

**EDAP BOARD MEETING  
WISH'N WELL CAFÉ  
FEBRUARY 17, 2015  
7:00 A.M.**

**AGENDA**

- I. CALL TO ORDER
- II. CONSENT AGENDA
  - A. Minutes (page 1)
- III. NEW BUSINESS
  - A. Business Kiosk In Public Parks (page 3)
  - B. Steps In The RLF Application Process - Appointments to EDAP Finance Committee (page 5)
- IV. OLD BUSINESS
  - A. Economic Status Of Community – Update
  - B. Past Due Loans – Update
  - C. Tax Abatement (page 6) – Need revised documents
  - D. Member Replacement – Pay Del Co Representative
- V. INFORMATIONAL
  - A. Revolving Loan Report (page 15)
- VI. ADJOURN

**\*\*\* Please call or email Renee at 320-243-3714 ext. 227 or at [renee@paynesvillemn.com](mailto:renee@paynesvillemn.com) if you are not able to attend the meeting.\*\*\***

**Members: Don Pietsch, Don Wiese, Bruce Stang, Chris Stanley, Alan Habben, Jean Soine, and Kay McDaniel. Advisory Member: Renee Eckerly.**

This agenda has been prepared to provide information regarding an upcoming meeting of the EDAP Board. This document does not claim to be complete and is subject to change.

**BARRIER FREE:** All EDAP Board meetings are accessible to the handicapped. Attempts will be made to accommodate any other individual need for special services. Please contact City Hall (320) 243-3714 early, so necessary arrangements can be made.

**REQUEST FOR COMMITTEE/COUNCIL ACTION**

**COMMITTEE/COUNCIL NAME: EDAP Board**

Committee/Council Meeting Date: February 17, 2015

Agenda Section: Consent Agenda

Originating Department: Administration

Item Number: II - A

**ITEM DESCRIPTION: Minutes**

Prepared by: Staff

**COMMENTS:**

Please review the minutes from the January 20, 2015 EDAP Board meeting.

**ADMINISTRATOR COMMENTS:**

**COMMITTEE/COUNCIL ACTION:**

Motion to approve the minutes from the January 20, 2015 EDAP Board meeting.

**MINUTES  
EDAP BOARD MEETING**

**JANUARY 20, 2015**

Jean Soine called the meeting to order at 7:00 a.m. Members present were Bruce Stang, Kay McDaniel, Chris Stanley, and Renee Eckerly, City Administrator. Don Pietsch, Don Wiese, and Al Habben were absent.

No minutes were available for approval.

**ELECTION OF OFFICERS**

**Motion was made by Stang to elect Soine as Chairperson, Stanley as Vice Chair, and Eckerly as Secretary. Seconded by McDaniel and unanimously carried.**

It was suggested to contact Al Habben to see if he wishes to continue to serve on the Board and to check on what entity he represents for a replacement if necessary.

**MEETING SCHEDULE**

It was consented to keep the EDAP Board meeting schedule the same; 7:00 a.m. on the third Tuesday of each month.

**PAST DUE LOANS - UPDATE**

Everyone was current at year end except Dennis Wilson, who is in foreclosure.

**TAX ABATEMENT**

Eckerly distributed tax abatement information from Northland Securities and sample policies from the City of Princeton and the City of Northfield. Eckerly reviewed a draft City of Paynesville Tax Abatement Policy and Application. The Board suggested a few revisions and to bring both documents back to the February meeting. It was noted that tax abatement can be looked at towards cash flow. The Board also discussed adding in language regarding project cost and length of tax abatement.

**INFORMATIONAL**

The Revolving Loan Report was reviewed.

There being no further business the meeting was adjourned at 8:00 a.m.



# LIVE EXPLORE LEARN COMMUNITY BUSINESS DEVELOPMENT VISION COUNCIL

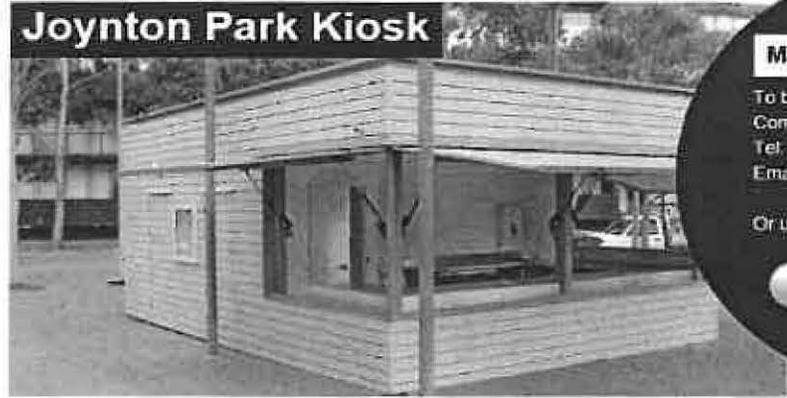
Everyday life Places to go Things to do About Sydney Services and support Programs and networks Planning and building Sydney's future What we do

