

Council Study Session

VIRTUAL meeting being
conducted by electronic
means in accordance with
Minnesota Statutes, section
13D.021 Public portion
available for connection via
telephone Dial: 1-312-626-
6799 Meeting ID:
81037741906#; Passcode:
001613#
January 24, 2022

AGENDA

1. **City Council Discussion of Agenda Items and Questions - 6 p.m.**
2. **Miscellaneous**
3. **Discussion of Work Session Agenda Item as Time Permits**
4. **Adjourn**

**Council/EDA Work
Session**

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AGENDA



ACTIVE DISCUSSION ITEMS

1. Allocation of American Rescue Plan Act Funds
*Consensus of the City Council to spend up to \$3,264,133 in American
Rescue Plan Act funds through 2024.*

PENDING LIST FOR FUTURE WORK SESSIONS

1. Upcoming

Council/EDA Work Session

DATE: 1/24/2022

TO: City Council

FROM: Dr. Reggie Edwards, City Manager

THROUGH: N/A

BY: Meg Beekman, Community Development Director

SUBJECT: Allocation of American Rescue Plan Act Funds

Requested Council Action:

Consensus of the City Council to spend up to \$3,264,133 in American Rescue Plan Act funds through 2024.

Background:

Overview

On March 11, 2021, President Biden signed the American Rescue Plan Act (ARPA) of 2021 into law. The ARPA provides \$1.9 trillion in additional relief to respond to the novel coronavirus (COVID-19). According to the U.S. Department of the Treasury, the Coronavirus State and Local Fiscal Recovery Funds provide a substantial infusion of resources to help turn the tide on the pandemic, address its fallout, and lay the foundation for a strong and equitable recovery.

The City of Brooklyn Center received a total allocation of \$3,200,000 with half the funds received earlier in 2021 and another half available to be requested in 2022. Since June, the city has coordinated with community partners, residents, local businesses and nonprofit organizations, and city staff to develop an investment plan for ARPA funds.

When CARES Act funds were made available in 2020, the timeline to spend down those funds was very short. As a result, most of the the funding went to cover costs incurred by the City, or were otherwise focused internally. Funding supported a variety of projects including HVAC system upgrades, employee wages, small business support, food shelf operations, and community innovative initiatives. The City abided by several principles including:

1. Erring on the side of safety of staff and the public
2. Recover or reimburse the City for expenditures made in response to the COVID-Pandemic
3. Helping residents survive, respond and thrive beyond (up to 18 months) the COVID-19 Pandemic

ARPA Guiding Principles

Similar to CARES Act funding, similar principles for the use of ARPA Funding were established. An inter-department group of staff initially met to begin discussing the use of funds, the process for allocation, and to develop a framework through which decisions about funding would be made. The intent of principles outlined below was to serve as a guide for the City expenditure of ARPA funding.

- Serving a clear and direct public purpose and benefit
- Take measures that err on the side of improving the safety/health of staff and the public related to the

COVID-19 Pandemic

- Bolstering Long-term Communication Capacity between the City and residents (Citywide and Emergency communications – Electronic and otherwise) – promoting public health through encouraging vaccines, COVID awareness in general, Etc. Bolstering communications throughout the City related to events, facilities, accessibility, and services. Enhanced communication for various emergency and safety campaigns (i.e. code red, vaccines, etc.)
- Recovering or reimbursement for operational financial hardship
- Maximize use of funds to invest and increase capacity within the community to recover and thrive beyond the COVID-19 Pandemic
 - Year One - 60% community investment and 40% operational investment
 - Year Two - 70% community investment and 30% operational investment
- Use funding in a manner that provides long-term, multi-generational wealth building and economic stability.
- Use funding in a manner that lowers overall tax burden of residents
- Any new programs developed or funded with ARPA funds will have a clearly identified sustainability plan for how they will continue after funding period is over

With the framework established, city departments and community partners were asked to identify possible uses of funds, using the established guiding principles as a matrix.

Community Engagement Process

In summer of 2021, the City convened a group of community stakeholders to develop a framework for a new direction for the City. The results of that work was a report entitled *Evolving Brooklyn Center: A Community Centered City*, and formed the basis for funding requests to several philanthropic organizations. As part of a follow-up to this work, this group was reconvened over two meetings to provide input and guidance on the use of ARPA funds.

During their initial sessions, this group of community stakeholders identified four key areas that were critical to stabilizing community and initiating real change. These areas were around 1) Public Safety/Security; 2) Economic Development; 3) Public Health; and 4) Community Life Resources (i.e. food and housing). These four areas were carried forward into the ARPA funding discussions as a way to identify priorities and ensure that the funds were being used most effectively.

During their first meeting, the community stakeholders learned about the ARPA funding program, the established guiding principles, and the programs and projects that had been proposed previously. They identified gaps in the program proposals and discussed key areas of focus.

At their second meeting, the community stakeholders worked together to come to a consensus on priorities for the use of the funds and the programs to be funded. The input gathered from the work determined the funding priorities included in the ARPA Funding Plan.

ARPA Funding Plan

Based on the program priorities identified by the community stakeholder group, staff has prepared a proposed ARPA Investment Plan. The investment plan includes a mix of internal and external funding programs and allows flexibility in terms of what program year the funds will be delivered in.

Out of the community engagement process, and through the work of identifying program funding several themes arose around which ARPA funded initiatives revolved. The funding focuses on programs that:

1. Build capacity. This focus is achieved through leveraging existing assets in the community, strengthening partnerships and investing in community.
2. Center economic development and youth. A majority of the programs and initiatives that were prioritized through the community engagement process involved a focus on multi-generational wealth building and youth engagement.
3. Building community. The process to create the ARPA investment plan was imbedded in community, and involved community-based visioning. The funding centers around strengthening community partnerships and resources.

Last year, the City received CARES Act funding, which was intended to provide relief from the affects of the pandemic. These funds were distributed to communities with a very short timeline for spending them down, and with very little guidance in terms of how spending would be tracked. As a result, most of the funds were utilized internally to the City to provide recovery and make building and facility improvements. A smaller percentage of the funds were allocated externally and provided direct relief to small businesses in the community and to organizations provide direct community services.

With the ARPA funds, one of the guiding principles was to utilize a great proportion of the funds externally, and to build capacity within community. The proposed ARPA Investment Plan utilizes 75 percent of the funds externally and 25 percent of the funds on internal projects and revenue recovery.

The full ARPA Investment Plan is attached to this report, with more detailed descriptions of the funded programs/initiatives.

ARPA Funding Process

The ARPA Investment Plan is intended as a roadmap and guideline for how ARPA funds will be allocated. Funds are received over a two year period, and staff will move projects forward based on available funds and program timing.

Staff proposes to provide an annual report to the City Council on the use of the funds and program implementation. The Investment Plan allows for flexibility over time, and adjustments may need to be made as more information becomes known about individual initiatives.

Budget Issues:

The City will receive an estimated \$3,264,133 in American Rescue Plan Act funds which will fund the proposed APRA Investment Plan.

Inclusive Community Engagement:

Community engagement was utilized throughout the process to identify key focus areas, develop proposed programs and initiatives and prioritize the use of funding.

Antiracist/Equity Policy Effect:

Guiding principles of the use of ARPA funding included goals for economic development, youth outreach and engagement and multi-generational wealth building.

Strategic Priorities and Values:

ATTACHMENTS:

Description	Upload Date	Type
Resolution	1/4/2022	Resolution Letter
ARPA Investment Plan	1/4/2022	Backup Material

Member
adoption:

introduced the following resolution and moved its

RESOLUTION NO. 2021-____

CITY OF BROOKLYN CENTER, MINNESOTA

A RESOLUTION AUTHORIZING STAFF TO SPEND UP TO \$3,264,133 IN
AMERICAN RESCUE PLAN ACT FUNDS THROUGH 2024

WHEREAS, on March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 (H.R.1319) into law. The American Rescue Plan Act provides \$1.9 trillion in additional relief to respond to the novel coronavirus (COVID-19); and

WHEREAS, the city of Brooklyn Center was allocated \$3,264,133 which can be used to support urgent COVID-19 response efforts to continue to decrease the spread of the virus and bring the pandemic under control, replace lost revenue for eligible state, local, territorial and Tribal governments to strengthen support for vital public services and help retain jobs, support immediate economic stability for households and business and address systemic public health and economic challenges that have contributed to the unequal impact of the pandemic, as well as necessary investments in water, sewer, or broadband infrastructure; and

WHEREAS, on June __, 2021, the city of Brooklyn Center received \$1,623,762.20, and a supplemental distribution of \$53,173.74 of the \$3,264,133 with the remaining balance being available for requesting in June 2022; and

WHEREAS, the period of performance for the American Rescue Plan Act is from March 3, 2021 and must be obligated by December 21, 2024, which means all funds must be encumbered and projects contracted. By December 31, 2026, all projects must be complete, including all payments made for encumbrances and projects; and

WHEREAS, the city of Brooklyn Center has established guiding principles for the use of the funds and has utilized community feedback to develop a 2021-2024 investment plan.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the city of Brooklyn Center hereby authorizes staff to spend up to \$3,264,133 in American Rescue Recovery Act funds between 2022 and 2024 in accordance with the proposed investment plan.

BE IT FURTHER RESOLVED that all planned investments that do not occur in a given year will roll forward to the following year, provided all funds are expended by the end of 2024.

January 10, 2022

Date

Mayor

ATTEST: _____
City Clerk

The motion for the adoption of the foregoing resolution was duly seconded by member
and upon vote being taken thereon, the following voted in favor thereof:
and the following voted against the same:
whereupon said resolution was declared duly passed and adopted.

Key Areas of Strategic Investment to Evolve the City

Public Safety
Public Health
Community Life and Resources (i.e. housing and food)
Economic Development

ARP Funding Principles

Serving a clear and direct public purpose and benefit

Take measures that err on the side of improving the safety and recognition of work during COVID

Bolstering Long-term Communication Capacity between the City and the community

Recovering or reimbursement for operational financial harm

Enhance, modify and/or maintain high level of city services

Maximize use of funds to invest and increase capacity with

- o Year One - 60% community investment and 40% city investment
- o Year Two - 60% community investment and 40% city investment

Use funding in a manner that provides long-term, multi-generational benefits

Use funding in a manner that lowers overall tax burden of the city

Any new programs developed or funded with ARPA funds

Scale or complete pilot for promising Beyond COVID Innovation

Leverage funding with potential partners to enhance impact

Possibility of spending allocation?

Total Alloc:	\$ 3,100,000	
Internal	\$ 930,000	30.00%
External	\$ 2,170,000	70.00%

General Framework:

New Guidance Highpoints

Framework of Interim Rule

- Non-exclusive lists of allowable expenditures
 - Categories include intervention for Quality of Life, economic development, infrastructure
- Encouraged expenditures
 - Categories include addressing racial and ethnic disparities
- Prohibited expenditures
 - Categories include pension funds, legal fees

Framework to Assess Eligibility for Funding

1. Identify the harmful effect of COVID-19 on the community
2. Assess the current economic conditions

2. Assess the causal or component
3. Assess for disproportionate impact
4. Determine how to prove the case

Use of Funds:

Eligible Uses: COVID-19 Pandemic Response

To respond to the public health emergency with Disease 2019 (COVID-19) or its negative economic assistance to households, small businesses, and impacted industries such as tourism, travel, and

- COVID-19 Mitigation and Prevention
- Medical Expenses
- Behavioral Health Care Including Addictive
- Public Health and Public Safety Employees
- Data, Design, and Execution of Health Programs
- Health Disparities
- Survivors Benefits

Eligible Uses: COVID-19 Economic Impact

Presumption of Eligibility inside the QCT Tracks (QCT)

- Direct cash and loan interventions
- Assistance to business and non-business
- Impacted industries and workers
- Housing and Community Development
- Homelessness
- Childcare and Education

Eligible Uses: Necessary Water, Sewer

Coronavirus State and Local Fiscal Recovery investments in water, sewer, or broadband

- Projects eligible under the Clean Water Act
 - Construct, improve, and repair wastewater treatment; pollution; create green infrastructure; manage waterbodies from pollution.
- Projects eligible under the Drinking Water
 - Build or upgrade facilities to improve water collection systems; consolidation or establishment of collection
- Cybersecurity
- Climate Change and Resilience

- Climate Change and Resilience
- Lead Service Line Replacement

Eligible Uses: Broadband

- Eligible projects **must**:
 - "be designed to provide service...to unserved"
 - Unserved and underserved = lacking access
 - Specific service areas and locations may be
 - Provide service that "reliably meets or exceeds the standard, if it is not possible, at least 100/20 Mbps with the ability to upgrade"
- Eligible projects are **encouraged** to:
 - consider affordability
 - avoid investing in locations with "existing broadband service meeting or exceeding the minimum speeds of 100/20 Mbps by December 31, 2022"
 - "deliver a physical broadband connection by wireline or fiber connections"
 - prioritize municipal, nonprofit, and cooperative projects
- Digital inclusion: assistance to households with low digital literacy, digital literacy assistance, are eligible uses

y/health of staff and the public related to the COVID-19 Pandemic - Staff safety,

he City and residents (Citywide and Emergency communications)

rdship

ces (COVID Related Response or New Way of Working)

hin the community to recover and thrive beyond the COVID-19 Pandemic

% operational investment

% operational investment

enerational **wealth building, health and/or economic stability.**

residents

ls will have a clearly identified sustainability plan for how they will continue at

ovative Initiatives prior to funding new initiatives

oact to Brooklyn Center residents and businesses.



penditures

ualified Census Tracts, public health, direct aid, community &

disparities, inequities, disproportionate harm

ial settlements, federal match requirements

or Projects and Services

COVID-19 the activity will address.

and the organization

unding connection.
mpact on distressed sectors or populations.
expense produces the expected outcome.

se

n respect to the Coronavirus
nomic impacts, including
nd nonprofits, or aid to
d hospitality.

on Treatment
es
rograms

acts

e Qualified Census

ions
on-profits
ers
elopment

er Projects

covery Funds – “necessary and infrastructure.”

State Revolving Fund
reatment plants; control non-point sources of
ge and treat stormwater; water reuse; protect

er State Revolving Fund
quality; transmission, distribution, and storage
drinking water systems



d and underserved households and businesses."

at least 25/3 Mbps wireline service

defined by community

ds symmetrical speeds of 100 Mbps" or, if

ility to scale to 100 Mbps symmetrical

reements to build reliable wireline service

ember 21, 2024"

prioritizing projects that achieve last-

/e-owned networks

ds, including internet access and digital

health (physical or mental) and morale and

ter funding period is over

Examples Given During Web

Minimum income for folks that

Workforce training

Impacted industries - travel and

Rehabing property for housing,

Very generous on supporting ch

you will show the outcomes if not explicitly identified in list

Can Transfer funds to:

Can cities transfer their allotted funds to counties?

The statute provides four categories in which a city can transfer funds.

1. A private nonprofit organization
2. A public benefit corporation involved in the transportation of passengers or cargo
3. A special-purpose unit of State or local government
4. A state government

The statute is silent on transferring funds to a county.

binar

can't find work?

tourism (no limit to aid to those disproportionately impacted.)

purchase properties to house homeless.

childcare and education.

