

**AGENDA
HANOVER ECONOMIC DEVELOPMENT AUTHORITY
MARCH 21, 2019**

**TODD BARTELS - CHAIR
JESSICA JOHNSON - TREASURER
BRIAN DISMANG
TED ZRUST
TONY ROSS**

**KEN WARPULA – VICE CHAIR
MARYANN HALLSTEIN**

- 1. Call to Order: 8:00 a.m.**
- 2. Approval of:**
 - a. Agenda**
 - b. Minutes of February 21, 2019 Regular Meeting**
 - c. Accounts Payable and Financial Reports**
- 3. Citizen's Forum**
- 4. Unfinished Business**
- 5. New Business**
 - a. Review of Business Incentive Program Guidelines**
- 6. EDA Board and Staff Reports**
 - a. EDA Board Reports**
 - b. Staff Reports**
- 7. Adjournment**

**CITY OF HANOVER
ECONOMIC DEVELOPMENT AUTHORITY MEETING
FEBRUARY 21, 2019 – DRAFT MINUTES**

Call to Order

Treasurer Johnson called the regular EDA meeting of February 21, 2019 to order at 8:00 a.m. Present were Members Jessica Johnson, Ted Zrust, Tony Ross, and MaryAnn Hallstein. Also present was City Administrator Brian Hagen. Guest present was Duane Northagen of WCEDP. Members Todd Bartels, Brian Dismang, and Ken Warpula were absent.

Approval of Agenda

MOTION by Zrust to approve the agenda as presented, seconded by Ross. **Motion carried unanimously.**

Approval of Minutes from January 17, 2019 Regular Meeting

MOTION by Hallstein to approve minutes as presented, seconded by Ross. **Motion carried unanimously.**

Approval of Accounts Payable and Financial Reports

Johnson noted that all loans were current. She further noted that Hanover Dental paid their loan off in full. **MOTION** by Johnson to approve the Accounts Payable and Financial Reports as presented, seconded by Zrust. **Motion carried unanimously.**

Citizen's Forum

Duane Northagen presented on a 2019 project called Workforce Pathways. It is a program funded by the Initiative Foundation with a focus on how to better train individuals in jobs that can be found in Wright County. The program will have one focus on how to better utilize the Wright Technical Center in Buffalo during their off hours which include nights, weekends, and summer months.

Unfinished Business

2019 Business Social

Hagen reviewed the PowerPoint presentation for the event. Hagen inquired on how the group wanted to organize the drawing for the appreciation tokens. Johnson suggested having business representatives submit a business card. Generic cards can be available as well if needed for individuals to complete. The group also suggested giving away 10 Yeti mugs that are leftovers from prior years.

New Business

EDA Business Assistance Application – Big Bore BBQ Co.

Hagen updated the group on the application status. The applicant is not prepared to move forward with the final request as they are working towards finalizing the purchase agreement yet.

Reports

Hagen provided information related to an option for Hennepin County properties to be placed in an accelerated tax forfeiture process. The Hilltop is one property identified as a potential candidate. The EDA felt this property should be considered by the EDA for purchase should it become available.

Adjournment

MOTION by Zrust to adjourn at 9:36 a.m., seconded by Ross. **Motion carried unanimously.**

ATTEST:

