



Regular Meeting & Work Session Agenda

- Regular meeting in Council Chambers
 - Work Session meeting in Upper Town Conference Room immediately following regular meeting
-

1. CALL MEETING TO ORDER

2. PLEDGE OF ALLEGIANCE

3. CONSIDER AGENDA

4. CONSENT AGENDA

Considered to be routine and noncontroversial and will be approved by one motion. There will be no separate discussion of these items unless there is a request to remove the item from the consent agenda to the regular agenda.

4.1 Draft EDA Minutes - July 15, 2024

4.2 Check Register

4.3 Balance Sheet

4.4 Revenue/Expenditure Reports

5. OPEN FORUM

An opportunity to provide comments and feedback regarding items not on the agenda. Information provided in Open Forum will not be discussed at this meeting; rather, the information will be referred to staff and/or scheduled for discussion at a future meeting.

6. PUBLIC HEARINGS

An opportunity for the public to express their opinions and raise questions pertaining to the agenda item. All comments become part of the official public record. For this reason, all comments must be made at the podium so they can be heard and recorded. Comments may also be provided in writing. There will not be deliberations, discussions, or answers to questions until the hearing is closed. It is important to be courteous and allow each presenter to comment before adding additional testimony.

7. GENERAL BUSINESS

Items in which the information is presented by city staff or consultants, then deliberation and action occur. General Business items are not opportunities to receive or provide public input. However, the presiding officer may, at its sole discretion, solicit public feedback.

7.1 2025 EDA Budget

7.2 Levy for Debt Service on YMCA Bonds

7.3 Subordination Agreements - Loan to Heritage Millwork

7.4 General Updates

8. MOTION TO ADJOURN REGULAR MEETING

The Elk River Vision

A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity





**Meeting of the Economic Development
Authority
Held at the Elk River City Hall
Monday, July 15, 2024**

Members Present: Acting Chair Mike Beyer, Commissioners Cory Grupa, Jennifer Wagner, Matt Westgaard, and Jeff Hartwig

Members Absent: Commissioner Charlie Blesener and Chair Dan Tveite

Staff Present: Economic Development Brent O'Neil, Economic Development Specialist Joshua Mollan, and Records Specialist Katie Porath

1. CALL MEETING TO ORDER

Pursuant to due call and notice thereof, the meeting was called to order at 5:30 PM.

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited.

3. CONSIDER AGENDA

Moved by Commissioner Matt Westgaard and seconded by Commissioner Jennifer Wagner to approve the agenda. Motion Carried 5-0.

4. CONSENT AGENDA

Moved by Commissioner Matt Westgaard and seconded by Commissioner Jeff Hartwig to approve the following consent items as outlined in their respective staff reports. Motion Carried 5-0.

4.1 Draft EDA Minutes - June 17, 2024

4.2 Check Register

4.3 Balance Sheet

4.4 Revenue/Expenditure Reports

5. OPEN FORUM

No one appeared for Open Forum.

6. PUBLIC HEARINGS

There were no public hearings.

7. GENERAL BUSINESS

7.1 General Updates

The staff report was presented.

Mr. O'Neil discussed changes to the convenience store/gas station plans that were submitted. The revised plans have the potential for a one-bay drive-through car wash on the south side.

The city will close out their involvement with the Heritage Millwork project by the end of July 2024.

The EDA partnered with Sherburne County on a joint booth at the Elk River Chamber of Commerce golf tournament.

Once the city switches from Baker Tilly to Ehlers the new company would like to run through any existing programs and offer suggestions.

Mr. O'Neil stated that Property Assessed Clean Energy (PACE) funding may be available for electric vehicle charging.

Mr. Mollan gave an update on EDA subcommittees. Together Elk River has completed the third business reel for Minnesota Roots. Downtown banners have been installed. The Beautification and Public Arts Committee had a meeting on July 15, 2024 to discuss the new public art.

8. MOTION TO ADJOURN REGULAR MEETING

The regular meeting adjourned at 5:40 p.m. Acting Chair Beyer called the work session to order at 5:44 p.m.

