

**AGENDA
HANOVER ECONOMIC DEVELOPMENT AUTHORITY
MARCH 10, 2016**

**TODD BARTELS, CHAIR
RANDY WHITCOMN, VICE CHAIR
JESSICA JOHNSON, TREASURER
KEITH ULSTAD
MATT HANSON**

**JOHN VAJDA
KEN WARPULA
HEIDI PEPER, EDA CONSULTANT**

- 1. Call to Order: 8:00 a.m.**
- 2. Approval of:**
 - a. Agenda**
 - b. Minutes of January 14, 2016 Regular Meeting**
 - c. Accounts Payable and Financial Reports**
- 3. Unfinished Business**
 - a. JS Stewart**
- 4. New Business**
 - a. Application for Rent Reimbursement – Adam Smiglewski, Farmers Insurance**
 - b. Helena Larson – Blissful Occasion**
 - c. Fund the Book Donation – Hanover Historical Society**
 - d. EDA Business Incentive Review – Hanover Low Interest Loan Fund**
- 5. EDA Board and Staff Reports**
 - a. EDA Board Reports**
 - b. Staff Reports**
- 6. Adjournment**

To: EDA Board Members
From: Brian Hagen, City Administrator
Re: March 10, 2016 EDA Agenda Review
Date: February 26, 2016

1. **Call to Order: 8:00 a.m.**
2. **Approval of:**
 - a. **Agenda**
 - b. **Minutes of January 14, 2016 Regular Meeting**
See enclosed.
 - c. **Accounts Payable and Financial Reports**
See enclosed.
3. **Unfinished Business**
 - a. **JS Stewart**
A brief update will be provided.
4. **New Business**
 - a. **Application for Rent Reimbursement – Adam Smiglewski, Farmers Insurance**
Enclosed is a rent reimbursement application from a new business in Hanover. Mr. Smiglewski plans to be in attendance for any questions.
 - b. **Helena Larson – Blissful Occasion**
Ms. Larson moved to Hanover approximately one year ago. She owns and operates a home business, Blissful Occasion, which is an event planning business. Ms. Larson has reached out to the EDA seeking help or suggestions on marketing her business. She plans to be in attendance for any questions.
 - c. **Fund the Book Donation – Hanover Historical Society**
The Hanover Historical Society is soliciting donations for a book to be published by Mary Coons on the Historic Bridge. Enclosed is a letter outlining the request.
 - d. **EDA Business Incentive Review – Hanover Low Interest Loan Fund**
Enclosed is a redlined version of Hanover’s Low Interest Loan incentive. Also enclosed is a comparison sheet to other EDA low interest loan incentives.
5. **EDA Board and Staff Reports**
 - a. **EDA Board Reports**
 - b. **Staff Reports**
6. **Adjournment**

**CITY OF HANOVER
ECONOMIC DEVELOPMENT AUTHORITY MEETING
JANUARY 14, 2016 – DRAFT MINUTES**

Call to Order

Chair Todd Bartels called the regular EDA meeting of January 14, 2016 to order at 8:04 a.m. Present were Todd Bartels, Randy Whitcomb, Jim Hennessey, Matt Hanson, Jessica Johnson, John Vajda, and Ken Warpula. Also present were City Administrator Brian Hagen and EDA Consultant Heidi Peper. Guests present included Duane Northagen from WCEDP, Sandy Greninger from FYCC, Joel Torkelson from Wright County Health and Human Services, and Jim Hennessey. Member Keith Ulstad was absent.

Oath of Office – Jessica Johnson

Johnson read the Oath of Office. Johnson also provided a brief history of herself.

Approval of Agenda

MOTION by Warpula to approve the agenda, seconded by Hanson. **Motion carried unanimously.**

Appoint Chair, Vice Chair, Treasurer

MOTION by Vajda to appoint Bartels as Chair, seconded by Warpula. **Motion carried unanimously.**

MOTION by Vajda to appoint Whitcomb as Vice Chair, seconded by Warpula. **Motion carried unanimously.**

MOTION by Warpula to appoint Johnson as Treasurer, seconded by Vajda. **Motion carried unanimously.**

Approval of Minutes from December 10, 2015 Regular Meeting

MOTION by Whitcomb to approve minutes as presented, seconded by Warpula. **Motion carried unanimously.**

Approval of Accounts Payable and Financial Reports

Hennessey provided an overview of the financials. He further suggested that the City's accounting system reflect the outstanding EDA loan payments and balances if possible.

MOTION by Warpula to approve the Accounts Payable and Financial Reports as presented, seconded by Whitcomb. **Motion carried unanimously.**

Unfinished Business

Hanover Open Streets

Sandy and Joel presented the event of Open Streets to the EDA. This event is gaining support throughout Wright County. The goal behind the event is to promote community health by providing an opportunity for citizens to walk the town and learn about the local and area communities, events, and businesses. The EDA expressed some concern about this event from an economic development perspective based on the types of businesses Hanover is home to. The concern revolved around the notion that this event would be most beneficial to restaurants and retail which Hanover does not have a lot of. The EDA was supportive of the event and suggested that the Park Board work with Sandy and Joel to coordinate one for Hanover.

JS Stewart

An update was provided to the EDA on the continued communication related to the purchase agreement. There were additional questions regarding how the City is helping Jim Stewart. Hagen explained that the process has been collaborative in nature, but ultimately each party is responsible for their own site. Hagen provided an example of the topographical survey. The City received a quote from Land Surveyors to provide a topographical survey of the western half for their own use. The City contacted Stewart to gauge his interest of a topographical survey at the same time. He expressed interest, and in turn, the same company surveyed the entire 10 acre parcel and gave a better rate per half because of the joint hiring.

PHS West

Peper stated there was no update at this time.

Duininck Pit

Peper explained this parcel is not advertised heavily. They have not listed a price or shared with the City their thoughts.

Investment Opportunities

Peper explained that at past meetings it was suggested that the EDA invest their money. Peper explained there are limited opportunities for investment, but an option which would also promote business development is to adjust the EDA's Business Incentive programs. The board recommended visited one incentive program each month.

It was further suggested that an article on the Hanover EDA be placed in the next newsletter.

New Business

Bankwest Owned River Parcel

Hagen provided an aerial map of the parcel. Both Whitcomb and Hagen provided an update of the lot line adjustments and easement acquisitions. At this point the Bank continues to work with Hennepin County in clearing unneeded lot lines and reducing easement sizes which break up the entire parcel preventing development.

Reports

None

Adjournment

MOTION by Whitcomb to adjourn at 9:41 a.m., seconded by Vajda. **Motion carried unanimously.**

ATTEST:

Brian Hagen, City Administrator

HANOVER
Cash Balances
January 2016

Fund	Begin Month	GL Debits Month	GL Credits Month	Balance
100 GENERAL FUND	\$1,059,652.07	\$21,521.72	\$40,862.55	\$1,040,311.24
107 FIRE DEPT DONATIONS FUND	\$39,167.66	\$0.00	\$0.00	\$39,167.66
201 EDA SPECIAL REVENUE FUND	\$99,968.92	\$168.72	\$200.00	\$99,937.64
205 EDA BUSINESS INCENTIVE FUND	\$230,004.94	\$973.41	\$0.00	\$230,978.35
311 2008A GO CIP REFUNDING BOND	\$72,636.31	\$0.00	\$39,492.50	\$33,143.81
312 2009A GO IMP REFUNDING BOND	\$40,406.38	\$0.00	\$21,567.00	\$18,839.38
313 2010 GO EQUIPMENT CERTIFICATES	\$5,606.58	\$0.00	\$0.00	\$5,606.58
314 2011A GO IMP CROSSOVER REF BD	\$390,994.35	\$0.00	\$0.00	\$390,994.35
401 GENERAL CAPITAL PROJECTS	\$781,360.66	\$6,447.80	\$0.00	\$787,808.46
402 PARKS CAPITAL PROJECTS	\$234,534.79	\$0.00	\$0.00	\$234,534.79
403 FIRE DEPT CAPITAL FUND	\$140,033.40	\$0.00	\$0.00	\$140,033.40
404 HISTORICAL CAPITAL PROJ FUND	-\$7,040.81	\$0.00	\$27,018.22	-\$34,059.03
407 TIF REDEV DIST #1	\$5,602.46	\$0.00	\$0.00	\$5,602.46
411 CITY HALL CAPITAL PROJ FUND	\$46,641.96	\$0.00	\$0.00	\$46,641.96
417 EQUIPMENT CAPITAL FUND	\$51,846.36	\$0.00	\$0.00	\$51,846.36
418 STREET CAPITAL PROJ FUND	\$497,118.56	\$0.00	\$0.00	\$497,118.56
601 WATER ENTERPRISE FUND	\$752,577.21	\$7,117.32	\$2,884.38	\$756,810.15
602 SEWER ENTERPRISE FUND	\$254,205.23	\$29,065.25	\$9,593.70	\$273,676.78
603 STORM WATER ENTERPRISE FUND	\$130,605.94	\$2,962.98	\$0.00	\$133,568.92
611 WATER CAPITAL IMP FUND	\$404,694.13	\$0.00	\$0.00	\$404,694.13
612 SEWER CAPITAL IMP FUND	\$1,728,332.70	\$188.56	\$0.00	\$1,728,521.26
613 STORM WATER CAPITAL IMP FUND	\$548,921.19	\$0.00	\$0.00	\$548,921.19
804 SCHENDELS FIELD ESC FUND	\$146,014.50	\$0.00	\$0.00	\$146,014.50
809 BRIDGES AT HANOVER ESC FUND	-\$13,476.50	\$0.00	\$0.00	-\$13,476.50
811 EROSION CONTROL ESCROW FUND	\$31,750.00	\$2,000.00	\$0.00	\$33,750.00
815 LANDSCAPE ESCROW FUND	\$41,000.00	\$2,000.00	\$0.00	\$43,000.00
817 INFRASTRUCTURE ESCROW FUND	\$16,000.00	\$1,000.00	\$0.00	\$17,000.00
818 MISC ESCROWS FUND	\$3,061.10	\$3,948.00	\$0.00	\$7,009.10
820 BRIDGES TOWNHOMES ESC FUND	\$3,545.76	\$0.00	\$0.00	\$3,545.76
821 QUAIL PASS 2ND ADD ESCROW FD	\$11,789.37	\$0.00	\$0.00	\$11,789.37
900 INTEREST	\$0.00	\$0.00	\$0.00	\$0.00
	\$7,747,555.22	\$77,393.76	\$141,618.35	\$7,683,330.63

HANOVER

Revenue Budget by Source - EDA

Source Alt Code	Account Descr	January 2016 Amt	2016 YTD Amt	2016 YTD Budget	2015 YTD Variance	%YTD Budget
Fund 201 EDA SPECIAL REVENUE FUND						
TAXES	R 201-31000 Property Taxes - General	\$168.72	\$168.72	\$49,000.00	\$48,831.28	0.34%
TAXES	R 201-31010 Tax Abatement	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Source Alt Code TAXES		\$168.72	\$168.72	\$49,000.00	\$48,831.28	0.34%
MISC	R 201-36210 Interest Earnings	\$0.00	\$0.00	\$100.00	\$100.00	0.00%
MISC	R 201-36215 Investment Income/Loss	\$0.00	\$0.00	\$1,100.00	\$1,100.00	0.00%
Source Alt Code MISC		\$0.00	\$0.00	\$1,200.00	\$1,200.00	0.00%
INTGOVT	R 201-33410 MV Credit	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Source Alt Code INTGOVT		\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Fund 201 EDA SPECIAL REVENUE FUND		\$168.72	\$168.72	\$50,200.00	\$50,031.28	0.34%
Fund 205 EDA BUSINESS INCENTIVE FUND						
MISC	R 205-36200 Miscellaneous Revenues	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
MISC	R 205-36210 Interest Earnings	\$51.78	\$51.78	\$2,000.00	\$1,948.22	2.59%
MISC	R 205-36215 Investment Income/Loss	\$0.00	\$0.00	\$2,000.00	\$2,000.00	0.00%
MISC	R 205-36230 Contributions and Donations	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
MISC	R 205-39203 Transfer from Other Fund	\$0.00	\$0.00	\$15,000.00	\$15,000.00	0.00%
Source Alt Code MISC		\$51.78	\$51.78	\$19,000.00	\$18,948.22	0.27%
INTGOVT	R 205-33400 State Grants and Aids	\$0.00	\$0.00	\$50,000.00	\$50,000.00	0.00%
Source Alt Code INTGOVT		\$0.00	\$0.00	\$50,000.00	\$50,000.00	0.00%
Fund 205 EDA BUSINESS INCENTIVE FUND		\$51.78	\$51.78	\$69,000.00	\$68,948.22	0.08%
		\$220.50	\$220.50	\$119,200.00	\$118,979.50	0.18%

