

THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF BROOKLYN PARK
SEPTEMBER 16, 2019 REGULAR MEETING MINUTES

I. ORGANIZATIONAL BUSINESS:

1. CALL TO ORDER: President Jeff Lunde at 7:00 p.m.

ROLL CALL PRESENT: President Jeff Lunde, Vice President Lisa Jacobson, Treasurer Wynfred Russell (7:29 p.m.) and Commissioners Mark Mata (7:05 p.m.), 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 WEST-HAFNER, SECOND JACOBSON APPROVING THE AGENDA AS PRESENTED. MOTION PASSED UNANIMOUSLY.

II. STATUTORY BUSINESS:

4. CONSENT:

4.1 Consider Approving Meeting Minutes.

MOTION WEST-HAFNER, SECOND PARKS TO APPROVE THE MAY 20, 2019 MEETING MINUTES. MOTION PASSED UNANIMOUSLY.

5. PUBLIC HEARINGS:

5.1 None.

6. GENERAL ACTION ITEMS:

6.1 Consider Approving a Contract for Agricultural Lease between the Brooklyn Park Economic Development Authority and Bill Brooks.

MOTION JACOBSON, SECOND PARKS TO WAIVE THE READING AND ADOPT RESOLUTION #2019-20 APPROVING A CONTRACT FOR AGRICULTURAL LEASE BETWEEN THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY AND BILL BROOKS. MOTION PASSED UNANIMOUSLY.

III. DISCUSSION:

7. DISCUSSION ITEMS

- 7.1 Status Update – Kim Berggren highlighted the following:
- We had a nice groundbreaking for the IBEW, the International Brotherhood of Electrical Workers. They are a new group coming to our community. Thank you for those who attended the groundbreaking and welcoming them.
 - The Business Forward Advisory Board kicked off their September meeting. Vice President Lisa Jacobson is the liaison to that group. It is a very active group. At any time if commissioners are interested, we would welcome your participation.
 - We do have a business park that banded together to host a food truck event. Takeda led the charge in coordinating the event. We have a list of participating businesses in that event. This is along the line of what Vice President Lisa Jacobson and others have said about trying to get food trucks to be a more prominent amenity in the community and help support those small businesses. This is a nice success story for that happening. It is also leveraging the private sector capacity to make it happen as well.
 - Commissioners have likely seen the Restaurant Week work that has been happening. We are highlighting five different restaurants. Camille Hepola, our Communications Manager has presented to the Council and some of our EDA has been supporting that work as well. Keep an eye out for that work.
 - The Brooklyn Restaurant has received some regional attention with assistance from Camille Hepola, who was on tv. Hopefully this is moving in the direction the EDA wants to see happen with more attention to the great array of restaurants we have here in Brooklyn Park.
 - There was a very nice summit that was hosted by the Minnesota Africans United, a new organization being formed, a couple of weeks ago. There was great representation of leadership and Lieutenant Governor Peggy Flanagan spoke at the event. The event was hosted here in Brooklyn Park and we are happy to see all the current and emerging leaders in the African community participating in that event.
 - There is a Minnesota Opportunity Collaborative conference on attracting investment in Minnesota's Opportunity Zones happening this week. It is being hosted in Brooklyn Park at the Marriott Northwest. This is a private event and we have some staff attending. Commissioner Tonja West-Hafner is attending and other commissioners are welcome to come.
 - We would like to say goodbye to Luis Salado-Herrera who was running BrookLynk for a long period. BrookLynk just celebrated its five-year anniversary. BrookLynk has been housed here in Brooklyn Park since 2018.
 - We are welcoming Catrice O'Neal to BrookLynk as our new Program Manager who will move BrookLynk forward. The program just received another \$90,000 grant from DEED. They have been successful in receiving grants to help support their work.

President Jeff Lunde stated Restaurant Week is working even better than I anticipated. This weekend I had four people who are not from the Brooklyn Park but from White Bear Lake, Egan, Eden Prairie and Lakeville send me notes about it. Clearly what the team is doing and what the restaurants have been working on with this has paid off because two of the people came up here to check out restaurants.

