EDAP BOARD MEETING
WISH'N WELL CAFÉ
JUNE 21, 2016
7:00 A.M.

AGENDA

I. CALL TO ORDER

II. CONSENT AGENDA
   A. Minutes (page 1)

III. NEW BUSINESS
   A. Revising EDAP Loan Application (page 5)
      1. Credit Checks on Application
   B. Louis Industries – MIF (page 33)

IV. OLD BUSINESS
   A. Economic Status Of Community – Update
   B. Light Industrial
   C. Past Due Loans – Update

V. INFORMATIONAL
   A. Revolving Loan Report (page 47)

VI. ADJOURN

****** Please call or email Renee at 320-243-3714 ext. 227 or at renee@paynesvillemn.com if you are not able to attend the meeting.******

Members: Don Pietsch, Don Wiese, Bruce Stang, Chris Stanley, Wayne Nelson, 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: June 21, 2016

Agenda Section: Consent Agenda

Originating Department: Administration

Item Number: II - A

ITEM DESCRIPTION: Minutes

Prepared by: Staff

COMMENTS:

Please review the minutes from the March 8, 2016 and March 22, 2016 EDAP Board meetings.

ADMINISTRATOR COMMENTS:

COMMITTEE/COUNCIL ACTION:

Motion to approve the minutes from the March 8, 2016 and March 22, 2016 EDAP Board meetings.

MINUTES
EDAP BOARD MEETING

MARCH 8, 2016

Chris Stanley, Vice Chair called the meeting to order at 7:05 a.m. Members present were Bruce Stang, Kay McDaniel, Don Pietsch, and Wayne Nelson. Don Wiese, Jean Soine, and Renee Eckerly, City Administrator were absent. Also in attendance were Jennifer Welling, Administrative Assistant/Zoning Specialist, Rachel Hoppe, Shawn Hoppe, and Robin Gray.

> **Motion was made by Stang to approve the minutes from the January 19, 2016 EDAP Board meeting. Seconded by McDaniel and unanimously carried.**

EDAP LOAN – SALON 227 & FIREHOUSE COFFEE

Rachel & Shawn Hoppe and Robin Gray were in attendance to present the proposed business opportunity. Hoppe is asking for a $30,000.00 EDAP Loan to conduct a hair salon, massage, and coffee shop in the existing Bloom Corner Floral building. The money would be used for some remodeling and buying equipment. Hoppe's lease with the Grays would be $1,000.00 a month for the first year and a half $1,250.00 for the next year and a half. The Grays have had other offers on the building, but would prefer to lease it out for another business. The City would have first position on the coffee equipment and the Credit Union would have first position on the building.

It was suggested to set up an EDAP Finance Sub-Committee meeting to review the financials. McDaniel will set up a meeting once Soine is back in town. Welling will contact the Grays for a profit and loss spreadsheet on the coffee part of the business to be given to McDaniel for the EDAP Finance Sub-Committee meeting.

A Special EDAP Board meeting will be scheduled to review the EDAP Finance Sub-Committee's recommendation prior to making a recommendation to Council.

SAVAGE LAND PARTNERSHIP

Welling reported that the Board needs to consider releasing the pond acreage as collateral from the EDAP Loan. Welling presented the Partial Release Of Mortgage for consideration.

> **Motion was made by Stang to approve the Partial Release Of Mortgage for Savage Land Partnership and recommend such to the City Council. Seconded by Stanley and unanimously carried.**

ECONOMIC STATUS OF COMMUNITY

Welling reported that there are seven apartments rented already at the new apartments. Stanley announced that the lease space next to McDonalds has been rented to Verizon.

LIGHT INDUSTRIAL

Welling reported that the City of Paynesville was not chosen for the future site of an industry that the City submitted an RFP on.

PAST DUE LOANS - UPDATE

Welling reported that Eckerly is working with Eats & Treats.

MANUFACTURING WEEK TOUR 2016

Wayne Nelson consented on hosting the 2016 Manufactures Week Tour and Lunch.

INFORMATIONAL

The Revolving Loan Report was reviewed.

There being no further business the meeting was adjourned.

MINUTES
SPECIAL EDAP BOARD MEETING

MARCH 22, 2016

Chairperson, Jean Soine called the meeting to order at 7:30 a.m. Members present were Bruce Stang, Chris Stanley, Kay McDaniel, Don Wiese and Wayne Nelson. Also present was Renee Eckerly, City Administrator. Don Pietsch was absent.

There were no minutes presented for approval.

EDAP LOAN – SALON 227 & FIREHOUSE COFFEE

Soine reported that the EDAP Finance Sub-Committee has met and supports the loan request from Koronis Living, LLC, Rachel and Shawn Hoppe.

Soine reported that the EDAP Finance Sub-Committee is recommending less than the $30,000.00 requested. The Sub-Committee arrived at $21,000.00 using the following breakdown: $14,000.00 Coffee Equipment
$7,000.00 Remodeling

Rent will be $1,000.00 per month. Paynesville Township will not be participating in this loan of $21,000.00. Ms. Hoppe plans to add one person to her staff.

It was reported that the Department of Health will need to inspect the premises. Hoppe had the Department of Health review the hair salon and coffee services in the same building. Hoppe is also planning on moving into food in the future. There was further discussion on using a blanket lien on any current and future equipment. There will be no floral services or space rented out for anything else.

> **Motion was made by Stanley to approve the EDAP loan in the amount of $21,000.00 for 7 years at 3.75% interest for Salon 227 & Firehouse Coffee and to have first position (blanket lien) on all the equipment. Seconded by Wiese and passed 5:1 (Stanley, yes; Soine, yes; Stang, yes; Wiese, yes; Nelson, yes; and McDaniel, no).**

The Board also discussed the risk of the loan and the Small Business Administration (SBA).

There being no further business the meeting was adjourned at 8:10 a.m.

REQUEST FOR COMMITTEE/COUNCIL ACTION

COMMITTEE/COUNCIL NAME: EDAP Board Meeting

Committee/Council Meeting Date: June 21, 2016

Agenda Section: New Business

Originating Department: Administration

Item Number: III - A

ITEM DESCRIPTION: Revising EDAP Loan Application

Prepared by:

COMMENTS:

The EDAP Board has suggested to revise its EDAP Loan Application and to include credit checks as part of the process. Please review the attached existing application as well as some samples from Trimont and Wheaton, MN.

ADMINISTRATOR COMMENTS:

COMMITTEE/COUNCIL ACTION:

Motion to _____.

INDUSTRIAL/COMMERCIAL
PAYNESVILLE REVOLVING LOAN FUND
APPLICATION

GENERAL BACKGROUND

The Economic Development Authority of Paynesville (EDAP) was originally established in 1987. Both the City and Township of Paynesville have representatives on the EDAP Board and both have revolving loan funds that are administered by EDAP under a Joint Powers Agreement. EDAP's main objectives are to encourage, attract, promote, retain, and develop economically sound industry and commerce within the city and township for the prevention of unemployment.

REVOLVING LOAN FUND

In an effort to accomplish the above objectives, EDAP has established a Revolving Loan Fund (RLF) with two options: Small Loan Fund and Commercial/Industrial. For Commercial/Industrial Loan Funds, EDAP's lending capacity is in the form of providing gap financing. A primary lender other than EDAP is required.

The RLF is designed to provide financing for the following purposes:

1. Promotion of business start-up and growth
2. Retention of current industries
3. Promotion of economic diversity
4. Revitalization of businesses
5. Employee recruitment and retention

ELIGIBILITY

Certain projects, applicants, activities and costs are eligible for revolving loan funds. The successful applicant must demonstrate proof of the following:

1. Ownership or lease agreements of the subject property;
2. Property insurance;
3. Property taxes paid and current;
4. Freedom from all judgements, liens, agreements, consent decrees, stipulations for settlements, or other such actions which would prevent the applicant from participating in any EDAP loan program; and
5. Compliance with all applicable City or Township ordinances and plans.

ELIGIBLE LOAN ACTIVITIES

1. Land Improvements. Improvements to the land that are a portion of the project cost including but not limited to new streets, parking lots, utilities, and landscaping.

2. Purchase or Renovation of Building. Purchase and, if necessary, renovation of an existing industrial or commercial facility. Includes the purchase of land.

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3. Purchase of Machinery or Equipment. Purchase of major items of machinery and equipment, independent of land and buildings. These items must be defined to have a useful life of at least five (5) years.

4. Building Construction. Construction of a new building and/or an addition to an existing building.

5. Inventory Purchase. Only as part of the total loan package.

6. Working Capital. Only as part of the total loan package.

7. Job Training.

APPLICATION PROCESS

EDAP and City staff will assist the applicant through all stages of the application process. Prior to submitting a recommendation to the City Council and/or Township Board, EDAP shall determine if the loan application meets the following criteria:

Applicant must:

1. Be credit worthy
2. Show lender commitments
3. Sign Personal Guarantee
4. Pledge adequate collateral

LOAN TERMS AND CONDITIONS

The City and Township shall make available to eligible applicants direct low-interest loans for the purpose of encouraging economic development, industrial development or growth, downtown development, job creation and job retention to meet business needs, and preservation of business district.

