

**INVER GROVE HEIGHTS
ECONOMIC DEVELOPMENT AUTHORITY AGENDA
MONDAY, NOVEMBER 7, 2011
6:00 P.M.**

1. **CALL TO ORDER**

2. **ROLL CALL**

3. **CONSENT AGENDA** – All items on the Consent Agenda are considered routine and have been made available to the Economic Development Authority at least two days prior to the meeting; the items will be enacted in one motion. There will be no separate discussion of these items unless a Boardmember or citizen so requests, in which event the item will be removed from this Agenda and considered in normal sequence.
 - A. Minutes – August 1, 2011 Regular Economic Development Authority Meeting _____

 - B. Claims _____

4. **REGULAR AGENDA**
 - A. Small Business Loan Program _____

 - B. Acquisition Program _____

 - C. Progress Plus Update _____

 - D. Excess Golf Course Property _____

 - E. Gun Club Site _____

5. **NEXT MEETING**

6. **ADJOURN** _____

**INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY MEETING
MONDAY, AUGUST 1, 2011 – 8150 BARBARA AVENUE**

CALL TO ORDER/ROLL CALL The Economic Development Authority (EDA) of Inver Grove Heights met on Monday, August 1, 2011, in the City Council Chambers. President Tourville called the meeting to order at 6:00 p.m. Present were Economic Development Authority Boardmembers Grannis, Madden, Piekarski Krech and Klein; City Administrator Lynch, and Executive Director Link.

3A. MINUTES

Motion by Grannis, second by Tourville, to approve the Minutes of the May 2, 2011 Regular Economic Development Authority meeting.

Ayes: 3

Nays: 0

Abstentions: 2 (Madden, Klein) Motion carried.

3B. CLAIMS: None

Mr. Link asked if Agenda Item 4D could be discussed first due to a scheduling conflict with Ellen Watters.

4D. EXCESS GOLF COURSE PROPERTY

Mr. Link asked for direction from the EDA on possible acquisition of two excess golf course properties. The first parcel is located west of the golf course parking lot on 70th Street and is 10.8 acres in size, and the second parcel is located on the northwest corner of 70th Street and Babcock Trail and is 4.6 acres in size. The appraisals indicate that the two properties have a value of approximately \$1.7 million dollars. The bonds remaining on the golf course are also about \$1.7 million dollars. Mr. Link advised that EDA acquisition of the excess golf course property would improve the golf course's financial position and future development of the property would generate property tax revenues and jobs, as well as provide additional goods and services. He then discussed the next steps should the EDA decide to proceed with acquisition, including various platting and planning applications, title search, and identifying means of funding the utility extension.

Boardmember Klein asked if the western property had City sewer and water.

Mr. Link replied that it did not.

President Tourville asked if the two parcels were in the MUSA.

Mr. Link replied in the affirmative. He advised that sewer and water was currently available to the parcel on Babcock and 70th, and that utilities could be extended to the western-most parcel.

Boardmember Madden asked if staff had seen interest from developers over the years regarding the excess golf course properties.

Mr. Link replied that staff received occasional inquiries regarding the property on 70th and Babcock. He advised they had not received inquiries regarding the western-most property, however, the development community was likely unaware it was available.

Boardmember Piekarski Krech questioned how much of the western lot was developable, stating the septic drainfield for the golf course ran through it and much of the lot was a ravine.

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Mr. Lynch advised that if the lot was developed and utilities extended, it would negate the need for the drainfield. He advised that currently utilities were in place up to Robert and 70th and one block east to Allan Way.

President Tourville asked if the neighborhood north of the golf course had septic systems.

Mr. Lynch replied in the affirmative, stating no properties west of Babcock had City sewer and water.

Dian Piekarski, 7609 Babcock Trail East, asked for clarification of the appraisal details.

Mr. Link replied that the appraisals were done three years ago by Metzen Appraisal and assumed sewer and water on both properties. The appraisals had a range of value up to \$1.7 million dollars.

Boardmember Madden suggested getting another appraisal to determine the current value.

Ms. Piekarski questioned whether the City would see a profit after incurring the costs for sewer and water extension.

President Tourville noted that the City would receive property tax revenue once the parcel was developed.

Boardmember Piekarski Krech advised there could be significant cost involved in getting the western parcel shovel-ready as it would need extensive dirt work due to the topography.

Boardmember Klein suggested staff keep this site in mind when dirt becomes available from other projects.

Boardmember Piekarski Krech stated the western property was at one time planned to be a farm in the city, she was concerned about bringing something in next to the developed golf course that had not been planned, and felt it may be difficult to meet the Northwest Area stormwater regulations for the western parcel due to its difficult topography.

Mr. Link stated the Northwest Area ordinance had built-in flexibility to address such topographical and environmental features. He added that he was not familiar with former plans for a farm in the city.

President Tourville stated he recalled the previous plan for a farm in the city but stated the most recent discussions were for it to be used as a golf practice center.

Mr. Link stated the golf course manager has indicated they have no need for the subject properties.

Ms. Piekarski suggested the EDA determine their overall vision before proceeding forward.

Mr. Lynch stated this would be a mechanism to improve the financial position of the golf course as it was 100% financed when it was developed. He advised that while the EDA should at some point determine their overall vision, the golf course's financial situation needed to be addressed as soon as possible.

President Tourville asked for clarification that any money must go towards the debt service of the golf course prior to 2014.

Mr. Lynch replied in the affirmative.

Ms. Piekarski asked where the excess cash in the Water Fund originated from.

Mr. Lynch replied that users pay over time into the system as a means of capital replacement.

Ms. Piekarski stated she would prefer to limit the taxing district to just those parcels rather than expanding it for future flexibility.

Boardmember Grannis advised he would prefer to purchase the golf course property using a funding source other than the Sewer and Water Fund. He felt it was unfair to make the golf course pay for property they were not using, and that the EDA's purchase of the parcels would expedite development of the property.

President Tourville asked if Boardmember Grannis would support a combination of the Sewer and Water Fund and another funding source.

Boardmember Grannis replied that he would not support tying up any Sewer and Water Fund monies in property, and would prefer to use Host Community Fees, Closed Bond Funds, etc.

Boardmember Klein suggested selling the property as is.

Boardmember Grannis stated it would be much easier to sell if it had City sewer and water.

Boardmember Piekarski Krech stated the properties in question were likely worth less than the \$1.7 million dollars they were appraised at three years ago. With this in mind, she questioned whether it was worthwhile for the EDA to purchase the excess golf course properties if in doing so they did not completely eliminate the golf course's debt. She stated an alternative would be for the City Council to mandate that the golf course debt be charged back to the City rather than the golf course.

President Tourville stated another alternative would be for City Council to pay off the golf course bonds with money from the Host Community Fund.

Boardmember Grannis stated he would prefer that the EDA purchase the properties.

President Tourville suggested looking into the City buying the golf course property outright.

Mr. Lynch stated staff suggested that a couple years ago, but there was no support for it as people wanted the golf course to be self supporting.

Boardmember Grannis advised that one of the reasons the EDA was created was because it offered so many advantages to the ownership of property that we would not have as a City.

Mr. Lynch stated that owning the property would give the EDA the flexibility to do a partnership, outright sale, profit sharing, etc.

Boardmember Grannis asked if Boardmember Piekarski Krech would be willing to acquire the properties as an EDA at the current appraised amount.

Boardmember Piekarski Krech replied in the affirmative, stating she still questioned how much good that would do if the golf course debt was not completely eliminated.

President Tourville suggested that the City Council could make the decision to pay off the remaining debt rather than leave it in investments that are paying only minimal interest.

Ms. Piekarski recommended using an appraiser specializing in commercial development, and asked if the appraisal would be for raw land or with utilities extended.

Boardmember Grannis stated he would like to see both.

Mr. Link clarified that the EDA would like 1) updated appraisals done by an appraiser specializing in commercial properties, 2) a valuation of the property with sewer as well as an estimate of the sewer extension costs, 3) the development potential of the property and the impact the ravine may have on it, 4) funding possibilities other than the Sewer and Water fund, and 5) means of addressing the golf course debt other than EDA acquisition.

President Tourville stated that utility extension costs would eventually be recouped by the users once the property was developed, adding that the City may decide to run the utilities along 70th from Babcock to Allan Way.

Boardmember Piekarski Krech asked if the Angus Avenue neighborhood was exempt from sewer and water.

Mr. Link replied it was not; stating only the neighborhood to the north was excepted (Athena and Arlene Avenues).

President Tourville asked if the City would send out an RFP for the appraisal.

Mr. Link replied in the affirmative, stating he would anticipate the cost to be \$3,000-\$4,000 based on recent appraisals done.

As a way of moving this forward prior to the regularly scheduled November 7th EDA meeting, President Tourville suggested sending out an RFP as soon as possible and adding it to the City Council agenda as a special meeting of the EDA.

Mr. Lynch advised that the City could send an RFP to the three or four appraisal services they currently have in their technical consultant services pool.

Motion by Klein, second by Madden, to request that staff obtain proposals to perform an appraisal of the two excess golf course properties, and that the item then be placed on the City Council agenda for their action.

Ayes: 5

Nays: 0

4A. SMALL BUSINESS LOAN PROGRAM

Mr. Link asked for EDA direction on the draft Small Business Loan Program Guidelines, especially in regards to the issues detailed in the report. He advised that the draft guidelines are structured as such that eligible projects would be primarily building construction to make the business more appealing from the outside or for code improvements. He stated that staff had an opportunity to speak with the City's bond counsel and financial consultant, who advised that the EDA does not need to establish an economic development district or business subsidy criteria.

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Boardmember Grannis stated he would prefer to focus mostly on the retention of existing businesses in existing buildings. He advised that bringing in new development could result in existing tenants moving to the new buildings and thus creating new vacancies.

Boardmember Piekarski Krech stated she would like the program to incentivize new businesses to move into existing spaces.

Boardmember Piekarski Krech suggested that retail and restaurant businesses be eligible to use the program as they would generate property taxes and create jobs, whether they be living wage jobs or not. She stated she would support helping to bring in a franchise that does not already exist in the City.

Ms. Piekarski stated in her opinion loaning money to a franchise would be less risky than loaning money to a start-up company with no track record. She advised that the owner of a franchise would receive training from the parent company on price point, profitability, advertising practices, etc. and would therefore be more stable. She added that there is a need for teen jobs.

Ellen Watters, Progress Plus, stated the cities she spoke with stressed the importance of leaving the program flexible enough for policy makers to make exceptions on a case-by-case basis.

President Tourville stated he would prefer to exclude restaurants at this point because of the risk involved. He advised that depending on how much the EDA wanted to put into this program, they may be able to help only 3-4 businesses a year, and that most restaurants would not meet the criteria for the program anyway.

Boardmember Grannis stated that the public is continually stating there is a need for more restaurants and therefore he would be in favor of providing loans to restaurants.

Boardmember Piekarski Krech suggested the EDA leave themselves flexibility by wording it that 'priority will be given to'.

Jennifer Gale, Progress Plus, advised that instead of putting boundaries on the type or size of business, other communities have instead evaluated the applications based on their merits (number of jobs to be created or retained, what kind of assets are being brought forward, etc.). She stated the less limited the criteria is the more help the EDA may be able to offer.

Boardmember Piekarski Krech suggested adding verbiage regarding the value of the jobs created and the retention of such jobs, or perhaps that loan forgiveness may occur if they increase or maintain a certain number of employees.

President Tourville suggested the EDA determine where they would like to target the money.

Mr. Link advised that the cost of the program may not be as much as originally anticipated because the maximum loan would likely be \$20,000, and most EDAs process only one to three a year.

President Tourville stated many companies do not want to apply for the programs because of the public nature of the applications.

Boardmember Klein questioned how many existing businesses would take advantage of the program.

Ms. Gale stated many companies are intimidated by having to discuss their debt at a public meeting.

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President Tourville asked if the criterion from the Pohlad Foundation was included in the draft program.

Mr. Link replied it was not, but rather the draft program was based primarily on similar programs in Oakdale and South St. Paul.

Ms. Watters advised that the draft criterion was very similar to that of the Pohlad Foundation.

President Tourville stated that while he would like flexibility, he also felt it important to have specific criteria with which to measure the merits of applications. He felt a specific dollar amount was important, especially when considering franchises.

Ms. Watters stated the loan amounts were likely too small to interest a national franchise. She recommended determining the primary purpose of the program as a first step, such as Boardmember Grannis's suggestion to focus primarily on retention of existing businesses and filling existing space.

Boardmember Klein stated this could be a great incentive program for bringing small businesses into empty storefronts.

Ms. Watters advised that all cities she spoke with approach such programs conservatively and are cognizant of their role as stewards of the public dollar. She reiterated that such programs are just a small portion of the total financing necessary and that Progress Plus often learns of the need for gap financing through the local banks.

Ms. Piekarski asked for clarification regarding using a first come/first serve basis versus establishing a deadline and then prioritizing the applications.

Mr. Link replied that establishing a deadline could be counterproductive due to the fact that they anticipated only one to three applications per year.

Ms. Piekarski questioned why the City would not actively seek out companies to fill existing spaces and she asked for clarification of the process.

Ms. Watters replied that if a program like this was adopted, Progress Plus would contact the brokers and developers associated with the 14 or so significant retail lease sites in Inver Grove Heights. Those individuals would then use the program as a sales tool to entice companies to the City.

Mr. Link stated it appeared as if the EDA would like to focus primarily on existing businesses and filling empty storefronts, and that the majority of the Boardmembers were in favor of including retail and restaurant.

The Boardmembers replied in the affirmative.

President Tourville asked for discussion regarding eligible and ineligible projects.

Boardmember Piekarski Krech recommended removing or giving lower priority to 'new construction' on the list of eligible projects.

Boardmember Klein stated he would only be interested in financing renovations of existing buildings.

Boardmember Piekarski Krech suggested removing 'new construction' from the list of eligible projects while still retaining the ability to consider such projects using the flexibility built into the program.

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Mr. Link asked if it would be acceptable to leave 'new construction' on the list of eligible projects but add verbiage in the criteria stating that the program is aimed primarily at existing businesses and existing storefronts.

Boardmember Klein asked why 'interior remodeling and projects started prior to EDA approval' were on the ineligible project list.

Mr. Link replied that interior remodeling may not have an impact on valuation and taxes.

Mr. Lynch advised that the EDA cannot reimburse companies for costs already incurred.

Ms. Piekarski asked if the EDA could disallow a business owner from using the program if they met all the criteria.

President Tourville replied in the affirmative.

Boardmember Klein questioned whether the EDA could use the program to help a business owner who started a project but then unexpectedly ran out of money.

President Tourville replied they could not.

Ms. Piekarski asked if loan forgiveness was part of the program.

Mr. Link replied that it was not; he stated he would research how and where it should be added to the guidelines and bring that information to the next EDA meeting.

4B. PROGRESS PLUS MARKETING PROGRAM

Ms. Gale discussed the different marketing techniques used by Progress Plus. She then distributed a packet of information giving examples of what Progress Plus has done in regards to marketing for the City of Inver Grove Heights. She explained that most of their inquiries come through their website and electronic communications. The website is continually being updated with information and articles of interest to IGH, which then goes out to everyone on the contact list. She advised that their monthly newsletter is sent to over 500 brokers and development professionals. This year's brokers' tour will highlight Inver Grove Heights only and they anticipate 20-25 real estate brokers to be in attendance. The tour will begin at Inverwood Golf Course and will include visits to the Northwest Area, Gun Club property, Concord Boulevard, Rock Island Swing Bridge, Target/Argenta Hills site, and will then return to Inver Wood for an afternoon of golfing, paid for by the City. They will also hand out material and will electronically distribute that material to those that could not attend. She advised that they also participated in the Minnesota Association of Commercial Realtors (MNCAR) Expo last year and had approximately 400 people go through their booth. They are working on producing new materials for this year's Expo. Ms. Gale discussed the various publications they produce, including regular press releases to the local newspapers and *Patch*, and advised that they could serve as a conduit for marketing new programs adopted by the EDA.

The Economic Development Authority took a ten minute break at 7:50 PM.

4A. PROGRESS PLUS UPDATE

Ms. Watters discussed Progress Plus's Mid-Year Update and their status regarding the various items on the adopted Work Plan. She stated they continue to provide research and analysis to the EDA and will actively market the Small Business Loan Program when developed. She stated they are awaiting further direction regarding the Concord redevelopment planning study and are anticipating being involved in business outreach. She discussed the 2010 census data provided, including age and employment statistics.

Boardmember Piekarski Krech questioned the rationale for the large drop in employment after 2007.

Ms. Watters replied it was likely due to the broader economy.

President Tourville advised that the tenant for the first floor of the CHS building left that year as well.

Ms. Watters advised that responding to inquiries from business and industry is the foundation of what they do. She advised that Progress Plus receives approximately 25 emails a day through MNCAR regarding new listings and changes in user requirements. Progress Plus follows up on those inquiries and provides available options in IGH. She advised that retention visits are another service that Progress Plus provides and that Tom Link has been included on several of the visits to key employers.

Ms. Piekarski suggested that Councilmembers be included in the retention visit rotation.

President Tourville stated there are retention visits being done exclusive of Progress Plus to discuss what is happening in their businesses and how they could grow.

Boardmember Piekarski Krech stated she would like to be included in any such visits.

Boardmember Madden stated that he and Boardmember Klein would be available as well.

4E. 2012 BUDGET:

Mr. Link requested that the EDA consider approval of the draft 2012 budget and recommend it on to City Council. He advised that most of the costs were shifts from previous years' Community Development budgets, with the only new costs being for professional services (i.e. consultants and promotional materials).

Boardmember Piekarski Krech asked if it was Progress Plus's responsibility to create promotional materials.

Mr. Link replied that Progress Plus would be responsible for most of the promotional materials; however, these funds would be used to create materials other than those done by Progress Plus.

President Tourville stated that Progress Plus is in the Mayor/Council budget.

Mr. Lynch advised that in 2010 the City shifted the funding for Progress Plus and community events to the Host Community Fund. They are proposing the same for 2012.

Motion by Grannis, second by Madden, to recommend to City Council adoption of the Economic Development Authority's 2012 budget as proposed.

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Ayes: 5

Nays: 0

5. NEXT MEETING:

Mr. Link advised that the next meeting is scheduled for November 7, 2011.

6. ADJOURNMENT: Motion by Piekarski Krech, second by Klein, to adjourn. The meeting was adjourned by a unanimous vote at 8:22 p.m.