Program item		Key Area	Purpose/description	Cost (Through 2024)
External/Community Partnerships				
Workforce Development Program	Economic Development (Resident and Business Economic Stability)		Sub-grants to community parnter organizations to deliver workforce development training (Parntership with Brooklyn Park)	\$ 560,000
			Youth Entrepreneurship Program - Expansion of Brooklyn Services and programming (Parntership with Brooklyn Park)	
			Connect higher barrier youth and Black Indigenous Person of Color (BIPOC) job seekers to jobs	
			Career Pathways Program - Focused on Adult (24+) workforce development (Partnership with Brooklyn Park)	
Youth Outreach and Engagement	Community Life Resources, Public Safety, Public Health, Economic Development		Contract with community partners to establish a Youth Outreach team	\$ 158,133
			Youth onBoards	
			Online and in-person youth outreach to enhance and expand youth and family participation and engagement	
Commercial Property Development Fund	Economic Development (Business Economic Stability)		Establish a fund to support local small businesses with the acquisition of bricks and mortar real estate. Funds will be used to provide equity to leverage private lending, and to provide gap financing for commercial development that supports small businesses.	\$ 700,000
Food Access	Community Life Resources		Funding to support food distribution operations in the City and expand access through the cretion of a mobile food distribution program in partnership with CEAP and CAPI	\$ 125,000
Small Business Resource Hub	Economic Development (Business Economic Stability)		Community-based space to support workforce development, co-working space, innovation lab, and hub for small business technical support	\$ 250,000
Humboldt Neighborhood Peace, Harmony and Prosperity Small Area Plan	Community Life Resources		Develop a community-led vision for the future of the Humboldt Neighborhood that includes goals for housing, open space, streetscaping and business development. Identify short and longer-term implementation strategy and support an initial investment in the neighborhood to catalyze the vision.	\$ 250,000
Health on the Go	Public Health		Expand upon the partnerships created as part of the pilot Health on the Go program and expand services to residents	\$ 225,000
Central Beautification and Business Improvement District	Public Safety and Community Life Resources		Utilize funds to establish a central Business Improvement District to enhance clean-up, snow removal, seasonal lights and greenery, and placemaking (programming to be designed in partnership with district businesses)	\$ 75,000
Public Art Matching Fund	Community Life Resources		Funding to cost share public art initiatives on private property	\$ 75,000

Daunte Wright Memorial	Community Life Resources	Commission art memorial	\$ 25,000
External Total			\$ 2,443,133

Internal Programs/Initiatives/Revenue Replacement			
Digital Message Boards	Public Health, Public Safety	External digital message boards at City facilities to promote better communication strategies	\$ 122,000
Code Red	Public Health, Public Safety	Revenue replacement to pay for Coe Red services for three years	\$ 24,000
Police labor study	Public Safety	Study to determine number of police officers needed to maintain services	\$ 130,000
Air Filters	Public Health	Installation of clean air filters in the cabs of fire trucks	\$ 12,000
Quantifit2 respirator testing system	Public Health	Purchase a respirator testing system to test respirator fit - testing required annually	\$ 13,000
Front Line Retention and Recognition Incentive	Community Life Resources	Provide a bonus for essential frontline employees who worked in-person through the pandemic	\$ 28,000
Public Safety Project Manager	Public Safety	New position to assist with coordinating the Public Safety Resolution Implementation Committee. This includes 1 FTE and supplies for 12 months.	\$ 150,000
Police Retention Incentive	Public Safety	This measure was taken as part of negotiations and a means to stabilize and retain police officers during civil unrest.	\$ 192,000
Heritage Center		Revenue replacement for the Heritage Center - utilize funds to explore ways to expand and enhance the Heritage Center's community benefits	\$ 150,000
Internal Total			\$ 821,000

Total investment	\$ 3,264,133
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Activity	Timeline
Receive ARP Guidelines	June, 2021
Receive ARP Funding	August, 2021
Establish ARP Expenditure Principles	September, 2021
Solicit internal spending via departments	September (3 rd week), 2021
Council Resolution Accepting ARP Funding	September (3 rd week), 2021
Group Select Internal	
Create staff update and progress report on Beyond COVID Innovation Initiatives	September (4 th week), 2021
Onboard evaluator consultant for evaluation of CARES ACT Innovation Initiatives and ARP Community Investment Projects	September, 2021 – September, 2022 (12 months)
Facilitate of discussion with a community group regarding recommendations of the use of funding intended for community capacity building	October (1 st week)–September (3 rd week), 2021
Solicit public ranking of needs (per identified areas for CARES Funding) and additions	October (2 nd week), 2021
Draft budget use of all ARP funding	November October –September (1 st 3 rd 4 th week), 2021
Present ARP funding expenditure plan to the City Council	November October 25, 2021
Implement the ARP funding expenditure plan.	November, 2021

Comment
Todd/Reggie
Meg send out form to departments.
Group
Carissa/Andrew H.
Reggie
BP – created buckets then RFP for community to conduct work in those areas
Group Reconvene – On Buckets or review of proposals
Process (2 part meeting): -Group Conversation and update on funding Informational session on partners efforts -Interactive discussion on priorities that inform buckets
Meg/Janelle/Reggie
Barb/Angel
Andrew S.
Group

Council/EDA Work Session

DATE: 1/24/2022

TO: City Council

FROM: Dr. Reggie Edwards, City Manager

THROUGH: N/A

BY: Dr. Reginald Edwards, City Manager

SUBJECT: Upcoming

Requested Council Action:

- Community Development Block Grants - 2/14
- Zoning Code Update - 2/28
- Earle Brown Name Change for Public Property - 2/28
- Overnight Parking -2/14
- Council Policy for City Charter requirement of Mayor's signature on all contracts
- Strategic Plans for years 2018-2020 and 2021-2023
- Review Special Assessment Policy
- Tobacco Ordinance
- Emerald Ash Borer Policy Review
- Community-Wide Survey
- Attorney RFP Process
- Franchise Fees

Background:

Budget Issues:

Antiracist/Equity Policy Effect:

Strategic Priorities and Values:

Economic Development Authority

VIRTUAL meeting being conducted by electronic means in accordance with Minnesota Statutes, section 13D.021 Public portion available for connection via telephone Dial: 1-312-626-6799 Meeting ID:VIRTUAL meeting being conducted by electronic means in a January 24, 2022

AGENDA



1. Call to Order

The City Council requests that attendees turn off cell phones and pagers during the meeting. A copy of the full City Council packet, including EDA (Economic Development Authority), is available to the public. The packet ring binder is located at the entrance of the council chambers.

2. Roll Call

3. Approval of Consent Agenda

The following items are considered to be routine by the Economic Development Authority (EDA) and will be acted by one motion. There will be no separate discussion of these items unless a Commissioner so requests, in which event the item will be removed from the consent agenda and considered at the end of Commission Consideration Items.

- a. Approval of Minutes
 - *Approve the meeting minutes from:*
 - 1.10.22 EDA Session
- b. Phu Bia Produce - EDA Revolving Loan Fund Program Request
 - *Motion to approve a resolution approving terms of loan to Phu Bia produce Limited Liability Company from EDA Revolving Loan Fund and authorizing execution of loan documents.*
- c. Taste of Africa- EDA Revolving Loan Fund Program Request
 - *Motion to approve a resolution approving terms of loan to Taste of Africa Limited Liability Company from EDA Revolving Loan Fund and authorizing execution of loan documents*

4. Commission Consideration Items

- a. 1601 James Circle Development Concept and Consideration of Letter of Intent to Purchase EDA Property
 - *Motion to approve a resolution authorizing staff to enter into a Letter of Intent to purchase the EDA-owned property at 1601 James Circle.*

5. Adjournment

Economic Development Authority

DATE: 1/24/2022

TO: City Council

FROM: Dr. Reggie Edwards, City Manager

THROUGH: N/A

BY: Barb Suciu, City Clerk

SUBJECT: Approval of Minutes

Requested Council Action:

- *Approve the meeting minutes from:*
 - 1.10.22 EDA Session

Background:

In accordance with Minnesota State Statute 15.17, the official records of all meetings must be documented and approved by the governing body.

Budget Issues:

- None

Inclusive Community Engagement:

N/A

Antiracist/Equity Policy Effect:

N/A

Strategic Priorities and Values:

Operational Excellence

ATTACHMENTS:

Description	Upload Date	Type
1.10.22 EDA	1/18/2022	Backup Material

MINUTES OF THE PROCEEDINGS OF THE
ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF BROOKLYN CENTER
IN THE COUNTY OF HENNEPIN AND THE
STATE OF MINNESOTA

REGULAR SESSION
JANUARY 10, 2022
CITY HALL – COUNCIL CHAMBERS

1. CALL TO ORDER

The Brooklyn Center Economic Development Authority (EDA) met in Regular Session called to order by President Mike Elliott at 9:03 p.m.

2. ROLL CALL

President Mike Elliott and Commissioners Marquita Butler, April Graves, Kris Lawrence-Anderson, and Dan Ryan were present. Also present were Executive Director Reggie Edwards, and City Clerk Barb Suci.

3. APPROVAL OF AGENDA AND CONSENT AGENDA

Commissioner Butler moved and Commissioner Graves seconded to approve the Agenda and Consent Agenda, and the following items were approved:

3a. APPROVAL OF MINUTES

1. December 6, 2021 – Regular Session
2. December 13, 2021 – Regular Session

3b. RESOLUTION NO. 2022-01 OPTING NOT TO WAIVE LIMITED TORT LIABILITY FOR 2022

3c. RESOLUTION NO. 2022-02 APPROVING THE THIRD AMENDMENT TO LEASE AGREEMENT AND RELOCATION ASSISTANCE AGREEMENT WITH SHENG ZHENG, WANG LIN, LIN, INC., OPERATING UNDER THE TRADE NAME "OCEAN BUFFET" AND ALATUS BROOKLYN CENTER

3d. RESOLUTION NO. 2022-03 APPROVING THE LAND EXCHANGE AGREEMENT OF CERTAIN PROPERTY LOCATED IN BROOKLYN CENTER, MN

Motion passed unanimously.

4. COMMISSION CONSIDERATION ITEMS

4a. RESOLUTION NO. 2022-04 ELECTING OFFICERS FOR THE ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF BROOKLYN CENTER

President Elliott moved and Commissioner Butler seconded to adopt EDA RESOLUTION NO. 2022-04 Electing Officers for the Economic Development Authority in and for the City of Brooklyn Center.

Motion passed unanimously.

5. ADJOURNMENT

President Elliott moved and Commissioner Butler seconded adjournment of the Economic Development Authority meeting at 9:06 p.m.

Motion passed unanimously.

STATE OF MINNESOTA)
COUNTY OF HENNEPIN)
CITY OF BROOKLYN CENTER)

ss. Certification of Minutes

The undersigned, being the duly qualified and appointed City Clerk of the City of Brooklyn Center, Minnesota, certifies:

1. That attached hereto is a full, true, and complete transcript of the minutes of the Work Session of the City of Brooklyn Center held on January 10, 2022.
2. That said meeting was held pursuant to due call and notice thereof and was duly held at Brooklyn Center City Hall.
3. That the City Council adopted said minutes at its January 24, 2022, Regular Session.

President

Economic Development Authority

DATE: 1/24/2022

TO: City Council

FROM: Dr. Reggie Edwards, City Manager

THROUGH: Meg Beekman, Economic Development Director

BY: Vong Thao, Economic Development Coordinator

SUBJECT: Phu Bia Produce - EDA Revolving Loan Fund Program Request

Requested Council Action:

- Motion to approve a resolution approving terms of loan to Phu Bia produce Limited Liability Company from EDA Revolving Loan Fund and authorizing execution of loan documents.

Background:

Mai Lor is a BIPOC female business owner. She has operated many different businesses in the past including janitorial to transportation services for the elderly.

Ms. Lor has approached the EDA with a request for a revolving fund loan and a lease for the shell space adjacent to the municipal liquor store. Her proposed business plan involves providing fresh fresh fruits and vegetables through Phu Bia Produce. Her retail business would allow residents of Brooklyn Center to purchase fruits and vegetables from all around the world. She will be the owner operator of the business.

The loan request is for \$70,000 for a commercial build out of the existing City-owned shell space located at Shingle Creek Crossing Shopping Center. The term of loan would be seven years amortizing at 1.25% interest rate. Loan repayments would be deferred for an initial 6 months.

The build-out plan includes a new walk in cooler, bathroom, flooring, fixtures and painting the walls. The cost of this work will be primarily covered by the revolving loan. Ms. Lor is working with a BIPOC General Contractor and team, which will be completing the work once funding has been approved.

On January 3rd, 2022, the Credit Committee reviewed and approved Phu Bia Produce's loan request of \$70,000. The Credit Committee consists of Meg Beekman (Community Development Director), Xiong Thao (Housing and Community Standards Supervisor) and Andrew Splinter (Assistance Finance Director). Andrew Splinter was not present for the credit committee meeting; however, he had reviewed the application and provided comments. The Credit Committee voted to approve Phu Bia Produce's funding request of \$70,000. The reasoning for the approval was due to the strong combined debt service coverage ratio of 7.57, the community benefits associations with the business and providing access to affordable and culturally relevant produce, and the ability of the applicant to repay the loan.

The applicant is proposing to lease the existing city-owned shell space adjacent to the municipal liquor store. The lease would be a triple net lease of \$15 a square foot for 7 years. In lieu of a build out allowance for Phu Bia Produce, 6 months of rent will be provided to the tenant. The lease payment is anticipated to cover the EDA's debt service on the build-out of the building, as well as the CAM on the building. The lease is still in negotiation and will come back to the City Council for approval at a future meeting. Execution of a lease

agreement with the City is a condition of the loan agreement.

On July 23, 2018 the Economic Development Authority of Brooklyn Center, Minnesota the "EDA") acknowledges the need to provide financial assistance to businesses to further the economic development objectives of the City of Brooklyn Center (the "City")

EDA has determined to adopt written procedures regarding how the City will carry out its revolving loan fund program, and to that end has caused to be prepared a document titled Policy and Procedures for the Revolving Loan Fund of the Brooklyn Center Economic Development Authority. The RLF Policy is attached to this report.

Budget Issues:

Businesses will be funded through EDA Revolving Loan Fund Program

Inclusive Community Engagement:

EDA Revolving Loan Fund has been shared with businesses in City of Brooklyn Center.

Antiracist/Equity Policy Effect:

Small businesses in Brooklyn Center has been impacted by covid and civil unrest. Majority of small business owners in Brooklyn Center are owners of color with limited business and personal savings to cover loss of sales from operations and limited funds for improvements.