1. The maximum loan amount available for the Commercial/Industrial Loan Fund shall be determined on a case by case basis.

2. *Maximum eligible loan request may be up to 50% of the EDAP Revolving loan fund balance.*

3. The interest rate shall be a fixed-rate established at one-quarter point above Prime Rate on the date the application is approved by EDAP, but shall not be less than 3.0%.

4. The term of the loan shall be tied to the useful life of the assets being financed. The following general terms shall apply:

A. The term of the loan for machinery/equipment shall not exceed seven (7) years.

B. The term of the loan for land/building acquisition shall not exceed twenty (20) years. Loan shall be amortized over 20 years with a 10 year balloon.

C. The term of the loan for new construction/renovation shall not exceed twenty (20) years. Loan shall be amortized over 20 years with a 10 year balloon.

D. It will not be the practice to refinance the balloon after the 10 years.

E. All balances will be due and payable if and when the loan recipient sells or otherwise transfers any or part of his/her interest in the property or fails to meet any of the guidelines established within the loan agreement before the maturity date of the loan or relocates any part or all of the business outside the City of Paynesville or Paynesville Township.

F. The above terms are considered maximums and the City and Township reserve the right to set loan terms for shorter periods.

5. Collateral requirements. All loan agreements will be secured by one or more of the following: promissory note, mortgage, or security agreement as required by the City and/or Township.

   A. The revolving loan may take a subordinate position to the primary lender on the assets financed; and

   B. Surety deposits shall be required for certain construction contracts as set forth in Minnesota Statutes 290.9705.

6. Letters of commitment from all funding sources must be submitted before the application will be deemed completed.

7. Personal guarantees of persons with ownership interest of 20% or greater are required. Personal guarantees of persons with ownership interest between 1% to 19% may be required by EDAP but are discretionary.

8. Repayment of the loan must begin within one month after closing. The City and/or Township may make exceptions to this rule on a case by case basis.

8. EDAP may charge an administrative fee for processing the loan application. Charges may include, but are not limited to attorney fees, financial consulting services, building inspector services, etc.

9. All loans will be in compliance with the City Ordinance, Township rules, and Building Code.

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PAYNESVILLE REVOLVING LOAN FUND APPLICATION

I. GENERAL INFORMATION

Name of Business: _____

Address: _____

City: _____ Zip Code _____

Business Contact Person: _____

Telephone # _____

Social Security # _____
(if business is a sole proprietorship)

Other contacts or application assistance providers:

Name:	Telephone #
_____	_____
_____	_____
_____	_____

Type of Business:

_____ Sole Proprietorship _____ Corporation _____ General Partnership

_____ Limited Partnership ____ Limited Liability Partnership Other _____

If a corporation, provide the name(s) and address(s) of shareholders that own 20% or more of outstanding shares of the corporation.

If a partnership, provide name(s) and address(s) of all partners.

Has you or your business ever filed bankruptcy?

No_____ Yes_____ if yes, please explain:

_____

_____

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II. NATURE OF LOAN REQUEST

Amount of loan request $_____ Total Project Cost $_____

New Business or Business Expansion? _____

# of existing jobs _____ # of jobs to be created _____

# of jobs retained _____ **Amount of Private Financing** _____

III. FINANCING PURPOSE AND SOURCES (Complete all that are applicable to your loan.)

How and what funds will be used to finance project? (dollar amounts)

	RLF	Bank Loan	Equity	Other	Total
Property Acquisition	_____	_____	_____	_____	_____
Site Improvements	_____	_____	_____	_____	_____
Building Renovation	_____	_____	_____	_____	_____
New Construction	_____	_____	_____	_____	_____
Machinery/Equipment	_____	_____	_____	_____	_____
Inventory Purchase	_____	_____	_____	_____	_____
Working Capital	_____	_____	_____	_____	_____
Job Training	_____	_____	_____	_____	_____
Other (specify)	_____	_____	_____	_____	_____
Total Project Cost	_____	_____	_____	_____	_____

IV. FINANCING TERMS AND CONDITIONS (Complete all that are applicable to your loan.)

	RLF	Bank Loan	Equity	Other
Dollar Amount	_____	_____	_____	_____
% of Project Cost	_____	_____	_____	_____
Term (years)	_____	_____	_____	_____
Interest Rate	_____	_____	_____	_____
Collateral Offered	_____	_____	_____	_____
Lien Position	_____	_____	_____	_____

Name of participating Bank: _____

Contact Person: _____ Telephone # _____

Address: _____

Name of participating Bank: _____

Contact Person: _____ Telephone # _____

Address: _____

Other Lender: _____

Contact Person: _____ Telephone # _____

Address: _____

Other Lender: _____

Contact Person: _____ Telephone # _____

Address: _____

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V. BUSINESS PLAN OUTLINE

A. History of Business

B. Market Analysis and Strategy
   1. Description of current buyers and target markets
   2. List of current competitors
   3. Product pricing
   4. Advertising methods
   5. Sales promotion

C. Products
   1. Description of Product Line
   2. Proprietary position of patents, copyrights, legal, and technical considerations
   3. Comparison to Competition

D. Manufacturing Process
   1. Materials
   2. Production methods

E. Financial Projections
   1. Provide monthly cash flow analysis for next 12 months
   2. Provide profit and loss statement for last three years, current year-to-date, and two-year projection

F. List of Existing Business Debt
   1. List outstanding balance, interest rate, term, maturity date, and collateral on all existing debt.

G. Statement of Proposed Collateral
   1. Provide a detailed list of all collateral offered, its value, and security position by funding sources.

H. Resumes
   1. Include resumes of all principals who have significant financial interest in the business.

I. Commitment Letters
   1. Include commitment letters from banks or others stating the terms and conditions of their participation.

J. Affiliates
   1. Description of any affiliates or subsidiaries of business or principals requesting assistance, as well as balance sheets and income statements for past two years on such affiliates or subsidiaries.

K. Appraisals/Lease Agreements/Purchase Agreements

1. Provide a current independent appraisal for any real property subject to this loan request and/or offered as major collateral to secure the loan. Also, include copies of existing or proposed lease(s), purchase agreements, or other financial arrangements pertaining to the subject property.

L. Partnership Certificate of Authorization or Corporate Certificate of Authority and Incumbency

VI. OTHER REQUIRED DOCUMENTS

A. Copy of last year's submitted business income tax statement
B. Copy of last two year's submitted personal income tax statement
C. Evidence of payment of last quarter's payroll tax
D. Evidence of Workers' Comprehensive and Liability insurance coverage

SIGNATURE OF APPLICANT(S)

I have willfully furnished this information to the Economic Development Authority of Paynesville (EDAP) for the purpose of applying for a loan. I (we) understand that this information will (may) be reviewed by City staff, the EDAP Board, City Council, and Township Board. I (we) further authorize EDAP staff to be in contact with those individuals and institutions involved in the proposed project.

_____ _____
Applicant's Signature Date

_____ _____
Applicant's Signature Date

_____ _____
Applicant's Signature Date

_____ _____
Applicant's Signature Date

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Example

City of Trimont

P.O. Box 405, Trimont, MN 56176 (507) 639-2060 Fax (507) 639-2064

REVOLVING LOAN PROGRAM APPLICATION

NAME: _____

ADDRESS: _____

CITY/STATE/ZIP: _____

TOTAL PROJECT COST: _____

PROJECT DESCRIPTION: _____

_____

_____

_____

_____

_____

_____

_____

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City of Trimont

TRIMONT ECONOMIC DEVELOPMENT AUTHORITY (EDA)

REVOLVING LOAN FUND APPLICATION

PLEASE FULLY COMPLETE THIS APPLICATION. ALL APPLICABLE INFORMATION IS REQUIRED TO PROCESS YOUR APPLICATION.