9. WORK SESSION – UPPER TOWN CONFERENCE ROOM

9.1 2025 Budget Workshop

Mr. O'Neil reviewed the budget with the Commission. He noted that building permits are down.

Commissioner Westgaard agreed that the budgeted \$20,000 should be kept for use by the Together Elk River Committee.

Mr. O'Neil recommended keeping the budgeted \$10,000 for public art.

Mr. O'Neil stated that, while money is not budgeted, the commission should think about what is next with new property development.

Commissioner Westgaard would like to examine what the EDA has learned after three years of construction on Highway 169. Do they know anything different now from an economic standpoint? Could a new intersection drive industrial development? Commissioner Beyer added that, as soon as Highway 169 is completed, the land in Elk River will be more attractive.

Mr. O'Neil asked the Commission if they would like to budget for more potential land acquisition, add seed money for matching grants, divide larger parcels to make them more attractive to buyers, or handle the infrastructure and access on properties for sale.

Mr. O'Neil proposed budgeting \$10,000 for exploratory prep work to attract visitors.

10. MOTION TO ADJOURN

Moved by Commissioner Matt Westgaard and seconded by Commissioner Cory Grupa to adjourn the meeting. Motion Carried 5-0.

The meeting adjourned at 6:00 p.m.

Minutes prepared by Katie Porath.

Dan Tveite, EDA President

Tina Allard, City Clerk

VENDOR SORT KEY	DESCRIPTION	FUND	DEPARTMENT	AMOUNT
ADVERSIGN LLC	ADVERTISING SVCS 5/3-7/4/2 EDA		Economic Development	<u>298.00</u>
			TOTAL:	298.00
CAMPBELL KNUTSON P.A.	LEGAL SVCS - EDA	EDA	Economic Development	<u>306.00</u>
			TOTAL:	306.00
E D A M	EDAM ON THE ROAD - J MOLLA EDA		Economic Development	40.00
	EDAM ON THE ROAD - B O'NEI EDA		Economic Development	<u>40.00</u>
			TOTAL:	80.00
CITY OF ELK RIVER	TRANSFER - GENERAL FUND	EDA	Economic Development	46,000.00
	REIMB SALARIES JUL, SUPPLI EDA		Economic Development	9,564.16
	REIMB SALARIES JUL, SUPPLI EDA		Economic Development	1,050.00
	REIMB SALARIES JUL, SUPPLI EDA		Economic Development	724.81
	REIMB SALARIES JUL, SUPPLI EDA		Economic Development	589.07
	REIMB SALARIES JUL, SUPPLI EDA		Economic Development	139.91
	REIMB SALARIES JUL, SUPPLI EDA		Economic Development	2,392.20
	REIMB SALARIES JUL, SUPPLI EDA		Economic Development	<u>16.66</u>
			TOTAL:	60,476.81
MINNEAPOLIS BUSINESS JOURNAL	SUBSCRIPTION - EDA	EDA	Economic Development	<u>170.00</u>
			TOTAL:	170.00
U S BANK - WIRE TRANSFERS	GO REF BONDS, SER 2013A	YMCA DEBT SERVICE	General	<u>75,068.75</u>
			TOTAL:	75,068.75

===== FUND TOTALS =====		
920	EDA	61,330.81
923	YMCA DEBT SERVICE	75,068.75

	GRAND TOTAL:	136,399.56

SELECTION CRITERIA

SELECTION OPTIONS

VENDOR SET: 01-CITY OF ELK RIVER
VENDOR: All
CLASSIFICATION: All
BANK CODE: Include: EDA
ITEM DATE: 0/00/0000 THRU 99/99/9999
ITEM AMOUNT: 99,999,999.00CR THRU 99,999,999.00
GL POST DATE: 7/16/2024 THRU 8/19/2024
CHECK DATE: 0/00/0000 THRU 99/99/9999

PAYROLL SELECTION

PAYROLL EXPENSES: NO
EXPENSE TYPE: N/A
CHECK DATE: 0/00/0000 THRU 99/99/9999

PRINT OPTIONS

PRINT DATE: None
SEQUENCE: By Vendor Sort
DESCRIPTION: Item
GL ACCTS: NO
REPORT TITLE: ELK RIVER CITY COUNCIL REPORT
SIGNATURE LINES: 0

