

**EDAP BOARD MEETING
STOCKMAN'S CAFÉ
FEBRUARY 19, 2019
7:00 A.M.**

AGENDA

***** Note location of meeting.*****

- I. CALL TO ORDER
- II. CONSENT AGENDA
 - A. Introduction of New Members/Update Contact Information
 - B. Minutes (page 1)
- III. NEW BUSINESS
 - A. Election of Officers (page 5)
 - B. Meeting Schedule & Location (page 6)
 - C. Appointment of EDAP Finance Sub-Committee Members (page 7)
 - D. Downtown Revitalization & Redevelopment Process – Bolton & Menk Phase Approach (page)
 - 1. Craig Hanson (page 11)
- IV. OLD BUSINESS
 - A. Economic Status Of Community – Update
 - B. Past Due Loans – Update
- V. INFORMATIONAL
 - A. Revolving Loan Report (page 18)
- 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: Mark Dingmann, Don Wiese, Bruce Stang, Chris Stanley, Wayne Nelson, Shawn Reinke, and Len Gilmore. 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 BOARD/COUNCIL ACTION

BOARDCOUNCIL NAME: EDAP Board

Board/Council Meeting Date: February 19, 2019

Agenda Section: Consent Agenda

Originating Department: Administration

Item Number: II - A

ITEM DESCRIPTION: Minutes

Prepared by: Staff

COMMENTS:

Please review the minutes from the September 5, 2018 and August 21, 2018 EDAP Board meetings.

ADMINISTRATOR COMMENTS:

BOARD/COUNCIL ACTION:

Motion to approve the minutes from the September 5, 2018 and August 21, 2018 EDAP Board meetings.

**MINUTES
SPECIAL EDAP BOARD MEETING**

SEPTEMBER 5, 2018

Jean Soine called the meeting to order at 7:00 a.m. Members present were Len Gilmore, Chris Stanley, Wayne Nelson, Bruce Stang, and Renee Eckerly, City Administrator. Don Wiese and Don Pietsch were absent.

There were no minutes presented for approval.

EDAP LOAN – TODD & LAURI LOKKEN

The Lokken's would like to move Blue Stem Flower Shop and build a pole barn type structure on the first three commercial lots (lots 4-7) in Wilglo. They have made an offer on the first seven lots for \$125,000.00. They have a floral and greenhouse background. Total cost of the project is \$267,000.00. They have a \$50,000.00 line of credit for equipment through SBA. The Credit Union will finance 80%. The Credit Union appraised the land and building at \$343,000.00. The Lokken's are looking at selling the residential lots and the sale of these lots would go directly onto the payment of the loan. The lots will be listed between \$18,500.00 - \$20,000.00. The project is projecting \$142,000.00 in sales, which is conservative. They are contributing \$120,000.00 of their own cash. There will be a hoop type structure that meets Minnesota wind, snow and drift load for floral and nursery. The last commercial lot will be used for growing. It was suggested to approve \$35,000.00 for 20 years with a 10 year balloon at 5.25% interest for the land purchase. The Township would be participating in this loan.

The EDAP Finance Sub-Committee gave a report and the Board reviewed the loan.

Motion was made by Nelson to approve the EDAP Loan for \$35,000.00 for 20 years with a 10 year balloon (2nd mortgage) at 5.25% interest with Paynesville Township participating and recommending such to the City Council. Seconded by Stang and passed (Stanley abstained).

The closing date is scheduled for September 17, 2018.

ECONOMIC STATUS OF COMMUNITY

The City Council has rescinded its motion on a purchase agreement for the former Corner Drug Building due to its connection to Eats & Treats. The Board discussed the property in Opportunity Park and options and looking into ideas for the property. It was noted that the Pilgrim Inn in Regal is back open.

INFORMATIONAL

The Revolving Loan Report was reviewed.

There being no further business the meeting was adjourned at 7:55 a.m.

**MINUTES
EDAP BOARD MEETING**

AUGUST 21, 2018

Jean Soine called the meeting to order at 7:00 a.m. Members present were Len Gilmore, Chris Stanley, Wayne Nelson, Don Pietsch, Bruce Stang, and Renee Eckerly, City Administrator. Don Wiese was absent. Also present were Todd Lokken and Lauri Lokken.

Motion was made by Stanley to approve the minutes of the March 20, 2018 EDAP Board meeting. Seconded by Nelson and unanimously carried.

