

**EDAP BOARD MEETING
HILL TOP RESTAURANT
JULY 16, 2019
7:00 A.M.
AGENDA**

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

- I. CALL TO ORDER
- II. CONSENT AGENDA
 - A. Minutes (page 1)
- III. NEW BUSINESS
 - A. Blue Stem Flowers – Subordination
 - B. Demolition Loan Program (page 4)
- IV. OLD BUSINESS
 - A. Exploratory Meeting – Tourism Campaign – Update
 - B. TIF – 1-15 Senior Living – Tom Opatz (page 10)
 - C. Economic Status Of Community – Update
 - D. Past Due Loans – Update
 - E. Downtown Redevelopment Plan – Update
 - F. Foreclosure – 212 Garfield Ave. – Small Cities Loan (page 19)
- V. INFORMATIONAL
 - A. Revolving Loan Report (page 20)
- VI. ADJOURN

***** Please call or email Renee at 320-243-3714 ext. 227 or at renee@paysvillemn.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

BOARD/COUNCIL NAME: EDAP Board

Board/Council Meeting Date: July 16, 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 June 18, 2019 EDAP Board meeting.

ADMINISTRATOR COMMENTS:

BOARD/COUNCIL ACTION:

Motion to approve the minutes from the June 18, 2019 EDAP Board meeting.

**MINUTES
EDAP BOARD MEETING**

JUNE 18, 2019

The meeting was called to order by Chairperson, Chris Stanley at 7:00 a.m. Members present were Mark Dingmann, Len Gilmore, Shawn Reinke, and Wayne Nelson. Renee Eckerly, City Administrator was also present. Don Wiese and Bruce Stang were absent.

**Motion was made by Dingmann to approve the minutes from the May 21, 2019
EDAP Board meeting. Seconded by Nelson and unanimously carried.**

HOUSING STUDY

Eckerly reported that the last housing study was completed in 2014 for \$12,500.00. The cost to update the study is \$9,500.00. The report can be used for Small Cities Grant applications or to help attract developers. The Board questioned if it is worth it or wait until there is a need so then it is current. For a grant it would be worth it. Eckerly will contact Stearns County HRA regarding applying for another Small Cities Grant.

212 GARFIELD AVE.

Eckerly reported on the status of this parcel. The Board recommended to continue to watch this property. Spooner did an encumbrance report to see if there is a lot more owed than the \$10,686.64 on the foreclosure. The Board suggested to continue to watch and stay on top of the status of the property. As it sits right now, the City would lose the \$10,800.00 in Small Cities money because the City is in the last position.

TOURISM CAMPAIGN

Eckerly reported that Cold Spring, Richmond, and Paynesville had a meeting on June 6, 2019 to see what the 3 cities could jointly work together on to bring people to our area. The conclusion was to work on tourism as none of the cities are doing it. No one on the EDAP Board wants to go to the July 16, 2019 meeting.

TOM OPATZ – SENIOR CITIZEN APARTMENTS – TIF

Eckerly reported that Mr. Opatz wants to construct a 40 unit senior living apartment building on the bare land owned by Pat Flanders, etal. near Community Park. The Board is open to a TIF district. The Board may need a special meeting to keep the project moving.

ECONOMIC DEVELOPMENT

Laundry Service – CentraCare is outsourcing this service now. Ferche has land possibilities. Possibly employ up to 50 people.

New Library – Independent investors propose the City pay for the building and land. Investors will be meeting with the Great River Regional Library.

2

Ron & Judy's Restaurant will officially go up for sale on July 3, 2019.

DOWNTOWN REDEVELOPMENT PROJECT

The consultant the City hired is meeting with downtown business owners next week.

The Think Tank group met and people don't want to meet, they want to see action.

CITY WEBSITE

It was suggested that the City's website list all available land with a picture of it and contact information.

INFORMATIONAL

The Revolving Loan Report was reviewed.

SPECIAL MEETING

If a special meeting is necessary, agenda items would include Lokken Subordination and Opatz TIF District.

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



Demolition Loan Program

Our traditional Redevelopment Grant Program works well on sites where there are costly impediments to a planned or proposed redevelopment project. But sometimes communities need assistance with demolition and other redevelopment activities on sites where there is no current development plan or where future development visions are hindered by current blight. In some cases, communities may need to address more immediate public safety concerns or hazardous conditions on a site before considering future redevelopment options.

