see it likely in the future. So, I think this zone meets that definition but given the history of the land uses and all the dialogue and the challenges with that dialogue it makes sense that there would be that. If housing is off the table for that area, our challenge is to go back and talk to the market about it. The commercial opportunities on the Welcome sites in particular are going to be low density, one story, 10,000 square feet to maybe 20,000 square feet and with a two-

acre site from a land use perspective and development guidelines it doesn't make sense. If commercial is what is desired there that would be what you would be looking at.

Some commissioners expressed concern of rental in the area and one-bedroom studios. Could this project be north of 610, maybe on the former park and ride location. Breanne Rothstein stated that the multifamily housing market is very hot and especially if there is a land contribution in the mix there would be a variety of developers that would be interested in that. The purpose of this conversation is talking about Brooklyn Boulevard and the Opportunity Zone. Certainly nothing potentially would keep a developer away from being interested, especially if the EDA owned the land.

Staff hasn't done a full market study of demand in the area. You could look at market trend reports, you could look at the rent increases among certain types of units and then the scarcity of the units. Studios is what the development community is telling us is most in demand because there are none and they are the most affordable. Our Comp Plan says we need or should be looking at 490 units of affordable housing for about 30% AMI. That is almost impossible to do. We know we need more affordable units, smaller units are more affordable, and we don't have a lot of studios. That is what the market regional trends are saying, those aren't just Brooklyn Park trends. The reason two and three bedrooms are not demanded is because they are too expensive. They would require significant subsidy.

Brooklyn Park has more than the metro average number of families. In the metro the fastest growing households are single person households. There are not that many studios. Single person households do not demand a lot of space. They would rather pay less for a 600 or 700 square foot apartment than pay more for a 900 to 1,000 square foot apartment. However, in Brooklyn Park that doesn't necessarily hold up. We have more than the regional share of families. We have a ton of children and teenagers. As they age into adulthood, they will be looking for their own place to stay if they can afford it. The reason people are doubling up is they can't afford a place. Affordable housing is reaching a crisis level in the metro. Brooklyn Park has a lot of it right now but that is probably rapidly changing because it is all market rate. Right now, we have an abundance of one-bedroom affordable housing in that neighborhood but what is it going in five years or ten years. We are before you tonight because people are asking us to do. We wanted to bring you these projects and give you the opportunity to provide us direction.

Kim Berggren informed commissioners that staff is anticipating other projects around the city moving forward. We are prioritizing this conversation given the timeframe of the Opportunity Zone. If we are going to take advantage of the Opportunity Zone, we want to do it soon. That is why this is a priority conversation today. The North Hennepin College site they want to proceed on that would be proposing a higher level of affordability and that will be a conversation with commissioners on how

much affordability will you allow for that particular project. We have other sites that the EDA owns like the MNDOT site, land over by Oxbow Lake so there are a lot of opportunities to introduce housing. If you think about the EDA's history, we did have the Doran project several years ago and that project was really about providing high rents in the northern part of the community in hopes that it would allow additional housing to come into the market and that did happen. There is another proposed project that hasn't started construction yet on 93rd. We have those two apartments and we haven't seen any other apartment development. If you think about the narrative of Brooklyn Park and all of the apartment housing units from the 1960s and 1970s. Now, we are talking about 2019. There has been so much time in between.

Kim Berggren asked commissioners to think about what they would like to have happen in the Village area in the next five years. That is the challenge for the EDA right now. There is always the option of doing nothing. That has been the EDA's approach for the last ten years. If commissioners want to have something happen, we have ideas on how that can happen right now. I would like to put this conversation on hold and have you think about it for a bit. Staff will work with the developers based on what we have heard tonight. We can circle back on this again at the next EDA meeting.

Kim Berggren reminded commissioners that one challenge with these parcels is that they were purchased with TIF funding. They can't be converted especially the Regent site, to recreational uses without paying back those TIF districts. There is a way, but it would be expensive. The parcels were purchased for redevelopment not for public use.

Throughout the discussion commissioners provided feedback to staff. Breanne Rothstein thanked commissioners for their feedback. We will continue to move forward on the two Welcome sites and continue to work with the developers who are interested in the Regent site on alternatives.

V. ADJOURNMENT

Meeting adjourned at 10:08 p.m.

Respectfully Submitted
EDA Secretary Theresa Freund

City of Brooklyn Park Request for EDA Action

Agenda Item No:	4.2	Meeting Date:	December 16, 2019
Agenda Section:	Consent	Prepared By:	Erika Byrd, Development Project Coordinator
Resolution:	N/A	Presented By:	Erika Byrd, Development Project Coordinator
Attachments:	1		
Item:	Consider Accepting Notice of Administrative Action to Issue Tax Increment Financing Note to Scannell Properties #321, LLC		

Executive Director's Proposed Action:

MOTION _____, SECOND _____ TO ACCEPT NOTICE OF ADMINISTRATIVE ACTION TO ISSUE TAX INCREMENT FINANCING NOTE TO SCANNELL PROPERTIES #321, LLC

Overview:

On August 20, 2018 the Brooklyn Park Economic Development Authority authorized a Contract for Private Development (Contract) with Scannell Properties #321, LLC (Developer) for development of an approximately 75,000 square foot warehouse facility with related office space at 9200 75th Avenue North. The Developer requested assistance to cover the extraordinary costs required to stabilize the soils to support development. The site had been one of the last remaining vacant development sites in the Northland neighborhood due to the challenging size and soil conditions. Scannell Properties #321, LLC completed construction at 9200 75th Avenue North and the facility is now operational with Napco International LLC as the primary tenant of the building.

The Contract provides financial assistance to the Developer through pay-as-you-go (PAYGO) tax-increment financing to offset the extraordinary costs associated with soil corrections and site improvements. The EDA will reimburse the Developer up to \$450,000 for Qualified Costs, subject to available tax increment. Under the terms of the Contract, the EDA shall issue and deliver the Tax Increment Financing Note upon the Developer delivering written evidence that they have incurred Qualified Costs in an amount at least equal to the principal amount of the Note. The Developer has submitted the evidence of the Qualified Costs necessary for staff to execute the Tax Increment Financing Note.

Recommendation

The Executive Director of the Economic Development Authority recommends approval.

Attachments

4.2A TAX-INCREMENT FINANCING NOTE

UNITED STATE OF AMERICA
 STATE OF MINNESOTA
 COUNTY OF HENNEPIN
 BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY

No. R-1

\$450,000

TAXABLE TAX INCREMENT REVENUE NOTE
 (SCANNELL PROJECT)

Rate
 5.00%

Date
 of Original Issue

December __, 2019

The BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY (the “EDA”) for value received, certifies that it is indebted and hereby promises to pay to SCANNELL PROPERTIES #321, LLC or registered assigns (the “Owner”), the principal sum of \$450,000, with interest thereon at the rate of 5.00% per annum, solely from the sources and to the extent set forth herein. Capitalized terms shall have the meanings provided in the Contract for Private Development between the EDA and the Owner, dated as of October 10, 2018 (the “Agreement”), unless the context requires otherwise.

1. Payments. Principal and interest payments (“Payments”) shall be paid on August 1, 2020 and each February 1 and August 1 thereafter to and including February 1, 2029 (“Payment Dates”) in the amounts and from the sources set forth in Section 3 herein. All payments made by the EDA under this Note shall first be applied to accrued interest and then to principal.

Payments are payable by mail to the address of the Owner or such other address as the Owner may designate upon 30 days written notice to the EDA. Payments on this Note are payable in any coin or currency of the United States of America which, on the Payment Date, is legal tender for the payment of public and private debts.

2. Interest. The unpaid principal amount hereof shall bear interest from the date of this Note at the rate of five percent (5.00%) per annum. Interest accruing from the date of issuance of this Note up to the receipt of the first increment will be compounded semiannually on February 1 and August 1 of each year and added to principal. Interest shall be computed on the basis of a year of 360 days and twelve 30-day months. To the extent that Available Tax Increment is insufficient to pay principal and interest on any Payment Date, unpaid interest will not be added to principal.

3. Available Tax Increment. (a) Payments on this Note are payable on each Payment Date solely from and in the amount of Available Tax Increment, which shall mean 95% of the portion of the real property taxes which is paid with respect to the EDA’s Tax Increment Financing District No. 1-26 (an economic development district) (the “TIF District”) and which is remitted by Hennepin County to, and retained by, the EDA as tax increment pursuant to the TIF Act in the six months

preceding each Payment Date on the Note and which remains on hand on such Payment Date, pursuant to Section 3.3 of the Agreement.

(b) The EDA shall have no obligation to pay principal of this Note on each Payment Date from any source other than Available Tax Increment and the failure of the EDA to make Payments on any Payment Date shall not constitute a default hereunder as long as the EDA pays principal hereof to the extent of the Available Tax Increment. If on any Payment Date there is available to the EDA insufficient Available Tax Increment to pay the accrued and unpaid interest on this Note on such date, the amount of such deficiency shall be deferred and paid, without interest thereon, on the next Payment Date on which the EDA has available to it Available Tax Increment in excess of the amount necessary to pay the accrued and unpaid interest on this Note on such subsequent Payment Date. The EDA shall have no obligation to pay any unpaid balance of principal or interest that may remain after the final Payment on February 1, 2029.

4. Default. If on any Payment Date there has occurred and is continuing any Event of Default under the Agreement, the EDA may, notwithstanding any notice and cure provisions in the Agreement, withhold from Payments hereunder all Available Tax Increment. If the Event of Default is thereafter cured in accordance with the Agreement, the Available Tax Increment withheld under this Section shall be deferred and paid, without interest thereon, within 30 days after the Event of Default is cured. If on any date there has occurred and is continuing, after notice and opportunity to cure have been provided in accordance with the Agreement, any Event of Default under the Agreement, the EDA may exercise its remedies under the Agreement, including but not limited to terminating this Note. Reference is hereby made to all of the provisions of the Contract for Private Development, including without limitation Section 7.1 thereof, for a fuller statement of the rights and obligations of the EDA to pay the principal of this Note, and said provisions are hereby incorporated into this Note as though set out in full herein.

5. Prepayment. The principal sum payable under this Note is prepayable in whole or in part at any time by the EDA without premium or penalty.

6. Nature of Obligation. This Note is issued to aid in financing certain Qualified Costs of a Development District pursuant to the Agreement and Minnesota Statutes, Sections 469.124 through 469.133, and pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the “TIF Act”). This Note is a special, limited obligation of the EDA which is payable solely from Available Tax Increment pledged to the payment hereof. This Note shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the EDA. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of this Note or other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of this Note or other costs incident hereto.

7. Estimated Tax Increment Payments. Any estimates of Tax Increment prepared by the EDA or its financial advisors in connection with the TIF District or the Agreement are for the benefit of the EDA, and are not intended as representations on which the Developer may rely.

8. Registration and Transfer. This Note is issuable only as a fully registered note without coupons. This Note is transferable upon the books of the EDA kept for that purpose at the principal office of the Executive Director, by the Owner hereof in person or by such Owner's attorney duly authorized in writing, upon surrender of this Note together with a written instrument of transfer satisfactory to the EDA, duly executed by the Owner.

Except as otherwise provided in Section 7.1 of the Agreement, this Note shall not be transferred to any person or entity, unless the EDA has provided written consent to such transfer. The Note may only be assigned if the assignee shall (i) execute and deliver to the City the Acknowledgment Regarding TIF Note in the form included in **Exhibit 1** hereto and (ii) surrender this Note to the EDA either in exchange for a new fully registered Note or for transfer of this Note on the registration records for the Note maintained by the EDA. Each Registered Owner of this Note which assigns, transfers or otherwise grants any interest herein agrees to comply with all applicable laws in so doing, including without limitation all applicable state and federal registration and securities laws and regulations. Each permitted assignee shall take this Note subject to the foregoing conditions and subject to all provisions stated or referenced herein and the Agreement.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen, and to be performed in order to make this Note a valid and binding limited obligation of the EDA according to its terms, have been done, do exist, have happened, and have been performed in due form, time and manner as so required.

IN WITNESS WHEREOF, the Board of Commissioners of the Brooklyn Park Economic Development Authority has caused this Note to be executed with the manual signatures of its President and Executive Director, all as of the Date of Original Issue specified above.

BROOKLYN PARK ECONOMIC
DEVELOPMENT AUTHORITY

Executive Director

President

REGISTRATION PROVISIONS

The ownership of the unpaid balance of the within Note is registered in the bond register of the Executive Director, in the name of the person last listed below.

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of Executive Director</u>
December __, 2019	Scannell Properties #321, LLC 8801 River Crossing Blvd., Suite 300 Indianapolis, IN 46240 Federal Tax ID No. 82-3501833	

Exhibit 1
To Taxable TIF Note

ACKNOWLEDGMENT REGARDING TIF NOTE

The undersigned, _____ a _____ (“Note Holder”), hereby certifies and acknowledges that:

A. On the date hereof the Note Holder has [acquired from]/[made a loan (the “Loan”) [to/for the benefit] of] Scannell Properties #321, an Indiana limited liability company (the “Developer”) [secured in part by] the Taxable Tax Increment Revenue Note (Scannell Project), a pay-as-you-go tax increment revenue note in the original principal amount of \$450,000 dated _____, 20__ of the Brooklyn Park Economic Development Authority (the “EDA”), a copy of which is attached hereto (“TIF Note”).

B. The Note Holder has had the opportunity to ask questions of and receive all information and documents concerning the Note as it requested, and has had access to any additional information the Note Holder thought necessary to verify the accuracy of the information received. In determining to [acquire the Note]/[make the Loan], the Note Holder has made its own determinations and has not relied on the EDA or information provided by the EDA.

C. The Note Holder represents and warrants that:

1. The Note Holder is acquiring [the Note]/[an interest in the Note as collateral for the Loan] for its own account, and without any view to resale or other distribution.

2. The Note Holder is an “accredited investor” as defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, and as further described in **Exhibit 1A** hereto and has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of acquiring [and holding the Note] [an interest in the Note as collateral for the Loan].

3. The Note Holder understands that the Note is a security which has not been registered under the Securities Act of 1933, as amended, or any state securities law, and must be held until its sale is registered or an exemption from registration becomes available.

4. The Note Holder is aware of the limited payment source for the Note and interest thereon and risks associated with the sufficiency of that limited payment source.

D. The Note Holder understands that the Note is payable solely from certain tax increments derived from certain properties located in a tax increment financing district, if and as received by the EDA. The Note Holder acknowledges that the EDA has made no representation or covenant, express or implied, that the revenues pledged to pay the Note will be sufficient to pay, in whole or in part, the principal and interest due on the Note. Any amounts which have not been paid on the Note on or before the final maturity date of the Note shall no longer be payable, as if the Note had ceased to be an obligation of the EDA. The Note Holder understands that the Note

will never represent or constitute a general obligation, debt or bonded indebtedness of the City, the State of Minnesota, or any political subdivision thereof and that no right will exist to have taxes levied by the City, the State of Minnesota or any political subdivision thereof for the payment of principal and interest on the Note.

E. The Note Holder understands that the Note is payable solely from certain tax increments, which are taxes received on improvements made to certain property (the “Improvements”) in a tax increment financing district from the increased taxable value of the property over its base value at the time that the tax increment financing district was created, which base value is called “original net tax capacity”. There are risk factors in relying on tax increments to be received, which include, but are not limited to, the following:

1. Value of Improvements. If the contemplated Improvements constructed in the tax increment financing district are completed at a lesser level of value than originally contemplated, they will generate fewer taxes and fewer tax increments than originally contemplated.

2. Damage or Destruction. If the Improvements are damaged or destroyed after completion, their value will be reduced, and taxes and tax increments will be reduced. Repair, restoration or replacement of the Improvements may not occur, may occur after only a substantial time delay, or may involve property with a lower value than the Improvements, all of which would reduce taxes and tax increments.

3. Change in Use to Tax-Exempt. The Improvements could be acquired by a party that devotes them to a use which causes the property to be exempt from real property taxation. Taxes and tax increments would then cease.

4. Depreciation. The Improvements could decline in value due to changes in the market for such property or due to the decline in the physical condition of the property. Lower market valuation will lead to lower taxes and lower tax increments.

5. Non-payment of Taxes. If the property owner does not pay property taxes, either in whole or in part, the lack of taxes received will cause a lack of tax increments. The Minnesota system of collecting delinquent property taxes is a lengthy one that could result in substantial delays in the receipt of taxes and tax increments, and there is no assurance that the full amount of delinquent taxes would be collected. Amounts distributed to taxing jurisdictions upon a sale following a tax forfeiture of the property are not tax increments.

6. Reductions in Taxes Levied. If property taxes are reduced due to decreased municipal levies, taxes and tax increments will be reduced. Reasons for such reduction could include lower local expenditures or changes in state aids to municipalities. For instance, in 2001 the Minnesota Legislature enacted an education funding reform that involved the state increasing school aid in lieu of the local general education levy (a component of school district tax levies).

7. Reductions in Tax Capacity Rates. The taxable value of real property is determined by multiplying the market value of the property by a tax capacity rate. Tax

capacity rates vary by certain categories of property; for example, the tax capacity rates for residential homesteads are currently less than the tax capacity rates for commercial and industrial property. In 2001 the Minnesota Legislature enacted property tax reform that lowered various tax capacity rates to “compress” the difference between the tax capacity rates applicable to residential homestead properties and commercial and industrial properties.

8. Changes to Local Tax Rate. The local tax rate to be applied in the tax increment financing district is the lower of the current local tax rate or the original local tax rate for the tax increment financing district. In the event that the Current Local Tax Rate is higher than the Original Local Tax Rate, then the “excess” or difference that comes about after applying the lower Original Local Tax Rate instead of the Current Local Tax Rate is considered “excess” tax increment and is distributed by Hennepin County to the other taxing jurisdictions and such amount is not available to the EDA as tax increment.