DRAFT

MEMO

CITY OF INVER GROVE HEIGHTS

TO: Inver Grove Heights Economic Development Authority
FROM: Thomas J. Link, Director of Community Development
DATE: October 12, 2011 for EDA Meeting of November 7, 2011
SUBJECT: Claims

The following are the claims related to economic development activities since the last Economic Development Authority meeting of August 1, 2011:

- Ehlers – Review of Small Business Loan Program guidelines and discussion with staff \$256.25
 - LeVander, Gillen & Miller – Discussion of Small Business Loan Program \$ 36.00
 - Inver Wood Golf Course – Commercial Brokers Tour \$218.00
- TOTAL** **\$510.25**

**MEMO
CITY OF INVER GROVE HEIGHTS**

TO: Inver Grove Heights Economic Development Authority
FROM: Thomas J. Link, Director of Community Development
DATE: October 12, 2011 for EDA Meeting of November 7, 2011
SUBJECT: Small Business Loan Program

1. **ACTION REQUESTED:** The Inver Grove Heights Economic Development Authority (EDA) is to further discuss the Small Business Loan Program and provide direction to staff.
2. **BACKGROUND:** The EDA identified the development of a small business loan program as one of four items for the 2011 Work Plan. At its last couple of meetings, the EDA reviewed other cities' small business loan programs and a draft program guideline. The EDA directed staff to revise the program guidelines and research the administering of the loan program and the level and source of funding.
3. **ANALYSIS:** The EDA is requested to provide direction regarding 1) the revised program guidelines, 2) the administering of the program, and 3) levels and sources of funding.

Guidelines:

Attached for the EDA's discussion and direction are the revised small business loan program guidelines. The guideline revisions are highlighted. They are based, in part, on similar programs in Oakdale and South St. Paul but have been revised, per the following EDA direction:

- Focus primarily on existing Inver Grove Heights businesses, including empty storefronts, and secondarily on new businesses
- Allow retail businesses, including restaurants, to be eligible
- Provide flexibility so that the EDA can consider loan applications on a case-by-case basis

Staff requests further direction on loan forgiveness. Though this was briefly discussed at the last EDA meeting, no specific direction was provided. Typically a term of a loan will be ten years. Some cities will, after five years, forgive the last five years of the loan if the business has achieved certain goals, such as job creation and retention. If the EDA so desires, additional language can be inserted in the guidelines to address loan forgiveness.

Administering the Loan Program

There are three options for administering a loan program: 1) City staff with assistance from City consultants, 2) City staff with assistance from a loan review committee, and 3) a separate organization under contract with the City, such as the Metropolitan Consortium of Community Developers. Administering involves accepting, processing, and reviewing a loan application (underwriting), preparing and executing loan documents (closing), inspecting the improvement construction, reviewing invoices, and making payments (disbursement), and collecting monthly payments, maintaining records, and following up on delinquencies (servicing).

City staff could administer the loan program with assistance from a financial consultant, Ehlers, and the City Attorney's Office. Though City staff currently does not have the ability to administer loan programs, this expertise could be developed with assistance from the City consultants. The consultant's involvement would be limited given their cost and the relatively small amount of the loans. The Finance Department would be involved in sending monthly invoices, receiving payments, and following up with delinquencies. This alternative is used by the South St. Paul HRA and the City of Oakdale. Oakdale and some other cities, however, do not underwrite, or evaluate, loan applications.

A variation of the first alternative is that the loan program could be administered by City staff with assistance from a loan review committee. The Community Development and Finance Department staff would administer all aspects of the loan program, except for underwriting. This task would be undertaken with a group of volunteer bankers that would serve as a loan review committee. The committee would review and analyze loan applications and make a recommendation to the EDA. The South St. Paul Futures uses a loan review committee.

The third option is contracting with another organization to administer the loans. Ellen Watters of Progress Plus has introduced the City to one such organization, the Metropolitan Consortium of Community Developers (MCCD). The MCCD is a non-profit association of community development organizations. They contract with cities to provide all aspects of loan administration services in addition to providing a wide variety of other financial resources and technical assistance. The actual program would be tailored to the individual city. There would be no charge to the customer but the contract fee with the City would be \$10,000 per year. This alternative would offer a wide variety of technical services to local, small businesses as well as provide additional financial resources. Several cities have contracted with MCCD, including Minnetonka, St. Louis Park, North St. Paul, and Brooklyn Park. Materials regarding the MCCD program are enclosed.

Funding

Staff suggests that the EDA allocate \$100,000 for the small business loan program. The level of activity and hence the level of funding is uncertain since the small business loan program is new. Other cities, however, make from one to four loans per year. The maximum amount of a loan, per the above guidelines, is \$15,000 for new businesses and \$20,000 for existing businesses.

Staff also recommends that the loan program be funded by a transfer from the Host Community Fund. The \$100,000 would be part of the \$500,000 that staff has previously recommended be transferred from the Host Community Fund for economic development programs.

Follow-up Actions

If the EDA provides direction on the above issues, especially administering the program, staff will:

- Develop an application packet, including an application fee
- Research, with the City Attorney, the EDA's handling of business's private financial data
- Work with Progress Plus to develop a marketing plan

4. RECOMMENDATIONS: The Inver Grove Heights Economic Development Authority (EDA) is to further discuss the Small Business Loan Program and provide direction to staff.

Enc: Revised Program Guidelines
Metropolitan Consortium of Community Developers (MCCD) Material
Memo of July 21, 2011 (background information)

cc: Jennifer Gale, Progress Plus
Ellen Watters, Progress Plus

CITY OF INVER GROVE HEIGHTS
SMALL BUSINESS LOAN PROGRAM GUIDELINES

Purpose

The City of Inver Grove Heights, through its Economic Development Authority (EDA), is making funds available to provide loans to Inver Grove Heights business owners for building construction and improvements. The purpose of the loans is to primarily encourage reinvestment and updating of financially sound, established, existing businesses and, secondarily, the construction of new businesses. Generally, the loans are not intended to be a substitute for conventional business financing but to be a supplement by providing a portion of the financing necessary.

Loan Amount: The EDA loans will provide funding for up to 20% of the total eligible projects costs, not to exceed the following maximum loans:

- Up to \$15,000 for a new business moving into the City or for a business that has been in the City for less than five years
- Up to \$20,000 for a business that has been in the City for at least five years

The minimum loan is \$5,000.

Number of Loans: The EDA will annually determine the level of funding for the program. The cumulative total dollar amount available for loans in a year will not exceed this funding level.

Interest Rate: Negotiable

Term: The maximum term is ten years or upon closure or relocation of the business, whichever occurs first.

Loan Security: Negotiable

Eligible Properties: Businesses must be zoned for commercial or industrial uses and must be designated as commercial or industrial according to the Comprehensive Plan. Properties may not be the recipient of tax increment financing or tax abatement.

Eligible Owners: Loans will be provided only to the owner of a property and only to for-profit entities. Owners of more than one business are eligible for only one loan at a time.

Eligible Projects: The following are eligible projects:

- Building improvements and additions, such as roof repair, electrical and plumbing upgrades, energy upgrades, HVAC systems
- Building exteriors and façade improvements
- Connections to city utilities and unique storm water improvements
- Code corrections, such as fire suppression and handicap accessibility
- Site improvements, such as grading and drainage, storm water improvements, utility improvements, parking lots, lighting, landscaping, and screening
- Leaseholder improvements and, in the case of restaurants, kitchen equipment
- Structural improvements to encourage the leasing of vacant space
- New building construction

Ineligible Projects: The following are ineligible projects:

- Land acquisition
- Financing fees
- Refinancing of existing debt
- Taxes and special assessments
- Personal property
- Working capital
- Machinery
- Interior remodeling
- Furniture and fixtures
- Previously completed projects
- Projects started prior to EDA approval.

Loan Security: Negotiable

Application Deadline: Applications will be accepted year round on a first come, first served basis.

Application Process: It will take about 30 to 90 days to complete the following process:

- Applicant should contact a primary lending institution to determine private financing
- Applicant will meet with EDA staff to obtain program information/application forms and discuss the project
- Applicant will complete and submit the application form to EDA staff and pay the application fee
- EDA staff will review the application for completeness and determine if the application conforms to the program's guidelines
- EDA staff and fiscal consultant will review the application to determine financial feasibility of the business, owner, and project. The review will include a credit check of the business and owners. The EDA will carefully consider management capability, experience, financial support, soundness of the business, and long-range possibilities for a successful operation.
- EDA staff will negotiate the conditions of a loan, including term, interest rate, and security
- EDA will consider approval or denial of the application

- City Attorney will prepare the loan agreement
- EDA staff and applicant will close on the loan agreement

Selection Criteria: Applications will be reviewed and analyzed against the following criteria:

- Ability to improve the City's economic diversity and to provide essential products and services
- Ability to create and retain job opportunities
- Ability to increase the City's tax base
- Ability to encourage improvements in redevelopment areas or heavily commercialized areas with high visibility
- Ability to encourage improvements and improve the appearance of the surrounding business neighborhood
- Ability to accelerate improvements on sites that may not be improved without municipal subsidies assistance
- Consistency with the Comprehensive Plan and compliance with city codes
- Demonstrated need for secondary financing
- Financial feasibility

Project Completion: The project must be completed within 120 days of the loan closing

Disbursement Process: Payment to the contractor will be made upon completion of the work following:

- Inspection by the City to verify the completion of the work and compliance with all codes and ordinances
- Submittal of invoices
- Submittal of completion certificate signed by borrower and contractor
- Submittal of lien waiver for entire cost of work
- Submittal of verification that contractor has been paid for matching portion of project
- Verification of payment of property taxes and special assessments

The Inver Grove Heights EDA recognizes that each business is unique and must be handled on a case by case basis. While the EDA will generally use these guidelines for administering the small business loan program, the EDA reserves the authority to vary from these guidelines to encourage reinvestment and updating of existing businesses and, secondarily, the construction of new businesses, consistent with the above selection criteria.

MCCD is  *in your community*

Promoting entrepreneurship. Entrepreneurs are starting and growing small businesses in your community. By helping them gain access to financing and other business assistance, you can encourage small business development that grows your tax base, creates local jobs and increases community vitality.

How we can help. MCCD's Open to Business program brings on-site business services specialists to your city that can expand your community development staff's expertise in such areas as start-up financing and business plan development. We can respond to requests for business assistance when those requests are beyond the range of the services normally provided by your municipal agencies.

How we work. Our staff can provide one-on-one assistance customized to meet the needs of your small business owners and operators. Many of our clients receive help in planning and organizing their business ventures. We can also assist with financial management, marketing and regulatory compliance.

Accessing capital for your businesses. MCCD operates a small business loan fund that can help your entrepreneurs access the capital they need to grow their businesses. We can also draw on our long-standing partnerships with area banks to help your businesses obtain bank loans and revolving lines of credit. As a participant in MCCD's "Open to Business" program, your community development agency can help promote more effective access to capital for your local businesses.

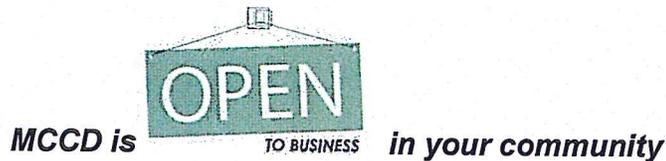
How we partner with you. MCCD will work with city staff to develop materials that brand this as a program of your city and assist with outreach ideas to the business community. Our staff can meet clients at our office or their place of business. In addition, we can schedule on-site hours at your city hall or other public venue for walk-in consultations. This fee-for-service arrangement can provide you with a cost-effective alternative to an "in-house" business development program staffed and funded by your agency.

Who we are. The Metropolitan Consortium of Community Developers is an association of 43 non-profit community development agencies that work to improve housing and economic opportunity throughout the Twin Cities metropolitan area. During this past year, our team of business development specialists has provided access to more than \$1 million in business capital for our clients and technical assistance services for more than 200 area businesses. You can find our Web site at www.opentobusinessmn.org.

For more information, contact:

Rob Smolund
Metropolitan Consortium of Community Developers
rsmolund@mccdmn.org
612-789-7337, ext 11





WHO WE ARE

The Metropolitan Consortium of Community Developers (MCCD) is a 45 member association committed to increasing opportunities for development of quality, community-based projects through collaborative action on public policy issues, loan fund development, public education efforts, and long-term strategic planning. Through these efforts, we have been able to demonstrate the effectiveness and efficiencies gained by a shared vision and cooperation.

Our mission is to: *“work collectively to build strong, stable communities by leveraging resources for the development of people and places.”* Our goals are to: 1) increase popular, political, business, and financial support for community-based housing and small business development organizations; 2) create access to loan capital and technical assistance for emerging entrepreneurs; and 3) increase the effectiveness of community-based development through coordination, collaboration, and capacity building activities.

MCCD’s work is centered on three distinct program areas: Emerging Small Business Program, Affordable Housing, and Public Policy.

Emerging Small Business Program: Provides capital access and technical assistance for existing businesses and aspiring entrepreneurs who are unable to fully access the commercial banking system. The organization funds or participates in an average of 50 loans per year, with loan amounts of up to \$50,000. Along with capital, MCCD staff provides more than 2,000 hours of direct technical assistance to entrepreneurs. Technical assistance services include business plan development, loan packaging, feasibility studies, cash flow and financing projections, marketing plans, assistance with licensing and filing requirements, and development of sound financial management and tracking systems. Historically, more than 80% of MCCD’s loans have been to minority borrowers. For many of our borrowers the loans provide self-employment, and unique opportunities for advancement and personal enrichment as business owners that may not be available to them as employees. Open to Business is a part of the Emerging Small Business Program.

Convening: MCCD acts as a convener for our members. This is accomplished through monthly meetings of our Housing Committee, Economic Development Committee, and St. Paul Task Force. Agendas for each reflect the focus of the participating members. Meetings typically involve guest presenters on topics of relevance, strategy sessions related to common concerns, or general updating and sharing among the attendees. On at least an annual basis, staff from the City of Minneapolis’ Community Planning and Economic Development (CPED), City of St. Paul’s Planning and Economic Development (PED), the Minnesota Housing Finance Agency (MHFA), the Family Housing Fund, and Hennepin County among others, would be invited.

Public Policy: With the combined expertise of the leading community development organizations, MCCD has become a recognized and respected voice on housing, small business development, and inner-city commercial development. Through the work of our standing committees, MCCD shapes an annual policy platform and legislative agenda that is formally adopted by the board of directors. These documents provide direction to staff as to items MCCD takes the lead on, those that we support others, and those that we monitor. Aside from the adopted positions, MCCD responds frequently to new program proposals, changes in policy or procedures, and funding changes at the local, state and federal levels.

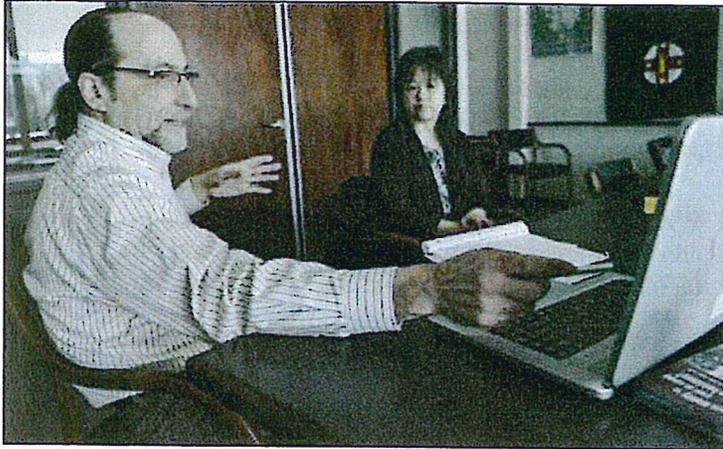


Minnetonka Open To Business Update
June 23, 2011

The Minnetonka Open To Business program has been well received and efficiently promoted. So far through June 23, 2011 the program fielded 66 inquiries; had 39 face to face meetings and performed 95 hours of technical assistance. One business operated by a Minnetonka resident received a \$25,000 loan from MCCD to purchase much needed inventory for his peak season. This company is a wholesale distributor and retailer in a niche industry and has been growing dramatically but has needed help with cash flow management. The Open To Business program assisted the entrepreneur with developing a longer term growth plan and will continue to help them access the capital they need to sustain the growth. Another Minnetonka business was assisted in expanded their memory care group home operation to a second location.

Areas of consultation included:

- Financial planning
- Commercial lease analysis
- Strategic planning
- Business plan development
- Loan packaging
- Business feasibility
- Marketing brainstorming
- Franchise evaluation
- Business purchase evaluation
- Matching potential tenants with commercial landlords



Richard Sennott, Star Tribune

Brooklyn Park is offering a program that Provide free one on one intensive, confidential counseling to entrepreneurs who are thinking of opening a business or expanding one. Rod Smolund is the counselor who call himself a "Business Therapist" and works with the entrepreneurs. Rod Smolund talked with Lynn Huynh in a conference room in City Hall, she wants to expand and move her restaurant.

A business counselor is on hand every third Tuesday in Brooklyn Park to help people navigate the entrepreneurial waters -- and it doesn't cost them anything.

By MARIA ELENA BACA mbaca@startribune.com

Last update: March 26, 2011 - 7:07 PM

Take notice, Brooklyn Park: The "Business Therapist" is ready to hear your money-making ideas.

Last Tuesday, adviser Rob Smolund met with Lynn Huynh, manager of her brother's restaurant, Kim Anh Pastry and Deli, on Edinburgh Center Drive. The siblings are contemplating a move and expansion to a former Dunn Brothers coffee shop across the street, and were looking for help to secure financing to take the step.

In a half-hour meeting at City Hall, Smolund went through the restaurant's financials, listened enthusiastically to the details of the new location, and gave Huynh a handful of resources to check out for private financing, as well as a to-do list to check off before their next meeting.

Smolund, an enterprise facilitator with the Metropolitan Consortium of Community Developers, is available for consultation the third Tuesday of each month at City Hall as part of a program made possible by the Brooklyn Park Development Corp., a nonprofit funded by the city's Economic Development Authority. Users are business owners seeking to expand operations in Brooklyn Park, or entrepreneurs with a great idea and the drive to make it happen. The city has a deal with Smolund's organization, to pay his \$50 hourly fee, up to \$5,000. Participants pay nothing for his services.

Smolund does a similar service in Minnetonka and North St. Paul. Other cities are in the pipeline.