Expenditure Budget Report - EDA

Dept Abbrev	Account Descr	January 2016 Amt	2016 YTD Amt	2016 YTD Budget	2015 YTD Variance	%YTD Budget
Fund 201 EDA SPECIAL REVENUE FUND						
Dept 41330 Boards and Commissions						
BRDCOM	E 201-41330-111 Committee Wages/Meetin	\$0.00	\$0.00	\$3,000.00	\$3,000.00	0.00%
BRDCOM	E 201-41330-306 Dues & Subscriptions	\$0.00	\$0.00	\$1,000.00	\$1,000.00	0.00%
BRDCOM	E 201-41330-310 Other Professional Service	\$0.00	\$0.00	\$25,000.00	\$25,000.00	0.00%
BRDCOM	E 201-41330-437 Other Miscellaneous	\$200.00	\$200.00	\$5,200.00	\$5,000.00	3.85%
Dept 41330 Boards and Commissions		\$200.00	\$200.00	\$34,200.00	\$34,000.00	0.58%
Dept 41570 Purchasing						
PURCHAS	E 201-41570-210 Operating Supplies (GENE	\$0.00	\$0.00	\$1,000.00	\$1,000.00	0.00%
Dept 41570 Purchasing		\$0.00	\$0.00	\$1,000.00	\$1,000.00	0.00%
Dept 49360 Transfers Out						
TRNSFER	E 201-49360-700 Transfers (GENERAL)	\$0.00	\$0.00	\$15,000.00	\$15,000.00	0.00%
Dept 49360 Transfers Out		\$0.00	\$0.00	\$15,000.00	\$15,000.00	0.00%
Fund 201 EDA SPECIAL REVENUE FUND		\$200.00	\$200.00	\$50,200.00	\$50,000.00	0.40%

Expenditure Budget Report - EDA

Dept Abbrev	Account Descr	January 2016 Amt	2016 YTD Amt	2016 YTD Budget	2015 YTD Variance	%YTD Budget
Fund 205 EDA BUSINESS INCENTIVE FUND						
Dept 46500 Economic Develop mt (GENERAL)						
ECODEVE	E 205-46500-810 Refunds & Reimbursemen	\$0.00	\$0.00	\$7,200.00	\$7,200.00	0.00%
Dept 46500 Economic Develop mt (GENERAL)		\$0.00	\$0.00	\$7,200.00	\$7,200.00	0.00%
Dept 49300 Other Finanacing Uses						
OTHFINU	E 205-49300-318 EDA BIF: Matching Grant	\$0.00	\$0.00	\$50,000.00	\$50,000.00	0.00%
Dept 49300 Other Finanacing Uses		\$0.00	\$0.00	\$50,000.00	\$50,000.00	0.00%
Fund 205 EDA BUSINESS INCENTIVE FUND		\$0.00	\$0.00	\$57,200.00	\$57,200.00	0.00%

Expenditure Budget Report - EDA

Dept Abbrev	Account Descr	January 2016 Amt	2016 YTD Amt	2016 YTD Budget	2015 YTD Variance	%YTD Budget
		\$200.00	\$200.00	\$107,400.00	\$107,200.00	0.19%

HANOVER
Transaction Activity - EDA

Period Name	Check Refer	Check Nbr	Tran Nbr	Tran Name	Search Name	Invoice	Amount	Comments	Check/Receipt Date	Fund
Act Year 2016										
PL Type G General Ledger										
Account Descr G 205-12400 EDA Loan Receivable										
January	8492	081202	10	Cash Receipt	CP PROPERTIES GROUP LLC		\$174.29	EDA Loan Principal Payme	01/26/16	205
January	8475	081114	10	Cash Receipt	PLUG TECHNOLOGIES, INC		\$409.50	EDA Loan Principal Payme	01/06/16	205
January	8483	081165	10	Cash Receipt	RIVER INN		\$337.84	EDA Loan Principal Payme	01/19/16	205
Account Descr G 205-12400 EDA Loan Receivable							\$921.63			
PL Type G General Ledger							\$921.63			
PL Type *R Revenue										
Account Descr R 201-31000 Property Taxes - General										
January	129161		10	Cash Receipt	HENNEPIN COUNTY TREASURER		\$143.89	HC Tax Settlement - Janu		201
January	129161		10	Cash Receipt	WRIGHT COUNTY AUDITOR-TREAS		\$24.83	WC Tax Settlement - Janu		201
Account Descr R 201-31000 Property Taxes - General							\$168.72			
Account Descr R 205-36210 Interest Earnings										
January	8492	081202	10	Cash Receipt	CP PROPERTIES GROUP LLC		\$10.01	EDA Loan Interest Payme	01/26/16	205
January	8475	081114	10	Cash Receipt	PLUG TECHNOLOGIES, INC		\$39.73	EDA Loan Interest Payme	01/06/16	205
January	8483	081165	10	Cash Receipt	RIVER INN		\$2.04	EDA Loan Interest Payme	01/19/16	205
Account Descr R 205-36210 Interest Earnings							\$51.78			
PL Type *R Revenue							\$220.50			
PL Type -E Expenditure										
Account Descr E 201-41330-437 Other Miscellaneous										
January	1631	001501	20	Cash Payment	KAUL DESIGN GROUP, LLC	16-004	\$200.00	Priority Maintenance Pack	01/19/16	201
Account Descr E 201-41330-437 Other Miscellaneous							\$200.00			
PL Type -E Expenditure							\$200.00			
Act Year 2016							\$1,342.13			
							\$1,342.13			

<u>Borrower</u>	<u>1/31/2016</u> <u>Principal Balance</u>
CP Properties	\$ 6,259.27
Maris Ehlers Photography	\$ 5,174.10
River Inn	\$ 1,350.51
Plug Technologies, Inc.	\$ 21,935.27
Total	\$ 34,719.15



Application for Rent Reimbursement Program

Guidelines:

1. An application for consideration must be submitted to the Hanover Economic Development Authority.
2. New retail, commercial and industrial businesses, committed to operating in the City's business districts may apply. Sexually oriented businesses are not eligible for the rental reimbursement program.
3. All businesses must be in compliance with all city codes.
4. Business must present a lease agreement of at least 12 months and must remain open to the public for at least 12 months.
5. Applications will be reviewed and, if deemed eligible, would qualify for reimbursement of 3 months of building rent, up to a \$2,400 cap (up to \$800 / month for three months).

Name of Applicant: Adam Smiglewski
Mailing Address: PO Box 6, Hanover, MN 55341-0006
Name of Business: Farmers Insurance
Building Address: 10981 4th St NE, Hanover, MN 55341
Phone Number: (O) 763-497-0108 (C) 612-590-3417
Social Security Number [REDACTED] Or Employer Identification Number _____

Please describe the type of business and how it will contribute to Hanover.

With me moving my family & agency to Hanover I intend to be a fixture in the community for years & years. To sponsor schools,

Estimated date of opening: 1/2/16 (open) Hours of operation: 9-5 M-F sports, etc.
Size of building: Office is 445 sq ft Landlord: Penny Kaufman
Monthly rent payment: \$495/mo Term of lease: 5 years
Estimated No. of Jobs to be Created: 1-4 (maybe more)

The undersigned applicant affirms:

The information submitted herein is true and accurate to the best of my knowledge. I understand the requirements of this program and agree to abide by its conditions and guidelines.

Signature of Applicant(s):

AS

Date: 1/19/16

Date: _____

Project meets general approval of the Hanover EDA.: Yes _____ No _____

Signature: _____

Date: _____

LEASE

This lease made January 1, 2016, between CP Properties Group, LLC, herein referred to as Landlord, and Adam Smiglewski Agency, herein referred to as Tenant.

ARTICLE I. DESCRIPTION OF LEASED PROPERTY.

Landlord hereby leases to Tenant the portion of the building located at 10981 - 4th Street NE, Suite #105, Hanover, MN 55341 which premises is shown and delineated in Appendix A which is attached hereto and made a part hereof.

ARTICLE II. TERM.

The term of the lease shall be five (5) years commencing January 1, 2016. The lease may be terminated by either party upon 60 days written notice of intention to terminate. Any notice to terminate the lease shall be delivered by hand delivery or certified mail prior to the day rent is due, and shall become effective, and the notice period shall commence on the rent due date.

ARTICLE III. RENT.

Lessee shall pay the base rent payable in advance, to Lessors, during the term of this Lease, at Lessors's address or such other place as Lessors may designate. Rent shall commence on January 1, 2016, and shall be payable on the same day of each succeeding month (the rent due date.) The Base rent during the period from January 1, 2016 to December 31, 2017 shall be \$495.00. The Base rent during the period from January 1, 2018 to December 31, 2019 shall be \$515.62. The Base rent during the period from January 1, 2020 to December 31, 2020 the remainder of the lease term shall be \$536.25 per month. A late fee of ten percent (10%) of the rent due shall be applied to any rent not paid within 5 days of the rent due date.

ARTICLE IV. MORTGAGE SUBORDINATION.

Tenant agrees that, upon request of Landlord, it will execute any mortgage or subordination agreement required by any mortgagee holding or receiving a mortgage on the premises, provided that Tenant shall not be required to assume any liability for repayment of the mortgage obligation, nor act as guarantor of any such obligation.

ARTICLE V. ACCEPTANCE OF PROPERTY.

The Tenant represents that the leased property, the sidewalks and structures adjoining the same, and any subsurface conditions thereof, have been examined by the Tenant. The Tenant accepts the same in the condition in which they now are, without representation or warranty, express or implied, in fact or by law, by the Landlord, and without recourse to the Landlord as to the nature, condition, or usability thereof. Tenant hereby expressly waives all warranties express or implied.

The Landlord represents that it has the full right, power, and authority to enter into this lease for the term herein granted and that the leased property may be used by the Tenant during the entire term for the purposes herein set forth.

ARTICLE VI. USE OF PROPERTY.

The Tenant shall use and occupy the leased property as an office for insurance sales and related professional services or such other use as may be consistent with the design of the

building and in conformance with applicable law and regulations. The Landlord warrants that as of the date of execution hereof, such use conforms to all applicable ordinances and regulations.

The Tenant shall comply with all laws and regulations of the federal, state, county, and municipal authorities applicable to the business to be conducted by the Tenant in the lease property.

The Tenant shall not keep within the leased property any article of dangerous, inflammable, or explosive character which increases the danger of fire upon the leased property, or which would be deemed "hazardous" or "extra-hazardous" by any responsible insurance company. This provision shall not be construed to interfere with the use or storage of any substances used in the regular course of the business above described, provided all such storage and use conforms to all applicable statutes, ordinances, and regulations and meets accepted standards within the industry.

ARTICLE VII. INSURANCE.

Tenant shall maintain a policy or policies of insurance on the premises covering general liability, and shall provide for naming landlord as a co-insured under the policy, and shall provide that the policy may not be cancelled for any reason without prior notice to Landlord. Written proof of maintenance of insurance shall be provided to Landlord by Tenant, its insurance agent, or the issuer of the policy. The liability limits shall be \$1,000,000.00 per person and \$1,000,000.00 per incident. Tenant shall maintain such hazard and fire insurance covering the contents of the premises as is deemed desirable by Tenant.

ARTICLE VIII. REPAIR AND MAINTENANCE.