- Getting around
- Libraries
- Arts and culture
- Facilities

### Community centres

### Venues for hire

- Abraham Mott Hall
- Alexandra Town Hall
- Benford House
- Bealer Community Centre
- Brown Street Community Hall
- Cliff Noble Centre
- Erskineville Town Hall
- Glebe Town Hall
- Green Square Community Hall
- Hisco-Jensen Community Centre



**Make a booking**

To book a community venue contact -  
Community Venues Unit  
Tel: 02 9265 9333  
Email: [council@cityofsydney.nsw.gov.au](mailto:council@cityofsydney.nsw.gov.au)

Or use our online booking form

[Booking enquiries form](#)

### Community venue in Green Square

Joynton Park Community Kiosk hosts the Green Square community infohub on the second Saturday of each month from 10am-1pm.

The infohub is the best place to find out about the latest developments in the area and meet your neighbours, local business owners, community groups and City staff.

The kiosk is also available to host your own community meeting or get-together.

Contact our team for more information about hosting your event.

### Contacts

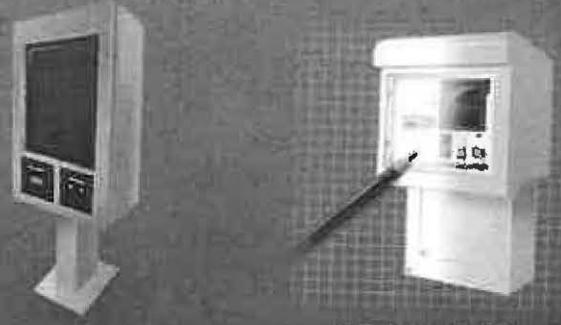
- 21 Gadigal Avenue  
Zetland NSW 2017
- 02 9265 9333
- [council@cityofsydney.nsw.gov.au](mailto:council@cityofsydney.nsw.gov.au)
- [Booking enquiries](#)

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# Start your kiosk today.

Easy as 1, 2, 3.  
We make it easy with our 3 Step Process.

Step 1 >



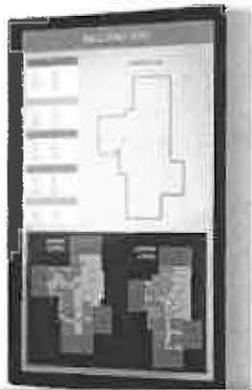
Indoor/Outdoor      Create Your Own



## LET US DESIGN YOUR KIOSK

We can do it all! We can build your own kioks from the ground up, both hardware and software. This process reduces the likelihood of any issues.

[Get Started](#)



## STEPS IN THE RLF APPLICATION PROCESS

1. Loan Requirements for applicants for RLF Loans
  - A. Applicant must pick up application from City Hall and complete. Also, provide the following:
    1. Purpose statement (what are they applying for)
      - a) Type of business
      - b) Amount of monies requested
      - c) Number of employees
      - d) Retail or manufacturing
  - B. Three (3) years Federal tax returns for their current business and three (3) years personal tax returns.
  - C. Business Plan. Projections for what the business could do if the loan was granted. Data of numbers showing sales volume and expenses.
  - D. Appraisals of any property or equipment.
  - E. Blueprints and specs for any building projects.
  - F. Estimate or bids confirming the costs of any equipment purchases.
  - G. Business and personal financial statements not more than 90 days old.
  - H. Agreement that Uniform Building Code will be followed.
2. Applicant to make verbal presentation to EDAP Board and return application.
3. Application will be turned into City Hall.
4.  EDAP Finance committee as of 3-19-13: Alan Habben, Bruce Stang, Jean Soine, and Kay McDaniel (alternate) will review application to make sure application is complete with applicant present to answer questions. There shall be no review of financial documents by a member with potential conflict of interest.
5. Finance Committee will submit a written recommendation to the EDAP board.
6. A recommendation of the Finance Sub-Committee will be reviewed by EDAP Board for their recommendation.
7. EDAP Board's recommendation will be submitted to the Paynesville City Council and/or Paynesville Township Board for approval or denial.
8. If approved, a loan agreement will be prepared with the City of Paynesville and/or Paynesville Township.
9. City attorney will prepare all development and security agreements; unless otherwise specified by EDAP Board.
10. The borrower and the City or Township must sign all documents.
11. Payments must be authorized.
12. A payment schedule will be established.
13. Payments will be monitored.