Brian Hagen, City Administrator

HANOVER
Cash Balances
February 2019

Fund	Begin Month	GL Debits Month	GL Credits Month	Balance
100 GENERAL FUND	\$702,336.78	\$31,380.83	\$76,437.89	\$657,279.72
107 FIRE DEPT DONATIONS FUND	\$25,332.84	\$0.00	\$0.00	\$25,332.84
201 EDA SPECIAL REVENUE FUND	\$97,247.57	\$0.00	\$104.40	\$97,143.17
205 EDA BUSINESS INCENTIVE FUND	\$138,640.59	\$1,990.43	\$0.00	\$140,631.02
311 2008A GO CIP REFUNDING BOND	\$45,975.05	\$0.00	\$0.00	\$45,975.05
312 2009A GO IMP REFUNDING BOND	\$10,746.69	\$0.00	\$0.00	\$10,746.69
314 2011A GO IMP CROSSOVER REF BD	\$452,061.32	\$0.00	\$0.00	\$452,061.32
315 2016A GO CIP BOND	\$11,129.68	\$0.00	\$0.00	\$11,129.68
401 GENERAL CAPITAL PROJECTS	\$728,243.31	\$0.00	\$0.00	\$728,243.31
402 PARKS CAPITAL PROJECTS	\$25,058.79	\$0.00	\$0.00	\$25,058.79
403 FIRE DEPT CAPITAL FUND	\$295,135.41	\$3,597.04	\$0.00	\$298,732.45
404 HISTORICAL CAPITAL PROJ FUND	\$0.00	\$0.00	\$0.00	\$0.00
405 PARK DEDICATION FEE	\$2,740.00	\$0.00	\$0.00	\$2,740.00
406 GAMBLING PROCEEDS	\$8,142.19	\$0.00	\$0.00	\$8,142.19
407 TIF REDEV DIST #1	\$7,841.13	\$0.00	\$0.00	\$7,841.13
409 MAHLER PIT - 15TH ST IMP FUND	\$88,113.88	\$3,733.02	\$0.00	\$91,846.90
411 FACILITIES CAPITAL PROJ FUND	\$0.00	\$0.00	\$0.00	\$0.00
417 EQUIPMENT CAPITAL FUND	\$127,215.26	\$0.00	\$0.00	\$127,215.26
418 STREET CAPITAL PROJ FUND	\$103,145.30	\$0.00	\$0.00	\$103,145.30
601 WATER ENTERPRISE FUND	\$915,704.63	\$13,356.36	\$7,756.49	\$921,304.50
602 SEWER ENTERPRISE FUND	\$319,395.14	\$41,775.57	\$10,370.75	\$350,799.96
603 STORM WATER ENTERPRISE FUND	\$125,545.02	\$3,084.14	\$264.00	\$128,365.16
611 WATER CAPITAL IMP FUND	\$169,326.91	\$0.00	\$0.00	\$169,326.91
612 SEWER CAPITAL IMP FUND	\$1,983,454.97	\$0.00	\$0.00	\$1,983,454.97
613 STORM WATER CAPITAL IMP FUND	\$611,299.02	\$0.00	\$0.00	\$611,299.02
701 RIVER ROAD CEMETERY	\$35,981.74	\$0.00	\$0.00	\$35,981.74
811 EROSION CONTROL ESCROW FUND	\$30,000.00	\$6,000.00	\$0.00	\$36,000.00
815 LANDSCAPE ESCROW FUND	\$28,000.00	\$6,000.00	\$0.00	\$34,000.00
817 INFRASTRUCTURE ESCROW FUND	\$11,000.00	\$3,000.00	\$0.00	\$14,000.00
818 MISC ESCROWS FUND	\$15,400.35	\$17,500.00	\$927.00	\$31,973.35
820 BRIDGES TOWNHOMES ESC FUND	\$3,652.42	\$0.00	\$0.00	\$3,652.42
823 CROW RVR HTS WEST 3RD / BACKES	\$17,337.65	\$0.00	\$0.00	\$17,337.65
825 CROW RVR HTS FUT WEST PLAT/PUD	\$8,549.81	\$0.00	\$51.50	\$8,498.31
826 CROW RVR HTS 4TH ADD FINL PLAT	\$0.00	\$0.00	\$0.00	\$0.00
827 HANOVER COVE PRELIMINARY PLAT	\$41,745.56	\$0.00	\$5,639.25	\$36,106.31
900 INTEREST	\$30,583.78	\$0.00	\$0.00	\$30,583.78
	\$7,216,082.79	\$131,417.39	\$101,551.28	\$7,245,948.90