7.2 Housing Update – Erika Byrd highlighted:

- Minnesota Housing has awarded \$38,350 to the University of Minnesota and the city, as joint applicants to do a study on apartment stability and evictions. Hennepin County will also be contributing \$15,000 to this study along with the EDA. Staff is sorting out the timelines and contracts given that there is quite a bit of money coming in from different entities into this project. We hope to get it off the ground this month or next.
- Staff will be bringing a Tenant Notification Ordinance to the Council. Initially we told this group that it would be in September but given some scheduling we have moved it to October 14.
- Construction work is underway at Brooks Landing and Brook Gardens. They were able to close on their financing at the beginning of this month, so the project is moving ahead.

Commissioner Tonja West-Hafner stated remind me what the budget is for the research on apartment stability and evictions. Does the \$38,350 go into the max that the EDA was going to pay? Is that how it is going to work? Erika Byrd answered we are still working out the exact numbers. The study is about \$89,000. CURA is putting in \$11,000 of their own money, Hennepin County is providing \$15,000, Minnesota Housing \$38,350 and the EDA would be contributing about \$25,000. Some of the Minnesota Housing money would offset some of the research costs for Brooklyn Park.

Commissioner Tonja West-Hafner asked what the timeline is for Brooks Landing and Brook Gardens rehab? Are they doing them both at the same time and how long? Erika Byrd responded that both are concurrently happening. Staff expects the rehab to wrap up in October 2020.

Commissioner Tonja West-Hafner asked staff to send commissioners the Tenant Notification Policy and the latest Fair Housing Policy early so that we have time to think about it before October 14. Erika Byrd responded that there were no changes made at the work sessions on the Fair Housing Policy. We will send out the policies to you early.

Commissioner Mark Mata asked if the Tenant Notification Policy was going through the Human Rights Commission? Erika Byrd answered no. Staff has discussed it with the commission twice this year and has received their feedback which will be included in the staff report. We are not anticipating having them take an action before bringing it to the city council. Commissioner Mark Mata asked how difficult would it be to bring the report to them before the council? Kim Berggren respond that staff is happy to take direction from the EDA on how you want us to proceed on the Human Rights Commission. One of the things that staff struggles with is the roles of the commissions whether they are formally taking actions and recommendations on certain items. Multiple commissions sometimes want to see the same items. Getting clear direction from the council if they have

a certain body that they want to be the advising body on certain topics and what that would look like. The other element of this is expediency because this policy is one that we have taken the input of Human Rights Commission and taking the additional step of going back another time would delay bringing it to the Council. We have heard a sense of urgency from folks about getting these policies in place. We always present the opportunity for anyone on these commissions to come and participate in the council work conversation and provide input at that time too, if they are not happy with the work that staff is bringing forward. So certainly, they would have additional opportunities to provide input that way as well.

7.3 Housing Programs Update – Breanne Rothstein stated before you tonight are updates to the housing improvement loan programs. As you may recall in April the EDA approved a series of amendments to the homeownership housing programs that included:

- Revolving Home Loan Program.
- Senior Deferred Program which allows seniors to make no payments on loans until they sell.
- Down Payment Assistance Program which provides a deferred loan that is forgivable if the homeowner remains in the home.
- Code Corrections Program which was specifically geared toward people who had outstanding code violations.

The 2019 budget for the loan programs was \$300,000. Staff rolled out the program in June through a series of marketing efforts that were enhanced. Tonight, staff is here to present the status of the utilization of these programs. It has been a very successful three months and the EDA has gone through its entire budget amount. This is very exciting because last year we provided two loans and the year before that we provided one. This is evidence that the adjustments that we made were very popular and we have utilized the fund balance by putting it to good use.

In commissioners' packet there is a detailed list of the program utilization data and the demographics in both race and age of the people that are utilizing the programs. We have closed twenty-two loans some deferred and some forgivable. One thing to note is that the revolving loan program has closed six loans. Even though the funds are exhausted that includes are revolving loan program which is money that we do get immediate payments back. You can see that there is another ten waitlisted for that program. Between the marketing effort and the fact that we have had even more enticing programs has driven more people to the programs.

Some of the marketing strategies we have done besides are our standard marketing include:

- Advertised on websites for city and CEE.
- Display of brochures and posters.
- Promoted with culturally specific media and professionals.
- Digital media advertising – Channel 12.
- Targeted social media advertising – FB, Instagram, etc.
- Special events – Housing Resources Workshop.
- New connect program.

- Through Environmental Health and Assessing staff.