Brooklyn Park's business developer, Amy Baldwin, praised the way Smolund follows clients through the process, possibly strengthening and expanding the city's small business core.

Advertisement

An advertisement banner with a yellow and black background. On the left, there is a logo for "LICENSE TO Thrill" in a stylized font. To the right, the text reads "MISSION EXTENDED" in large red letters, followed by "DRAWINGS EVERY FRIDAY THROUGH APRIL 29" and "WIN A PORSCHE® BOXSTER THIS FRIDAY!". On the far right, the "Mystic LAKE" logo is displayed, with "CASINO • HOTEL" and "mysticlake.com" below it. At the bottom center, it says "Owned and Operated by the Shakopee Mdewakanton Sioux Community".

StarTribune.com

"We don't have the capacity to do what he does," she said. "If they run into a hiccup along the road, they have an ally to help them through."

After about six months in operation, the program has been popular enough that the city has expanded Smolund's hours. He starts most of his Brooklyn Park days with several half-hour appointments; his free time often is filled by drop-ins. Smolund has seen one of his early protégées, Lara Babalola, to the point of opening her business, Diva's Ave. Boutique, at the Shops at Village Creek, with loans from the city development corporation, WomenVenture and the consortium. He or a colleague has spent more than 50 hours counseling with 19 residents.

In last Tuesday's session, Smolund warned Huynh about potential damage a move could do to the restaurant's brand; she countered that the new space was within sight of the old one. Plus, it has space for a large roaster, a drive-through window, better curb appeal and favorable lease conditions, she said.

He encouraged her to get all the details in writing, and promised that with more information he'd help her make financial projections three years out, as part of an eventual loan application.

Huynh is an unusually savvy entrepreneur, Smolund said. He called attention to the "Business Therapist" line on his business card. Sometimes, his work is just a matter of helping people streamline their ideas and fill out applications. Sometimes, he helps them to create a multi-year plan. Sometimes, he encourages

them to concentrate their efforts elsewhere.

Bad ideas can succeed

"I can't predict winners or losers," he said, adding that he's seen what he considers great ideas fail, and crummy ideas succeed, based on smart execution.

What he does is help people identify their strengths and weaknesses, and when necessary encourages them to find partners to make their dreams reality.

The city has microloans available for people who can't get access to commercial bank loans, but Smolund said entrepreneurs should be able to put at least 10 percent into a deal.

He said he believes that the recent popularity of the program is a reflection of both people's renewed confidence in the recovering economy and of the desperation of people who are looking for any revenue source.

"It's a long process, and I help them with that," he said. "I take a very holistic approach. If I don't feel their business has legs, I still help them. I tell them, look out a year."

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SPORTS
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now celebrated
PAGE 16



First loan from program finances BP entrepreneur's dream

BY JONATHAN YOUNG • SUN NEWS/PAPERS

Brooklyn Park's first small-business loan fund has financed 24-year-old entrepreneur Lara Babalola's dream.

A Feb. 4 ribbon-cutting marked the grand opening of her store, Diva's Ave. Boutique. Babalola's mother and fiancé attended the ceremony as well as Councilmembers Jeanette Meyer and Mike Trempanier.

"The store stocks a variety of women's clothes, shoes and accessories."

"I've wanted to do this since I was 16," said Babalola. "I've always been into fashion."

As manager of another clothing store, Babalola had experience in the fashion industry but she wasn't eligible for a traditional bank loan to start her own business. So last August she met with Amy Baldwin, the City of Brooklyn Park's business developer to discuss alternate financing.

"It was a new loan fund that we established for starting businesses," said Baldwin. "It's a very unique resource in a time when funding is hard to get from traditional banks."

Babalola's loan was the first financed through the micro-loan program, which the City offers in partnership with the Metropolitan Consortium of Developers. The consortium is an association of more than 45 nonprofits that provides entrepreneurs with business guidance and helps them access capital.

Babalola's \$33,000 loan was funded by the Brooklyn Park Development Corporation, the consortium and Women's Venture. Each provided a third of the funds, or \$11,000.

The Brooklyn Park Development Corporation is run by the City as a means of investing in small businesses. Women's Venture is a nonprofit that seeks to help



Lara Babalola hosted a ribbon-cutting for Diva's Ave. Boutique Friday, Feb. 4. Councilmember Jeanette Meyer and Brooklyn Park Development Corporation president Sue Low held the ribbon. (Jonathan Young • Sun Newspapers)

women achieve financial prosperity.

Before receiving the loan, Babalola had to do a lot of work.

"I really had to prove myself and show my passion," she said.

Rob Smolund, enterprise facilitator at the consortium, says he made Babalola

prove she could be successful.

"I just kept giving her more and more work to do, to be honest," he said, "and she kept coming back with the right answers."

Smolund says he's impressed with Babalola's passion and knowledge and the professional appearance of the store she's

opening.

He is also excited to continue partnering with Brooklyn Park to help others like Babalola.

Baldwin says the partnership with the

LOAN: 70 PAGE 8

PETS stories and blogs online at www.MnmlLocal.com



'HI, SOCIETY!' Jennie Olson's

blog about life in the Twin Cities is at:

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FROM PAGE 1

consortium is one way the City is supporting economic growth. She says Babalola's store is part of a development effort that reflects the City's mission. Statement "Brooklyn Park is a thriving community inspiring pride, where opportunities exist for all."

She Low, president of the Brooklyn Park Development Corporation, says she's pleased the city is helping businesses like Diva's Ave.

"There are so many resources available for people who are interested and have a dream," said Low.

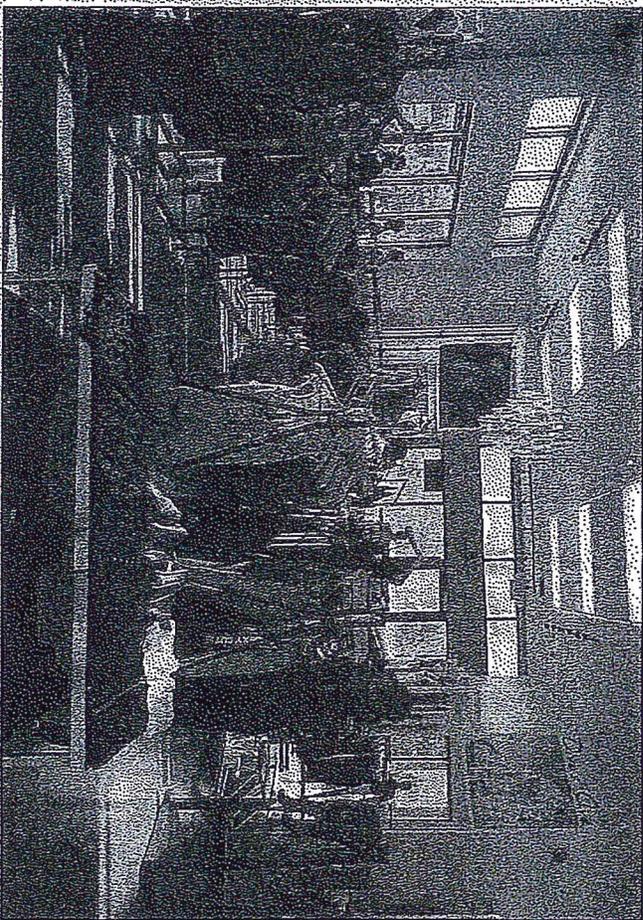
Ravadaus Gill, Babalola's fiancé, says it took a lot of effort to make his dream come true.

"It took a lot of work to pull it all together in the woods," he said.

Babalola says she is grateful for the opportunity she's been given. And she has even greater ambitions: She hopes someday the store will expand to multiple locations and even spread outside Minnesota. But for now, Babalola is enjoying the moment.

"It's very exciting," she said. "Sometimes I look back, and I just can't believe this is all happening for me."

Divas Ave Boutique offers women's clothing, shoes and accessories. The store has a simple, elegant appearance. (Jonathan Young, Sun Newspapers)



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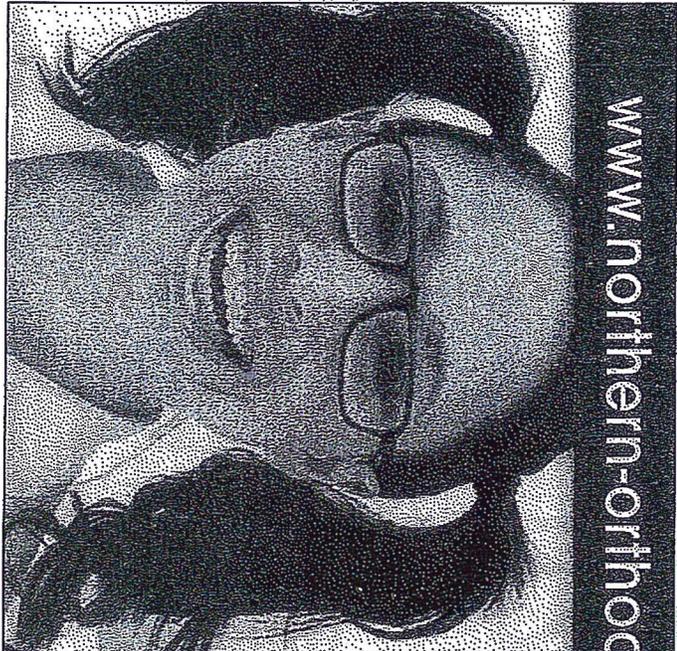
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A leg up for small business

*Minnetonka partners with
group to assist small businesses*

By Casey Merkwan
Reporter

Since January, the city of Minnetonka has offered a service for small to medium businesses to get some extra help jump-starting their ideas.

The city partnered with Metropolitan Consortium of Community Developers (MCCD) to provide clients with assistance in starting up or expanding their businesses in a program called Open to Business.

"We have a lot of programs and a lot of opportunities for working with corporations and things like that but we weren't doing a whole lot for the small businesses or medium-size businesses in terms of expansion or just new business start-ups kind of advice, things like that," said Julie Wischnack, Minnetonka's community development director.

Wischnack said the city had heard of the MCCD's partnership with Brooklyn Park and decided to try it out.

For more than 20 years the MCCD, a non-profit community development organization, has helped businesses expand and increase opportunities for development and long-term strategic planning.

Typically business owners contact the city to ask about building permits and other regulations, but Wischnack said when they asked for advice about their business, the city didn't have a place to refer them.

"Frankly, it's hard to talk sometimes to government officials about their ideas, or

their dreams or their hopes, that's not something you would normally share with someone at city hall," she said.

Now business owners can take advantage of the services at MCCD for brainstorming, advice and direction on where to go for loans.

"A lot of cities have a lot of tools in their tool box for attracting bigger businesses and hitting home runs so to speak but they don't have a lot for helping the little guy on the street who maybe has a great idea but just doesn't have the resources or the expertise to bring it to a more substantial business," said Rob Smolund of MCCD.

Smolund said most of his clients are looking for either financial advice or for an outsider's opinion.

"I challenge people's assumptions a lot," he said. "I help give them a realistic expectation of their financing chances too."

Since starting the program, Wischnack said they've received 50 calls and have 24 active clients. Of those clients, half are businesses trying to get their foot in the door and the other half are existing businesses working on expanding.

Smolund said he's enjoyed working with the city and uses city hall as a meeting point for many of his client meetings.

"I love, really love, to help others in opening up their own business. I basically live vicariously through the entrepreneurs," Smolund said.

Minnetonka pleased with success of Open to Business program

BY Marc Ingber - Sun Newspapers

Published: Wednesday, April 27, 2011 2:41 PM CDT

When Bethany Buchanan was looking to open a second location of her business, she wasn't sure how to proceed.

She's the owner of Grace Homes in Minnetonka, a six-bed residential care home for the elderly. In opening a second location, Buchanan and her husband wanted help in both finding a home, logistics and financing.

Earlier this year she happened to see an ad for the city of Minnetonka's Open to Business program and decided to check it out.

Thanks to the program, she was able to accomplish her goals with the help of its primary staff member, Rob Smolund, enterprise facilitator for the Metropolitan Consortium of Community Developers.

Buchanan and her husband have been meeting regularly with Smolund for four months. He has helped them find a second location in Hopkins and is also helping them secure a small business administration loan.

"He is very helpful," Buchanan said. "I was very happy. There is not really any help for new small business owners like ourselves."

That is one of the reasons Minnetonka decided to partner with the Metropolitan Consortium on the Open to Business program. The only other cities in the metro that offer it are St. Louis Park, Brooklyn Park and North St. Paul.

"We were talking about the lack of resources for small businesses in the community," said Julie Wischnack, Minnetonka community development director.

"It's hard to entrust all your business information to a city government. We thought it was a good idea."

Through the first quarter of 2011, 26 businesses have been assisted through the Open to Business program. The clients are split evenly between existing and start-up businesses.

They have received assistance on topics such as business feasibility, financial planning, loan packaging, marketing, revenue-stream analysis, employment regulations and more.

"Some are start-up ideas," Wischnack said. "Some are operating and are making a business move and want some assistance."

Smolund said he was impressed with the number of business owners who had taken advantage of the services.

"The initial response was much better than we expected," he said. "I have found it to be rare that cities offer intensive one-on-one counseling to prospective and existing entrepreneurs."

The program's services are provided free to the clients. The city contracts with the Metropolitan Consortium to provide the services. Wischnack said Minnetonka benefited from the program as well.

"As a city, seeing vacancies isn't a good thing," she said. "You don't want businesses to fail. It's a good opportunity for people."

"It is the city's program," Smolund said. "We are just providing the service for much less than it would cost the city to hire an extra employee."

The program is adding a new component beginning in May called "Test Drive Your Idea." One day per month, Metropolitan Consortium staff will be at the Minnetonka Community Center and will be available for a 15-minute walk-in consultation.

"This connection creates a follow-up contact for the business," Wischnack said. "It's a long-term connection."

Buchanan said she had recommended the program to other business owners in Minnetonka and felt its presence in the city would continue to grow. She and her husband plan to continue utilizing its services as their business progresses.

"He really thinks outside the box," she said of Smolund. "He's really intelligent. In these tough times, you appreciate an ally."

Smolund said it's been a joy to work with the city and its business owners. "The staff understands the importance of supporting small businesses in the community by providing technical assistance and financing resources to existing and start-up businesses."

Wischnack said she hoped more people would discover the program. "Don't be too shy to call," she said. "You never know what opportunities are out there."

For more information on Minnetonka's Open to Business program call Rob Smolund at 612-789-7337 ext. 11 or visit eminnetonka.com. The Minnetonka Community Center is located at 14600 Minnetonka Blvd.

MCCD's Micro Loan program works!

We had the idea of how to start our dream business but putting together all the pieces, especially the financials or how to present them were missing. I believe meeting with MCCD was the first success of our business."

Hussein Abdullahi
Store Manager - Global Pharmacy

Without MCCD's help our business would not have been possible. More than an organization that provided loans, MCCD is a financial partner in our business."

Noelia Garcia,
La Loma Tamales, LLC

Just want to thank MCCD. Without their help in obtaining financing we wouldn't have been able to purchase our building and expand our business to the level it is at today. They made such a difference for us."

Mark Aune
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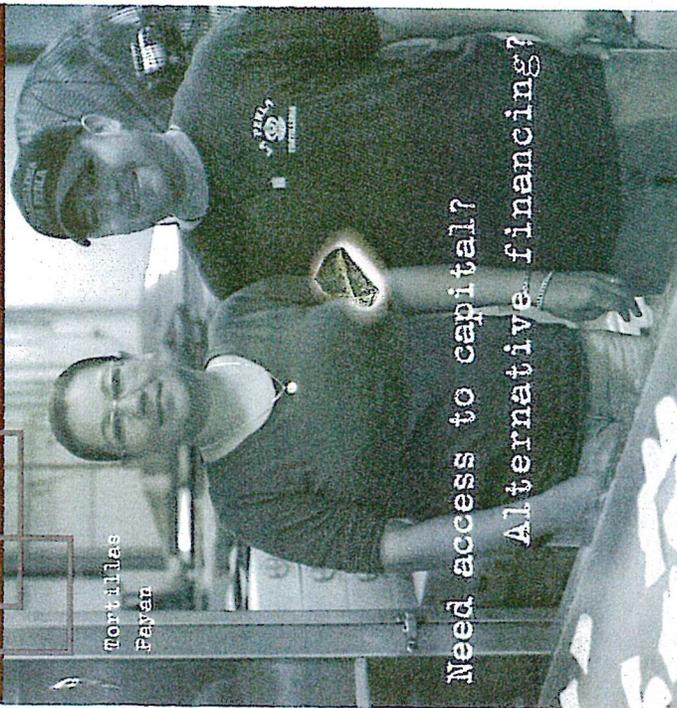
For more information about financing contact MCCD at (612) 789-7337 x11

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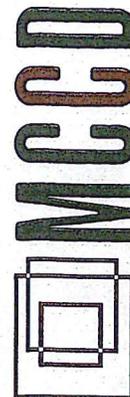
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What if I my start up expenses are more than I projected?

MCCD Loan Program

Direct MCCD loans range up to \$25,000. Larger loans are available when MCCD partners with a local bank to provide financing.

Loan repayment terms on direct loans of up to \$25,000 generally range from three to five years.

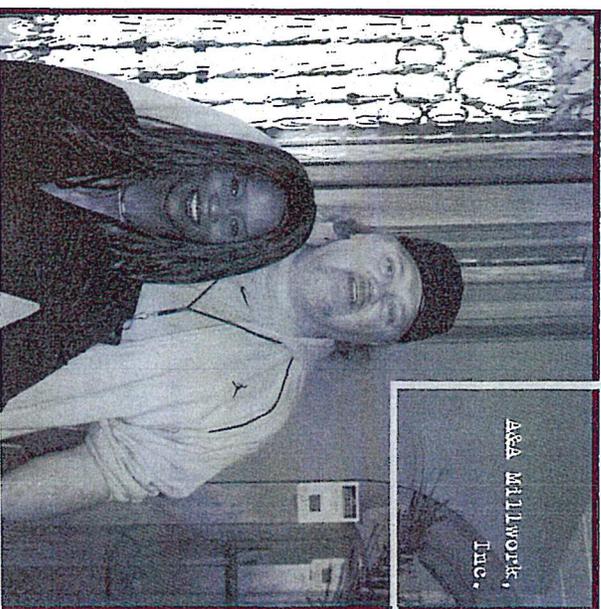
MCCD provides business consulting services that help you develop a strong business plan.