Strategic Priorities and Values:

Enhanced Community Image, Resident Economic Stability, Inclusive Community Engagement, Operational Excellence

ATTACHMENTS:

Description	Upload Date	Type
Credit Memo Phu Bia Produce	1/12/2022	Exhibit
EDA Loan Policy	1/14/2022	Backup Material
EDA Resolution NO. 2018-12	1/14/2022	Backup Material
EDA Resolution Approving Phu Bia Loan	1/18/2022	Resolution Letter



Summary of Loan Request:

APPROVAL SIGNATURES:

Loan Committee Members:

Vong Thao: [Signature]

Meg Beekman: [Signature]

Andrew Splinter: [Signature]

Xiong Thao: [Signature]

Date: 1/3/22

Date: 1/3/22

Date: 1/3/22

Business: Phu Bia Produce	Address: 1350 Shingle Creek Crossing Brooklyn Center, MN 55430
EIN:	

BORROWER	Phu Bia Produce		
ADDRESS	1350 Shingle Creek Crossing		
CITY, STATE	Brooklyn Center, MN	NATURE of BUSINESS	Grocery/Retail, Fruits and Produce
ZIP CODE	55430	PERSONAL CREDIT SCORE	
ENTITY TYPE	LLC	CENSUS TRACT	Asian
IN BUSINESS SINCE:	01/01/2022	SITE VISIT BY/WHEN:	
☒ Revenues ≤ \$500,000 ☐ Revenues > \$500,000	REFERRAL SOURCE: Business Community Outreach		

Co-BORROWER	Mai Y Lor		
ADDRESS	1514 Wilson Ave		
CITY, STATE	Saint Paul, MN	NATURE of BUSINESS	Grocery/Retail Store, Fruits and Produce
ZIP CODE	55106	PERSONAL CREDIT SCORE	
ENTITY TYPE	LLC	CENSUS TRACT	Asian
IN BUSINESS SINCE:	01/01/2022	SITE VISIT BY/WHEN:	
☒ Revenues ≤ \$500,000 ☐ Revenues > \$500,000	REFERRAL SOURCE: Business Outreach		

Officer Summary:



10% or less
of revenue in retail

Purpose: This is a \$70,000 term loan request for Phu Bia Produce loan will be used for renovation and equipment. City loan is priced at prime rate minus 2. Current prime rate as of December 27, 2021 is 3.25%. therefore 3.25% - 2 is 1.25%.

Description of Business

Phu Bia Produce was incorporated in January 1, 2022. The owners are targeting primarily the wholesale industry and Brooklyn Center residents. They are leasing a space that's currently owned by the EDA. Majority of open space that was needed is already there. Additional improvements include: A walk in cooler, bathrooms, sidings and polishing of exiting concrete floor. A bid has already been provided for \$70,000 and an architecture is working on drawings to be submitted to the City.

This business will be run and owned by an Asian woman and minority ownership of an Asian man. Both individuals are from the Hmong community, which has a strong presence in Brooklyn Center. Mai will run majority of the operations with the assistant of minority owner Pheng.

in year
Shell space is currently owned by the City. In lieu of build out allowance, there will be 6 months for \$0 rent, which equates to \$26,250. Current rent for existing space would be \$15 a square foot with about 3,500 sq. feet of space. City has the authorization to increase rent by 3% year over year. Terms will be a 7-year lease with option of additional 5 years. 7 year lease shall commence on February 1, 2028 to match loan terms from the City.

Request:

- City Loan Amount: \$70,000
- Term: 7 year (s) with 6 months deferred. 1st payment shall be received on August 1, 2022
- Interests: 1.25%
- Fees: \$120 (\$120 UCC File/Termination/Search)
- Monthly Payment: \$870.76
- Used of Funds: Construction/Renovation and Equipment
- Collateral: Lien on All Business Assets and Existing Personal Assets, Current LTV of 64% (Loan/All Personal Assets)
- Personal guarantee shall be provided from business owners with 20% or more
- City of Brooklyn Center shall be additional insured on Business Liability Insurance

Total Finance from All Sources:

<u>Lender</u>	<u>Amount</u>	<u>Term</u>	<u>Interest</u>	<u>Payment</u>
City Loan	\$70,000	7 year	1.25%	\$870.76

Approval Rationale – Approval is based on the following:

- Strong Business and Combined DSCR
- Established wholesale supplier



- Strong relationship with restaurants and businesses in the twin cities metro area

Projected 2022 Income

Business Total Revenue	\$18,107
Business EBITDA	\$20,241
Total Available Business Cash Flow	\$20,241
Total Available Personal Cash Flow	\$57,787
Debt Schedule	
City Loan	\$10,449
Total Existing Debt to Service	\$10,449
Business DSCR	2.05
Combined DSCR	7.57

Risks:

- Completely new build out
- Business must maintain positive cashflow in order to manage debt and expenses or non-business income will have to help offset debt and expenses.

MANAGEMENT and/or KEY EMPLOYEES:

- Mai Y Lor- CEO, Owner, Manager
- Xeng Her – Assistant Manager
- Pheng Thao- Employee and Logistic Coordinator

SUMMARY of STRENGTHS and WEAKNESSES:

Strengths:

1. Multi owner with limited personal debt
2. Business Experience
3. Bilingual
4. Strong Combined DSCR from Non Business Income

Weaknesses:

1. Building of new client base in Brooklyn Center

Community Benefits:

1. Build out of existing shell space with owner equity and city borrowed funds
2. Income generating from rent to support existing and future EDA programs and projects
3. Woman/BIPOC owned businesses
4. Fruit and Produce donations that can no longer be sold at retail will be donated to community groups and organizations in Brooklyn Center
5. Another partner in the healthy food provider in Brooklyn Center's food ecosystem

Phu Bia Produce

MISSION STATEMENT

To ensure that each guest receives prompt, professional and friendly service. Provide quality and fair price on tropical fruits and produce.

Company Information

Phu Bia will be a blend of fruits and produce. The reason is so customer not only come to shop for but, also has an opportunity to access healthy food.

Mainhia Lor is the General Manager. His role is to assure the company is providing excellent service and profitability. Mainhia has previously owned multiple businesses since her arrival to the US, before she has worked in a grocery setting. She also managed a 100 employee plus staffing agency. Personal Care business and currently owns a cleaning company. She'd always have a passion for cooking.

Market Analysis

The main consumers we focus are communities of color.

Having a 3,500 plus square foot building would give us an advantage due to the size. Our margins would be higher due to our relationships with producers, stock room would be adequate and square footage provides an array of goods.

Competitive Edge

Our store will be managed by Mainhia Lor and through our temp agency business we will have a adequate staff.

We have strong support from our community as we have served in roles as the backbone of our community fighting for resources and providing a voice for our community.

Within 1 mile's radius of our store majority of racial or ethnic group between 2011-2015 Census Asian are greater < 30% in the area. Majority of these people lived in the apartments that surrounds our business.

Phu Bia Produce

	Enter values
Loan amount	\$ 70,000.00
Annual interest rate	1.25%
Loan period in years	7
Start date of loan	8/1/2022

Monthly payment	\$ 870.76
Number of payments	84
Total interest	\$ 3,143.58
Total cost of loan	\$ 73,143.58

No.	Payment Date	Beginning Balance	Payment	Principal	Interest	Ending Balance
1	9/1/2022	\$ 70,000.00	\$ 870.76	\$ 797.84	\$ 72.92	\$ 69,202.16
2	10/1/2022	\$ 69,202.16	\$ 870.76	\$ 798.67	\$ 72.09	\$ 68,403.49
3	11/1/2022	\$ 68,403.49	\$ 870.76	\$ 799.50	\$ 71.25	\$ 67,603.99
4	12/1/2022	\$ 67,603.99	\$ 870.76	\$ 800.34	\$ 70.42	\$ 66,803.65
5	1/1/2023	\$ 66,803.65	\$ 870.76	\$ 801.17	\$ 69.59	\$ 66,002.48
6	2/1/2023	\$ 66,002.48	\$ 870.76	\$ 802.00	\$ 68.75	\$ 65,200.47
7	3/1/2023	\$ 65,200.47	\$ 870.76	\$ 802.84	\$ 67.92	\$ 64,397.63
8	4/1/2023	\$ 64,397.63	\$ 870.76	\$ 803.68	\$ 67.08	\$ 63,593.96
9	5/1/2023	\$ 63,593.96	\$ 870.76	\$ 804.51	\$ 66.24	\$ 62,789.45
10	6/1/2023	\$ 62,789.45	\$ 870.76	\$ 805.35	\$ 65.41	\$ 61,984.09
11	7/1/2023	\$ 61,984.09	\$ 870.76	\$ 806.19	\$ 64.57	\$ 61,177.90
12	8/1/2023	\$ 61,177.90	\$ 870.76	\$ 807.03	\$ 63.73	\$ 60,370.87
13	9/1/2023	\$ 60,370.87	\$ 870.76	\$ 807.87	\$ 62.89	\$ 59,563.00
14	10/1/2023	\$ 59,563.00	\$ 870.76	\$ 808.71	\$ 62.04	\$ 58,754.29
15	11/1/2023	\$ 58,754.29	\$ 870.76	\$ 809.55	\$ 61.20	\$ 57,944.74
16	12/1/2023	\$ 57,944.74	\$ 870.76	\$ 810.40	\$ 60.36	\$ 57,134.34
17	1/1/2024	\$ 57,134.34	\$ 870.76	\$ 811.24	\$ 59.51	\$ 56,323.10
18	2/1/2024	\$ 56,323.10	\$ 870.76	\$ 812.09	\$ 58.67	\$ 55,511.01
19	3/1/2024	\$ 55,511.01	\$ 870.76	\$ 812.93	\$ 57.82	\$ 54,698.08
20	4/1/2024	\$ 54,698.08	\$ 870.76	\$ 813.78	\$ 56.98	\$ 53,884.30
21	5/1/2024	\$ 53,884.30	\$ 870.76	\$ 814.63	\$ 56.13	\$ 53,069.67
22	6/1/2024	\$ 53,069.67	\$ 870.76	\$ 815.48	\$ 55.28	\$ 52,254.19
23	7/1/2024	\$ 52,254.19	\$ 870.76	\$ 816.33	\$ 54.43	\$ 51,437.87
24	8/1/2024	\$ 51,437.87	\$ 870.76	\$ 817.18	\$ 53.58	\$ 50,620.69
25	9/1/2024	\$ 50,620.69	\$ 870.76	\$ 818.03	\$ 52.73	\$ 49,802.67
26	10/1/2024	\$ 49,802.67	\$ 870.76	\$ 818.88	\$ 51.88	\$ 48,983.79
27	11/1/2024	\$ 48,983.79	\$ 870.76	\$ 819.73	\$ 51.02	\$ 48,164.05

No.	Payment Date	Beginning Balance	Payment	Principal	Interest	Ending Balance
28	12/1/2024	\$ 48,164.05	\$ 870.76	\$ 820.59	\$ 50.17	\$ 47,343.47
29	1/1/2025	\$ 47,343.47	\$ 870.76	\$ 821.44	\$ 49.32	\$ 46,522.03
30	2/1/2025	\$ 46,522.03	\$ 870.76	\$ 822.30	\$ 48.46	\$ 45,699.73
31	3/1/2025	\$ 45,699.73	\$ 870.76	\$ 823.15	\$ 47.60	\$ 44,876.58
32	4/1/2025	\$ 44,876.58	\$ 870.76	\$ 824.01	\$ 46.75	\$ 44,052.57
33	5/1/2025	\$ 44,052.57	\$ 870.76	\$ 824.87	\$ 45.89	\$ 43,227.70
34	6/1/2025	\$ 43,227.70	\$ 870.76	\$ 825.73	\$ 45.03	\$ 42,401.97
35	7/1/2025	\$ 42,401.97	\$ 870.76	\$ 826.59	\$ 44.17	\$ 41,575.38
36	8/1/2025	\$ 41,575.38	\$ 870.76	\$ 827.45	\$ 43.31	\$ 40,747.93
37	9/1/2025	\$ 40,747.93	\$ 870.76	\$ 828.31	\$ 42.45	\$ 39,919.62
38	10/1/2025	\$ 39,919.62	\$ 870.76	\$ 829.17	\$ 41.58	\$ 39,090.45
39	11/1/2025	\$ 39,090.45	\$ 870.76	\$ 830.04	\$ 40.72	\$ 38,260.41
40	12/1/2025	\$ 38,260.41	\$ 870.76	\$ 830.90	\$ 39.85	\$ 37,429.51
41	1/1/2026	\$ 37,429.51	\$ 870.76	\$ 831.77	\$ 38.99	\$ 36,597.74
42	2/1/2026	\$ 36,597.74	\$ 870.76	\$ 832.63	\$ 38.12	\$ 35,765.10
43	3/1/2026	\$ 35,765.10	\$ 870.76	\$ 833.50	\$ 37.26	\$ 34,931.60
44	4/1/2026	\$ 34,931.60	\$ 870.76	\$ 834.37	\$ 36.39	\$ 34,097.23
45	5/1/2026	\$ 34,097.23	\$ 870.76	\$ 835.24	\$ 35.52	\$ 33,261.99
46	6/1/2026	\$ 33,261.99	\$ 870.76	\$ 836.11	\$ 34.65	\$ 32,425.89
47	7/1/2026	\$ 32,425.89	\$ 870.76	\$ 836.98	\$ 33.78	\$ 31,588.91
48	8/1/2026	\$ 31,588.91	\$ 870.76	\$ 837.85	\$ 32.91	\$ 30,751.05
49	9/1/2026	\$ 30,751.05	\$ 870.76	\$ 838.72	\$ 32.03	\$ 29,912.33
50	10/1/2026	\$ 29,912.33	\$ 870.76	\$ 839.60	\$ 31.16	\$ 29,072.73
51	11/1/2026	\$ 29,072.73	\$ 870.76	\$ 840.47	\$ 30.28	\$ 28,232.26
52	12/1/2026	\$ 28,232.26	\$ 870.76	\$ 841.35	\$ 29.41	\$ 27,390.91
53	1/1/2027	\$ 27,390.91	\$ 870.76	\$ 842.22	\$ 28.53	\$ 26,548.68
54	2/1/2027	\$ 26,548.68	\$ 870.76	\$ 843.10	\$ 27.65	\$ 25,705.58
55	3/1/2027	\$ 25,705.58	\$ 870.76	\$ 843.98	\$ 26.78	\$ 24,861.60
56	4/1/2027	\$ 24,861.60	\$ 870.76	\$ 844.86	\$ 25.90	\$ 24,016.74
57	5/1/2027	\$ 24,016.74	\$ 870.76	\$ 845.74	\$ 25.02	\$ 23,171.00
58	6/1/2027	\$ 23,171.00	\$ 870.76	\$ 846.62	\$ 24.14	\$ 22,324.38
59	7/1/2027	\$ 22,324.38	\$ 870.76	\$ 847.50	\$ 23.25	\$ 21,476.88
60	8/1/2027	\$ 21,476.88	\$ 870.76	\$ 848.39	\$ 22.37	\$ 20,628.49
61	9/1/2027	\$ 20,628.49	\$ 870.76	\$ 849.27	\$ 21.49	\$ 19,779.23
62	10/1/2027	\$ 19,779.23	\$ 870.76	\$ 850.15	\$ 20.60	\$ 18,929.07
63	11/1/2027	\$ 18,929.07	\$ 870.76	\$ 851.04	\$ 19.72	\$ 18,078.03
64	12/1/2027	\$ 18,078.03	\$ 870.76	\$ 851.93	\$ 18.83	\$ 17,226.11
65	1/1/2028	\$ 17,226.11	\$ 870.76	\$ 852.81	\$ 17.94	\$ 16,373.29
66	2/1/2028	\$ 16,373.29	\$ 870.76	\$ 853.70	\$ 17.06	\$ 15,519.59