The Tenant shall maintain the premises in a clean and orderly manner, and shall maintain the interior of the premises in as good condition as it appeared upon commencement of this lease, ordinary wear and tear excepted. Tenant shall provide any cleaning or janitorial services necessary to the maintenance of the premises at Tenant's expense. Tenant shall be responsible for all damage to the premises or the building and exterior spaces in which the premises are located, caused by its employees, agents, guests and invitees.

The Landlord shall at its own expense make all necessary repairs and replacements to the hallways and common areas, exterior walls, roof and structural members of the building and any necessary replacement of the mechanical systems, including heating and air conditioning, electrical and lighting, and plumbing systems.

ARTICLE IX. UTILITIES.

The Tenant shall pay all charges for telephone or other communication service used, rendered, or supplied upon or in connection with the leased property, and shall indemnify the Landlord against any liability or damages on such account. Landlord shall provide at its expense utilities for heat, air conditioning, water, sewer, garbage removal and snow and ice removal from the parking lot and exterior sidewalks.

ARTICLE X. ALTERATIONS.

No alteration, addition, or improvement to the leased property shall be made by the Tenant without the written consent of the Landlord, which consent may include provisions to insure payment of all costs of such alteration, addition or improvement and indemnification against claims or liens made pursuant thereto. All alterations, additions or improvements shall be at the sole expense of Tenant. Any alteration, addition, or improvement made by the Tenant

after such consent shall have been given, and any fixtures installed and attached to the building as part thereof shall, at the Landlord's option, become the property of the Landlord upon the expiration or other sooner termination of this lease; provided, however, that the Landlord shall have the right to require the Tenant to remove such fixtures at the Tenant's cost upon such termination of this lease.

ARTICLE XI. ASSIGNMENT AND SUBLEASE.

The Tenant shall have the right to assign, mortgage, or encumber this lease, or sublet or permit the leased property or any part thereof to be used by others only upon prior written consent of Landlord. If this lease is assigned, or if the leased property or any part thereof is sublet, or occupied by anybody other than the Tenant, the Landlord may, after default by the Tenant, collect rent from the assignee, subtenant, or occupant and apply the net amount collected to the rent herein reserved. No such assignment, subletting, occupancy, or collection shall be deemed a waiver of this covenant, or a release of the Tenant from the further performance by the Tenant of the covenants in this lease.

Notice of Tenant's intent to assign or encumber this lease, or to sublet the premises shall be given in writing at least 30 days prior to the effective date of the assignment, encumbrance or sublease. Tenant further agrees to provide Landlord with any information regarding the identity, credit worthiness or financial condition of any proposed assignee or subtenant as may be requested by Landlord.

ARTICLE XII. CONDEMNATION.

If the whole of the leased property, or such portion thereof as will make the leased property unsuitable for the purposes herein leased, is condemned for any public use or purpose by any legally constituted authority, then in either of such events this lease shall cease from the time when possession is taken by such public authority and rental shall be accounted for between the Landlord and the Tenant as of the date of the surrender of possession. Such termination shall be without prejudice to the rights of either the Landlord or the Tenant to recover compensation from the condemning authority for any loss or damage caused by such condemnation. Neither the Landlord nor the Tenant shall have any rights in or to any award made to the other by the condemning authority.

ARTICLE XIII. CASUALTY DAMAGE OR LOSS.

In case of damage by fire or other casualty to the building in which the leased property is located, without the fault of Tenant, the Landlord shall, at his option, repair any damage, and, if the damage has rendered the Leased property unmarketable, in whole or in part, there shall be apportionment of the rent until the damage has been repaired. In the event Tenant, at his sole discretion, determines that the damage is so severe as to amount to a destruction of the building, and if Landlord elects in writing within 60 days of the happening of the damage not to replace or repair the building, then this lease shall terminate and rent shall be apportioned to the date of the damage.

ARTICLE XIV. COMPLIANCE WITH REGULATIONS.

The Tenant shall throughout the term of this lease, promptly comply with all laws and regulations of all federal, state, and municipal governments and appropriate departments, commissions, boards and officers thereof. The Tenant shall comply with the requirements of all

policies of public liability, fire, and all other type of insurance at any time in force with respect to the building and other improvements on the leased property.

ARTICLE XV. QUIET ENJOYMENT.

The Tenant, upon the payment of the rents herein reserved and upon performance of all the terms of this lease, shall at all times during the lease term, peaceably and quietly enjoy the leased property without any disturbance from the Landlord or from any other person claiming through the Landlord.

ARTICLE XVI. ACCESS RIGHTS.

The Landlord or its agent shall be permitted to enter the leased property at all reasonable times during usual business hours for the purpose of inspecting the leased property and making any necessary repairs to the leased property and performing any work therein that may be necessary. The Landlord may during the progress of any work on or in the leased property keep and store upon the leased property all necessary materials, tools, and equipment. The Landlord shall not in any event be liable for inconvenience, annoyance, disturbance, loss of business, or other damage to the Tenant or the subtenants of the Tenant by reason of making such repairs or the performance of any such work on or in the leased property, or on account of bringing materials, supplies, and equipment into or through the leased property during the course of such work, and the obligations of the Tenant under this lease shall not thereby be affected in any manner.

ARTICLE XVII. SIGNAGE.

Tenant shall have the right to place a sign of a size, shape and style acceptable to Landlord only on a common sign post or area designated by Landlord. Tenant shall not have the right to place any sign on the exterior or interior common areas except with the written approval of Landlord which approval may be withheld for any reason whatsoever.

ARTICLE XVIII. DEFAULT AND REMEDIES.

The occurrence of any of the following shall constitute an event of default:

- (1) Delinquency in the due and punctual payment of any rent, for a period of five days after any rent due date
- (2) The issuance of a dishonored, or non-sufficient funds check in payment of rent shall constitute a separate and independent breach of this lease sufficient to support an unlawful detainer action.
- (3) Delinquency by the Tenant in the performance of, or compliance with, any of the conditions contained in this lease other than those referred to in the foregoing subparagraphs (1 & 2), for a period of 30 days after written notice thereof from the Landlord to the Tenant, except for any default not susceptible of being cured within such 30-day period, in which event the time permitted to the Tenant to cure such default shall be extended for as long as shall be necessary to cure such default, provided the Tenant commences promptly and proceeds diligently to cure such default, and provided further that such period of time shall not be so extended as to jeopardize the interest of the Landlord in this lease or so as to subject the Landlord or the Tenant to any civil or criminal liabilities.
- (4) Filing by the Tenant in any Court pursuant to any statute, either of the United States or any state, of a petition in bankruptcy or insolvency, or for reorganization, or for the

appointment of the receiver or trustee of all or a portion of the Tenant's property, or an assignment by the tenant for the benefit of creditors.

(5) Filing against the Tenant in any Court pursuant to any statute, either of the United States or of any other state, of a petition in bankruptcy or insolvency, or for reorganization, or for the appointment of a receiver or trustee of all or a portion of the Tenant's property, if within 60 days after the commencement of any such proceeding against the Tenant such petition shall not have been dismissed.

(6) The sale, transfer, or conveyance of substantially all of the assets of the Tenant.

Upon the occurrence of any event of default, the Landlord at any time thereafter may give written notice to the Tenant specifying such event of default and stating that this lease shall expire on the date specified in such notice, which shall be at least 20 days after the giving of such notice, and upon the date specified in such notice this lease and all rights of the Tenant hereunder shall terminate, provided, however, that any default as set forth in paragraphs (1) or (2) above shall be the basis for the termination of this lease without further notice.

ARTICLE XIX. LANDLORD'S LIABILITY TO TENANT.

The Landlord shall not be liable for injury or damage to person or property occurring within the leased property unless caused by direct negligence of the Landlord.

ARTICLE XX. INDEMNIFICATION.

If the Tenant shall default in the observance or performance of any covenant on the Tenant's part to be observed or performed under the provisions in any article of this lease, the Landlord may immediately or at any time thereafter and without notice perform the same for the account of the Tenant, and if the Landlord makes any expenditures or incurs any obligations for the payment of money in connection therewith including, but not limited to, legal fees in instituting, prosecuting or defending any action or proceeding, such sums paid or obligations incurred with interest and costs shall be deemed to be additional rent hereunder and shall be paid by the Tenant to the Landlord within five (5) days of the rendition of any bill or statement to the Tenant therefor.

ARTICLE XXI. NOTICE.

Any notices under this lease must be in writing and hand delivered or sent by registered or certified mail to the last address of the party to whom notice is to be given; as designated in writing by the part. The Landlord hereby designates its address as: 10660 Prairie Lane, Hanover, MN 55341. The Tenant hereby designates its address as the premises.

ARTICLE XXII. CONSTRUCTION OF TERMS.

(1) This lease shall be governed by, construed and enforced in accordance with the laws of the State of Minnesota.

(2) In construing this lease, feminine or neuter pronouns shall be substituted for those masculine in form and vice versa, and plural terms shall be substituted for singular and singular for plural in any place in which the context so requires.

(3) The parties agree to execute and deliver any instruments in writing necessary to carry out any agreement, term, condition, or assurance in this lease whenever occasion shall arise and request for such instruments shall be made.

(4) The specified remedies to which the Landlord may resort under the terms of this lease are cumulative and are not intended to be exclusive of any other remedies or means of

redress to which the Landlord may be lawfully entitled in case of any breach or threatened breach by the Tenant of any provision or provisions of this lease.

(5) The parties hereto state that they have not created and do not intend to create by this lease a joint venture or partnership relation between them, it being understood that the provisions of this lease with regard to the payment by the Tenant and the acceptance by the Landlord of a sum equal to the percentage of gross sales is a reservation of rent.

(6) This lease, together with any written agreements which shall have been executed simultaneously herewith, contains the entire agreement and understanding between the parties. There are no oral understandings, terms, or conditions, and neither party has relied upon any representation, express or implied, not contained in this lease or the simultaneous writings heretofore referred to. All prior understandings, terms, or conditions are deemed merged in this lease. This lease cannot be changed or supplemented orally.

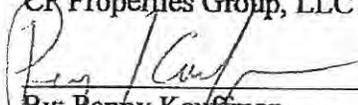
(7) This lease may not be changed orally, but only by an agreement in writing and signed by the party against whom enforcement of any waiver, change, modification, or discharge is sought.

(8) If any provision of this lease shall be declared invalid or unenforceable, the remainder of the lease shall continue in full force and effect.

(9) This lease contains the entire agreement between the parties, and any executory agreement hereafter made shall be ineffective to change, modify, or discharge it in whole or in part, unless such executory agreement is in writing and signed by the party against whom enforcement of the change, modification, or discharge is sought.

In witness whereof the parties have executed this agreement the date above first written.