Tonight, staff wanted to provide an update to you on the status and to be able to show you the success that is due to the changes you have made to the programs.

Possible small guideline adjustments moving forward would be to increase the funds particularly for the Revolving Home Loan Program, where we have a \$500,000 fund balance. We know that there will be an insatiable demand for down payment assistance and for any deferred or forgivable loans. We have talked to a couple of loan officers that have made suggestions to reduce the down payment assistance to \$5,000 so that we can do more assistance. Staff will be bringing back some small guideline adjustments over the next couple of months.

Commissioner Mark Mata stated I would like to have something in the Code Corrections Program that repeat offenders can't apply. I would like to have some criteria on that.

Commissioner Susan Pha stated I am very excited to hear that this program has been used as much as it has been. We have been talking about it for the last couple of years and trying to find out how we could structure it so that people would utilize it. The numbers prove that we have found a good way. I would like to see that we add more money to this fund as you have recommended. For the Senior Deferred Loan Program and the Revolving Loan Program we get paid back for both so I don't see a reason to cap them at a \$100,000 and I think we can increase that amount. I would like staff to bring back to us a plan showing what other funds we can put into this program so that we can make it bigger. I anticipate them becoming more popular. I agree that we should reduce the amount for the Down Payment Assistance Program so that we can give it to more people. Typically, what I have seen throughout the twin cities for other down payment assistance programs they are right around \$6,000-7,000. There are some that are a lot more. I think if we stick around \$5,000-6,000 that is still a good deal for homebuyers that are looking to buy in our city. I would support putting more into all these funds so that people can invest in their homes in our city.

Commissioner Tonja West-Hafner stated am I correct that the Code Corrections Program is also revolving and not deferred? Breanne Rothstein responded that is correct. It is a low interest loan that needs to be paid back monthly.

Commissioner Tonja West-Hafner reported I am happy that we have made these changes so that people can access the funds. I would be in support of doing more however we can. I would like to have some more information about why the loan officers are telling you less down payment assistance. I get calls every single day from people that are looking for assistance and closing costs are around \$6,000-7,000. The average value in Hennepin County is \$247,000, \$10,000 doesn't make too much of a dent depending upon which income bracket is trying to buy. A consistent down payment assistant program is Minnesota Housing and you must go to a specific lender, you must do certain things and it isn't always accessible for people. I would like to have more information before we bring the assistance down to \$5,000.

7.4 Business Support and Incubator Update – Daniela Lorenz reported this is an update to a strategic priority that was set by the EDA in April. A little bit of background about Brooklyn Park and our business community:

- It is certainly thriving with almost 1,500 businesses in our community in a wide range of industries.
- The industry that we have the most concentration in is in manufacturing, at around 20%. We are diversified across all industries and we are not dependent on only one.
- Consistently what we see in Brooklyn Park is we have a very highly entrepreneurial community. A lot of that is because we have a large immigrant population. We are very supportive of entrepreneurs and we want to continue to be supportive and understand what our entrepreneurial community and small business community looks like in Brooklyn Park.

Some of the things we currently do for businesses:

- With have had a partnership with Open to Business since 2009. They provide free technical assistance to anyone that comes into their door. They are in city hall monthly, every fourth Tuesday. They are accessible and always free for residents to use through our partnership agreement and they also finance one of our loans, micro loan that is available through the Brooklyn Park Development Co.

Halfway through the year Open to Business gives staff statistics on businesses served. For example, the stats we received in July shows fourteen businesses in Brooklyn Park. Of the fourteen: nine individuals are low income, which is 80% of AMI; all are owned by people of color; and about half are women owned businesses. It is important to see that these services are being tapped into by a variety of people but also people who might have difficulty opening a business otherwise. They are using this service that is offered to them and available.

- The Brooklyn Park Development Corporation is another thing we have for businesses. It is a limited liability partnership that the EDA has been part of since the mid-90s. They offer a variety of financing options for businesses. It is a board of five business leaders in the community that offer financing options to businesses that qualify for the program.