No.	Payment Date	Beginning Balance	Payment	Principal	Interest	Ending Balance
67	3/1/2028	\$ 15,519.59	\$ 870.76	\$ 854.59	\$ 16.17	\$ 14,665.00
68	4/1/2028	\$ 14,665.00	\$ 870.76	\$ 855.48	\$ 15.28	\$ 13,809.52
69	5/1/2028	\$ 13,809.52	\$ 870.76	\$ 856.37	\$ 14.38	\$ 12,953.15
70	6/1/2028	\$ 12,953.15	\$ 870.76	\$ 857.26	\$ 13.49	\$ 12,095.89
71	7/1/2028	\$ 12,095.89	\$ 870.76	\$ 858.16	\$ 12.60	\$ 11,237.73
72	8/1/2028	\$ 11,237.73	\$ 870.76	\$ 859.05	\$ 11.71	\$ 10,378.68
73	9/1/2028	\$ 10,378.68	\$ 870.76	\$ 859.95	\$ 10.81	\$ 9,518.73
74	10/1/2028	\$ 9,518.73	\$ 870.76	\$ 860.84	\$ 9.92	\$ 8,657.89
75	11/1/2028	\$ 8,657.89	\$ 870.76	\$ 861.74	\$ 9.02	\$ 7,796.15
76	12/1/2028	\$ 7,796.15	\$ 870.76	\$ 862.64	\$ 8.12	\$ 6,933.52
77	1/1/2029	\$ 6,933.52	\$ 870.76	\$ 863.53	\$ 7.22	\$ 6,069.98
78	2/1/2029	\$ 6,069.98	\$ 870.76	\$ 864.43	\$ 6.32	\$ 5,205.55
79	3/1/2029	\$ 5,205.55	\$ 870.76	\$ 865.33	\$ 5.42	\$ 4,340.21
80	4/1/2029	\$ 4,340.21	\$ 870.76	\$ 866.24	\$ 4.52	\$ 3,473.98
81	5/1/2029	\$ 3,473.98	\$ 870.76	\$ 867.14	\$ 3.62	\$ 2,606.84
82	6/1/2029	\$ 2,606.84	\$ 870.76	\$ 868.04	\$ 2.72	\$ 1,738.80
83	7/1/2029	\$ 1,738.80	\$ 870.76	\$ 868.95	\$ 1.81	\$ 869.85
84	8/1/2029	\$ 869.85	\$ 870.76	\$ 869.85	\$ 0.91	\$ (0.00)

F

Year 2024

[illegible]

Debt Coverage Ratio Analysis	
	Projected Year 1
Net Profit Before Taxes	\$18,107
+ Depreciation	\$0
+ Amortization	\$0
+ Interest	\$3,293
- Increase in Permanent Working Capital	\$0
- New Capital Expenditures	\$0
= Total Cash Flow Available for D/S	\$21,400
/ Total Debt Service	\$10,449
= Debt Coverage Ratio	2.05

Debt Coverage Ratio Analysis	
	Projected Year 2
Net Profit Before Taxes	\$20,883
+ Depreciation	\$3,000
+ Amortization	\$0
+ Interest	\$385
- Increase in Permanent Working Capital	\$0
- New Capital Expenditures	\$0
= Total Cash Flow Available for D/S	\$24,048
/ Total Debt Service	\$10,449
= Debt Coverage Ratio	2.30

Debt Coverage Ratio Analysis	
	Projected Year 3
Net Profit Before Taxes	\$47,233
+ Depreciation	\$3,000
+ Amortization	\$0
+ Interest	\$576
- Increase in Permanent Working Capital	\$0
- New Capital Expenditures	\$0
= Total Cash Flow Available for D/S	\$50,809
/ Total Debt Service	\$10,449
= Debt Coverage Ratio	4.86

BREAK-EVEN ANALYSIS			
GROSS SALES	\$406,000		
COST OF GOODS	\$162,400		
GROSS MARGIN	\$243,600		
ITEMS	FIXED EXPENSES	VARIABLE EXPENSES	
Owner's Salary	\$0		
Employee Wages	\$120,000		
Payroll Taxes	\$15,000		
Workers Comp	\$1,800		
Bad Debts		\$0	
Subcontractors	\$0		
Supplies	\$2,400		
Repairs	\$1,200		
Advertising	\$3,000		
Office Expense	\$600		
Travel & Entertainment	\$0		
Professional Fees	\$1,400		
Rent Expense	\$60,000		
Phone & Internet	\$1,800		
Building Utilities	\$12,000		
Liability Insurance	\$3,000		
Other Insurance	\$0		
Property Taxes	\$0		
Other	\$0		
Other	\$0		
Other	\$0		
Other	\$0		
Other	\$0		
Other	\$0		
Other	\$0		
Credit Card Fees		\$0	
Other Direct		\$0	
Other Direct		\$0	
Depreciation	\$0		
Amortization	\$0		
Miscellaneous	\$0		
Principal Pmt	\$9,629		
Interest	\$3,293		
Int-Line of Credit	\$0		
TOTALS	\$235,122	\$0	
		VOLUME PROFIT RATIO AFTER BREAK-EVEN	
		SALES %	GROSS SALES VOLUME
		PROFIT	
BASED ON EXPENSES	\$375,822	92.57%	50.0%
			\$203,000
BASED ON CASH FLOW	\$391,870	96.52%	66.7%
			\$270,667
			75.0%
			\$304,500
			125.0%
			\$507,500
			150.0%
			\$609,000
			200.0%
			\$812,000
			\$261,707

Commissioner April Graves introduced the following resolution and moved its adoption:

EDA RESOLUTION NO. 2018-12

RESOLUTION APPROVING POLICY AND PROCEDURES FOR
REVOLVING LOAN FUND

WHEREAS, the Economic Development Authority of Brooklyn Center, Minnesota (the "EDA") acknowledges the need to provide financial assistance to businesses to further the economic development objectives of the City of Brooklyn Center (the "City"); and

WHEREAS, the EDA has determined to adopt written procedures regarding how the City will carry out its revolving loan fund program, and to that end has caused to be prepared a document titled Policy and Procedures for the Revolving Loan Fund of the Brooklyn Center Economic Development Authority as set forth in **Exhibit A** attached hereto (the "Policy").

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Economic Development Authority of Brooklyn Center, Minnesota (the "Board"), as follows:

1. The Board hereby adopts the Policy.
2. EDA staff are authorized to take all actions necessary to carry out the Policy.

July 23, 2018

Date

Tim Willson
President

The motion for the adoption of the foregoing resolution was duly seconded by Commissioner Kris Lawrence-Anderson

and upon vote being taken thereon, the following voted in favor thereof:

Tim Willson, April Graves, Kris Lawrence-Anderson, Dan Ryan
and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

Commissioner April Graves introduced the following resolution and moved its adoption:

EDA RESOLUTION NO. 2018-12

RESOLUTION APPROVING POLICY AND PROCEDURES FOR
REVOLVING LOAN FUND

WHEREAS, the Economic Development Authority of Brooklyn Center, Minnesota (the "EDA") acknowledges the need to provide financial assistance to businesses to further the economic development objectives of the City of Brooklyn Center (the "City"); and

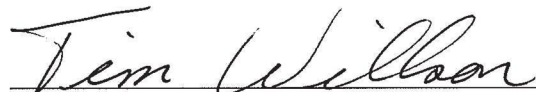
WHEREAS, the EDA has determined to adopt written procedures regarding how the City will carry out its revolving loan fund program, and to that end has caused to be prepared a document titled Policy and Procedures for the Revolving Loan Fund of the Brooklyn Center Economic Development Authority as set forth in **Exhibit A** attached hereto (the "Policy").

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Economic Development Authority of Brooklyn Center, Minnesota (the "Board"), as follows:

1. The Board hereby adopts the Policy.
2. EDA staff are authorized to take all actions necessary to carry out the Policy.

July 23, 2018

Date


President

The motion for the adoption of the foregoing resolution was duly seconded by Commissioner Kris Lawrence-Anderson

and upon vote being taken thereon, the following voted in favor thereof:

Tim Willson, April Graves, Kris Lawrence-Anderson, Dan Ryan
and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

Commissioner _____ introduced the following resolution and moved its adoption:

EDA RESOLUTION NO. _____

**RESOLUTION APPROVING TERMS OF LOAN TO PHU BIA PRODUCE
LIMITED LIABILITY COMPANY FROM EDA REVOLVING LOAN FUND
AND AUTHORIZING EXECUTION OF LOAN DOCUMENTS**

BE IT RESOLVED BY the Board of Commissioners of the Economic Development Authority of Brooklyn Center, Minnesota (the “Board”), as follows:

1. Revolving Loan Program. The Economic Development Authority of Brooklyn Center, Minnesota (the “EDA”) previously approved a Revolving Loan Fund Program (the “Program”), which is administered by the EDA pursuant to its adopted policies, procedures, and guidelines.

2. Request for Loan. Phu Bia Produce Limited Liability Company, a Minnesota limited liability company (the “Borrower”), has submitted a Program application requesting assistance to help finance certain physical improvements to the building located at 1350 Shingle Creek Crossing, Brooklyn Center, Minnesota, including a walk-in cooler, restrooms, sidings and polishing of exiting concrete floor deemed necessary for the operation of a retail store used for produce distribution (the “Project”).

3. Board Approval; Proposed Terms of Loans. The loan (“Loan”) is to be made from Program funds in the amount of \$70,000 at an interest rate of 1.25% per annum. The Loan will be amortized over seven years with the first monthly payment due on August 1, 2022. The Loan will be secured by a Promissory Note and Security Agreement from the Borrower, together with a personal guaranty from the owner of the Borrower. The Board hereby approves the Loan proposed to be provided to Borrower under the Program.

4. Loan Documents and Execution Approved. The EDA has caused a Loan Agreement, Security Agreement, Personal Guaranty, and Promissory Note to be drafted for the above-described Loan (the “Loan Documents”). The Board hereby authorizes the President and Executive Director to finalize and execute the Loan Documents.

January 24, 2022

Date

President

The motion for the adoption of the foregoing resolution was duly seconded by Commissioner and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

Economic Development Authority

DATE: 1/24/2022

TO: City Council

FROM: Dr. Reggie Edwards, City Manager

THROUGH: Meg Beekman, Economic Development Director

BY: Vong Thao, Economic Development Coordinator

SUBJECT: Taste of Africa- EDA Revolving Loan Fund Program Request

Requested Council Action:

- Motion to approve a resolution approving terms of loan to Taste of Africa Limited Liability Company from EDA Revolving Loan Fund and authorizing execution of loan documents

Background:

Henrietta Davis has been a long time owner of Taste of Africa in Brooklyn Center. She's a BIPOC woman owner/operator that has been serving hot food to residents in Brooklyn Center since 2017. Her business is currently located inside Humboldt Square, one of the area that has been hardest hit with civil unrest over the past year.

The Credit Committee met on January 10, 2022 and reviewed and approved Taste of Africa's loan request of \$30,000. the Credit Committee members include Meg Beekman (Community Development Director), Xiong Thao (Housing and Community Supervisor) and Andrew Splinter (Assistant Finance Director). All were present. The Credit Committee identified reasoning for approval, which included a strong debt service coverage ratio of 7.14, BIPOC woman owner operator, ability to repay back the loan and long time standing business in City of Brooklyn Center.

The applicants documents and a resolution supporting the revolving loan are attached. The terms of the loan are as follows:

- Loan amount: \$30,000
- Term: 7 years
- Interest rate: 1.25%
- Monthly payment: 373.18

On July 23, 2018, the EDA approved the establishment of a Revolving Loan Fund (RLF) Program for the City of Brooklyn Center.

A revolving loan fund (RLF) is a gap financing measure that is used primarily for the development and expansion of small businesses. It is a self-replenishing pool of money utilizing interest and principal payments on old loans to issue new loans. Often the RLF is a bridge between the amount the borrower can obtain on the private market and the amount needed to start or sustain a business.

Policies and procedures for a revolving loan fund have been created to establish this program with the goal of enhancing the appearance and/or safety of buildings and to create or retain livable wage jobs in the City.

The RLF would be used for either exterior enhancements of the building, to create livable wage jobs, or other fixed asset financing. The applicants for an RLF may be individual business owners, partnerships, corporations, tenant operators, or contract for deed purchasers.

According to the adopted revolving Loan Fund policy, any RLF project would include the following:

- A minimum amount of \$5,000 and a maximum amount at the discretion of the EDA, but not to exceed 75% of the total RLF funds, or 40% of the total project costs, or 30% of the total purchase price for machinery or equipment.
- The terms (length) of the loan will be determined by the EDA on a case-by-case basis with the maximum term for any RLF loan being 10-years.
- The rates for any loan will be a fixed-rate and set at 2% below the prime interest rate established at closing.
- A 10% equity investment of total project costs will be required of all applicants.
- The applicant for an RLF loan would be responsible for all hard loan costs.
- Acceptable collateral shall include a mortgage on the building or assets involved or other collateral as approved by the EDA.

As part of the program, the applicant will be required to prepare an estimate of the number of jobs to be created and the wages of each position for the first five (5) years of operation after receiving an RLF loan. Yearly check-ins with the business will occur to ensure that the business is meeting the goals outlined in the application process.

Any application for RLF financing will be reviewed by staff to ensure the application is complete. Complete applications will be brought forward to the EDA and the EDA will have the sole discretion to choose whether to finance a project or to deny the application. The EDA will have the ability to terminate the RLF program at any point.

Budget Issues:

Funds will be disbursed from the existing Revolving Loan Fund Program

Inclusive Community Engagement:

Revolving Loan Fund Program has been shared amongst existing and new businesses in Brooklyn Center through emails, phone calls and business visits.

