

**EDAP BOARD MEETING  
WISH'N WELL CAFÉ  
AUGUST 16, 2016  
7:00 A.M.**

**AGENDA**

- I. CALL TO ORDER
- II. CONSENT AGENDA
  - A. Minutes (page 1)
- III. NEW BUSINESS
  - A. Senior Housing – Representatives from St. Francis Health Services
  - B. Cliff Viessman, Inc.
- IV. OLD BUSINESS
  - A. Economic Status Of Community – Update
  - B. Past Due Loans – Update
  - C. Billboard Layout (page 4)
  - D. Incubator Projects
  - F. MN Investment Fund – Louis Industries (page 5)
- V. INFORMATIONAL
  - A. Revolving Loan Report (page 12)
- 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, 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: August 16, 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 June 21, 2016 EDAP Board meeting.

**ADMINISTRATOR COMMENTS:**

**COMMITTEE/COUNCIL ACTION:**

Motion to approve the minutes from the June 21, 2016 EDAP Board meeting.

## MINUTES EDAP BOARD MEETING

**JUNE 21, 2016**

Chairperson, Jean Soine called the meeting to order at 7:00 a.m. Members present were Bruce Stang, Chris Stanley, Kay McDaniel, Don Pietsch, and Wayne Nelson. Also present was Renee Eckerly, City Administrator and Lance Louis. Don Wiese was absent.

**Motion was made by Stanley to approve the minutes from the March 8, 2016 and March 22, 2016 EDAP Board meetings. Seconded by Pietsch and unanimously carried.**

### **LOUIS INDUSTRIES - MIF**

Louis explained his request for the interest to be eliminated or reduced. The EDAP Board reviewed the request to reduce or eliminate the interest in the amount of \$2,220.10 on the early payoff. It is difficult to start this precedence of forgiving interest accrued. Louis Industries are good stewards and have exceeded their expectations. The Board stated that paying the loan off early doesn't matter the interest is still due. This is not interest for future projects this is interest that accrued while Louis Industries were using it and there is no penalty for early pay off. This is how EDAP increases the money available to lend out. The interest is cheap and many others have paid off early and did not receive a reduction.

**Motion was made by Stanley to deny the reduction in interest accrued for early pay-off for Louis Industries. Seconded by McDaniel and unanimously carried.**

Louis suggested that the cost of future expansion is a lot of money and assistance such as MIF or Revolving Loans should not be tied to jobs, tie it to increase land value and EDAP needs to use bank rate not prime rate when doing the lending. EDAP's interest rate is based on 10 year prime.

### **EDAP LOAN APPLICATION**

The Board reviewed the examples from the cities of Wheaton and Trimont. Some changes were suggested. Eckerly will revise the document and bring it back to the Board. The Board would like it sent out early for review.

EDAP is a gap financier which requires another financial institution to be involved.

### **BILLBOARD**

Steve Anderson, Franklin Outdoor Advertising contacted Eckerly regarding the community billboard is looking tired and needs to be replaced. McDaniel will bring back some ideas.

### **ECONOMIC STATUS OF COMMUNITY**

Eckerly mentioned the following:

- Assisted living facility – across from Opportunity Park

- Community Apartment – 7 persons have rented
- Winstrom
- Heatherwood Plat Three Lots

### **INCUBATOR**

Intention is toward technology companies. The Board discussed a location and stick built versus pre-built. Eckerly will see what the State has for funding options. There are some commercial areas available in the Township.

### **PAST DUE LOANS AND THE REVOLVING LOAN REPORT**

The past due loans and revolving loan report were reviewed.

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

**Come Play  
in  
Our Fields**

**Come Walk  
Our Streets**

**Come Live  
in  
Our City**



the City of  
**Paynesville**  
A Lifetime Opportunity

**REQUEST FOR COMMITTEE/COUNCIL ACTION**

**COMMITTEE/COUNCIL NAME: EDAP Board Meeting**

Committee/Council Meeting Date: August 16, 2016

Agenda Section: Old Business

Originating Department: Administration

Item Number: IV - F

**ITEM DESCRIPTION: MN Investment Fund (MIF) – Louis Industries**

Prepared by: Staff

**COMMENTS:**

Please review the attached letter from DEED indicating that all criteria has been met for the MIF loan to Louis Industries. The Loan is now closed and the City may forgive \$20,000.00 of the original loan amount.