PACKET OPTIONS

INCLUDE REFUNDS: YES
INCLUDE OPEN ITEM:NO

BALANCE SHEET

AS OF: JULY 31ST, 2024

920-EDA

ACCOUNT #	ACCOUNT DESCRIPTION	BALANCE
ASSETS		
=====		
920-1010	Cash - EDA	2,011,038.26
920-1610	Land Held for Resale	<u>175,000.00</u>
		<u>2,186,038.26</u>
TOTAL ASSETS		2,186,038.26
		=====
LIABILITIES		
=====		
EQUITY		
=====		
920-2400	Fund Balance	<u>1,867,515.88</u>
	TOTAL BEGINNING EQUITY	1,867,515.88
TOTAL REVENUE		454,781.12
TOTAL EXPENSES		<u>136,258.74</u>
TOTAL REVENUE OVER/ (UNDER) EXPENSES		318,522.38
TOTAL EQUITY & REV. OVER/ (UNDER) EXP.		<u>2,186,038.26</u>
TOTAL LIABILITIES, EQUITY & REV.OVER/ (UNDER) EXP.		2,186,038.26
		=====

CITY OF ELK RIVER
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: JULY 31ST, 2024

920-EDA

FINANCIAL SUMMARY

58.33% OF YEAR COMP.

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	% OF BUDGET	BUDGET BALANCE
REVENUE SUMMARY					
EDA	<u>434,950.00</u>	<u>213,918.13</u>	<u>454,781.12</u>	<u>104.56</u>	<u>(19,831.12)</u>
TOTAL REVENUES	<u>434,950.00</u>	<u>213,918.13</u>	<u>454,781.12</u>	<u>104.56</u>	<u>(19,831.12)</u>
	=====	=====	=====	=====	=====
 EXPENDITURE SUMMARY					
Economic Development					
Economic Development	<u>434,950.00</u>	<u>16,716.05</u>	<u>136,258.74</u>	<u>31.33</u>	<u>298,691.26</u>
TOTAL Economic Development	<u>434,950.00</u>	<u>16,716.05</u>	<u>136,258.74</u>	<u>31.33</u>	<u>298,691.26</u>
TOTAL EXPENDITURES	<u>434,950.00</u>	<u>16,716.05</u>	<u>136,258.74</u>	<u>31.33</u>	<u>298,691.26</u>
	=====	=====	=====	=====	=====
REVENUES OVER/ (UNDER) EXPENDITURES	0.00	197,202.08	318,522.38	(	318,522.38)

CITY OF ELK RIVER
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: JULY 31ST, 2024

920-EDA

58.33% OF YEAR COMP.

REVENUES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	% OF BUDGET	BUDGET BALANCE
EDA					
===					
<u>Taxes</u>					
920-3-0000-3111 Property Taxes	415,950.00	213,918.13	222,447.08	53.48	193,502.92
TOTAL Taxes	415,950.00	213,918.13	222,447.08	53.48	193,502.92
<u>Intergovernmental Rev</u>					
<u>Other Revenue</u>					
920-3-0000-3621 Interest Income	15,000.00	0.00	38,666.69	257.78 (	23,666.69)
920-3-0000-3626 Contributions	0.00	0.00	6,400.00	0.00 (	6,400.00)
TOTAL Other Revenue	15,000.00	0.00	45,066.69	300.44 (	30,066.69)
<u>Other Financing Sources</u>					
920-3-0000-3910 Sale of Assets	0.00	0.00	187,267.35	0.00 (	187,267.35)
TOTAL Other Financing Sources	0.00	0.00	187,267.35	0.00 (	187,267.35)
<u>Transfers In</u>					
920-3-0000-3949 Transfer-HRA	4,000.00	0.00	0.00	0.00	4,000.00
TOTAL Transfers In	4,000.00	0.00	0.00	0.00	4,000.00
TOTAL EDA	434,950.00	213,918.13	454,781.12	104.56 (	19,831.12)
TOTAL REVENUE	434,950.00	213,918.13	454,781.12	104.56 (	19,831.12)
	=====	=====	=====	=====	=====