The Demolition Loan Program meets those needs by helping development authorities with the costs of demolishing blighted buildings on sites that have future development potential but where there are no current development plans.

Eligible Applicants

Development authorities, including cities, counties, port authorities, housing and redevelopment authorities, and economic development authorities.

Eligible Costs

Demolition activities, including interior remediation such as asbestos abatement. Loans would pay up to 100 percent of demolition costs for a qualifying site. The loans may also assist with site acquisition costs.

Loan Terms and Conditions

Property and buildings must be publicly owned. The following terms apply:

- Loans will be low-interest (2 percent)
- Loans will be interest-free for first two years
- Principal and interest payments will start in year three
- Loan terms cannot exceed 15 years

If the site is developed, the remaining principal and interest (up to 50 percent of the loan) could be forgiven based on development benefits.

Application

[Demolition Loan Application \(/deed/assets/demolition-loan-app_tcm1045-342563.docx\)](#)

4

For More Information

[Kristin Lukes \(mailto:kristin.lukes@state.mn.us\)](mailto:kristin.lukes@state.mn.us) at 651-259-7451 or toll free at 1-800-657-3858.



DEMOLITION LOAN APPLICATION

TABLE OF CONTENTS

Introduction

Purpose/Background _____	ii
Funding Availability _____	ii
Deadlines/Requirements _____	ii
Eligible Sites _____	ii
Eligible Applicants _____	iii
Eligible Program Costs _____	iii
Eligible Bonding Costs _____	iii
Required Appraisals or Assessments _____	iii
Awarding Loans _____	iv

Application

Cover Page _____	1
Site Identification _____	2
Valuation _____	2
Maps and Site Features _____	3
History _____	3
Current Conditions and Development Potential _____	3
Cost Analysis _____	4
Sources and Uses of Funds (Budget Table) _____	4
Analysis of Loan Need _____	4
Financial Information _____	6
Payment Information _____	7
Local Government Resolution _____	8

6

MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

**First National Bank Building
332 Minnesota Street, Suite E200
St. Paul, Minnesota 55101
Brownfields and Redevelopment Unit
651-259-7451
1-800-657-3858**

DEMOLITION LOAN APPLICATION

******YOU MUST READ THE FOLLOWING NARRATIVE
TO FULLY UNDERSTAND THE APPLICATION PROCESS******

INTRODUCTION

PURPOSE/BACKGROUND: Although the traditional Redevelopment Grant Program works well for sites where there are costly detriments to site development, and the need to level the playing field between these sites and undeveloped sites exist, there is also an untapped need for assistance with demolition and other redevelopment activities when either there is no current development plan or future development visions are hindered by current blight.

In some cases, despite a potential for future redevelopment, hazardous conditions or other public safety factors may be a community's immediate concern. In addition, securing and maintaining vacant dilapidated structures is costly. Therefore, DEED has amended the Redevelopment Grant Program to include loan funds for demolition activities when an imminent redevelopment opportunity does not currently exist.

FUNDING AVAILABILITY: Available funding amounts vary, depending on Legislative appropriation.

DEADLINES/REQUIREMENTS: The Demolition Loan Program operates on a semi-annual application cycle. Applications are due February 1 and August 1 of each year. **Completed applications and supporting documentation (3 copies)** must be received by DEED's Brownfields and Redevelopment Unit by **4:00 p.m.** on the due date to be considered for funding. An applicant may apply for more than one project, but an individual (separate) application must be completed for each site. **NOTE: Electronic copies will not be accepted in place of paper. Please fill out the entire application. All applications must be complete upon submission in order to qualify for a loan.**

QUALIFYING PROJECTS: A project qualifies for a loan if the following conditions are met:

1. The property and structures are owned by the development authority;
2. The structures on the property have been vacant for at least one year;
3. The structures constitute a threat to public safety because of inadequate maintenance, dilapidation, obsolescence, or abandonment;
4. The structures are not listed on the National Register of Historic Places;
5. Upon completion of the demolition, the development authority reasonably expects that the property will be improved and these improvements will result in economic development benefits to the municipality.