Landlord
CR Properties Group, LLC

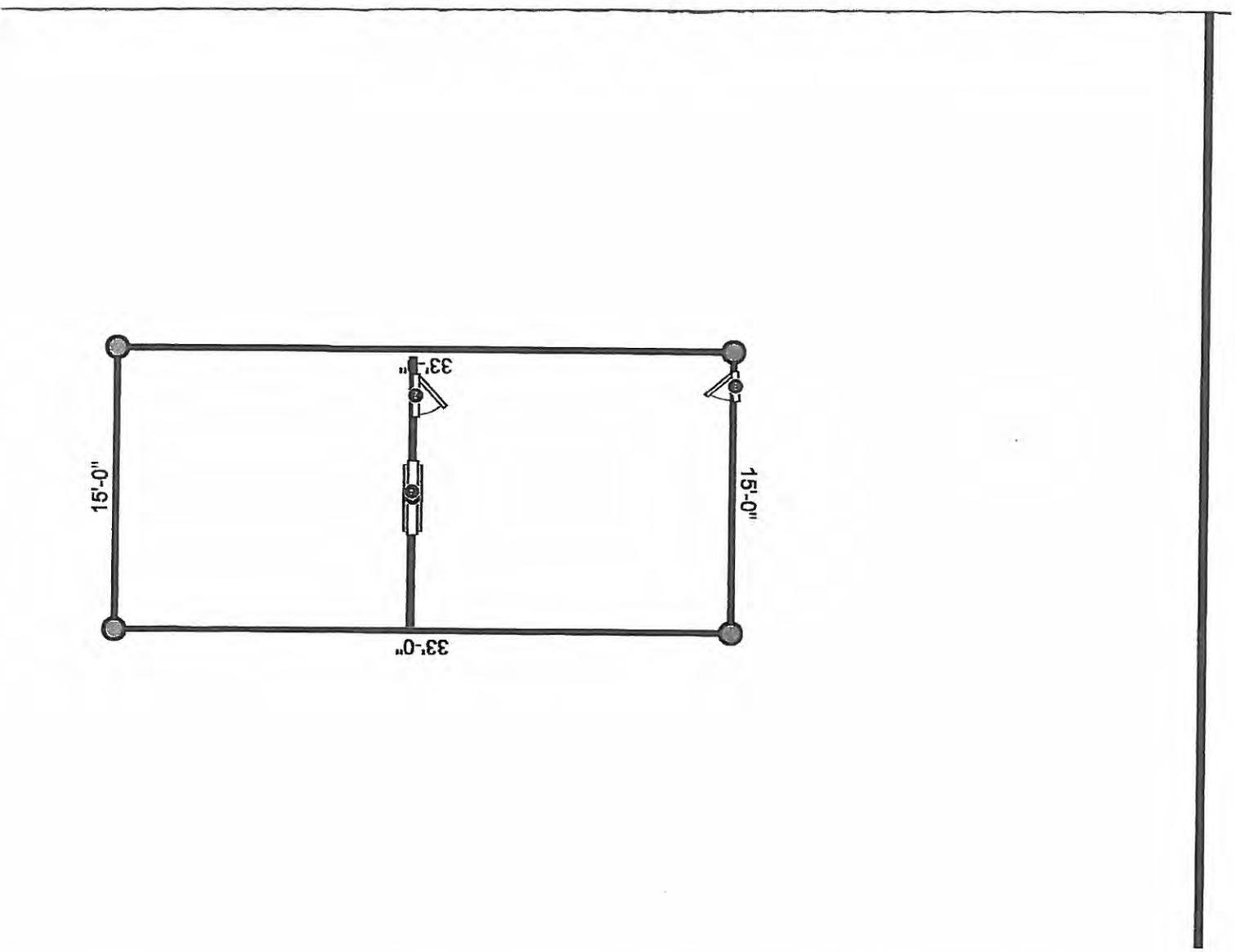
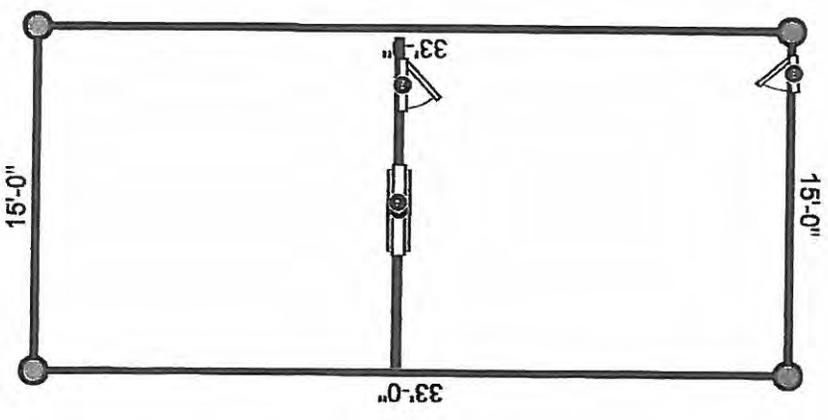

By: Penny Kauffman

It's: Chief Manager

Tenant
Adam Smiglewski Agency


By: Adam Smiglewski

It's: Owner



Amy Biren

From: Mary Coons <marycoons@usinternet.com>
Sent: Friday, January 22, 2016 12:20 PM
To: City Hall
Subject: Attn: EDA
Attachments: Fund the Book.pdf; ATT00001.txt

Help Fund the Book! The Hanover Historical Society has commissioned a new book on the history of our pedestrian bridge and the Crow River. Please see the attached letter for details.

The Hanover Historical Society is bridging the past with the future while preserving history and enhancing a sense of community.

Mary Coons, Secretary
Hanover Historical Society

Fund the Book



The Hanover Historical Society has commissioned a new book. Tentatively titled *Planks of History*, Mary Coons, author of *Safe From the Outside World*, is researching and writing a book based exclusively on Hanover's historic pedestrian bridge and the history of the Crow River.

The book will be an accompaniment to the bridge documentary film currently in production whose focus is on modern history and bridge renovations along with the opening scene of the canoe reenactment of Jacob Vollbrecht first arriving in the area. The Society felt the book would be an excellent complement to the documentary with its slightly different slant. As a tangible product, the public can own the book whereas the documentary will not be sold.

Support your community's historical roots!

The Hanover Historical Society, formed in 2002, has been an active partner in our community. Now in its 11th year, the annual Caroling at the Historic Bridge promotes a sense of community and camaraderie and a free, family-friendly event.

The bridge has been the scene of numerous celebrations, including the 125th anniversary in 2010, weddings, Harvest Festival activities, and history talks to area groups and civic organizations. As stewards of our historic bridge, which is on the Federal Register of Historic Places, we also advocate for its ongoing repairs and maintenance.

The Fund the Book program is tailored toward area businesses, individuals, families, and civic organizations. Here's how it works:

- Less than \$49, anonymous donation
- For \$50, donating families would have their name mentioned in the back of the book and receive one free autographed copy. Think church bulletins that list names of individuals/families who buy Christmas or Easter flowers in honor or memory of a family member.
- For \$250, a business would have their business card reproduced in the back of the book.
- For \$500, a business, church or civic organization would have a one-half page bio of their history along with their logo.
- For \$1,000, a business, church or civic organization would have a full-page bio of their history along with their logo.

All proceeds go toward the design and printing of the book. The Hanover Historical Society is a 401(3c) charitable organization, and your donation may be tax deductible.

Checks can be made out and mailed to Hanover Historical Society, PO Box 13, Hanover, MN 55341. A tax-exempt form will be sent to you.

For more information, please contact Joe Kaul at 612- or info@hanoverhistoricalsociety.org.



The mission of the Hanover Historical Society is to identify, preserve, and disseminate knowledge about the history of Hanover through collections, preservation, distribution of historical information, as well as advocate for preservation of historic buildings, monuments and markers.

Thank you for your support of our great little community and its storied history.

Hanover Historical Society
Michael Kehn, President
Tim Zimmerman, Past President
Martin Waters, Vice President
Mary Coons, Secretary
Joe Kaul, Treasurer

www.hanoverhistoricalsociety.org

City of Hanover
Economic Development
Authority



11250 5th St NE
Hanover, Minnesota 55341
763-497-3777
cityhall@ci.hanover.mn.us

HANOVER LOW INTEREST LOAN FUND GUIDELINES

I. PURPOSE OF THE LOW INTEREST LOAN FUND

Low interest loan funds are to be used for business start-ups, expansions, and retentions. Through any of those activities, the overarching goals of this program are:

- 1) Creation or retention of permanent private-sector jobs in order to create economic growth;
- 2) Stimulation or leverage of private investment to ensure economic renewal and competitiveness;
- 3) Increase the local tax base;
- 4) Improvement of employment and economic opportunity for citizens in the region to create a reasonable standard of living;
- 5) Stimulation of productivity growth through improved manufacturing or new technologies.
- 6) Fill a gap in a service or product that is not currently available in the city (i.e. senior housing, etc.)

II. ELIGIBLE APPLICANTS

Eligible applicants include businesses currently or proposed to be located within the corporate limits of the City of Hanover.

III. GENERAL GUIDELINES

Suggested / Potential Changes

- 1) Loan amount -- Minimum \$5,000; Maximum \$~~250,000~~ or 90% of Low interest Loan Fund Balance, whichever is less. In certain instances ~~where there is significant jobs and private investment,~~ the EDA can approve exceeding the maximum loan amount.
- 2) Location – The business/property owner must locate, expand or remodel within the corporate limits of the City of Hanover.
- 3) Conventional Lender or Equity – Conventional lending sources and/or owner equity must provide at least 50% of the total project financing.
- 4) Job creation/wages paid – Applicant must identify jobs to be created within two years and wages paid.
- 5) Interest rate – Prime (as published by the Wall Street Journal) minus two, with a minimum interest rate of 2% and a maximum interest rate of 6%.
- 6) Terms – Equipment 5-7 years; Land/Building: 10-15 years.
- 7) Other – Funds may be used to provide loan guarantees or interest buy-downs.

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ELIGIBLE ACTIVITIES/EXPENDITURES

Loan dollars may be used for the following activities:

- Acquisition of land;
- Construction, reconstruction and rehabilitation of commercial or industrial buildings
- Site improvements
- Utilities or infrastructure
- Machinery and equipment

Loan dollars may be used to provide assistance with loan guarantees, interest buy-downs, and other forms of participation with private sources of financing. The Low interest loan fund assistance can be for no more than one-half of the cost of the project.

All loans must be secured with appropriate collateral. This determination will be made by the EDA.

IV. INELIGIBLE ACTIVITIES

Low interest loan fund assistance may not be used for the following:

- 1) Any business that is not or would not conform with Hanover City Code or Zoning Ordinances.
- 2) Housing Projects
- 3) Operating Expenditures

V. APPROVAL CRITERIA

The loan must be based on the following criteria:

- 1) Creation of new jobs or retention of existing jobs
- 2) Increase in tax base
- 3) The project can demonstrate that the investment of public dollars induces private funds
- 4) The project provides suitable wage levels to the community or will add value to current workforce skills
- 5) Assistance is necessary to retain existing business.

VI. APPROVAL PROCESS

Loan applications shall be on a form provided by the City/EDA. Complete applications received by the last Thursday of the month will generally be considered at the next monthly EDA meeting which occurs on the 2nd Thursday of the month at 8:00am at Hanover City Hall.

VII. LOAN APPLICATION/ORIGINATION FEE

A 2% loan application/origination fee is charged at the time of EDA approval of the loan. This is a non-refundable fee.

Financial Programs

Financial Incentives, or gap financing programs, are available to qualifying existing and new businesses. The City of Rockford has a history of supporting economic development efforts through the use of tax increment financing, its revolving loan fund and no interest loan program. The City is also a member of the Wright County Economic Development Partnership, providing businesses with access to these County funds. The City has successfully secured grants through the MN Department of Employment and Economic Development on behalf of businesses for land acquisition and equipment purchases. Contact City Administrator Nancy Carswell or Economic Development Consultant Joanne Foust.

Tax Increment Financing-

Tax increment financing is a tool which allows the City to reimburse the company or land owner a portion of the new property taxes which are generated as a result of an expansion project. The amount of financial assistance available (TIF) is dependent upon a number of factors including but not limited to the assessed market value of the building and the financial need of the company. The City could structure a note to the company to use the tax increments to reimburse project costs including land acquisition, site improvements such as parking lots, grading, landscaping and/or utility connections.

Tax Abatement-

Tax abatement is a tool which allows the City to reimburse the company a portion of property taxes which are generated within a specified period of time. The amount of the tax abatement available depends on a number of factors, including, but not limited to the financial need of the company and participation by the County. Abated taxes could be used to reimburse project costs including land acquisition, site improvements such as parking lots, grading, landscaping and/or utility connections.

Wright County Enterprise Revolving Loan Fund-

The Wright County Economic Development Partnership offers a loan program to provide gap financing for new and expanding industrial businesses. Qualifying businesses are required to create quality jobs with good wages, among other application requirements. For more information, contact the Partnership at (763) 477-3086.

Rockford No Interest Loan Program-

The City of Rockford offers a matching grant program for exterior building improvements including: siding, awnings, signs, paint, stucco, new windows, decorative cornice, entryway, and exterior decorative lighting. The City may also consider the use of loan proceeds for demolition of blighted and/or substandard structures to accommodate future commercial (re) development. Minimum loan \$1,500, maximum loan \$5,000.