**PLEASE ALLOW 4-6 WEEKS TO PROCESS APPLICATIONS.**

## Renee Eckerly

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**From:** Spooner & Glenz [jen@spoonerglenz.com]  
**Sent:** Tuesday, January 20, 2015 3:20 PM  
**To:** Renee Eckerly  
**Subject:** Tax Abatement

**Categories:** Important DO NOW

Renee:

I looked at the application and policy drafts which you sent down. On the application I am thinking that on Page 1 in about the middle of the page where you ask for property taxes, I wonder if we shouldn't be asking for the city, county and school district, each of which could potentially grant tax abatement. Under the paragraph entitled "Public Purpose", I think we want to change that from asking what benefits will the county and its residents receive, to what benefits the *city* and its residents would receive.

Although we might be able to figure it out from other information provided, I think another question that we could ask would be the following:

*Is it anticipated that the project for which you are requesting tax abatement will cause your property taxes to increase based on a 50% or greater increase in one year in the estimated market value of your property.*

Then on the Tennesen Warning document, there are a number of places starting in the first paragraph where there are references to Northfield and its community development department. There may be more, but I see Northfield mentioned in the first, second and second to the last paragraphs on Page 1, and then the paragraph on the top of Page 2 of that warning.

With regard to the abatement policy, I am not sure it is entirely necessary, but I would suggest under IIIA, that we add the following language:

*including, but not limited to, the Paynesville City policy regarding business subsidy criteria.*

In IIIC, again, it might not be necessary, but the second sentence says "requests for upfront financing will be considered but are generally discouraged". I take the reference to "upfront financing" to be a reference to bonding to pay for the project upfront with the idea that bonds would then be repaid through the abatement.

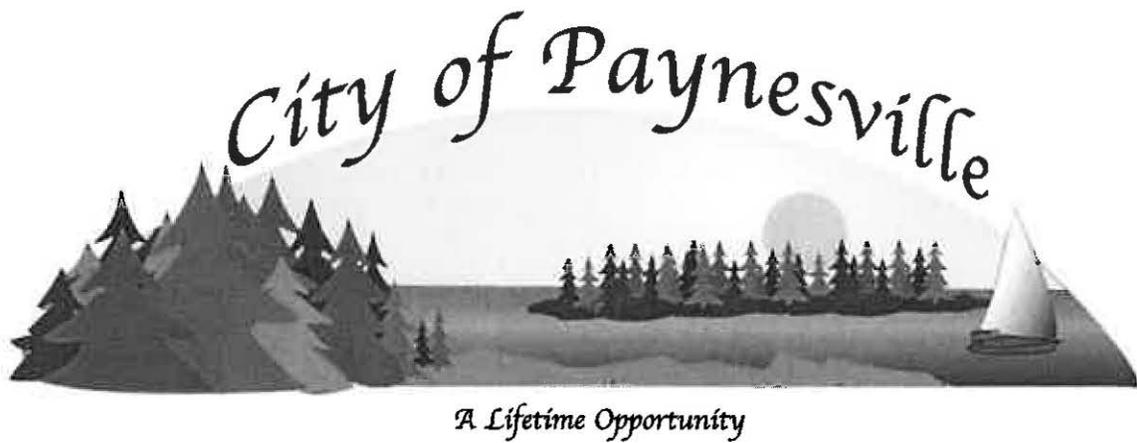
In IIIE, the last word in that sentence is "area". I don't know if we want to refer to other projects in the area or if we want to limit our reference there to other projects in the City.