ELIGIBLE APPLICANTS “Development Authorities”: Eligible applicants for this program are statutory or home rule charter cities, economic development authorities, housing and redevelopment authorities, counties, or port authorities. **Note: Applicant must be the owner of the property at the time of the application or before disbursement of funds.**

ELIGIBLE PROGRAM COSTS: The Demolition Loan Program can pay up to 100 percent of the acquisition and demolition costs for a qualifying site. “Demolition costs” means the costs of demolition, destruction, removal, and clearance of all structures and other improvements on the project site, including interior remedial activities, and proper disposal thereof. As used in this subdivision, “structure” has the meaning given it in section 116G.03, subdivision 11. **Costs incurred before the loan is awarded are not eligible for payment.**

TERMS: Loans for acquisition and demolition costs may be made subject to the following terms and conditions:

1. The agreement to repay the loan shall be a general obligation of the development authority, payable primarily from a dedicated source of revenue, or other security subject to review and approval by the commissioner, and the development authority must deliver its bond or note to the commissioner, along with an attorney’s opinion that security is binding and legal per bond counsel to secure the loan;
2. The term of the loan may not exceed 15 years;
3. The loan shall bear interest at a rate equal to two percent, but interest will not accrue during the first two years of the loan term.
4. The development authority shall make semiannual interest payments and annual principal payments beginning in the third year of the loan until the end of the term;
5. The principal amount of a loan may not exceed \$1,000,000;
6. Loan proceeds shall be disbursed for eligible demolition costs as incurred or paid by the borrower and upon submission of invoices and other supporting documentation satisfactory to the commissioner;
7. An eligible borrower shall establish a dedicated source of revenue for repayment of the loan.

FORGIVENESS: The commissioner may forgive principal of the loan and interest accrued but unpaid thereon, if any, up to 50 percent of the original loan amount, not to exceed the costs of demolition, upon completion of the redevelopment plan, if the project would otherwise have received grant funding in the most recent semiannual grant round, based on the priorities in section 116J.575.

REQUIRED APPRAISALS OR ASSESSMENTS: Land appraisals of the current (as-is) and expected (pre-construction) value of the site are required so that DEED can determine the fair market value and any business subsidy. Both appraisals must be done by an independent appraiser using accepted appraisal methodology. In lieu of an appraisal, the applicant may use the current and projected assessed values as determined by the local assessor. Values cannot be determined in any other manner. The value of the property after the proposed development is completed is also requested. This estimate is generally based on similar development projects in the city.

8

AWARDING LOANS: DEED will award loans to projects that provide the highest return in public benefits for the public costs incurred and meet all of the statutory requirements. In order to evaluate the applications for public benefits with respect to the costs incurred, the law specifies priorities that DEED must consider.

To fulfill this requirement of reviewing applications in an objective and fair manner, the following criteria have been assigned maximum point values in order to systematically award loans. All assigned scores will be relative to scores awarded to other applications.

1. The extent to which the existing property conditions threaten public safety. Maximum = 15 points
2. The length of vacancy of the property. Maximum = 5 points.
3. The development potential of the property. Maximum = 10 points
4. The proximity of the property to existing sufficient public infrastructure. Maximum = 5 points.
5. The applicant's financial condition and ability to repay the loan. Maximum = 15 points
6. Other public benefits, including but not limited to, health, safety, environmental benefits, blight reduction, community stabilization, crime reduction and reduction of maintenance costs.
Maximum = 5 points

9

REQUEST FOR BOARD/COUNCIL ACTION

BOARD/COUNCIL NAME: EDAP Board

Board/Council Meeting Date: February 19, 2019

Agenda Section: Old Business

Originating Department: Administration

Item Number: IV - B

ITEM DESCRIPTION: TIF – 1-15 Senior Living – Tom Opatz

Prepared by: Staff

COMMENTS:

Renee Eckerly will give a verbal report. Please review the attached Financial Planning Agreement between the City of Paynesville and Northland Securities, Inc. in the amount of up to \$9,000.00 plus expenses; costs would be forwarded onto Mr. Opatz for full reimbursement. . This is for a Tax Increment Financing (TIF) District (Housing) for the senior living project proposed by Tom Opatz. In addition, is the preliminary schedule for the TIF. Also attached is Resolution 2019-28 Calling For A Public Hearing On The Proposed Modification Of Development District No. 1 And The Establishment Of Tax Increment Financing District No. 1-16 Within The Development District And The Adoption Of The Modified Development Program And The Adoption Of The Tax Increment Financing Plan Relating To Thereto. This would set the public hearing on the TIF for August 26, 2019 at 6:30 p.m.