PLEASE SELECT ONE:

☐ New Application ☐ Re-Application

I. APPLICATION INFORMATION

NAME OF APPLICANT(S): _____

PROPOSED GUARANTOR (IF APPLICABLE): _____

FEDERAL ID # _____ SSN: _____

HOME ADDRESS OF CONTACT PERSON:

_____

STREET CITY STATE ZIP

TELEPHONE #: _____

HOME WORK

II. PROPERTY INFORMATION

ADDRESS OF APPLICANT(S) PROPERTY: _____

_____

BUSINESS NAME: _____

ESTIMATED DATE OF CONSTRUCTION: _____

ESTIMATED CURRENT TAX MARKET VALUE: $ _____

OWNER'S VALUE ESTIMATE: $ _____

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III. PROPERTY OWNERSHIP INFORMATION

OWNERSHIP INTEREST IN THE PROPERTY:

CONTRACT FOR DEED _____
MORTGAGE PRINCIPAL $ _____
LESSEE _____
TERMS OF LEASE _____

OWNERSHIP INTEREST OF ALL PARTIES NAMED ON THE PROPERTY TITLE:

NAME	INTEREST

IV. INTENDED USES OF REQUESTED FUNDING

EXTERIOR:	_____	EST. COST	$ _____
	_____	EST. COST	$ _____
SIGNAGE:	_____	EST. COST	$ _____
HEAT/AC:	_____	EST. COST	$ _____
ELECTRIC:	_____	EST. COST	$ _____
PLUMBING:	_____	EST. COST	$ _____
INTERIOR:	_____	EST. COST	$ _____
OTHER:	_____	EST. COST	$ _____
	_____		_____
	_____		_____
	_____		_____
	_____		_____

ESTIMATED TOTAL PROJECT COST $ _____

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V. PROJECT FUNDING (SOURCES)

TOTAL PROJECT COSTS	$ _____	100%
REQUESTED EDA LOAN AMOUNT	$ _____	%
APPLICANT FUNDS	$ _____	%

VI. OTHER REQUIRED ATTACHMENTS

A. BUSINESS PLAN SHOWING A CAPACITY TO REPAY THE LOAN
B. PERSONAL FINANCIAL STATEMENTS AND PERSONAL GUARANTEE OF ALL PRINCIPALS
C. COMPLETE BUSINESS AND EMPLOYMENT HISTORY.
D. BUSINESS RELATED REFERENCES.
E. CORPORATE RESOLUTION (IF APPLICABLE)
F. MOST CURRENT PROPERTY TAX STATEMENT
G. LETTER OF GOOD STANDING FROM FINANCIAL INSTITUTION

VII. CERTIFICATION

HAVE YOU EVER GONE THROUGH BANKRUPTCY? ☐YES ☐NO
IF YES, WHEN?

HAVE YOU EVER HAD A JUDGMENT AGAINST YOU? ☐YES ☐NO

ARE ANY ASSETS PLEDGED OR DEBTS SECURED EXCEPT AS SHOWN ON THIS APPLICATION? ☐YES ☐NO
IF YES, WHAT? _____

ARE THERE ANY PAST DUE REAL ESTATE TAXES AGAINST THIS PROPERTY? ☐YES ☐NO

IF THE ANSWER TO ANY OF THE PREVIOUS QUESTION WAS "YES", PLEASE EXPLAIN:

_____
_____
_____
_____

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- -

TENNESSEN WARNING: DATA PRIVACY STATEMENT

IN ACCORDANCE WITH THE MINNESOTA GOVERNMENT DATA PRACTICES ACT, THE ECONOMIC DEVELOPMENT AGENCY OF THE CITY OF TRIMONT (EDA) IS REQUIRED TO INFORM YOU OF YOUR RIGHTS AS THEY PERTAIN TO PRIVATE INFORMATION COLLECTED FROM YOU. PRIVATE DATA IS THAT INFORMATION WHICH IS AVAILABLE TO YOU FROM THE EDA BUT IS NOT AVAILABLE TO THE PUBLIC. THE PERSONAL INFORMATION THE EDA COLLECTS ABOUT YOU IS GENERALLY CONSIDERED PRIVATE.

THE INFORMATION COLLECTED FROM YOU, AS PART OF THE ATTACHED APPLICATION WILL BE USED TO DETERMINE YOUR ELIGIBILITY FOR THE REVOLVING LOAN PROGRAM. YOU ARE NOT REQUIRED TO GIVE THE INFORMATION, BUT IF YOU DO NOT, THE EDA WILL NOT BE ABLE TO DETERMINE YOUR ELIGIBILITY FOR A LOAN.

THE PRIVATE DATA WE COLLECT WILL BE DISSEMINATED AND USED ONLY WHEN IT IS REQUIRED FOR ADMINISTRATION AND MANAGEMENT OF THE LOAN PROGRAM. PERSONS OR AGENCIES WITH WHOM THIS INFORMATION MAY BE SHARED INCLUDE:

1. EDA/CITY STAFF PERSONS INVOLVED IN ADMINISTRATION OF THE LOAN PROGRAM.
2. AUDITORS WHO PERFORM REQUIRED AUDITS OF THE EDA/CITY PROGRAMS.
3. AUTHORIZED PRESONNEL FROM THE MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT AND THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT OR OTHER STATE AND FEDERAL AGENCIES PROVIDING FUNDING ASSISTANCE TO YOU.
4. THOSE PERSONS WHOM YOU AUTHORIZE TO SEE THE DATA.
5. LAW ENFORCEMENT PERSONNEL IN THE CASE OF SUSPECTED FRAUD.

UNLESS OTHERWISE AUTHORIZED BY STATE STATUTE OR FEDERAL LAW, OTHER GOVERNMENT AGENCIES USING THE PRIVATE DATA MUST ALSO TREAT IT AS PRIVATE. YOU HAVE THE FOLLOWING RIGHTS:

1. THE RIGHT TO SEE AND OBTAIN COPIES OF THE DATA MAINTAINED ON YOU.
2. THE RIGHT TO BE TOLD THE CONTENTS AND MEANING OF THE DATA, AND
3. THE RIGHT TO CONTEST THE ACCURACY AND COMPLETENESS OF THE DATA.

TO EXERCISE THESE RIGHTS, CONTACT THE CITY OF TRIMONT, 41 SECOND AVENUE NE, TRIMONT, MINNESOTA, 56176. 1-507-639-2060.

APPLICANT (S):

_____ DATE: _____

_____ DATE: _____

I/WE CERTIFY THAT ALL STATEMENTS ON THIS APPLICATION ARE TRUE AND CORRECT TO THE BEST OF MY/OUR KNOWLEDGE. I/WE UNDERSTAND THAT ANY INTENTIONAL MISSTATEMENTS WILL BE GROUNDS FOR DISQUALIFICATION. I/WE AUTHORIZE AND AGREE TO PROVIDE TO THE EDA REASONABLE ACCESS TO INFORMATION AND REASONABLE ACCESS TO CONSTRUCTION PROJECT SITE TO ALLOW THE EDA TO MONITOR PROJECT IMPLEMENTATION FOR COMPLIANCE WITH PROGRAM OBJECTIVES AND LOAN GUIDELINES.

APPLICANT (S):

_____ DATE: _____

_____ DATE: _____

_____ DATE: _____

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Example

Wheaton Economic Development Authority

104 9th Street North
Post Office Box 868
Wheaton, MN 56296

Phone: 320/563-4110
Fax: 320/563-4823

Website: www.cityofwheaton.com

SECTION ONE - APPLICANT INFORMATION			
NAME OF APPLICANT:			
SOCIAL SECURITY NUMBER:		CELL PHONE:	
MAILING ADDRESS:			
CITY:	STATE:	ZIP CODE:	
EMAIL ADDRESS:		WEBSITE:	
BUSINESS NAME:		BUSINESS PHONE:	
BUSINESS ADDRESS:		BUSINESS FAX:	
BUSINESS CITY:	STATE:	ZIP CODE:	
Principal Owner Names	Titles	Owner %	Social Security #

Attach separate sheet, if necessary. List all owners, partners, directors, guarantors and stockholders. Those with 20% or more ownership must submit a separate, signed application form and may be required to provide personal guarantees.

APPLICANT IS APPLYING FOR THIS LOAN:

- ☐ Individually, without co-applicant(s) or guaranty of a relative or other person(s) or entity.
- ☐ Jointly, with co-applicant(s), or the guaranty of one or more persons or entities.

All co-applicants and guarantors must complete a separate application form.

CITIZENSHIP. Is the applicant a citizen of the U.S. or resides in the U.S. after being legally admitted for permanent resident, OR in the case of an organization, at least 51% of the outstanding membership/ownership citizens of the U.S. or residents in the U.S. after being legally admitted for permanent resident.

- ☐ No
- ☐ Yes

BUSINESS/LEGAL STRUCTURE

- ☐ Sole Proprietorship
- ☐ Cooperative Corporation
- ☐ General Partnership
- ☐ Limited Partnership
- ☐ Corporation
- ☐ Subchapter S Corp
- ☐ Non-Profit

DATE ESTABLISHED:	DUNS #:	FEDERAL TAX ID#:

DESCRIPTION & HISTORY OF BUSINESS:

DUAL INTERESTS. Does the applicant or the business have any financial interest as vendors of project items, or are they prospective customers of the applicant's/business' products?

- ☐ No
- ☐ Yes, please provide details:

LOAN DEFAULT. Has the applicant or the business ever defaulted on a loan commitment?