Financial Programs

MN Community Capital Fund/Revolving Loan Fund-

The City of Rockford is a member of the Wright County Economic Development Partnership. The Partnership is a member of the MN Community Capital Fund. The revolving loan fund is available for business and community economic development financing activities that lead to the creation of livable wage jobs and Industrial expansion. For more information please call Scott Martin (952) 541-9674.

Minnesota Investment Fund-

MN Department of Employment and Economic Development (DEED) offers a program, which is a low interest loan to a company for land, buildings, equipment and infrastructure improvements. The loan amount is based on the number of jobs the company commits to creating over a two year period (from the time of occupancy). If the minimum wage paid to employees is \$9.50 per hour the company is eligible for \$7,500 for every job created. If you pay your employees a minimum of \$12 per hour, you would be eligible for \$10,000 per job created. For example, if you plan to create 50 jobs the maximum loan would be \$375,000 (if \$9.50 per hour) or \$500,000 (if \$12 per hour). The maximum amount available to a city on an annual basis is \$500,000. Loans typically carry terms of 15-20 years for real estate and a maximum 10 years for equipment. The interest rate is negotiable with the City. Applications are accepted year-round.

Initiative Foundation Loan Programs-

The Initiative Foundation provides gap financing to industrial and commercial businesses throughout Wright County. Programs available for startup and expansion projects include the Business Loan Program, Loan Guarantee Program and the Central Minnesota Seed Fund. For more information contact the Initiative Foundation at (320) 632-9255 or <http://www.ifound.org> or the Wright County Economic Development Partnership at (763) 477-3086.

Industrial Revenue Bonds-

IDBs are private activity bonds (small issue manufacturing bonds) issued by cities on behalf of private borrowers to finance the fixed costs of manufacturing facilities. IDBs may be utilized if the company owns or is leasing the facility. The bonds are marketed on their financial strength. Financial statements of the company do not need to be disclosed to investors. If the company is interested in this option, the City would proceed with requesting an allocation for funds from the state of MN, following submittal of the required pre-application.



WATERTOWN ECONOMIC DEVELOPMENT AUTHORITY REVOLVING LOAN FUND PROGRAM

PURPOSE

The purpose of this document is to establish guidelines for the application and administration of the City of Watertown Economic Development Revolving Loan Fund Program (the “RLF Program”).

POLICY STATEMENT

The City of Watertown recognizes the need to stimulate private sector investment in facilities and equipment in order to create/retain jobs for local residents and to upgrade facilities to maintain competitiveness and/or boost productivity. The RLF Program is established to provide affordable loans for expansion and/or rehabilitation of commercial and industrial businesses in order to maintain and enhance the economic viability within Watertown.

PROJECT ELIGIBILITY

Loan proceeds obtained through the RLF Program can be used for:

1. Fixed asset financing such as land acquisition, building construction, machinery and equipment, expansion of existing facilities, renovation and modernization of buildings, or public infrastructure needed for economic development expansions.
2. Eligible businesses must be within the city limits of Watertown and in a commercial or industrial zoning district, as defined by the City’s approved Land Use Map.

RLF Program loan proceeds cannot be used for:

1. Construction and/or renovation of residential units.
2. Acquisition, installation or repair of furnishings or trade fixtures.
3. Payment of accrued obligations or for refinancing of existing debt; except for the refinancing of an existing RLF Program loan that has ballooned.
4. Speculative investment purposes.

LOAN AMOUNT

1. The minimum loan request considered is \$5,000 and the maximum loan request considered is \$25,000.

2. The interest rate for any loan shall be fixed for the term of the loan. The interest rate will be determined at the time of approval by the EDA equal to the Wall Street Journal Prime Rate.
3. Depending on the proposed use of the loan funds, the repayment schedule shall not exceed the following maximum amortization schedules:
 - a. 10 years - purchase of land and/or purchase, construction or renovations of building
 - b. 5 year - machinery and equipment;
4. Repayment will normally commence the first day of the month after closing of the loan and be due the first day of each month for the duration of the loan. Monthly loan payments will be automatically deducted from the applicant's authorized checking account using the Watertown direct payment program. Repayment authorization form(s) will be completed at closing of the loan.

REGULATIONS FOR IMPROVEMENTS

All building construction or renovation is to be in conformance with the current adopted Uniform Building Code and other City Codes and policies. Repairs may include, but are not limited to, the following systems and portions of real property:

- a. Mechanical - including heating and plumbing
- b. Electrical
- c. Structural - including the facade of the structure, the roof, and energy related improvements

LOAN SECURITY

1. All loans must be secured with either a mortgage on real estate or UCC-1 financing statement.
 - a. Mortgages considered must be on real property being improved, or real property in which the applicant has an interest and meets the requirements and restrictions of the RLF Program so long as the owner thereof commits to grant the City a mortgage thereon securing the applicant's obligation to the City.
 - b. A loan cannot exceed ninety percent (90%) of the current year assessed valuation of the mortgaged property less the outstanding balance of any prior mortgage.
2. Applicant must demonstrate to the City that he or she possesses the financial means to repay the loan(s).

3. The applicant must demonstrate that the mortgaged property is insured for its full insurable value. If the mortgaged property is the property being purchased or improved with the loan proceeds, the applicant must also demonstrate that the property is insured for its full insurable value after any improvements are made.
4. A personal guarantee from owners with more than a 20% stake in the businesses of which the RLF program is benefiting is required.

TIMING OF PROJECT EXPENSES

Building construction may not commence until all required permits are secured. All costs incurred by the loan applicant before the loan application has been approved, and any costs associated with the loan application or execution of the loan documents as required by the City, are not eligible expenditures.

PROCEDURAL GUIDELINES FOR APPLICATION AND APPROVAL

1. Any interested applicant should meet with the Watertown City Administrator to obtain information about the RLF Program and to discuss the proposed project and obtain application forms.
2. A completed application form, together with a processing fee equal to 1% of the loan amount must be submitted to the City of Watertown two weeks prior to review and consideration of the application by the Watertown Economic Development Authority. The fee will be used to cover City expenses for processing the application and is nonrefundable. An additional fee of 1% of the loan amount requested will be charged and payable at loan closing if the applicant fails to provide complete project information within thirty (30) days after the original application is submitted.
3. The application is reviewed by City Staff to determine if it conforms to the requirements of this Program, and all other City Codes, policies, ordinances and regulations.
4. City staff will request an Owners & Encumbrance Report upon the property to be mortgaged to help determine whether the RLF program requirements are met.
5. City Staff will review each application and the project information supplied in terms of its proposed activities in relation to their impact on the Watertown economic community. City Staff will make a recommendation concerning funding of the proposed project to the Watertown Economic Development Authority for final consideration of the application.
6. The Watertown Economic Development Authority will evaluate the project application in terms of the following:
 - a. Project Design - Evaluation of project design will include review of proposed activities, timelines and capacity to implement.
 - b. Financial Feasibility - Availability of funds, private involvement, financial packaging

and cost effectiveness.

- c. Loan applicant to provide information that shows they are able to pay up to 20% of the total project cost from a source other than RLF Program loan proceeds.
 - d. The applicant will have to show sufficient cash flow to cover proposed debt service. To be determined by taking the EBITDA divided by the total debt payments of the applicant (including the new RLF program payment). The ratio must be 1.20 or greater.
 - e. Net Worth Test: Applicant (and/or its principal) must show a positive net worth.
 - f. Credit: Applicant and/or guarantors cannot have unpaid tax liens, unpaid judgements, or unpaid collection items. The personal credit score cannot be less than 620.
 - g. Letter of commitment from applicable business pledging to complete project during proposed project duration if loan application is approved.
 - h. Letter of commitment from applicable business pledging to remain in the eligible geographic area during the duration of the loan period or be subject to acceleration and/or immediate loan balance repayment.
 - i. Letter of commitment from regulated financial institution stating terms and conditions of their participation in project, if any.
 - j. Project compliance with all City Codes and policies.
7. All applications failing to meet the minimum threshold standards, but that are able to show sufficient documentation of ability to cover the expected debt service, may be reviewed on a case by case basis by the Watertown Economic Development Authority.
 8. The Watertown Economic Development Authority reserves the right to waive certain requirements of this Program and may request additional information and documentation as deemed necessary.
 9. The Watertown Economic Development Authority must review and approve all applications prior to the disbursement of loan proceeds.

LOAN CLOSING

1. RLF Program loan documents will be executed by the applicant at closing, which may include any or all of the following as determined by the Watertown Economic Development Authority and City Staff:
 - a. Promissory Note; and
 - b. Mortgage on real property; and
 - c. Assignment of Leases and Rents; and
 - d. Security Agreement and/or Financing Statement; and
 - e. Personal Guaranty; and
 - f. Direct Payment Authorization Form.
2. Additional fees must be paid by the applicant at closing, which may include any or all of the following:
 - a. Mortgage Registry Tax charged by County; and

- b. Additional administrative or appraisal fees, closing costs, search fees, attorney fees, etc.

ONGOING REPORTING

1. Six months after the closing of the loan, the applicant is required to submit a summary of how the EDA's revolving loan funds were used, jobs created as applicable, etc.

WACONIA ECONOMIC DEVELOPMENT REVOLVING LOAN FUND PROGRAM

PURPOSE

The purpose of this document is to establish guidelines for the application and administration of the City of Waconia Economic Development Revolving Loan Fund Program (the “RLF Program”).

POLICY STATEMENT

The City of Waconia recognizes the need to stimulate private sector investment in facilities and equipment in order to create/retain jobs for local residents and to upgrade facilities to maintain competitiveness and/or boost productivity. The RLF Program is established to provide affordable loans for expansion and/or rehabilitation of commercial and industrial businesses in order to maintain and enhance the economic viability within Waconia.

PROJECT ELIGIBILITY

Loan proceeds obtained through the RLF Program can be used for:

1. Fixed asset financing such as land acquisition, building construction, machinery and equipment, expansion of existing - facilities, renovation and modernization of buildings, or public infrastructure needed for economic development expansions.
2. Eligible businesses must be within the city limits of Waconia and in a commercial or industrial zoning district, as defined by the City’s approved Land Use Map.

RLF Program loan proceeds cannot be used for:

1. Construction and/or renovation of residential units.
2. Acquisition, installation or repair of furnishings or trade fixtures.
3. Payment of accrued obligations or for refinancing of existing debt; except for the refinancing of an existing RLF Program loan that has ballooned.
4. Speculative investment purposes.

LOAN AMOUNT

1. The minimum loan request considered is \$10,000 and the maximum loan request considered is \$149,999.

2. The interest rate for any loan shall be fixed at five percent (5%).
3. Depending on the proposed use of the loan funds, the repayment schedule shall not exceed the following maximum amortization schedules:
 - a. 10 years - purchase of land and/or purchase, construction or renovations of building
 - b. 5 year - machinery and equipment;
4. Repayment will normally commence the first day of the month after closing of the loan and be due the first day of each month for the duration of the loan. Monthly loan payments will be automatically deducted from the applicants authorized checking account using the Waconia direct payment program. Repayment authorization form(s) will be completed at closing of the loan.

REGULATIONS FOR IMPROVEMENTS

All building construction or renovation is to be in conformance with the current adopted Uniform Building Code and other City Codes and policies. Repairs may include, but are not limited to, the following systems and portions of real property:

- a. Mechanical - including heating and plumbing
- b. Electrical
- c. Structural - including the facade of the structure, the roof, and energy related improvements

LOAN SECURITY

1. For loans up to \$15,000, the City may consider a mortgage, letter of credit or a UCC filing as security on the loan.
2. For loans more than \$15,000 and up to \$149,999, the City's loan must be secured with a mortgage.
 - a. Mortgages considered must be on real property being improved, or real property in which the applicant has an interest and meets the requirements and restrictions of the RLF Program so long as the owner thereof commits to grant the City a mortgage thereon securing the applicant's obligation to the City.
 - b. A loan cannot exceed eighty percent (80%) of the current year assessed valuation of the mortgaged property less the outstanding balance of any prior mortgage.
3. Applicant must demonstrate to the City that he or she possesses the financial means to repay the loan(s).
4. The applicant must demonstrate that the mortgaged property is insured for its full insurable value. If the mortgaged property is the property being purchased or improved with the loan

proceeds, the applicant must also demonstrate that the property is insured for its full insurable value after any improvements are made.