**ADMINISTRATOR COMMENTS:**

**COMMITTEE/COUNCIL ACTION:**

Motion to forgive \$20,000.00 of the original MIF loan to Louis Industries and recommend such to the City Council.

June 30, 2016

The Honorable Jeff Thompson  
Mayor  
City of Paynesville  
221 Washburne Avenue  
Paynesville, MN 56362

RE: Minnesota Investment Fund #CDAP-13-0029-H-FY14  
City of Paynesville: Louis Industries

Dear Mayor Thompson:

I am pleased to inform you that on the basis of staff review of the audit and final reports for the above cited project file, we are changing the status of the project from "awarded" to "closed." With this change in status, no further reporting on project performance is required.

I have enclosed a copy of the Grant Adjustment Notice implementing this change. The city may now forgive \$20,000 of the original loan amount. Payments for the remaining balance must continue to be paid to DEED until the loan is paid in full. DEED must be notified in the event of default.

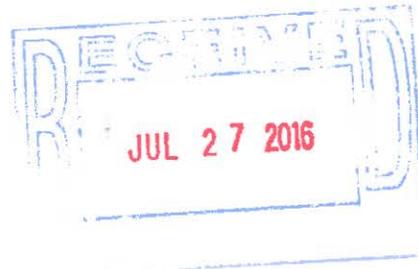
Please let me know if we can be of future assistance in your development activities.

Sincerely,



Bob Isaacson  
Director, Office of JOBZ and Business Finance

cc:  
Enclosure



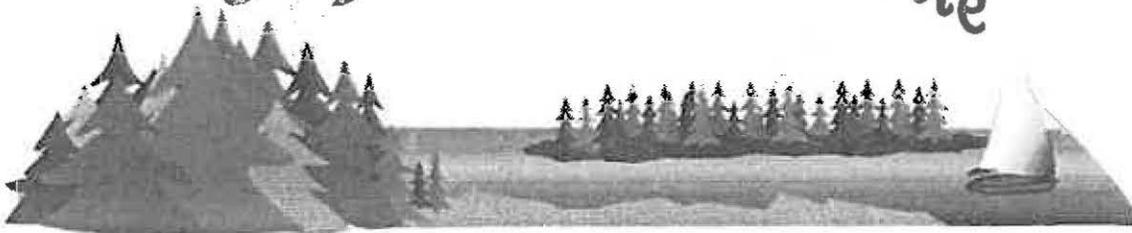
**Economic Development Division**

1st National Bank Building ■ 332 Minnesota Street, Suite E200 ■ Saint Paul, MN 55101-1351 USA ■ [www.mn.gov/deed](http://www.mn.gov/deed)

Toll Free: 800-657-3858 ■ Phone: 651-259-7114 ■ Fax: 651-296-5287 ■ TTY: 651-296-3900

6

# City of Paynesville



July 27, 2016

*A Lifetime Opportunity*

Lance Louis, COO  
Louis Industries, Inc.  
222 Industrial Loop Road West  
PO Box 57  
Paynesville, MN 56362

**RE: Minnesota Investment Fund #CDAP-13-0029-H-FY14**

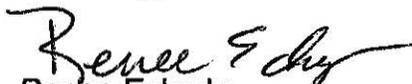
Lance:

Please find enclosed a copy of the notification from the Minnesota Department of Employment and Economic Development that basis on Bart Bevins, Loan Officer's audit and final reports the status of the project has been changed from "awarded" to "closed".

The Economic Development Authority of Paynesville (EDAP) will be taking action at their August 16, 2016 meeting to recommend action from the City Council to forgive the \$20,000.00 loan.