- ☐ No
- ☐ Yes, please provide details:

RECEIVERSHIP/BANKRUPTCY. Has the applicant or business ever been in receivership or declared bankruptcy?

- ☐ No
- ☐ Yes, please provide details:

JUDGEMENTS/INJUNCTIONS. Are there (or have there ever been) civil or criminal judgments of injunctions against the applicant or business?

☐ No

☐ Yes, please provide details:

LITIGATION PENDING. Is any litigation pending that involves the applicant and/or business?

☐ No

☐ Yes, please provide details:

DISCRIMINATION COMPLAINTS. Within the past five years, have there been any violations, citations, charges or complaints of discrimination filed against the applicant and/or business in state or federal court or before any government agency?

☐ No

☐ Yes, please provide details:

PREVIOUS FUNDING. Has the applicant and/or business ever received a business subsidy from a local unit of government before?

☐ No

☐ Yes, please provide details:

TAXES. Does the applicant and/or business have any delinquent taxes (inc. property, income, etc.)?

☐ No

☐ Yes, please provide details:

SECTION TWO: LOAN PURPOSE

ELIGIBLE USES:

☐ Business and industrial acquisitions when the loan will keep the business from closing, prevent the loss of employment opportunities, or provide expanded job opportunities.

☐ Business construction, conversion, enlargement, repair, modernization, or development.

☐ Purchase and development of land, easements, rights-of-way, buildings, facilities, leases, or materials.

☐ Purchase of equipment, leasehold improvements, machinery, or supplies.

☐ Pollution control and abatement.

☐ Transportation services.

☐ Start-up operating costs and working capital.

☐ Interest (including interest on interim financing) during the period before the facility becomes income producing, but not to exceed 3 years.

☐ Feasibility studies.

☐ Debt refinancing (only allowed when it is determined that the project is viable and refinancing is necessary to create new or save existing jobs or create or continue a needed service; see RD MN 4274.314(b)(10) for additional collateral requirements).

☐ Reasonable fees charged by licensed professionals (for eg, management consultants, engineers, lawyers, accountants, appraisers, etc.).

☐ Hotels, motels, tourist homes, bed and breakfast establishments, convention centers, and other tourist and recreational facilities.

☐ Educational institutions.

☐ Revolving lines of credit (see RD MN 4274-314(b)(14)(i)-(v)).

DESCRIPTION OF LOAN PURPOSE/PROJECT NARRATIVE:

WETLAND LOSS/DIMINUTION. Will this project or project-related activities result in the loss or diminution of wetlands?

If applicant does not know the answer for this question, applicant is encouraged to contact the Wetlands Coordinator at the Minnesota Department of Natural Resources.

☐ No

☐ Yes.

If yes, has the applicant complied with the rules, regulations, and provisions of the governing law?

☐ No

☐ Yes, please provide details:

INELIGIBLE USES:

- Assistance in excess of what is needed to accomplish the purpose of the ultimate recipient's project.
- Distribution or payment to the owner, partners, shareholders, or beneficiaries of the loan applicant or members of their families when such persons will retain any portion of their equity with the loan applicant.
- Charitable institutions that would not have revenue from sales or fees to support the operation and repay the loan, churches, organizations affiliated with or sponsored by churches, and fraternal organizations.
- Assistance to government employees, military personnel, or principals or employees of the intermediary or organizations for which such persons are directors or officers or in which they have ownership of 20 percent or more.
- A loan to an applicant which has an application pending with or a loan outstanding from another intermediary involving an IRP revolving fund if the total IRP loans would exceed the lesser of (1) $250,000; or (2) Seventy five percent of the total cost of the ultimate project for which the loan is being made.
- The transfer of ownership unless the loan will keep the business from closing, or prevent the loss of employment opportunities in the area, or provide expanded job opportunities.
- Community antenna television services or facilities.
- Any illegal activity.
- Any project that is in violation of either a Federal, State, or local environmental protection law or regulation or an enforceable land use restriction unless the assistance given will result in curing or removing the violation.
- Lending and investment institutions and insurance companies.
- Golf courses, race tracks, or gambling facilities.

SECTION THREE: BUSINESS EMPLOYMENT

TYPE OF EMPLOYMENT: **CURRENT EMPLOYMENT**	CURRENT JOBS: Full Time	CURRENT JOBS: Part Time	RETAINED JOBS 1ST YR: FT	RETAINED JOBS 1ST YR: PT	RETAINED JOBS 2ND YR: FT	RETAINED JOBS 2ND YR: PT
PROFESSIONAL/MANAGERIAL/TECHNICAL						
SKILLED						
UNSKILLED/SEMI-SKILLED						
TOTAL						

AVERAGE FULL TIME WAGE:	AVERAGE PART TIME WAGE:

BENEFITS OFFERED:

- ☐ Employee Health Insurance
- ☐ Family Health Insurance
- ☐ Life and/or Disability Insurance
- ☐ Dental Insurance
- ☐ Employer Retirement Contribution
- ☐ Profit Sharing
- ☐ Paid Vacation
- ☐ Paid Sick Leave
- ☐ Paid Holidays
- ☐ Other: _____

TYPE OF EMPLOYMENT: **NEW HIRES ONLY**	CURRENT JOBS: FT	CURRENT JOBS: PT	RETAINED JOBS 1ST YR: FT	RETAINED JOBS 1ST YR: PT	RETAINED JOBS 2ND YR: FT	RETAINED JOBS 2ND YR: PT
PROFESSIONAL/MANAGERIAL/TECHNICAL						
SKILLED						
UNSKILLED/SEMI-SKILLED						
TOTAL						

AVERAGE FULL TIME WAGE:	AVERAGE PART TIME WAGE:

BENEFITS OFFERED:

- ☐ Employee Health Insurance
- ☐ Family Health Insurance
- ☐ Life and/or Disability Insurance
- ☐ Dental Insurance
- ☐ Employer Retirement Contribution
- ☐ Profit Sharing
- ☐ Paid Vacation
- ☐ Paid Sick Leave
- ☐ Paid Holidays
- ☐ Other: _____

SECTION FOUR: COST OF ENTIRE PROJECT

A. LAND AND LAND IMPROVEMENTS	$
Attach legal description and assessed value.	
B. BUILDINGS	$
Attach plans and cost.	
C. MACHINERY AND EQUIPMENT	$
Attach cost sheet and supplier.	
D. WORKING CAPITAL	$
Attach description and details.	
E. OTHER PROJECT COSTS	$
Attach description and details.	
TOTAL COST OF ENTIRE PROJECT	**$**

SECTION FIVE: LOAN REQUEST

LOAN AMOUNT REQUESTED FROM WHEATON EDA:	$
Loan amount may not exceed ~~75~~ 50% of the project's entire cost.	
TERM REQUESTED:	DATE FUNDS NEEDED:

SECTION SIX: SOURCES OF FINANCING FOR ENTIRE PROJECT

SOURCE	ADDRESS	AMOUNT	TERM (IF LOAN)	INTEREST RATE (IF LOAN)
TOTAL FINANCING:		$		

SECTION SEVEN: SOURCES OF COLLATERAL PLEDGED FOR ENTIRE PROJECT

Acceptable Types: Land, Buildings, Machinery & Equipment, Furniture & Fixtures, Accounts Receivable, Inventory, Homes, Real Estate, Vehicles, Personal Guarantees. Proof of the value of proposed collateral will be required.

COLLATERAL PLEDGED TO WHEATON EDA IF LOAN IS APPROVED	DESCRIPTION	ASSESSED VALUE	POSITION OF LIEN
WHEATON EDA			
WHEATON EDA			
WHEATON EDA			
COLLATERAL PLEDGED TO FINANCIERS (FROM SECTION SIX)	**DESCRIPTION**	**ASSESSED VALUE**	**POSITION OF LIEN**

TOTAL COLLATERAL:		$	

SECTION EIGHT: APPLICANT'S/BUSINESS' CURRENT DEBT

USE SEPARATE SHEET, IF NECESSARY

PAYABLE TO:	ORIGINAL LOAN DATE:
ORIGINAL LOAN AMOUNT:	INTEREST RATE:
PAYMENT AMOUNT:	CURRENT?
PRESENT BALANCE:	MATURITY DATE:
PAYABLE TO:	ORIGINAL LOAN DATE:
ORIGINAL LOAN AMOUNT:	INTEREST RATE:
PAYMENT AMOUNT:	CURRENT?
RESENT BALANCE:	MATURITY DATE:
PAYABLE TO:	ORIGINAL LOAN DATE:
ORIGINAL LOAN AMOUNT:	INTEREST RATE:
PAYMENT AMOUNT:	CURRENT?
PRESENT BALANCE:	MATURITY DATE:
PAYABLE TO:	ORIGINAL LOAN DATE:
ORIGINAL LOAN AMOUNT:	INTEREST RATE:
PAYMENT AMOUNT:	CURRENT?
PRESENT BALANCE:	MATURITY DATE:

SECTION NINE: BASIS FOR FINANCING FROM WHEATON EDA

Please describe why there is a need for funding from the Wheaton EDA (ie, inadequate bank financing, high private lending interest rates, etc.). Applicant must provide statement from private lender stating the same.