Antiracist/Equity Policy Effect:

Strategic Priorities and Values:

Enhanced Community Image, Resident Economic Stability, Inclusive Community Engagement

ATTACHMENTS:

Description	Upload Date	Type
Credit Memo Taste of Africa	1/12/2022	Exhibit
EDA Resolution NO. 2018-12	1/14/2022	Backup Material
EDA Loan Policy	1/14/2022	Backup Material
Resolution	1/19/2022	Resolution Letter



Summary of Loan Request:

APPROVAL SIGNATURES:

Loan Committee Members:

Vong Thao: [Signature]

Meg Beekman: [Signature]

Andrew Splinter: [Signature]

Xiong Thao: [Signature]

Date: 1/10/22

Date: 1/10/22

Date: 1/10/22

Business: Taste of Africa	Address: 6838 Humboldt Ave North
EIN:	

BORROWER	Taste of Africa		
ADDRESS	6838 Humboldt Ave		
CITY, STATE	Brooklyn Center, MN	NATURE of BUSINESS	Restaurant
ZIP CODE	55430	PERSONAL CREDIT SCORE	
ENTITY TYPE	LLC	CENSUS TRACT	African
IN BUSINESS SINCE:	12/15/2017	SITE VISIT BY/WHEN:	
☒ Revenues ≤ \$500,000	REFERRAL SOURCE: Business Community Outreach		
☐ Revenues > \$500,000			

Co-BORROWER	Henreitta N Davis		
ADDRESS	6781 Mason Court		
CITY, STATE	Ostego, MN	NATURE of BUSINESS	Restaurant
ZIP CODE	55330	PERSONAL CREDIT SCORE	
ENTITY TYPE		CENSUS TRACT	African
IN BUSINESS SINCE:		SITE VISIT BY/WHEN:	
☒ Revenues ≤ \$500,000	REFERRAL SOURCE: Business Outreach		
☐ Revenues > \$500,000			

Officer Summary:

Purpose: This is a \$30,000 term loan request for Taste of Africa. Loan will be used for renovation and equipment of new kitchen. City loan is priced at prime rate minus 2. Current prime rate as of January 5, 2022 is 3.25%. therefore 3.25% - 2 is 1.25%.

Description of Business

Taste of Africa was incorporated in December 15, 2017. She had her restaurant in Brooklyn Center since 2017. The owners are targeting primarily the Brooklyn Center residents. They are leasing a space located at Humboldt Square in Brooklyn Center. Square footage of space is approximately 2500 sq. feet. Owner Henrietta Davis will be improving her kitchen space.



This business will be run and owned by an African American woman who's been heavily invested in Brooklyn Center.

Request:

- City Loan Amount: \$30,000
- Term: 7 year (s) with 6 months deferred. 1st payment shall be received on August 1, 2022
- Interests: 1.25%
- Fees: \$120 (\$120 UCC File/Termination/Search)
- Monthly Payment: \$373.18
- Used of Funds: Kitchen Renovation
- Collateral: Blanket Lien on All Business Assets, Current LTV of 60%
- City of Brooklyn Center shall be additional insured on Business Liability Insurance

Total Finance from All Sources:

<u>Lender</u>	<u>Amount</u>	<u>Term</u>	<u>Interest</u>	<u>Payment</u>
City Loan	\$30,000	7 year	1.25%	\$373.18

Approval Rationale – Approval is based on the following:

- Established restaurant in Brooklyn Center with existing client base
- Business DSCR is above 2

Projected 2022 Income

Business Total Revenue	\$25,584
Business EBITDA	\$31,980
Total Available Business Cash Flow	\$31,980
Total Available Personal Cash Flow	\$44,160
Debt Schedule	
City Loan	\$4,478.16
Total Existing Debt to Service	\$4,478.16
Business DSCR	7.14
Combined DSCR	17

Risks:

- Construction may impact operations efficiency

MANAGEMENT and/or KEY EMPLOYEES:

- Henrietta Davis- Owner
- Staff– Server

SUMMARY of STRENGTHS and WEAKNESSES:

Strengths:

1. Business Experience



2. Bilingual

Weaknesses:

1. Will need additional staffing once kitchen renovation is completed

Community Benefits:

1. Woman/BIPOC owned businesses
2. Business has been a pillar in the community
3. Continuation of lease at Humboldt Square, an area that's been impacted by civil unrest

Business Record Details »

Minnesota Business Name

Taste of Africa LLC

Business Type

Limited Liability Company (Domestic)

MN Statute

322C

File Number

986637200034

Home Jurisdiction

Minnesota

Filing Date

12/15/2017

Status

Active / In Good Standing

Renewal Due Date

12/31/2022

Registered Office Address

6838 Humboldt Ave N
Brooklyn Center, MN 55430
USA

Registered Agent(s)

(Optional) Currently No Agent

Manager

Henreitta N Davis
6781 Mason Court
Ostego, MN 55330
USA

Principal Executive Office Address

6838 Humboldt Ave N
Brooklyn Center, MN 55430
USA

Filing History

Filing HistorySelect the Item(s) you would like to order: Order Selected Copies

☐	Filing Date	Filing	Effective Date
☐	12/15/2017	Original Filing - Limited Liability Company (Domestic) (Business Name: Taste of Africa LLC)	
☐	8/7/2020	Registered Office and/or Agent - Limited Liability Company (Domestic)	

PRO FORMA INCOME STATEMENT SAMPLE

TRY  SmartSheet for FREE 

Taste of Africa

6838 N Humboldt Ave

Brooklyn Center, MN 55430

763-208-9651

CH

DATE PREPARED	01/05/2022
START YEAR	2022
END YEAR	2026

REVENUE	2022	2023	2024	2025	2026
Gross Sales	\$ 260,000.00	\$ 267,800.00	\$ 275,834.00	\$ 284,109.02	\$ 292,632.29
Less Sales Returns and Allowances	\$ -	\$ -	\$ -	\$ -	\$ -
NET SALES	\$ 260,000.00	\$ 267,800.00	\$ 275,834.00	\$ 284,109.02	\$ 292,632.29

COST OF SALES	2022	2023	2024	2025	2026
Inventory	\$ 156,000.00	\$ 160,680.00	\$ 165,500.40	\$ 170,465.41	\$ 175,579.37
	\$ -				
TOTAL GOODS AVAILABLE	\$ 156,000.00	\$ 160,680.00	\$ 165,500.40	\$ 170,465.41	\$ 175,579.37

Less ending Inventory

TOTAL COST OF GOODS SOLD (COGS)	\$ 156,000.00	\$ 160,680.00	\$ 165,500.40	\$ 170,465.41	\$ 175,579.37
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GROSS PROFIT (LOSS)	\$ 104,000.00	\$ 107,120.00	\$ 110,333.60	\$ 113,643.61	\$ 117,052.92
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OPERATING EXPENSES	2022	2023	2024	2025	2026
SELLING					
Supplies	\$ 1,000.00	\$ 1,050.00	\$ 1,102.50	\$ 1,157.63	\$ 1,215.51
Utilities	\$ 8,000.00	\$ 8,400.00	\$ 8,820.00	\$ 9,261.00	\$ 9,724.05
Rent	\$ 30,000.00	\$ 31,500.00	\$ 33,075.00	\$ 34,728.75	\$ 36,465.19
Depreciation	\$ 20.00	\$ 24.00	\$ 28.80	\$ 34.56	\$ 41.47
Other (I.e. Professional Fees)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL SELLING EXPENSES	\$ 39,020.00	\$ 40,974.00	\$ 43,026.30	\$ 45,181.94	\$ 47,446.22

GENERAL AND ADMINISTRATION	2022	2023	2024	2025	2026
Salaries and Wages	\$ 30,000.00	\$ 31,500.00	\$ 33,075.00	\$ 34,728.75	\$ 36,465.19
Employee Benefits	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Taxes	\$ -	\$ 2.00	\$ 3.00	\$ 4.00	\$ 4.00
Insurance	\$ 3,000.00	\$ 3,150.00	\$ 3,307.50	\$ 3,472.88	\$ 3,646.52
TOTAL GENERAL AND ADMINISTRATION EXPENSES	\$ 33,000.00	\$ 34,652.00	\$ 36,385.50	\$ 38,205.63	\$ 40,115.71

TOTAL OPERATING EXPENSES	\$ 72,020.00	\$ 75,626.00	\$ 79,411.80	\$ 83,387.56	\$ 87,561.92
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NET INCOME BEFORE TAXES	\$ 31,980.00	\$ 31,494.00	\$ 30,921.80	\$ 30,256.05	\$ 29,490.99
Taxes on Income	\$ 6,396.00	\$ 6,298.80	\$ 6,184.36	\$ 6,051.21	\$ 5,898.20
NET INCOME AFTER TAXES	\$ 25,584.00	\$ 25,195.20	\$ 24,737.44	\$ 24,204.84	\$ 23,592.80
Extraordinary Gain or Loss	\$ -	\$ -	\$ -	\$ -	\$ -
Income Tax on Extraordinary Gain	\$ -	\$ -	\$ -	\$ -	\$ -
NET INCOME (LOSS)	\$ 25,584.00	\$ 25,195.20	\$ 24,737.44	\$ 24,204.84	\$ 23,592.80

Balance Sheet- Taste of Africa

HD

Asset Type	1/5/2022	1/5/2022
	Business	Personal
Current Assets	20,000	30,000
Fixed Assets		446,000
Other Assets	40,000	0
Current Liabilities	30,000	18,000
Long-term Liabilities		250,000
Owner Equity		350
Total Assets	60,000	476,000
Total Liabilities & Stockholder Equity	▶ 30,000	▶ 268,350
Balance	30,000	207,650

Assets

Asset Type	Description	1/5/2022	1/5/2022
		Business	Personal
Current Assets	Cash	10,000	30,000
Current Assets	Investments		
Current Assets	Inventories	10,000	
Current Assets	Accounts receivable		
Current Assets	Pre-paid expenses		
Fixed Assets	Property and equipment	30,000	446,000
Fixed Assets	Leasehold improvements	10,000	
Fixed Assets	Equity and other investments		
Fixed Assets	Less accumulated depreciation (Negative Value)		
Other Assets	Charity		
Total Assets		60,000	476,000

Liabilities

HD

Liability Type	Description	1/5/2022	1/5/2022
		Business	Personal
Current Liabilities	Accounts payable	30,000	18,000
Current Liabilities	Accrued wages		
Current Liabilities	Accrued compensation		
Current Liabilities	Income taxes payable		
Current Liabilities	Unearned revenue		
Long-term Liabilities	Mortgage payable		250,000
Owner Equity	Investment capital		350
Owner Equity	Accumulated retained earnings		
Total Liabilities & Stockholder Equity			268,350

Date: 1/6/2022

ESTIMATE

Cavalla Contractors

13500 Grove Point Dr. #1448
Maple Grove, MN 55311
(763) 350-6019
cavallacontractors@gmail.com

**6838 humboldt Ave
Brooklyn Center 55430**

License # *IR691564*

<i>Rep</i>	<i>Job</i>		<i>Due Date</i>
Nyema Pennoh	Material and Labor	Taste Of Africa	-----

	<i>Description</i>	<i>Total</i>
	Residential grade glazed ceramic tile 12" x 12". Moderate to heavy traffic. Quantity includes typical waste overage, material	
	Detach tile and mortar from backing surface. Break into haul able pieces. Remove from jobsite and dispose of legally.	
	Remove damage drop ceiling Tile	
	Install tile floor with favorable site conditions. Measure, fabricate and secure backer board. Layout tile pattern. Fabricate and install with thin set mortar. Grout and clean surface. Includes planning, equipment and material acquisition, area preparation and protection, setup and cleanup.	
	Costs to load and haul away old materials, installation waste and associated debris.	
	Install new drop ceiling Tile	
Amount		\$50,720.00



Thank you for your business!

Commissioner April Graves introduced the following resolution and moved its adoption:

EDA RESOLUTION NO. 2018-12

RESOLUTION APPROVING POLICY AND PROCEDURES FOR
REVOLVING LOAN FUND

WHEREAS, the Economic Development Authority of Brooklyn Center, Minnesota (the "EDA") acknowledges the need to provide financial assistance to businesses to further the economic development objectives of the City of Brooklyn Center (the "City"); and

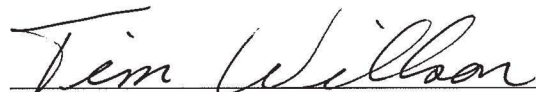
WHEREAS, the EDA has determined to adopt written procedures regarding how the City will carry out its revolving loan fund program, and to that end has caused to be prepared a document titled Policy and Procedures for the Revolving Loan Fund of the Brooklyn Center Economic Development Authority as set forth in **Exhibit A** attached hereto (the "Policy").

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Economic Development Authority of Brooklyn Center, Minnesota (the "Board"), as follows:

1. The Board hereby adopts the Policy.
2. EDA staff are authorized to take all actions necessary to carry out the Policy.

July 23, 2018

Date


President

The motion for the adoption of the foregoing resolution was duly seconded by Commissioner Kris Lawrence-Anderson

and upon vote being taken thereon, the following voted in favor thereof:

Tim Willson, April Graves, Kris Lawrence-Anderson, Dan Ryan
and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

EXHIBIT A

POLICY AND PROCEDURES FOR THE REVOLVING LOAN FUND OF THE BROOKLYN CENTER ECONOMIC DEVELOPMENT AUTHORITY

I. PURPOSE

The purpose of the Revolving Loan Fund (RLF) for the Economic Development Authority of Brooklyn Center is to establish a low-interest loan program to provide the capability and incentive for property owners and tenants of new and existing businesses within the City to upgrade the appearance, structural condition, and/or operating efficiency of their places of business, thereby improving their marketability and retaining and expanding job opportunities within the City.

II. REVOLVING LOAN FUND GOALS

By providing low-interest loans to existing or new businesses, the Economic Development Authority of Brooklyn Center has established the following goals:

1. The proposed project must be a conforming use in the zoning district in which it is located and generally consistent with the City of Brooklyn Center's Comprehensive Plan.
2. Any construction project which uses funds from the Revolving Loan Fund (RLF) shall require quality construction and must promote the highest and best use of the land.
3. The project will not significantly or adversely increase the impacts on existing utility service needs in the City.
4. The project should seek to utilize local contractors, suppliers, vendors, professionals, and/or financial institutions when feasible.
5. The project will help protect or increase property values and the general public's health, safety and welfare.
6. The proposed project will help ensure a vibrant economic landscape and will help retain or expand livable wage job opportunities within the City.

III. QUALIFYING IMPROVEMENTS AND USE OF FUNDS

Revolving Loan Fund proceeds may be used for the following purposes:

1. To improve the exterior appearance of buildings and property, including land or building acquisition; building construction; expansion, renovation and/or modernization of buildings; permanent façade improvements; and/or energy efficiency improvements within the City of Brooklyn Center.
2. For interior improvements; however, in addition to the goals set for in the above section, must be made for one or more of the following reasons:
 - a. Job creation and/or retention of livable wage jobs;
 - b. Meet any City of Brooklyn Center approved economic development or redevelopment plans;
 - c. To meet any City established design guidelines; or
 - d. Prevention or elimination of blight conditions.

3. Other fixed asset financing, including machinery and equipment; for the purposes of job creation and/or retention. These items must be defined to have a useful lifespan of a minimum of five (5) years.

Loan proceeds may not be applied to work which is in process or purchases made prior to the application approval. Additionally, loan proceeds may not be applied to properties located in the floodplain, refinancing of existing debts, non-fixed asset improvements, "soft" costs, landscaping or parking lot improvements, working capital, inventory, or payment for the applicant's own labor and performance for construction or improvements. Qualifying Improvements must begin construction or be purchased within 90 days of loan closing, unless an extension is requested and approved.

IV. APPLICANT ELIGIBILITY

Applicants may be individual owners, partnerships, corporations, tenant operators, or contract for deed purchasers of a property or building within the City of Brooklyn Center. Documentation of entity status shall be delivered with the application forms. Applicants must have the ability to repay the loan and be an acceptable credit risk as determined by the participating lender and/or by the Economic Development Authority of Brooklyn Center.