EDAP LOAN – TODD & LAURI LOKKEN

The Lokken's would like to move Blue Stem Flower Shop and build a pole barn type structure on the first three commercial lots (lots 4-7) in Wilglo. They have made an offer on the first seven lots for \$125,000.00. They have a floral and greenhouse background. Total cost of the project is \$267,000.00. They have a \$50,000.00 line of credit for equipment through SBA. The Credit Union will finance 80%. The Credit Union appraised the land and building at \$343,000.00. The Lokken's are looking at selling the residential lots and the sale of these lots would go directly onto the payment of the loan. The lots will be listed between \$18,500.00 - \$20,000.00. The project is \$142,000.00 in sales which is conservative. They are contributing \$120,000.00 of their own cash. There will be a hoop type structure that meets Minnesota wind, snow and drift load for floral and nursery. The last commercial lot will be used for growing. It was suggested to approve \$35,000.00 for 20 years with a 10 year balloon at 5.25% interest for the land purchase. The Township would be participating in this loan.

Motion was made by Pietsch to send the application to the EDAP Finance Sub-Committee for further review and recommendation. Seconded by Nelson and unanimously carried.

The closing date is scheduled for September 17, 2018. A Special EDAP Board meeting will be scheduled for September 5, 2018 at 7:00 a.m. at Queen Bee's Bar & Grill. The EDAP Finance Sub-Committee will meet on August 28, 2018 at 7:00 a.m.

SMALL CITIES REVOLVING LOAN – LEN GILMORE

Eckerly explained funding the money. Gilmore explained the cost of the remodel at \$45,000.00 with a 20% match of his own money.

Motion was made by Stanley to approve the Small Cities Revolving Loan of \$28,000.00 to Lamb Labor Services and recommend such to the City Council. Seconded by Stang and passed (Gilmore abstained).

EDAP REVOLVING LOAN SUBORDINATION - BILL FUCHS

Motion was made by Nelson to approve the subordination to Falcon National Bank and recommend such to the City Council. Seconded by Gilmore and unanimously carried.

ECONOMIC STATUS OF COMMUNITY

The former Electric Motor building is for rent at \$750.00 per month; it also has 3 phase power.

INFORMATIONAL

The Revolving Loan Report was reviewed.

There being no further business the meeting was adjourned at 8:15 a.m.

REQUEST FOR BOARD/COUNCIL ACTION

BOARD/COUNCIL NAME: EDAP Board

Board/Council Meeting Date: February 19, 2019

Agenda Section: New Business

Originating Department: Administration

Item Number: III - A

ITEM DESCRIPTION: Election of Officers

Prepared by:

COMMENTS:

Nominations for Chairperson
Nominations for Vice Chairperson
Nominations for Secretary

ADMINISTRATOR COMMENTS:

Last Year's Officers:

Chair Jean Soine
Vice Chair Chris Stanley
Secretary Renee Eckerly

BOARD/COUNCIL ACTION:

A motion to elect _____ as Chairperson.
A motion to elect _____ as Vice Chairperson.
A motion to elect _____ as Secretary.

REQUEST FOR BOARD/COUNCIL ACTION

BOARDCOUNCIL NAME: EDAP Board

Board/Council Meeting Date: February 19, 2019

Agenda Section: New Business

Originating Department: Administration

Item Number: III - B

ITEM DESCRIPTION: Meeting Schedule & Location

Prepared by: Staff

COMMENTS:

Each year every Board sets their meeting schedule. Currently the EDAP Board meets on the third Tuesday of each month at 7:00 a.m. at Queen Bee's Bar & Grill.

ADMINISTRATOR COMMENTS:

BOARD/COUNCIL ACTION:

Motion to set the EDAP Board meeting schedule for _____ at
_____.

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REQUEST FOR BOARD/COUNCIL ACTION

BOARDCOUNCIL NAME: EDAP Board

Board/Council Meeting Date: February 19, 2019

Agenda Section: New Business

Originating Department: Administration

Item Number: III - C

ITEM DESCRIPTION: Appointment of EDAP Finance Sub-Committee Members

Prepared by:

COMMENTS:

It was been suggested to appoint the members that serve in this capacity on an annual basis.

ADMINISTRATOR COMMENTS:

Current members: Chris Stanley, Bruce Stang, Jean Soine, and Chelsey Mueller. Len Gilmore – alternate.