SECTION TEN: APPLICANT/BUSINESS CONTACT LIST

ACCOUNTING FIRM'S NAME:		ACCOUNTANT'S NAME:
ADDRESS:		BUSINESS PHONE:
CITY:	STATE:	ZIP CODE:
LAW FIRM'S NAME:		COUNSEL'S NAME:
ADDRESS:		BUSINESS PHONE:
CITY:	STATE:	ZIP CODE:
INSURANCE COMPANY'S NAME:		AGENT'S NAME:
ADDRESS:		BUSINESS PHONE:
CITY:	STATE:	ZIP CODE:
PRIMARY BANKING COMPANY'S NAME:		OFFICER'S NAME:
ADDRESS:		BUSINESS PHONE:
CITY:	STATE:	ZIP CODE:
LANDLORD'S NAME (if leasing):		
ADDRESS:		BUSINESS PHONE:
CITY:	STATE:	ZIP CODE:

Applicant commits to equality of Opportunity in Employment and hereby certifies that it is in compliance with all state and federal laws pertaining to employment discrimination on the basis of sex, race, color, religion, national origin and age.

Applicant pledges that all jobs to be created with the assistance of public funds will be open to all qualified male and female prospective employees, and that the applicant will extend equal pay for equal jobs.

Applicant understands that it will be expected to report, upon request, follow-up information on jobs created, including job title, annual hours per job, wage rates, gender and racial/ethnic groups.

I, the applicant, certify that the above information and assertions are a true and accurate representation of the company and its owner(s). I further attest to the affirmations on behalf of the company.

Legal Name of Applicant's Business:	
Applicant's Authorized Signature:	
Printed Name and Title:	Date:

SECTION TWELVE: TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

Please provide the following information so that the Wheaton EDA will be in compliance with Title VI of the Civil Rights Act of 1964. This information is being requested in accordance with Rural Development regulations of the United States Department of Agriculture.

The information regarding race, color, or national origin designation is requested in order to assure the Federal Government that WEDA complies with Federal Laws prohibiting discrimination on the basis of race, color, national origin. You are not required to furnish this information, but are encouraged to do so. Federal regulations requires that a lender may neither discriminate on the basis of this information, nor on whether you choose to furnish the information. If you choose not to furnish this information, under Federal regulations we are required to note your race and national origin on the basis of visual observation or surname.

Please select the appropriate designations below to describe the applicant:

RACIAL CATEGORIES:
- ☐ American Indian or Alaskan Native
- ☐ Asian
- ☐ Black or African American
- ☐ Native Hawaiian or Pacific Islander
- ☐ White

ETHNIC CATEGORIES:
- ☐ Hispanic or Latino
- ☐ Non Hispanic or Latino

GENDER CATEGORIES:
- ☐ Female
- ☐ Male

Applicant's Authorized Signature:	Date:
Printed Name and Title:	

SECTION THIRTEEN: DECLARATION OF NO CONFLICT OF INTEREST

The applicant, the applicant's business, and its principal officers (including their immediate family) must not hold any legal or financial interest or influence with or upon Wheaton EDA Board Members, Wheaton EDA Council Representatives, or Wheaton EDA Director (including their immediate family). Wheaton EDA Board Members, Wheaton EDA Council Representatives, or Wheaton EDA Director (including their immediate family) as listed below must not hold any legal or financial interest or influence with or upon the loan applicant, the applicant's business, or its principal officers (including their immediate family).

WEDA BOARD MEMBERS:
- President Steven Lundquist
- Shawn Bainbridge
- Lance Lundquist
- David Salberg
- Wayne Hervey

WEDA COUNCIL REPRESENTATIVES:
- Mayor Leonard Zimmel
- Judith Larson

WEDA DIRECTOR:
- [NONE AT THIS TIME]

This Section shall not prevent the Wheaton EDA from making a loan to a cooperative that has a Wheaton EDA officer as a member of the cooperative. MN RD 4274.308(b)(4)

My signature certifies that myself, my business, and business officers (including their immediate family) do not hold any legal or financial interest or influence with or upon Wheaton EDA Boardmembers, Council Representatives, or Director (including their immediate family).

Applicant's Authorized Signature:

Printed Name and Title:	Date:

My signature certifies that Wheaton EDA Boardmembers, Council Representatives, or Director (including their immediate family) do not hold any legal or financial interest or influence with or upon the applicant, the applicant's business, and business officers (including immediate family).

Wheaton EDA's Authorized Signature:

Printed Name and Title:	Date:

SECTION FOURTEEN: CLEAR AIR & FEDERAL WATER POLLUTION CONTROL ACT

My signature certifies that I am an applicant seeking financial assistance from the Wheaton EDA and as such, certify that facilities under my ownership and/or supervision utilized in the accomplishment of the project described above are not listed on the Federal Environmental Protection Agency's (EPA) list of violating facilities. I will notify the Wheaton EDA of receipt of any communication from the Director of the EPA Office indicating that a facility to be utilized in the described project is under consideration for listing as a violating facility.

Applicant's Authorized Signature:

Printed Name and Title:	Date:

SECTION FIFTEEN: FEE SCHEDULE ACKNOWLEDGEMENT

The **mandatory** fee schedule for Wheaton EDA loans is as follows:

- $200 non-refundable application fee is due before the application will be reviewed by the Wheaton EDA Board.
- The cost to conduct an appraisal of real property, if deemed necessary by the Wheaton EDA Board

If the loan request is approved by the Wheaton EDA and accepted by me, the borrower, I must also pay for:

1. Property Hazard insurance with a standard mortgage clause naming the Wheaton EDA as beneficiary in an amount that is a least the lesser of the depreciated replacement value of the property being insured or the amount of the loan. Hazard insurance includes fire, windstorm, lightning, hail, business interruption, public liability, property damage, or any other hazard insurance which may be required to protect the security. The Wheaton EDA's interest in the insurance may be assigned to USDA Rural Development.

2. Life insurance, which may be decreasing term insurance, for the principals and key employees of the borrowing entity. Such life insurance will be assigned or pledged to the Wheaton EDA. The Wheaton EDA's interest in the insurance may be assigned to USDA Rural Development.

3. An origination fee of 1% of the loan amount will be due, payable to the Wheaton EDA, prior to disbursement if the loan to cover administrative, legal, and filing fees.

My signature indicates that I have reviewed the above section and agree to the terms as described.

Applicant's Authorized Signature:

Printed Name and Title:	Date:

SECTION SIXTEEN: APPLICANT'S CERTIFICATION

I certify that all statements made in this application are an accurate representation of my financial condition on this date and are made for the purpose of obtaining the loan indicated. Verification and re-verification of any information contained in this application may be made at any time by Wheaton EDA, it's agents, successors, and assigns, either directly or through a credit reporting agency or other source named in this application at any time while checking the creditworthiness of this loan application, or if approved, at any time while said loan has an outstanding balance due.

Wheaton EDA, its agents, successors, and assigns, will rely on the information contained in this application and I have a continuing obligation to amend and/or supplement the information provided in this application if any of the material facts which I have represented herein should change prior to advancement of funds by Wheaton EDA or at any time thereafter, if requested.

It is further agreed that in the event that I make credit application elsewhere either prior to, during the term of, or following the making of the loan sought by this application, Wheaton EDA is also authorized to receive additional credit information and to answer any questions by third parties on their credit experience with the undersigned.

Applicant's Business's Legal Name:	
Applicant's Authorized Signature:	Date:
Printed Name and Title:	

SECTION SEVENTEEN: REQUIRED ATTACHMENTS

- ☐ Credit & Information Disclosure Authorization
- ☐ USDA Equal Opportunity Agreement, RD 400-1
- ☐ USDA Assurance Agreement, RD 400-4
- ☐ USDA Request for Environmental Information, RD 1940-20
- ☐ Request for Taxpayer Identification Number and Certification, W-9
- ☐ Request for Transcript of Tax Return, 4506-T
- ☐ Corporate Resolution Authorizing Agents, see Sample Available from EDA
- ☐ Documentation of Wheaton EDA Financing is Necessary, see Sample Available from EDA

Other Items that may be helpful for the EDA Board to consider the loan request:

Business Plan
History of Business
Market Analysis and Strategy
Products
Manufacturing Process
Financial Projections
Schedule of Business Debt
Statement of Collateral
Resumes and Personal Finance Statements
Commitment Letters
Affiliates
Appraisals/Proposed Lease/Purchase Options or Agreements
Partnership Certificate of Authorization or Corporate Certificate of Authority and Incumbency
Last Year's Business Income Tax Statement
Last Year's Personal Income Tax Statement
Evidence of Payment of Last Quarter's Payroll Tax
Evidence of Worker's Compensation Insurance Coverage

REQUEST FOR COMMITTEE/COUNCIL ACTION

COMMITTEE/COUNCIL NAME: EDAP Board Meeting

Committee/Council Meeting Date: June 21, 2016

Agenda Section: New Business

Originating Department: Administration

Item Number: III - B

ITEM DESCRIPTION: Louis Industries - MIF

Prepared by: Staff

COMMENTS:

Lance Louis will be in attendance to request the interest on the payoff amount be reduced or eliminated. The interest amount is $2,220.10.