V. LOAN DETAILS

The Economic Development Authority of Brooklyn Center will review each loan application, pursuant to the goals and policies set forth in this document, on a case-by-case basis.

1. Minimum Loan Amount. The minimum loan amount shall be \$5,000.
2. Maximum Loan Amount. The maximum loan amount is at the discretion of the Brooklyn Center EDA but shall not exceed 75% of the total funds on deposit in the Revolving Loan Fund; or 40% of the total project costs for land/building purchase/construction/renovation, or 30% of the total purchase price for machinery or equipment; whichever is less.
3. Loan Terms. The terms for any loan will be determined by the Brooklyn Center EDA, depending on the purpose of the funds. The maximum term for any RLF loan will be 10-years, but not longer than the useful life of the facility financed.
4. Loan Rates. The interest rate will be a fixed rate and set at 2% below the prime interest rate established at the time of closing, as determined by the EDA.
5. Equity Participation. There shall be a minimum of 10% percent equity investment of total project costs required of all applicants.
6. Loan Costs. The applicant is responsible for all loan costs including without limitation, title opinions, appraisals, abstracting costs, recording fees and mortgage tax.
7. Loan Repayments. Amounts collected on the loans shall be allocated first to reasonable collection costs, then to interest due, then to principal due.
8. Loan Security and Guarantees. The applicant must be able to secure the loan with a first or second mortgage upon the building and/or assets involved, or other collateral as approved by the EDA. Personal guarantees from company owners (greater than 20% ownership) shall be required. The Brooklyn Center EDA may also require additional agreements, such as a security agreement and a business subsidy agreement. The applicant must demonstrate the financial means to repay the loans as determined by

the EDA and/or financial institution. The applicant must further demonstrate that the assets involved are insured for an amount not less than the total outstanding loans.

9. Balance Due. If the applicant sells or transfers title of the improved building or equipment, or relocates any portion or all of the business outside of the City of Brooklyn Center, prior to the full repayment of the loan, the loan will be required to be paid in full with interest.

VI. JOB REPORTS

The applicant shall be required to prepare a job creation estimate, projecting the expected employment levels for the business, for each of the first five (5) years of operation upon approval of the RLF loan.

VII. PAYMENTS

Applicants are required, at the time of closing, to arrange to have the monthly payments automatically withdrawn and deposited into the EDA's account. Any applicable fees will be paid by the borrower. A penalty of 5% of the payment amount, with a minimum of \$15.00 shall be added to the outstanding balance of a loan in the event that a payment is received after the due date.

VIII. REVIEW GROUP

The Brooklyn Center Economic Development Authority will serve as the review group for loan applications. City of Brooklyn Center staff will review applications to ensure they are complete prior to review by the EDA. Determination of whether an RLF loan is approved will be in the sole discretion of the EDA.

IX. PAYMENT OF LOAN PROCEEDS

Loan proceeds shall be paid directly to applicants only after the work for which payment is requested has been performed and the work has been accepted in writing by the Brooklyn Center EDA or its Executive Director. The quality and progress of the work shall be monitored by the loan recipient and the EDA or its representative. All invoices and other necessary information as related to the project costs shall be provided to the EDA or its representative prior to the disbursement of funds. The EDA may, in its sole discretion, allow proceeds to be released earlier than upon completion of work if used as a down payment on a building purchase and/or to allow payment to be made directly to the participating lender, contractor, or vendor.

X. DURATION

Loans may be made under these policies to the extent that funds are available, as allocated to the fund by the Economic Development Authority of Brooklyn and eligible loan recipients. The RLF program may be terminated by the EDA. If the RLF is so terminated, such termination shall not affect the rights and obligations of the EDA with respect to loans outstanding on the effective date of such termination.

XI. MINNESOTA BUSINESS SUBSIDY LAW

Pursuant to Minnesota Statutes, Sections 116J.993 to 116J.95, business loans subject to the Business Subsidy Law and recipients of such loans shall be required to enter into a subsidy

agreement with the Economic Development Authority of Brooklyn Center, which will require, among other things, the satisfaction of certain wages, job goals, and a commitment to maintain operation of a business for a certain length of time.

XII. CONFLICT OF INTEREST

The applicant shall submit the name(s) of the owner(s), shareholder(s), partner(s), sole proprietor, corporation member(s), or other person(s) or business(es) with any financial interest in the project and its financing in order to preclude any conflict of interest in the RLF loan review and approval process.

XIII. DISCRIMINATION PROHIBITED

All persons/businesses submitting an application and receiving loan proceeds agree, by accepting said proceeds, to comply with all federal and state laws and related rules and regulations which prohibit discrimination. Generally, these laws and rules make it an unfair employment practice, except when based on limited, statutory exception or a bona fide occupational qualification, for an employer to refuse to hire, discharge, or otherwise treat a person differently with respect to hire, compensation, terms, upgrading, conditions, facilities or privileges of employment because of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, age, or sexual orientation; or in reprisal for objection to, or participating in the investigation or litigation of, alleged discrimination or for associating with disabled person(s) of a different race, color, creed, religion, sexual orientation or national origin.

Commissioner _____ introduced the following resolution and moved its adoption:

EDA RESOLUTION NO. _____

**RESOLUTION APPROVING TERMS OF LOAN TO TASTE OF AFRICA LIMITED
LIABILITY COMPANY FROM EDA REVOLVING LOAN FUND
AND AUTHORIZING EXECUTION OF LOAN DOCUMENTS**

BE IT RESOLVED BY the Board of Commissioners of the Economic Development Authority of Brooklyn Center, Minnesota (the "Board"), as follows:

1. Revolving Loan Program. The Economic Development Authority of Brooklyn Center, Minnesota (the "EDA") previously approved a Revolving Loan Fund Program (the "Program"), which is administered by the EDA pursuant to its adopted policies, procedures, and guidelines.

2. Request for Loan. Taste of Africa Limited Liability Company, a Minnesota limited liability company (the "Borrower"), has submitted a Program application requesting assistance to help finance certain physical improvements to the building located at 6838 Humboldt Avenue N., Brooklyn Center, Minnesota, Ceramic tile 12" x 12". Detach tile and mortar from backing surface. Includes kitchen equipment and material. Install drop ceiling (the "Project").

3. Board Approval; Proposed Terms of Loans. The loan ("Loan") is to be made from Program funds in the amount of \$30,000 at an interest rate of 1.25% per annum. The Loan will be amortized over seven years with the first monthly payment due on August 1, 2022. The Loan will be secured by a Promissory Note and Security Agreement from the Borrower, together with a personal guaranty from the owner of the Borrower. The Board hereby approves the Loan proposed to be provided to Borrower under the Program.

4. Loan Documents and Execution Approved. The EDA has caused a Loan Agreement, Security Agreement, Personal Guaranty, and Promissory Note to be drafted for the above-described Loan (the "Loan Documents"). The Board hereby authorizes the President and Executive Director to finalize and execute the Loan Documents.

January 24, 2022

Date

President

The motion for the adoption of the foregoing resolution was duly seconded by Commissioner and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

Economic Development Authority

DATE: 1/24/2022

TO: City Council

FROM: Dr. Reggie Edwards, City Manager

THROUGH: N/A

BY: Meg Beekman, Community Development Director

SUBJECT: 1601 James Circle Development Concept and Consideration of Letter of Intent to Purchase EDA Property

Requested Council Action:

- Motion to approve a resolution authorizing staff to enter into a Letter of Intent to purchase the EDA-owned property at 1601 James Circle.

Background:

At the January 10, City Council work session, the Council considered a concept review and letter of intent to purchase EDA-owned property at 1601 James Circle by Carvana. Details about the concept proposal and the terms of the LOI can be found below.

At the work session discussion, Councilmembers raised several questions about the project that they asked to have resolved prior to making a determination on how to proceed. The Council identified three areas they were seeking additional information on:

- Information and response on identified issues Carvana has had with vehicle registration and title transfers at other locations throughout the Country
- How safety and security would be managed on the site
- How Carvana would meet the City's licensing requirement under Section 23 of the City Code, which requires auto dealer license holders to provide an on-site repair facility as part of the dealership.

Carvana has prepared a response to the first question, regarding transfer of registration issues, which is attached to this report.

Carvana and staff discussed safety and security issues. They are committed to providing ample lighting on the site and are open to the inclusion of a fence or gate to secure the site. Most vehicles are stored inside the vending machine tower and will be secure there.

Staff looked into the licensing question. The City Code requires automobile dealers to have a city license. Based on the definition in the Code, Carvana would be required to obtain a Class A Motor Vehicle license from the City. The Code further requires that "Class A license holders shall provide, operate and maintain **on its premises in the City of Brooklyn Center** an equipped and manned repair shop or facility capable of repairing the motors, engines, brakes, lights, tires, electrical and other operating equipment of any motor vehicle sold by such dealer."

Carvana does maintain a repair facility which would meet the requirements of the license, with the

exception that it is not located within the City of Brooklyn Center. Given the changing car market, online vehicle sales dealerships are a growing business offering a different car buying experience and competing with traditional dealerships. The current City Code likely did not contemplate this business model when it was drafted.

If the City Council is amenable to the concept plan and project moving forward, staff will ask the City Attorney to draft an amendment to the City Code to remove the requirement that repair services be offered on premises, which will allow for the online vehicle delivery model that Carvana and others provide.

Project Concept

Carvana has submitted a Letter of Intent to purchase 1601 James Circle as well as a concept plan for how they would intend to use the property.

Carvana is an online car dealership. All vehicles sold by Carvana are sold online. Vehicles are then either delivered to buyers from a centralized location or buyers can choose to pick-up their vehicle from one of Carvana's car vending fulfillment centers. The car vending machine is a unique structure and experience for buyers to pick-up vehicles quickly and efficiently. It is intended to offer an additional experience beyond simply having the vehicle dropped off.

Carvana currently operates 30 Vending Machines across the country in Arizona, California, Florida, Georgia, Indiana, Illinois, Kentucky, Maryland, Michigan, Missouri, Nevada, North Carolina, Ohio, Oklahoma, Pennsylvania, Tennessee, and Texas (and coming soon to Colorado, New York, Utah, and Virginia). The nearest car vending machine is in Illinois, and Carvana is seeking a location with high visibility and freeway access to locate one in the Twin Cities area.

A more detailed description of the function of the site and images can be found in the attached concept narrative.

Carvana is proposing to purchase a roughly 3.5 acre portion of 1601 James Circle North to locate a Carvana Vending Machine. The site would primarily function as a destination for customers to pick up vehicles they already had purchased. No vehicle repair, maintenance or detailing would occur on site, with the exception of an area to wipe down vehicles after arriving on site. Vehicles would be delivered by truck to the site.

The building would consist of a prominent glass structure up to ten stories in height which would house vehicles. The balance of the site would be parking for employees, customers, and circulation for loading and unloading vehicles. The use would provide approximately 10 jobs.

A site plan of the concept is attached to this report.

1601 James Circle North

1601 James Circle North is an oddly shaped 4.93 acre parcel which is encumbered by a large publicly owned stormwater pond and drainage and utility easement. The location and size of the pond and the shape of the parcel make it difficult to site a structure on. This in part is the reason for the long vacancy of the site.

The City first acquired and combined two parcels, the former Olive Garden and former Cracker Barrel, in 2006. The EDA acquired both parcels for \$2,893,295 and then demolished the structures on site. A portion of the properties were subdivided off and sold when the FBI building was constructed, leaving the current 4.93 acre configuration.

The property is zoned C-2 and guided for Business Mixed Use. Both the zoning and the underlying future

land use guidance allows car sales as a permitted use.

If the sale to Carvana occurs, the EDA would retain a roughly 1.5 acre parcel on the west side of the site for future use as a standalone redevelopment, or to combine with the adjacent parcel for a larger redevelopment. The City would also retain the existing stormwater pond.

Letter of Intent

Carvana has submitted a letter of intent to purchase roughly 3.4 acres of the 4.93 acre site for \$2,000,000. This equates to \$13.5 per square foot for land, which is a fair market value. By comparison, the EDA acquired the Target property for \$9.1 per square foot and Top Golf acquired the former Regal Theater for \$10 per square foot of land.

The Letter of Intent identifies the following terms:

- \$25,000 earnest money
- 90 days due diligence to study the site
- An additional 180 day approval period to seek City approvals for the use. This will include a Preliminary and Final Plat and Site and Building Plan Review.
- Seller pays 4 percent commission to buyers broker

Next Steps

If the Council wishes to proceed, the EDA and Carvana will execute the Letter of Intent. Carvana will begin their due diligence of the site and start to prepare a land use application. The land use application will go through a full review with staff, the Planning Commission and City Council. As part of that process staff will negotiate a purchase agreement for the site which will go to the EDA for a public hearing and consideration.

Carvana is not seeking public subsidy as part of their proposal.

Budget Issues:

There are no budget issues to consider. Any proceeds from the sale of this property would go to TIF 3 and could be used for future redevelopment opportunities.