9. Legislation. The Minnesota Legislature has frequently modified laws affecting real property taxes, particularly as they relate to tax capacity rates and the overall level of taxes as affected by state aid to municipalities.

F. The Note Holder acknowledges that the Note was issued pursuant to a Contract for Private Development between the EDA and the Developer dated _____, 2018 (“Agreement”), and that the EDA has the right to suspend payments under this Note and/or terminate the Note upon an Event of Default under the Agreement.

G. The Note Holder acknowledges that the EDA makes no representation about the tax treatment of, or tax consequences from, the Note Holder’s acquisition of [the Note]/[an interest in the Note as collateral for the Loan].

WITNESS our hand this ___ day of _____, 20__.

Note Holder:

By _____
Name: _____
Its _____

Exhibit 1A
To Acknowledgment Regarding TIF Note

The Note Holder understands that the representations contained below are made for the purpose of qualifying the Note Holder as an “accredited investor” as that term is defined in Regulation D of the General Rules and Regulations under the Act and for the purpose of inducing a sale of securities to the Note Holder. The Note Holder agrees to furnish any additional information which the Brooklyn Park Economic Development Authority (the “EDA”) deems necessary to verify the answers set forth below. The Note Holder hereby represents that the **statement or statements checked or initialed below** are true and correct in all respects. The Note Holder understands that a false representation may constitute an Event of Default as defined in that certain Contract for Private Development, dated as of October 10, 2018 (as the same may be amended from time to time, the “Development Agreement”), between the EDA and Scannell Properties #321, an Indiana limited liability company, or its registered assigns (the “Developer”).

For purposes of this letter an Accredited Investor shall mean any one of the following entities which by check mark or initials the Note Holder represents that it qualifies:

_____ The Note Holder is a natural person whose individual net worth, or joint net worth with his or her spouse, exceeds \$1,000,000, exclusive of the fair market value of primary residence of the Note Holder, at the time of the purchase.

_____ The Note Holder is a natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with the Note Holder’s spouse in excess of \$300,000 in each of those years and who reasonably expects to reach the same income level in the current year.

_____ The Note Holder hereby certifies that all of the equity owners of the Note Holder qualify as accredited individual investors. (Please submit a copy of this page countersigned by each such equity owner if relying on this item).

_____ The Note Holder is a bank or savings and loan association as defined in Sections 3(a)(2) and 3(a)(5)(A), respectively, of the Act acting either in its individual or fiduciary capacity.

_____ The Note Holder is an insurance company as defined in Section 2(13) of the Act.

_____ The Note Holder is an investment company registered under the Investment Company Act of 1940, as amended, or a business development company as defined in Section 2(a)(48) of that Act.

_____ The Note Holder is a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958.

_____ The Note Holder is an employee benefit plan within the meaning of Title I of the Employee Retirement Security Act of 1974 and either (check one or more, as applicable):

_____ the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser; or

_____ the employee benefit plan has total assets in excess of \$5,000,000; or

_____ the plan is a self-directed plan with investment decisions made solely by persons who are “Accredited Investors” as defined under the Act.

_____ The Note Holder is a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.

_____ The Note Holder has total assets in excess of \$5,000,000, was not formed for the specific purpose of acquiring the Note and is one or more of the following (check one or more, as appropriate):

_____ an organization described in Section 501(c)(3) of the Internal Revenue Code; or

_____ a corporation; or

_____ a Massachusetts or similar business trust; or

_____ a partnership.

_____ The Note Holder is a trust with total assets exceeding \$5,000,000, which was not formed for the specific purpose of acquiring the TIF Note and whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the investment in the TIF Note.

City of Brooklyn Park Request for EDA Action

Agenda Item No:	4.3	Meeting Date:	December 16, 2019
Agenda Section:	Consent	Prepared By:	Breanne Rothstein, Economic Development and Housing Director
Resolution:	N/A	Presented By:	Breanne Rothstein, Economic Development and Housing Director
Attachments:			
Item:	Consider Approving a Revised BrookLynk Cooperative Agreement between the Brooklyn Park Economic Development Authority and the City of Brooklyn Center to reflect changes in the Advisory Committee structure and function		

Executive Director's Proposed Action:

MOTION _____, SECOND _____ TO APPROVE A REVISED BROOKLYNK COOPERATIVE AGREEMENT BETWEEN THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY AND CITY OF BROOKLYN CENTER TO REFLECT CHANGES IN THE ADVISORY COMMITTEE'S STRUCTURE AND FUNCTION

Overview:

In January of 2019, the BrookLynk Advisory Committee decided to evaluate the need for changes to certain terms of the co-operative agreement related to the advisory committee's structure and function. As a result of the committee's work, changes to the co-operative agreement to adjust the structure of the committee are proposed. Also, changes are proposed to remove or adjust the exact deadlines/dates for when the budget, work plan, evaluation, and fundraising plans are submitted for approval.

- **What is the recommendation of the Advisory Committee?**

The Advisory Committee's recommendation is to formally change membership of the committee to the following positions:

Standing Positions

City Manager, Brooklyn Center (or designee)
City Manager, Brooklyn Park (or designee)
BBA Representative (or designee)

Appointed Positions (every 2 years)

Hennepin Technical College (HTC) Representative (new)
North Hennepin Community College (NHCC) Representative (new)
BrookLynk Employer/Business Rep (new)
BrookLynk Employer/Business Rep (new)
BrookLynk Alumni
BrookLynk Alumni
BrookLynk Alumni (new)
BrookLynk Alumni (new)

It is recommended that the chairs/city managers and the BBA representative be standing appointments, but designees would be permitted. It is recommended that each of the remaining positions be a duration of two years, with the ability for two terms total. A two-year term allows people one year to familiarize and on-board and one year to advance policy and discussions and a two-term limit allows for new energy and perspectives. Based on the board retreat, it is further recommended that youth voice be increased by adding two more stipend alumni or participant positions on the committee. The 2020 budget can accommodate the proposed stipends of \$50 each per meeting attended. Finally, it is recommended that HTC and NHCC have a designated position on the committee.

Recommendation:

The Executive Director of the Economic Development Authority recommends approval.

Attachments:

4.3A RESOLUTION

4.3B REDLINED BROOKLYNK COOPERATIVE AGREEMENT

THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF BROOKLYN PARK

RESOLUTION #2019-

APPROVING AN AMENDMENT TO THE BROOKLYNK COOPERATION
AGREEMENT BETWEEN THE BROOKLYN PARK ECONOMIC DEVELOPMENT
AUTHORITY AND THE CITY OF BROOKLYN CENTER

WHEREAS, the Brooklyn Park Economic Development Authority (the "Authority") was created pursuant to the Economic Development Authorities Act, Minnesota Statutes, Sections 469.090 to 469.108 (the "EDA Act") and is authorized to transact business and exercise its powers by a resolution of the City Council of the City of Brooklyn Park (the "City") adopted on October 24, 1988;

WHEREAS, the Authority possesses all of the powers of an economic development authority pursuant to the EDA Act and a housing and redevelopment authority pursuant to Minnesota Statutes, Sections 469.001 to 469.047;

WHEREAS, the City belongs to the Joint-Power Brooklyn Bridge Alliance for Youth (the "Alliance");

WHEREAS, the Authority participated in the transition planning for the transfer of BrookLynk and directed staff to become the fiscal agent and run the program through a Co-operation Agreement (the "Agreement") with the City of Brooklyn Center;

WHEREAS, the Agreement was approved in August of 2017, and outlines the operations and funding of the program in equal partnership with the City of Brooklyn Center; and stipulates that the Authority and the City of Brooklyn Center have ultimate authority of BrookLynk; and

WHEREAS, the BrookLynk Advisory Committee has recommended changes to the Agreement, based on two years of implementation, related primarily to the structure of the Advisory Committee and the timing for submittal of annual budgets and work plans.

NOW, THEREFORE, BE IT RESOLVED by the Brooklyn Park Economic Development Authority Board of Commissioners that:

1. The Authority hereby approves the revised Agreement.
2. The Authority authorizes the President and Executive Director to:
 - a. execute the Agreement;
 - b. make necessary and appropriate modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by legal counsel to the EDA and by the officers authorized herein to execute said documents prior to their execution;
 - c. said officers are hereby authorized to approve said changes on behalf of the EDA. The execution of any instrument by the appropriate officers of the EDA herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof. In the event of absence or disability of the officers, any of the documents authorized by this Resolution to be executed may be executed without further act or authorization of the Board by any duly designated acting official, or by such other officer or officers of the EDA as, in the opinion of the City Attorney, may act in their behalf; and

- d. to approve, execute and deliver future amendments to the Agreement is hereby delegated to the Executive Director, subject to the following conditions: (a) such amendments or consents to not materially adversely affect the interests of the EDA; (b) such amendments or consents do not contravene or violate any policy of the EDA or applicable provision of law, and (c) such amendments or consents are acceptable in form and substance to the counsel retained by the EDA to review such amendments. The authorization hereby given shall be further construed as authorization for the execution and delivery of such certificates and related items as may be required to demonstrate compliance with the agreements being amended and the terms of this Resolution. The execution of any instrument by the Executive Director shall be conclusive evidence of the approval of such instruments in accordance with the terms hereof. In the absence of the Executive Director any instrument authorized by this paragraph to be executed and delivered may be executed by the officer of the EDA authorized to act in his or her place and stead.

BROOKLYNK COOPERATIVE AGREEMENT

Pursuant to Minnesota Statutes, Section 471.59, this Cooperative Agreement (the "Agreement") is entered into by the City of Brooklyn Center, Minnesota and the Brooklyn Center Economic Development Authority (collectively "Brooklyn Center") and the Brooklyn Park Economic Development Authority ("EDA") which are municipal corporations of the State of Minnesota (each a "Party" and collectively, the "Parties").

RECITALS

- A. The City of Brooklyn Park, Minnesota ("Brooklyn Park" and, together with Brooklyn Center, the "Cities" and individually a "City") and Brooklyn Center are members of Brooklyn Bridge Alliance for Youth, an intermediary formed through a joint powers agreement between local government entities (the "Alliance").
- B. Alliance operates Brooklynk, a summer youth employment program that exists to coordinate partnerships that prepare employers to engage and connect young people in Brooklyn Park and Brooklyn Center facing barriers to employment with the skills, experiences and professional social networks needed to develop their pathway to college and career ("Brooklynk").
- C. The Parties and Alliance desire for Brooklynk to continue operation under the guidance and control of the Parties while maintaining the current Brooklynk staff.
- D. Brooklyn Park wishes to employ and provide office space for the staff who will maintain day to day operations of Brooklynk.
- E. The Parties are committed to providing equal financial assistance to Brooklynk.
- F. The Parties are committed to making a good faith effort to include an equal number of Brooklynk participants from both Brooklyn Center and Brooklyn Park.
- G. The Parties desire to secure funding from third-party sources to support the Brooklynk program and will work together to maximize these sources.
- H. The Parties agree that each is authorized to enter into this Agreement pursuant to Minnesota Statutes, Section 471.59, and Brooklyn Center City Council's unanimous vote on August 28, 2017, and EDA Board Resolution No. #2017-14, and that control and operation of Brooklynk will be carried out by the Parties as provided by this Agreement under the provisions of Minnesota Statutes, Section 471.59.

NOW, THEREFORE, for mutual consideration, the receipt and sufficiency of which is hereby acknowledged by the EDA and Brooklyn Center, the Parties agree as follows:

Article I. STATEMENT OF PURPOSE

Section 1.01 General Purpose. The Parties will undertake Brooklynk to:

- (a) increase opportunities for youth and young adults in the Cities;
- (b) decrease barriers to employment for youth and young adults;
- (c) decrease the overall unemployment and poverty rates in the Cities;
- (d) respond to the business community's request to address workforce needs and its willingness to partner with the Parties to pay for the program;
- (e) increase the labor pool for employers in the Cities and address the current labor shortage;
- (f) increase capacity of businesses in the Cities to hire local residents; and
- (g) continue the Parties' commitment to supporting youth.

Article II. ROLES AND RESPONSIBILITIES

Section 2.01 Fiscal Agent. The EDA will act as the fiscal agent of Brooklynk by holding all assets and tendering payment for all obligations of Brooklynk. As the fiscal agent, the EDA shall maintain financial reports, hire employees, and enter into contracts as necessary to carry out the functions of Brooklynk. Brooklyn Center shall not be responsible for, nor engage in, any activities of the fiscal agent, except as a grantee in certain circumstances. As fiscal agent the EDA may receive and expend funds and property from public and private sources for the purposes of Brooklynk operations.

Section 2.02 Reporting. As the fiscal agent, the EDA shall make available reports concerning the finances and contractual obligations of Brooklynk within 30 business days of a request for such information. The EDA shall also be responsible for providing timely any reports required for Brooklynk stakeholders and funders. Brooklyn Center shall provide notice to the EDA of any required reporting for grants or sponsorships Brooklyn Center intends to seek.

Section 2.03 Insurance. Both Parties shall maintain insurance sufficient to cover their respective liability for Brooklynk. Such insurance shall provide coverage for at least the amount of the liability limits set forth in Minnesota Statutes, Section 466.04, as amended,

i.e. \$1,500,000 per occurrence or such other amount set forth in Minnesota Statutes, Section 466.04, as amended.

- A. To the extent allowed by law, the Parties agree to maintain the following insurance coverages, in an amount equal to, or greater than, the minimum limits described below, and upon request, to provide the other with a certificate of insurance evidencing such coverages:
 - 1. Commercial General Liability Insurance in the amount of at least \$1,500,000 per occurrence for bodily injury or death arising out of each occurrence, as well as \$1,500,000 per occurrence for property damage. In addition, each party shall maintain a general aggregate of at least \$3,000,000.
 - 2. Each party agrees to name the other party as an additional insured on its Commercial General Liability and to provide an endorsement of such status. In addition, each party agrees to notify the other party 30 days prior to cancellation or a change in any of the aforementioned insurance policies. All insurance must be provided at the respective party's expense and at no additional cost to the other party.

- B. The EDA agrees to maintain, or cause Brooklyn Park to maintain, Workers' Compensation Insurance for Brooklynk employees as required by Minnesota Statutes, Section 176.181, subd. 2. Program participants shall be insured by internship employer business entities.

Section 2.04 Indemnification. To the extent allowed by law, the Parties shall defend, indemnify and hold each other and their guests, invitees, members, officers, officials, agents, employees, volunteers, representatives and/or subcontractors harmless from any and all claims, causes of action, lawsuits, damages, losses, or expenses, including attorney fees, arising out of or resulting from the other's (including its guests, invitees, members, officers, officials, agents, employees, volunteers, representatives and/or subcontractors) performance of the duties required under this Agreement, provided that any such claim, damages, loss or expense is attributable to bodily injury, sickness, diseases or death or to injury to or destruction of property including the loss of use resulting therefrom and is caused in whole or in part by any negligent act or omission or willful misconduct of the acting party, its guests, invitees, members, officers, officials, agents, employees, volunteers, representatives and/or subcontractors. Nothing in this Agreement shall constitute a waiver or limitation of any immunity or limitation on liability to which either party is entitled. The Parties agree that these indemnification obligations will survive the completion or termination of this Agreement.

Section 2.05 Joint Committee Established. A 11-member joint advisory committee will be established upon execution of this Agreement (the "Committee") and will be composed as follows: (i) the City Managers of each City or a designee to serve on behalf of the City Manager as a standing position, (ii) ~~a director-level employee from each City,~~ (iii) the Brooklynk Program Manager as a standing position, (iv) the Alliance Executive Director, or a designee as a standing position, (v) ~~two a Brooklynk Employers or business representatives as appointed positions,~~ (vi) ~~two four stipended~~ Brooklynk youth alumni or participants as appointed positions, (vii) ~~the Youth Services Manager from Brooklyn P-af.k., and~~ (viii) a representative from each Hennepin Technical College and North Hennepin Community College as appointed positions. ~~san-at-large-community representative-(the-"Members").-Each-City-Manager-.viii-assign-the-director-le,~~ ~~employees-to-serve-on-the-committee.-The Brooklynk Program Manager shall solicit applicants for the~~ appointed positions and Brooklynk alumni positions, the Brooklynk Employer position, and the at-large community representative and make nominations to the Committee from those applicants. The standing Members will then jointly ~~select the~~ Brooklynk alumni and Brooklynk Employer Members. ~~make the appointments.~~ Appointments shall be two year appointments, with a two term limit. The Committee may, as necessary from time to time, confer with others to determine the needs of the communities and Brooklynk.

- (a) Officers. At the first organizational meeting of the Committee, and the first meeting each year, the Committee shall elect from its Members a chair ~~and a secretary.-In addition, at the first meeting each year, the Committee shall identify the chair of the Committee who shall be a member representing each City in alternating years or his or her designee.~~ The new officers shall take office for the calendar year in which they are elected.
- (b) Meetings. At the first organizational meeting, or as soon thereafter as may reasonably be done, the Committee shall determine its procedures, including the time, place, and frequency of its meetings. At a minimum, the Committee shall meet semi-annually. The chair shall ensure that notice by email, mail or personal delivery shall be given of the time and place of the meeting to all Members. The secretary shall take minutes of all meetings which shall be made available to the Parties upon request.

Section 2.06 Duties of the Committee. The Committee will work to support the shared vision and implement strategies that best leverage resources to maintain and improve the Brooklynk program and make fiscal and programming recommendations to the Parties.