TIMING OF PROJECT EXPENSES

Building construction may not commence until all required permits are secured. All costs incurred by the loan applicant before the loan application has been approved, and any costs associated with the loan application or execution of the loan documents as required by the City, are not eligible expenditures.

PROCEDURAL GUIDELINES FOR APPLICATION AND APPROVAL

1. Any interested applicant should meet with the Waconia City Administrator or Waconia Director of Finance to obtain information about the RLF Program and to discuss the proposed project and obtain application forms.
2. A completed application form, together with a processing fee equal to 1% of the requested loan amount must be submitted to the City of Waconia two weeks prior to review and consideration of the application by the City Council. The fee will be used to cover City expenses for processing the application and is nonrefundable. An additional fee of 1% of the loan amount requested will be charged and payable at loan closing if the applicant fails to provide complete project information within thirty (30) days after the original application is submitted.
3. The application is reviewed by City Staff to determine if it conforms to the requirements of this Program, and all other City Codes, policies, ordinances and regulations.
4. City staff will request an Owners & Encumbrance Report upon the property to be mortgaged to help determine whether the RLF program requirements are met.
5. City Staff will review each application and the project information supplied in terms of its proposed activities in relation to their impact on the Waconia economic community. City Staff will make a recommendation concerning funding of the proposed project to the City Council for final consideration of the application.
6. The Waconia City Council will evaluate the project application in terms of the following:
 - a. Project Design - Evaluation of project design will include review of proposed activities, timelines and capacity to implement.
 - b. Financial Feasibility - Availability of funds, private involvement, financial packaging and cost effectiveness.
 - c. Loan applicant provides information that shows they are able to pay up to 20% of the total project from a source other than RLF Program loan proceeds.
 - d. Sufficient cash flow and security to cover proposed debt service.

- e. Net Worth Test: Applicant to be assisted (and/or its principal) must show a positive net worth.
 - f. Letter of commitment from applicable business pledging to complete project during proposed project duration if loan application is approved.
 - g. Letter of commitment from applicable business pledging to remain in the eligible geographic area during the duration of the loan period or be subject to acceleration and immediate loan balance repayment.
 - h. Letter of commitment from regulated financial institution stating terms and conditions of their participation in project, if any.
 - i. Project compliance with all City Codes and policies.
7. All applications failing to meet the minimum threshold standards, but that are able to show sufficient documentation of ability to cover the expected debt service, may be reviewed on a case by case basis by the City Council.
 8. The City Council reserves the right to waive certain requirements of this Program and may request additional information and documentation as deemed necessary.
 9. The City Council must review and approve all applications prior to the disbursement of loan proceeds.

LOAN CLOSING

1. RLF Program loan documents will be executed by the applicant at closing, which may include any or all of the following as determined by the Waconia City Council and City Staff:
 - a. Promissory Note; and
 - b. Mortgage on real property; and
 - c. Assignment of Leases and Rents; and
 - d. Security Agreement and/or Financing Statement; and
 - e. Personal Guaranty; and
 - f. Direct Payment Authorization Form.
2. Additional fees must be paid by the applicant at closing, which may include any or all of the following:
 - a. Mortgage Registry Tax charged by County; and
 - b. Additional administrative or appraisal fees.

ONGOING REPORTING

1. Six months after the closing of the loan, the applicant is required to submit a summary of how the City's revolving loan funds were used, the job growth that occurred as a result of the loan and copies of receipts or equipment purchased with the funds, as applicable.

2. Failure to report may be considered a default on the loan, subject to the provisions provided in the RLF Program.

DEFAULT AND REMEDY PROVISIONS

1. Each of the following would be considered a default upon a RLF Program loan (a "Default"):
 - a. Any required payment is not paid within 30 days of the date due;
 - b. Any other indebtedness of the borrower to the City is not paid when due;
 - c. Failure to pay real estate taxes or insurance upon the mortgaged property;
 - d. The property given as security for the loan, or any interest in said property is sold or transferred without the City's prior written consent (other than sales from inventory in the ordinary course of business, if applicable);
 - e. The borrower, or its principal, becomes a debtor in a bankruptcy proceeding or the subject of a similar state court proceeding, becomes the subject of a receivership, or makes an assignment for the benefit of creditors;
 - f. Failure to provide ongoing reporting as required in the RLF Program;
 - g. Any other defaults set forth in any of the loan documents.
2. The City will comply with any notice provisions to be provided to the borrower upon the occurrence of a Default as set forth in the loan documents. If a Default occurs, the loan may be accelerated with all principal and interest being due and payable in full. The City's remedies to a Default will also include the right to set off foreclosure of the mortgaged property and any other collection proceedings available pursuant to the loan documents or applicable law. Loans in default may be subject to penalties equal to ten percent (10%) of the past due balance. If the City determines collection proceedings are necessary, including but not limited to foreclosure, the borrower will be provided with written notice identifying the public meeting where the loan will be considered and action determined.

Established: July 1994

Revised: December 17, 2001
March 19, 2001
June 18, 1996
February 22, 2005
June 20, 2005
May 2006
June 2009
June 2012



Minneapolis Department of CPED
Crown Roller Mill
105 Fifth Ave. S., Suite 200
Minneapolis, Mn 55401
612-673-5068



Hennepin County
Housing Community, Works & Transit
417 N. Fifth St., Suite 320
Minneapolis, MN 55401-1362
612-348-2215

Economic Development Revenue Bond Program

What is the Common Bond Fund Revenue Bond Program?

The Common Bond Fund Revenue Bond Program (CBF) is a loan fund for growing manufacturing companies. Most of the major manufacturing projects completed in Minneapolis since 1982 have been financed with tax-exempt or taxable revenue bonds issued through the CBF. In 2004 the CBF was expanded throughout all of Hennepin County through a joint partnership between the City of Minneapolis and the Hennepin County Housing and Redevelopment Authority (HRA).

Local government agencies may issue tax-exempt or taxable revenue bonds on behalf of private borrowers to provide lower interest rates on long-term financing. Revenue bonds issued for industrial/manufacturing projects are generally tax-exempt; those for commercial projects are taxable.

Projects can include land acquisition, new-facility construction, additions to existing facilities, purchase and renovation of existing structures and production equipment purchase.

What are the benefits of the CBF Revenue Bond Program?

- ▲ Long-term fixed-rate financing to businesses at below-market interest rates.
- ▲ Issuance of CBF revenue bonds on either a tax-exempt or taxable basis that can be used to

finance industrial, commercial and medical facilities and some nonprofit activities.

- ▲ Bonds issued through the CBF are investment-grade instruments with an “A+” bond rating from Standard & Poor’s based on the security provided by the CBF.
- ▲ Lenders find that the CBF bonds help avoid credit concentrations while still allowing the lender to handle all the other short-term, working capital and other banking needs.

Who is eligible for CBF revenue bonds?

- ▲ Any owner-occupied manufacturing business in Hennepin County.
- ▲ The CBF is designed for established owner-occupied manufacturing facilities with a history of profitability, whose owners provide personal guaranties.
- ▲ The CBF can finance up to 90 percent of value, with the borrower providing a minimum requirement of 10-percent equity.
- ▲ The CBF can also provide financing for 501(c)(3) nonprofit organizations on a tax-exempt basis, and taxable bonds for commercial projects that would not qualify for tax-exempt bonds.
- ▲ Bars, restaurants, entertainment facilities and start-up firms are not eligible.

continues on back

What are the rates, terms and fees?

- ▲ CBF revenue bond financing is fixed-rate, with terms of 20 to 30 years, often at interest rates below market-interest rate.
- ▲ The CBF offers competitive rates and terms on taxable revenue bonds.
- ▲ Tax-exempt CBF revenue bonds can be issued below commercial-market interest rates because interest earnings to the purchaser are generally exempt from federal, state and local income taxes.
- ▲ CBF revenue bond issuance expenses include bond counsel, underwriting, financial advisor, corporate counsel, inspecting architect, title insurance and other fees. These fees may be financed through the revenue bond up to certain limits.

How does the CBF Revenue Bond Program work?

- ▲ Bonds issued through the CBF are investment-grade instruments with an “A+” Standard & Poor’s bond rating based on the security provided by the CBF, resulting in lower interest rates.
- ▲ CBF revenue bonds are marketed to either institutional investors – insurance companies, banks and pension funds – or sold to the general public through a public offering. This results in interest cost savings to borrowers.
- ▲ Bond underwriting firms prepare an official statement to market the bonds.

What is the CBF revenue bond process?

- ▲ A City of Minneapolis and Hennepin County HRA staff person will handle your revenue bond request from initial inquiry through post-closing monitoring.
- ▲ The complete public approval process takes about 90 days.
- ▲ The City of Minneapolis and Hennepin County HRA approve CBF revenue bond projects based on financial strength; credit worthiness; public purpose served, such as preserving and creating jobs; and increasing the real estate tax base.

What information do you need to provide?

- ▲ Narrative on the company and owner(s).
- ▲ Financial statements for the past three years and any interim statements.
- ▲ Personal financial statements of anyone owning more than 20 percent of the company.
- ▲ General description of the proposed project, plans and estimates of project costs.
- ▲ Appraisals and environmental reports about the proposed project.

Information

For more information, call:

Bob Lind at (612) 673-5068

(City of Minneapolis)

or

Patrick Connoy at (612) 348-2215

(Hennepin County).



All programs and guidelines are subject to change without notice. This brochure is available in alternate formats.

FINANCIAL ASSISTANCE



There is no such thing as “free money” when it comes to economic development finance. It is important to begin this page by emphasizing that statement.

Most economic development projects are funded through a combination of owner equity and bank financing.

Cities generally do not have grant dollars available for land or building acquisition, equipment or inventory purchases, or working capital.

Cities and economic development authorities typically only provide “gap financing,” or a loan to bridge the gap between what the bank is willing to lend and the total cost of the project.

With that said, the City of Norwood Young America does have a number of financial resources available to assist existing businesses, as well as those looking to relocate, or expand within the community.

NYA Small Business Development Loan Program

Looking for money to start or expand your business? The City of NYA Economic Development Authority recently entered into a partnership with the Metropolitan Consortium of Community Developers (MCCD) to administer the City’s revolving loan program. This program provides affordable gap financing. It is designed to leverage private resources provided by the commercial banking industry, as well as other non-traditional lending programs. The City of NYA will contribute a maximum of \$10,000 to a project and MCCD will match the City’s contribution. Eligible borrowers can use the loan funds for such things as the acquisition of land or buildings; the expansion or renovation of a building; the purchase of machinery or equipment; inventory and working capital. The loan term and the interest rate will be determined on a case by case basis, depending on the use of the funds.

For more information about the NYA Small Business Loan Program, please call Lee Hall at the Metropolitan Consortium of Community Developers. He can be reached at 612-789-7337 ext. 817. You can also contact NYA Economic Development Coordinator Christie Hantge at (952) 467-1993.

Tax-Increment Financing

The City of Norwood Young America Economic Development Authority will consider using Tax Increment Financing (TIF) for eligible projects.

Eligible projects must pass what is called the “but-for” test. Meaning that unless Tax Increment Financing is utilized, the project will not be economically feasible. In other words: if the project can be done without TIF, then it is ineligible for this assistance.

What is TIF? Essentially, the difference between a property’s original property taxes and the property taxes due on a property after it has been improved (called the “tax increment”) can be captured and used to help finance the project.