Inclusive Community Engagement:

Antiracist/Equity Policy Effect:

Strategic Priorities and Values:

Targeted Redevelopment

ATTACHMENTS:

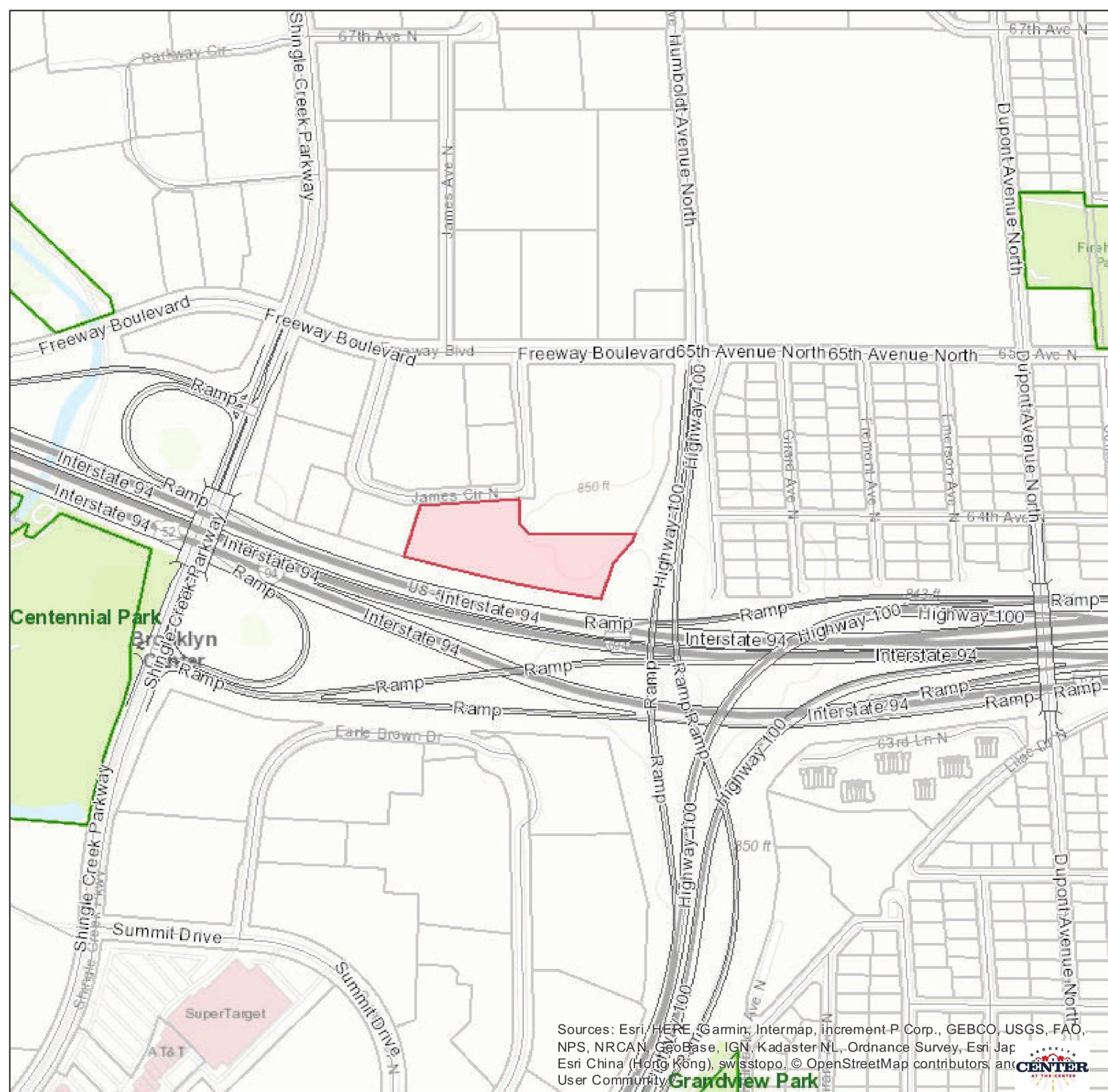
Description	Upload Date	Type
Location Map	3/19/2019	Backup Material
Letter of Intent	1/4/2022	Backup Material
Carvana Response to City Council	1/18/2022	Backup Material
Resolution	1/14/2022	Resolution Letter
Concept Narrative	1/4/2022	Backup Material
Concept Site Plan	1/4/2022	Backup Material

Concept Elevation
Powerpoint

1/4/2022
1/11/2022

Backup Material
Presentation

Locational Map: 1601James Circle North



Residential
Labels

— Highways

— Streets

City Parks

Parcels



January 4, 2022

Meg Beekman
Economic Development Authority of Brooklyn Center
6301 Shingle Creek Pkwy
Brooklyn Center, MN, 55430

Delivered via Email

Re: 1601 James Cir N, Brooklyn Center, MN 55430 ("Property")

Dear Ms. Beekman:

On behalf of Carvana, LLC, the terms below express the general business terms to be more fully negotiated and resolved in a purchase and sale agreement (the "**PSA**") between Carvana, LLC and/or Assignee (as "**Buyer**") and City of Brooklyn Center (as "**Seller**"). This letter of intent ("**LOI**") is not a binding agreement, but is the foundation for an agreement the parties intend to negotiate in good faith.

Seller:	City of Brooklyn Center
Buyer:	Carvana, LLC, an Arizona limited liability company, and/or Assignee
Property:	Located at 1601 James Cir N, Brooklyn Center, MN 55430 , and consisting of +/- 3.40 acres of land. The Property includes parcel number 3511921410021 in Hennepin County and is legally described and depicted on the attached Exhibit A and Exhibit A-1 , respectively.
Purchase Price:	\$2,000,000
Earnest Money, Escrow and Title Agent:	• Earnest Money: \$25,000, due to Escrow and Title Agent (defined below) 5 days after PSA execution. • The Earnest Money is refundable during the Diligence and Approval Period (defined below), as may be extended, and is applicable to the Purchase Price. • Escrow and Title Agent: First American Title Insurance Company (Attn: Jad J. Johnson)
Due Diligence, Inspections and Right of Entry:	Buyer shall have a "Diligence Period" of 90 days after Buyer and Seller execute the PSA to conduct investigations, studies or tests desired by Buyer to determine the feasibility of acquiring the Property ("Inspections"). Buyer may terminate the PSA for any reason during the Diligence Period, as may be extended. Buyer shall also have an "Approval Period" of 180 days after Buyer and Seller execute the PSA to seek approvals and permits Buyer requires for Buyer's intended development and use of the Property ("Governmental Approvals"). Seller, at no cost to Seller, shall reasonably cooperate with Buyer's efforts to obtain the Governmental Approvals. If Buyer is unable to obtain all Governmental Approvals, Buyer may terminate the PSA during the Approval Period. Buyer, upon notice to Seller and Escrow and Title Agent, may extend the Diligence and Approval Period for up to 2 periods of 30 days each (each, an "Extension Period"). Seller shall provide to Buyer the information set forth on the attached Exhibit B within the timeframes set forth in the exhibit.

	In addition, Seller grants to Buyer, upon Seller's execution of this LOI, the right to enter the Property to conduct the Inspections at Buyer's sole expense. Buyer shall not, without further approval of Seller, be permitted to perform any intrusive testing or otherwise damage the Property. Any damage caused or occasioned by Buyer shall be promptly restored by Buyer.
PSA:	Buyer shall draft a Purchase and Sale Agreement (" PSA ") consistent with this LOI. Both parties agree to act in good faith and to extend best efforts to negotiate and execute the PSA within 45 days of the initial draft being delivered to Seller.
Title:	At Closing, Seller agrees to convey good, marketable and insurable title of the Property to Buyer free of all monetary liens and adverse claims, leases and purchase options.
Closing Date and Costs:	The " Closing " of this transaction shall occur on the date 10 days after the Diligence and Approval Period expires or is waived in writing by Buyer, or on such earlier date as Buyer may elect by written notice to Seller and Escrow and Title Agent (" Closing Date "). All closing costs shall be split in a manner customary to real estate transactions that take place where the Property is located. Seller shall be responsible for transfer taxes and title insurance to provide Buyer with standard coverage and curative endorsements as applicable. Buyer and Seller shall each bear their respective closing costs, professional fees, etc.
Closing Date Condition:	Seller shall deliver the Property in " Closing Date Condition ", which requires the Property be subdivided, free of fuel and storage distribution facilities, all underground tanks and pipes, hazardous materials, waste and other debris, and with all utilities (Electricity, Water & Sewer) stubbed and ready for connection to the Property, with no unrecorded easements, covenants or restrictions.
Brokerage:	The Seller recognizes no agents other than Matthew Friday of CBRE as the exclusive Buyer representative. (the " Broker "). Seller shall pay to Brokers, per separate agreement, a commission that is based upon the final Purchase Price that will be equally split between the Brokers upon the Closing Date.

If this proposal is acceptable, please acknowledge the above general business terms by returning an acknowledged copy of this proposal within 5 days of receipt, at which point we will promptly prepare a PSA draft for your review. Please contact Jack Horton at 520-904-3198 if you have any questions.

Cordially,

Jack Horton
Associate, Real Estate Acquisitions

Acknowledged and approved _____, 2021

Seller: _____

By: _____

Name: _____

Title: _____

Acknowledged and approved _____, 2021

Buyer: Carvana, LLC, and/or Assignee

By: _____

Name: Bret Sassenberg

Title: Senior Director, Real Estate

EXHIBIT A

PROPERTY LEGAL DESCRIPTION

[SELLER TO ADD LEGAL DESCRIPTION FROM VESTING DEED OR EXISTING TITLE POLICY.]

EXHIBIT A-1

PROPERTY DEPICTION

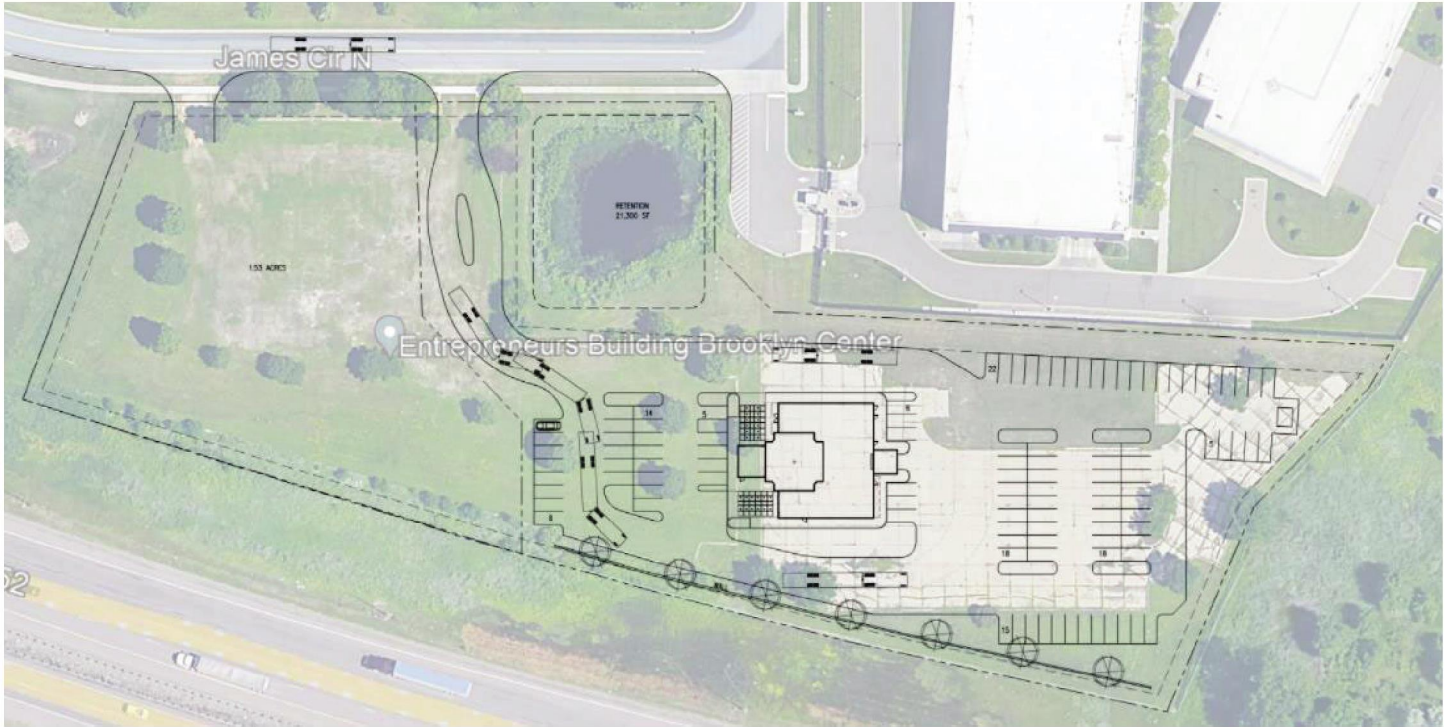


EXHIBIT B

SELLER'S INFORMATION

[SELLER TO COMPLETE BASED ON INFORMATION IN SELLER'S POSSESSION]

Information	Provided on or before LOI execution	To be provided on or before PSA execution	Not Available
Existing Surveys: • ALTA • Boundary • Plat • Topographical • Other: _____	☐ ☐ ☐ ☐ ☐	☐ ☐ ☐ ☐ ☐	☐ ☐ ☐ ☐ ☐
Existing Property Condition Reports: • Phase I Environmental Report • Other: _____	☐ ☐	☐ ☐	☐ ☐
Existing Title Reports/Commitments/Policies (list specific document(s) below): • _____ • _____ • _____	☐ ☐ ☐	☐ ☐ ☐	☐ ☐ ☐
Existing Leases Affecting the Property (list specific lease(s) below): • _____ • _____ • _____	☐ ☐ ☐	☐ ☐ ☐	☐ ☐ ☐
Unrecorded Encumbrances: • CC&Rs • Easements • Licenses/Permits • Other: _____	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐	☐ ☐ ☐ ☐
Other Information: _____	☐	☐	☐



CARVANA

Carvana pioneered the New Way to Buy a Car. Built for those who are tired of the traditional dealership experience, Carvana gives consumers control of the car-buying process — those who don't want to spend their time haggling over price, enduring sales pitches for products they don't need. From browsing vehicles to obtaining financing, we give our customers the ability to purchase a car from the comfort of their home.

In 2020 and 2021, Carvana had to adapt to changes brought by COVID-19 and subsequent health orders regulating business practices and interrupting existing supply chains. For months (even close to a year in some states), DMV offices were closed to the public — either resorting to an appointment-only model or shutting down completely. Across the entire dealer industry, permanent plate movement halted or slowed and many people who had recently purchased a car found themselves experiencing registration delays. Carvana was not exempt from these delays.

While we are still working to solve specific challenges posed by the case-by-case facts of this transitory business disruption, we believe the long-term solution is what we've been pushing for since our inception: the modernization of the auto industry, including how titles and registration are processed. Despite delays and complications, we have still been able to maintain our 4.7/5 star rating, and we just sold our **1,000,000th** car.

Commissioner _____ introduced the following resolution and moved its adoption:

EDA RESOLUTION NO. **2022-**_____

RESOLUTION AUTHORIZING STAFF TO ENTER INTO A LETTER
OF INTENT TO PURCHASE THE EDA-OWNED PROPERTY AT
1601 JAMES CIRCLE WITH CARVANA, LLC

WHEREAS, the Economic Development Authority of Brooklyn Center, Minnesota (the “Authority”) has received a proposal from Carvana, LLC, a limited liability company (the “Developer”) regarding the development of land owned by the Authority for the creation of a Carvana Vehicle Vending Machine Fulfillment Center, which proposal contemplates the Authority’s conveyance of the property located at 1601 James Circle North (the “Authority Property”) to the Developer; and

WHEREAS, the Authority’s Board of Commissioners has reviewed the Developer’s development concept and Letter of Intent to purchase the property and generally approves of the terms of the offer; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Economic Development Authority of Brooklyn Center, Minnesota (the “Board”), as follows:

1. The EDA hereby accepts the Letter of Intent to purchase the EDA-owned property at 1601 James Circle North, and in accordance with the terms set forth in the form presented to the Board, together with any related documents necessary in connection therewith and hereby authorizes the Executive Director to negotiate the final terms thereof and, in their discretion and at such time as they may deem appropriate, to execute the Letter of Intent on behalf of the Authority, and to carry out, on behalf of the Authority, the Authority’s obligations thereunder.

2. The approval hereby given to the Letter of Intent Documents includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by legal counsel to the Authority and by the officers authorized herein to execute said documents prior to their execution; and said officers are hereby authorized to approve said changes on behalf of the Authority. The execution of any instrument by the appropriate officers of the Authority herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof. In the event of absence or disability of the officers, any of the documents authorized by this Resolution to be executed may be executed without further act or authorization of the Board by any duly designated acting official, or by such other officer or officers of the Board as, in the opinion of the City Attorney, may act in their behalf.

3. Upon execution and delivery of the Letter of Intent Documents, the officers and employees of the Authority are hereby authorized and directed to take or cause to be taken such actions as may be necessary on behalf of the Authority to implement the Letter of Intent Documents.