ADMINISTRATOR COMMENTS:

BOARD/COUNCIL ACTION:

Motion to approve the Financial Planning Agreement between the City of Paynesville and Northland Securities, Inc.

Motion to approve Resolution 2019-28 Calling For A Public Hearing On The Proposed Modification Of Development District No. 1 And The Establishment Of Tax Increment Financing District No. 1-16 Within The Development District And The Adoption Of The Modified Development Program And The Adoption Of The Tax Increment Financing Plan Relating To Thereto.

FINANCIAL PLANNING AGREEMENT

BY AND BETWEEN
THE CITY OF PAYNESVILLE
AND
NORTHLAND SECURITIES, INC.
TAX INCREMENT FINANCING DISTRICT (HOUSING)

This Agreement made and entered into by and between the City of Paynesville, Minnesota (hereinafter "City") and Northland Securities, Inc., of Minneapolis, Minnesota (hereinafter "NSI").

WITNESSETH

WHEREAS, the City desires to use the services of NSI for financial planning assistance related the establishment of a new tax increment financing housing district (the "TIF District") to assist with the development of an apartment building with an affordable component (the "Project").

WHEREAS, the Project is intended solely for financial planning and NSI is not providing advice on the timing, terms, structure or similar matters related to a specific bond issue.

WHEREAS, NSI desires to furnish services to the City as hereinafter described.

NOW, THEREFORE, it is agreed by and between the parties as follows:

SERVICES TO BE PROVIDED BY NSI

The scope of work will undertake the process to establish the TIF District. Legal services to review the TIF plan and the approving resolution are not provided by NSI and are not subject to this agreement. Inspection services to determine if the project meets the definition of "Substandard Building" as defined by Minnesota Statutes, Section 469.174, subdivision 10, are not provided by NSI and are not subject to this agreement.

NSI will provide the following services:

1. Respond to questions of the developer of the Project and provide preliminary information to assist the developer in preparing an application for financial assistance to the City.
2. Collect data for the TIF District, including:
 - Parcel identification numbers for all parcels within the proposed Development District and the TIF District.
 - Estimated market value and tax capacity value for all parcels within the TIF District.
 - Current property tax rates for all taxing jurisdictions.
 - City map showing project location and parcel boundaries.
3. Evaluate and advise the City on the type of tax increment financing district.
4. Provide guidance on statutory findings.
5. Collect data about the Project, including:
 - Type, size, value, and timing of proposed development.
 - Activities and estimated costs (project budget) to be paid by the TIF District.

6. Review basis for findings for establishing the TIF District, including:
 - Statutory criteria for proposed district.
 - Developer justification ("but for") for the use of tax increment.
 - Review of Developer project pro forma and operating pro forma.
 7. Determine and confirm basic understanding by the applicable City staff and representatives of the City, including attorney to the City, of key criteria for the process including:
 - Boundaries of the proposed Development District.
 - Specific development objectives to address in the planning documents beyond the proposed project.
 - Official newspaper and publication schedule.
 8. Obtain any additional data not collected in #1, including:
 - Building permits issued for parcels in the TIF District over the past 18 months.
 - Current comprehensive plan.
 9. Set and distribute calendar of meetings and key dates.
 10. Prepare notice of hearing and comply with statutory requirements for mailing and publication.
 11. Assist the City and attorney to the City with the negotiation and drafting of the development assistance agreement for the Project.
 12. Prepare planning documents including program for the proposed Development District and plan for the TIF District.
 13. Distribute draft planning documents with letter of explanation and other supporting information to county and school district.
 14. Prepare resolutions authorizing the establishment of the proposed Development District and the TIF District and approving the respective plans.
 15. Prepare and distribute resolution for planning commission findings, if necessary (scope does not include NSI attendance at planning commission meeting).
 16. Prepare and distribute packet for public hearing including the proposed plan for the TIF District and approving resolution.
 17. Attend and facilitate discussion at public hearing.
 18. Prepare TIF transcript (electronic document).
 19. Submit district for certification by the county.
 20. File district with the Office of the State Auditor and Minnesota Department of Revenue.
- The services to be provided include attendance at two (2) meetings at the City.