DEVELOP IN NYA NEW

Tacoma West Industrial Park

Land starting at \$1/SQ. Foot

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FEATURED AREA NEW

Metropolitan Consortium of Community Developers

Open to Business Lending Programs \$

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SUCCESS STORIES NEW

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Montrose Economic
Development Authority
PO Box 25
311 Buffalo Ave South
Montrose MN 55363
763-675-3717
TDD: 800-627-3529
www.montrose-mn.com



Montrose EDA

- The Montrose EDA has various financial programs and technical resources available to assist existing and new businesses. For program guidelines, procedures and application forms, please contact the Montrose EDA. The EDA also maintains an inventory of available commercial and industrial space. If you are looking for space, or have space to sell or lease, please contact the city offices at: 763-675-3717.

Business Incentive Programs Available

*Low
Interest
Loan*

Revolving Loan Fund Summary:

- Eligible Businesses: Industrial and commercial, both existing and new.
- Eligible Expenditures: land acquisition, building acquisition, building construction/alteration, and equipment purchases.
- Interest Rate: 2% below Prime.
- Term: Varies from 5 years for equipment up to 15 years for new buildings/land acquisition.
- Gap Financing: The EDA's fund is intended to provide gap financing with up to 20% of the project costs funded through the revolving loan fund.
- Job creation: Minimum one job per \$15,000 of funds received.
- Minimum wage: Employees must be paid 110% of the federal poverty level for a family of four (\$10.23 as of March 22, 2005). This rate changes annually.
- Source of Funds: The City/EDA received a grant from the State of MN which is the source of these revolving loan funds. As a result, several federal regulations must be followed on the re-use of the funds. A summary of a few of the categories follows. Detailed information is available upon request:
 - Jobs must be provided to low and moderate income persons; or the project must result in the prevention or elimination of slum or blight in a designated area.
 - Fair Housing and Equal Access requirements must be met
 - Equal Opportunity must be provided.
 - Labor Requirements must be met.

Montrose EDA

The Montrose EDA has assisted businesses through other programs including:

- The Minnesota Investment Fund (low interest loan through the State of MN, based on the number of jobs created in two years); and
- Tax Increment Financing

Other local and regional sources of financing available include but are not limited to:

- The Wright County Economic Development Partnership loan program
- Initiative Foundation
- Minnesota Community Capital Fund

C O L D S P R I N G

Minnesota



Located at the gateway to the Horseshoe Chain of Lakes in Central Minnesota, Cold Spring is located in the St Cloud Metropolitan Statistical Area making it an attractive location to locate your business.



Ask us how we can help you find the right funding option for your business. We want you to succeed!

Funding & Resources

There are a wide variety of programs and resources available for businesses looking to expand or locate in the city of Cold Spring. Each business is different and there is no one-size-fits-all program. We can help you find the right solution for your project.

The Small Business Administration (SBA)
www.sba.gov

The United States SBA was created to counsel, assist and protect the interests of small business concerns, to preserve free enterprise and to maintain and strengthen the overall economy. The SBA helps you start and grow your business and offers several loans and programs.

Central MN Development Company (CMDC)
www.cdmcbusinessloans.com

The CMDC is a private non-profit development company that helps provide special financing to small and mid-sized businesses. Benefits include: lower down payments, longer terms, below market fixed rates and rapid turnarounds.

Initiative Foundation
www.ifound.org

The Initiative Foundation works to strengthen the economy and communities of Central Minnesota. The following programs are available:

- Direct Business Loan Fund - up to \$250,000 for value-added agriculture and manufacturing companies that bring new revenue to communities
- Technology Capital Fund - up to \$500,000 for emerging high-tech ventures and technologies that increase productivity
- Green Business Loan Fund - up to \$250,000 for businesses that preserve the environment, reduce energy demands or recycle existing waste streams
- Nonprofit Loan Fund - up to \$50,000 for the creation or expansion of mission-related earned-income/social enterprise activities carried out by eligible nonprofit organizations. Loan proceeds may be used for working capital, equipment acquisition and/or facility improvements
- Lender Match Loan Fund - up to \$50,000 for manufacturing, technology, wholesale and other businesses. In partnership with financial institutions, this fund provides crucial capital to minimize the out-of-pocket cash outlay otherwise needed for a down payment on the purchase of equipment or real estate



COLD SPRING REVOLVING LOAN FUND

The city of Cold Spring Revolving Loan Fund was established in 2002 for the purposes of promoting economic development within Cold Spring. The primary focus is to provide financial assistance to new and existing businesses through joint public and private action for the purpose of increasing our tax base, creating job opportunities, redevelopment, downtown enhancement, and furthering the mission of the Cold Spring Economic Development Authority.

Eligible fund uses include:

- new construction
- renovation
- equipment
- infrastructure

Loans can be provided up to \$40,000 and can't be more than half the total project cost.



MN Department of Employment & Economic Development (MNDEED)

www.mn.gov/deed

The MN Department of Employment and Economic Development is the state's economic development agency. MNDEED programs promote business recruitment, expansion, retention, workforce and community development. The following programs are available:

- Job Creation Fund - up to \$1,000,000 for creating or retaining high-paying jobs and for constructing or renovating facilities
- Minnesota Investment Fund - up to \$500,000 for adding new workers and retaining high-quality jobs; funds used for real estate and machinery/equipment
- Minnesota Job Skills Partnership - training grants up to \$400,000 to educational institutions to partner with businesses to develop new job training or retraining for existing employees

United States Department of Agriculture (USDA)
www.usda.gov

The USDA provides financial assistance and business planning to help create and retain high-quality jobs.

Stearns County HRA
www.co.stearns.mn.us

The Stearns County HRA participates in economic development projects throughout the county by providing financing to eligible applicants.

Small Business Development Center (SBDC)
www.stcloudstate.edu/sbdc

The SBDC provides professional expertise and guidance that every small business needs to flourish in today's competitive environment. The SBDC offers a variety of resources, gap financing and templates to help your business succeed and grow.



C O L D S P R I N G

Minnesota

320.685.3653 tel 27 Red River Ave S
320.685.8551 fax Cold Spring, MN 56320 www.coldspring.govoffice.com

ELK RIVER MINNESOTA

POWERED BY NATURE



FOR BUSINESSES

DEPARTMENTS

GOVERNMENT

COMMUNITY

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Micro Loan Programs

Energy Efficiency Improvement Program

Provide direct loans up to \$75,000 at a fixed rate of 3% or two points below prime, whichever is greater, to provide capital to businesses to invest in energy efficiency and improve their profitability through reduced energy costs and enhance their ability to retrain and create jobs. Loan term is tied to payback of the improvement. All applicable utility rebates are applied to the principle of the loan.

Eligible uses: Facility systems optimization (commissioning/re-commissioning), facility systems control improvements, process efficiency improvements (CenterPoint Energy), lighting efficiency improvements, heating, ventilation and air conditioning system modifications, exterior envelope improvements, motor and pump efficiency improvements, ground-source heat pump systems wed to heat or cool a facility. Installation of equipment or devices that we renewable energy sources to generate electricity or heat or cool a building including solar electricity (photovoltaic), wind turbine or solar thermal and other improvements as approved by the applicable utility provider.

Downtown Revitalization Financing Program

Provides loans up to \$75,000 at a fixed rate of 2% for business development and building renovation in the Downtown District.

Eligible uses include: Building construction, initial build out, land acquisition, machinery, furniture, fixtures, equipment renovation, and modernization of buildings, exterior renovation of retail, commercial and industrial buildings, public infrastructure and investment real estate with a minimum of 50% of the space pre-leased.

Ineligible uses include: Working capital, inventory, or the refinancing of existing debt.

Industrial Incentive Program

Provides loan amounts up to \$100,000 at two points below prime or 3%, whichever is greater, to industrial business for real estate, equipment, and infrastructure costs associated with locating or expanding in Elk River. Job creation requirements apply to loans greater than \$75,000.

Job Incentive Program

Provides loans up to \$200,000 of secondary financing not to exceed 20% of the project cost. The loan is to assist existing businesses with expansion and attract new businesses to the city whose local operations will help expand the city's economy through job retention and creation and maintain/grow the city's tax base. The purpose of the Jobs Incentive Program is to encourage the creation of high paying and quality jobs to the city.

Eligible uses: building construction, land acquisition, machinery, furniture, public infrastructure, exterior renovation and modernization of buildings.

Ineligible uses: restaurants, retail businesses, casinos, or sports facilities.

Job Incentive Program [Application](#)

Micro Loan Programs

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CITY OF ELK RIVER

13065 Orono Parkway
Elk River, MN 55330
763.635.1000



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Contact Us

111 Hassan St. SE
 Hutchinson, MN 55350
 Phone: (320) 234-4223
 Fax: (320) 234-4240

You are here: [Home](#) - Financing

Financing

The Hutchinson Economic Development Authority has a number of financial resources available to assist downtown business and local industry. In this section you will find some general information on how economic development projects are funded along with a summary of the financial resources available. By clicking on the program name, you can access detailed information on program requirements, eligibility criteria, rates, terms and contact information. For an overview of how economic development projects are financed, please read [Financing Economic Development Projects](#).

Hutchinson's business subsidy policy can be found [here](#).

Financial Resources

A number of resources are available to help finance economic development projects. In this section you can access details on program requirements, eligibility criteria, rates, terms and contact information. **Click on a link below to navigate to the program information you're interested in.**

Entity	Resources Available
Hutchinson Economic Development Authority	Economic Development Loan Fund Equipment Loan Fund Tax Increment Financing Job Opportunity Building Zone (JOBZ) Tax Abatement Downtown Commercial Rehabilitation Loan Program Downtown Facade Improvement Grant Downtown Sign & Awning Grant
Mid-Minnesota Development Commission	Regional Revolving Loan Fund
Southwest Initiative Foundation	Business Finance Program Microenterprise Loan Program New Media Lending Program
Prairieland Economic Development Corporation	SBA 504 Loan Program
Minnesota Department of Trade & Economic Development	Minnesota Investment Fund Small Business Development Loan Program Rural Challenge Grant Program
Small Business Administration	SBA 7(a) Loan Program

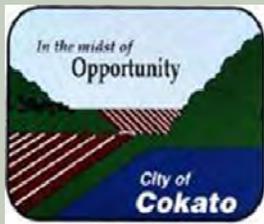
Additional Contacts:

Cokato EDA & City of Cokato:
320-286-5505

Cokato Chamber of Commerce:
320-286-5505

Economic Development Consultant:
Joanne Foust, MDG, Inc. 952-758-7399
1-888-7MDG-INC (1-888-763-4462)

Cokato Development Corporation:
Steve Hanson at: 320-286-5552



In the Midst of Opportunity...



**City of Cokato EDA
255 Broadway Avenue
Cokato, MN 55321**

Cokato

In the Midst of Opportunity...

Business Low Interest Loan Program



**City of Cokato EDA
255 Broadway Avenue
Cokato, MN 55321
(320) 286-5505 www.cokato.mn.us**

About The Loan Program

The City of Cokato and its EDA are pleased to offer a Low Interest Loan Program for current and new business located or expanding in Cokato! Dollars in this fund were initially generated by an Urban Development Action Grant (UDAG) received by the City. It is the goal of the City and its EDA to cycle these funds through the city and provide assistance to its business community. As of 2010, the fund balance was approximately \$25,000.

Purpose

The purpose of the loan program is to support business retention, expansion of employment opportunities, goods and/or services.

Loan Guidelines

Following are general loan program guidelines:

- **ELIGIBLE APPLICANTS:** include credit worthy building owners and/or tenants of commercial or industrial buildings in Cokato. Ineligible businesses include loans made for political, religious or pornographic purposes.
- **LEVERAGE:** All applicants must provide dollars from other sources. City loan dollars shall be considered "gap financing".
- **LOAN AMOUNT:** Minimum loan size: \$5,000 with a maximum \$25,000.