The Brooklyn Park Development Corporation entered into this limited liability partnership to assist small businesses. It currently offers two loan programs: 1) a Revolving Loan Program up to \$300,000 largely to finance real estate and fixed asset costs. For businesses you tend to see second stage businesses pick up this loan. A lot of times to buy property or to equip machinery. It is a larger loan and they must provide at least 50% of the financing, basically a match. 2) The Micro Loan Program that MCDD administers for us. Loans are up to \$50,000 to finance inventory, fixed assets, working capital, etc. This loan is more for first stage businesses that are target to them. It has a 10% interest rate. We have offered this loan since 2009 and we are starting to see less utilization of it. Since 2013 BPDC has assisted twelve businesses. Of the twelve, five have were for the Micro Loan Program and the

remaining were for the Revolving Loan Program. Currently we have one open in the Revolving Loan Program, which is Design Ready Controls. The BPDC is set to sunset on December 31, 2020. Staff will prepare some recommendations for the EDA on how to proceed.

- The Business Development Coordinator is my position. This position acts as a liaison between businesses and the city. I also spend a lot of time connecting businesses to available resources that we may not be directly involved with, but we know about through some of the connections we have. This can be very valuable especially for small businesses that don't have the time go out and find resources they can call me.
- We have many other programs. Commissioners are all familiar with the SAC and WAC Reduction Program, the Deferral Program, including knowledge of programs offered through the State of Minnesota that a business owner would need to connect to the city to access.
- In partnership with ACER we hosted one small business focus group on August 27 at their headquarters. ACER did a lot of organizing for us. We did have some early stage entrepreneurs attend. Staff really wanted to hear from small businesses about:
 - What was it like to start your business?
 - What made you want to start a business.
 - What resources do you wish were available from the city?
 - What do you wish the city knew about starting a business that we might not know already?

Some of the findings we heard:

- A lot of discussion on additional technical assistance resources.
- Creation of a "how to" sheet for new businesses.
- Access to entrepreneurial classes.
- Mentorship program.
- Access to affordable space, funding with lower interest rates.
- Less focus on credit when making decisions about whether to give a business loan. Technical assistance around credit remediation if needed.
- Flexible payment terms.
- Longer term loans.
- Lower equity requirements for some loans.

Next steps specific to small business assistance is to:

- Continue collecting information on small business needs through survey work and focus groups. We did commit at the August 27 meeting that ACER helped us with, to bring that group back together to have them react to some of the work we are going to do.
- Update loan program guidelines to be more small/micro business friendly and more flexible to meet the needs of the business community as it exists.
- Prepare recommendations for additional resources that might be helpful to businesses.

The other part of this strategic work had to do with business Incubators. A business incubator is a space dedicated to helping new and startup companies to develop by providing technical assistance and shared or coworking space to allow them to thrive. The topic has been a point of discussion for many years within the community, including reference in the station area plans for 63rd Avenue Station. Since the EDA set this strategic priority in April, we have had six meetings with business representatives. Those meetings have mentioned commercial kitchens, coworking space, retail space and food truck/food hall. There has been a lot of energy from people talking about very specific ethnic spaces as well.

The next steps to the business incubator would be to develop project concepts and partners related to an ethnic marketplace based on the meetings. This would include seeking grant opportunities and what that would look like and, to better understand any involvement the EDA would have in a business incubator project going forward.

President Jeff Lunde stated I do appreciate the update. I have been on the BPDC and lately there has not been much activity. I look forward to seeing staffs' recommendations.

President Jeff Lunde I really like the business incubator. One thing about business incubators is that they lose money and that is ok. Everyone should know going into it that they lose money. There is assistance from the State and other groups. Some of the assistance can be in the form of grants for one or two years and then they are gone. I would like to get more people through, give them as much assistance and then make room for the next person. I think we will have plenty of people who will use this.

President Jeff Lunde I do like the micro grants and the return on investment is very high. I would love to hear some more about that.

Commissioner Susan Pha stated my thoughts on the Brooklyn Park Development Corporation, there is a lot of nonprofit lenders and small business lenders in the community that I think if we leveraged them and partnered with them I think that might be the best use of our time and resources. Rather than having a development corporation of our own and trying to do some of that work ourselves. I know that because I am the Director of Economic and Community Development over at Hmong American Partnership. We are a huge micro lender and I consistently go to SBA meetings and lender meetings and meet other lenders in the community. I know that there are a lot of resources out there that if we just tap into, they will do the work for us and it is part of their mission and work. We would have to communicate with them and keep in touch with them and build a partnership with them. That might be a better use of our energy.

