

***ANDOVER ECONOMIC DEVELOPMENT AUTHORITY MEETING–
JUNE 2, 2020 - MINUTES***

The Meeting of the Andover Economic Development Authority was called to order by President Julie Trude June 2, 2020, 6:01 p.m., at the Andover City Hall, 1685 Crosstown Boulevard NW, Andover, Minnesota.

Present: Commissioners Jamie Barthel, Ted Butler, Kari Kafer and Greg Mueller

Absent: Commissioners Sheri Bukkila and Valerie Holthus

Also present: EDA Executive Director, Jim Dickinson
Community Development Director, Joe Janish

APPROVAL OF MINUTES

May 19, 2020, Regular Meeting: Correct as written.

Motion by Barthel, Seconded by Kafer, to approve the minutes as written. Motion carried unanimously.

REVIEW OF EDA BY-LAWS

Mr. Janish explained the EDA By-Laws are general in nature and provide the inner workings of the EDA, but they do not have a lot of detail. He indicated the EDA could make a change to Section 3.1 Annual Meeting replacing “immediately following” the City Council meeting to “prior to”.

Mr. Janish provided the general statement on the City of Andover website for the Economic Development page:

The Economic Development Department is responsible for a wide range of activities designed to meet the City’s needs for a diversified and thriving economic base. The goals of the Department are:

- Stimulate business growth in Andover
- Market Andover as a location for business
- Promote thriving commercial and industrial districts
- Promote a real estate market that offers a diverse array of options for purchasing and leasing of business properties

- Maintain a supportive business climate
- Stay connected with the existing business community

Mr. Janish asked the EDA Commissioners for any questions, changes, or concerns regarding the By-Laws.

Mr. Dickinson stated the By-Laws are very basic, but there is one specific addition Section 4.12 that does identify a four-fifth (4/5) vote to spend funds outside of the TIF districts.

President Trude suggested conforming Section 2.5 Treasurer to how the finances are being done. Mr. Dickinson explained the EDA is a blended component unit, the EDA financial statements are reported with the City of Andover. The EDA does not have enough expenditures and revenue to justify ratios that would need to be put into place.

President Trude suggested using President and Vice President as the finance authority.

Mr. Dickinson stated the By-Laws are general, but they do meet State Statute. He reminded the EDA if something is not covered in the By-Laws or State Statute you cannot do it.

President Trude asked the EDA Commissioners for any changes or questions. Councilmember Barthel stated a few update changes could be made otherwise he is fine with the By-Laws. EDA members agreed with conforming the By-Laws to reflect reality.

The EDA discussed Section 4.12 regarding the four-fifth vote. The four-fifth vote was put into place when the EDA was a five-member authority. The EDA concluded with a seven-member authority they would need a 6/7 vote.

President Trude stated going over the By-Laws was good exercise. She indicated the EDA can take on more programs such as offering low interest loans to residents for housing rehabs.

Mr. Dickinson stated the EDA has the authority to do so. Housing rehab programs were discussed at a previous meeting, staff will bring some strategies for that at a future EDA meeting.

President Trude encouraged the EDA to think of ideas for the EDA to support using the annual North Suburban Home Show as an example.

Mr. Janish indicated the Home Show is also supported by Anoka Area Chamber of Commerce. President Trude asked staff to notify the entire EDA when Chamber events are held.

Mr. Dickinson stated staff will bring strategies to the EDA to figure out what areas the EDA wants to be involved in and focus on.

Commissioner Barthel asked that the EDA page on the City website be updated.

CONSIDER COVID-19 PROGRAMS

Mr. Janish stated the State of Minnesota did not pass a bill last regular session to distribute CARES Act funding, this bill could pass during a special session. In preparation if this does occur, staff wanted to be prepared to roll out a program as quickly as possible to help small businesses.

Mr. Janish reviewed the highlights of the program:

- Maximum amount: \$10,000 or some other dollar amount determined by amount given and EDA approval.
- Term: up to five (5) years.
- Rate: 0%
- Deferment: first six (6) months of payments deferred.
- Forgiveness: up to 100% forgiven based on meeting set criteria.
- Eligible uses of funds: payroll, accounts payable, lease/mortgage payments, utilities, inventory, and other business-related expenses.

Businesses who are eligible to apply for funds through COVID-19 program must meet the following criteria:

- Have a physical non-residential location within the City. (In-home businesses would not qualify)
- Employ no more than 50 full-time employees.
- Faced mandated full or partial closure or were deemed non-essential by the State of Minnesota.

In order to apply the applicants would need to provide the following:

- Two most recent business tax returns.
- Credit check authorization form.
- Personal financial statement form.
- Payroll reports from the 1st quarter 2020 showing employment levels, details on if the position is full or part-time and wage.
- Next three (3) months of itemized operating expenses (May, June, July).
- Proof of business address
- Articles of incorporation.
- SBA form 1368.
- CMDC debt schedule form.

Mr. Janish stated the intent is to assist businesses with their start up upon reopening. The EDA had stated at their meeting they are going to focus on the for-profit businesses and would like a third party to review the applications.

Commissioner Butler asked about newer businesses that do not have two years of tax returns.

Mr. Janish indicated that two-year period is to show how COVID-19 affected that business. President Trude suggested two years of tax returns or what is available.

Commissioner Kafer asked if an effective date of the business should be included on the application. She feels the effective date should be before COVID-19. The EDA concluded to use March 1, 2020 as an effective date on the application.

Commissioner Butler asked if the applications will be reviewed by the EDA for approval. Mr. Janish replied finance would review the application and then would go to the EDA. Mr. Dickinson stated there would be a third-party review also.

Commissioner Butler indicated he would be fine with the wording of “having an established business in Andover before March 1, 2020”.

The forgiveness criteria was discussed.

Mr. Janish reminded the EDA they can modify the program. He also stated the more forgiveness criteria put into place, the more burden on staff to track.

Commissioner Kafer stated she just wanted to make sure the forgiveness criteria is clear.

Commissioner Butler suggested 100% forgiveness after a year if they are still in business. The EDA agreed.

Mr. Dickinson asked if the State does not distribute CARES Act funds would the EDA be interested in using TIF funds for the program.

President Trude asked if there are enough funds for the program and redevelopment. Mr. Dickinson replied it would be tight.

Commissioner Barthel indicated he spoke with some business owners who told him if the funding comes from the Federal or State government they are interested in the program, if the funds come from the City they are not interested.

President Trude asked if the EDA approves of the program application. The EDA concurred.

Commissioner Mueller indicated the third-party individual application review needs to be added. Mr. Janish stated that will be added.

OTHER BUSINESS

Mr. Dickinson asked for efficiency of the EDA would they be interested in setting a meeting schedule, either the first or third Tuesday of each month and if there is nothing on the agenda the

meeting would be canceled. The EDA agreed to the third Tuesday of each month for an EDA meeting prior to the City Council meeting.

ADJOURNMENT

Motion by Barthel, Seconded by Butler to adjourn. Motion carried unanimously. The meeting adjourned at 6:56 p.m.

Respectfully submitted,

Michelle Hartner, Recording Secretary