General Program Guidelines

- **ELIGIBLE USES:** Loan dollars may be used for acquisition and development of real property, real property rehabilitation (expansion or improvement), machinery and equipment purchases and working capital. The EDA and Council may consider funds for a business buy-out when deemed essential to retain an existing business.
- **WAGE REQUIREMENT:** The average wage of the jobs created or retained with the loan dollars shall meet or exceed at least \$8.50 per hour, not including benefits to employees.
- **LOAN TERM/RATE:** The general term is not to exceed four (4) years or 48 months with an interest rate as determined by market conditions or other financial indicators.
- **CRITERIA FOR LOAN CONSIDERATION:** The City and EDA shall consider the following as a part of the loan review:
 1. Public purpose to be served with the project.
 2. Compatibility with the city's overall development plans and objectives.
 3. Retention of existing jobs and/or projected new employment opportunities.
 4. Impact on City services (water, sewer, etc.)
 5. Type of facility to be build (metal, brick, etc.), if applicable.
 6. Type of business (retail, light manufacturing, etc.)
 7. Potential adverse effects to existing businesses or industry expansion (if any) to the community or trade area.
- **LOAN PAYMENTS:** Payments must be made to the City of Cokato either directly or indirectly by a lending institution according to the approved amortization schedule. There is no penalty for prepayment of loan funds. Payments may be deferred only by a majority vote of the City Council.

- **PROJECT COMMENCEMENT:** Projects utilizing the loan program may not begin prior to approval of the loan application or issuance of a building permit, where applicable.
- **COLLATERAL:** Items may include the following: Liens on real property personally and in business, (mortgage deed) liens on real property held personally (subject to City Council approval), machinery and equipment liens, personal and/or corporate guarantees.
- **RIGHT TO RESTRICT:** The Cokato EDA and City Council reserve the right to restrict the use of the loan fund and approve loans on a case-by-case basis.

Application Process

Businesses are asked to complete an application after a primary lender/funding source has been secured. City/EDA staff will review the application and forward complete information, which is consistent with the loan criteria, to the Cokato EDA. The EDA shall prepare a recommendation to the City Council.

It is the policy of the City to use sound practical credit philosophy and standards in providing loans with the understanding that a certain calculated level of risk is acceptable.

Additionally, the primary lending institution and /or outside resources will be relied upon as a financial expert to aid the city in the decision making process. Credit criteria will include: personal guarantees, collateral position, equity contribution and acceptable repayment plan. A waiver of loan criteria may be approved upon recommendation by the EDA and approval of the City Council.

Applications and information on the complete application process are available from the City offices by contacting: 320-286-5505 or emailing: cityclerk@cokato.mn.us.

Information may also be found on the City's web site at: www.cokato.mn.us under the economic development link.

CITY OF MAPLE LAKE

REVOLVING LOAN FUND PROGRAM POLICIES & PROCEDURES

1. **Background**

The City of Maple Lake's Revolving Loan Fund (RLF) is capitalized as a result of recycled loan payments from businesses participating in the State of Minnesota Economic Recovery Grant program. The State of Minnesota Economic Recovery Grant program funds were awarded to the City of Maple Lake to be loaned to a participating business based on financial gap, credit worthiness and job creation for low and moderate income persons. The City of Maple Lake's Revolving Loan Fund (RLF) will operate under these same original award considerations.

Projects funded by the RLF will need to demonstrate financial gap, credit worthiness as well as create or retain jobs that are taken by or available to low and moderate income persons. Verification will be needed to demonstrate compliance with these conditions.

The City of Maple Lake's Revolving Loan Fund (RLF) was designed to reduce political influences on the loan selection process; simplify the RLF loan terms and conditions as well as the approval process; and, allow for flexibility in establishing loan terms and conditions to tailor loans to the needs of individual firms.

To facilitate the reuse of the RLF funds, the city may use outside consultants to analyze applicants and make recommendations to the City Council on proposed Projects.

2. **Eligible Activities**

The following types of activities are eligible for use of RLF funds:

- a) Property acquisition
- b) Site Improvements
- c) Building construction
- d) Building renovation
- e) Purchase and repair of machinery and equipment
- f) Working Capital
- g) Professional fees
- h) Infrastructure improvements necessary to support new or expanding businesses.

3. **Types of Financial Assistance**

The following are examples of financial assistance that can be given to encourage economic development:

- a) Make a companion or second loan

b) Give direct loans at favorable interest rates and terms.

4. **Eligible Businesses**

a) New and expanding existing commercial and industrial businesses.

5. **Loan Evaluation Criteria**

a) Applicant's equity position must be at least 10 percent after the Project is completed.

b) Loans will be in a junior collateral position to the major source of project financing, unless RLF proceeds are the primary source of funds.

c) Term of the loan should coincide with the term of the private portion of the loan, but may be shorter or longer depending on the circumstances.

d) The interest rate of the direct RLF loan will be set according to the needs of each individual project.

e) The applicant must meet standard underwriting criteria

f) Provisions of Loan Evaluation Criteria Numbers a - e may be waived for applicants with projects under \$10,000.00.

6. **Application Process**

a) Pickup Application at City Hall.

b) Review Application Packet. If assistance is needed, contact Tina Goodroad at 651-967-4537 or Paul Bilotta at 651-967-4572.

c) Return application materials in a sealed envelope marked "Maple Lake RLF Application" to Maple Lake City Hall with a \$250 non-refundable loan processing fee. If the loan is approved, this loan processing fee can be added to the loan amount.

7. **Review Process**

a) City staff, and outside consultants, as necessary, will review the submitted application materials and contact applicant for additional materials, if necessary.

b) An underwriting review meeting is conducted.

c) Appropriate modifications are made to the application materials.

d) The City Council reviews the recommendation and makes a decision on the application request

e) The applicant is notified of City Council action and, if appropriate, closing documents are completed.

8. **Release of Funds**

a) Funds will be distributed by the City on an invoice

reimbursement basis. Interest will be calculated on the disbursed funds.

- b) All funds must be expended within 90 days of City Council approved. Modifications to the 90 day time period may be made.

9. **Special Provisions**

- a) At least 51 % of all the jobs created through the use of RLF proceeds will result in the hiring or be made available to low and moderate income individuals pursuant to 24 CFR Part 570.208 (a)(4). The determination of income levels will be pursuant to HUD Section Eight guidelines.
- b) Prior to approval of a loan request the RLF Board will make a determination that the proposed loan is deemed necessary or appropriate pursuant to HUD guidelines as detailed on the attached Exhibit A. This determination must be evidenced through a written analysis that is to accompany any request or recommendation for approval by the RLF Board
- c) No applicant may be denied a loan on the basis of race, color, national origin, religion, age, handicap or sex. All advertisement and promotion of this program will emphasize this civil rights provision and the targeting criteria established to promote affirmative action.
- d) All loans for construction must be submitted to the State of Minnesota Historic Preservation Office for review and consent.
- e) All loans for construction must meet the requirements of the Davis-Bacon Act as amended (40 U.S.C. 2700-276a.5)
- f) The RLF Board shall not approve loans made for construction in or alteration of a wetland or 100 year floodplain as determined by soils mapping, USGS studies or other accepted means if adverse effect would be caused by that construction.

The RLF Board shall not approve projects which would result in construction of other than underground utilities in the 100 year floodplain as defined by FEMA unless all capacity removed from the floodplain is restored by excavation or other appropriate means.

No project shall be approved which results in the alternation of any wetland, or in any adverse impact on a wetland, without prior consultation with, and consent of the U.S. Department of Interior, Fish and Wildlife Service

When applicable, applicants will be required to purchase flood hazard insurance.

- g) Applicants will be required to comply with all federal, state and local laws and regulations concerning air and water quality. All required reviews will be completed and permits issued prior to funding.
- h) The staff of the RLF will review each application for conformance with this special provisions section. To conduct its review, the staff will contact local (city and county) planning and zoning authorities. Site specific maps and regulations of FEMA, USGS, SCS SHPO and other applicable agencies will also be consulted. All local, state and federal regulations must be complied with prior to granting a loan.
- i) For each loan application, the staff must make a finding of compliance or no adverse impact. If there is a finding of non-compliance, a plan for mitigation acceptable to the regulatory agency must be filed with the RLF Board. RLF staff will monitor compliance with the mitigation plan.

HUTCHINSON ECONOMIC DEVELOPMENT AUTHORITY

Economic Development Loan Fund

The Hutchinson Economic Development Loan Fund is designed to provide gap financing for businesses & industry starting up or expanding in the city's industrial park, although projects at other locations in the city will also be considered. The primary focus of the program is manufacturing and technology related businesses.

Eligibility

- Businesses must be located, or be willing to relocate, within the city limits of Hutchinson.
- Manufacturing, assembly, warehousing, research & development facilities, call centers & administrative processing centers are eligible.

Requirements

- At least one job created is required for every \$25,000 in assistance provided.
- Wages for jobs created must be at least \$10.19 per hour, exclusive of benefits.
- Funds can be used for land & building purchase, building construction, renovation and / or expansion, machinery & equipment, working capital and inventory.
- Immediate repayment of the outstanding balance is required if the business relocates outside Hutchinson

Rates/Terms

- Rates range from a flat rate of 2% up to Prime + 3%, as determined by the EDA Board. Typically rates will be similar to those available from a commercial lender.
- Loan terms up to 10 years are available.
- Loan amounts up to \$150,000 are available.
- Applicants creating a significant number of jobs or paying higher wages may receive preferential loan terms.
- The EDA will typically subordinate to other financing sources when needed.

Download the [Economic Development Loan Fund](#) Application.

Contact

Contact the Hutchinson Economic Development Authority at (320) 234-4223, or send an email, for a loan application and additional information.

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Equipment Loan Fund

The Equipment Loan Fund is designed to provide gap financing for businesses & industry that needs to add new machinery and/or equipment. There are no job creation requirements with this program.

Eligibility

- Businesses must be located, or be willing to relocate, within the city limits of Hutchinson.
- Manufacturing, assembly, warehousing, research & development facilities, call centers & administrative processing centers are eligible.

Requirements

- Funds can be used only for machinery & equipment purchases
- Immediate repayment of the outstanding balance is required if the business relocates outside Hutchinson.
- There are no job creation requirements for this program.

Rates/Terms

- Rates range from a flat rate of 2% up to Prime + 3%, as determined by the EDA Board.
- Loan terms up to 7 years are available.
- Loan amounts up to \$40,000 are available.
- Applicants creating a significant number of jobs or paying higher wages may receive preferential loan terms.
- The EDA will typically subordinate to other financing sources when needed.

Download the [Equipment Revolving Loan Fund](#) Application

Contact

Contact the Hutchinson Economic Development Authority at (320) 234-4223, or send an email, for a loan application and additional information.

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Tax Increment Financing

The Hutchinson Economic Development Authority is willing to consider the employment of Tax Increment Financing (TIF) for eligible projects. In a nutshell, the difference between a property's original property taxes and the property taxes due on a property after it has been improved (called the "tax increment") can be captured and used to help finance the project.

In all cases the proposed project must pass what is called the "but-for" test, meaning that unless Tax Increment Financing is utilized, the project will not be economically feasible. In other words: if the project can be done without TIF, then it is ineligible for this assistance.

For economic development purposes, two types of Tax Increment Financing districts are available: Economic Development TIF districts for new developments and Redevelopment TIF districts to help with the costs of renovating or replacing substandard buildings.

Different rules apply to each type of TIF district (see below):

- Economic Development TIF District – A 9-year district that can provide funds for land acquisition, infrastructure (street, water & sewer, parking, etc.), grading & excavating and / or site improvements. Primarily for industrial-type projects.
- Redevelopment TIF District – A district that can go up to 25 years and will provide funds for the removal of blighting conditions on a lot (sub-standard buildings, site clean-up, etc.).

Eligibility

- The Hutchinson City Council, following a public hearing on the proposed project, must approve all TIF Districts.
- **Economic Development TIF**
Industrial, warehousing, research & development and call centers are eligible.
- **Redevelopment TIF**
 - Proposed district must contain existing "blighted" development
 - At least 70% of the area must be occupied by buildings or other improvements.
 - At least 50% of the buildings themselves must be substandard, based upon an internal inspection.
 - A building is considered substandard if it would cost at least 15% of a new building to bring the existing building up to current building code requirements.
 - As long as the above requirements are met, any type of project (commercial, retail, industrial) is eligible.

Requirements

- **Economic Development TIF**
 - The TIF district must promote new employment, tax base or retain business in the state.