Revenue Budget Report - EDA

Source Alt Code	Account Descr	February 2019 Amt	2019 YTD Amt	2019 YTD Budget	2018 YTD Variance	%YTD Budget
Fund 201 EDA SPECIAL REVENUE FUND						
TAXES	R 201-31000 Property Taxes - General	\$0.00	\$382.81	\$49,000.00	\$48,617.19	0.78%
TAXES	R 201-31010 Tax Abatement	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Source Alt Code TAXES		\$0.00	\$382.81	\$49,000.00	\$48,617.19	0.78%
MISC	R 201-36200 Miscellaneous Revenues	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
MISC	R 201-36210 Interest Earnings	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
MISC	R 201-36215 Investment Income/Loss	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Source Alt Code MISC		\$0.00	\$0.00	\$0.00	\$0.00	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		\$0.00	\$382.81	\$49,000.00	\$48,617.19	0.78%
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	\$282.33	\$568.02	\$0.00	-\$568.02	0.00%
MISC	R 205-36215 Investment Income/Loss	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
MISC	R 205-36230 Contributions and Donation	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
MISC	R 205-39203 Transfer from Other Fund	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Source Alt Code MISC		\$282.33	\$568.02	\$0.00	-\$568.02	0.00%
INTGOVT	R 205-33400 State Grants and Aids	\$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 205 EDA BUSINESS INCENTIVE FUND		\$282.33	\$568.02	\$0.00	-\$568.02	0.00%
		\$282.33	\$950.83	\$49,000.00	\$48,049.17	1.94%

Expenditure Budget Report - EDA

Dept Abbrev	Account Descr	February 2019 Amt	2019 YTD Amt	2019 YTD Budget	2019 YTD Balance	%YTD Budget
Fund 201 EDA SPECIAL REVENUE FUND						
Dept 41330 Boards and Commissions						
BRDCOMM	E 201-41330-111 Committee Wages/Meeting	\$0.00	\$0.00	\$2,000.00	\$2,000.00	0.00%
BRDCOMM	E 201-41330-306 Dues & Subscriptions	\$0.00	\$0.00	\$500.00	\$500.00	0.00%
BRDCOMM	E 201-41330-310 Other Professional Services	\$6.70	\$6.70	\$10,000.00	\$9,993.30	0.07%
BRDCOMM	E 201-41330-437 Other Miscellaneous	\$97.70	\$97.70	\$5,500.00	\$5,402.30	1.78%
Dept 41330 Boards and Commissions		\$104.40	\$104.40	\$18,000.00	\$17,895.60	
Dept 41570 Purchasing						
PURCHASE	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	
Dept 49360 Transfers Out						
TRANSFERS	E 201-49360-700 Transfers (GENERAL)	\$0.00	\$0.00	\$30,000.00	\$30,000.00	0.00%
Dept 49360 Transfers Out		\$0.00	\$0.00	\$30,000.00	\$30,000.00	
Fund 201 EDA SPECIAL REVENUE FUND		\$104.40	\$104.40	\$49,000.00	\$48,895.60	

Expenditure Budget Report - EDA

Dept Abbrev	Account Descr	February 2019 Amt	2019 YTD Amt	2019 YTD Budget	2019 YTD Balance	%YTD Budget
Fund 205 EDA BUSINESS INCENTIVE FUND						
Dept 46500 Economic Develop mt (GENERAL)						
ECODEVEL	E 205-46500-810 Refunds & Reimbursement	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Dept 46500 Economic Develop mt (GENERAL)		\$0.00	\$0.00	\$0.00	\$0.00	
Dept 49300 Other Finanacing Uses						
OTHFINUS	E 205-49300-317 EDA BIF: Rent Reimburse	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
OTHFINUS	E 205-49300-318 EDA BIF: Matching Grant	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
OTHFINUS	E 205-49300-319 EDA BIF: EDA Loan	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
Dept 49300 Other Finanacing Uses		\$0.00	\$0.00	\$0.00	\$0.00	
Fund 205 EDA BUSINESS INCENTIVE FUND		\$0.00	\$0.00	\$0.00	\$0.00	

Expenditure Budget Report - EDA

Dept Abbrev	Account Descr	February 2019 Amt	2019 YTD Amt	2019 YTD Budget	2019 YTD Balance	%YTD Budget
		\$104.40	\$104.40	\$49,000.00	\$48,895.60	