BOARD/COUNCIL ACTION:

Motion to appoint _____ to serve at the EDAP Board Finance Sub-Committee.

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**BOLTON
& MENK**

Real People. Real Solutions.



Economic
Development
Services, Inc.

MEMORANDUM

Date: October 4, 2018
To: Renee Eckertly, City Administrator/Economic Development Director
City of Paynesville
From: Chuck DeWolf, Bolton & Menk
Jane Kansier, Bolton & Menk
Janna King, Economic Development Services, Inc.
Subject: Paynesville Downtown Revitalization and Redevelopment

Background

The City of Paynesville is interested in revitalizing downtown Paynesville. The City recently received two reports that include information relevant to this request.

The "First Impression Report" developed by CEDA provides a summary of demographic, employment and other city data. This report is an overview of the city and can provide some helpful insights for community leaders, prospective employers and residents.

Essential Decisions, Inc. (EDI) was hired by the Paynesville Downtown Redevelopment Task Force to do a Phase I Feasibility Report to identify the market potential for senior housing in Paynesville. The resulting report provides an in-depth analysis on the need for senior housing, by both type and income level, in the City. The financial assumptions are a high-level estimate of the costs and financial needs for the senior housing project. In May 2017, the group also conducted a charrette with Paynesville city officials and invited community members to develop design ideas for downtown redevelopment. Based on our review, additional analysis is needed to move the project toward implementation.

Next Steps

The recent discussions have created some excitement about the possibility of revitalization and potential redevelopment in downtown Paynesville. With the upcoming downtown street reconstruction scheduled for 2023, the timing is right to explore potential revitalization and redevelopment, and options for moving the project forward.

Moving this project from an idea to construction can be divided into four phases. The first phase, discussed in detail below, is the Conditions and Issues Assessment, which will build on the previous work by EDI and CEDA and provide a sound foundation for planning. The consulting team's scope of work includes the following elements.

1. Start up, gather and review background information
 - a. Update business and property owner information including maps, contact information, assessed values, code issues, other.
 - b. Analyze state sales tax trends and other economic data for Paynesville and other area communities to begin identifying the current economic niche of downtown Paynesville.

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Name: Paynesville Downtown Redevelopment
Date: October 4, 2018
Page: 2

- c. Meet with city staff to tour downtown and discuss project logistics and approaches to engagement of stakeholders, including business and property owners, city, EDA for Phase 1.
- d. Identify potential resources and contributions from the Stearns County HRA.

Estimated Fee for Task 1: \$5,490

2. Explore conditions and issues

- a. Drive neighboring communities to better understand Paynesville's niche within the region.
- b. Interview members of the Paynesville Downtown Revitalization Task Force to gather additional insights about property owners, redevelopment costs, opportunities and barriers identified by the group.
- c. Survey business owners and interview 4-5 key businesses to enhance understanding of economic niche for downtown; challenges, opportunities, etc.
- d. Interview property owners to identify property owner challenges, interests, concerns and hopes, and to enhance understanding of the economics of redevelopment and identify a strategic niche for downtown Paynesville (e.g. mix of businesses, community activities, housing).
- e. Tour vacant properties (city staff, consultants, possibly small stakeholder group) to better understand opportunities and challenges, and to understand the hopes, fears, goals and constraints of property owners with vacancies.
- f. Identify catalyst properties or opportunities and big picture revitalization or redevelopment alternatives.
- g. Identify physical changes anticipated in the public realm (e.g., streets, streetscape, stormwater).

Estimated Fee for Task 2: \$6,920

3. Summarize conditions and issues assessment and determine next steps

- a. Summarize findings and share with city staff and stakeholder group.
- b. Develop priorities and approach for Phase 2 planning, including engagement based on Phase 1 findings.

Estimated Fee for Task 3: \$4,690

The findings in Phase 1 will enable the city to effectively shape the next phase of the project, including a focus on alternatives and potential catalyst projects, key parties that need to be engaged, and additional research that may be needed to support planning and decision-making.

We expect Phase 2, Planning and Analysis, would involve a more complete public engagement process and exploration of revitalization alternatives, guided by the findings in Phase 1. A Phase 3 Revitalization Plan would involve the development of concept plans and financing/funding strategies. Phase 4, Implementation, would include final design, engineering, and construction. Each of these phases will be scoped in more detail as the project moves forward and the City will have the opportunity to provide significant guidance for each phase.