COMPENSATION

The budget for undertaking the tasks in this agreement is an amount not to exceed \$9,000. The amount is based on the estimated number of hours required to complete these tasks at an hourly billing rate of \$210 per hour plus reimbursable expenses for travel, printing, and mailing. NSI will bill on a monthly basis for actual services performed and reimbursable expenses.

The City may at its discretion authorize NSI to undertake additional tasks, including meeting attendance, beyond the tasks listed above. Additional planning services will be billed monthly at a rate of \$210 per hour.

Invoices will detail the work performed, requested compensation for the period and show amounts previously billed.

ASSIGNED NORTHLAND EMPLOYEE

The NSI employees responsible for providing services pursuant to this agreement and for the services performed are Jessica Green and Tammy Omdal.

SUCCESSORS OR ASSIGNS

The terms and provisions of this Agreement are binding upon and inure to the benefit of the City and NSI and their successors or assigns.

DISCLAIMER

In performing service under this agreement, NSI is relying on the accuracy of information provided by the Developer and the City and the services provided by Northland are based on current State Law. The parties agree that the Minnesota property tax system and other laws may change and may affect the accuracy and validity of services provided by NSI. NSI will perform its work using the best available information. The City recognizes and accepts that future property values, tax levies and tax rates may vary from the assumptions used by NSI and such changes may affect the work product produced and provided by NSI.

TERM OF THIS AGREEMENT

This Agreement shall terminate upon NSI's completion of the tasks listed above and the filing of the adopted district with the State. This Agreement may also be terminated upon thirty (30) days written notice by either the City or NSI. Absent a separate written agreement to the contrary, termination of this Agreement without providing at least thirty (30) days written notice shall result in "early termination". In the event of "early termination" by the City, NSI shall provide the City with an itemized hourly statement of services already provided. All billable hours by NSI shall be billed at the stated hourly rates should "early termination" occur.

Dated this 8th day of July, 2019.

Northland Securities, Inc.

By: 

Jessica L. Green

Managing Director of Public Finance

City of Paynesville

By:

Alicia LaBeau

Mayor Pro Tem

Preliminary for Discussion Purposes Only
City of Paynesville
Establishment of TBD
Establishment of Tax Increment Financing District No. TBD
Housing TIF District
Assisted Living Project (Name TBD)
Public Hearing on August 26

July 2019

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

July 8 City Council calls for public hearing for TIF
 July 15 Last day for written notice to County Commissioner
 July 26 Last day for notice, TIF plan, and fiscal implications to County and School District

August 2019

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

August 8 Last day for notice to newspaper
 August 14 Publication date for hearing notice
 August 26 Public hearing and establishment of TIF District (6:30 pm City Hall)

September 2019

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

September 9 Request certification by County
 September 9 Submit plan to State

October 2019

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

June 30 Certification of TIF District by this Date

Notes to Calendar:

- 1 Denotes regular city council meeting dates, 2nd and 4th Monday of the month.
- 2 City needs to confirm publication dates for hearing notice and is responsible for submitting the notice to the newspaper.
- 3 City Council may consider resolution approving a development agreement (for TIF assistance) following establishment of the TIF District. This may occur on or after August 26.
- 4 Northland will distribute a draft of the TIF Plan to city staff and legal counsel to the City one week prior to distribution of the report to the County and School District.

CITY OF PAYNESVILLE
STEARNS COUNTY
STATE OF MINNESOTA

RESOLUTION 2019-28

**RESOLUTION CALLING FOR A PUBLIC HEARING ON THE PROPOSED
MODIFICATION OF DEVELOPMENT DISTRICT NO. 1 AND THE
ESTABLISHMENT OF TAX INCREMENT FINANCING DISTRICT NO. 1-16 WITHIN
THE DEVELOPMENT DISTRICT AND THE ADOPTION OF THE MODIFIED
DEVELOPMENT PROGRAM AND THE ADOPTION OF THE TAX INCREMENT
FINANCING PLAN RELATING TO THERETO**