ADMINISTRATOR COMMENTS:

COMMITTEE/COUNCIL ACTION:

Motion to _____.

Renee Eckerly

To: lance@louisind.com
Cc: stangpre@stangprecision.com; Belinda Ludwig
Subject: FW: Louis Industries - MIF Final Report
Attachments: Closeout Review Documentation Requirements.docx; Fully Executed Grant Contract CDAP-13-0029-H-FY14.pdf; Verbal Explanation of all 3 Loans 11-27-13.pdf

Lance,
I am forwarding you the email from Bart Bevins and the Closeout Review Document Requirements. Bart need to come and do an audit of the city's' file and a site visit to Louis Industries to view the equipment and obtain payroll information to verify that the Job Creation and Wages have been complied with and sustained.
DEED LOAN A will not be forgiven by DEED until Bart does his close out report.
EDAP LOAN as of today with the tentative payoff on 7/1/16 for Louis Industries loan with the City of Paynesville split 50/50 with Paynesville Township would be $213,837.00 (principle/Interest).
DEED LOAN B (MIF loan) as of today with the tentative payoff on 7/1/2016 for Louis Industries would be $42,767.40 (principle /interest).
However, the City has not received the June 4, 2016 payment, if or when at payment is received these payoff amounts will change.
I have attached a copy of the fully executed grant contract and an email explaining each loan. I had you scheduled for the June 21, 2016 EDAP meeting at 7:00 am at the Wishin Well Café.
But I spoke to Bart Bevins, DEED this afternoon and he said that there is no reduction in interest if the loan is paid off early. The $20,000.00 being forgiven is the only amount that the State will be forgiving if Bart finds the job creation and wages in compliance.
EDAP and the City of Paynesville or Paynesville Township have no authority to waive any interest since all of the principle and interest payment that are made by Louis Industries is sent directly to DEED, neither EDAP or the City retain any of the principle or interest amount.
Bart would like the meeting to be mid morning (10:00 am) or later and for us to pick a couple of dates.
I will call you after I email the JOBZ final report that I will need some data for.

Renee Eckerly
City Administrator – Economic Development Director
221 Washburne Avenue
Paynesville MN 56362
(320) 243-3714 ext. 227

From: Bevins, Bart (DEED) [mailto:bart.bevins@state.mn.us]
Sent: Thursday, May 05, 2016 2:23 PM
To: Renee Eckerly
Subject: RE: Louis Industries - MIF Final Report

Renee –

I thought I would send you an email regarding the closeout of this project as well as talk to you. I do need to come out and review the city's documents – see the listing attached – and do a quick tour of the business, esp. the expansion. This is standard procedure. The tour of the company need not be long and involved, I mostly need to see the equipment the MIF money bought and get an overall sense for the project.

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Closeout Review Documentation Requirements

Grantee file should contain the following:

1. Approved Application
2. Amendments/Revisions to the Application
3. Revolving Loan Fund Policy
4. General correspondence file
5. Executed Grant Agreement
6. Grant Adjustment Notices
7. Loan closing documents & security filings
8. Payment requests
9. Proof of expenditures & required matching funds (invoices, sworn construction statements, etc.)
10. Proof of Grantee funds disbursement
11. Letter from Assessor indicating change in tax base (if applicable)
12. Payroll record verifying job creation & wage requirements

positively Minnesota
Department of Employment and Economic Development

April 11, 2014

Ms. Renee Eckerly, City Administrator
City of Paynesville
221 Washburne Avenue
Paynesville, MN 56362

Grant Number: CDAP-13-0029-H-FY14
Grant Title: City of Paynesville; Louis Industries, Inc.

Dear Ms. Eckerly:

Enclosed is your copy of the fully executed Grant Contract between the State of Minnesota Department of Employment and Economic Development and the City of Paynesville; Louis Industries, Inc.

If you have any further questions please feel free to contact, your program representative Lisa Dargis at 651/259-7446.

Sincerely,

C. Martin Smith

C. Martin-Smith
Contract Coordinator

C: Lisa Dargis

Enclosure

APR 15 2014

Business and Community Development Division
1st National Bank Building ■ 332 Minnesota Street, Suite E200 ■ Saint Paul, MN 55101-1351 USA ■ www.positivelyminnesota.com
Toll Free: 800-657-3858 ■ Phone: 651-259-7114 ■ Fax: 651-296-5287 ■ TTY: 651-296-3900
An equal opportunity employer and service provider.

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STATE OF MINNESOTA SC 75752
DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT
BUSINESS AND COMMUNITY DEVELOPMENT DIVISION

Minnesota Investment Fund Program Grant Contract
CDAP-13-0029-H-FY14

This grant contract is between the State of Minnesota, acting through the Department of Employment and Economic Development, Business and Community Development Division, (the "STATE") and the City of Paynesville, (the "GRANTEE"), 221 Washburne Ave., Paynesville, MN 56362.

Recitals

A. Under Minn. Stat. § 116J.8731, Minnesota Investment Fund, the State is empowered to enter into this grant.

B. The State is in need of local units of government to administer projects in accordance with Minn. Stat. § 116J.8731 Minnesota Investment Fund; Minnesota Rules chapter 4300; and policies and procedures developed by the State.

C. The Grantee represents that it is duly qualified and agrees to perform all services described in this grant contract to the satisfaction of the State. Pursuant to Minn. Stat. §16B.98, subdivision 1, the Grantee agrees to minimize administrative costs as a condition of this grant.

D. The Grantee has made application ("APPLICATION") to the State for the purpose of providing a loan to Louis Industries, Inc., ("BORROWER") in the manner described in the application which is incorporated into this contract by reference.

Grant Contract

1. Term of Grant Contract

1.1 ***Effective date:*** *October 1, 2013*

1.2 ***Expiration date:*** *December 31, 2015*

1.3 ***Survival of Terms.*** The following clauses survive the expiration or cancellation of this grant contract: 8. Liability; 9. State Audits; 10. Government Data Practices; 12. Publicity and Endorsement; 13. Governing Law, Jurisdiction, and Venue; 15. Data Disclosure; and Exhibit A.4. Repayments.

2. Grantee's Duties

2.1 ***Duties.*** The Grantee, who is not a state employee, will: Perform the duties specified in Exhibit A which is attached and incorporated into this grant contract.

2.2 ***Provisions for Contracts and Sub-grants.*** The Grantee must include in any contract and sub-grant, including the loan agreement with the Borrower, in addition to provisions that define a sound and complete agreement, such provisions that require contractors, sub-grantees and the Borrower to comply with applicable state and federal laws.

3. Time

The Grantee must comply with all the time requirements described in this grant contract. In the performance of this grant, time is of the essence.

4. Consideration and Payment

4.1 ***Consideration.*** The State will pay the Grantee under this grant contract as follows:

a. ***Compensation.*** The Grantee will be reimbursed according to the approved

Budget contained in Exhibit B, which is attached and incorporated into the grant contract and Section 4.2 of this grant contract. Any modifications to the budget must have written approval from the State prior to implementation.

b. ***Total Obligation.*** The total obligation of the State for all compensation and reimbursements to the Grantee under this grant contract will not exceed $80,000.

4.2. ***Payment.***

a. Payment Request Forms and Documentation. The State will disburse funds to the Grantee pursuant to this contract, based upon payment request forms provided by the State, submitted by the Grantee and reviewed and approved by the State. The following information must be submitted and approved by the State before funds will be released:
   1. Grantee's Revolving Loan Fund Policies and Procedures.
   2. Minnesota Investment Fund loan agreement, promissory note, amortization schedule, personal guaranty and evidence of security filings.
   3. Hazard insurance listing the City of Paynesville as loss payee.
   4. Documentation that the following lenders have closed on the financing:
      a) City of Paynesville in the amount of $300,000;
      b) Bank financing in the amount of $1,300,000;
      c) Equity in the amount of $1,400,000.
   5. Invoices for equipment costs. Funds will be released based on a cost-sharing ratio of 3% grant funds to 97% other funds.

b. If the Grantee has received invoices from the Borrower for expenditures made after the effective date of this contract but before the grant is closed or until all funds are disbursed, whichever is earlier, the Grantee shall submit those invoices to the State for review and approval no later than 25 days after the end date of the state fiscal year of June 30th. To ensure that all funds are drawn by the expiration date of the grant, all Grantee payment requests must be received by the State at least 30 days prior to the Expiration Date.