I will forward to you a copy of the Grant Adjustment Notice when I receive it from Mr. Bevins and the final action from the City Council on August 22, 2016.

Sincerely,

  
Renee Eckerly  
City Administrator

Enclosure

# Minnesota

Department of Employment and Economic Development

COPY

June 30, 2016

The Honorable Jeff Thompson  
Mayor  
City of Paynesville  
221 Washburne Avenue  
Paynesville, MN 56362

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City of Paynesville: Louis Industries

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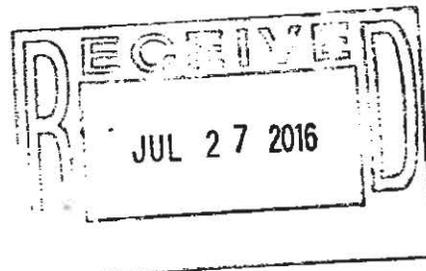
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Bob Isaacson  
Director, Office of JOBZ and Business Finance

cc:  
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8

**Minnesota Investment Fund – State Funds  
Closeout Review**

Grantee: City of Paynesville \_\_\_\_\_ Grant Number: CDAP-13-0029-H-FY14 \_\_\_\_\_

Business Name: Louis Industries \_\_\_\_\_

Grant Period: 10/1/13-12/31/15 \_\_\_\_\_ Date Monitored: 6/28/16 \_\_\_\_\_

DEED Staff Present at monitoring visit: Bart Bevins \_\_\_\_\_

Local Government staff present at monitoring: Renee Eckerly, City Manager; Joan Thief and Lance Louis, Louis Industries.

**APPROVED OBJECTIVES:**

Jobs       Wages       Leverage       Tax Base

**RECORDS REVIEW:**

Approved Application       Amendments/Revisions to the Application       General Correspondence File  
 Payment Requests       Executed Grant Contract       Revolving Loan Fund Policy  
 Grant Adjustment Notices       Loan Closing Documents       Payroll Report  
 Copy of disbursement record/evidence       Audit for period covering funds receipt/disbursement

**BUSINESS SUBSIDY LAW:**

- 1) Were goals satisfied:  Yes     No  
2) Is an extension of end date required:  Yes     No  
    a. If yes, was a resolution passed by the Grantee:  Yes     No

**FILE MONITORING:**

- 3) Have all the special conditions been cleared?  Yes     No  
4) Were requirements for prevailing wage satisfied?  Yes     No     N/A

**EXPENDITURES:**

- 5) Grant Funds Awarded: \$78,099.62 \_\_\_\_\_ Expended: \$78,099.62 \_\_\_\_\_ Balance: \$0 \_\_\_\_\_  
6) Does the budget correspond to the latest approved budget?  Yes     No  
7) Does the amount match the drawdown record?  Yes     No  
8) Do the expenditures agree with the special condition on expenditures ratios?  Yes     No

a

- 9) Has the city filed the appropriate security documents?  Yes  No
- 10) Are the activities being completed as stated in the approved application?  Yes  No
- 11) Is the business current on repayments to the city?  Yes  No  N/A
- 12) Does the grantee have documentation of the businesses expenditures which support the sources and uses on the final progress report on file?  Yes  No

**JOBS & WAGES:**

- 16) Projected Jobs: 5 17) Base Employment: 41 18) Total Jobs Created: 6
- 19) Projected average hourly wage: \$10.25 20) Actual average hourly wage: \$18.29
- 21) Projected average value of hourly benefits: \$2.20 22) Actual average value of hourly benefits: \$2.91
- 23) Are the jobs, wages, and benefits consistent with the Special Conditions of the Grant Agreement?  Yes  No  
If no, explain: \_\_\_\_\_
- 24) Has the company provided a listing of its total employment to date to document the increased job creation?  
 Yes  No