HANOVER

Transaction Activity - EDA

Period Name	Check Nbr	Tran Name	Search Name	Amount	Comments	Check/Receipt Date	Fund
Act Year 2019							
PL Type G General Ledger							
Account Descr G 205-12400 EDA Loan Receivable							
January	085878	Cash Recei	ASTRO ENGINEERING	\$1,059.39	EDA Loan Principal Paym	01/15/19	205
January	085800	Cash Recei	CP PROPERTIES GROUP L	\$184.30	EDA Loan Principal Paym	12/27/18	205
January	003102	Cash Recei	HANOVER DENTAL	\$4,880.88	EDA Loan Payment - Loa	01/25/19	205
January	085835	Cash Recei	PLUG TECHNOLOGIES, IN	\$437.02	EDA Loan Principal Paym	01/04/19	205
January	028191	Cash Recei	ROY C INC	\$208.33	EDA Loan Payment - Jan	01/03/19	205
February	085976	Cash Recei	ASTRO ENGINEERING	\$1,062.36	EDA Loan Principal Paym	02/15/19	205
February	085937	Cash Recei	PLUG TECHNOLOGIES, IN	\$437.41	EDA Loan Principal Paym	02/05/19	205
February	028277	Cash Recei	ROY C INC	\$208.33	EDA Loan Payment - Feb	02/01/19	205
Account Descr G 205-12400 EDA Loan Receivable				\$8,478.02			
PL Type G General Ledger				\$8,478.02			
PL Type *R Revenue							
Account Descr R 201-31000 Property Taxes - General							
January		Cash Recei	HENNEPIN COUNTY TREA	\$220.96	HC Tax Settlement - Jan		201
January		Cash Recei	WRIGHT COUNTY AUDITO	\$161.85	WC Tax Settlement - Jan		201
Account Descr R 201-31000 Property Taxes - General				\$382.81			
Account Descr R 205-36210 Interest Earnings							
January	085878	Cash Recei	ASTRO ENGINEERING	\$273.48	EDA Loan Interest Paym	01/15/19	205
January	085835	Cash Recei	PLUG TECHNOLOGIES, IN	\$12.21	EDA Loan Interest Paym	01/04/19	205
February	085976	Cash Recei	ASTRO ENGINEERING	\$270.51	EDA Loan Interest Paym	02/15/19	205
February	085937	Cash Recei	PLUG TECHNOLOGIES, IN	\$11.82	EDA Loan Interest Paym	02/05/19	205
Account Descr R 205-36210 Interest Earnings				\$568.02			
PL Type *R Revenue				\$950.83			
PL Type -E Expenditure							
Account Descr E 201-41330-310 Other Professional Services							
February	034102	Cash Paym	VISA - BANKWEST	\$6.70	Postage	02/05/19	201
Account Descr E 201-41330-310 Other Professional Servi				\$6.70			
Account Descr E 201-41330-437 Other Miscellaneous							
February	034102	Cash Paym	VISA - BANKWEST	\$97.70	EDA Social 2019: RTIC C	02/05/19	201
Account Descr E 201-41330-437 Other Miscellaneous				\$97.70			
PL Type -E Expenditure				\$104.40			
Act Year 2019				\$9,533.25			
				\$9,533.25			

<u>Borrower</u>	<u>3/12/2019</u>	<u>Paid Through</u>
	\$ -	
Plug Technologies, Inc.	\$ 5,772.86	March
Hanover Dental	\$ -	Paid Off in January
Astro Engineering	\$ 95,597.67	February
Roy C. Inc.	\$ 6,875.01	March
	\$ -	
Total	\$ 108,245.54	



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:

- Creation or retention of permanent private-sector jobs in order to create economic growth;
- Stimulation or leverage of private investment to ensure economic renewal and competitiveness;
- Increase the local tax base;
- Improvement of employment and economic opportunity for citizens in the region to create a reasonable standard of living;
- Stimulation of productivity growth through improved manufacturing or new technologies;
- 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

- Loan amount -- Minimum \$5,000; Maximum \$100,000 or 90% of Low interest Loan Fund Balance, whichever is less. In certain instances the EDA can approve exceeding the maximum loan amount.
- Location – The business/property owner must locate, expand or remodel within the corporate limits of the City of Hanover.
- Conventional Lender or Equity – Conventional lending sources and/or owner equity must provide at least 50% of the total project financing.
- Job creation/wages paid – Applicant must identify jobs to be created within two years and wages paid.
- 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%.
- Terms – Equipment 7 years; Land/Building 10 years.
- Other – Funds may be used to provide loan guarantees or interest buy-downs.