- (a) Annual Budget. The Committee shall review current and prior years' activities and funds to determine the appropriate budget for the ensuing year. The budget

recommendations shall include all anticipated Brooklynk expenses and revenues. ~~between January 1 and December 31 with expenses and corresponding sources of funding—broken—out—between—Program—Administration,—Internship~~ ~~Wages/Overhead, and Internship Subsidies, as defined in Article III (the "Annual Budget").~~ ~~The Committee's draft Annual Budget shall be submitted by June 15 of the preceding year to the Parties for consideration at the first Brooklyn Center meeting and Board meeting in July.~~ The proposed Annual Budget shall be revised at the direction of the Parties until it is approved by the Brooklyn Center City Council and EDA Board. The approved Annual Budget may be modified upon a recommendation by the Committee which is approved by the Brooklyn Center City Council and EDA Board.

- (b) Evaluation. The Committee shall determine a process to evaluate the progress and success of Brooklynk. The Committee shall use the process, and revise it as necessary, to conduct an annual written evaluation of Brooklynk (the "Annual Evaluation"). The Committee will produce the Annual Evaluation of ~~the Brooklynk~~ each year and submit it to the Committee, with the of the Annual Budget on June 15 of the next program year, ~~the~~ Committee shall submit the Annual Evaluation to the Parties along with their recommendations on the operations, programming, and direction of Brooklynk.
- (c) Staffing. The Committee shall review the need for permanent and temporary employees, as operations of Brooklynk may require, and recommend qualifications and duties. Any persons employed to support Brooklynk shall be employed by and located at one or more facilities Brooklyn Park deems appropriate to house program staff. The hiring process, interviews, compensation and selection shall be at the EDA's sole discretion.
- (d) Special Committees. The Committee may establish ad hoc subcommittees and appoint members as necessary. All ad hoc subcommittees will report to the Committee.
- (e) Strategic Planning for Philanthropy Funds. The Committee shall develop and submit to each Party a three-year plan for applying for Philanthropy Funds for the Brooklynk program (the "Funding Plan"). ~~The Committee shall submit the plan to the Parties for review at least once every three years starting on June 15, 2017.~~ In addition, the Committee shall review the plan annually with the Annual Budget and modify as necessary based on Philanthropic, state and county Funds expected to be available for the Brooklynk program in upcoming years.

Article III. FINANCING

Section 3.01 Funding. Brooklynk will be funded by a combination of the following sources: funds provided by the Parties, ("City Funds"), funds from employers for internship wages and overhead ("Employer Funds"), and funds from grants, including without limitation governmental grants, employer contributions beyond Employer Funds, and other charitable sources ("Philanthropy Funds"). The funds are applied to, unless otherwise agreed by adoption of the annual budget, ("Program Administration"), the cost of employer sponsored internships and overhead ("Internship Wages"), and internship wages not sponsored by employers ("Internship Subsidies"). The Parties use the funds to maximize the outcomes of Brooklynk.

- (a) City Funds. As an initial contribution each year, each Party shall contribute 50-percent (its "Share") of the total City Funds in the approved Annual Budget, or as otherwise approved in writing by both Parties. The Parties shall deposit its Share with Fiscal Agent by January 31 of the start of the budget year.
- (b) Philanthropy Funds. The Parties agree to cooperate, as recommended by the Committee, to jointly or separately apply and qualify for any and all grants, matching funds, and payments of any kind from county, state, federal, and other governmental bodies and other Philanthropy Funds relating to, or for the provision of, any or all of the budgeted expenditures of Brooklynk at least to the extent of the ideal funding level in Table 2. The Committee shall determine a strategic plan for applying for Philanthropy Funds each year, including without limitation a determination of which Party shall apply for such Philanthropy Funds, and the Parties agree to coordinate applications for such Philanthropy Funds to ensure that neither Party applies for such Philanthropy Funds in competition with the Brooklynk program. The Parties may apply for other charitable funds for other purposes as available. In the event that a source of Philanthropy Funds identified in the Annual Budget is not available or awarded to Brooklynk, the Parties will each contribute 50-percent of the shortfall in the Annual Budget. The Parties will each deposit such amount with Brooklyn Park within 30 days of notice after grant application submitting Party receives notification from the funder that the Philanthropy Funds will not be available. In the event that Philanthropy Funds are obtained to offset the shortfall in such year, such Philanthropy Funds shall be credited equally to each Party regardless of which Party applied for and was awarded such Philanthropy Funds. In the event that Philanthropy Funds are obtained after additional contributions by the Parties, Brooklynk shall either return to the Parties their Share of any remaining City Funds which exceed the Annual Budget by January 31 or carry the fund over to the next calendar year on the direction of the Parties of the next calendar year.

- (c) Employer Funds. Employer Funds are only available for the payment of internship wages and overhead. Unless otherwise agreed by the Parties, a shortage of Employer Funds will result in a reduction of internships offered for the year by the amount necessary to avoid a budget deficit. Additional funds obtained by Employers not related to Internship wages and overhead, if any, will be consider Philanthropy Funds.

Section 3.02 Annual Budget Approval. ~~At its first meeting in the month of August, the~~ The governing bodies of the Parties shall review the Annual Budget proposed by the Committee. The budget will include costs associated with running the program including, but not limited to, management, program coordinator, program specialist, benefits, supplies, travel and mileage, meeting expenses, contractual services for trainers, transportation, photography, and marketing, advertising, computer, equipment and desks, legal and evaluation services. Approval of the Annual Budget requires the approval of both Parties. If the proposed Annual Budget is not approved by the governing body of a Party, such Party shall recommend changes to the Annual Budget to be considered by the Committee and the Committee shall submit a modified Annual Budget for consideration by both Parties until the Annual Budget is approved.

If the preliminary budget of either Party indicates that City Funds for Brooklynk will not be included, such Party shall notify the other Party within 10 days after approval of such preliminary budget for such party.

If either Party fails to approve the Annual Budget for the ensuing year by December 31, such Party shall be deemed to have withdrawn from this Agreement under Section 4.01.

Section 3.03 Interest. The EDA will hold Brooklynk funds with other Brooklyn Park and EDA funds. Interest is not expected on Brooklynk funds and, therefore, any deminimis amounts will be deemed funds of the EDA.

Article IV. DISSOLUTION

Section 4.01 Withdrawal. A Party may, by adoption of a resolution of withdrawal at any time or by failure to approve the Annual Budget by December 31 of any year, give written notice of withdrawal from this Agreement effective the next calendar year. Thereupon, this Agreement shall be dissolved at the beginning of the next calendar year.

Section 4.02 Assets Upon Dissolution.

- (a) Upon dissolution of this Agreement, the non-withdrawing Party may, by resolution, elect to continue operations of Brooklynk and thereupon shall acquire

the all remaining assets of Brooklynk.

- (b) Upon dissolution of this Agreement, if neither Party independently continues operations of Brooklynk, after payment of all outstanding obligations, all assets of Brooklynk shall be distributed equally to the Parties, subject to any limitations set forth in the terms of any Philanthropy Funds.
- (c) Upon dissolution of the Agreement, if EDA independently continues operations of Brooklynk, program staff shall continue employment.
- (d) Upon dissolution of the Agreement, if either Brooklyn Center independently continues operations of Brooklynk or if none of the Parties continue to operate the program, program staff employment with the EDA shall cease.

Article V. PROGRAM EXPANSION

Section 5.01 Expansion. After identified during development of the Annual Budget and Funding Plan to be prudent for the success of the program without negative impacts to participants from the Cities, the Parties may, by adoption of resolutions from each Party expand Brooklynk at anytime to provide services to additional communities in the region.

Section 5.02 Fee for Service. The Parties may, by adoption of resolutions from each Party choose to offer Brooklynk as a fee for service to additional communities in the region if desired.

Section 5.03 Additional Parities. The Parties may, by adoption of resolutions from each Party acknowledging a revised cooperation agreement adding additional operating partners.

Article VI. DURATION

Section 6.01 Duration. This Agreement shall become effective upon approval and execution by the Parties. It shall terminate upon withdrawal pursuant to Section 4.01. Upon termination, assets shall be distributed in accordance with Article IV.

Article VII. MISCELLANEOUS

Section 7.01 Applicable Laws. This Agreement shall be interpreted using the laws of the State of Minnesota. The Parties agree to cooperate with each other in order to comply with all applicable local, state and federal laws, rules, regulations and ordinances in the performance of the duties of and arising from this Agreement, including but not limited to the Minnesota Government Data Practices Act (Minn. Stat. Ch. 13).

Section 7.02 Severability. If any provision or term of this Agreement for any reason is declared invalid, illegal or unenforceable such decision shall not affect the validity of any remaining terms or conditions in this Agreement.

Section 7.03 Execution. Each person executing this Agreement on behalf of a Party represents and warrants that such person is duly and validly authorized to do so on behalf of such Party, with full right and authority to execute this Agreement and to bind such party with respect to all of its obligations hereunder. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute but one and the same instrument.

City of Brooklyn Center, Minnesota

By: -----
Its: Mayor

And by: -----
Its: City Manager

Signature Page to Brooklynk Cooperative Agreement

Brooklyn Center Economic Development Authority

By: _____
Its: President

And by: _____
Its: Executive Director

Signature Page to Brooklynk Cooperative Agreement

Brooklyn Park Economic Development Authority

By: _____
 Its: President

And by: _____
 Its: Executive Director

Signature Page to Brooklyn Cooperative Agreement

City of Brooklyn Park Request for EDA Action

Agenda Item No:	4.4	Meeting Date:	December 16, 2019
Agenda Section:	Consent	Prepared By:	Theresa Freund, EDA Secretary
Resolution:	N/A	Presented By:	Theresa Freund, EDA Secretary
No. of Attachments:	1		
Item:	Consider Approving the Proposed 2020 EDA Meeting Calendar		

Executive Director's Proposed Action:

MOTION _____, SECOND _____ TO APPROVE THE PROPOSED 2020 EDA MEETING CALENDAR.

Overview:

Under the EDA By-Laws Section 3.4. Regular Meetings: Monthly meetings of the Board shall be held without notice at the regular meeting place of the Authority on the third Monday of each month, commencing at 7:00 o'clock p.m., unless the same shall be a legal holiday, in which event said regular meeting shall be held on the next succeeding secular day. To hold a regular meeting at a different time, notice shall be given as required for a special meeting.

At the December 2, 2019 Council Meeting the City Council approved its 2020 Meeting Calendar & Schedule. Due to elections happening in the months of March, August and November three Council Meetings were rescheduled.

The EDA has been impacted by these three rescheduled Council meeting dates:

1. March 16
2. August 17
3. November 16

Primary Issues/Alternatives to Consider:

- **How does the EDA By-Laws address changes to its meeting dates?**

The EDA By-Laws Section states that to hold a regular meeting at a different time, notice shall be given as required. Special meetings of the Authority may be called by the President, the Executive Director or any two members of the Board. The proposed action will fulfill this requirement.

Budgetary/Fiscal Issues:

N/A

Recommendation

The Executive Director of the Economic Development Authority recommends approval.

Attachments:

4.4A 2020 MEETING CALENDAR



**ECONOMIC DEVELOPMENT AUTHORITY
2020 MEETING CALENDAR**

EDA MEETING DATE	CHANGE DUE TO
January 21*	January 20 <i>Holiday Martin Luther King, Jr.</i>
February 18*	February 17 <i>Holiday Presidents' Day</i>
March 23*	March 16 <i>City Council Meeting</i>
April 20	N/A
May 18	N/A
June 15	N/A
July 20	N/A
August 24*	August 17 <i>City Council Meeting</i>
September 21	N/A
October 19	N/A
November 23*	November 16 <i>City Council Meeting</i>
December 21	N/A

EDA By-Laws Section 3.4. Regular Meetings: Monthly meetings of the Board shall be held without notice at the regular meeting place of the Authority on the third Monday of each month, commencing at 7:00 o'clock p.m., unless the same shall be a legal holiday, in which event said regular meeting shall be held on the next succeeding secular day. To hold a regular meeting at a different time, notice shall be given as required for a special meeting.

City of Brooklyn Park Request for EDA Action

Agenda Item No:	6.1	Meeting Date:	December 16, 2019
Agenda Section:	General Action items	Prepared By:	Brad Tullberg, Parks & Facilities Manager
Resolution:	N/A	Presented By:	Brad Tullberg, Parks & Facilities Manager
No. of Attachments:	1		
Item:	Consider Accepting D'Amico Catering's Annual Business Plan		

Executive Director's Proposed Action:

MOTION _____, SECOND _____ ACCEPTING D'AMICO CATERING'S ANNUAL BUSINESS PLAN.

Overview:

Representatives from D'Amico Catering and the City's Recreation and Parks department will provide an overview of this last year's operation and a preview of what is anticipated in 2020 at the Edinburgh USA Clubhouse.

The Clubhouse is both a community public recreation facility and an economic development strategy designed to meet the leisure time needs of our golf course patrons, individual residents, community groups, organizations and the general public to enhance the quality of life in Brooklyn Park.

The Brooklyn Park Economic Development Authority (EDA) owns the Edinburgh USA Clubhouse and entered into a Clubhouse Management Agreement with D'Amico & Partners Catering effective January 1, 2019. The Edinburgh Clubhouse underwent a significant renovation in early 2019 to refresh the restaurant/bar, banquet spaces and create an outdoor wedding venue.

Under the Edinburgh USA Food and Beverage Service Agreement, Section 2.39 states that the Clubhouse Services Manager shall have prepared and delivered to the EDA an annual business plan for the provision of the Services at the Facility, setting forth the following with respect to the next Contract Year (the "Annual Business Plan"):

- (a) projected Gross Revenues from the provision of Services at the Facility;
- (b) a marketing plan aimed at maximizing the visibility and profitability of the Facility and Clubhouse Services Manager's plans for implementing the marketing plan, including any plans to change the theme for the restaurant; and
- (c) a cost estimate for the repair, replacement, or addition of fixtures that Clubhouse Services Manager proposes to be undertaken during next Contract Year.

Per the agreement, the Manager shall be permitted to amend the Annual Business Plan as necessary during each Contract Year and shall notify the EDA, or its designee, in writing of any such amendments. Any provisions in the Annual Business Plan for replacement or addition of fixtures shall be subject to approval by the EDA, or its designee.

Primary Issues/Alternatives to Consider:

Staff is recommending accepting the Annual Business Plan as presented by D'Amico Catering

Budgetary/Fiscal Issues:

N/A

Attachments:

6.1A D'AMICO CATERING 2020 EDINBURGH USA REPORT



D'Amico Catering 2019/2020 Edinburgh USA Report

To: City of Brooklyn Park Economic Development Authority

From: D'Amico Catering

December 3, 2019

With one year of collaboration underway, the City of Brooklyn Park and D'Amico Catering have been productive partners in growing a successful, noteworthy new venture within the historic walls of Edinburgh USA.

After an in depth conversation in 2018 surrounding the EDA's priorities for Brooklyn Park and its desire to create a reinvigorated destination that offered amenities beyond a championship course, D'Amico Catering was excited to join the community at Edinburgh USA. Working closely with the City, a fresh restaurant concept was designed, elevated event space created, enhanced amenities for Saint Andrew Club members implemented and, ultimately, a new and reenergized gathering point for the citizens of Brooklyn Park and the surrounding cities was born.

With almost one year of a new chapter established, D'Amico Catering is pleased to share with the City of Brooklyn Park Economic Development Authority the following thoughts on the inaugural year, including financial findings, shared successes, and initiatives for an even more prosperous 2020.

The Brooklyn + Edinburgh USA Clubhouse

- Highlights of the year included:
 - The development and creation of a beautiful restaurant, offering a thoughtful and diverse menu aimed at serving the local golf community and acting as a destination restaurant for members of the community.
 - Retention of core staff and successful onboarding of new team members with a concentration in active education for both groups, resulting in a well-trained, cohesive team with low turnover.
 - A higher quality of food and service as noted by patrons, while offering an engaging series of programs to draw in guests. Examples include Music on the Brooklyn patio summer music series, weekend specials such as Friday Night Fish Fry and Black Friday All Day Happy Hour.



- Opportunities for growth after joining the community included:
 - Ongoing menu development and evolution at The Brooklyn, reflecting our growing understanding of the clientele and its tastes, resulted in fine tuning of both menu selections and pricing.
 - Beverage cart service and operations proved to be a learning experience, with several new options to elevate efficiencies being considered for the upcoming season.
 - Being cognizant of the finer details in maintaining the Clubhouse without having previous familiarity with these practices.
- Comparing the year's actuals (as of 12/2/19) to projections in late 2018, it was initially estimated that The Brooklyn would produce annualized revenue of \$1.8M, while actual results will be closer to \$1.1M.
- Anticipated adjustments for 2020 include:
 - Ongoing menu and program development to provide continuously fresh and engaging options at The Brooklyn.
 - New roll out of an advanced POS system for beverage carts.

Event Sales & Catering

- Highlights of the year included:
 - Clubhouse and event space renovations that were extremely well received by the community, corporate and social event clients, and members of the Twin Cities influencer and press scene, particularly at the grand opening celebration on June 6th, 2019.
 - The implementation of an expansive and experienced sales team to both help with the transition as well as guide existing D'Amico Catering corporate and social clients to host events in the refreshed Edinburgh USA spaces. Examples of clients include: Boston Scientific, Land O'Lakes, Wells Fargo, Polaris, Deloitte, Price Waterhouse Cooper, Medtronic, Wurth Industry, etc.
 - The recruitment of Diane Nichols from Bunker Hills Event Center, joining our team with a deep knowledge of catering sales management within the golf clubhouse market in the northern suburbs.