**PROPERTY TAX:**

- 25) Original Assessed Value: \$1,063,200 26) New Assessed Value: \$2,036,200

**PROCESSING:**

- 27) Were any concerns identified?  Yes  No  
If yes, explain: \_\_\_\_\_
- 28) Check when completed:
- Grant Adjustment Notice       Monitoring/Closeout Letter       IDB

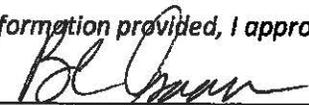
**COMMENTS:**

*I have provided the following for your review and I recommend that the status of the grant be changed from Awarded to Closed.*

  
\_\_\_\_\_  
Senior Loan Officer

7/1/16  
\_\_\_\_\_  
Date

*Based on the information provided, I approve your recommendation:*

  
\_\_\_\_\_  
Director, Office of Business Finance

7-5-16  
\_\_\_\_\_  
Date

**GRANT ADJUSTMENT NOTICE**

Minnesota Investment Fund

Minnesota Department of Employment and Economic Development

Grant #: CDAP-13-0029-H-FY14      Adjustment #: 2

Grantee: City of Paynesville      Project Title: Louis Industries

THE FOLLOWING ADJUSTMENT IN THE ABOVE GRANT PROJECT IS APPROVED:

**Status Change:** The former status of this project was Awarded, it is now changed to Closed.

**Budget Change:** The total project costs for this grant are changed and final as follows:

	Former	Change	Final
MIF :	\$		
Bank:	\$		
Equity:	\$		
TOTAL:	\$		

**Other:** The city may forgive \$20,000 of the total loan amount in accordance with the grant agreement.

 \_\_\_\_\_, Senior Loan Officer      Date 6/30/16

## REVOLVING LOAN STATUS REPORT

Date of Update:

8/10/2016

Business Name	Outstanding Balance	Date of last Payment	Amount of Last Payment	Current/Next Due Date
Eats & Treats	\$ 14,170.90	8/1/2016	\$ 177.99	7/3/2016
William Fuchs	\$ 9,288.33	8/10/2016	\$ 98.89	9/13/2016
Koronis Lanes	\$ 4,313.03	3/2/2016	\$ 197.79	10/1/2016
Koronis Living LLC	\$ 20,351.56	7/18/2016	\$ 284.63	8/13/2016
Lamb Labor Services	\$ 9,076.61	0728/2016	\$ 98.89	9/1/2016
Lamb Labor Services #2	\$ 1,687.83	7/28/2016	\$ 108.16	9/1/2016
Midwest Cylinder #2	\$ 171,906.33	6/12/2014	\$ 2,115.64	7/22/2014
* Queen Bee's Bar & Grill	\$ 75,153.95	7/7/2016	\$ 1,019.64	8/20/2016
* Skinz #4	\$ 86,318.84	7/28/2016	\$ 637.96	8/15/2016
* Skinz #5	\$ 66,715.54	7/28/2016	\$ 969.08	8/31/2016
* Savage Land Partnership	\$ 299,619.30	8/1/2016	\$ 1,957.36	10/3/2016
<u>Sweet Nook Bakery</u>	<u>\$ 6,067.75</u>	<u>7/18/2016</u>	<u>\$ 272.88</u>	<u>8/17/2016</u>

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

**TOTAL OUTSTANDING BALANCE \$ 764,669.97**

**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
Midwest Cylinder #2	\$ 2,115.64	Due: 6/22/16
Midwest Cylinder #2	\$ 2,115.64	Due: 7/22/16
Eats & Treats	\$ 177.99	Due: 7/3/16
Eats & Treats	\$ 177.99	Due: 8/3/16

<b>TOTAL DELINQUENT</b>	<b>\$</b>	<b>53,246.98</b>		
<b>CITY REVOLVING LOAN BALANCE (available)</b>		<b>\$ 315,570.99</b>	<b>4/30/2016</b>	<i>(unaudited)</i>
<b>CITY EDAP BALANCE</b>		<b>\$ 50,216.70</b>	<b>4/30/2016</b>	<i>(unaudited)</i>
<b>TOWNSHIP LOAN BALANCE (available)</b>				