Name: Paynesville Downtown Redevelopment
Date: October 4, 2018
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This information is intended to provide you with an idea of the overall process, with detail on the first steps in creating a downtown revitalization strategy for Paynesville. Thank you for the opportunity. We look forward to the opportunity to discuss this with you further and refine as needed.

Rush City Senior Living project is now open to accredited investors.



PRINCIPLE MANAGERS



A Craig A. Hanson *present 1-22-19*

Craig owns a private law firm and offers more than 15 years of experience advising individuals and small to large businesses on real estate, investment, and management matters. In addition to his law degree, he has an MBA, a BA in healthcare finance, and a background advising clients in tax matters. Craig has been an attorney for many private equity company transactions such as development groups on hotels and redevelopment (which included Federal New Market Tax Credits, TIF financing and other sophisticated financing structures) and has acted as inside counsel for a \$300 million (sales/year) trailer manufacturer.

Outside of his practice, Craig is involved in multiple business operations assisting clients in all stages of tactical and strategic business planning including a number of residential developments. Craig has advised and assisted with the development of assisted living facilities, hotels, apartments and residential properties. Craig has advised companies in the areas of



SILVER CREEK EQUITY

Outside of his practice, Craig is involved in multiple business operations assisting clients in all stages of tactical and strategic business planning including a number of residential developments. Craig has advised and assisted with the development of assisted living facilities, hotels, apartments and residential properties. Craig has advised companies in the areas of corporate formation, mergers and acquisitions, governance, joint ventures, and other strategic business arrangements and has drafted and negotiated commercial agreements. Craig has demonstrated experience working with public sector projects such as a project in Detroit Lakes, Minnesota. This project entailed extensive work with the city and DNR to ensure appropriate development that met local and tourist needs as well as environmental requirements. He was involved in a redevelopment project in Platteville, Wisconsin where a mixed-use redevelopment included combining the visions of the city and local university to develop a project that would meet the needs of the local community and University.

Jamison T. Kohout

Jamison has 18+ years of real estate investment experience. As the Land Acquisition Manager of the Minnesota Division of the 3rd largest publicly owned home builder in the USA (2016-2018), Jamison sourced, engaged, and negotiated the acquisition of over 1,000 current and future housing lots with assembled properties exceeding 20% IRR. As a licensed real estate broker, Jamison invests, develops, manages, and finances real estate. Jamison has transacted over \$10 million in MLS and non-MLS transactions annually, assisting hundreds of buying and selling clients as well as builders and developers. He is an expert in identifying value in distressed or underdeveloped real estate. As President of Landsource LLC, Jamison has acquired bank owned developments, vacant land, and redevelopment properties for builder and investor partners. Jamison is the Founder and VP of Real Assets LLC and Real Assets II LLC, achieving a balance sheet of over \$20 million in total assets and over \$5 million in equity. As Partner of Venture Development Group LLC, Jamison acquires and manages apartment, single family home, and townhome rental properties



Customize...

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* Jamison T. Kohout - present 1-22-19

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Peter Jesh

Peter has been President of Summit Development, Inc since its inception in 2005. He is an expert in land purchase negotiation and market analysis. Over the past decade, he has developed strong relationships with the most respected architects, builders and management firms throughout the senior living business community. His experience also includes working with city officials and their financial advisors to maximize the sustainability and financial viability of senior living projects.

In addition to his BA in Marketing and Operations Management from the University of St. Thomas, Peter has extensive experience in all areas of finance, including market and cash flow analysis and capital structure which are vital in the analysis of operations and long-term sustainability of senior living projects. Peter has successfully developed seven senior living communities comprised of 497 units. Peter has developed, co-developed, raised capital and managed the disposition of senior living projects in the following communities; Mahtomedi, Maplewood, Moundsview and Cambridge.

In Rush City, Peter recently achieved full approvals that included the purchase of an already operating 20 unit building which included developable land where an additional 52 units will be constructed in winter of 2018. Part of this negotiation resulted in beneficial TIF and tax abatement participation on the part of the city and county for this expanded senior living facility.

Peter provides guidance for the capital structure and day to day operations for new developments. He is directly involved in working with Silver Creek's partners assisting with new acquisitions and structuring partnerships with senior housing demand analysts, certified accounting review agencies, senior living management companies, bank and FHA HUD specialists, real estate investment trusts, architects, general contractors, interior designers, and

engineers for senior housing development.