- A noticeably improved quality of food and service in all market sectors. Client reviews include:
 - Corporate: *"Everything was beautiful! Aside from the great venue, all the staff were so kind and helpful, and the food was delicious. We received great feedback from our guests. Please pass along the praise to all of your staff. We will definitely recommend Edinburgh to others and return for a future event!"*
 - Wedding: *"My husband and I just got married at Edinburgh on May 4th, 2019. It was literally the best day of our lives! D'Amico is the new caterer of the venue and they came in and revamped the whole place. It is literally unrecognizable and so stunning! People who have been to a reception before at Edinburgh were floored at how different and beautiful it looked. The food was amazing, the staff was so accommodating to everyone. I don't have one complaint about my experience working with D'Amico".*
- Opportunities for growth after joining the community included:
 - The development of market approachable amenities, specifically targeting audio visual equipment and beverage options.
 - Understanding the complexities related to golf tournaments, from course set up and client needs to tournament billing.
- Analysis of catering sales:
 - 2019 Sales (as of 11/27/19): \$814,000
 - Breakdown of overall sales includes:
 - Corporate: \$309,968
 - Social: \$196,502
 - Wedding: \$262,999
 - Fundraiser: \$44,531
 - Projected final sales in 2019: \$820,000
 - \$35K short of initial projections; factors in a price match for events already sold by the previous operator, as well as a 2019 deficit in sales due to the drop off in bookings for 2019 in Q4 2018.
 - Actual revenue will be 4% off of Year One projection, a more than acceptable shortfall for a launch year.



- 2020 Sales Preview:
 - As of 11/27/19, bookings were \$376,000 ahead of the total at the equivalent date last year.
 - Wedding comparison:
 - 2019 weddings actual average (a combination of previous operator and D'Amico Catering sales): \$8,218
 - 2020 wedding projection (DC sales exclusively): \$11,900*
 - *A 45% increase compared to the previous year
 - As of December 2019, as many weddings (32) were booked for the 2020 season as were executed in all of 2019, indicating a strong uptick in wedding business next year.
 - The top sales period in 2019 was P10 with \$126,497 and represented a "proof of concept" in terms of the financial framework D'Amico has created at Edinburgh. Several periods are expected to reach and exceed this revenue level in 2020.
- Anticipated adjustments for 2020 include:
 - Enhance development in all markets (corporate, social, wedding, fundraiser and golf) by way of further educating sales team knowledge and sales strategies.
 - Expanding partnerships with Minneapolis Northwest Tourism, TwinWest Chamber of Commerce, etc. to increase local exposure to Edinburgh USA and D'Amico Catering offerings.

Marketing

- Highlights of the year included:
 - The grand opening event was a success on many levels:
 - Over 500 guests attended.
 - Influencers in attendance had a collective following of approximately one half million followers.
 - 27,220 social media impressions on D'Amico social channels alone.
 - Menu items featured at the grand opening have served as signature items for catering (examples include golf tee truffles and CSA station).
 - Ample print coverage including the Star Tribune, MN Meetings & Events, Twin Cities Business Magazine, etc.
 - Expanding of the brand's social media footprint with several visits from food bloggers like @kymlycurry and @tcburgersblog.
 - Multiple TV Spots including Kare 11, Fox 9 and WCCO.



- Participation in the first ever Brooklyn Park Restaurant Week, as well as Minneapolis & St. Paul Restaurant week.
- Opportunities for growth and anticipated adjustments for 2020 include:
 - Increased advertising/marketing in the local area by way local publications like Get Up & Go.
 - Continued and enhanced synergy with City of Brooklyn Park communications team to spread the message of the “new Edinburgh USA” and the amenities offered by the golf course, restaurant, and event space.
 - Commitment to host event industry networking groups within refreshed event spaces to ensure continued attention by the Twin Cities event community (for example, the International Event Association networking event scheduled to take place at Edinburgh USA in May).

Saint Andrews Club

- Highlights of the year included:
 - The retention of Adam Guili, former Saint Andrews Club (SAC) director with rich history at Edinburgh USA and inherent knowledge of the Club’s membership. Additional retention of SAC related team members include Denise Bonesteel and Mary Shoemaker.
 - Saint Andrews Club met the anticipated goal of 250 members, resulting in a growth of 5% over 2018 and was the highest membership rate in the club in over a decade.
 - Continuous and insightful feedback from SAC members, allowing for educated and constructive changes to take place (Larry D’Amico meets regularly with SAC board members.)
- Opportunities for growth after joining the community included:
 - Increasing the number of SAC memberships sold and continuing to add value to those memberships.
 - Internal adjustments with D’Amico Catering as it relates to SAC charges and overall billing.
- Anticipated adjustments for 2020 include:
 - An enhancement of events for SAC members, both in frequency and in quality. Examples include a SAC holiday party on December 11th, 2019, an increased number of events in the spring to recapture previous members, and monthly SAC events in The Brooklyn to elevate engagement.



- Refreshment of SAC spaces within the Clubhouse to create an environment cohesive with the updated spaces, offering a generally more welcoming environment.

The support of the EDA has been incredibly helpful and appreciated to date. As the partnership moves into the new year, three main areas of assistance from the Authority will be helpful and productive:

1. Continued attention to and investment in the building to collectively ensure the facilities are in pristine condition and ready to welcome guests at every moment.
2. Collaboration in the constant refinement of amenities offered to patrons to draw them into the space, i.e. the addition of golf simulators to help drive business in the winter and keep Edinburgh USA top of mind.
3. Sustained support in creating synergy with the Brooklyn Park Communications team to keep the message about The Brooklyn and Edinburgh USA in front of residents of the north and northwestern suburbs.

2019 was an exciting, educational year that resulted in the City of Brooklyn Park, EDA, and D'Amico Catering coming together to form a strong partnership that has meaningfully and noticeably elevated the quality of the Edinburgh USA facility. We look forward to continuing this work in 2020 by building on the foundation of achievement and progress established this year.

City of Brooklyn Park Request for EDA Action

Agenda Item No:	6.2	Meeting Date:	December 16, 2019
Agenda Section:	General Action	Prepared By:	Jennifer Jordan, Senior Project Manager
Resolution:	X	Presented By:	Jennifer Jordan, Senior Project Manager
Attachments:	2		
Item:	Consider Authorizing Conveyance of EDA-Owned Land to City for Fair Oaks Park		

Executive Director's Proposed Action:

MOTION _____ SECOND _____, TO WAIVE THE READING AND ADOPT RESOLUTION 2019-____ AUTHORIZING CONVEYANCE OF EDA-OWNED LAND TO CITY FOR FAIR OAKS PARK.

Overview:

The EDA owns a .78-acre strip of land south of Fair Oaks Park known as Outlot A that provides access and parking for the park. Excell Academy is a charter school located at 6510 Zane Avenue North. The City and the school are in negotiations for Excell Academy to develop a playground and parking lot on a portion of Fair Oaks Park.

Primary Issues/Alternatives to Consider:

- **Why is the land being proposed to be transferred to the City?**

Since the EDA property is a part of Fair Oaks Park, it makes sense for EDA to transfer the property to the City to simplify the number of entities involved in a possible future agreement between the City and Excell Academy.



Budgetary/Fiscal Issues:

N/A

Attachments:

- 6.2A RESOLUTION
- 6.2B DEED

THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF BROOKLYN PARK

RESOLUTION #2019-___

AUTHORIZING THE CONVEYANCE OF BROOKLYN PARK
ECONOMIC DEVELOPMENT AUTHORITY-OWNED LAND TO
THE CITY OF BROOKLYN PARK FOR FAIR OAKS PARK

WHEREAS, the Brooklyn Park Economic Development Authority (the "Authority") is the fee owner of real property legally described as:

Outlot A, Brooklyn Park EDA Division 2, Hennepin County, Minnesota

(the "EDA Property"); and

WHEREAS, the City of Brooklyn Park owns property adjacent to the EDA Property and both properties are currently operated by the City as a City park known as "Fair Oaks Park"; and

WHEREAS, it was intended that the EDA Property would be eventually be conveyed to the City as the City's Operations and Maintenance Department currently maintains the EDA Property as Fair Oaks Park; and

WHEREAS, the Authority desires to convey the EDA Property to the City; and

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

1. The Authority hereby approves the conveyance of the EDA Property to the City.
2. The Authority authorizes the Executive Director to execute the deed for the conveyance of the EDA Property to the City.
3. Authority officials, staff, and consultants are hereby authorized and directed to take any and all other steps necessary or convenient in order to carry out the conveyance of the EDA to the City.

Quit Claim Deed

eCRV number: NA

STATE DEED TAX DUE: \$1.70

Date:

Total consideration for this transaction is \$500.00 or less.

FOR VALUABLE CONSIDERATION, Brooklyn Park Economic Development Authority, a Minnesota public body corporate and politic, Grantor, conveys and quitclaims to the City of Brooklyn Park, a Minnesota municipal corporation, Grantee, real property described as follows, together with all hereditaments and appurtenances belonging thereto:

Outlot A, Brooklyn Park EDA Division 2, Hennepin County, Minnesota.

The Grantor certifies that the Grantor does not know of any wells on the described real property.

Brooklyn Park Economic Development Authority

By _____
Executive Director

State of Minnesota, County of Hennepin

The foregoing was acknowledged before me this _____ day of _____, 2019, by _____, Executive Director of the Brooklyn Park Economic Development Authority, on behalf of the Authority.

NOTARY STAMP OR SEAL

Notary Public
My Commission Expires _____

Tax Statements for the real property described in this instrument should be sent to:

City of Brooklyn Park
5200 85th Avenue North
Brooklyn Park, MN 55443

This instrument drafted by:
Kennedy & Graven, Chartered
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, MN 55402

City of Brooklyn Park Request for EDA Action

Agenda Item No:	6.3	Meeting Date:	December 16, 2019
Agenda Section:	General Action	Prepared By:	Breanne Rothstein, Economic Development and Housing Director
Resolution:	N/A	Presented By:	Breanne Rothstein, Economic Development and Housing Director
Attachments:	2		
Item:	Consider funding four Additional BrookLynk Interns for the 2020 Youth Sports Initiative		

Executive Director's Proposed Action:

MOTION _____, SECOND _____ TO DIRECT STAFF TO FUND FOUR ADDITIONAL BROOKLYNK INTERNS FOR THE 2020 YOUTH SPORTS INITIATIVE

Overview:

The Brooklyn Bridge Alliance for Youth has requested that the Brooklyn Park Economic Development Authority and the City of Brooklyn Center fund eight additional BrookLynk interns for 2020 to serve as coaches for the Youth Sports Initiative (four from each EDA). This requires a contribution of \$9,000 for the 2020 EDA General Activities Fund.

Background:

In 2018, the Brooklyn Bridge Alliance for Youth, in partnership with leaders from community education, city parks and recreation, college access partners, and Hennepin County Libraries, completed a detailed analysis of youth sports feasibility and identified a number of barriers to youth sports participation in Brooklyn Park and Brooklyn Center. These barriers are: program costs, lack of knowledge about available programs, and transportation. In response to these barriers, the team has developed of a Youth Sports Initiative for Brooklyn Park and Brooklyn Center with the goals of providing services in new settings, in new languages, and with new participants/customers by:

- 1) Launching "sport sample" opportunities
- 2) Launching a "youth sports draft day"
- 3) Building a translation resource hub
- 4) Expanding community engagement
- 5) Expanding BrookLynk internships to create teen coaching jobs
- 6) Exploring a common registration for youth sports

Therefore, BBA is asking for EDA support for goal 5, to provide funding to financially support four additional BrookLynk interns as teen coaches.

Budgetary/Fiscal Impacts:

The EDA's 2020 Budget can likely accommodate this request. If later in 2020 staff determines that additional funds are needed, staff will request an appropriation of additional funds at that time.

Recommendation

The Executive Director of the Economic Development Authority recommends approval.

Attachments

- 6.3A REQUEST FROM BROOKLYN BRIDGE ALLIANCE
- 6.3B ALLIANCE COMMITMENT TO EQUITABLE ACCESS IN SPORTS

Breanne Rothstein

From: Rebecca Gilgen
Sent: Wednesday, November 20, 2019 10:06 AM
To: 'Meg Beekman' (mbeekman@ci.brooklyn-center.mn.us); Kimberly Berggren
Cc: Catrice O'Neal; Breanne Rothstein
Subject: Request: EDA support for BrookLynk interns for Youth Sports Initiative
Attachments: Alliance commitment to equitable access to sports.pdf

Hi Meg and Kim,

As Exec. Directors for the EDA's for each city, and champions for BrookLynk, I wanted to extend a formal request to each of the City EDA's for this upcoming summer BrookLynk programs.

As you know we have launched a 2-year comprehensive Youth Sports Initiative. One AWESOME recommendation (#5 on attached document) from youth and parents we will be implementing is creating BrookLynk internships, in partnership with Apartment Complexes, to create youth leagues, that would:

- 1) engage youth and families in high quality sport programs,
- 2) increase safety at apartment complexes and
- 3) build community pride and connection to the cities.

We have already secured roughly \$74,000 in funding. We will be raising an additional \$100,000 next year. EDA investment would be a strong step towards this goal and excite our partners.

- Our request: Please consider funding 4-6 BrookLynk internship for this purpose. We estimate the each would cost roughly \$3,000 each (\$18,000 for 2020 and \$18,000 in 2021).

Can you please let me know by the end of this week if there is opportunity to pursue this further?

Thank you for considering this request

Rebecca Gilgen, MSW, CTF [she,her]
Executive Director

[The Brooklyn Bridge Alliance for Youth](#)
[6150 Summit Drive North – Suite 200](#)

Brooklyn Center, MN 55430

763-688-1989 cell 763-398-0785 desk

Rebecca.gilgen@brooklynsallianceforyouth.org



Alliance Commitment to Equitable Access in Sports

October 2018

Alliance Recommendations

Following the Youth Sport Feasibility Study community engagement sessions, the Alliance Strategy Team, consisting of leaders from Community Education, City Recreation, College Access, and Hennepin County Libraries met and developed a shared statement on equitable access that would communicate our mutual intent and guide our implementation recommended action.

Alliance Equitable Access to Sports Statement

The Alliance seeks to ensure that youth who want to participate in sports can do so, regardless of the barriers they may face. We know that for our community to prosper, each family needs access to high quality opportunities for their kids.

Through this work we intend to impact youth who are not currently participating. We know that oftentimes these are youth who experience barriers: program costs are too high, not knowing what is available, location of the programs is too far from home or there is no transportation.

We know that youth participation in sports can improve young people's health, well-being, and social connections that are key social and emotional skills needed to succeed in school and life.

Through this work we (Alliance members) intend to create the conditions for program providers to try new things, and to become open, flexible, and intentional about delivering programs and services in NEW settings, in NEW languages, and with NEW customers.

Lastly, through this work we know that throughout our community we need to become aware of our implicit biases; so that we can ensure that programs and services meet the needs of each family in our community.

Recommendations for Action

Based on the data and community input the Strategy team recommends the following action in order of priority.

#1 – PUBLIC PROVIDERS LAUNCH “SPORT SAMPLE” OPPORTUNITIES

Description: Community Education and Recreation Services recognized that they have already experienced some success in creating ‘SPORT SAMPLE’ opportunities. Kids can come for a one-time or multi-session class to explore multiple types of sports. For example, community education at Brooklyn Center Schools is offering Zumba, Dance and Tumbling.

Offering this type of opportunity is a low-risk way for parents to expose their kids to a variety of physical activity options without a big investment.

Providers could develop a template for this program design that could be shared with all providers. This could also include an Implicit Bias Training for providers to ensure service delivery meets youth and families where they are culturally. Also, the design may also include sport specific skills training and reflection on social and emotional skills learned.

Barriers Eliminated:

- Cost
- Cost for equipment
- Transportation; if delivered afterschool with busing, or via Rec On the Go

Potential Impact:

- Entry points into sports
- Provide new types of activities to better connect with families
- Easier Registration – explore multiple sport opportunities
- Cross-Cultural communications, connecting and engagement
- Solutions for transportation

Potential Costs:

- Bussing for afterschool community education
- Transportation for city recreation services
- Equipment costs for recreation or community education programs
- Implicit Bias training costs

#2 – Launch a “YOUTH SPORTS DRAFT DAY”

Description: Alliance partners will host “YOUTH SPORTS DRAFT DAY” at their college, school, or community center prior to leagues kicking off. This could be sport specific or could be for multiple sports. Youth and parents can explore different sport options and take care of all their registration needs on site – so they are ready to participate.

Most importantly, YOUTH SPORTS DRAFT DAY will include

1. Registration in English, Spanish, Hmong
2. Scholarship information in English, Spanish, Hmong
3. Equipment supplies on site: shoes, hockey equipment exchange

Potential Partners: Rec On the Go, Parks and Recreation staff, Play-it-Again sports, Sanneh Foundation, Leagues/Associations who want to boost recruitment.

Barriers Eliminated:

- Not knowing what's available
- Cost
- Equipment costs

Potential Impact:

- Easier Registration
- Cross-Cultural communications, connecting and engagement
- Provide new types of activities to better connect with families
- Solutions for transportation
- Build resources to reduce or eliminate costs
- Entry points into sports

Potential Costs

- Event coordination

#3 – Build a TRANSLATION RESOURCE HUB

Description: Many providers, including schools, non-profits, leagues etc. do not have easy access to services that can translate materials into Spanish, Hmong, etc. Alliance partners could scan existing resources used for this purpose to understand what resources are available. We would also gather constraints – existing policies or procedures with public agencies related to translating materials.

We could partner with experts in this discipline to find resources, connect them to providers, and improve communications to parents.