CITY OF ELK RIVER
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: JULY 31ST, 2024

920-EDA					
Economic Development				58.33%	OF YEAR COMP.
Economic Development					
	CURRENT	CURRENT	YEAR TO DATE	% OF	BUDGET
DEPARTMENTAL EXPENDITURES	BUDGET	PERIOD	ACTUAL	BUDGET	BALANCE
<u>Personal Services</u>					
920-4-6210-4101 Regular Pay	123,900.00	9,453.04	56,718.26	45.78	67,181.74
920-4-6210-4103 Part-time Pay	12,600.00	1,050.00	6,300.00	50.00	6,300.00
920-4-6210-4104 PERA	9,500.00	716.47	4,298.88	45.25	5,201.12
920-4-6210-4105 FICA	8,350.00	582.16	3,546.29	42.47	4,803.71
920-4-6210-4107 Medicare	2,000.00	138.30	842.42	42.12	1,157.58
920-4-6210-4108 Insurance	24,300.00	2,392.20	14,353.20	59.07	9,946.80
920-4-6210-4109 Workers Comp	550.00	0.00	509.57	92.65	40.43
TOTAL Personal Services	181,200.00	14,332.17	86,568.62	47.78	94,631.38
 <u>Supplies</u>					
920-4-6210-4201 Office Supplies	2,500.00	0.98	130.42	5.22	2,369.58
920-4-6210-4212 Fuels & Lubes	50.00	5.58	5.58	11.16	44.42
TOTAL Supplies	2,550.00	6.56	136.00	5.33	2,414.00
 <u>Services & Charges</u>					
920-4-6210-4304 Legal Fees	10,000.00	0.00	1,952.00	19.52	8,048.00
920-4-6210-4319 Professional Services	27,000.00	0.00	0.00	0.00	27,000.00
920-4-6210-4321 Telephone	400.00	0.00	0.00	0.00	400.00
920-4-6210-4322 Postage	200.00	0.00	0.00	0.00	200.00
920-4-6210-4331 Travel, Conferences & Schools	10,450.00	108.32	3,066.92	29.35	7,383.08
920-4-6210-4349 Advertising/Marketing	67,200.00	2,140.00	13,086.50	19.47	54,113.50
920-4-6210-4359 Publishing	350.00	129.00	318.20	90.91	31.80
920-4-6210-4361 Insurance	250.00	0.00	77.00	30.80	173.00
920-4-6210-4404 Software Services	11,100.00	0.00	14,598.40	131.52 (	3,498.40)
920-4-6210-4433 Dues & Subscriptions	4,750.00	0.00	5,415.00	114.00 (	665.00)
920-4-6210-4440 Miscellaneous	73,500.00	0.00	11,040.10	15.02	62,459.90
TOTAL Services & Charges	205,200.00	2,377.32	49,554.12	24.15	155,645.88
 <u>Capital Outlay</u>					
<u>Transfers Out</u>					
920-4-6210-4721 Transfer-General Fund	46,000.00	0.00	0.00	0.00	46,000.00
TOTAL Transfers Out	46,000.00	0.00	0.00	0.00	46,000.00
TOTAL Economic Development	434,950.00	16,716.05	136,258.74	31.33	298,691.26
TOTAL Economic Development	434,950.00	16,716.05	136,258.74	31.33	298,691.26
TOTAL EXPENDITURES	434,950.00	16,716.05	136,258.74	31.33	298,691.26
	=====	=====	=====	=====	=====
REVENUES OVER/(UNDER) EXPENDITURES	0.00	197,202.08	318,522.38	(	318,522.38)



Request for Action

To
Economic Development Authority

Item Number
7.1

Meeting Date
August 19, 2024

Prepared By
Brent O'Neil, Economic Development Director

Item Description
2025 EDA Budget

Reviewed by
Cal Portner

Action Requested

Approve, by motion, the 2025 EDA budget and recommend the City Council include \$427,000 in the Preliminary Levy.

Background/Discussion

The proposed 2025 budget is very similar to the baseline budget for 2023, with similar activities and expenses anticipated.