Our services are available to all

businesses located in the Twin Cities Metropolitan Area. Loan terms and availability may vary based on business type and location.

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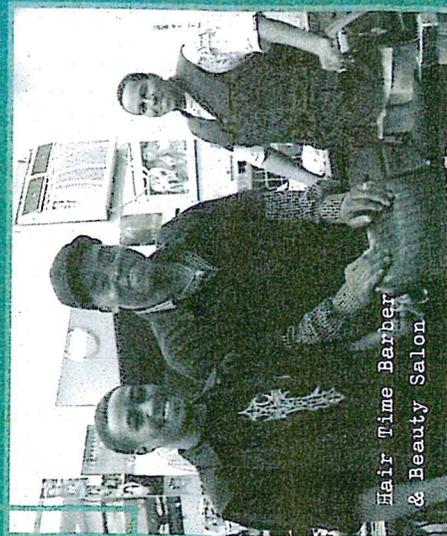
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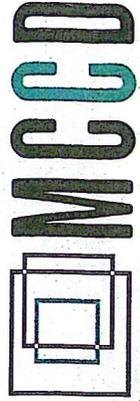
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What are cashflow projections and why are they important?

Bookkeeping set-up and training

How do I keep track of sales and expenses?

Loan packaging for any size loan,

start up or expansion projects.

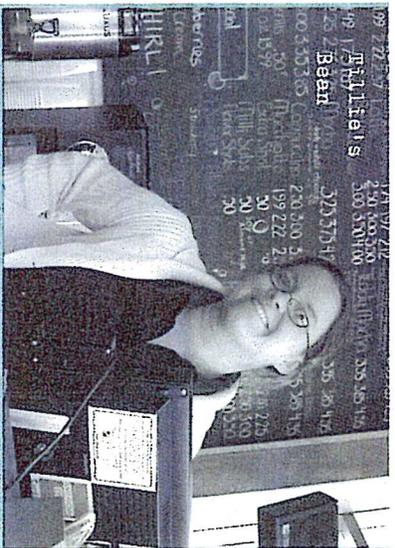
What are the document requirements I need to get a loan?

Business plan assistance

Do I need a business plan? If so, what do I include in it?

Real Estate analysis

Should I rent or own my business space?



Marketing assistance

Who are my customers and how do I reach them?

Strategic planning

How do I evaluate and manage growth?

Business regulations

What licenses or permits do I need? And how do I get them?

Professional referrals

How do I improve my credit score?

MCCD also lends to businesses that do not have access to traditional lending.

"I gained so much from it and feel better equipped to now organize the needed information to complete the business plan phase."

Susan Piazza
Piazza Designs – Richfield

Our programs are available to all

businesses located in the Twin Cities Metropolitan Area.

The Metropolitan

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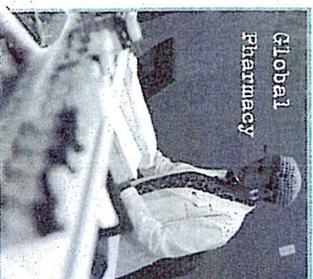
(MCCD)

is an association

of nonprofit

community development

organizations serving the Twin Cities.



"You are an informed, straight-forward business mentor and I am honored to have you in my corner."

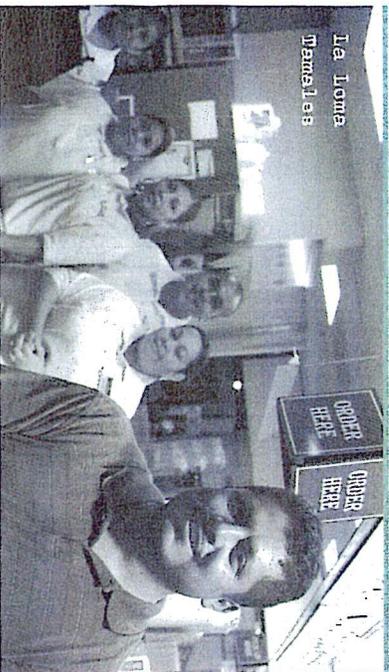
Mary Reed
Owner of Cheveux Supplies
and Salon – Bloomington

"You answered a few weeks' worth of questions in a few minutes. You offer a priceless service of solid information."

Kerry Dikken
Blasted Art, Inc. – Minneapolis

For more information or to get started, contact Rob Smolund at (612) 789-7337 ext. 11, or rsmolund@mccdmn.org

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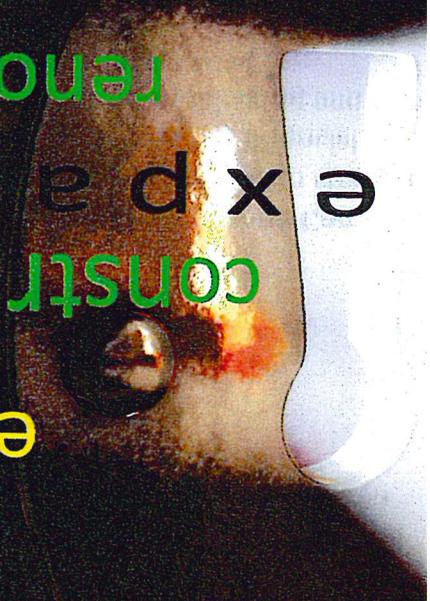
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Option A Option B Option C Other Resources

MCCD Micro Loan

Micro loans through Metropolitan Consortium of Community Developers (MCCD) are designed to leverage other financing programs as well as private financing provided by the commercial banking community.

Loan Summary:

- Up to \$50,000, with 50% MCCD participation
- Project must be for a "for-profit," complimentary business located in Brooklyn Park
- Eligible loans used for working capital, inventory, equipment and general operations
- Loan interest rate is fixed at 10%
- Loan repayment terms generally range 3-5 years

For more information, contact Rob Smolund at 612-789-7337 ext 11, or email him at rsmolund@mccdmn.org.



Brooklyn Park Loan Guarantee Program

The loan guarantee program allows business owners to access additional capital by providing guarantees for loans made by lenders. Brooklyn Park Development Corporation will issue a guarantee to your lender which will enable you to obtain the amount of money you need. To qualify, your annual business sales must be \$5 million or less.

What kind of loans are eligible?

- Real estate
- Machinery and equipment
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- Inventory
- Working capital
- Lines of credit
- Startups

For more information, contact Amy Baldwin at 763-493-8058, or email her at amy.baldwin@brooklynpark.org.

Brooklyn Park Fixed Asset Loan Fund

These loans are administered by Central MN Development Company (CMD) and are designed to leverage other financing programs as well as private banking provided by the commercial banking community.

Loan Summary:

- Loan Amounts \$100,000—\$250,000
- Project must be for a "for-profit," complimentary business located in Brooklyn Park
- Eligible loans used for fixed assets, including land, building, machinery and equipment (no working capital)
- Loan interest rate is fixed at market rate
- Loan terms are equal with the life of the asset
- At least 50% of the project financing must come from a private lender or another source

For more information, contact Amy Baldwin at 763-493-8058, or email her at amy.baldwin@brooklynpark.org.

Small Business

The Small Business Development Center offers free consulting, assistance with strategic business plans, market research, financial planning and analysis, loan packaging and cash flow management. Learn more at www.stthomas.edu/sbdc.

The Service Corp of Retired Executives (SCORE)

provides free one-on-one counseling and low-cost workshops in key subject areas critical to small business success. Learn more at www.score-minnneapolis.org.

Financial

The Hennepin County Common Bond Fund

is for growing manufacturing companies. Local government agencies issue tax-exempt or taxable revenue bonds on behalf of private borrowers to provide lower interest rates on long-term financing. Learn more at www.co.hennepin.mn.us.



MEMO
CITY OF INVER GROVE HEIGHTS

TO: Inver Grove Heights Economic Development Authority

FROM: Thomas J. Link, Director of Community Development 

DATE: July 21, 2011 for EDA Meeting of August 1, 2011

SUBJECT: Small Business Loan Program

1. **ACTION REQUESTED:** The Inver Grove Heights Economic Development Authority (EDA) is to further discuss the Small Business Loan Program and provide direction to staff.

2. **BACKGROUND:** The EDA identified the development of a small business loan program as one of four items for its 2011 Work Plan. At its last meeting, the EDA reviewed other cities' small business loan programs and directed staff to prepare a draft program for Inver Grove Heights.

3. **ANALYSIS:** Attached, for the EDA's review and comment, is a draft Small Business Loan Program guidelines for Inver Grove Heights. It is based, in part, on similar programs in Oakdale and South St. Paul.

Issues:

The draft program raises several questions that the EDA should consider:

- To what extent is job retention/creation a factor in the Small Business Loan Program? The draft policy does not place a heavy emphasis on this issue.
- Should the policy provide for existing Inver Grove Heights businesses, new businesses that are considering moving to Inver Grove Heights, or both? The draft program allows for both but puts a priority on assisting existing, established businesses in Inver Grove Heights.
- Should retail businesses, and especially restaurants, be allowed to use the program? The current draft does not prohibit retail or restaurants from obtaining a loan. Some cities, however, exclude retail because it offers relatively low wages and usually part-time employment. Restaurants are also excluded by some cities because they are typically national franchise operations and entail more risk.
- Should site improvements be an eligible project cost? Site improvements could include grading/drainage, stormwater, utilities, parking lots, landscaping, etc.
- Should there be a definition of "small business"? The City of Oakdale defines small business as having less than \$6 million dollars a year in sales.
- Should sweat equity be considered in the loan program? The current draft does not provide for sweat equity and only references the owner's financial equity and bank loans.

Other Cities

Progress Plus has reviewed other cities' programs. These are difficult to evaluate because cities do not seem to report on loans made. The South St. Paul Futures, over 30 years, made 41 loans to small businesses. Two of these loans were not repaid, at a loss of \$50,000. Staff and Progress Plus hope to have additional information about other cities' programs at the EDA meeting.

Follow-up Actions

City staff has reviewed the draft program with the city attorney. He has suggested that the City's bond counsel be contacted to determine if it is necessary for the City to:

- create an economic development district
- adopt an EDA business subsidy policy before establishing a small business loan program. Staff will contact the financial consultant and provide additional information regarding these matters at the EDA meeting.

In addition, if the EDA pursues the Small Business Loan Program, staff will have to research:

- a level of funding
- a source of funding
- a procedure for processing and administering loans
- an application form and fees
- a policy/statement pertaining to the City's handling of business's private financial data.

4. RECOMMENDATIONS: The Inver Grove Heights Economic Development Authority (EDA) is to discuss the Small Business Loan Program and provide direction to staff.

Enc: Draft Small Business Loan Program Guidelines

cc: Jennifer Gale, Progress Plus
Ellen Watters, Progress Plus

CITY OF INVER GROVE HEIGHTS
SMALL BUSINESS LOAN PROGRAM GUIDELINES

Purpose

The City of Inver Grove Heights, through its Economic Development Authority (EDA), is making funds available to provide loans to Inver Grove Heights business owners for building construction and improvements. The purpose of the loans is to primarily encourage reinvestment and updating of existing businesses and, secondarily, the construction of new businesses. The loans are not intended to be a substitute for conventional business financing but to be a supplement by providing a portion of the financing necessary.

Loan Amount: The EDA loans will provide funding for up to 20% of the total eligible projects costs, not to exceed the following maximum loans:

- Up to \$15,000 for a new business moving into the City or for a business that has been in the City for less than five years
- Up to \$20,000 for a business that has been in the City for at least five years

The minimum loan is \$5,000.

Number of Loans: The EDA will annually determine the level of funding for the program. The cumulative total dollar amount of loans in a year will not exceed this funding level.

Interest Rate: Negotiable

Term: The maximum term is ten years or upon closure or relocation of the business, whichever occurs first.

Loan Security: Negotiable

Eligible Properties: Businesses must be zoned for commercial or industrial uses and must be designated as commercial or industrial according to the Comprehensive Plan. Properties may not be the recipient of tax increment financing or tax abatement.

Eligible Owners: Loans will be provided only to the owner of a property and only to for-profit entities. Owners of more than one business are eligible for only one loan at a time.

Eligible Projects: The following are eligible projects:

- New Building construction
- Building improvements and additions, such as roof repair, electrical and plumbing upgrades, energy upgrades, HVAC systems
- Building exteriors and façade improvements
- Connections to city utilities
- Code corrections, such as fire suppression and handicap accessibility
- Site improvements, such as grading and drainage, storm water improvements, utility improvements, parking lots, lighting, landscaping, and screening
- Structural leaseholder improvements that provide for the conversion of the structure from one use to another use, such as doors and windows

Ineligible Projects: The following are ineligible projects:

- Land acquisition
- Financing fees
- Refinancing of existing debt
- Taxes and special assessments
- Personal property
- Working capital
- Machinery
- Non-structural leaseholder improvements, such as flooring, shelving, paint, lights
- Interior remodeling
- Furniture and fixtures
- Previously completed projects
- Projects started prior to EDA approval.

Loan Security: Negotiable

Application Deadline: Applications will be accepted year round on a first come, first served basis.

Application Process: It will take about 30 to 90 days to complete the following process:

- Applicant should contact a primary lending institution to determine private financing
- Applicant will meet with EDA staff to obtain program information/application forms and discuss the project
- Applicant will complete and submit the application form to EDA staff and pay the application fee
- EDA staff will review the application for completeness and determine if the application conforms to the program's guidelines
- EDA staff and fiscal consultant will review the application to determine financial feasibility of the business, owner, and project. The review will include a credit check of the business and owners. The EDA will carefully consider management capability, experience, financial support, soundness of the business, and long-range possibilities for a successful operation.
- EDA staff will negotiate the conditions of a loan, including term, interest rate, and security

- EDA will consider approval or denial of the application
- City Attorney will prepare the loan agreement
- EDA staff and applicant will close on the loan agreement

Selection Criteria: Applications will be reviewed and analyzed against the following criteria:

- Ability to improve the City's economic diversity and to provide essential products and services
- Ability to create and retain job opportunities
- Ability to increase the City's tax base
- Ability to encourage improvements in redevelopment areas or heavily commercialized areas with high visibility
- Ability to encourage improvements and improve the appearance of the surrounding business neighborhood
- Ability to accelerate improvements on sites that may not be improved without municipal subsidies assistance
- Consistency with the Comprehensive Plan and compliance with city codes
- Demonstrated need for secondary financing
- Financial Feasibility

Project Completion: The project is to be completed within 120 days of the loan closing

Disbursement Process: Payment to the contractor will be made upon completion of the work following:

- Inspection by the City to verify the completion of the work and compliance with all codes and ordinances
- Submittal of invoices
- Submittal of completion certificate signed by borrower and contractor
- Submittal of lien waiver for entire cost of work
- Submittal of verification that contractor has been paid for matching portion of project
- Verification of payment of property taxes and special assessments

MEMO

CITY OF INVER GROVE HEIGHTS

TO: Inver Grove Heights Economic Development Authority

FROM: Thomas J. Link, Director of Community Development

DATE: October 17, 2011 for EDA Meeting of November 7, 2011

SUBJECT: Acquisition Policy

1. **ACTION REQUESTED:** The Inver Grove Heights Economic Development Authority (EDA) is to discuss the draft acquisition policy, as attached, and provide direction to staff.

2. **BACKGROUND:** The EDA identified the development of an acquisition policy as one of its four items for the 2011 Work Plan. At its May meeting, the EDA reviewed other agencies' acquisition policies and directed staff to prepare a draft policy for further consideration. A copy of that meeting packet is enclosed as background information.

3. **ANALYSIS:** The attached draft acquisition policy is based on Dakota County CDA's and the City of Northfield's policies. It also incorporates aspects of Inver Grove Heights' Doffing Avenue Voluntary Acquisition Program and the City's "Policy for Disposal of City-Owned Real Property". The draft policy provides a uniform process for the city's acquisition and disposal of real estate while at the same time recognizing that each property is unique and will be handled on a case-by-case basis. An EDA may get involved in real estate transactions for a variety of reasons, such as:

- Concord Avenue – Upon completion of the Concord Neighborhood planning studies, the City desires to seek a developer to undertake a redevelopment project. To encourage such a redevelopment, the City may acquire a property or properties, and in turn sell them to the developer.
- Gun Club Site – The Minnesota Department of Transportation owns approximately 40 acres along the east side of Highway 52 that was formerly used by the St. Paul Gun Club. Currently, the environmental contamination of the property is being investigated. Once that is complete, the City may negotiate an agreement with the Minnesota Department of Transportation for the marketing, development, and acquisition of the property. The City's plans designate the land for office development.
- 53rd Street – The City has, from time-to-time, discussed the possibility of acquiring the several houses remaining along 53rd Street to facilitate development of the Fine Associates property.
- Golf Course Properties – The Inver Hills Golf Course owns two properties which it has no need of – the northwest corner of 70th and Babcock and an area lying to the west of the golf course parking lot. There has been discussion of the Inver Grove Heights EDA acquiring the properties from the golf course and subsequently marketing and selling the properties to a developer.

4. **RECOMMENDATIONS:** The Inver Grove Heights Economic Development Authority (EDA) is to discuss the draft acquisition policy and provide direction to staff.

Enc: Draft Policy for the Acquisition and Disposal of Real Estate
Memo of April 14, 2011

cc: Jennifer Gale, Progress Plus
Ellen Watters, Progress Plus

CITY OF INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY
POLICY FOR THE ACQUISITION AND DISPOSAL OF REAL ESTATE

Purpose

The purpose of this policy is to provide a uniform and consistent approach for the City's Economic Development Authority's (EDA's) acquisition and disposal of real estate. The City undertakes economic development activities to increase the tax base, improve employment opportunities, provide a wide variety of goods and services, eliminate blight, and generally provide for the community's economic viability and vitality. The EDA will follow all Minnesota Statutes that refer to property acquisition and disposal and reserves all rights to acquire and dispose of property, as permitted by Minnesota Statute. While the EDA recognizes that each property is unique and must be handled on a case by case basis, the EDA will generally use the following procedures for real estate activities.

Activities

The EDA may acquire or dispose of real estate for the following economic development activities:

- Construction of buildings
- Demolition of buildings
- Construction of infrastructure and facilities
- Land assemblage
- Environmental investigation and remediation
- Blight elimination
- Control of development/ redevelopment

Procedure for Acquiring Property

The EDA will use the procedure, as generally outlined below, for the acquisition of real estate:

- The EDA determines the public purpose of the acquisition and analyzes and determines the overall feasibility and appropriateness of the proposed acquisition. Factors to consider include, but are not limited to, the legal authority for acquiring the property, developability of the property, uses and development design, environmental contamination, infrastructure, economic development benefits, consistency with the comprehensive plan's land use designation, goals, objectives, and policies, consistency with city ordinances, and purchase price and conditions.