Barriers Eliminated:

- Not knowing what's available

Potential Impact:

- Easier Registration
- Cross-Cultural communications, connecting and engagement

- Build resources to reduce or eliminate costs

Potential Costs:

- Coordination of bringing resources together
- Ongoing efforts to connect translation services to providers

4 – Expand COMMUNITY ENGAGEMENT: develop relationships and Enlacé [bring together]

Description: Alliance partners would establish a new team coordinated with existing resources at the Alliance to bring together community engagement experts from each Alliance partner. This may be different ‘titles’ for each partner, but might include the following: School Equity Specialists, City Community Engagement liaisons, Parent Liaisons, or other.

This team would be charged with organizing translations resources, and outreach to parents – where parents are – to connect them to opportunities throughout our community via an online program locator (sports included). Partners would mutually promote one another’s programs and services and build a calendar of outreach events that could include – Earle Brown Days, Tator Days, Back to School, YOUTH SPORTS DRAFT DAY, Motivation Youth Festival and other community events.

This team would also participate in Implicit Bias training, and explore ‘train the trainer’ options for bringing this training back to their organizations.

The Alliance staff would manage a tool/website that all families/kids can see what activities are available, how to register, scholarship availability, and how to get there (transportation tool).

Together this team would seek to engage 1,000 parents: inform them of the online program locator and get their email/cell number to share updates on new programs and special events for youth.

Barriers Eliminated:

- Not knowing what’s available
- Cross-Cultural communications, connecting and engagement

Potential Impact:

- Cross-Cultural communications, connecting and engagement
- Entry points into sports
- Teen Leadership – if youth hired for outreach
- Build resources to reduce or eliminate costs for marketing
- Solutions for transportation
- Provide new types of activities to better connect with families

Potential Costs:

- Coordination of the Community Engagement Team (CET)
- Participation of members of the CET

- Additional staff resources to organize youth sport providers, not already in the program locator, to include these opportunities in the program locator
- Building capacity of providers to upload their program information to this online hub
- Implicit Bias training costs
- Maintenance and growth of the Online Program Locator

#5 – Expand BrookLynk Internships to CREATE TEEN COACHING JOBS

Description: Teens and older youth can help providers solve the shortage of coaches. Through an existing summer youth employment program – BrookLynk. Youth who are trained and support coaches can increase program quality. If children have positive, high-quality experiences they are more likely to continue in physical activity.

We would create professional internships in Recreation and Education settings that would include:

1. Employer hires 8 BrookLynk Youth Sports interns
2. Interns learn about career pathways to recreation, community education, education, sports industry, and are trained in high quality coach practices
3. Manage a sports team for middle or elementary aged youth
4. Work together to develop league play over the summer
5. Work together to develop transportation plans with parents, co-located practices where youth live and using open space at college campuses to expose both the interns and participants to college campuses in our community
6. Organize playoffs for the 8 teams
7. Recognize all youth participants, recognize transportation/cost/communication champions

Or

- Explore a partnership Between BrookLynk and existing leagues, swim teams, or associations to develop paid summer internships.

Barriers Eliminated:

- Transportation
- Costs

Potential Impact:

- Teen leadership
- Spaces and places for sports
- Entry points into sports
- Build resources to reduce or eliminate costs
- Solutions for transportation
- Provide new types of activities to better connect with families

- Cross-cultural communications, connecting and engagement

Potential Costs:

- Staff costs to supervise and support these interns
- Each BrookLynk intern salary (\$3,000)
- Equipment costs for teams
- Transportation costs

#6 – Explore a COMMON REGISTRATION FOR YOUTH SPORTS

Description: Parents could register their kids all at once – providing permission for release of information, income verification, address, etc. for ALL of their kids. One form across sports providers. There would be multiple phases of development needed for this common registration system.

1. Gather all current registration forms
2. Determine commonalities
3. Determine constraints – policy requirements for collecting during registration
4. Determine gaps
5. Negotiate agreement on common form
6. Use common form at individual sites
7. Build online tool for ‘ONE STOP’ registration
8. Build link/e-verify/electronic transfer of registration data to provider
9. Monitor, support and manage online tool

This would REVOLUTIONIZE easy access to opportunity. It would also be used not just for sports, but for any youth program opportunity. Mirror the college “Common App” application process.

This would require significant investment and political leadership to change registrations processes.

Barriers Eliminated:

- Not knowing how to navigate registration systems

Potential Impact:

- Easier Registration for sports (#1 issue recommendation from parents)
- Potentially, easier registration for ALL afterschool and summer programs

Potential Costs:

- High; personnel and technology

Project Summary

Through extensive collaboration and engagement, we accomplished our goals. We learned through our opportunity assessment that access was the prevailing issue in the Brooklyns. We generated hundreds of ideas that would be 'prototypes' for expanding access to youth sports to address cost, transportation, and marketing/communications.

Finally, the Alliance partners identified the following recommendations that could be based on reallocation of existing resources:

- 1 – PUBLIC PROVIDERS LAUNCH “SPORT SAMPLE” OPPORTUNITIES**
- 3 – Build a TRANSLATION RESOURCE HUB**
- 4 – Expand COMMUNITY ENGAGEMENT: develop relationships and Enlacé [bring together] (re-design and 6 month outreach effort)**

New resources will need to be mobilized to implement the following:

- 2 – Launch a “YOUTH SPORTS DRAFT DAY”**
- 5 – Expand BrookLynk Internships to CREATE TEEN COACHING JOBS**
- 6 – Explore a COMMON REGISTRATION FOR YOUTH SPORTS**
- 4 – Expand COMMUNITY ENGAGEMENT: develop relationships and Enlacé [bring together]**

These results will be shared with the County and Alliance board of directors to approve recommendations for action.

City of Brooklyn Park Request for EDA Action			
Agenda Item No:	6.4	Meeting Date:	December 16, 2019
Agenda Section:	General Action Items	Prepared By:	Breanne Rothstein, Economic Development and Housing Director
Resolution:	N/A	Presented By:	Breanne Rothstein, Economic Development and Housing Director
Attachments:	1		
Item:	Consider Approving a Preliminary Term Sheet between the EDA and Aeon BP, LLC for the Acquisition and Rehabilitation of Huntington Place Apartment Community		

Executive Director’s Proposed Action

MOTION _____ SECOND _____ APPROVING A PRELIMINARY TERM SHEET BETWEEN THE EDA AND AEON BP, LLC FOR ACQUISITION AND REHABILITATION OF HUNTINGTON PLACE APARTMENT COMMUNITY.

Overview:

Aeon, a regional developer and property manager of affordable housing in the Twin Cities metro, has entered into negotiations for the acquisition of Huntington Place apartments with the purpose of maintaining rents and improving living conditions at the property. Huntington Place is the second largest apartment community in the state of Minnesota, consisting of six buildings on 13 acres and 834 one-bedroom homes. Aeon has submitted a request for assistance from the Brooklyn Park EDA for \$5 million in assistance to purchase and re-habilitate the community and maintain long-term affordable rents. Dominion, the current owner, has recently completed \$8 million in investments on the property, and is working directly with Aeon in an off-market transaction.

Background:

Huntington Place was built in the 1960s as three story walk-ups with split entries. At the time of construction, Brooklyn Park was experiencing significant growth, particularly in multi-family housing to accommodate young baby boomers. Over 5,000 multi-family housing units were constructed in the Zane corridor over a 20-year period in Brooklyn Park. All 834 units were constructed as one bedrooms, and the original occupants were mostly single or coupled people living there with very few children. Starting in the 1990s, the property started to house more families. Huntington Place has historically been an affordable place to call home, attracting many lower resourced families, as other parts of the metro (and country) became increasingly less affordable.

Due to a variety of factors, Huntington Place has also experienced a higher than average crime rate. The property has been a focus of city, property managers, and other community organizations since the nineties. A desire to reduce crime and improve safety for the residents living there (as well as other apartment communities) has resulted in the establishment of the Blue Blocks program on the property, the hiring of outreach workers to connect youth to community resources, and increased focus on maintenance and property inspections.

In the past decade, rents in Brooklyn Park and Huntington Place have dramatically increased, while the quality and safety of housing has not improved significantly, particularly at Huntington. Since 2011, the city has completed an annual rent survey in coordination with property managers. In 2011, the average rent at Huntington was \$619. In 2019, the average rent was reported at \$950, representing an over 50 percent increase in rent in eight years. This is a higher rate of increase than one bedrooms citywide over the same period, and a significantly higher rate than county trends (22% rent growth in suburban Hennepin County since 2010).

Given these circumstances regionally and within the city, Aeon has recently shifted its focus towards the acquisition and re-habilitation of existing, market rate affordable homes (also called NOAH – naturally occurring affordable housing). In 2017, the company purchased 1,200 apartment homes with the goal to maintain rents at levels affordable to households earning 60% or less of the area median income (less than \$1,200 for a one-

bedroom unit). The company identifies properties that are at risk of continuing to see rapid price increases through market trends or potential “value add” sales and that are currently priced at “affordable” levels and negotiates with existing owners of such properties. Huntington meets these criteria, and therefore Aeon is working to put together a financing package to purchase the property.

Primary Issues/Alternatives to Consider:

- **What is being proposed at the property?**

Aeon representatives are proposing two phases of development financing and capital investments, should they be able to purchase the property.

Phase One includes acquisition and an additional approximately \$4 million in capital investment, totaling approximately \$87 million in total project costs (\$105,000 per unit). Phase One improvements are proposed to include community rooms that are staffed in each building, staffing resident support services, and establishing a system and resolution of resident maintenance and other issues.

The dollars proposed to be spent from the EDA would be used to fund the following capital improvements, per the term sheet:

- Cameras in all buildings and on site
- Electronic locks and door alarms
- Fire safety improvements
- The construction of at least one staffed office/community space in each building
- Completion of any maintenance items identified in Aeon’s pre-sale inspections

Funding these improvements allows Aeon to use other financing secured to add staff capacity, resident resource supports, and develop a community building program on site (within 12 to 18 months of close).

Phase Two would occur when the property is re-financed, potentially with the use of Low Income Housing Tax Credits or another source of affordable housing financing, and a permanent mortgage. Phase Two would be completed as a separate action of the EDA. Phase Two could include more substantial changes to the community such as re-configuration of units, the addition of family units, or a re-design of the site plan layout to improve community feel and providing a better unit mix.

- **What assistance is being requested?**

The total project cost is proposed at \$87,760,000. The primary/senior mortgage financing, still being pursued with a potential lender, would cover 78 percent of the project cost. Aeon will also apply for 4-d tax status as a part of its use of EDA financing, which will limit property tax increases over time. This allows Aeon to take on more debt rather than applying the operating income to rising property taxes.

Below is a summary of the proposed structure of this deal:

78% loan from senior mortgage:	\$68,360,000
14% equity investors:	\$12,400,000
4.6% Brooklyn Park EDA Loan:	\$ 5,000,000
2.6% Subordinate debt – LISC:	\$ 2,500,000
0.6% from Aeon:	\$ 500,000

- **What are the proposed terms and conditions of the assistance?**

The term sheet specifies a \$3 to \$5 million EDA investment of deferred financing. The exact terms are still being negotiated, and dependent on the securing of all other financing and the amount of qualified capital costs. The conditions listed in the term sheet were informed by several meetings with residents of Huntington Place and the staff Apartment Action Committee. The conditions are listed in full on the term sheet.

- **What is the financial risk in supporting this project?**

The EDA's risk in this project is similar to other housing projects the EDA has supported over the years. As a subordinate debt holder, if an entity defaults on re-payment of a mortgage, the EDA would be in subordinated position to the primary mortgage holder to get paid. In this case, the EDA must agree to any re-financing or forgiveness of outstanding EDA debt, and could evaluate re-payment at that time. Should foreclosure occur, there would likely be no proceeds from which to pay the EDA's loan.

- **Who benefits from the EDA participation in this project?**

The financial assistance would be part of the overall capital stack for the project that goes towards Aeon acquiring the property with the expressed purpose of limiting rent increases and improving community livability. Aeon will benefit from the addition of units to their portfolio and in annual net operating income. Aeon's equity investors will expect a rate of return from their equity investment, although Aeon is working with a group of philanthropic investors who expect a lower rate of return than a typical project (i.e. 6 percent rate of return rather than 12 percent).

The current residents will experience de-centralized maintenance/leasing functions, and increased staffing of each building for improved customer experience. Through security enhancements, it is the goal to reduce victimization of residents and improve livability overall at Huntington.

Current and future residents will be able to access homes that do not rise in cost with market conditions. The EDA's contribution, combined with the State's 4-d tax program, will trigger long-term affordability requirements on these homes.

Finally, the sale of Huntington to a non-profit, affordable housing developer could net positive outcomes for the buildings and the security and safety of the community by annual re-investment of the property and provide better access to social service resources available.

- **What are the next steps?**

If a term sheet is approved, a full development agreement would be negotiated and prepared for the EDA's consideration at its January or February meeting. Aeon and Dominion seek to complete the sale in January or February of 2020 and Phase I improvements would be completed by fall of 2020.

Budgetary/Fiscal Impacts:

Any EDA contribution to this project would come from the Housing Set Aside fund, a fund established from excess TIF funds, through special legislation.

The current balance of the Housing Set Aside is approximately \$10 million. The dollars in that fund can be used for the development of new, or re-habilitation of housing that meets affordability requirements. The NOAH program established by the EDA in June of 2019 calls for use of approximately \$5M for NOAH preservation throughout the community.

Recommendation:

The Executive Director of the Economic Development Authority recommends approval of the term sheet for the Aeon BP, LLC purchase of Huntington Place apartments.

Attachments:

6.4A PRELIMINARY TERM SHEET

Term Sheet

This Term Sheet is dated as of this ____ day of _____, 2019 and is intended to set forth the general terms upon which Developer and Economic Development Authority (“EDA”) hereto may be willing to enter into a Loan and Development Agreement (the “Development Agreement”). Except for Section 10 below (which shall be binding upon Developer) this Term Sheet shall not be deemed conclusive or legally binding upon either party and neither party shall have any obligations regarding the property defined below unless and until a definitive Development Agreement is approved by the EDA board and executed by both parties.

1. Developer: Aeon BP, LLC (a single purpose LLC)
2. Property: PID # 2811921310001, which is known as Huntington Place Apartment Community (5801, 5805, 5809, 5817, 5331, 5841, 5849 73rd Avenue North)
3. Developer Conditions:
 - a. Acquire entirety of Huntington Place (834 unit apartment community)
4. EDA Conditions:
 - a. Reserve EDA Housing Set Aside Funds for Loan
 - b. City support for use of 4-D Property Tax Program
 - c. EDA approval of Property Management, Transition, and Construction Plans
 - d. Execution of a Development Agreement
 - e. Evidence of financing for Phase I Improvements
 - f. Submittal of satisfactory property management transition plan
5. Minimum Improvements (Phase I and Phase II): Improvements to the Property will include the following items:

Phase I (to be completed within 12 to 18 months of close)

- a) Installation of cameras in all buildings and around premise according to a plan submitted and satisfactory to city staff and verifiable video surveillance;
- b) Installation of electronic locks (FOBs) for outside entrances with consideration for alarms that ring to an on-site office when left open;
- c) Fire safety improvements: New Knox, or similar, brand key boxes for all buildings and wireless communicator (or phone line) for monitored fire alarms, local alarms on hallway fire extinguisher cabinets, installation of automatic cooking extinguishing devices in each unit;
- d) Community room and leasing office construction (minimum of one per building);
- e) Completion of immediate maintenance items noted on PNA report.
- f) Regular and predictable staffing of community room(s), maintenance, and leasing in each building;
- g) Continue to support Youth Outreach Worker model, in connection with Parks and Recreation through Zanewood;
- h) Submittal of an acceptable resident support service plan
- i) Submittal of an acceptable tenant screening process;
- j) Submittal of a satisfactory crime reduction strategy (security plan) that includes:

- a. Follow the Crime Free Drug Free Lease addendum, the “Conduct on Rental Property” ordinances and all rental licensing requirements. All managers attend crime free housing training;
- b. A method for verifiable video surveillance;
- c. Posted rules and enforcement of such rules.

Phase II (to be completed within 5 years from the closing on the acquisition of the property)

- k) Create unit mix, by converting and/or adding 2 and 3-bedroom units on the property; addition of units would be subject to City Planning approvals;
 - l) Modify exterior of buildings and site plan to create more community gathering spaces and a better sense of place;
 - m) Split up each building into at least two wings;
 - n) Full evaluation of long-term fire suppression needs, in coordination with Fire Chief,
 - o) Full evaluation of compliance with American with Disabilities Act (ADA) and transition plan, which could include installation of facilities to comply with ADA requirements;
 - p) Complete a 30 year capital needs assessment and reinvestment plan;
6. Construction Schedule: Phase I actions shall commence within 3 months of acquisition and shall be substantially complete no later than 18 months after commencement. Phase I improvements must continue in satisfactory performance for the term of the EDA financial assistance. For the purpose hereof, “Commence” shall mean beginning of physical improvement to the Property (specifically improvements listed in Section 5a through e) as well as submittal and “Completion” shall be evaluated at the term of the EDA financial assistance. Upon Completion the Phase I improvements, EDA shall issue, in recordable form, a “Certificate of Completion.”
 7. Public Assistance: Subject to all terms and conditions of the Development Agreement, EDA will provide a loan to the Developer for Qualified Costs equal to the amount associated with Phase I (Section 5 a through e) improvements, up to \$3 to \$5 million. “**Qualified Costs**” shall mean the capital costs of the improvements identified in Section 5 a) through e).
 - a) Terms. EDA financing includes a \$3 to \$5 million contribution of deferred financing for Phase I Qualified Costs, which is dependent on the submission of a revised development budget and 20-year operating pro forma enumerating the amount of Qualified Costs and demonstrating a need for financial assistance.
 - b) Record a restriction, in proper form, against the property to maintain at least 40% of the units’ rents at levels affordable to households whose income does not exceed 60% of Area Median Income (AMI). A portion of the units must be available to households at 30% of AMI or below.
 8. Mixed-Income Housing: The Developer agrees the Minimum Improvements will conform in all respects to the City of Brooklyn Park’s Mixed-Income Housing Policy.
 9. Minimum Improvements Value: The Developer will invest at least \$5,000/dwelling unit in Phase I.