The total proposed expenditures increase from \$434,950 to \$456,000, a year-over-year change of \$21,150. The proposed levy would increase by a smaller amount, significantly due to stronger interest income than in past budgets. The change in levy is \$11,150, going from \$415,950 to \$427,000 in 2025. The proposed levy is approximately 60% of the maximum authorized by statute.

Of two initiatives discussed at the July workshop, providing supplement funding in anticipation of future property acquisition is not included in the proposed budget. The other item, exploration of a Destination Market Designation (DMC), is included at \$10,000. Work on a DMC may be done in conjunction with the Elk River Area Chamber of Commerce.

Financial Impact

Adoption of the budget sets the 2024 expenditures at \$456,000.

Mission/Policy/Goal

EDA bylaws state the budget be presented to the EDA and be considered for adoption in August.

Attachments

1. 2025 EDA Budget and Levy
2. 2025 EDA Budget Goals

The Elk River Vision

A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity



2025 BUDGET DETAIL

Dept: 920-6210 - Economic Development Authority

Acct. No.	Explanation/Detail of Supplies or Services	2021 Actual	2022 Actual	2023 Actual	2024 BUDGET	2025 BUDGET
	REVENUES:					
3111	Property Taxes	362,164	360,527	392,447	415,950	427,000
3322	MV Credit	199	210	232		
3621	Interest Income	1,396	13,333	51,185	15,000	25,000
3629	Miscellaneous Revenue	23,506	-			
3949	Transfers In - HRA	3,500	3,500	4,000	4,000	4,000
	TOTAL EDA REVENUES	390,765	377,570	447,864	434,950	456,000
	EXPENDITURES:					
	<u>PERSONAL SERVICES</u>					
4101	Regular Pay	83,612	93,298	115,979	123,900	130,800
4103	Part-time Pay	12,600	12,600	12,600	12,600	12,600
4104	PERA	5,697	6,700	8,788	9,500	10,000
4105	FICA	5,816	6,286	7,698	8,350	8,800
4107	Medicare	1,412	1,522	1,827	2,000	2,100
4108	Insurance	5,131	17,703	24,106	24,300	25,500
4109	Workers Comp	483	516	473	550	650
	TOTAL PERSONAL SERVICES	114,751	138,625	171,471	181,200	190,450
	<u>SUPPLIES</u>					
4201	Office Supplies	2,584	7,250	1,719	2,500	3,000
	Office supplies				2,500	2,500
	Computer equip					500
4212	Fuels & Lubes	80	55	-	50	50
	Unleaded gas				50	50
	TOTAL SUPPLIES	2,664	7,305	1,719	2,550	3,050
	<u>SERVICES & CHARGES</u>					
4304	Legal Fees	9,237	7,027	10,786	10,000	10,000
	Misc.				10,000	10,000
4319	Other Professional Services	7,590	-	-	27,000	25,000
	Consulting/Studies				27,000	25,000
					-	
4321	Telephone	430	12	-	400	400
	Cell phone (2)				400	400
4322	Postage	26	10	40	200	100
	Marketing mailings				200	100
4331	Conferences/Schools	10,769	5,035	5,946	10,450	11,000
	EDAM				2,500	1,500
	Annual IEDC Conference				-	-
	Chamber Events				500	500
	MREJ				1,000	1,000
	MNCREW				-	-
	CMMA				350	400
	Ehlers/Baker Tilly Symposium				600	600
	Misc. training - IEDC Certification				-	1,500
	MAEDC (BP and Competitive Conf.)				2,500	2,500
	Other				3,000	3,000
4349	Advertising/Marketing	44,780	27,367	30,914	67,200	73,600
	Community Profiles				2,000	
	Advertising (Production & Publication)				8,000	8,000
	Direct Mailings - Mfg Week				-	100
	Promo items				1,000	1,000
	Special events				2,000	2,000
	Sponsorships (City/EDA)				3,000	4,000
	Catalyst				5,000	5,000
	Trade Shows & Lead Generation (includes travel)				8,000	8,000
	Site Selector Event (Economix, Etc) - moved from 4331				3,000	3,000
	EDA Website (EDA share - 1/2 EDA & 1/2 HRA)				5,700	6,000
	Lead Forensics (2023 - no longer shared by EDA/HRA)				-	-
	Promotion & Awards				1,500	1,500
	Holiday card marketing				-	-
	Together Elk River Campaign				20,000	20,000
	Energy City Program (rebates)				2,500	1,000