Commissioner Susan Pha I am a big supporter of business incubator spaces. With a business background I just want to say that small businesses even in incubator space typically would need at least two to three years to survive and leave the incubator space. It may seem long term but at a minimum it would need to be at least a year. I believe there is a need because anytime you have such a diverse people in your community, 20% of our residents are foreign born, they may not know America's way of doing business systems, processes, legal and those are the things they are learning. They are not technically learning how to do business because they are super savvy. The business incubator space

gives people an opportunity to start a business small and grow their business larger and outside of the incubator space. I think this is important to have this as an option for our community members. I think partnerships between the EDA, nonprofits, chambers and private investors we can find a way to do incubator space here in Brooklyn Park.

Commissioner Wynfred Russell stated thank you Daniela for all the work you have put into this. Our community members are grateful for what you have done. This work has been going on for a long time now, back to the station area planning. The business incubator models you have looked at are there successes? I remember the midtown market initially was struggling financially. What was responsible for them turning the corner. Daniela Lorenz responded staff has not done a lot of the research yet and that will be part of the development of a project concept to really understand who has been successful and what that looks like and what success means. Also understanding what it looks like to subsidize a business or provide the resources that they will need. I can't speak to that now but hopefully within a few we will be able to. Commissioner Wynfred Russell there are a lot of different types of business incubators with very good models. I have seen good models Portland, Denver, Seattle and most recently Vancouver.

Commissioner Wynfred Russell can you tell me what the distinction is between an accelerator and incubator? Daniela Lorenz shared that an incubator is mostly inexpensive space, shorter term leases and providing technical assistance. There are many different models and it looks very different from a manufacturing incubator to a retailing incubator. They can be very business specific. An accelerator is more focused on the mix of tenants. So, they may like to have a tax prep agency in with maybe a financial counselor and real estate broker because it is really about the synergy that is created within those businesses. They are growing each other's businesses. Some of that can happen in an incubator and there is certainly overlap with both of those. However, the technical assistance looks different on both sides. Accelerators are very intentional about businesses that are in there. Incubators can do that do because you can have a retail incubator you are incubating retail spaces. Depending upon the model that gets set up.

Commissioner Wynfred Russell stated I would like to add my strong support for a business incubator. While going around in the community and talking to folks there is a strong interest and desire to see a business incubator in the city. Folks are desperately looking for this opportunity. I look forward to seeing what you bring back to us.

Commissioner Tonja West-Hafner asked can you help me understand what assets the Brooklyn Park Development Corporation has right now that is listed at \$1.9 million? Daniela Lorenz responded that that is how much money they have.

Commissioner Tonja West-Hafner stated for the small business conversation you mentioned additional technical assistance by MCDD. Daniela Lorenz responded that staff does make the connection with MCDD when people come to the counter and they ask for assistance. Particularly for the micro loans they would have to go to MCDD to have technical assistance and that is part of the program as it currently exists. What we are starting to find is that some people prefer to use culturally specific

technical assistance. I always like to say to people that finding a good business support person is like finding a therapist. Not all are going to work for everyone, everywhere. I give them a whole host of option. We mention that MCDD is one of several different places that they can explore. Sometimes different funding sources are tied to getting technical assistance from other places. We like to make sure that they know that to Commissioner Susan Pha's point before there is a lot of people that do this work and if we know a loan exists that might work for them we would steer them in that direction.

Commissioner Tonja West-Hafner asked do we have underwriting loan standards that includes a focus on credits? Daniela Lorenz responded yes MCDD underwrites all the loans for the micro loan and MCDC underwrites our loan for the revolving loan. Both I believe use the SBA standards for underwriting which has a credit component.

Commissioner Susan Pha reported for myself I would like to look at both types of incubators (short term or ethnic market place long term) because I would like to see what partners we could find for each and which one is more feasible with the partners we do have. We could put both of those ideas out into the community and see which of the ideas would develop and they would be more interested in. I don't see us as a city overseeing this. It would be great to have a partner that does, and we may help with EDA money, subsidies, grant or land. Not owning, operating or managing an incubator space something similar to the CITA project or the dome project.

IV. WORK SESSION:

8. WORK SESSION ITEMS

8.1 None.

V. ADJOURNMENT

Meeting adjourned at 8:12 p.m.

Respectfully Submitted
EDA Secretary Theresa Freund