10. Fees: Within two weeks of approval of this Term Sheet by the EDA Board of Commissioners, Developer shall pay to the EDA the sum of Ten Thousand Dollars (\$10,000.00) to pay for the reasonable out-of-pocket legal, financial consultant and administrative fees associated with this transaction. If additional expenses are incurred beyond the \$10,000, prior to the execution of a development agreement, the EDA shall notify the Developer in writing and the Developer will be required to deposit additional funds upon notice.

11. Miscellaneous:
 - a. No transfer of the Property or of the Development Agreement, other than to an affiliate of Aeon without EDA consent prior to the issuance of the Certificate of Completion.
 - b. Developer covenants to pay property taxes and maintain customary insurance.

Developer acknowledges its obligations under Section 10 hereof.

Aeon BP, LLC

MEMORANDUM

DATE: December 16, 2019
TO: EDA Commissioners
FROM: Kim Berggren, Executive Director
SUBJECT: Status Update

BUSINESS AND WORKFORCE DEVELOPMENT

Nystrom Expansion Ribbon Cutting

Nystrom, a specialty building products company, recently expanded its campus in Brooklyn Park by acquiring a building located at 9224 73rd Ave N. Nystrom has been located in Brooklyn Park at 9300 73rd Ave N since 1996 where it is home to 230 employees. On Tuesday, December 10, Nystrom celebrated its expansion with a ribbon cutting ceremony. Mayor Lunde attended and read a proclamation, making December 10 Nystrom Day in the City of Brooklyn Park. Nystrom CEO, Sue Thomas also spoke. Kim Berggren and Daniela Lorenz also attended the event.



GreaterMSP Partnership Annual Meeting

On Monday, November 11, Breanne Rothstein attended the annual meeting of GreaterMSP Partnership, where leaders announced their ten-year plan to advance our regional workforce development and jobs goals. They have increased their focus on workforce development and equity in 2019. ConnexMSP, a consortium of youth workforce development programs that Brooklynk has been a part of, is rolling into GreaterMSP to better align with the work of Make.It.MSP, a regional talent recruitment and retention initiative. Staff looks forward to learning more about how to plug into the refreshed work of GreaterMSP, since its recent work is well aligned with Brooklyn Park's 2025 goals and initiatives.

Business Visits

Staff continues to visit businesses as part of the reinvigorated Business Retention and Expansion (BR&E) program. So far staff has visited Top 2 Bottom, 5Bulouz, Unique Party Rentals, Down the Street Nutrition, Pridestaffing, and the Medical Supply Store. Staff sits down with these businesses for about 45 minutes and asks a series of pre-determined questions. The answers are then saved in a database so the results can be analyzed for trends. The goals of the BR&E program are to connect with businesses and address their immediate needs, concerns, and questions. Staff plans to present additional findings to the Authority at a future meeting.

Business Champions for Youth Breakfast



On Tuesday, December 3, BrookLynk, in partnership with the Brooklyn Bridge Alliance for Youth & Hennepin Technical College, hosted the annual Business Champions for Youth Breakfast at Edinburgh Clubhouse. In attendance were 77 guests from local businesses, schools, and non-profits, including Commissioner Jacobson. Featured as this year's Champion for Youth was Design Ready Controls who invited John Hike to talk about how they are partnered with BBA, BrookLynk, HTC & other programs to create career pathways for youth and young adults. BrookLynk alumni also supported the event by leading table discussions on topics such as organizational development, recruitment, retention, and inclusion. With the success of this year's event plans are already underway for next year. **Save the Date:** December 1st, 2020 10:00am-12:00pm.

OTHER

New EDA store merchandise

The Communications division has begun managing the EDA store and its merchandise. New, exciting, Brooklyn Park t-shirts arrived last week with tote bags, drawstring backpacks, window stickers and keychains on the way. Staff is establishing pricing to begin selling the new merchandise in January 2020.

Center for Innovation and the Arts (CITA)

Staff is working on developing a Joint Powers Agreement with representatives from North Hennepin Community College and Metropolitan State University for the proposed CITA project. CITA is envisioned to be a 83,000 square foot dynamic and inclusive center focused on leveraging resources of multiple partners to create a flexible facility at the northeast corner of 85th and West Broadway avenues. The Center will greatly increase arts-related educational opportunities for students, increase economic prosperity, and advance the quality of life in Brooklyn Park and surrounding communities. Other steps underway include the formation of the CITA Advisory Council, which will launch in February 2020, along with the initiation of fundraising efforts for the \$85 million project.

Next Generation Business Models Event

Daniela Lorenz attended the Next Generation Business Models Event hosted by Nexus Community Partners and Saint Paul Area Chamber of Commerce on November 11. The purpose of the event was to learn more about the benefits of converting a business to an employee ownership model and to demonstrate the various ways a business could become co-operatively owned. The event featured speakers from Project Equity, the City of Saint Paul, representatives from worker owned businesses, Shared Capital, Nexus Community Partners, and Dorsey and Whitney LLP. Staff has been working with Nexus for the past few months to learn about how we can start conversations about employee ownership models with interested businesses in Brooklyn Park.

Avenues for Youth



Avenues for Homeless Youth is now Avenues for Youth. For 25 years, the organization has supported youth ages 16-24 in Hennepin County. Avenues for Youth recently changed their name to better reflect their mission and service to the community. The change was made because homelessness is just part of the journey of the young people they work with, rather than an identity that defines their whole life experience.

Since 2015, Avenues for Youth has operated Brooklyn Avenues, a 12-bed shelter with intensive support services for youth experiencing homelessness in Brooklyn Park and the northwestern suburbs. The Brooklyn Park EDA provided \$1.1 million in financial support for the construction of Brooklyn Avenues.

Community Development Celebration

On November 13th, Breanne Rothstein and Sarah Abe attended A Community Development Celebration organized by the Metropolitan Consortium of Community Developers (MCCD) and LISC Twin Cities. The keynote address by Dedrick Asante-Muhammad, Chief of Race, Wealth and Community at the National Community Reinvestment Program, focused on changing systems to reduce the racial wealth divide. A number of community organizations and individuals were also recognized for their contributions to community development in Minnesota.

METRO Blue Line Extension (Bottineau LRT) Update

Agendas and previous meeting presentations can be found at:

<http://www.metrocouncil.org/Transportation/Projects/Current-Projects/METRO-Blue-Line-Extension/Committees.aspx>

Bottineau Corridor Marketing & Branding

Neka Creative has been working with Hennepin County and Bottineau corridor cities on developing a cohesive brand identity for the Bottineau corridor. After extensive community engagement throughout the corridor cities, the brand promise and six brand directions (attached) were unveiled to the steering committee in early October.

Since that time, the chosen brand direction is Northwest Crossing. Neka Creative is working with the steering committee to refine the tag line and choose a logo.

Work on the marketing and branding effort is expected to wrap-up by the end of 2019.

Cultivate Bottineau

A wrap-up event was held on December 12, 2019 at the Wicked Wort Brewery in Robbinsdale to recognize the artists of the two-year Cultivate Bottineau arts initiative. Over the two-year period, 37 artists participated over 26 projects and 36 artistic events. Of those, Brooklyn Park had seven arts events/projects completed, including the two public realm arts pieces that will be installed in the temporary plaza park at 85th and West Broadway next spring. See attachment 7.1A for additional information on Cultivate Bottineau.

Urban Land Institute Community Development Council Meeting

Kim Berggren attended the quarterly convening of Community Development leaders across the region for a shared learning event focused on the retail market and retail development. A representative from the ownership groups of several large retail real estate companies, including the owners of Ridgedale Mall, presented on retailing trends and current investment strategies.

Regional malls are experiencing significant reinvestment in the Twin Cities and more retail is moving to “shopping for entertainment” and “internet resistant” retail. There is also a growing awareness of the value of “authentic” retail experiences (mom and pop owners) versus what some call “curated” retail that is owned by large companies. With regard to development, in general retailers are most concerned with location, parking, tenant signage, and delivery/garbage access.

Community Development Block Grant (CDBG) Consolidated Plan

The Consolidated Plan is a planning document required by the Department of Housing and Urban Development (HUD) every 5 years. The Consolidated Plan requirements are designed to help states and local jurisdictions assess their affordable housing and community development needs and market conditions, and to make data-driven, place-based investment decisions. The consolidated planning process serves as the framework for a community-wide dialogue to identify housing and community development priorities and priorities for utilizing HUD funding. The City of Brooklyn Park receives CDBG funding according to a federal formula annually due to its size, demographics and housing characteristics.

In the last several months, Hennepin County has conducted a wide range of citizen participation and consultation to develop the 2020 – 2024 Consolidated Plan. By consulting and collaborating with other public and private entities, Cities can align and coordinate community development programs with a range of other plans, programs and resources to achieve greater impact.

Hennepin County is the lead agency in the administration of CDBG funds. Every five years, Hennepin County works with Cities and other partners to identify overarching goals and priorities for the next 5 years. The County receives about \$5 million each year and distributes it to various Cities as determined by the HUD formula. The County also conducted a survey in every zip code in Hennepin County and received about 2,142 responses from different demographics of residents in the communities.

Summary of Survey Responses



Attachment:

7.1A Cultivate Wrap-Up Presentation

Year 1



www.springboardforthearts.org
www.springboardexchange.org

@SpringboardArts
 @CreateExchange



Basic Numbers

- 26 Total Projects
- 37 official artists
- 36 Artistic happenings
- 7 in Brooklyn Park
- 5 in Robbinsdale
- 4 in Crystal (not counting Shawn McCann)
- 2 Golden Valley*
- 8 Minneapolis *
- Two projects took place in Minneapolis but are connected to Golden Valley
- 2 projects were approved in year 1 but rolled over to year 2

www.springboardforthearts.org
www.springboardexchange.org

@SpringboardArts
 @CreateExchange



www.springboardforthearts.org
www.springboardexchange.org

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Projects and Participation

The 15 artists reporting produced:

- 4 arts centered community engagement events with a total of 160 participants.
- 3 musical performances with a total of 100 attendees
- 3 classes (a total of 9 sessions offered) with 135 participants
- 2 videos with 50 attendees at the screenings
- 1 long term art installations (4 months) with approximately 180 attendees
- 1 art showing (one day) with approximately 90 attendees
- 1 mural with unknown viewership

The total number of attendees/ participants was a little over 700. The total number of reported collaborators was 79.

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Impact on Artists

- 80% of the artists reported they developed new skills as a result of the project
- Networking and collaboration (7)
- Project coordination (3)
- Event coordination (2)
- Marketing and Communications (2)
- Grant writing (1)
- Public art approval process (1)
- Research (1)
- Working in a new genre (1)

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New Relationships

- 100% of the artists reported making new relationships
- Local Businesses (8)
- Local non profits (7)
- Local government (5)
- Other artists (4)
- Springboard for the Arts (3)
- 3 artists reported that their projects had led directly into new work opportunities



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Collaborators

- 80% of collaborators responded
- 80% said the project was valuable to them
- 90% said that they had previous experience with artists
- 90% said they would work with artists again
- 90% said their organization would know how to find an artist

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Value of the Projects

- Increased visibility and/or new visitors (7)
- New or additional programming for community (7)
- Promoting new understandings or new connections between people or between people and their environments (6)

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Highlights

- Edoh Akakapo, owner of EZ Stop Foods, was very pleased with the mural on his shop. He said he might consult with Geno on some interior design work
- Diane McGee, Current President of the Robbinsdale Historical Society, said Lili Payne's illustration of the beehive fireplace/grill in Graeser Park has helped raise awareness of these historical assets.

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EZ Stop Food



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Beehive Grill



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Year 2



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Basic Numbers

- 15 participatory/ performative art projects created for 8 community events
- 1 artist was selected but never contracted.
- 2 large murals in Crystal and Robbinsdale
- Community plaza elements (Pending) Brooklyn Park
- 3 mobile community engagement tools (2 finished 1 near completion) Minneapolis/ Golden Valley
- 7 of the events artists were artists of color
- 2 of the 5 larger commissions went to artists of color
- 5 of the 7 larger commissions went to artists connected to Cultivate.

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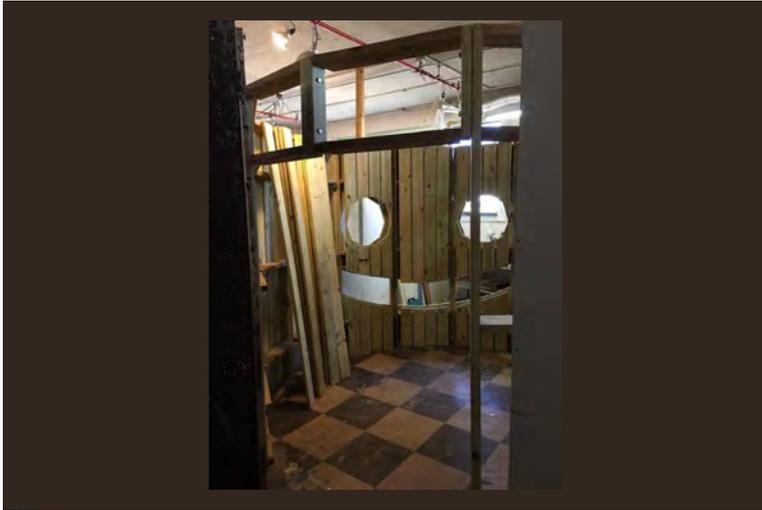
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What still needs to happen

- Finishing and installation of the Brooklyn Park Plaza Elements
- One Mobil Engagement tool
- Final reports from 4 year 2 artists
- Surveys/ evaluations for partner organizations
- Surveys for the event coordinators
- Writing up a few of the best year two stories
- Distribute find an artist tool kit and artist roster

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What will be included?

- Compiled data from partner/ collaborator surveys/ event organizers.
- Compiled data from all artist final reports
- Links to all know press from Cultivate
- Lots of photos
- Links to all video's created as part of cultivate
- Project narrative
- Some longer form stories of success and learning
- Map of all projects and events
- Artist roster

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Artist Roster

- Name
- Contact information
- Art forms
- Cities of connection
- What they did for Cultivate
- Links to websites or social media (if we have them)

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What else?

- Are there any specific questions you would like to see addressed in the final report?
- What would help you tell the story?
- What could help you continue this work in the future?
- Is there anything you would like us to know?

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MEMORANDUM

DATE: December 12, 2019

TO: EDA Commissioners

FROM: Erika Byrd, Development Project Coordinator

CC: Kim Berggren, EDA Executive Director
Breanne Rothstein, Economic Development and Housing Director

SUBJECT: Housing Update

This memo provides an update to the Economic Development Authority (EDA) on several housing-related items. In addition to updating the EDA, this memo serves to keep interested stakeholders informed of this work.

HOUSING POLICY UPDATES**Eviction and CURA Research Project**

Researchers from the Center for Urban and Regional Affairs (CURA) at the University of Minnesota are conducting a year-long qualitative research project in Brooklyn Park to investigate the issues of eviction, housing stability, and renter quality of life. The research is led by Dr. Brittany Lewis and Dr. Shana Riddick and is being funded by the Brooklyn Park Economic Development Authority, Hennepin County, and Minnesota Housing. The researchers will hold the first advisory committee meeting for the project on December 19 (tentatively). This advisory group is composed of tenants, landlords, City and County staff, City Council members, and other housing stakeholders.

HOUSING PROJECT UPDATE**Huntington Place**

At its December 16 meeting, the EDA will be considering a term sheet between Aeon and the EDA for the acquisition and re-habilitation of Huntington Place Apartment Community. Aeon is a Twin Cities-based, nonprofit affordable housing developer, owner and manager that has entered into negotiations for the acquisition of Huntington Place apartments. Aeon has submitted a request for assistance from the Brooklyn Park EDA for \$5 million in assistance to purchase and re-habillitate the apartment community and maintain long-term affordable rents. The City Council also hosted a community meeting at Huntington on December 10 and about 15 residents were in attendance. The meeting was a chance for residents to discuss any issues or questions they had about the City's efforts at Huntington or the upcoming potential sale.

City of Brooklyn Park

EDA WORK SESSION

Agenda Item No:	8.1	Meeting Date:	December 16, 2019
Agenda Section:	Work Session	Prepared By:	Erika Byrd, Development Project Coordinator
No. of Attachments	1	Presented By:	Erika Byrd, Development Project Coordinator
Item:	Housing Policy in Brooklyn Park		

Summary:

This work session will build on previous housing policy work by providing the Economic Development Authority (EDA) with a status update of current housing policy work and possible housing policy options the EDA could explore next. A matrix of strategies and tools to advance affordable housing and tenant resources is attached for reference.