4. The Board hereby determines that the execution and performance of the Preliminary Development Documents will help realize the public purposes of the Economic Development Authority Act.

Date

President

The motion for the adoption of the foregoing resolution was duly seconded by Commissioner and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.



CARVANA

CARVANA FULFILLMENT CENTER

Introduction to Carvana

Carvana, the fastest-growing auto retailer in the U.S., saves customers valuable time and money with The New Way to Buy a Car™ by allowing them to skip the dealership and shop online at Carvana.com.

On Carvana.com, in as little as five minutes, customers can shop an inventory of more than 20,000 vehicles, finance, purchase, and schedule as-soon-as-next-day delivery or pick-up at a Carvana location. Customers can also sell their current vehicle to Carvana and receive a real offer in just minutes – even without purchasing a vehicle. The Carvana experience saves customers valuable time and money by skipping the dealership and shopping online.

All pre-owned vehicles in Carvana's national inventory are photographed in 360 degrees, so customers get a high-definition virtual tour, along with the peace of mind of a 7-day return policy. This upgrade to the traditional test drive gives customers the time to ensure their vehicle meets their expectations and fits their lifestyle.

Carvana currently operates 30 Vending Machines across the country in Arizona, California, Florida, Georgia, Indiana, Illinois, Kentucky, Maryland, Michigan, Missouri, Nevada, North Carolina, Ohio, Oklahoma, Pennsylvania, Tennessee, and Texas (and coming soon to Colorado, New York, Utah, and Virginia).

The Carvana Fulfillment Center is simply the latest innovation and evolution of the delivery of goods and services. The Carvana Vending Machine is part customer experience, part entertainment, part e-commerce fulfillment, and a display of technological art through its iconic architecture.

Fulfillment Center / Vending Machine

Carvana's Car Vending Machine offers car buyers a one-of-a-kind experience. Carvana customers who choose Touchless Pickup at a Carvana Fulfillment Center can enjoy the unique experience Carvana is known for, from a safe, comfortable distance providing area residents with a fun and safe option for getting their next vehicle.

A Carvana Vending Machine is a Fulfillment Center for customer pick-up and interaction. There are no "for-sale" vehicles located on-site as all vehicles on display in the tower have already been purchased online. Only cars that have been inspected and fully reconditioned for delivery are placed in the tower for pick-up by Carvana customers.



CARVANA



Carvana's 8-Tier Display Tower

Vending Machine Structure

Because the Vending Machine is Carvana's "visual representation of the company", the building itself employs a uniquely iconic signature architecture that visually illustrates an innovative technology company. The tower is comprised of a mechanical elevator and racking system, making it an exciting experience for final pick-up of a vehicle. Our unique signage is considered our Branding Package.

The welcome center features seating, flat screen displays, and a glass viewing area where customers experience the operation of the tower's automation system from behind an insulated glass enclosure. The tower consists of four metal vehicle pallets per level where pre-sold vehicles are stored and displayed. Access is controlled such that the only time the tower would be accessed by people is for annual maintenance by skilled professionals.

The Carvana Experience

By appointment only, customers can select a day and time convenient for them, at which time they will be the only customer inside the Vending Machine/Fulfillment Center. They will be greeted by a Carvana Customer Advocate and receive a commemorative, oversized Carvana token to activate the automated vehicle vending process. Car buyers can then get an immersive, central view of their vehicle descending through the structure from the heart of the all-glass tower.



CARVANA



Music and lights heighten the excitement as the customer watches the mechanical conveyor system spin and place the target car into the middle of the tower where it is slowly lowered to the ground floor. The vehicle pallet is then placed into one of two delivery bays by another horizontal conveyor system. Once all the mechanisms have ceased to operate, the door of the bay opens and the customer is able to inspect their vehicle. This “vending” process takes approximately 4 to 5 minutes. After completing the sales transaction and accepting delivery, the customer drives away happy and satisfied to begin their 7-day test drive.

All vehicle pick-up appointments are pre-scheduled with customers following their online purchase. Our operations allow us to meet with 3 to 4 customers per hour depending upon scheduling and order fulfillments.

E-Commerce

In addition to selling vehicles online, Carvana also purchases vehicles from customers online via our “Sell To Carvana” portal, which allows customers to sell and/or trade in their vehicle to Carvana “in just a few easy steps”.



CARVANA

HOW IT WORKS

Trade in or sell your vehicle to Carvana in just a few easy steps.



GET YOUR OFFER

Share a few vehicle details and we'll extend a real, firm offer in 2 minutes. No haggling. No hassles.



TRADE IN OR SELL

Trade in your old vehicle for a new one, or sell it to Carvana. Either way, we'll pick it up!



GET PAID

After a quick, on-site review of the vehicle, we'll either cut you a check, or hand over the keys to your new ride!

Following Carvana's purchase of a vehicle, Carvana customers have the option of having their vehicle picked up or dropping it off at a Carvana location, including our Fulfillment Centers.

Vending Machine Operations

On-site operations include 100-plus parking spaces. These spaces are utilized by customers and employees for parking, with the surplus being utilized for temporary storage (typically less than 48 hours) of vehicles that have been delivered to the location waiting to be loaded into the tower, as well as vehicles that have been purchased through our "Sell To Carvana" program.

Carvana has a fleet of multi-car haulers that make deliveries to the site 4 to 5 times each day on average during non-peak hours. The Carvana-branded hauler can deliver and pick up 9 vehicles per visit. It takes our drivers approximately 60 to 90 minutes to fully unload and reload the hauler truck and exit the site.

Approximately 20 people will be employed at this location. These employees, called Customer Advocates, typically work in shifts such that no more than 10-12 employees are on-site at any given time. Their activities include scheduling appointments with customers, welcoming customers to the facility, assisting in the on-loading and off-loading of vehicles from the delivery trucks, inspecting and accepting "Sell To Carvana" vehicles, finalizing purchase paperwork, and presenting them with their new car.



CARVANA

The Carvana Difference

Carvana has disrupted the auto dealership industry with The New Way to Buy a Car™ by differentiating ourselves in the following ways:

The Carvana Difference	
Traditional Automobile Dealers	Carvana
10 to 20 Acres	2 to 5 Acres
650± Parking Spaces	100+ Parking Spaces
Vehicle Inventory On Display	Only Pre-Sold Vehicles Stored Temporarily
Business Generated by Drop-In Customers	Vehicles Picked Up by Appointment Only
Outdoor Intercom Speaker Noise	No Outdoor Speakers
Promotional Advertising Signage / Props	Carvana Brand Signage on Building
Service and Parts Center	No Service or Parts Center
Environmental Waste Products	No Environmental Waste Products
Test Drives	No Test Drives (7-day return policy)
Fuel Pumps	No Fuel Pumps

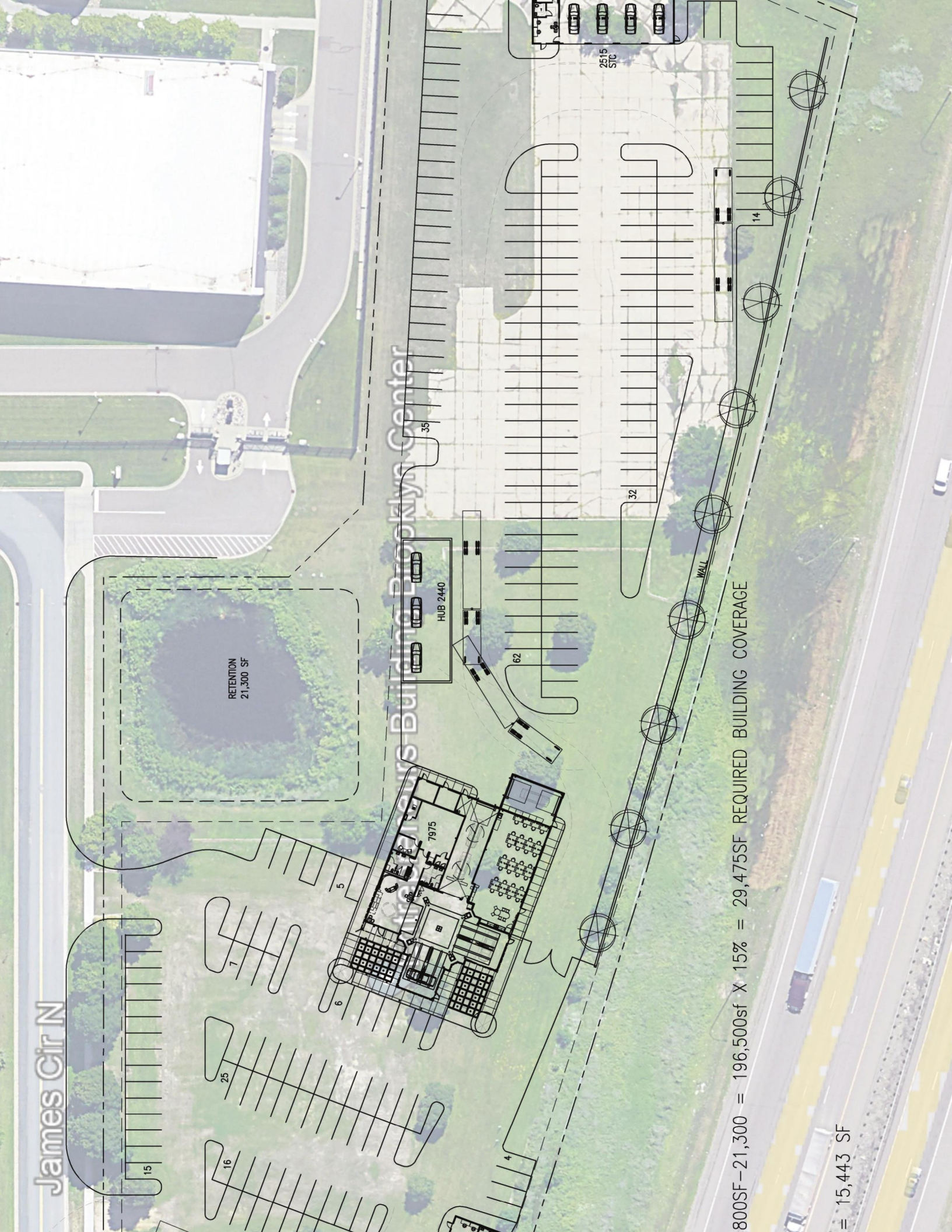
Center A Carvana Vending Machine is more than just a Fulfillment Center for an e-commerce-oriented retailer of used vehicles. The draw of an iconic Carvana Tower will increase visitors to the Village of Skokie for the Vending Machine experience and will in turn spend time and money patronizing local businesses, attractions, and entertainment venues.

GOODBYE DEALERSHIP, HELLO HAPPY!



CARVANA

James Cir N



800SF-21,300 = 196,500sf X 15% = 29,475SF REQUIRED BUILDING COVERAGE

= 15,443 SF



Concept Plan Review and Letter of Intent to Purchase: 1601 James Circle



EDA Work Session – January 10, 2022
Meg Beekman, Community Development Director

1601 James Circle

- Size: 4.93 Acres (214,718 sq ft)
- Zoning: C2 Commerce
- Land Use Guidance: Business Mixed Use
- Current Use: Vacant
- Former Use: Restaurants
- Neighboring Land Uses:
 - Office, Hotel, Restaurant, Commercial



1601 James Circle - Aerial Image



3

1601 James Circle – Additional Info

- Oddly shaped parcel encumbered by public stormwater pond
- Total amount invested in the property: \$2,893,295
- Properties were re-platted with the FBI office and combined into 1 lot.
- Median land value of neighboring properties: \$8.20/sf
 - Ranges from \$6.15 to \$9.98/sf based on Hennepin County assessments



4

Background and Request

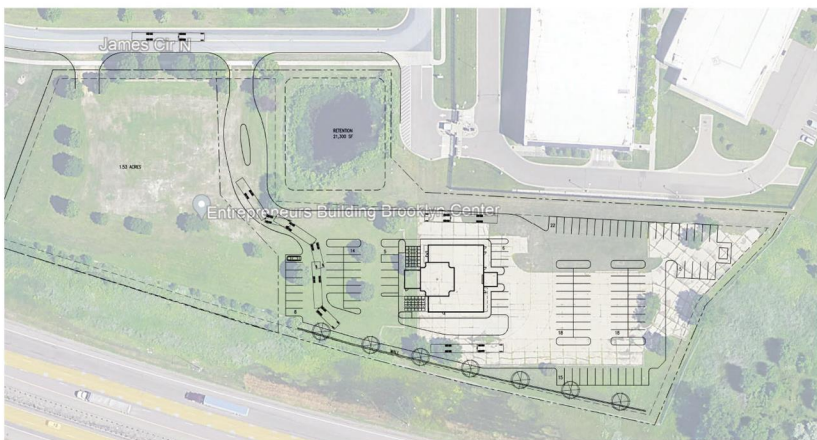
- Applicant is requesting :
 - **Concept Review**
 - Opportunity for Council to review and provide comments and ask questions
 - Council may indicate whether they are open to the concept
 - Nonbinding for both Council and Developer
 - **Consideration of Letter of Intent to Purchase**
 - Opportunity for Council to review and consider offer
 - Council may indicate if they are open to the sale of the property for this use
 - If Council provides direction, staff will enter into LOI



5

Concept

- Carvana vehicle “Vending Machine”
- Parking for onsite staff, customers, truck delivery circulation and loading and unloading of vehicles
- Offer for approximately 3.5 acres of 5 acre site – balance of site to remain with EDA



6

Concept

- Unique architecture – glass structure houses sold vehicles
- Fulfillment center for online vehicle sales – no sales occur on site
- By appointment only visits
- Approximately 10 onsite employees
- No onsite vehicle repair or service



7

Offer Details

- Offer Amount: \$2,000,000 for 3.4 acres
- Approximately \$13.5 per square foot
 - EDA acquired the former Target for \$9.1/sf
 - Topgolf acquired Regal Theater for \$10/sf
- The Letter of Intent identifies the following terms:
 - \$25,000 earnest money
 - 90 days due diligence to study the site
 - An additional 180 day approval period to seek City approvals for the use. This will include a Preliminary and Final Plat and Site and Building Plan Review.
 - Seller pays 4 percent commission to buyers broker
 - Buyer responsible for obtaining city approvals and conducting due diligence



8

EDA Action Requested

- Applicant is requesting to enter into an LOI with the EDA for the purchase of a portion of the property.
- If the concept and offer are agreeable:
 - Enter into LOI
 - Applicant begins due diligence period
 - Applicant submits for land use approvals
 - Site and Building Plan Review and Preliminary and Final Plat
 - City and applicant negotiate purchase agreement



9

Policy Issues

- Does the proposed concept forward the City's strategic priorities?
- Is the proposed concept in keeping with the goals the City has for the property and the 2040 Comprehensive Plan?
- Is there additional information the EDA needs prior to making a decision?
- Does the EDA wish to enter into an LOI with the applicant?



10

Discussion

- Receive developer presentation
- Ask any questions of Staff
- Ask any questions of Developer
- Policy issues discussion
- Provide direction to Staff and Developer on how to proceed