Under Subpart IIIM, the limitation to 5 years is a fairly tight window. I am just wondering if there wouldn't be a way to accomplish the same goal, but leave a little more flexibility. For example, if the maximum tax abatement for a project is 5 times 100% of the increased tax, then if we did an abatement of taxes that say for 2 years abated 80% of the increased tax, followed by 2 years of 60% of the increase, followed by 2 years of 40% of the increase, followed by 2 years of 20% of the increase, followed by 2 years of 10% of the increase, you would have essentially abated the taxes for 10 years, but the dollar amount would actually be less than you would have given by abating 100% of the increase for 5 years, and I wonder if we don't give up some of the flexibility that we might be able to build into an abatement agreement by limiting ourselves to 5 years.

I hope these thoughts are helpful.

*Email: [jen@spoonerglenz.com](mailto:jen@spoonerglenz.com)*





**DRAFT**  
**TAX ABATEMENT POLICY**  
**Revision from Jan. 20 2015**

City of Paynesville  
221 Washburne Avenue  
Paynesville, MN 56362

# City of Paynesville Tax Abatement Policy

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## I. POLICY PURPOSE

*For the Purpose of this document, the term "City" shall include the Paynesville City Council and Economic Development Authority of Paynesville.*

The purpose of this policy is to establish the City of Paynesville's position relating to the use of tax abatement for private development above and beyond the requirements and limitations set forth by State Law. This policy shall be used as a guide in the processing and review of applications requesting tax abatement assistance. The fundamental purpose of providing tax abatement in Paynesville is to encourage desirable development or redevelopment that would **not otherwise occur but-for the assistance provided through the tax abatement.**

The City of Paynesville is granted the power to utilize tax abatement by Minnesota Statutes, Section 469.1812 to 469.1815 (the "Minnesota Tax Abatement Act"), as amended. It is the intent of the City to provide the minimum amount of tax abatement, as well as other incentives, at the shortest term required for the project to proceed. The City reserves the right to approve or reject projects on a case by case basis, taking into consideration established policies, project criteria, and demand on city services in relation to the potential benefits from the project. Meeting all or a majority of the policy criteria does not guarantee the award of tax abatement to the project. Approval or denial of one project is not intended to set precedent for approval or denial of another project.

## II. OBJECTIVES OF TAX ABATEMENT

As a matter of adopted policy, the City will consider using tax abatement to assist private development projects to achieve one or more of the following objectives:

- A. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits as defined by the City.
- B. To enhance and diversify the City of Paynesville's economic base.
- C. To encourage additional unsubsidized private development in the area, either directly or indirectly through "spin-off" development.
- D. To facilitate the development process and to achieve development on sites which would not otherwise be developed without tax abatement.
- E. To offset increased costs of development/redevelopment of specific properties when the unique physical characteristics of the site may otherwise deter or prevent private investment. (i.e. contaminated site cleanup, etc.)

## *City of Paynesville Tax Abatement Policy*

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- F. To remove blight and/or encourage redevelopment of commercial and industrial areas in the city that result in high quality redevelopment and private reinvestment.
- G. To contribute to the implementation of other public policies, as adopted by the City from time to time, such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.
- H. To significantly increase the City of Paynesville's tax base.
- I. To create affordable housing opportunities.

### **III. POLICIES FOR THE USE OF TAX ABATEMENT**

All new projects approved by the City should meet the following minimum criteria.

- A. Tax abatement shall be provided within applicable State legislative restrictions, State Auditor interpretation, debt limit guidelines, and other appropriate financial requirements and policies.
- ~~B. Tax abatement will not be used in circumstances where land and/or property price is in excess of fair market value.~~
- C. Tax abatement assistance will be provided to private developers upon receipt of taxes by the city, otherwise referred to as the *pay-as-you-go* method. Requests for up front financing will be considered but are generally discouraged.
- D. Developer shall be able to demonstrate a market demand for a proposed project.
- E. Tax abatement will not be utilized in cases where it would create an unfair and significant competitive financial advantage over other projects in the area.
- F. In any given calendar year, the total amount of property taxes abated by the City may not exceed ten percent of the net tax capacity of the City or other applicable limitations existing in current law.
- G. Tax abatement shall not be use for projects that would place extraordinary demands on city services or for projects that would generate significant environmental impacts.
- H. The developer must provide adequate financial guarantees to ensure completion of the project, including but not limited to: minimum assessment agreements, letters of credit, personal guaranties, etc.