5. Conditions of Payment

All services provided by the Grantee under this grant contract must be performed to the State's satisfaction, as determined at the sole discretion of the State's Authorized Representative and in accordance with all applicable federal, state, and local laws, ordinances, rules, and regulations. The Grantee will not receive payment for work found by the State to be unsatisfactory or performed in violation of federal, state, or local law.

The State will not authorize disbursement of funds if there has been any adverse change in the Borrower's financial condition, organization, operations or their ability to repay the project financing.

6. Authorized Representative

The State's Authorized Representative is Lisa Dargis at 651-259-7446, or his/her successor, and has the responsibility to monitor the Grantee's performance and the authority to accept the services provided under this grant contract. If the services are satisfactory, the State's Authorized Representative will certify acceptance on each payment request form submitted for payment.

The Grantee's Authorized Representative is Renee Eckerly, City Administrator, 221 Washburne Ave., Paynesville, MN 56362, 320.243.3713, renee@paynesvillemn.com. If the Grantee's Authorized Representative changes at any time during this grant contract, the Grantee must immediately notify the State.

7. Assignment, Amendments, Waiver, and Grant Contract Complete

7.1 ***Assignment.*** The Grantee shall neither assign nor transfer any rights or obligations under this grant contract without the prior written consent of the State, approved by the same parties who executed and approved this grant contract, or their successors in office.

7.2 ***Amendments.*** Any amendments to this grant contract must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original grant contract, or their successors in office, or by those persons authorized by the Grantee through a formal resolution of its body.

7.3 ***Waiver.*** If the State fails to enforce any provision of this grant contract, that failure does not waive the provision or the State's right to enforce it.

7.4 ***Grant Contract Complete.*** This grant contract contains all negotiations and agreements between the State and the Grantee. No other understanding regarding this grant contract, whether written or oral, may be used to bind either party. Where provisions of the Application are inconsistent with other provisions of this contract, the other provisions of this Contract will take precedence over the provisions of the Application.

8. Liability

Subject to the provisions and limitations of Minn. Stat. §466, the Grantee must indemnify, save, and hold the State, its agents, and employees harmless from any claims or causes of action, including attorney's fees incurred by the State, arising from the performance of this grant contract by the Grantee or the Grantee's agents or employees. This clause will not be construed to bar any legal remedies the Grantee may have for the State's failure to fulfill its obligations under this grant contract.

9. State Audits

Under Minn. Stat. §16B.98, Subd.8, the Grantee's books, records, documents, and accounting procedures and practices of the Grantee or other party relevant to this grant contract or transaction are subject to examination by the State and/or the State Auditor or Legislative Auditor, as appropriate, for a minimum of seven (7) years from the date of the final repayment to the State, or the required period of time to satisfy all state and program retention requirements, whichever is later.

10. Government Data Practices

10.1. ***Government Data Practices.*** The Grantee and State must comply with the Minnesota Government Data Practices Act, Minn. Stat. § Ch. 13, as it applies to all data provided by the State under this grant contract, and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Grantee under this grant contract. The civil remedies of Minn. Stat. § 13.08 apply to the release of the data referred to in this clause by either the Grantee or the State.

If the Grantee receives a request to release the data referred to in this Clause, the Grantee must immediately notify the State. The State will give the Grantee instructions concerning the release of the data to the requesting party before the data is released. The Grantee's response to the request shall comply with applicable law.

11. Workers' Compensation

The Grantee certifies that it is in compliance with Minn. Stat. § 176.181, subd. 2, pertaining to workers' compensation insurance coverage. The Grantee's employees and agents will not be considered State employees. Any claims that may arise under the Minnesota Workers' Compensation Act on behalf of these employees and any claims made by any third party as a

consequence of any act or omission on the part of these employees are in no way the State's obligation or responsibility.

12. Publicity and Endorsement

12.1 ***Publicity***. Any publicity regarding the subject matter of this grant contract must identify the State as the sponsoring agency. For purposes of this provision, publicity includes notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for the Grantee individually or jointly with others, or any subcontractors, with respect to the program, publications, or services provided resulting from this grant contract.

12.2 ***Endorsement***. The Grantee and the Borrower must not claim that the State endorses it's products or services.

13. Governing Law, Jurisdiction, and Venue

Minnesota law, without regard to its choice-of-law provisions, governs this grant contract. Venue for all legal proceedings out of this grant contract, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

14. Termination

14.1 ***Termination by the State.*** The State may immediately terminate this grant contract with or without cause, upon 30 days' written notice to the Grantee. Upon termination, the Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed.

14.2 ***Termination for Cause.*** The State may immediately terminate this grant contract if the State finds that there has been a failure to comply with the provisions of this grant contract, that reasonable progress has not been made or that the purposes for which the funds were granted have not been or will not be fulfilled. The State may take action to protect the interests of the State of Minnesota, including the refusal to disburse additional funds and requiring the return of all or part of the funds already disbursed.

14.3 ***Termination for Insufficient Funding***.

The State may immediately terminate this grant contract if:

a. It does not obtain funding from the Minnesota Legislature; or

b. If funding cannot be continued at a level sufficient to allow for the payment of the services covered here. Termination must be by written or fax notice to the Grantee. The State is not obligated to pay for any services that are provided after notice and effective date of termination. However, the Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed to the extent that funds are available. The State will not be assessed any penalty if the contract is terminated because of the decision of the Minnesota Legislature, or other funding source, not to appropriate funds. The State must provide the Grantee notice of the lack of funding within a reasonable time of the State's receiving that notice.

15. Data Disclosure

Under Minn. Stat. § 270C.65, subd. 3, and other applicable law, the Grantee consents to disclosure of its social security number, federal employer tax identification number, and/or Minnesota tax identification number, already provided to the State, to federal and state tax agencies and state personnel. These identification numbers may be used in the enforcement of federal and state tax laws which could result in action requiring the Grantee to file state tax returns and pay delinquent

UP

state tax liabilities, if any.

Other Provisions

16 Affirmative Action
The Grantee is encouraged to prepare and implement an affirmative action plan for the employment of minority persons, women, and the disable and submit the plan to the Commissioner of Human Rights as required by Minn. Stat. § 363A.36.

17 Antitrust
The Grantee hereby assigns to the State of Minnesota any and all claims for overcharges as to goods and/or services provided in connection with this Contract resulting from antitrust violations that arise under the antitrust laws of the United States and the antitrust laws of the State of Minnesota.

18 Conflict of Interest
The Grantee shall comply with the Conflict of Interest provisions of Minn. Stat. § 471.87 and 471.88.

19 Successors and Assignees
This contract shall be binding upon any successors or assignees of the parties.

20 Business Subsidies Law
Minn. Stat. §11J.993-116J.994 applies to this project.

1. STATE ENCUMBRANCE VERIFICATION
Individual certifies that funds have been encumbered as required by Minn. Stat. " 16A.15 and 16C.05.

By: Michael Meyer

Date: 03/17/2014

SWIFT Contract/PO No(s).3-150201

2. GRANTEE
The Grantee certifies that the appropriate person(s) have executed the grant contract on behalf of the Grantee as required by applicable articles, bylaws, resolutions, or ordinances.

By: Jeff Thompson

Title: Mayor

Date: 3/27/14

3. STATE AGENCY

By: Palin Stenday
(with delegated authority)

Title: Deputy Commissioner

Date: 4/9/14

EXHIBIT A
GRANTEE'S DUTIES

The Grantee, who is not a state employee, will

1. Administer the project in accordance with the requirements of the Minnesota Investment Fund program, Minn. Stat. § 116J.8731; Minn. Rules, Chapter 4300; and policies and procedures developed by the State.

2. Enter into a Loan Agreement with the Borrower for $80,000, and assure the following conditions are included in such agreement:
   a. Loan Term: 7 years
      Interest Rate: 3.5%
   Collateral:
   A security interest in the Electra FL Fiber Laser Cutting System.

   b. Job Creation and Wages:
      1) The Borrower identified 41 full time equivalent (FTE) base jobs that must be maintained for the duration of the grant period.
      2) Five permanent non-contract full time equivalent (FTE) jobs will be created by the Borrower, all paying at least $10.25 per hour or more in wages, exclusive of benefits and $12.45 per hour including benefits. Benefits include health, dental, life and disability insurance, retirement program and profit sharing. If on the expiration date, the five permanent non-contract FTE jobs are created $20,000 of the loan shall be forgiven (known as the forgiven portion). The remaining $60,000 shall continue to be amortized.
      3) If the Borrower fails to meet the job creation goal and wage level commitment by the Expiration Date, the Grantee may, after holding a public hearing, extend the grant period for one year, after approval from the State. If, after the extension, the Borrower fails to meet the job creation goal and wage level commitment, the Borrower will be required to repay to the Grantee all or a proportional share of the loan funds and a proportional share of the "forgiven portion" on an accelerated term. The Grantee will then be required to return to the State all or a proportional share of the funds.

   c. Reporting
   The Borrower must provide information to the Grantee for inclusion in the annual Minnesota Investment Fund progress report and the Minnesota Business Assistance Form.

   d. Other provisions of the Grant Contract
   Sections 3, 4, 5.b., 11, and 12.