- The EDA reviews environmental contamination of the property, possibly including the preparation of a Phase I assessment and Phase II investigation.
- The EDA obtains an estimate of the property's fair market value, typically through the preparation of an appraisal by a licensed independent real estate appraiser.
- The EDA obtains an estimate of possible relocation benefits, if any.
- The EDA makes a written offer to the owner for the acquisition of the property, based on the above analyses.
- The property owner is given a reasonable opportunity to consider the offer and to either accept the offer, make a counter offer with supporting evidence, such as appraisal performed for the property owner, or reject the offer.
- The EDA considers the owner's response and may conduct a review appraisal and modify its initial proposal.
- If agreement is reached between the property owner and the EDA, the EDA directs that a purchase agreement be prepared and sent to the property owner. The purchase agreement addresses the type of deed, warranties of title, hazardous waste issues, environmental investigations and remediation, boundary survey, responsibility for assessments, responsibility for taxes, evidence of title, zoning, earnest money, contingencies, payment of title commitment, title insurance, recording fees and closing costs, and closing date.
- The Planning Commission considers whether the acquisition is consistent with the Comprehensive Plan.
- If the purchase agreement is executed by the property owner, the EDA considers approving the purchase agreement and authorizing EDA staff to close on the acquisition of the property.

All EDA considerations of the market value and negotiations shall be conducted in executive, closed door meetings of the EDA, consistent with Minnesota Statutes.

Procedure for Disposing of Property

The EDA will use the procedure, as generally outlined below, for the disposal of real estate:

- The EDA determines the public purpose of the property and analyzes and determines the overall feasibility and appropriateness of the proposed disposal. Factors to consider

should include, but are not limited to, the public need for the property, developability of the property, uses and development design, infrastructure, economic development benefits, consistency with the comprehensive plan's land use designation, goals, objectives, and policies, consistency with city ordinances, and sale price and conditions.

- The EDA obtains an estimate of the property's fair market value, typically through the preparation of an appraisal by a licensed independent real estate appraiser.
- The EDA determines the method of disposing of the property, including, but not limited to, negotiation with a select buyer, request for proposals, and closed bids
- The EDA considers the selection of the buyer. Factors to consider include, but are not limited to, fair market value, proposed use and development design, consistency with the Comprehensive Plan's land use designation, goals, policies, and objectives, consistency with City ordinances, timing of development, projected tax base, projected employment, other economic development benefits, ability and experience of the buyer, ability to impact development in the surrounding area, manner and type of payment, and sale price and conditions.
- The EDA negotiates the sale of the property with the selected buyer.
- If agreement is reached between the selected buyer and the EDA, the EDA shall have the purchase agreement prepared and sent to the selected buyer. The purchase agreement addresses the type of deed, warranties of title, hazardous waste issues, environmental investigations and remediation, boundary survey, responsibility for assessments, responsibility for taxes, evidence of title, zoning, earnest money, contingencies, and closing date. The agreement will also specify the land use, development plans, and construction, consistent with negotiations.
- The Planning Commission considers whether the disposal is consistent with the Comprehensive Plan.
- If the purchase agreement is executed by the selected buyer, the EDA considers approving the purchase agreement and authorizing EDA staff to close on the sale of the property.

All EDA considerations of the market value and negotiations shall be conducted in executive, closed door meetings of the EDA, consistent with Minnesota Statutes.

MEMO
CITY OF INVER GROVE HEIGHTS

TO: Inver Grove Heights Economic Development Authority
FROM: Thomas J. Link, Director of Community Development
DATE: April 14, 2011 for EDA Meeting of May 2, 2011
SUBJECT: Acquisition Policy

- 1. **ACTION REQUESTED:** The Inver Grove Heights Economic Development Authority (EDA) is to discuss an acquisition policy and provide direction to staff.
- 2. **BACKGROUND:** The EDA identified the development of an acquisition policy as one of four items for its 2011 Work Plan. The EDA is requested to discuss the need and provide direction for such a policy.
- 3. **ANALYSIS:** An acquisition policy would identify the purpose for the EDA acquiring property and develop a uniform process for how property is acquired. Such a policy would have to be flexible since each case is different but it would provide general direction to the EDA, City Council, Commissions, general public, and staff.

The policy would address why the EDA would acquire property. Generally, properties would be acquired for the purpose of economic development, such as the generation of jobs, increase in tax base, provision of diverse goods and services for the community, and elimination of blight. More specifically, the policy could specify those areas or neighborhoods and/or the type of situations, such as land assembly, infrastructure, and/or a specific redevelopment project, in which the EDA would consider acquisition. The policy could identify the type of development, i.e. industrial, commercial, mixed use, or affordable housing, for which land acquisition would be used. The length of time that the City would hold properties, the purpose for retaining ownership, and the selling of the properties could also be part of the policy.

The acquisition policy could outline a general process for acquisitions. For example, the policy could specify when property owners are contacted, how appraisals are conducted, how negotiations are conducted, and the process for addressing environmentally contaminated properties. Incidentally, the City already has procedures established for the acquisition of properties in the Doffing Avenue Area and the disposal of properties.

Potential funding could be listed in the policy, though this will vary from project to project. Funding alternatives include the City's General Fund, other City funds, grants, and tax increment financing. Other issues that could be included in the policy are consistency with the Comprehensive Plan, demolition or renting of acquired properties, and maintenance of acquired properties.

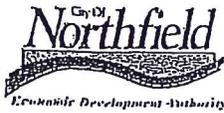
Attached, for EDA's information, are policies from the Dakota CDA and City of Northfield, a research paper from the City of Burnsville, and the Inver Grove Heights policies for Doffing Avenue Acquisition and property disposal.

- 4. **RECOMMENDATIONS:** The Inver Grove Heights Economic Development Authority (EDA) is to discuss a possible acquisition policy and provide direction to staff.

May 2, 2011 EDA Meeting
Acquisition Policy
Page 2

Enc: Northfield Acquisition Policy
Dakota County CDA Acquisition Policy
City of Burnsville "White Paper" regarding Acquisitions
Doffing Acquisition Policy
Disposal of City Properties Policy

cc: Jennifer Gale, Progress Plus
Ellen Watters, Progress Plus



Policy for the Acquisition of Real Estate For the Purpose of Redevelopment

DRAFT August 12, 2010

PURPOSE

The purpose of this Policy is to provide a uniform and consistent approach for the acquisition and eventual disposition of real estate acquired for the purpose of redevelopment by the Northfield Economic Development Authority (EDA). The EDA shall follow all Minnesota Statutes that refer to property acquisition, and reserves all rights to acquire property as permitted by Minnesota Statute.

EVALUATION

The Northfield Economic Development Authority Board members shall consider the following conditions as they determine whether to purchase or gain control of property for the purpose of redevelopment:

1. Acquiring the property (developed or undeveloped) provides a benefit to the public (residents) and/or the private sector;
2. Acquiring the property when such an acquisition provides greater control over the development/redevelopment of the property, resulting in a greater economic development opportunity than if the property were left in the control of the private sector;
3. Acquiring the property for the purpose of redevelopment achieves a goal(s) that fits within the City of Northfield and the EDA's Comprehensive Plans;

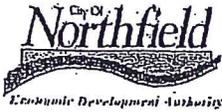
Other Potential Consideration

1. Property is located in the City and has been identified by the EDA for redevelopment;
2. Acquisition of the property advances a larger redevelopment initiative;
3. The costs associated with acquiring the property can be recaptured upon the eventual sale;
4. Acquiring the property will lead to increased employment opportunities;

If the Economic Development Authority Board determines that a property should be acquired or contractually controlled, the EDA will actively pursue control of the property regardless of whether the property has been listed for sale or not. However, the EDA will focus its efforts primarily on the acquisition of property that is zoned for commercial and industrial uses.

METHODS OF PARTICIPATION

The Economic Development Authority Board members recognize that in order to encourage or advance successful redevelopment projects, it may require the flexibility, cooperation, and participation of the EDA and/or the City. The Authority recognizes that not all redevelopment projects require the same level or type of assistance and is willing to evaluate the project on a



Policy for the Acquisition of Real Estate For the Purpose of Redevelopment

case-by-case basis. Depending upon the economic impact of a project the EDA may consider participating in the redevelopment of a property in the following ways:

- Acquire property for construction of improvements (Building)
- Participate in the costs associated with demolition
- Acquire property for site improvements (Infrastructure)
- Acquisition of property provides an opportunity to access state or federal funding that may not otherwise be available;
- Acquire property for land assemblage
- Acquire property as a limited liability partner
- Acquire property for the purpose of environmental remediation
- Control property through contractual agreement (right of first refusal, option, other)
- Provide direct financial assistance to developer for infrastructure or other development related costs
- Provide statement of support to developer in pursuit of additional financing (local, state, federal)
- Participate in the marketing of site

DRAFT

ACQUISITION AND DISPOSITION POLICY

Dakota County CDA

A. PURPOSE:

The Dakota County Community Development Agency (CDA) acquires and disposes of real property based on all of the powers and duties of a housing and redevelopment authority (MN Statutes 469.001-.047) and an economic development authority (MN Statutes 469.090-.1081), as granted to the CDA in Minnesota Statute 383D.41. Under Minnesota Law, the state and other governmental agencies may acquire property by gift, direct purchase or eminent domain proceedings. The purpose of this policy is to ensure that decisions regarding the acquisition and/or disposition of real property reflect efficient and effective use of financial resources. Decisions must also consider appropriate regulations that match federal, state, metropolitan or local resources used for acquisition and disposition.

B. TYPES OF ACQUISITION:

The CDA acquires real property within the following general categories:

1. Sites for the CDA's Senior Housing and Family Partnership developments and related programs.
2. Sites for non-CDA program housing (Habitat for Humanity, non-profit developers, etc.), but associated with a CDA development.
3. Sites for redevelopment projects, with or without CDA ownership, including infill sites and tax-forfeited property.

C. TYPES OF DISPOSITION:

The CDA disposes of real property within the following general categories:

1. Property conveyed from the CDA to a Limited Partnership (with CDA as General Partner).
2. Property obtained through tax forfeiture and subsequently conveyed for a (re)development purpose.
3. Property assembled and used for redevelopment purposes.
4. Property conveyed to non-profit and for-profit developers for an affordable housing purpose.

D. SOURCES OF FUNDING FOR ACQUISITIONS:

The following funding sources are used by the CDA to acquire real property:

1. Federal – CDBG and HOME
2. State – MHFA
3. Metropolitan – Met Council and Family Housing Fund
4. Local – Cities within Dakota County
5. CDA – TIF, General Fund, Senior Levy, etc.

E. UNIFORM ACT:

The Uniform Relocation Assistance and Real Property Acquisition Act of 1970 (URA), as amended, was enacted to define minimum standards of performance for all federally funded projects with regard to the acquisition of real property and the relocation of persons displaced by the acquisition of such property. Minnesota Statutes 117.50 et. seq. and related case law also require that in all acquisitions undertaken by an acquiring authority without federal participation, the authority must provide relocation assistance as a cost of acquisition. Additionally, the Minnesota Supreme Court held in In Re Wren, 699 N.W.2d 758 (Minn. 2005) that an authority may be responsible for certain relocation costs when property is acquired by a private developer if the activities of the authority and the developer are so intertwined to produce a joint acquisition of the project.

F. AUTHORIZATION:

1. Acquisition – The CDA Board of Commissioners has granted to the CDA's Executive Director the authority to execute letters of intent, purchase agreements or other similar instruments to acquire real property that have followed the process identified in Section G and where funding has been approved in a CDA Agency budget. All other purchases shall obtain approval by the CDA Board of Commissioners.
2. Disposition – The CDA Board of Commissioners has granted to the CDA's Executive Director the authority to execute letters of intent, purchase agreements or other similar instruments to dispose of real property that have followed the process identified in Section H.

G. ACQUISITION POLICY AND PROCEDURES:

Unless otherwise exempted under 49 CFR 24.101, if federal funds are used in whole or in part for a project, including property acquisition, clearance and/or construction, the CDA must follow all provisions of URA as generally outlined below. With all other funding sources, the CDA shall follow the steps outlined below unless otherwise noted as an optional procedure.

1. Preliminary Assessment. The CDA shall undertake an analysis to determine the overall feasibility of the proposed acquisition. Factors to consider

should include, but not be limited to the following: location, size, zoning, access, soil conditions, topography, comprehensive plan designation, public input, known cost factors, and other constraints or risk management issues.

2. Basic Acquisition Policies. When federal funding is involved (and the exemptions of 49 CFR 24.101 are inapplicable) the CDA shall follow the basic acquisition policies as set forth under 49 CFR Section 24.102 - .108 (the "Federal Policies").
3. Fair Market Value Determination. Once property is determined to be necessary and appropriate to acquire, the CDA shall proceed to obtain an estimation of fair market value (FMV). When the Federal Policies apply, if probable value of a parcel is less than \$10,000, the estimation may be obtained from tax appraisal records and/or from an internal staff analysis. All other property value shall be determined by an appraisal obtained from a licensed independent real estate appraiser (when Federal Policies apply).
4. Review Appraisal. When the Federal Policies apply, the CDA shall have a qualified review appraiser analyze the independent appraisal and recommend a new valuation or support the initial valuation.
5. Offer Determination. Before initiating negotiations, the CDA shall establish an amount which it believes is the fair market value, or just compensation, for the real property based on information obtained in Sections G.2 and G.3. When Federal Policies apply, the CDA cannot determine a value that is less than the approved appraisal (as may be adjusted by the review appraisal). The CDA's offer may exceed that value if it determines that a greater amount reflects just compensation for the property. When the Federal Policies do not apply, the CDA can determine just compensation based on all relevant information obtained for such value determination. As a general rule, the CDA shall not determine its initial or final offer at more than ten percent (10%) above an independent appraisal or county tax value, whichever is greater.
6. Offer and Negotiation. If the CDA then chooses to proceed with the acquisition, it shall make a written offer to the owner to acquire the property for the full amount believed to be its fair market value or the just compensation. When the Federal Policies apply, the CDA shall provide the owner a written statement of the basis for the offer of just compensation. The CDA shall make all reasonable efforts to contact the owner or owner's representative to discuss its offer to purchase the property. The owner shall then be given reasonable opportunity to consider the offer, and to either accept such offer or present material which the owner believes is relevant to determining fair market value. The

CDA shall consider the owner's information during the negotiation process.

7. Final Offer. The CDA may decide to change its initial offer based on one or more of the following factors: (a) a material change in the character or condition of the property; (b) a significant delay since the time of the appraisal; (c) relevant information from the property owner that supports a different value; and/or (d) an analysis of other costs, such as legal, that may be incurred to proceed beyond negotiation. All relevant facts and circumstances should ultimately be considered by the CDA in order to reach a determination of the final offer. When the Federal Policies apply and the foregoing conditions are present, the CDA shall update the appraisal or order a new appraisal, and reestablish its offer to the owner.
8. Eminent Domain. When a final offer is not accepted by the property owner, the CDA may evaluate the use of eminent domain to complete the acquisition process per Minnesota Statutes Chapter 117 and relevant case law.
9. Relocation. An analysis of whether the authority shall be responsible for relocation benefits shall be undertaken for all acquisitions either undertaken by the authority or jointly undertaken by the authority and a private developer.
10. Appraisal Reimbursement. The CDA shall reimburse the owner for its appraisal fees if and to the extent required under Minnesota Statutes Section 117.232.

H. DISPOSITION POLICY AND PROCEDURES:

Conditions for selling land and structures owned by the CDA shall include, yet not be limited to the following:

1. After a property has been determined to be salable by the CDA, the CDA shall proceed to sell the property pursuant to Minnesota Statutes Section 469.029 or 469.105.
2. Property values shall be determined by consulting with appropriate responsible sources to determine fair market value.
3. Property shall be sold for its fair market value unless provisions have been made by the CDA to: (a) sell the property to a low or moderate income purchaser, or (b) sell to a non-profit or for-profit developer of affordable housing, or (c) sell the property for reasons to promote development of the property by a private or public entity, or (d) sell by public auction.

4. In the case of a closed bidding or realtor sales method, a reasonable amount of time to be determined by the CDA shall be set for taking bids and offers. Bids and offers shall be evaluated and the highest bid or offer shall be accepted if it is determined to be reasonable with regard to the determined fair market value and other conditions of sale are met.
5. Intent to develop and maintain the property of concern will be considered when selecting the purchaser where such is a condition of the sale. As security for fulfillment of the agreement with CDA the purchaser may be required to furnish a performance bond for an amount determined reasonable by the CDA.

I. COMPLIANCE AND CONFLICTS:

This policy shall be interpreted and applied in accordance with federal, state and local laws and regulations. In addition, the following provisions shall apply:

1. CDA employees involved in the buying or selling of properties shall not use their positions for a purpose that is or gives the appearance of being motivated by private gain for themselves or others with whom they have family, business or other ties.
2. The CDA shall not discriminate in the purchase or sale of property, nor promote discrimination with regard to race, sex, age, religious, political or other affiliations or source of income.

Approved 11/07/06

WHITE PAPER
ON
LAND ACQUISITION
AND ASSEMBLY

City of Buñnsville
April 2007

Prepared by City Staff

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I. Introduction and Overview

Because the City of Burnsville has a limited amount of land left for development and much of it is costly and complicated to develop it becomes necessary to focus on future redevelopment activities. The future of Burnsville lies in its ability to adequately plan for redevelopment activities. The City could choose to directly influence these activities or to allow the market to dictate with no intervention by the City.

The Burnsville City Council has asked to utilize the City's Governance Process to consider the following policy question: *"Is land assembly through City acquisition and consolidation an acceptable economic development tool?"*

This White Paper will present factual information, give examples of other city's processes, and provide a framework for future Council policy discussion.

II. Background and Information

A. Current Land Use

The City of Burnsville has a long history of success in the area of land use planning. From the first Comprehensive Plan created in 1965 to the current Plan today it is evident that the pattern of land use in terms of major commercial and industrial corridors has followed the original plan from 1965 to a large degree. Because Burnsville is reaching full development, the City is shifting from development activities to the rehabilitation of existing structures and the redevelopment of certain portions of the City.