Background

The Brooklyn Park EDA continuously updates its housing policies and initiatives to improve quality of life in the community. This work session follows a number of prior EDA, City Council, and community discussions and efforts, including EDA work sessions in August 2017, November 2018, and February 2019. At these meetings, the EDA identified several housing policy priorities. Additionally, in April and May 2019, the EDA held work sessions to clarify EDA strategic priorities. The housing-related policies and priorities that emerged from these discussions include:

- **Mixed-Income Housing Policy (2017/2019)** – The City Council adopted a Mixed-Income Housing Policy in 2017. This policy applies to rental housing developments that add or create ten or more residential units and receive City or EDA financial subsidy or certain land use or zoning changes. Under the policy, such developments are required to meet affordability requirements. In 2019, the policy was amended to apply to projects located in Transit-Oriented Development (TOD) zoning areas as well.
- **Fair Housing Policy (May 2019)** – The City Council adopted a Brooklyn Park Fair Housing Policy. This policy is a written statement regarding the City’s commitment to advancing fair housing and outlining key internal and external practices.
- **NOAH Preservation Program (July 2019)** – The EDA approved establishing a Naturally Occurring Affordable Housing (NOAH) Preservation Program. The program has a goal of preserving and rehabilitating at least 500 units of existing market rate, affordable multifamily-rental housing by 2023. Under the NOAH program, the EDA could provide funding to developers and rental property owners for the acquisition and/or re-habilitation of NOAH rental properties in Brooklyn Park, in exchange for long-term affordability
- **Tenant Notification Ordinance (October 2019)** – The City Council adopted a Tenant Notification Ordinance, the purpose of which is to improve communication practices when apartments sell or change ownership and to provide tenants with more time and resources if they are potentially facing displacement.

In addition to the above items, the City and EDA have increased attention on renter communication, support, and quality of life in recent years. Examples of ongoing efforts include:

- **Apartment Action Plan 2.0** – The City Council adopted the Apartment Action Plan 2.0 in 2018. The plan outlined actions the City will take around community engagement and communication, sustainability strategies, enforcement, and monitoring of apartment communities. From this plan and corresponding workgroup, staff worked together to develop a housing resource informational flyer in English and Spanish. Additionally, volunteers delivered the housing resource flyers, along with the publication “Landlord and Tenants: Rights and Responsibilities” to apartment communities through an expanded welcome bag program.
- **Eviction Research** – In 2018, HOME Line completed a quantitative analysis of evictions within Brooklyn Park. Following that report, the EDA expressed interest in engaging those affected by eviction (including landlords and tenants) in conversations. In 2019, the EDA contributed funding (along with Hennepin County and Minnesota Housing) to a study a year-long qualitative research project in Brooklyn Park to investigate the issues of eviction, housing stability, and renter quality of life conducted by researchers at the Center for Urban and Regional Affairs.

Policy Recommendations:

Attached to this report is a matrix of strategies and tools to advance affordable housing and tenant supports. This matrix was initially developed by representatives from Housing Justice Center and Community Action Partnership of Hennepin County with input from African Career, Education and Resource, Inc (ACER), La Asamblea, and HOME Line.

EDA staff, in consultation with these housing and community groups, have recently updated the matrix to reflect the status of Brooklyn Park housing policy, as well as new policies and programs emerging regionally. Staff is seeking direction from the EDA on the advancement of other new tenant focused housing policies. Should the EDA continue to be interested in advancing policies in this arena, staff recommends further exploration of a local rental assistance program (or Brooklyn Park funding for an existing program) or pre-eviction notification requirements.

Attachments:

8.1A MATRIX OF HOUSING STRATEGIES AND TOOLS

HOUSING STRATEGIES & TOOLS FOR THE CITY OF BROOKLYN PARK

Revised 12/11/19, changes underlined

COMPLETED & IN PROCESS

Tools	Description	Opportunities	Challenges	City/Regional Context
<u>Inclusionary Housing - Completed</u>	Ensures that with every development <u>or under specific development scenarios</u> there would be an inclusion of affordable housing. It also can be applied to rehabbed developments.	Increases the number of new affordable housing units in the City.	Does not addressing the need to preserve and maintain NOAH properties. Some cities allow dedication of funds to future affordable housing production. Can add development costs that some developers find prohibitive	Brooklyn Park passed a mixed income policy in 2017 that applies to new market-rate residential development with 10+ units that receive a Comprehensive Plan amendment, zoning code or zoning map amendment, approval pursuant to a Planned Unit Development, or financial Assistance from the City or EDA. A variety of other policies exist in the region including St. Louis Park, Minnetonka, Golden Valley, Edina, <u>and Bloomington</u>
<u>Tenant Notification Ordinance - Completed</u>	Requires new owners of affordable multifamily buildings to notify tenants about ownership changes. The landlord will have to pay relocation fees for tenants displaced by any changes made within the first three months of new ownership. Owners who don't comply could be cited and required to pay a penalty that would go toward the displaced tenants.	Gives lower-income tenants more time and resources to find somewhere else to live. May have cross-sector support. The St Louis Park, ordinance was recommended by a workgroup that included MN Multi-Housing Association, the local rental community, and affordable housing advocates.	Developers and owners want cities to work together to find consistent regional solutions, rather than adopting a patchwork of different regulations that are confusing and burdensome. Relatively new policy in the region so limited experience around enforcement	Several Cities passed versions including Saint Louis Park, Golden Valley, Bloomington, Richfield, Minneapolis, and Brooklyn Center. <u>Brooklyn Park adopted a tenant notification ordinance October 2019.</u>
<u>Rehab financing in return for affordability commitments - Completed</u>	Cites like Brooklyn Park, have a supply of aging complexes with deferred maintenance. Costs of improvements may prevent reinvestment or drive up rents once improvements are made. Municipalities could offer rehab financing with commitments to maintain affordability over a set period of time.	Preserves affordable housing units in the City as well as making the property safe for residents and updated	Administration of the financing (could be done in conjunction with a local nonprofit), funds for the financing.	Many cities regionally have programs for affordable housing production and reservation projects. Brooklyn Park is currently supporting financing for affordable housing rehab projects (Autumn Ridge, <u>Brook Gardens and Brooks Landing</u>). <u>Brooklyn Park also approved a NOAH Preservation Program in July 2019.</u>

COMPLETED & IN PROCESS

Tools	Description	Opportunities	Challenges	City/Regional Context
<p><i>Comp Plan: Include strong language and solutions regarding affordable housing – <u>In Process</u></i></p>	<p>Ensures the Comprehensive Plan has detailed solutions with strong language around the preservation of naturally occurring affordable housing. This plan will guide the City’s housing efforts in the next 10 years.</p>	<p>Strong language can positively guide the City’s housing efforts in the next ten years.</p>		<p>All metro communities are required to update their comp plans in 2018.</p> <p><u>Brooklyn Park’s Comp Plan is still in process at the Met Council; however, the housing chapter has been reviewed and deemed complete.</u></p>
<p><i>Help preservation buyers to buy at risk buildings – <u>In Process</u></i></p>	<p>Several non-profit housing providers are actively competing in the market for properties but are disadvantaged in competing against for-profit purchasers on price and timing with the complex financial process. Cities can help notify preservation buyers when they know properties will be up for sale and/or help with funding (including grants, low or zero interest loans and fee reduction programs)</p>	<p>Preservation buyers will keep the rents affordable while enhancing the property and reducing displacement.</p>	<p>Preservation buyers often need at least a 90-day notice prior to the property being listed on the market in order to put together a competitive bid. <u>Preservation buyers may have complex financing processes and needs.</u></p>	<p>Many cities have relationships and frequent communication with preservation buyers. NOAH Impact or Preservation Funds assist eligible preservation buyers with acquisition. Hennepin County, Greater MN Housing Fund and Minneapolis have NOAH funds. <u>Brooklyn Park approved a NOAH Preservation Program in July 2019</u></p>

OTHER POSSIBLE TOOLS (From Prior Matrix)

Tools	Description	Opportunities	Challenges	City/Regional Context
<i>Advance Notice Period</i>	The City must be given advanced notice prior to the sale of any building.	A Notice Period will give the City more time to approach a preservation buyer to rehab the property and prevent displacement. In addition, the City can give service providers advanced notice in order to support tenants.	Strong push back from developers and real estate industry Newer policy in region. questions about impact, monitoring, and enforcement procedures.	Minneapolis passed an advance notice policy that requires owners of certain affordable multifamily properties to give 60-day notice prior to making the property available for sale. Several cities (<u>including Brooklyn Park</u>) have adopted post-sale notification requirements as part of tenant protection or notification policies
<i>4d Property Tax Program</i>	This is essentially a tax credit given to housing providers who receive a government subsidy, and in exchange provide a percentage of their units at affordable levels for a set period of time. This is a program was once funded at the state level, but state-level funding has dried up; however, the statute allows for “local subsidies.”.	Increases the number of new affordable housing units in the city or incentivizes landlords to continue to offer affordable units.	Providing the pot of money for developers to tap into; the program is voluntary. Some NOAH property owners could receive 4d credits, but rents would have remained affordable without any incentive due to housing market conditions.	<u>Some cities in the region have programs specifically designed to help owners and developers take advantage of 4d tax status in return for recording rent and income restrictions on the property. Minneapolis and Saint Paul have launched Affordable Housing Incentive Programs in recent years</u> <u>Brooklyn Park does not have a specific 4d program, but 4d could be considered as part of other City programs (such as NOAH preservation) or affordable housing financing deals</u>
<i>Just Cause Eviction</i>	Just Cause Eviction policy protects tenants from eviction for improper reasons as well as prevents involuntary displacement through lease non-renewals or notices to vacate. Allows landlords to evict a tenant only for certain reasons, such as failure to pay rent or for violation of the lease terms.	Prevents involuntary displacement and protects tenants from eviction without a proper reason. As an example, when Crossroads in Richfield changed ownership, new screening criteria was a reason many existing tenants’ leases were not renewed. Just Cause would allow these renters to continue living there until they break a condition of their lease.	Resistance from property owners. Would be new to Minnesota, so ordinances could face legal challenges (though preliminary legal review by housing groups indicate proposed ordinances would not conflict with state law)	<u>St. Paul recently drafted an ordinance for just cause protections. It is expected to be considered by their council soon.</u>

Prohibition of Section 8 Discrimination	Some properties do not accept Housing Choice Vouchers. This ordinance would say that properties cannot exclude applicants simply because they use a rent subsidy.	Voucher holders would not lose housing every time a building changes policies and practices. More housing options would be available to voucher holders.	Oftentimes the challenge will be to lessen the administrative burden on landlords participating in the HCV program. Potential lawsuits and legal challenges.	Minneapolis adopted an ordinance in 2018. <u>The Minneapolis ordinance was challenged by a group of landlords. The lawsuit is currently being heard by the MN Supreme Court.</u>
Right of First Refusal	When owners offer their buildings for sale, they would be required to notify tenants and the designated unit of government. Tenants or government would have a defined period of time to match the essential terms of the offer (price, timeline, etc.). If they are able to do so, they have the right to purchase the building themselves.	Can prevents tenant displacement and help a preservation buyer be competitive.	It can be hard to anticipate where these purchase opportunities will materialize, making it difficult to know where to push for local ordinances. Could get complicated determining what the offer’s “essential terms” are.	Minnesota has a ROFR for manufactured home parks. <u>Minneapolis is interest in this and recently held a study session on it</u>
Incentives to address landlord concerns about renting to certain groups of tenants	Risk Mitigation Fund is oftentimes associated with the Housing Choice Voucher program. This Fund can be created as a response to the extremely low vacancy rate and the disparity between cost of living and wages. It serves as a damage fund to supplement costs the security deposit does not fulfill. It also has been offered as short-term vacancy reimbursement.	Incentivizes landlords to participate in voucher programs, providing voucher holders with more access to housing options. Provides insurance to landlords for any monetary losses from potential damage to property.	Funding the RMF; perpetuating stigma that voucher holders cause more damage (no evidence to support this)	Minneapolis HRA, Metro HRA, Dakota County CDA; many other models across metro area and Minnesota.
Rental assistance	51% of Brooklyn Park households are cost burdened (ACS 2015). Rental assistance could lessen the burden by supplementing income, so housing costs are no more than 30% of income.	Residents would be able to afford housing costs without sacrificing other basic needs. Improved housing stability for families.	It is costly and potentially unsustainable. As rent increases, rental assistance is insufficient and cannot serve as many households. <u>Would involve administration costs.</u>	Hennepin County and some regional cities have existing programs. Richfield runs a Kids @ Home rent assistance program. <u>Saint Louis Park has Kids in the Park Rent Assistance Program and other programs.</u> <u>In Minneapolis, “Stable Homes, Stable Schools” program launched in 2019. This three-year pilot program (led by City of Minneapolis, Minneapolis Public Housing Authority, Minneapolis Public Schools, and Hennepin County) provides rent assistance and other wrap-around services for eligible families</u>

OTHER POSSIBLE TOOLS (NEW)

Tools	Description	Opportunities	Challenges	City/Regional Context
<u><i>Pre-eviction notification</i></u>	<u>Landlords would be required to notify tenants and potentially the city before an eviction is filed against the tenant.</u>	<u>Provide greater opportunity for tenants to avoid eviction filings by allowing more time to locate resources, engage in mediation, or work out a payment plan. Eviction filings, even if they don't result in displacement, can be harmful to a tenant's record and ability to find housing in the future.</u>	<u>Opposition from owners and apartment managers.</u>	<u>St. Louis Park seems interested, and they recently held a study session on it. A 14-day pre-eviction notice policy is likely to advance to their City Council for consideration of approval.</u> <u>Separately, HOME Line and a coalition of housing/tenant groups is pursuing state legislation around this.</u>
<u><i>Tenant Screening Regulations</i></u>	<u>Restrictions on certain tenant screening criteria, which could include criminal history, past evictions, credit score, or credit history</u>	<u>Reduce barriers to housing, particularly for those with a criminal history or past evictions</u>	<u>Opposition from owners and apartment managers, including concern that it could lead to higher costs/rents, increased evictions, and safety issues</u>	<u>Minneapolis passed ordinance limiting tenant screening in 2019. It will go into effect in 2020.</u>
<u><i>Require notices to vacate be submitted to the city</i></u>	<u>Requirement that landlords provide the City notice whenever they give a tenant a notice to vacate.</u>	<u>Would provide data and a possible measurement tool. Currently, the level and impact of notices to vacate and other "informal evictions" is unknown.</u>	<u>Opposition from owners and apartment managers. Uncertain of legal position to do so.</u>	<u>N/A</u>
<u><i>Rental Licensing be tied to certain leasing practices</i></u>	<u>Use rental licensing program to require or incentivize certain practices that benefit tenants. Example include:</u> <ul style="list-style-type: none"> <u>Practices around evictions</u> <u>Cap security deposits, application fees, and other fees</u> <u>Prohibit or further regulate RUBS utility billing</u> <u>Require standardized rental application for tenants</u> <u>Allow tenants to make repairs and deduct for certain issues</u> <u>Require relocation benefits for displaced tenants under certain conditions (condemnation, etc.)</u> 	<u>Influence experience for renters.</u>	<u>Opposition from owners and apartment managers. Untested practices.</u>	<u>Minneapolis recently capped security deposits as part of their ordinance around tenant screening.</u>

City of Brooklyn Park EDA WORK SESSION

Agenda Item No:	8.2	Meeting Date:	December 16, 2019
Agenda Section:	Work Session	Prepared By:	Erika Byrd, Development Project Coordinator
No. of Attachments	0	Presented By:	Erika Byrd, Development Project Coordinator
Item:	Discuss Development of North Hennepin Community College Surplus Land for Affordable Housing		

Overview:

The purpose of this item is for the Economic Development Authority (EDA) to discuss and provide feedback on the future development of a parcel of land at North Hennepin Community College (NHCC) campus located at 6900 85th Avenue North. In 2018, the Minnesota State Colleges and Universities (Minnesota State) Board of Trustees declared a parcel of land on NHCC campus as surplus, enabling it to be offered for sale. According to Minnesota State procedures, if NHCC were to sell the parcel, it would first be offered for sale to local governments prior to being offered to the public. Staff is seeking direction from the EDA related to the EDA's role in supporting the development of affordable rental housing on the site.

Background:

Minnesota State owns a 6.2-acre parcel of vacant land located at the northeast corner of 85th Avenue and College Parkway that is currently part of the NHCC campus but is designated as surplus land that could potentially be sold and developed. According to NHCC's Master Plan, the site is not ideally suited for academic program development due to its distance from the campus core and because the college has several options for alternative building sites. The college feels that development of the site could increase the supply of amenities targeted to students, such as affordable housing, daycare, or other small commercial or office. Additionally, selling the land to a developer or the EDA could provide revenue for the college. State statute requires that sale proceeds go toward capital projects and reinvestment on the NHCC campus.



In 2018, North Hennepin Community College partnered with the City of Brooklyn Park as part of a Corridor Development Initiative (CDI) process funded through Hennepin County's beyond the rails work. During CDI, Twin Cities Local Initiatives Support Corporation (LISC) facilitated a series of community workshops to identify

development guidelines for two parcels within the 85th Avenue LRT Station area, one of the parcels being the above identified NHCC land. Approximately fifty community members attended the workshops, aimed at gathering input on community values and concerns, and assessing likely development scenarios. There was agreement around the potential to better serve the housing needs of the student population at NHCC. A panel of developers indicated the NHCC site offers a great opportunity to strengthen a mix of housing and limited commercial space. At the November 2018 EDA work session, former NHCC president Barbara McDonald discussed the CDI project and the potential development of affordable multifamily rental housing with the EDA. That same month, NHCC sought and obtained designation of the parcel as surplus, allowing them to consider a possible sale to a local public entity or to the general public.

In recent months, EDA staff have been in contact with NHCC and Minnesota State representatives about the potential sale and development of the parcel. Staff have been discussing two ideas for land. First, a small portion of the land may be needed by the City for a new public water well. Operations and Maintenance staff are doing preliminary environmental assessment work around this anticipated need. Second, staff have been exploring the idea an affordable housing or mixed-use development on the remaining portion of the land. NHCC leadership has requested that the EDA enter into a purchase option agreement with Minnesota State for the parcel. Under this scenario, the EDA would lead a request for proposals (RFP) process to seek a developer for the site and would only purchase the land for conveyance purposes if a suitable proposal and developer were identified.