BE IT RESOLVED by the City Council (the "Council") of the City of Paynesville, Minnesota (the "City"), as follows:

1. Public Hearing. This Council shall meet on August, 26, 2019, at approximately 6:30 p.m., to hold a public hearing on the following proposed matters: (a) the modification of Development District No. 1 (the "Development District"); (b) the establishment of Tax Increment Financing District No. 1-16 (the "TIF District") within the Development District; (c) the adoption of the Modified Development Program for the Development District; and (d) the adoption of the Tax Increment Financing Plan relating to the TIF District all pursuant to Minnesota Statutes, Sections 469.124 through 469.133 and Minnesota Statutes, Sections 469.174 through 469.1794, both inclusive, as amended (the "Act").

2. Notice of Hearing; Filing of Program and Plan. The City Clerk is hereby authorized to cause a notice of the hearing, substantially in the form attached hereto as Exhibit A, to be published as required by the Act and to place a copy of the Development Program, and the proposed Tax Increment Financing Plan on file in the City Clerk's Office at City Hall and to make such copies available for inspection by the public.

3. Consultation with Other Taxing Jurisdictions. The City Clerk is hereby directed to mail a notice of the public hearing and a copy of the proposed Development Program and the proposed Tax Increment Financing Plan to Stearns County and Independent School District No. 0471 informing those taxing jurisdictions of the estimated fiscal and economic impact of the establishment of the proposed TIF District.

Adopted by the City Council of the City of Paynesville, Minnesota, this 8th day of July, 2019.

Alicia LaBeau, Mayor Pro Tem

ATTEST:

Renee Eckerly, City Administrator

CITY CLERK'S CERTIFICATE

I, the undersigned, being the duly qualified and acting City Clerk of the City of Paynesville, Minnesota (the "City"), DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council of the City, duly called and held on the date therein indicated, insofar as such minutes relate to the calling of a public hearing on the proposal for modification of Development District No. 1, establishment of Tax Increment Financing District No. 1-16 within the Development District; adoption of the Modified Development Program for the Development District; and adoption of the Tax Increment Financing Plan relating to the TIF District.

WITNESS my hand this 8th day of July, 2019.

Renee Eckerly, City Administrator
Paynesville, Minnesota

17

EXHIBIT A

**CITY OF PAYNESVILLE
COUNTY OF STEARNS
STATE OF MINNESOTA**

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the City Council (the "Council") of the City of Paynesville, Stearns County, Minnesota, will hold a public hearing on Monday, August 26, 2019, at 6:30 p.m., at the Paynesville City Hall, in the City of Paynesville, Minnesota, relating to the proposed modification of Development District No. 1, adoption of the Modified Development Plan for Development District No. 1, establishment of Tax Increment Financing District No. 1-16 within the Development District, and the adoption of a Tax Increment Financing Plan relating to thereto, pursuant to Minnesota Statutes, Sections 469.124 through 469.133, both inclusive, as amended and Minnesota Statutes, Sections 469.174 through 469.1794, both inclusive, as amended (collectively, the "Act"). Copies of the proposed Development Plan, and the proposed Tax Increment Financing Plan will be on file and available for public inspection at the office of the City Clerk at City Hall.

The property proposed to be included within Development District No. 1 is described in the proposed Development Plan on file in the office of the City Clerk. The property proposed to be included within Tax Increment Financing District No. 1-16 is described in the Tax Increment Financing Plan on file in the office of the City Clerk. The boundaries of Development District No. 1 and Tax Increment Financing District No. 1-16 are shown in the adjacent map.

[Map to be prepared by City and inserted here.]

All interested persons may appear at the hearing and present their views orally or in writing prior to the hearing to City Hall, 221 Washburne Avenue, Paynesville, MN 56362.