## *City of Paynesville Tax Abatement Policy*

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- I. The developer shall adequately demonstrate, to the City's sole satisfaction, an ability to complete the proposed project based on past development experience, general reputation, and credit history, among other factors, including the size and scope of the proposed project.
- J. For the purpose of underwriting the proposal, the developer shall be responsible for the cost of any requested market, financial, environmental, construction plans or other data requested by the City or its consultants.
- K. Tax abatement proposals shall not be used to support speculative office projects. Speculative projects are defined as those projects which have preleasing agreements or letters of intent for less than 50% of the available space.
- L. All tax abatement proposals shall optimize the private development potential of a site.
- M. Tax abatement cannot be granted for any period while the property is located in a tax increment financing district.

*It should not be presumed that a project meeting these criteria would automatically be approved. Meeting these criteria creates no contractual rights on the part of any potential developer or the City. Tax Abatement should last no longer than five (5) years.*

### **IV. PROJECT QUALIFICATIONS**

All tax abatement projects considered by the City of Paynesville must meet each of the following requirements:

- A. The project shall meet at least one of the objectives set forth in Section II of this document.
- B. The project should have a project cost of \$500,000.00.
- C. The tax abatement will be limited to:
  - a. Industrial development, expansion, redevelopment, or rehabilitation; or
  - b. Commercial redevelopment or rehabilitation; or
  - c. Office or research facilities; or
  - d. Housing and infrastructure; or
  - e. Public infrastructure; or
  - f. Retail development, expansion, redevelopment or rehabilitation
- D. The developer shall demonstrate that the project shall provide quality job creation and quality facility construction.
- E. The developer shall demonstrate that the project is not financially feasible without

## City of Paynesville Tax Abatement Policy

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the use of tax abatement.

- F. The City will consider the use of tax abatement assistance for projects that may not meet the *without tax abatement* and job creation criteria, but rather would be considered as a "location incentive". These projects may result in other public benefits such as a significant tax base increase, the creation of higher paying jobs that meet or exceed the area median wage, and is likely to assist in the marketing and attraction of additional desired developments.
- G. The project shall comply with all provisions set forth in the Minnesota Tax Abatement Law, State Statutes 469.1812 to 469.1815, as amended.
- H. The project shall serve at least two of the following public purposes:
  - a. Job creation or job retention
  - b. Significantly increase the tax base
  - c. Enhancement or diversification of the city's economic base.
  - d. Development or redevelopment that will spur additional private investment in the area.
  - e. Fulfillment of defined city objectives, such as those identified in the City's Comprehensive Plan
  - f. Removal of blight or the rehabilitation of a high profile or priority site.

### V. SUBSIDY AGREEMENT & REPORTING REQUIREMENTS

All developers/businesses receiving tax abatement assistance from the City of Paynesville shall be subject to the provisions and requirements set for by the City and Minnesota State Statute 116J.993 (the "Minnesota Business Subsidy Law") and will be required to enter into a subsidy agreement and be subject to annual reporting requirements.

- A. The subsidy agreement with the City shall clearly identify: the reason for the subsidy, the public purpose served by the subsidy, and the goals for the subsidy, as well as other criteria set forth by the Business Subsidy Statute.
- B. The developer/business shall file a report annually for two years after the date the benefit is received or until all goals set forth in the application and business subsidy agreement have been met, whichever is later. Reports shall be completed using the format drafted by the State of Minnesota and shall be filed with the City of Paynesville no later than March 1st of each year for the previous calendar year. Businesses fulfilling job creation requirements must file a report to that effect with the city within 30 calendar days of meeting the requirements.
- C. The developer/business owner shall maintain and operate its facility at the site where the tax abatement and/or other assistance is used for a period of five years after the benefit is received.
- D. Developers/Businesses failing to comply with the above provisions will be subject to fines and repayment requirements, as well as deemed ineligible by the State to receive any loans or grant from public entities for a period of five years.

# *City of Paynesville Tax Abatement Policy*

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## **VI. APPLICATION**

A written application from a private business or developer, available from the Economic Development Authority of Paynesville (the "EDAP") shall be submitted for all projects seeking tax abatement from the city.

Application must include:

- A. A letter formally requesting tax abatement from the City.
- B. A completed application for tax abatement with all supporting material attached.
- C. For the purposes of underwriting the proposal, the developer shall provide any requested market, financial, environmental, or other data requested by the City or its consultants.
- D. All developers/businesses receiving tax abatement assistance will be responsible for reimbursing the city for all costs incur to establish the Tax Abatement.

## **VII. APPROVAL PROCESS**

The approval process for a private or public proposal may take anywhere from three weeks to three months, including any required public hearings.