Currently, the City is approximately 97% developed. There is about 460 acres of vacant land remaining in Burnsville. Of the approximate 460 acres of vacant land, City staff estimates that a net 417 acres of land may be suitable for development. Of this approximately 94 acres is zoned commercial and 127 acres is zoned industrial and the balance is mixed use.

Of the vacant land available, not all is developable. Some have unique topography that makes development financially challenging, other parcels have soil conditions that present a financial challenge, and some parcels are controlled by private investors who do not desire to sell or develop at this time.

B. History of Land Consolidation in Burnsville

1. Heart of the City Redevelopment Area

In the Heart of the City, the Burnsville Economic Development Authority (EDA) assembled land to facilitate redevelopment. In June 2001, the EDA adopted Policy #5.266 – Heart of the City Development Implementation Strategies. (See Appendix 1 for the policy.) This policy provides for the EDA to "consider acquiring key pieces of property". The Heart of the City project is

within a Renovation and Renewal Tax Increment Financing District established by the EDA in 2002. Tax increment revenue from this District in addition to the City's Pooled TIF Fund were and are sources of funding for land acquisition and assembly in the Heart of the City.

2. *Southcross Redevelopment Area*

Similar to the Heart of the City, the EDA acquired and assembled land for redevelopment purposes in the Southcross Redevelopment Area. Twenty-five year Redevelopment Tax Increment Financing Districts were created in 1984 and 1987 respectively, to enable the redevelopment in the Area. Serious terrain and soil deficiencies existed. Tax increment revenue provided a source of funding for the EDA to purchase and assemble parcels and then to resell land to developers at a price that made it feasible to develop. For projects where the EDA did not "buy down" the cost of the land through acquisition, the EDA offered TIF assistance to developers to offset development costs that without assistance would have made the parcels financially unfeasible to develop.

The EDA marketed the Southcross Area through marketing brochures meant to attract companies to the area. Having control over some of the parcels allowed the EDA to help create greater opportunities for development resulting in the creation of "head of household" jobs.

As shown by the history of the Southcross Area and the Heart of the City, there is some history for the City (through the EDA) being involved in fostering both development of an area that was considered less than desirable because of soil conditions and to hasten the redevelopment of an area that was beginning to show signs of decline.

The EDA has also acquired and resold tax forfeited parcels. (Cliff Road, T.H. 13)

C. Economic Development Initiative - Burnsville Medical Alliance

In March of 2005, the Council adopted a new Outcome: "A focused economic development initiative to promote the expansion and growth of the City's existing "industry clusters" of medical technology and health care companies". With the adoption of this new Outcome the advent of efforts of the Burnsville Medical Alliance (BMA) began.

Part of the Council approved strategic plan for the BMA is to focus on real estate offerings for healthcare and medical technology companies. Subsequent work plans for the BMA have included a tactic to identify land for medical buildings. As part of that tactic, staff created a real estate book to log both land and office/warehouse space availability. However, there is no guarantee that the identified land/buildings will be for medical development. As noted earlier in this White Paper, there is limited vacant land available for development of medical related facilities. Primarily what is available at this time is office/warehouse space for lease. Office space has been designated for health care providers by building owners, but there has been no similar "owner designation" for medical manufacturing.

Concept of a Medical Technology Campus

One of the goals of the BMA, as set forth in the Council's adoption of the concept plan for the Minnesota River Quadrant included in the Design Framework for the area, is the concept for the creation of a "medical technology campus" in Burnsville. A medical technology campus is a "concept" only at this point as the designated land area for the "campus" is private land. Private landowners in the area have the right to develop their land based upon the zoning that is in place. The adopted zoning does not and cannot restrict the development to medical technology companies only. Therefore, the City has no control over whether this area will become a "medical technology campus" in reality.

There could be several advantages of having a "medical technology campus" within Burnsville. First having a "campus" where the City has some control over the land would allow the City to market the campus to perspective medical companies. Secondly, if there truly were a "medical technology campus" area, the City would be in a position to request financial assistance via a bonding bill or other outside financing assistances.

The Council may find that pursuing a designated land area could be of significance to achieving its desired outcome for expansion and growth of the City's existing industry cluster of medical technology. As staff has engaged in marketing efforts for the BMA, the questions typically asked are: 1) what area are you trying to develop or guide possible companies to build/lease? 2) what type of incentives do you offer to move to your city? 3) do you give any assistance to start-up companies? Staff believes these questions are a result of the press that has emerged from the designated Bioscience Zones and from JOBZ marketing, two state funded programs. (JOBZ areas exist within a forty-five minute drive of Burnsville. The Minneapolis Bioscience Zone is 20 minutes from Burnsville and the Rochester Zone is approximately one hour away.)

In the past bonding bills, the City of Rochester has received \$8 million dollars for development of a bioscience facility located in their "urban village" redevelopment. The City of Worthington received approximately \$2.5 million dollars for development of an agricultural/bioscience industrial park on land they had purchased. Rochester is also designated as a bioscience zone, which allows them to offer state financed tax incentives. Both Rochester and Worthington are located in areas designated for JOBZ tax incentives. (A company cannot however take advantage of both bioscience zone and JOBZ incentives.) The City of Chaska is in the process of seeking inclusion in future bonding bills to assist them in development of their proposed bioscience development area. While Chaska does not currently own all the land in the designated bioscience development area, the purchase and assembly of land is one of the options they are considering.

The concept of land assembly as a tool to assist with a focused economic development initiative is something that other cities have and are following. Certainly, the acquisition and assembling of land by a city is not without some degree of exposure – to the assumption that the economic development initiative will be successful and provide return to the City in the form of tax base growth and/or new jobs.

D. Burnsville for the 21st Century Visioning

Last year the City of Burnsville engaged in a visioning process in preparation for the compiling of a new Comprehensive Plan as required by the Met Council. Many meetings were held over the summer months with groups focused around the City's Theme Areas. One of those groups was responsible for creating new proposed development goals.

The first goal of this group stated, "Secure our economic future with technology". The stated discussion on this goal was to stand out from other cities in the area, the committee would like Burnsville to focus its economic development future in progressive and lucrative fields such as medical devices, biotechnology, nanotechnology and related suppliers. Capitalizing on existing strengths such as the Burnsville Medical Alliance and potential partnerships with current leaders in these fields was felt to be imperative. The report also concluded that the City should be flexible in its zoning so that attractive space can be identified and, if necessary, rehabilitated to provide locations that will facilitate new business development in these progressive fields.

The group went on to list the following strategies/action steps;

- Be a world leader in the bio/nano/high tech industry and in the development of medical devices.
- Enhance and strengthen the Medical Alliance with increased funding and business incentives. Encourage the Medical Alliance to continually engage in a high priority partnership with Fairview Ridges to secure additional specialties south of the river. Encourage the Medical Alliance to pursue such projects as telemedicine, research facilities, and incubator programs.
- Redevelop smaller, older commercial areas with innovative uses.

E. Other Potential Situations

In addition to Industry Clusters there may be other instances where land assembly would provide benefits to the City for meeting goals.

Dilapidated Commercial/Residential Property – If the City were to see areas of the city or properties that were declining and code enforcement alone could resolve the problem, purchasing the properties would give the City the ability to correct the problem. (Coon Rapids, see below, does have such a policy for "bad apple" houses.)

Complete HOC 1 and HOC 2 – A policy could give additional direction to staff regarding the possible purchase of property to finish the Heart of the City redevelopment.

Aging Strip Centers – At this time Council direction to staff is to not actively pursue the redevelopment of aging strip centers, but to offer guidance when approached. Council has give direction to consider acquiring property if the land owner approaches the City. While the City/EDA has a new business subsidy policy relating to aging strip centers (which authorizes the use of TIF and Tax Abatement) none to date have taken advantage of the policy. Council has

also indicated they were not in favor of waiving fees or assessments to spur redevelopment of aging strip centers. Aging Strip Centers could be included in any policy if adopted.

Redevelopment Initiatives – Other initiatives could appear as the City continues its redevelopment cycle.

F. Examples of Other Cities and Jurisdictions

The following are examples of what other cities and counties are doing at this time.

1. **Arden Hills** – Is currently in negotiations to purchase 585 acres from the Federal Government Services Administration for \$45 million. This is the site of the old Twin Cities Army Ammunition site. This is a superfund site and any costs for clean-up will be deducted from the final sale price. The city has planned to transfer ownership of the property to a developer to construct up to 2,400 homes, 3 million square feet of office, a 40 acre wild life corridor, 70 acres of athletic fields and 25 acres of open space and trails.
2. **Coon Rapids** – The City of Coon Rapids does not have a formal policy, but uses their comp plan and redevelopment plan as their guide. Currently, they are acquiring property in one of their redevelopment areas. They have been in conversations with owners over a number of years and in some cases have purchased property and relocated the businesses. They do have a policy to purchase “bad apple” houses, tear them down and resell the lot. They prefer this over attempts to repair severely dilapidated homes.
3. **Eagan** – Has done very little acquisition and so far will only do it when they have a specific redevelopment plan in place. Cedarvale would be an example of acquiring property with a specific plan in place. Eagan is interested in learning how Burnsville decides to proceed.
4. **New Brighton** – They also have no specific policy, but they have assembled over 95 acres in the last six years as part of their Northwest Quadrant project. Their process was to contact property owners to tell them about the project, and then they obtained appraisals, using the results for negotiations. The intent was to work toward a resolution, but they did use eminent domain in a couple of cases. This was prior to legislative changes enacted in 2006.
5. **St. Louis Park** – Again, they do not have an actual policy, but they have typically paid fair market value when they acquire property, especially when doing it well in advance of its use in redevelopment.
6. **Rosemount** – They do not have a formal policy, but the Rosemount Port Authority has made it a practice for over a dozen years to acquire commercial and residential properties in their downtown area that are likely candidates for redevelopment. In the last four years they have used the services of Wilson Development Services to identify properties and negotiate an acquisition price. The area was established as a TIF Redevelopment District in 2004. The acquisitions have ranged from the high \$100k's to nearly \$2 million.

7. **Dakota County CDA** – The CDA has a formal policy of acquisition (which will be presented during expert testimony). In addition the CDA staff offers the following thoughts about how the CDA proceeds with land acquisition:

1. Acquire properties with vacant buildings when possible to avoid relocation costs.
2. Demolish the buildings on site as soon as possible after acquisition.
3. Get appraisals on all purchases for guidelines.
4. Once the public entity owns it there are no longer taxes paid and allowances must be made for holding costs such as mowing and snow plowing while you own it.
5. They believe that having a policy and a budget for acquisitions is the best course.

III: Potential Gains from Land Consolidation

With a policy the EDA could purchase properties when they become available. After the EDA has acquired the properties, a decision could be made as to what type of redevelopment is best suited to the City's long term goals. Once that decision was made, the EDA could decide to utilize an RFP process to find a developer who would build the type of development that matches the City's overall plan.

When the City is in control of the property the City can decide what is built, rather than having a current property owner selling to whomever is willing to buy and then building, or renovating an old structure, to accommodate whoever is ready at that time to purchase. While what is built may be up to the zoning standards, it may be not be the type of structure to facilitate high tech, head of household jobs that we want for our future.

IV: Potential Obstacles

If a land assembly process is begun there are possible issues or hurdles that will need to be faced. These are not insurmountable, and in fact some may even present options that would be worth considering. The potential issues that may require action are funding sources, public perception, and price inflation. The following discusses these potential obstacles in more detail.

A. Funding Sources

1. Economic Development Authority (EDA) Levy

The express purpose of the EDA is to promote economic development and to consolidate the economic development and redevelopment activities of the City into one entity. The EDA has the powers and duties given to it under the Minnesota Statutes (Chapter 469 - Economic Development), which include among other purposes the authority to expend funds to acquire land and buildings for development and redevelopment, and to request the City to levy taxes for the support of those activities.

2: *Inter Fund Loans*

The City Council has the authority to approve Inter Fund Loans as a source of funding for the EDA or City to acquire land. The Inter Fund Loan would need to be repaid with proceeds from the sale of land at a future date or through another eligible source of funds.

3: *Grants*

Currently grants are available from the Dakota County CDA, Met Council, and DEED to help with the purchase and remediation of Brownfield's and to assist in the acquisition of property for redevelopment.

4: *Reinvestment of EDA Land Sales*

The EDA is currently in possession of a few parcels in Burnsville. Proceeds from the sale of these properties could be earmarked to use toward the purchase of future properties.

B. Public Perception

The public perception of municipal land assembly may be a consideration for the Council when discussing a possible future policy for such action.

C. Price Inflation

There is the possibility that some land owners may inflate their price when they become aware of the City's interest. The City could face a situation where land has been assembled by the City with the intent of having a larger parcel to redevelop only to be stalled by a central parcel that is inflated in price. At that point a decision would need to be made if the inflated price should be paid or if the larger development should be abandoned and the smaller parcels sold for smaller redevelopment projects. While this could stymie the original intent, the City would still have the option to do redevelopment projects on a smaller scale. If the City wished to purchase a specific parcel with a specific redevelopment in mind and was facing price inflation, the option would exist to abandon the plan.

V. Policy Questions Regarding a Land Acquisition and Assembly Policy

In considering whether to move forward with the development of a possible land acquisition and assembly policy, the Council may find it helpful to consider the following questions:

1. When would the Council want to consider purchasing land?
 - When land is listed for sale or when approached by a land owner(s)?
 - Does the Council want to actively initiate contact with land owners?

2. What should be the guidelines as to what would constitute desirable land to begin negotiations?
 - When land is located in designated redevelopment areas?
 - When land is available in prime locations?
 - When "less desirable" land is available? (soils, topography)
3. Does the Council want the focus to be on considering only business or industrial zoned property?
 - Would the Council consider redevelopment of these types of properties to be consistent with the already stated goals and initiatives of the city for future growth?
4. What should be the policy once land is purchased?
 - Would Council consider "remarketing" immediately for a designated purpose?
 - Would Council consider "banking" parcels for future larger development?
5. What should the policy be regarding "remarketing" the land?
 - Would Council consider paying the costs to demo the existing structure(s) to make the land more marketable?
 - Would Council consider soils remediation to make the land more marketable?
 - Would council want to only "remarket as is", with the future developer responsible for site prep?
 - Does Council want to remarket only for development that fosters the City's growth plan of bio/nano/high tech?
6. What funding sources would Council consider utilizing?
 - EDA Levy
 - Inter Loan Funds
 - Grants
 - Reinvestment of EDA land sales

F. Summary

In summary, with Burnsville having little land left to develop and moving into an era of redevelopment, the Council has raised the policy question of whether land assembly through City acquisition and consolidation is an acceptable economic development tool. As presented in this white paper the City of Burnsville has engaged in land acquisition and assembly in the past on selected development and redevelopment areas. The Governance process will allow council to hear expert testimony, receive input from the public, and dialogue regarding the best approach.

G. Schedule

The following is the proposed schedule for the Governance Process for discussion on Land Assembly:

April 24, 2007	Review of white paper/environmental scan
May 29, 2007	Expert Testimony
June 26, 2007	Public Comment
July 24, 2007	Council Dialogue/Policy Decision

HEART OF THE CITY
DEVELOPMENT IMPLEMENTATION STRATEGIES

I. NEED FOR POLICY

To establish strategies to implement development within the Heart of the City.

II. STATEMENT OF PURPOSE

The City has adopted a Special Heart of the City (HOC) District Ordinance; amended the comprehensive plan, approved the Framework Design Manual and the Financial Assistance Policy for Heart of the City and Environmental Assessment Worksheet (EAW).

In addition, the City has adopted a Design Review Committee Policy and appointed five members to assist in the design review of all developments in the Heart of the City.

The City Council has determined that the Economic Development Authority (EDA) will serve as the entity to facilitate development within the HOC. As development projects come before the city it is important to have strategies in place, approved by the EDA, to guide staff and consultants with development proposals.

III. IMPLEMENTATION STRATEGIES

A. Land Acquisition

1. The EDA will consider acquiring key pieces of property if a funding source is available or after a development agreement has been signed.

2. The EDA will use the following process in acquisition of land:

a. Utilize a third party to conduct negotiations.

b. Conduct appraisal and review appraisal.

c. Utilize dispute resolution including mediation to attempt to bring negotiations to a mutually acceptable agreement by all parties.

3. If the land acquisition process above is unsuccessful, the EDA will consider eminent domain as follows:

a. After efforts of negotiation for a reasonable level of payment to the landowner have been exhausted without success, eminent domain will be considered.

b. Eminent domain will be considered in an effort to restart negotiations.

c. Eminent domain will be considered if a landowner is holding out for extremely high price or no sale at all.

d. A quick take (title in ninety days without known price) will be considered only if secured by the developer, or by other established funding sources, for all costs involved in such process.

B. Selection Process Of Developer

1. Any developer granted a right to develop certain property owned by the EDA would cover the city's carrying costs and submit a deposit. The amount of deposit and length of time granted will be negotiated on a case-by-case basis depending on the size of parcel and proposed project.

2. The EDA may withhold assistance for a development on one piece of property if it interferes with the marketability of another project that is moving forward and/or has gone through an RFP/RFQ process.

IV. AUTHORITY

Administrative implementation of policy.

Submitted by Judy Tschumper

Date June 14, 2001

Reviewed by Gregory J. Konat

Date June 14, 2001

Adopted by the Burnsville Economic Development Authority this 16th day of July, 2001.

DOFFING NEIGHBORHOOD VOLUNTARY ACQUISITION PROGRAM PROCESS

The following is the process the Dakota County CDA will follow for acquiring properties in the Doffing Neighborhood Floodplain.

1. Property owner expresses an interest in selling.
2. CDA solicits proposals and selects an appraiser.
3. Appraiser prepares an appraisal assuming the site is free of contamination.
 - a. If staff feels the appraised value is too high or is uncomfortable with the appraised value in any way, City Council direction will be sought.
 - b. If CDBG funds are used, CDA has a review appraisal done.
4. CDA makes offer to property owner for appraised value, with a 30 day acceptance period.
 - a. If property owner accepts initial offer, the City Council will be notified in a closed door session.
 - b. If the property owner does not respond within the 30 day period, a letter will be sent confirming the offer is rescinded.
5. Property owner may make a counter offer.
 - a. If counter offer is within 110% of the offer, the counter offer will be brought to the City Council for their consideration and direction.
 - b. If the counter offer is greater than 110% of the offer, the property owner will be advised by the CDA that the offer cannot be accepted as is.
6. The property owner has the option of having an appraisal done of their own to substantiate the counter offer.
7. CDA will have a review appraiser review the two appraisals and reconcile differences.
8. All appraisals will be brought to the City Council for their consideration and direction in a closed door session.
9. CDA will make new offer as directed by City Council.
10. CDA and property owner agree on purchase price.
 - a. CDA and property owner will enter into an agreement allowing the CDA access to the site and the right to conduct an environmental investigation, as necessary.
 - b. If a purchase price cannot be agreed upon, the CDA will rescind the purchase offer.
11. For all commercial properties and those residential properties suspected to be contaminated as identified in the Phase I ESA, an environmental investigation will be conducted.
 - a. If contamination is found, the environmental consultant will provide a clean-up cost estimate.