IV. 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.

V. INELIGIBLE ACTIVITIES

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

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

VI. APPROVAL CRITERIA

The loan must be based on the following criteria:

- Increase in tax base
- The project can demonstrate that the investment of public dollars induces private funds
- The project provides suitable wage levels to the community or will add value to current workforce skills
- Assistance is necessary to retain existing business.

VII. 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. Upon recommendation from the EDA for approval, the Hanover City Council will review for final approval.

VIII. 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.



HANOVER MATCHING GRANT PROGRAM GUIDELINES

I. PURPOSE OF THE MATCHING GRANT PROGRAM

The purpose of the fund is to promote and encourage economic development and retention in compliance with the existing Business and River District performance standards and historical guidelines.

II. ELIGIBLE APPLICANTS

Eligible applicants include businesses located in existing structures within the corporate limits of the City of Hanover. Home based businesses are not eligible.

III. GENERAL GUIDELINES

- 50% of project costs privately funded
- 25% of project costs grant funded through EDA
 - Maximum contribution of \$7,500
- 25% of project costs zero percent interest loan through EDA – max 36 month term
 - Maximum contribution of \$7,500
- Loan balance must be paid in full upon sale of property
- Applicant may request only grant proceeds portion of EDA contribution of project costs

IV. ELIGIBLE ACTIVITIES/EXPENDITURES

- Landscaping
- Exterior Upgrades
- Ornamental Lighting
- Planters
- Benches
- Signage
- To conform to State building codes
- To conform to City codes and ordinances
- Parking enhancements
- Residential Conversions of 50% or more
- Security Improvements

V. INELIGIBLE ACTIVITIES

- Paint
- Routine Maintenance & Repairs
- Interior Renovations
- In house labor
- Residential Conversions under 50%

VI. APPROVAL PROCESS

- A current financial statement must be submitted with this application. In the event that this is a new start up and no financial statements exist, then a business plan must be submitted with this application.
- The City Administrator shall review the application for compliance and will then present it to the EDA Board for recommendation to the Hanover City Council.
- The Hanover Economic Development Authority will review each application on its own merit. The EDA will then make a recommendation on the application and forward it to the Hanover City Council for final action.
- Upon action by the Hanover City Council, the City Administrator will notify the applicant of the decision.
- The loan portion of the contribution shall be issued to the applicant upon final approval.
- The applicant shall perform the work as described in the application within 180 days. If the 180 day requirement is not met, the applicant will be required to reapply for the funds. Upon completion they shall request a final inspection and provide proof of all expenditures to the City Administrator. Once verified that all work has been done and the expenditures are in compliance with the terms of the Renovation Program, the City Administrator shall release the grant portion of the contribution.
- This program will not retroactively reimburse costs. Application must be received and approved prior to work commencing.

VII. EXAMPLES

- \$20,000 estimated project costs
 - Eligible EDA contribution of \$10,000 total
 - \$5,000 grant proceeds
 - \$5,000 loan proceeds
 - Loan balance provided at beginning of project with grant balance provided following completion of project
 - Loan repaid over max 36 month term
- \$20,000 estimated project costs
 - Eligible EDA contribution of \$10,000 total
 - Applicant desires only grant portion of \$5,000
 - Grant balance provided following completion of project



HANOVER RENT REIMBURSEMENT PROGRAM GUIDELINES

I. PURPOSE OF THE RENT REIMBURSEMENT PROGRAM

The purpose of the fund is to provide assistance to new businesses leasing space in the City of Hanover.

II. ELIGIBLE APPLICANTS

Eligible applicants include new retail, commercial and industrial businesses, committed to operating in the City's business districts.

III. GENERAL GUIDELINES

- 3 months total rent reimbursement
 - \$2,400 max contribution (up to \$800 per month for three months)
 - Must present proof of payment
- Business must present a lease agreement of at least 12 months and must remain open to the public for at least 12 months
- All businesses must be in compliance with all city codes
- Landlord and tenant cannot be related
- Sexually oriented business are not eligible for the program

IV. APPROVAL PROCESS

- Applicant must submit application and required materials to the Hanover Economic Development Authority
- The Economic Development Authority will review the application for recommending approval to the Hanover City Council.
- The Hanover City Council will review the application for final approval.
- Applicant must show receipt of monthly rent payment prior to reimbursement. This may be monthly or lump sum.