

**MINNETONKA ECONOMIC DEVELOPMENT AUTHORITY
MEETING MINUTES**

**Tuesday, April 12, 2005
6:00 p.m.**

**Boards and Commissions
Minnetonka City Hall, Lower Level**

1. CALL TO ORDER.

EDA President Peter St. Peter called the meeting to order at 6:05 p.m.

2. ROLL CALL.

EDA Commissioners present: Paula Chatterjee, Dan Duffy, Dave Larson, Bunny Robinson, Peter St. Peter, Al Thomas, and Tony Wagner.

EDA Commissioners absent: Bob Walker.

Staff present: Ron Rankin and Elise Souders.

Others present: Scott Martin, Jerry Nystuen, and Arlene Nystuen.

3. APPROVE MINUTES OF FEBRUARY 8, 2005 EDA MEETING.

Wagner moved, Duffy seconded a motion to approve the minutes of the February 8, 2005 EDA meeting. All voted yes. Motion passed.

BUSINESS ITEMS

**5. RECOMMENDATION FOR MINNETONKA TO JOIN THE TWIN CITIES
COMMUNITY CAPITAL FUND (TCCCF).**

Rankin gave a brief introduction and recapped last year's meeting the EDA had on this topic. He said Martin is back to sign up cities to be members of the TCCCF. Rankin said Steve Bubul has reviewed all of the documents. He went over the three different class levels the city can join at. Rankin recommended the EDA recommend to city council joining at the Class B level. Rankin introduced Scott Martin.

Martin thanked the EDA for the grant the city gave to start the TCCCF. He said the TCCCF documents were issued January 18, 2005 and it is a non-profit with a Board of Directors. Martin said the documents give until October 1 to raise \$2 million in participation, and at that time a new Board of Directors will be

elected by the participating members. He said if the funds are not raised by October 1, then all funds will be given back. Martin clarified the grant the EDA provided for the start-up funds will go towards Minnetonka's membership. He said nothing has changed with the program since he came in 2004 to initially talk about the program. Martin walked through how a loan is made and processed. He said loans are only done with the city's approval.

Martin said he hopes to reach the \$2 million goal by early June in order to start the program in July. He reviewed which communities are interested in joining the TCCCF, and which communities have joined.

Thomas asked where the city could have utilized this program in the past two years. Rankin said there could have been some smaller loans and also for some industrial businesses.

Rankin asked Martin if the TCCCF can be used on grocery stores. Martin said it can be used on grocery stores, and reviewed a grocery store project in the city of Aitkin. He said there is no limit on the kinds of businesses, and start-ups may be included if the developer has done that type of business before.

Wagner asked about the amount of funds in the development account, in case the city decides to join at the Class A level. Rankin replied there is over \$2 million in the development account, and there is another separate housing account.

Duffy asked if the \$2 million that is needed to be raised includes the loan deposit. Martin said the \$2 million needed does include the loan and the deposit.

Duffy asked how Minnetonka will be affected if a community makes a \$2 million loan and the loan fails. Martin said loans are made non-recourse and the loan buyers assume the risk. He said if the loan defaults it is CRV's fault.

Thomas said there are a couple of projects that may potentially be able to use these funds. He asked if the funds can help to bring in businesses or help with relocation. Martin replied the funds can be used for such projects, but the key is for the bank to be involved, because the bank will determine how much they want the TCCCF to be involved. Martin said potential projects can include industrial, commercial, hi-tech, low-tech, new construction, land acquisition, and equipment.

Thomas asked whose responsibility it is to talk to the banks. Martin said it is up to the borrower, not the city. Thomas said the EDA may be able to help initiate with the borrower. Martin added the loan officers can help to some extent too. Thomas said there should be some participation by the city or EDA if the city is trying to either bring in or retain a business. Rankin said the city can share information and provide introductions to make sure local banks are aware of the program.

Thomas asked how long the city will need to wait before increasing their membership. Martin said the memberships can be increased at any time, but to move down a class it requires a three year wait. Larson asked if the city could also withdraw from the program after three years. Martin replied yes.

Thomas said it was mentioned that Rankin is currently serving on the board of Directors. He asked if the city will still have a representative on the board once there is a new board chosen. Martin replied Minnetonka will have a vote to decide who is on the board, and the Minnetonka representative can run for the board too. Thomas asked who votes. Martin said Minnetonka will have a Class B weighted vote. Thomas inquired who appoints the voting member. Martin replied the authorized representative for the city is the voting member. Rankin said there has been no internal discussion about who the authorized person will be. Larson asked if there are term limits for the board. Martin replied no.

Wagner asked, since there is \$2 million in the development account, if the city can do a similar program. Rankin said Minnetonka does not have programs in place, and by administering a similar program it puts the city more at risk than by going through a program like the TCCCF.

St. Peter said in the documents that one of the incorporators is Larry Blackstad, but not Hennepin County. Martin replied that Blackstad was originally trying to find money to put into a similar program for Hennepin County, when he approached Martin to be a co-incorporator. Martin said counties can join the program.

St. Peter asked if there is any lag in leveraging funds if the city increases membership to a higher class. Martin said no.

St. Peter inquired if there if the city will damage its position if it is not a Class A member. Martin said by having the city as a Class A member immediately it will help reach their goal sooner, and the more communities involved means more deal flow.

St. Peter clarified questions regarding the TCCCF documents. St. Peter asked what the net cost to the city is by increasing to a higher level. Martin replied the money earned by investing the funds will help with operating costs. St. Peter clarified the interest stays with the TCCCF, and does not go to the city.

Rankin said a reason for recommending a Class B membership is that the Minnesota Investment Fund money has limits on the use of it, and so in order to use it for the TCCCF, the city has to get permission by the Department of Employment and Economic Development.

Thomas asked if there is a plan yet on how to market the program. Martin recommended gathering bankers and inviting himself to come and talk about the program and how it works. Thomas said another opportunity can be if the EDA hosts businesses for an open house. Rankin said the city does work with the TwinWest Chamber of Commerce. Thomas suggested having businesses come to city hall. Rankin said that can be done and the city can help to promote the TCCCF. Thomas said he feels the EDA can take leadership with this program.

Duffy asked if a press release will be done. Martin responded there will be a template press release that cities can send out, and additionally there will be a standardized brochure. Martin said they will provide support; however, the marketing is up to the members to do.

Thomas said it is a good program.

Thomas moved, Larson seconded a motion that the EDA recommend to city council that Minnetonka join the TCCCF at the Class A level of \$200,000.

Duffy asked staff to find out how much interest the city will lose by putting in the extra \$100,000. Thomas said by joining at the Class A level then it can leverage more money for more projects. Duffy agreed, but said it does not cost anything to jump to a higher level at a later time.

St. Peter said he wants to see the EDA join at the Class A level. Wagner said there are a lot of projects on the table that could potentially use these funds.

All voted yes. Motion passed.

5. STAFF REPORT.

Souders reviewed the staff report items, including Crown Ridge, Minnetonka Boulevard/County Road 101, Shady Oak Road, proposed transit cuts, the Southwest Rail Study, Gateway development proposal, Glen Lake, and upcoming meetings and events.

Commissioners requested seeing the RPF for the retail market study, and ridership and map information regarding the proposed transit cuts.

6. OTHER BUSINESS.

The next regular EDA meeting was announced as May 10 at 6:00 p.m.

7. ADJOURN.

Thomas moved, Wagner seconded a motion to adjourn the meeting. All voted yes. Motion passed. The meeting adjourned at 7:43 p.m.