12. The City Council will consider a revising the offer or structure of the offer if there is contamination present.

a. Typically, funds in the amount of the estimated clean-up cost will be placed in an escrow to pay for the remediation.

i. Any funds remaining in the escrow after remediation will be paid to the owner.

b. The owner will be paid the difference between the purchase price less the clean-up escrow at closing.

13. A purchase agreement will be drafted and sent to the property owner.

14. Once executed by the property owner, the purchase agreement will go to the City Council authorizing execution by the CDA and accepting future assignment to the City.

POLICY FOR DISPOSAL OF CITY OWNED REAL PROPERTY

The following process and criteria will be used to dispose of City owned real estate:

Procedure for Sale of Property

1. City Council decides whether to consider selling property. If the Council chooses to consider disposal, the Council shall direct:

- The Planning Commission to recommend the consistency of the sale with the Comprehensive Plan.

- The Park Commission to recommend the appropriateness of the sale, if the property is or was previously park property.

- The Environmental Commission to recommend the appropriateness of the sale, if the property is designated as a waste disposal site by the Dakota County Environmental Management Department.

- City staff to obtain an independent appraisal of the property value.

- The City Attorney to draft a purchase agreement which addresses:

- Type of deed

- Warranties of title

- Hazardous waste issues

- Phase I environmental survey

- Boundary survey

- Responsibility for assessments

- Responsibility for taxes

- Evidence of title (Abstract or Title Insurance)

- Zoning

- Earnest Money

- Contingencies

Closing Date

2. Council decides whether to sell the property, after considering Commission recommendations, independent appraisal, and draft purchase agreement.
3. Sale is advertised in the official newspaper.
4. Purchase Agreement is distributed to any parties making inquiries.
5. City receives proposals.
6. Council selects buyer.

Criteria for Selection of Buyer

1. Conformity of the offer with material aspects of the City's Draft Purchase Agreement.
2. Purchase price.
3. Manner and type of payment.
4. Intended use and its consistency with the City's Comprehensive Plan and Zoning Ordinance.
5. Timing of development.
6. Projected tax base after development.
7. Whether the property is part of a Development District or Tax Increment District.
8. Special considerations, such as, but not limited to:
 - Employment base
 - Need to retain buyer in the City
 - Track record of buyer
 - Commercial/Industrial expansion opportunities
 - Ability to initiate development in the surrounding area
 - Promoting comprehensive plan goals, policies, and objectives

TJL:mh

PROGRESS PLUS

Urban-Alternative Space Available

November 2011 Update

Inver Grove Heights Broker Tour

Progress Plus and the City hosted a broker tour on September 15 to showcase several retail, housing, commercial and hospitality sites in the area. Using a round of golf as the incentive to attend, the tour attracted several brokers who were unfamiliar with Inver Grove Heights. With a stop at the Rock Island Swing Bridge, the tour was able to show the riverfront and potential new development in the Concord Boulevard planning area.

The following brokers attended the event:

Roz Peterson	Cerron Properties
Erin Hager	JBL Companies
Tammy Brown	JBL Companies
Michael Houge (maybe)	Chief Investment Co.
Chance Lindsey	KW Commercial
Bill Flintrop	Keller Williams
Dave Langer	Langer
George Kassan	Kassan Properties
Leif Aronsen	Tatonka Real Estate
Mark Robinson - Paster Enterprises	Paster Enterprises
George Janssen	Equity Transwestern
Chris Howard	Christopher Howard Real Estate
Kirk Shellum	CBRE
Tom Evenson	Gonyea Land
Rory Johnson	UGL Equis
Diane Signorelli	YABLO
Jeff Horstmann - Paster Enterprises	Paster Enterprises

Recent Inquiries

Microbrewery

A small microbrewery was looking for 10-12k with some visibility and Progress Plus referred a site in the Home Valu building.

Small Manufacturer

A small manufacturer wanted 10k or less but needed 1-5 acres of outdoor storage. One building in Inver Grove Heights was proposed.

Small Warehouse Close to MSP

An industrial user wanted to be within 3-4 miles to MSP International and we suggested three options for 15-20k but they wanted to be closer.

Cabinetmaker

A small cabinet shop is looking at small space that has a drive in door and 14' ceiling. Two options were provided.

Cunningham's Sports

Cunningham's Sports in South St. Paul is moving the end of September to Arbor Point Commons in Inver Grove Heights. Cunningham's is selling its former building. The move was driven by financial challenges at Cunningham's.

Greater MSP Meeting

The new public private partnership economic development group, Greater MSP, and Dakota County CDA held a meeting to discuss Greater MSP's plans and how it will work with local groups like Progress Plus and cities. The major focus of Greater MSP will be global marketing of the MSP region. A protocol for lead-sharing has been shared.

Appliance Smart

Progress Plus is talking with Appliance Smart about potential locations in either South St. Paul or Inver Grove Heights. They are interested in industrial buildings that they can convert to retail.

Dollar General

The national chain that sells groceries and other goods is seeking a site in Inver Grove Heights. Three options were discussed and toured.

Polar Service

Polar Service in Inver Grove Heights does repairs on tank trailers, maintenance, service, minor repairs on all trailers and tractors, mostly catering to the Flint Hills trucks. They are going to expand in Coates but expect to retain their facility in IGH.

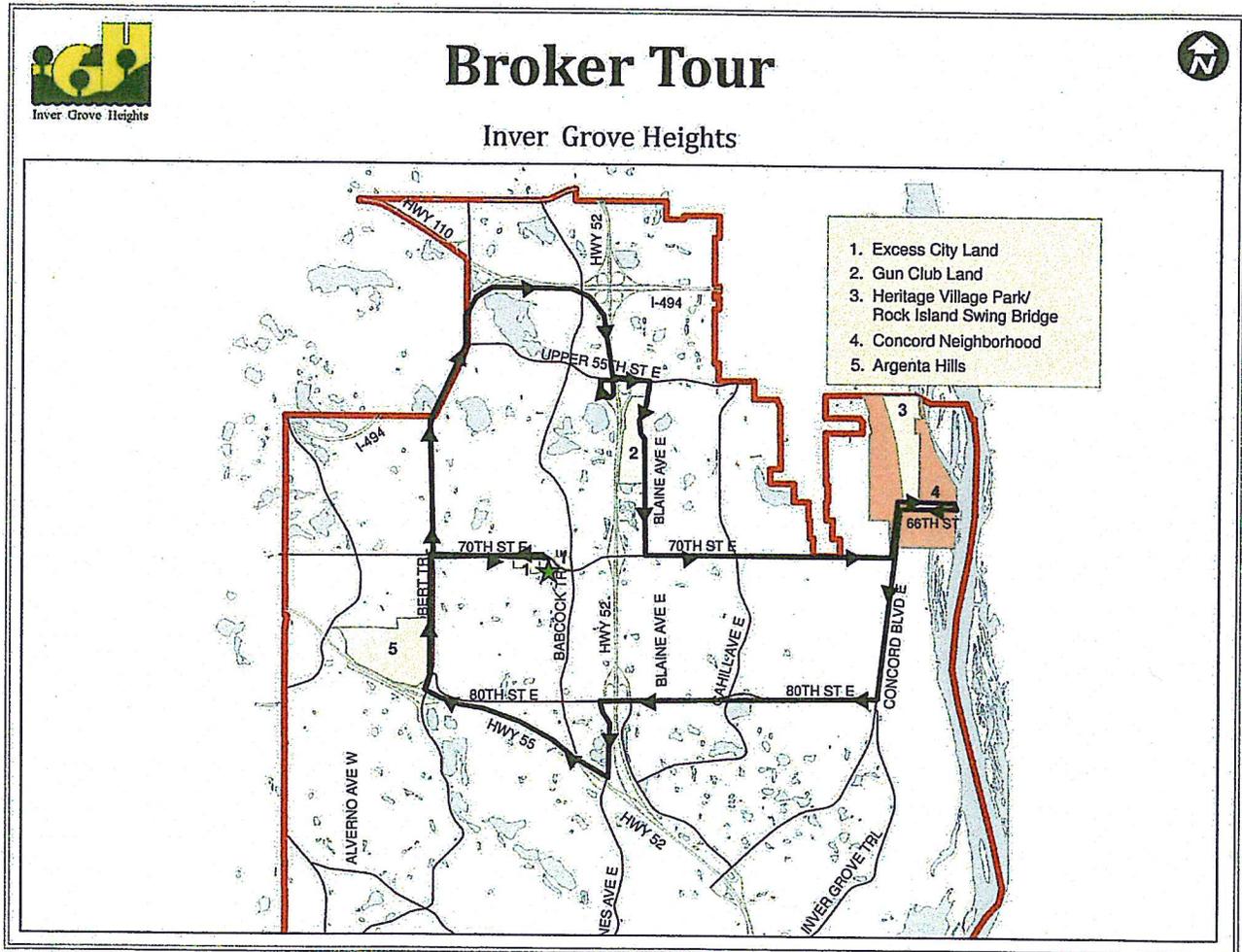
PROGRESS PLUS

Urban-Alternative Space Available



Inver Grove Heights: Your Hole in One Location!

September 15, 2011



PROGRESS PLUS

Urban-Alternative Space Available

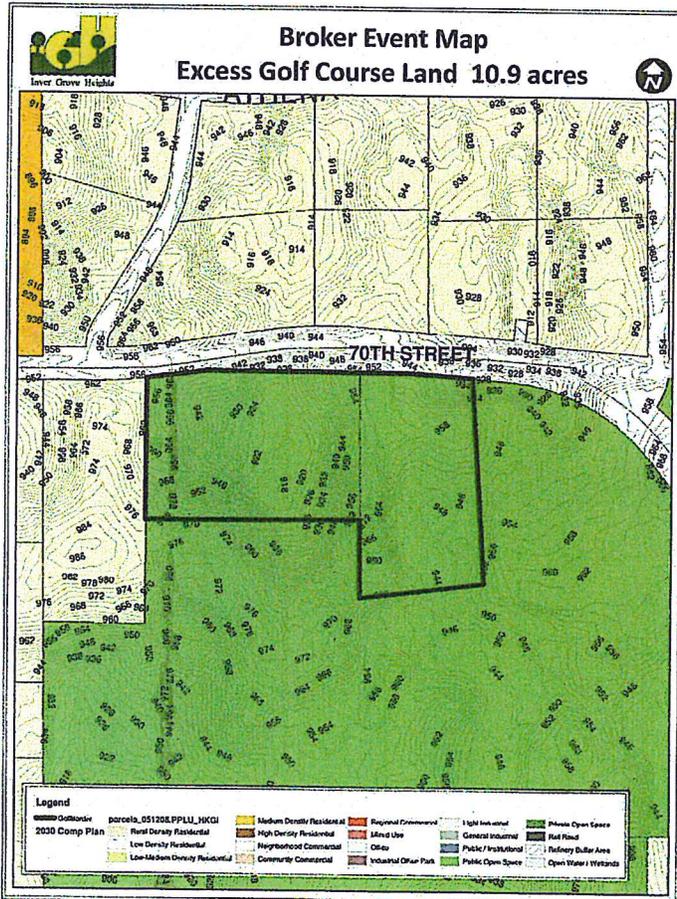


Inver Grove Heights: Your Hole in One Location!

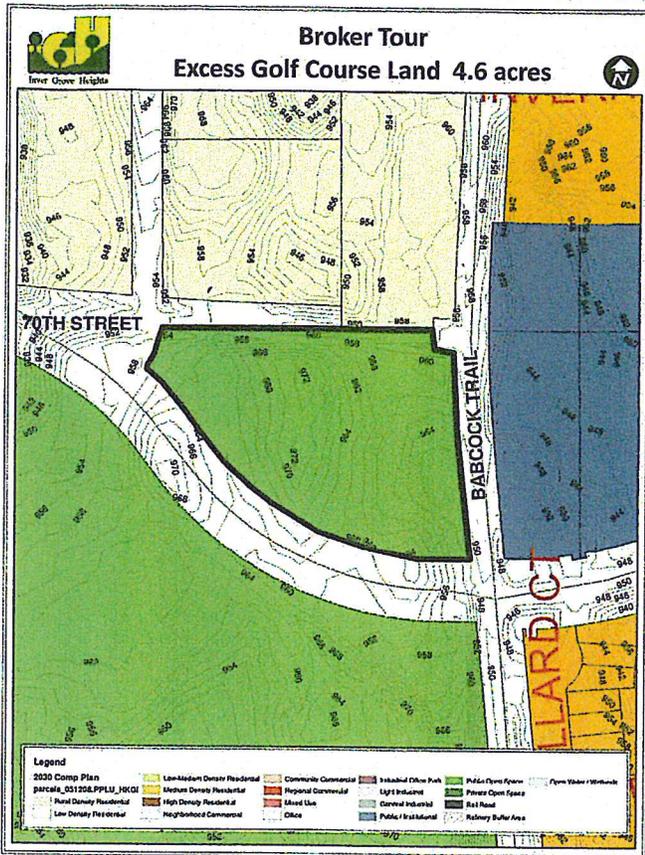
Located at the crossroads of Interstate 494 and Highway 52 and just 8 miles from Minneapolis St. Paul International Airport, Inver Grove Heights is an ideal location for new development.

Home to approximately 33,880 residents today, growth of 14% in last 10 years, Inver Grove Heights is expected to have a population that exceeds 46,000 by 2025.

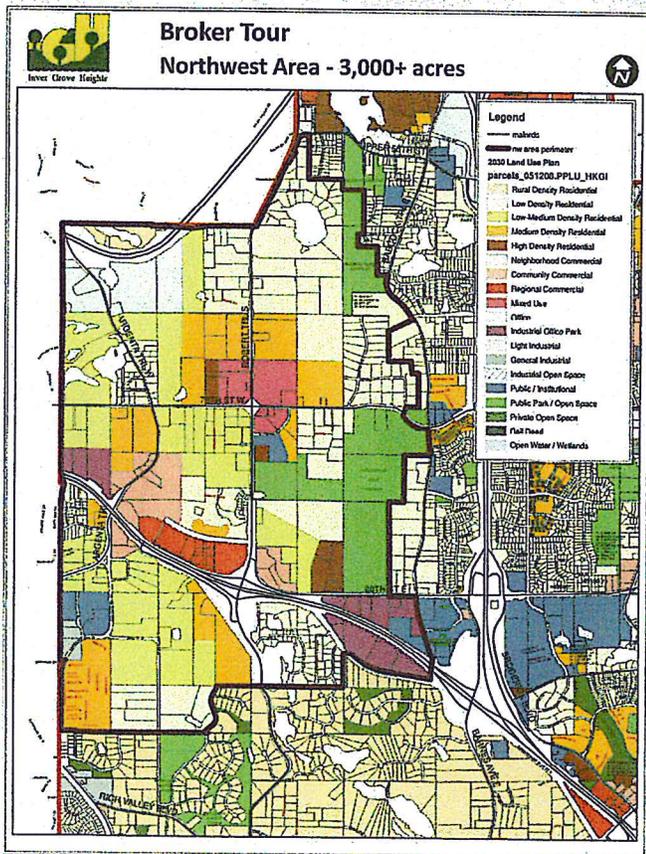
In 2011, the City established an Economic Development Authority to proactively attract investment. The City also identified priority sites for development, including:



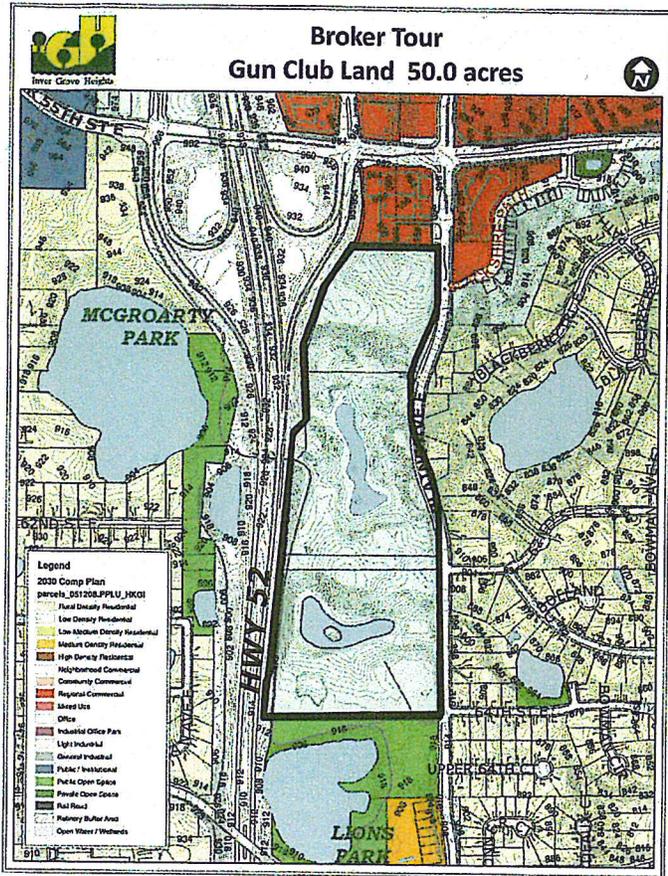
10.9 Acres Adjacent to Inver Wood Golf Course: The City owns nearly 11 acres to the west of the golf course parking lot that it would like to see developed. Potential uses include residential and/or hotel/conference center with restaurant and/or catering.