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David S. Eberle

David has 30 years of experience in the financial sector, specifically real estate investment. He joined The Arden Group, a \$500M+ private equity fund, in 2017. He is Managing Director of Investor Relations.

Prior to this, David was a Principal and Director of Fund Management for a large Midwest based real estate firm. David spent 8 years as an owner and partner in Demeter, LLC. Demeter utilized equity from Harvard Management Company and provided investment management for a real estate portfolio. Harvard invested in David's thesis to capitalize on a statutory arbitrage dislocation in agricultural real estate, primarily in the Midwest. David's responsibilities with Demeter included developing Private Placement Memorandums, interfacing with attorneys and CPA's, identification, purchase and sale of properties, as well as all fundraising activities and investor communications.

David spent nearly 10 years with W.P. Carey, leaving as an Executive Director before forming Demeter, LLC. He has held the following Securities Licenses: Series 7, General Securities and the Series 24, Principals License. He has been directly involved in raising over \$5 billion in investor equity for real estate assets located throughout the United States.

David graduated from St. John's University in Collegeville, MN with a Bachelor of Science Degree in Management.

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Lee W. Hanson - Senior Advisor

Lee is a Principal at Gray Plant Mooty (the longest-standing law firm in Minneapolis, Minnesota) and concentrates his practice in closely held business law, including mergers and acquisitions, sales, estate planning, agricultural matters, business, commercial real estate, and tax planning.

Gray Plant Mooty's Private Equity team regularly assists clients in their efforts to raise and invest private equity. We represent both growth-oriented companies and private equity firms in venture capital and other private equity transactions. Gray Plant Mooty's business finance attorneys are involved with all stages of private equity ranging from seed capital to venture capital to mature private equity transactions, including management and other leveraged buyouts and recapitalizations.

Gray Plant Mooty represents angel investors, venture capital, and other private equity funds, and mezzanine lenders in evaluating, structuring, negotiating, and documenting their investments and in their due diligence investigations of investment opportunities. As a full-service law firm, Gray Plant Mooty draws upon resources in all areas of the firm to assist clients in the due diligence investigations of their potential investments and to develop efficient investment structures.

Some of Lee's accomplishments are highlighted in "Business Central" a central Minnesota Business Journal.

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REVOLVING LOAN STATUS REPORT

Date of Update: **2/8/2019**

Business Name	Outstanding Balance	Date of last Payment	Amount of Last Payment	Current/Next Due Date
Blomgren, Karl	\$ 643.21	1/14/2019	\$ 60.03	3/2/2019
C & S Towing Inc	\$ 69,754.78	2/1/2019	\$ 455.76	3/1/2019
Eats & Treats	\$ 10,017.46	2/5/2019	\$ 180.00	12/3/2018
William Fuchs	\$ 6,928.95	2/6/2019	\$ 98.89	4/13/2019
Koronis Lanes Refinance	\$ 27,461.64	2/1/2019	\$ 628.55	3/1/2019
Koronis Living LLC	\$ 13,350.82	1/10/2019	\$ 569.26	2/13/2019
Lamb Labor Services #3	\$ 5,094.07	1/25/2019	\$ 161.72	3/1/2019
Queen Bee's Bar & Grill	\$ 67,721.06	2/8/2019	\$ 608.86	4/20/2019
Safe Basements Inc.	\$ 220,820.04	1/24/2019	\$ 2,590.96	3/1/2019
Savage Land Partnership	\$ 265,463.67	1/24/2019	\$ 1,957.36	4/3/2019
Todd & Lauri Lokken	\$ 34,662.71	1/16/2019	\$ 235.85	2/17/2019
Joint Loans w/Township				
Joint Loans w/State				
TOTAL OUTSTANDING BALANCE	\$ 721,918.41			
LATE PAYMENTS:				
Eats & Treats	\$ 177.99	Due: 12/3/18		
Eats & Treats	\$ 177.99	Due: 1/3/18		
Eats & Treats	\$ 177.90	Due: 2/3/19		
TOTAL DELINQUENT	\$ 533.88			
CITY REVOLVING LOAN BALANCE (available)		\$ 318,463.28	11/30/2018	<i>(unaudited)</i>
CITY EDAP BALANCE		\$ 377,570.86	11/30/2018	<i>(unaudited)</i>
TOWNSHIP LOAN BALANCE (available)		???		