3. Require the City Attorney to review the loan agreement, promissory note, security agreement, mortgage, guaranty and/or other documents, if any, considered necessary to secure the loan to ensure they are valid, binding and enforceable.

4. Repay to the State 100% of each principal and interest loan payment made by the Borrower until the loan is paid in full.

5. Submit to the State annual progress reports on forms provided by the State. These reports must be received by the State no later than January 25 for the period ending December 31 for each year until the project goals have been met. The State, at its discretion, may require the submittal of additional progress reports. Information required in this report includes, but is not limited to the following:

--permanent jobs created	--hourly base wage	--date of hire
--job titles	--hourly value of benefits	--benefits
--project expenditures	--status of project	--status of payments

6. Keep financial records, including properly executed contracts, invoices, receipts, vouchers, and other documents sufficient to evidence in proper detail the nature and propriety of the expenditures made pursuant to this contract. Accounting methods must be in accordance with generally accepted accounting principles.

7. Complete the project in accordance with the approved budget within the time frames specified in this grant contract.

8. Promptly notify the State of any proposed material change in the scope of the project, budget or completion date, which must be approved by the State, prior to implementation.

9. Have on file the necessary documentation to show that all project funds have been used for the items stated in the application.

10. Submit Minnesota Business Assistance Forms, annually, to the Department of Employment and Economic Development for the Project until the project goals have been met.

EXHIBIT B
APPROVED BUDGET

Use of Funds	MIF	Bank	Equity	Local Govt.	Other	Total
Property Acquisition						$0
Site Improvement			$1,200,000			$1,200,000
Renovation						$0
Construction						$0
Machinery & Equip.	$80,000	$1,300,000	$332,000	$300,000		$2,012,000
Administration						$0
Roads						$0
Water						$0
Sewer (Sanitation)						$0
Other – Storm Sewer						$0
Other						$0
Total Project Cost	**$80,000**	**$1,300,000**	**$1,532,000**	**$300,000**	**$0**	**$3,212,000**

City Doc

Belinda Ludwig

From: Renee Eckerly
Sent: Wednesday, November 27, 2013 9:37 AM
To: Bill Spooner
Cc: Belinda Ludwig
Subject: MIF loan for Louis

I spoke to the DEED people and they are emailing me documents for the $80,000 today that I will forward to you for review and to complete the areas that they didn't have the information for.
Because of the ability to forgive $20,000 if after 2 years Louis has met the criteria of employment. This is how the State will be setting up the loans.
The loan will be split into 2 parts.
Part A - $20,000 and the city will only collect interest quarterly on this amount. NO PRINCIPLE. If the criteria is met after the 2 years the principle will be forgiven. There is an option that if Louis have not met the hiring criteria they can file for a one year extension, but after if the hiring criteria has not been met then Louis Ind will have to start making quarterly payment on the $20,000 for the remaining 4 years.
Part B - $60,000 and Louis Ind will be making quarterly payment including interest for 7 years at 3.5% interest

Renee Eckerly
City Administrator
City of Paynesville
(320) 243-3714 ext. 227
Fax (320) 243-3713

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TValue 5 - ¿LOUIS INDUSTRIES tv5!

File Edit View Compute Setup Window Help

Cash Flow Data | Amortization Schedule

Label: LOUIS INDUSTRIES

Compounding: Quarterly Nominal Annual Rate: 3.500 %

	Event	Date	Amount	Number	Period	End Date
1	Loan	12/04/2013	300,000.00	1		
2	Payment	03/04/2014	12,126.90	1		
3	Payment	06/05/2014	12,126.90	1		
4	Payment	09/08/2014	12,126.90	1		
5	Payment	12/05/2014	12,126.90	1		
6	Payment	03/02/2015	12,126.90	1		
7	Payment	06/08/2015	12,126.90	1		
8	Payment	09/08/2015	12,126.90	1		
9	Payment	12/07/2015	12,126.90	1		
10	Payment	03/14/2016	12,126.90	1		
11	Payment	06/01/2016	12,126.90	1		
12	Payment	09/04/2016	12,126.90	1		
13	Payment	12/04/2016	12,126.90	1		
14	Payment	03/04/2017	12,126.90	1		
15	Payment	06/04/2017	12,126.90	1		
16	Payment	09/04/2017	12,126.90	1		
17	Payment	12/04/2017	12,126.90	1		
18	Payment	03/04/2018	12,126.90	1		
19	Payment	06/04/2018	12,126.90	1		
20	Payment	09/04/2018	12,126.90	1		
21	Payment	12/04/2018	12,126.90	1		
22	Payment	03/04/2019	12,126.90	1		
23	Payment	06/04/2019	12,126.90	1		
24	Payment	09/04/2019	12,126.90	1		
25	Payment	12/04/2019	12,126.90	1		
26	Payment	03/04/2020	12,126.90	1		

Balance

Enter in the date or the balance. Set the other field to unknown by typing U or leaving blank. TValue will solve for the unknown when you click the Calculate button

Date 07/01/2016 Calculate

Balance 213,837.00

Principal 211,616.90

Interest 2,220.10 Done

Normal Amortization, 365 Day Year

Ready

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Tuesday, Jun 07, 2016 02:14 PM

REVOLVING LOAN STATUS REPORT

Date of Update: **6/13/2016**

	Business Name	Outstanding Balance	Date of last Payment	Amount of Last Payment	Current/Next Due Date
	Eats & Treats	$ 14,275.68	6/8/2016	$ 177.99	6/3/2016
	William Fuchs	$ 9,427.14	6/7/2016	$ 98.89	7/13/2016
	Koronis Lanes	$ 4,313.03	3/2/2016	$ 197.79	10/1/2016
	Koronis Living LLC	$ 20,781.00	5/13/2016	$ 284.63	6/13/2016
	Lamb Labor Services	$ 9,222.98	5/31/2016	$ 98.89	7/1/2016
	Lamb Labor Services #2	$ 1,893.89	5/31/2016	$ 108.16	7/1/2016
*	Louis Industries	$ 211,616.90	3/14/2016	$ 12,126.90	6/4/2016
#	Louis Industries Deed Part A	$ 20,000.00	3/14/2016	$ 175.00	6/4/2016
	Louis Industries Deed Part B	$ 42,323.38	3/14/2016	$ 2,425.38	6/4/2016
	Midwest Cylinder #2	$ 171,906.33	6/12/2014	$ 2,115.64	7/22/2014
*	Queen Bee's Bar & Grill	$ 75,901.12	5/31/2016	$ 1,019.64	6/20/2016
*	Skinz #4	$ 86,988.44	5/13/2016	$ 637.96	6/15/2016
*	Skinz #5	$ 68,180.33	5/13/2016	$ 969.08	6/28/2016
*	Savage Land Partnership	$ 301,748.05	5/31/2016	$ 1,957.36	8/3/2016
	Sweet Nook Bakery	$ 6,576.08	5/18/2016	$ 272.88	6/17/2016

* Joint Loans w/Township
\# Joint Loans w/State

TOTAL OUTSTANDING BALANCE **$ 1,045,154.35**

LATE PAYMENTS:

Midwest Cylinder #2	$ 12,693.84	Due: 2014
Midwest Cylinder #2	$ 25,387.68	Due: 2015
Midwest Cylinder #2	$ 2,115.64	Due: 1/22/16
Midwest Cylinder #2	$ 2,115.64	Due: 2/22/16
Midwest Cylinder #2	$ 2,115.64	Due: 3/22/16

Midwest Cylinder #2	$	2,115.64	Due: 4/22/16		
Midwest Cylinder #2	$	2,115.64	Due: 5/22/16		
Eats & Treats	$	177.99	Due: 6/3/16		
Louis Industries	$	12,126.90	Due: 6/4/16		
Louis Industries Deed Part A	$	175.00	Due: 6/4/16		
Louis Industries Deed Part B	$	2,425.38	Due: 6/4/16		
TOTAL DELINQUENT	**$**	**63,564.99**			
CITY REVOLVING LOAN BALANCE (available)			**$ 318,223.84**	**3/31/2016**	*(unaudited)*
CITY EDAP BALANCE			**$ 52,163.33**	**3/31/2016**	*(unaudited)*
TOWNSHIP LOAN BALANCE (available)					