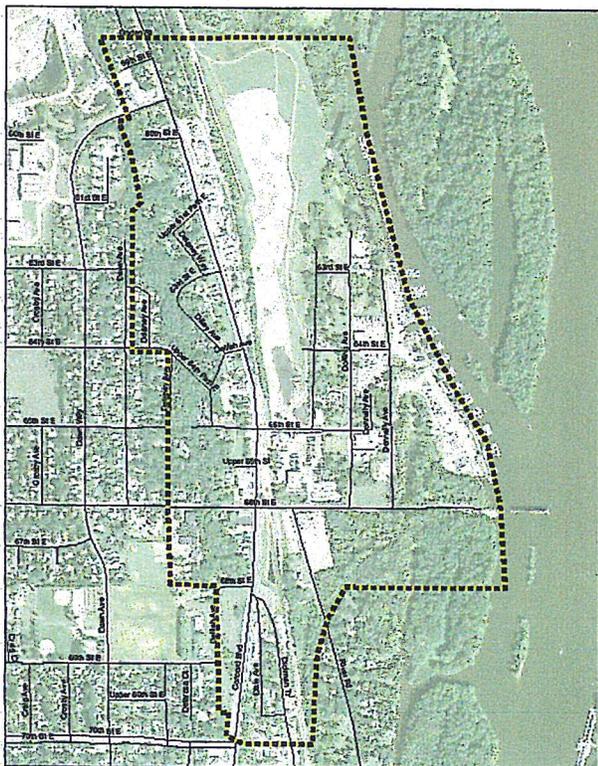
4.6 Acres 70th and Babcock Trail: The City owns approximately 4 acres at this intersection and is interested in multi-family housing or senior housing.



The Northwest Area: Inver Grove Heights has made significant investments in new roadways, sewer and water throughout the area. Some parts of the Northwest Quadrant are envisioned for commercial development while much of the area is ready for residential development.



50 Acres with Highway 52 Frontage: Developing a key site along Highway 52, with its 53,000 vehicles per day, is another priority for the City. This site offers great visibility and is ideal for office, medical or commercial uses.



Concord Boulevard Neighborhood



Concord Boulevard: The City is in the midst of a Metropolitan Council-funded study to determine future redevelopment along Concord Boulevard. Specific sites for future redevelopment are being identified in this area which is ripe for new investment following the opening of the Rock Island Swing Bridge and Heritage Village Park, the Mississippi Regional Trail and reconstruction of the roadway and streetscape.



Argenta Hills: Anchored by Target, this new retail and residential project will include 345,000 square feet of retail and 145 homes.

The development includes up to 50,000 s.f. Junior Anchor Space and up to 25,600 Small Shop, Restaurant & Bank Space. The City of Inver Grove Heights has been a key partner in making the Argenta Hills project a reality.

Demographics*	<u>1 mile</u>	<u>3 miles</u>	<u>5 miles</u>
Population	3,409	56,070	137,434
Average Household Income	\$63,629	\$70,708	\$73,475
Median Household Income	\$48,868	\$57,064	\$58,799
Daytime Population	2,977	37,158	108,102
Traffic Counts			
Highway 55	18,400 cars per day		
South Robert Trail	6,900 cars per day		
Argenta	2,950 cars per day		

*Source: Minnesota Department of Transportation 2007 Study Averages are per day total cars.

To see more available properties and to join our email list, visit us online at www.ProgressPlus.org!

MEMO

CITY OF INVER GROVE HEIGHTS

TO: Inver Grove Heights Economic Development Authority
FROM: Thomas J. Link, Director of Community Development
DATE: October 12, 2011 for EDA Meeting of November 7, 2011
SUBJECT: Excess Golf Course Properties

The staff memo regarding the excess golf course property will be distributed to the Economic Development Authority on October 28.

Staff is awaiting the appraisal of the two properties. The appraisal is to be completed the last week of October.

**MEMO
CITY OF INVER GROVE HEIGHTS**

TO: Inver Grove Heights Economic Development Authority
FROM: Thomas J. Link, Director of Community Development
DATE: October 12, 2011 for EDA Meeting of August 1, 2011
SUBJECT: Gun Club Site – Update

The City has been in discussions with the Minnesota Department of Transportation (MNDOT) for several years about the acquisition of excess MNDOT right-of-way along Highway 52. MNDOT acquired it in the mid-1980's as part of the Highway 52 construction project.

The property, of approximately 55 acres, is located between Upper 55th and 65th Streets along the east side of Highway 52. The site was previously owned by and used as a gun club. It has been designated on the Comprehensive Plan Land Use Plan as Office. The City's intent is to acquire the property and market it as a possible corporate headquarters or medical facility site.

The City conducted a Phase I Environmental Assessment in 2008 and a Phase II Environmental Investigation in 2009. This last year, the United States Environmental Protection Agency (EPA) performed further environmental investigation. The conclusion of the studies is that the site is contaminated with lead from shotgun shells and PAH's from clay pigeon remnants.

Recently, MNDOT met with the Pollution Control Agency (MPCA) to discuss the contamination and further actions. The MPCA concluded that there is no need for immediate remediation of the contamination while the property remains in its present state. However, at such time that development occurs, the property's contamination would have to be cleaned up. The MPCA also required that additional environmental investigation be performed at this time to determine the extent and level of contamination.

At a subsequent meeting with the City, MNDOT stated that they would be proceeding with further environmental investigation. They also invited the City to conduct its own investigation, in concert with MNDOT's efforts. It would be beneficial for the City to investigate the site further since it would affect the market value of the property and impact development potential. The cost for the City investigation is anticipated to be between \$10,000 and \$20,000.

Dakota County has stated that they may be able to perform the investigation for the City, using federal grant monies. Earlier this year the Dakota County Environmental Management Department obtained a \$400,000 grant from EPA through the Brownfield Grants Assessment Program. The County has the discretion to use these funds throughout Dakota County.

Following the MNDOT and City/County environmental investigations, future actions would consist of:

- The City marketing the property, finding a developer, and reaching an agreement regarding a development proposal

- The City preparing a Response Action Plan (RAP) that would stipulate the remediation activities that would be undertaken as part of the property's development and obtaining MPCA approval of the RAP
- MNDOT selling the property to the City

This process is beneficial to the City since the City would not have to acquire the property until it has a developer and an approved development proposal. In addition, the City would not acquire the property until the extent of the contamination is fully known the remediation plans are prepared by the City and approved by MPCA, and remediation costs known.

The City will continue to communicate with MNDOT and Dakota County Environmental Management Department over the next few weeks. A further update will be provided to the EDA on November 7.

TJL/kf



REVISED
INVER GROVE HEIGHTS
ECONOMIC DEVELOPMENT AUTHORITY AGENDA
MONDAY, NOVEMBER 7, 2011
6:00 P.M.

1. CALL TO ORDER

2. ROLL CALL

3. CONSENT AGENDA – All items on the Consent Agenda are considered routine and have been made available to the Economic Development Authority at least two days prior to the meeting; the items will be enacted in one motion. There will be no separate discussion of these items unless a Boardmember or citizen so requests, in which event the item will be removed from this Agenda and considered in normal sequence.

A. Minutes – August 1, 2011 Regular Economic Development Authority Meeting _____

B. Claims _____

4. REGULAR AGENDA

A. Small Business Loan Program _____

B. Acquisition Program _____

C. Progress Plus Update _____

D. Excess Golf Course Property _____

E. Gun Club Site _____

F. EDA Website _____

5. NEXT MEETING

6. ADJOURN _____

**MEMO
CITY OF INVER GROVE HEIGHTS**

TO: Inver Grove Heights Economic Development Authority
FROM: Thomas J. Link, Director of Community Development
DATE: November 2, 2011 for EDA Meeting of November 7, 2011
SUBJECT: Acquisition of Excess Golf Course Property

- 1. **ACTION REQUESTED:** The Inver Grove Heights' Economic Development Authority (EDA) is to discuss the EDA's acquisition of the excess golf course property and provide direction to staff.
- 2. **BACKGROUND:** The City Council discussed this matter at its last meeting on August 1. The excess property includes two parcels. The western property is 10.8 acres and is located to the west of the golf course parking lot. The eastern site is 4.6 acres at the northwest corner of 70th Street and Babcock.

The EDA directed staff to obtain an updated appraisal and to provide additional information about topography and the cost of extending utilities. The City Council subsequently approved a proposal from BRKW Appraisals to perform the appraisal.

- 3. **ANALYSIS:** In response to the EDA's request, staff provides the following information:
 - Topography – As the enclosed topographical maps show, the western property has a stormwater retention pond and steep slopes. The Northwest Area Zoning Ordinance, however, allows a property owner to transfer density from one part of the property to another and "cluster" the development on those parts of the property that are more amenable for development. Nonetheless, the appraiser assumes that topography would limit development to nine units per acre, rather than the maximum density of 12 units per acre.
 - Utility Costs – Engineering has estimated that the cost of extending sanitary sewer and water to the two parcels would be in the range of \$500,000 to \$700,000. The Northwest Area utility connection fees would generate about \$1,000,000, assuming the appraiser's densities.
 - Appraisal – The appraisal has determined that the value of the two properties exceeds the debt of the golf course. The actual evaluation and the appraisal itself are considered confidential at this time. Staff can provide City Council members with a confidential copy of the appraisal upon request.

The EDA's acquisition of the excess golf course property would provide the following benefits:

- Improves the golf course's financial position by eliminating the debt and making the golf course more cost competitive
- Provides the EDA, the most appropriate entity for fostering development of the property, with an asset

- Will eventually generate increased property taxes through the development of the property

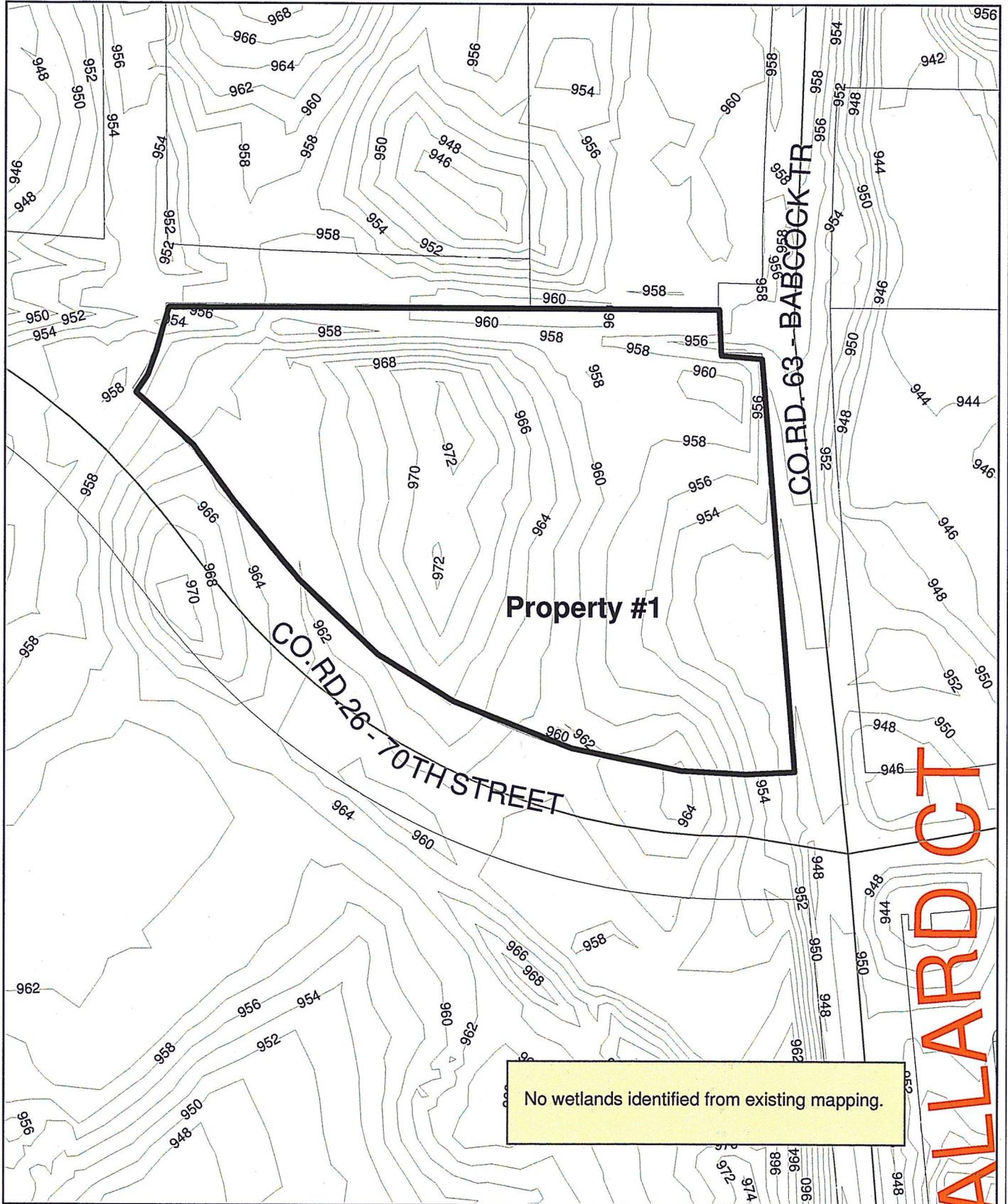
If the EDA decides to acquire the excess golf course properties, it would have to establish a development district. It probably would not be possible to establish this development district before the next debt payment comes due in December. However, the EDA would be able to establish a development district and acquire the property by the time of the following debt payment in February, 2012.

Enc: Topographical Maps

cc: Eric Carlson, Park and Recreation Director
Al McMurchie, Golf Course Manager

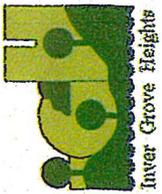


Inverwood Golf Course Excess Properties Property #1



No wetlands identified from existing mapping.

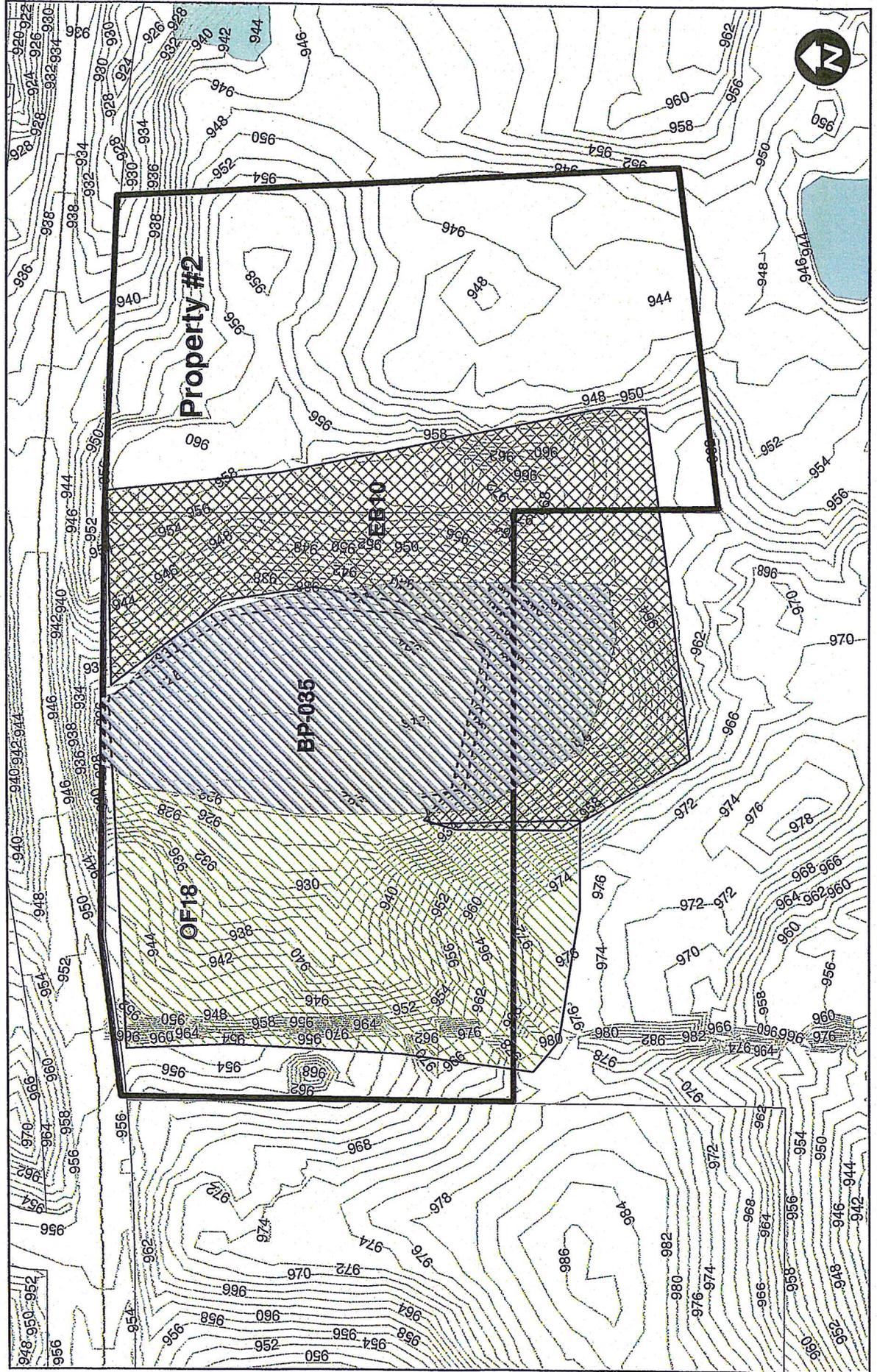
ALLARD CT



Inverwood Golf Course Excess Properties

Property #2

No wetlands identified from existing mapping.
OF18 - Old Field Area. Moderately good restoration potential.
EB10 - Oak Woodland-brushland. Mangrove 3 area
BP-035 Northwest Area Regional Storm Water Basin



**MEMO
CITY OF INVER GROVE HEIGHTS**

TO: Inver Grove Heights Economic Development Authority
FROM: Thomas J. Link, Director of Community Development
DATE: November 2, 2011 for EDA Meeting of November 7, 2011
SUBJECT: Inver Grove Heights' EDA Website

1. **ACTION REQUESTED:** The Mayor has asked that the Inver Grove Heights Economic Development Authority (EDA) discuss the possibility of establishing its own website. The City of Cottage Grove has its own website.
2. **ANALYSIS:** Staff research indicates that it would cost approximately \$2,000 to \$4,000 to develop the site with a hosting charge of about \$1,000 a year. An issue to consider is whether users might find it confusing to find economic development material on three different sites, the economic development site, the City's main site, and Progress Plus's site. Another management issue is the maintenance, control, and coordination of different City websites.