BY ORDER OF THE CITY COUNCIL

/s/ _____
City Administrator

[to be published on August 14, 2019]

Renee Eckerly

From: Spooner & Glenz <jen@spoonerglenz.com>
Sent: Thursday, June 13, 2019 10:33 AM
To: Renee Eckerly
Subject: Re: 212 Garfield Foreclosure

Renee:

The owners & encumbrances report I had done on this shows that there is a mortgage in favor of the First National Bank of Cold Spring, which started out as a loan in the amount of \$7,600 back in 2003, and was modified in 2008, and again in 2013, and finally was most recently modified in 2016, and then the notice of mortgage foreclosure sale arising out of that mortgage in 2019. The more problematic part is the next mortgage, which is a mortgage in favor of Liberty Savings Bank in the amount of \$62,900. I would note though that that mortgage was originally filed back in 2002, but then modified in September of 2015, and then for reasons that are hard to imagine, that mortgage got subordinated to the loan by the First National Bank of Cold Spring. It is hard to know what those modifications were. Ordinarily you would expect a mortgage from that long ago to be substantially paid down, but sometimes if you have a person who is a seasonal worker and they are in the habit of paying their mortgage seasonally, they don't make very much progress because they are always delinquent, and their mortgages get modified from time to time to re-capitalize interest into the principal and make it look like the mortgage is current on the bank's books, which I suspect is what was going on. The City's mortgage is behind these 2. There are also a couple of recent judgments totaling about \$3,500.

The concerning part is that we are dealing with a mortgage, as you can see from the foreclosure notice, that started out as a \$7,600 loan in 2003, and today he owes \$10,686.64 on that loan. If we have a similar situation with the Liberty Savings Bank Loan of \$62,900 from 2001, it is entirely possible that there really isn't any equity at all in this property. As you point out, the county assessor values the property at \$82,300, but unless the balance at Liberty Savings is substantially less than the original loan amount of \$62,900, there wouldn't be enough equity to make the purchase worth while.

My suggestion in a situation like this would be that we let the mortgage foreclosure go through.

If, after the foreclosure sale, we want to think about redeeming the property from the sale, we could file a notice of intent to redeem and wait to see if Liberty Bank does the same. If they did file a notice of intent to redeem, they would have the first opportunity, and mechanically they would pay the First National Bank of Cold Spring off on their mortgage, and if the City wanted to redeem, the City would have to pay off Liberty, which I am guessing wouldn't make sense.

If you would like to discuss this further, please give me a call.

William Spooner
SPOONER & GLENZ LAW OFFICES, PLLC
113 Washburne Avenue
Paynesville, MN 56362
Office: (320) 243-3748
Email: office@spoonerglenz.com

REVOLVING LOAN STATUS REPORT

Date of Update: **7/3/2019**

Business Name	Outstanding Balance	Date of last Payment	Amount of Last Payment	Current/Next Due Date
Blomgren, Karl	\$ 351.53	6/21/2019	\$ 60.03	8/2/2019
C & S Towing Inc	\$ 68,685.78	7/2/2019	\$ 455.76	8/1/2019
Eats & Treats	\$ 9,222.52	5/29/2019	\$ 180.00	5/3/2019
William Fuchs	\$ 6,612.70	6/6/2019	\$ 98.89	8/13/2019
Koronis Lanes Refinance	\$ 26,958.85	3/4/2019	\$ 628.55	10/1/2019
Koronis Living LLC	\$ 12,092.63	6/20/2019	\$ 300.00	7/13/2019
Lamb Labor Services #3	\$ 4,396.05	7/2/2019	\$ 161.72	8/1/2019
Queen Bee's Bar & Grill	\$ 66,400.45	6/20/2019	\$ 608.86	8/20/2019
Safe Basements Inc.	\$ 212,031.53	6/26/2019	\$ 2,590.96	8/1/2019
Savage Land Partnership	\$ 259,513.62	6/24/2019	\$ 1,957.36	9/3/2019
Todd & Lauri Lokken	\$ 34,239.13	6/18/2019	\$ 235.85	7/17/2019
Joint Loans w/Township				
Joint Loans w/State				
TOTAL OUTSTANDING BALANCE	\$ 700,504.79			

LATE PAYMENTS:

Eats & Treats	\$ 177.90	Due: 5/3/19	
Eats & Treats	\$ 177.90	Due: 6/3/19	
TOTAL DELINQUENT	\$ 177.90		
CITY REVOLVING LOAN BALANCE (available)	\$ 335,500.37	3/31/2019	<i>(unaudited)</i>
CITY EDAP BALANCE	\$ 369,649.16	3/31/2019	<i>(unaudited)</i>
TOWNSHIP LOAN BALANCE (available)	???		

20