- A. City staff reviews the application.
- B. Proposals are submitted to the EDAP for preliminary approval or denial.
- C. The EDAP must determine that the proposed use of funds meets the appropriate test(s) for eligibility.
- D. The EDAP will determine if the financing gap exists between project funding sources and uses.
- E. The EDAP will recommend a specific amount of abatement, if any, to the City Council.
- F. The City Council will hold a public hearing. The City Council will act on a resolution that identifies conditions upon which an application is approved or findings upon which an application is denied. The City Council will grant final approval or denial of the project.

## **VIII. RECAPTURE OF ABATEMENT**

Imposition of any recapture is at the sole discretion of the City and shall be considered on a case-by-case basis.

Recapture considerations may include but are limited to the:

- A. Sale, refinance or closure of the facility and departure of the company from the jurisdiction.
- B. Significant change in the use of the facility and/or the business activities of the company.

## *City of Paynesville Tax Abatement Policy*

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- C. Significant employment reductions not reflective of the company's (normal) business cycle and/or local and national economic conditions.
- D. Failure to achieve the minimum number of net new jobs and wage levels as specified in the abatement policy, application, and City Business Subsidy policy.
- E. Failure to comply with the annual reporting requirement.

## REVOLVING LOAN STATUS REPORT

Date of Update:

2/3/2014

	Business Name	Outstanding Balance	Date of last Payment	Amount of Last Payment	Current/Next Due Date
*	Bloom Corner Floral #2	\$ 16,774.40	12/11/2014	\$ 1,709.50	1/15/2015
	Eats & Treats	\$ 16,510.50	12/30/2014	\$ 177.99	1/3/2015
	Koronis Lanes	\$ 5,500.98	2/2/2015	\$ 197.79	3/1/2015
*	Louis Industries	\$ 261,516.90	12/5/2014	\$ 12,126.90	3/4/2015
#	Louis Industries Deed Part A	\$ 20,000.00	12/5/2014	\$ 175.00	3/4/2015
	Louis Industries Deed Part B	\$ 52,303.38	12/5/2014	\$ 2,425.38	3/4/2015
	Midwest Cylinder #2	\$ 171,906.33	6/12/2014	\$ 2,115.64	7/22/2014
*	Queen Bee's Bar & Grill	\$ 80,648.83	7/10/2236	\$ 1,019.64	1/20/2015
*	Skinz #4	\$ 93,038.77	1/23/2015	\$ 637.96	2/15/2015
*	Skinz #5	\$ 80,244.15	1/23/2015	\$ 969.08	2/28/2015
*	Savage Land Partnership	\$ 318,471.23	1/29/2015	\$ 1,957.36	4/3/2015
	<u>Sweet Nook Bakery</u>	<u>\$ 10,536.70</u>	<u>1/20/2015</u>	<u>\$ 272.88</u>	<u>2/17/2015</u>
*	Joint Loans w/Township				
#	Joint Loans w/State				
	<b>TOTAL OUTSTANDING BALANCE</b>	<b>\$ 1,127,452.17</b>			
	<b>LATE PAYMENTS:</b>				
	Bloom Corner Floral	\$ 341.90	Due: 1/15/15		
	Eats & Treats	\$ 177.99	Due: 1/3/15		
	Midwest Cylinder #2	\$ 2,115.64	Due: 7/22/14		
	Midwest Cylinder #2	\$ 2,115.64	Due: 8/22/14		
	Midwest Cylinder #2	\$ 2,115.64	Due: 9/22/14		
	Midwest Cylinder #2	\$ 2,115.64	Due: 10/22/14		
	Midwest Cylinder #2	\$ 2,115.64	Due: 11/22/14		
	Midwest Cylinder #2	\$ 2,115.64	Due: 12/22/14		
	Midwest Cylinder #2	\$ 2,115.64	Due: 1/22/15		
	Queen Bee's Bar & Grill	\$ 509.82	Due: 1/20/15		
	<b>TOTAL DELINQUENT</b>	<b>\$ 15,839.19</b>			
	<b>CITY REVOLVING LOAN BALANCE (available)</b>		<b>\$ 256,396.54</b>	<b>updated 12/31/14</b>	<i>(unaudited)</i>
	<b>CITY EDAP BALANCE</b>		<b>\$ 139,943.17</b>	<b>updated 12/31/14</b>	<i>(unaudited)</i>
	<b>TOWNSHIP LOAN BALANCE (available)</b>				

15