Primary Issues/Alternatives to Consider:

- **What are the EDA's options for this site?**

1. **Buy the entire site.** Under Minnesota statute, Minnesota State Colleges and Universities is obligated first to offer the property for sale at the appraised value plus costs to the local jurisdictions where the property is located. The value of this parcel is estimated at \$2,500,000 based on the most recent real estate appraisal. A portion of the site is desirable for the siting of a future city well. Staff recommends that the EDA not execute a purchase agreement for the entire site without having a development plan and developer secured.
2. **Enter into a Purchase Option and issue an RFP for Development of Affordable Housing.** The EDA could enter into an option to purchase the entire parcel and then lead a request for proposals (RFP) to seek an affordable housing/mixed use developer for the site. The EDA would only exercise its option and purchase the land for conveyance purposes if a suitable proposal and developer were found.
3. **Do nothing.** If the EDA is not inclined to pursue an RFP for the development of affordable housing on the parcel, the college could sell the land publicly. However, Minnesota State also reserves the right to reject any and all offers.

- **Why should the EDA consider supporting affordable housing on the NHCC parcel?**

In recent years, the EDA has heard from community members and housing organizations about issues related to increasing rents, high housing cost burden, and the importance of providing high quality housing across all geographic areas of the city, particularly in the rental apartment communities. According to studies completed by North Hennepin Community College and Brooklyn Bridge Alliance, access to affordable housing and food insecurity are two of the top issues facing students in Brooklyn Park. A 2018 study completed by Bottineau Community Works found that the NHCC site to have strong development potential. According to the report, there is a clear need for rental housing that would accommodate some of the NHCC student population. Currently, there is very little rental housing in the 85th Avenue station area. Any new rental housing targeted to students of the community college would not need to be designed for the traditional college student because community college students are older on average and often work and have families. Therefore, the strongest need would be affordably priced rental housing that could accommodate a family.

- **What factors should the EDA consider in a potential RFP?**

The EDA would need to have clear project objectives in order to prepare a successful RFP. Factors to be considered include:

- What are the goals around affordability?
- What type of unit mix would the EDA like to see?
- What types of amenities are important?
- Is the EDA willing to consider financial assistance for the development project?

- **What is the potential process and timeline for EDA involvement?**

If the EDA is interested in pursuing a purchase option and RFP, staff would prepare draft documents and bring a request for EDA action forward in January. A tentative timeline for development is as follows:

- Option Agreement to purchase land (Jan/Feb 2020)
- Request for Proposals process (Feb – May 2020)
- EDA development agreement and City development review process (Summer 2020 – Winter 2021)
- Property sale (Spring 2021)
- Construction start (Summer 2021)

Attachments:

NONE

City of Brooklyn Park Request for EDA Action

Agenda Item No:	8.3	Meeting Date:	December 16, 2019
Agenda Section:	Work Session	Prepared By:	Daniela Lorenz, Business Development Coordinator Breanne Rothstein Economic Development & Housing Director
No. of Attachments:	3	Presented By:	Breanne Rothstein, Economic Development & Housing Director
Item:	Discuss Potential Business Incubator Model Options		

Overview:

In Spring of 2019, the Economic Development Authority (EDA) determined a list of strategic priority projects for staff to advance, which included exploring incubator concepts as a way to support small businesses in the City of Brooklyn Park. Since then, staff has met with community partners interested in developing an incubator space, done research on various options of developing an incubator, and explored potential funding streams to offset the cost of development and operation of an incubator space. Staff is seeking direction on which concept to pursue more in depth.

Background

Over the past few years, the City has received input from the community on the need and desire for an incubator space. Community groups such as African Career and Education Resources Inc (ACER) and the Liberian Business Association (LIBA), as well as several small business owners, have advocated for the benefits a space, particularly for the immigrant communities in Brooklyn Park.

Primary Issues/Alternatives to Consider:

- **How do incubators help small businesses?**

Incubators provide space for small businesses to locate that is near other businesses which helps build networks and has technical assistance elements built into the operation of the space. Rent in an incubator space tends to be lower and the space a business occupies tends to be smaller than a more traditional leasing situation. Incubators provide a space for business owners to test and refine their business concept on a smaller scale before purchasing a building or signing a long-term lease. Starting a business is always risky but the thought is that an incubator can help to control some of the risks and provides tools to help a new business grow successfully. In the Twin Cities there are a few incubator-like spaces, mostly concentrated in Saint Paul and Minneapolis. The list of incubators, their locations, and the type of businesses they serve are listed on attachment A.

- **Business incubator, accelerator, market, co-op or coworking space?**

There are different models for spaces that help small businesses grow and thrive. The four major models are incubators, accelerators, food markets, and coworking spaces. The primary differences are mostly in the operations of the space. A space focused on attracting and growing new businesses could have elements of all four spaces however there are some key differences between the models.

Business Incubator:

A business incubator is primarily for early stage businesses, sometimes focusing on a specific industry area (ie technology, green energy, manufacturing). The leases are generally short-term and the businesses are sharing space or equipment as the business begins to grow while testing their products, ideas, or services. Most incubators have built in technical assistance services for the businesses.

Business Accelerator:

A business accelerator is focused on new and early stage businesses that are focused on growing after they have tested their products, services, and ideas. Business accelerators are highly focused on providing mentorship and technical assistance to the businesses. The leases could be short or longer term and businesses generally do not share space.

Coworking Space:

Coworking space provides short-term leases and flexibility that can be attractive to small and start-up businesses but does not necessarily focus on start-up or early stage businesses and entrepreneurs. Coworking spaces rent their spaces out daily or under a membership, with different levels of membership at different price points. The different types of membership can range from simply paying for a chair for a day to paying for a dedicated desk or office space for a month or more at a time.

Food/Retail Market:

A food and/or retail market would consist of small businesses selling food or other wares. Often handcrafted, these types of markets seek to bring small businesses together in a mall type setting, often with a commercial kitchen for the preparation of food. Leases could be short or long term.

Business Co-operative:

A business co-operative or co-op is an organization that is controlled and owned by its members. Co-ops come in several forms. Co-operatively owned spaces allow those with ownership interest to be an owner of personal property equal to the value of their portion of useable space. Co-ops can be a good entry point for individuals or businesses that are interested in owning space but are unable to purchase a building. Coworking spaces, incubators, accelerators, and market spaces can all be co-operatively owned.

- **What is the need?**

Based on conversations with several small business owners, LIBA representatives, ACER representatives, the following needs have been identified:

- Small, affordable space for commercial use (restaurants, non-profit or business office, and retail)
- A strong desire for ownership, but no available small, affordable space to buy
- A place for startups and growing businesses to network with other business, and coordinate support services.

In evaluating the amount of space available for such activities, it appears that while there is space like this available in Brooklyn Park, vacancy is very low, and is primarily available for lease only.

- **Building a new space vs. renovating an existing space?**

Staff has been exploring options for leasing an existing building through a master lease or developing a new building on EDA owned land in the Village Creek neighborhood or West Broadway corridor. Four options have been identified and the different development options including the need for partners, estimated development costs, and timelines are included in the attached table.

The cost of entering into a master lease at an existing building and coordinating tenant improvements will be less, and the project would be able to be completed quicker. Staff has identified a couple locations that are immediately available and can begin negotiating a master lease and tenant improvements this winter.

Building new has the advantages of more opportunity for partnerships and ownership models, like a co-op, but would take longer and more city resources in both construction and coordination.

- **Are there outside funding sources available to offset costs?**

There are many types of funding and financing that could be leveraged to make development and operations of an incubator feasible. First, there are grant funds available for pre-development and development an incubator. The available grants are below.

- Livable Communities Demonstration Account (LCDA), Metropolitan Council, max amount project dependent
- Business District initiative, Hennepin County, max amount \$50,000
- Transit Oriented Development Program, Hennepin County, max amount project dependent
- State of Minnesota funding through the Department of Employment and Economic Development
- Potential partnerships with anchor tenant (exploring CareerForce)

Additionally, there are federal tax programs that could provide additional dollars and alternative financing to an incubator project that makes the project more feasible. Programs like the federally designated Opportunity Zones can provide investment dollars to projects that exist in the zone. New Market Tax Credits (NMTC) are another federal program that provides an alternative financing structure for up to 85% of the project cost with a forgivable loan element after seven years. Both of these programs apply only to designated geographic areas. In Brooklyn Park the opportunity zone and the NMTC area overlap which means a project could theoretically use both programs. A map indicating the opportunity zone and NMTC eligible areas is attached.

- **Would we partner with anyone to develop the facility?**

There are a number of development and operational models that the City could pursue whether the project is to build new or renovate an existing facility. Below are some potential models for development and operation to consider. Below are four development and partnership options.

- Option 1: Lease at West Broadway, EDA acts as master leaseholder
- Option 2a: Finance new construction on Brooklyn Blvd, EDA to act as significant funder, but partners with a master developer and long-term operator
- Option 2b: Build new on Brooklyn Blvd, EDA to act as master developer and long-term owner
- Option 2c: Build new on Brooklyn Blvd, EDA to act as master developer and sells to businesses as a co-op when project stabilizes

The option to lease and renovate an existing space to accommodate short-term leases is the most development ready and could feasibly be completed by the end of 2020 while a new build would take longer and could likely be completed by the end of 2021. The attached spreadsheet indicates the type of partnership that would be needed to complete each of the options listed above.

Regardless of the type of development, staff recommends that the EDA partners with or hire an individual or organization with experience running an incubator or similar space to manage that building operations. Staff has begun the process of identifying those organizations that could manage this type of property and will begin gauging their interest in being an operational partner if the EDA determines that is the model they would like to pursue.

Recommendation:

Based on the needs the business community has identified and the desire to provide space that builds equity for business owners in Brooklyn Park, staff recommends the EDA consider the development of a new building on EDA-owned land that would serve as an incubator and small office space under a co-operative model

(option 2c). The space would be available to small business that are intending to grow and also available to business that are looking for a permanent space to operate.

Next Steps:

- 1) Obtain cost estimates and develop preliminary pro-forma
- 2) Connect with national lenders to explore financing
- 3) Identify a list of potential construction managers, property management companies and/or operators
- 4) Evaluate partnerships

Budgetary/Fiscal Issues:

As staff learns more about costs and project feasibility, more information will be available regarding costs. This project will require significant investment from the EDA and is dependent on the direction provided tonight.

Attachments:

- 8.3A LIST OF INCUBATORS IN MINNEAPOLIS/SAINT PAUL
- 8.3B OPPORTUNITY ZONE AND NEW MARKET TAX CREDIT ELIGIBLE AREAS MAP
- 8.3C OPTIONS FOR BUSINESS INCUBATOR CONCEPT

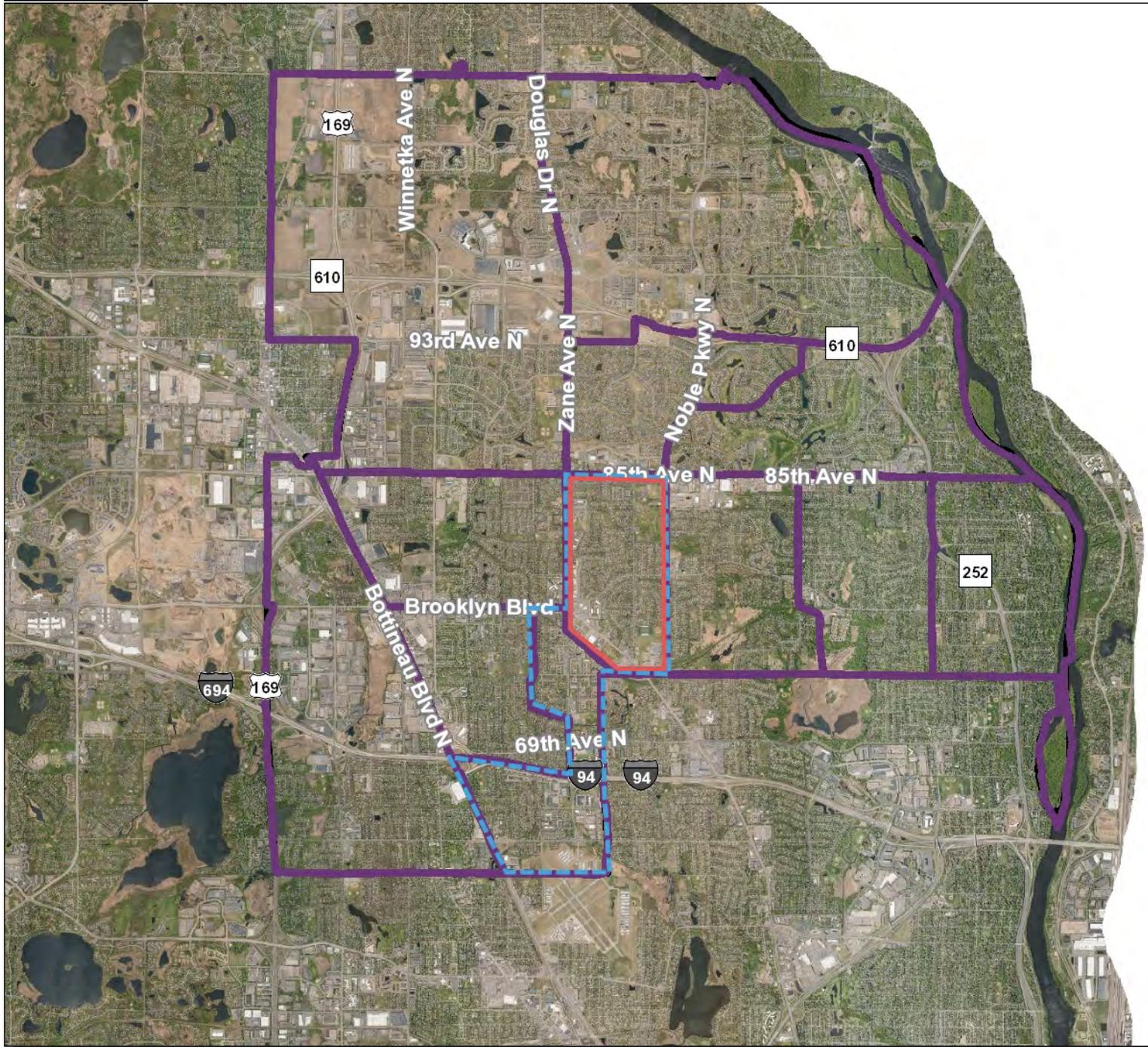
8.3A LIST OF INCUBATORS IN MINNEAPOLIS/SAINT PAUL Page 5

Name	Where	Type
Brainco	Minneapolis	Coworking space
CoCreateX	Saint Paul	Coworking space
Creators Space	Saint Paul	Makers space
DevJam and SoMakers	Minneapolis	Technology incubator
Everyday Office	Minneapolis	Coworking space
FLOCK	Minneapolis	Coworking space
Fueled Collective	Multiple Locations	Coworking space and tech incubator
Garden Fresh Farms Commercial Kitchen and CSA	Maplewood	Commercial kitchen
Glen Nelson Center	Saint Paul	Technology incubator
Granlia Place	Scandia	Coworking space
Grow North MN	Minneapolis	Technology Incubator
Industrious Office	Minneapolis	Coworking space
Impact Hub	Minneapolis	Coworking space
Incubology	Oakdale	Technology incubator
Joe Warthesen Food Processing Center	Saint Paul	Food technology incubator
Lunar Startups	Saint Paul	Incubator
ModernWell	Minneapolis	Incubator (specifically for women)
MN Foodcrafters	Saint Paul	Commercial Kitchen
New Rules	Minneapolis	Coworking space
Northside Food Business Incubator	Minneapolis	Food business incubator
STUDIO COWORK	Minneapolis	Coworking space
The Commons	Multiple Locations	Coworking (suburban)
The Reserve	Multiple Locations	Coworking (suburban)
WeWork	Multiple Locations	Coworking space
WorkAround	Minneapolis	Coworking space
Workit	Minneapolis	Coworking space
Midtown Global Market	Minneapolis	Retail/Food Incubator

Blue Dashed line indicates NMTC eligible census tracts
Red line indicates Opportunity Zone

Map Scale = 1: 68,114

-  Census Tracts
-  City Boundary
-  City Background



Business Incubator Development/Finance Options												
	Own/Lease	Partner Required?	Capital Cost	Operational Cost	Operational Structure	Project Readiness	Project Opening Timeline	Site Control	Staff Time	Lease Type	Equity	Overall Risk
Option 1a: Lease at West Broadway	Lease (5 to 10 years)	No	\$	\$\$	City would hire Construction manager/property manager	most ready	End of 2020	some - subject to lease	more	city as master; property manager to coordinate short term sub-leases	Subsidizing landowner (benefitting small business)	Least
Option 2a: Finance new construction on Brooklyn Blvd (partner)	Partner with developer (no stake long term)	Yes	\$	\$	Partner would construct and manage	less ready (Hassanen)	End of 2021	least - subject to partner	least	No	Subsidizing partner (less control of small business benefit)	Middle
Option 2b: Build new on Brooklyn Blvd	Build with construction partner, Own long-term and operate through property management partner	No	\$\$\$	\$\$\$	City would hire Construction manager/property manager	ready	End of 2021	most	most	subleases only	Direct subsidy to small businesses in the form of reduced rent	Middle
Option 2c: Build new on Brooklyn Blvd (co-op)	Build with construction partner and sell to businesses	No	\$\$\$	\$	City would hire construction manager, develop, and then sell to businesses with no long-term stake	ready, with more research needed on co-op model feasibility	End of 2022	some - not after sale	more	NA - sale to businesses	Direct subsidy with equity to small businesses in the form of ownership	Most (short-term) less long term