	MMP Partner Visits				2,500	1,000
	Misc. Marketing				3,000	3,000
	Destination Marketing Org. (DMO)/Chamber Partnership					10,000
4359	Publishing	312	225	1,070	350	1,000
	Public notices, etc				350	1,000
4361	Insurance	220	164	93	250	250
	Auto insurance				250	250
4404	Software Subscriptions	-		13,026	11,100	15,000
	Software/Licensing (Sketchup, etc.)				2,000	2,000
	Analytics Software				7,600	11,000
	CitizenServe				1,500	2,000
4433	Dues/Subscriptions	3,694	12,494	4,969	4,750	4,650
	EDAM				550	600
	Chamber				700	700
	CMMA				350	350
	MNCAR				350	500
	IEDC				-	-
	Finance and Commerce				350	350
	MN Marketing Partnership				800	-
	MAEDC				450	900
	MPLS/ST Paul Business Journal				350	350
	GROW MN/Salesforce License				600	600
	Star Tribune				250	300
4440	Miscellaneous	18,890	5,623	3,442	73,500	73,500
	Initiative Foundation				3,500	3,500
	Wetland credit bank				60,000	60,000
	Public Art				10,000	10,000
4721	TOTAL SERVICES & CHARGES	95,948	57,957	70,286	205,200	214,500
	TRANSFERS OUT				46,000	48,000
	General Fund	41,000	43,000	45,000	46,000	48,000
	TOTAL EDA EXPENDITURES	254,363	246,887	288,476	434,950	456,000
	REVENUES OVER/(UNDER) EXPENDITURES	136,402	130,683	159,388	-	-
		^	^	^	^	^

Performance Measures & Goals for 2025

Division:	Economic Development
Completed by:	Brent O'Neil
Date:	July 8, 2024

Performance Measure	2021 Actual	2022 Actual	2023 Actual	2024 Estimated	2024 YTD	2025 Projected
Business Engagements (prev. tracked more rigidly as BRE)	4	7	21	20	16	20
Facilitate Site Visits to Elk River	1	1	6	4	2	4
Commercial - Industrial permit value	\$58,000,000	\$67,000,000	\$51,000,000	\$60,000,000	\$5,700,000	\$6,000,000
Net impressions from placed ads	310,000	200,000	150,000	250,000	80,000	150,000
EDA Website Traffic	5,000	5,500	5,500	8,000	3,200	6,000

Division Goal	Goal Objective/Task
Support Elk River's existing businesses through relationship building, programmatic offerings, and high quality city services	Continue to outreach to receive feedback on city factors impacting businesses including BRE visits and other interactions. Provide technical assistance as necessary and through feedback ensure economic development programs of the city are in line with business needs and utilization. Develop and modify programming by utilizing feedback from the business community. Consider an annual or semi-annual forum of local businesses to complement business engagements and foster additional outreach to the business community.
Attract new business development to Elk River to build the city's economic vibrancy, job offerings and tax base	Continue to market and promote the community. Make contact with prospective businesses and siting professionals and specifically highlighting the community's strengths. Market existing properties (EDA and private) and capture opportunities for land development and assembly. Direct targeted focus on specific sectors, including those identified in the EDA strategic plan: precision manufacturing, renewable energy, regional distribution, biomedical manufacturers, and health care services.
Consider new programs that promote the community image	Support beautification efforts, public art, events, and investments that attract visitors to Elk River. Direct investment in certain programs may lead to enhanced community perception and increase in visitors to Elk River.
Partner with peer organizations	Continue to work with Sherburne County, Elk River Area Chamber of Commerce, GreaterMSP, DEED, MN Marketing Partnership, ERMU, and ISD 728. Consider regional marketing efforts.
Maintain an inventory of private and public properties available for future development	Keep a detailed and regularly-updated inventory of properties which may be suitable for development and likely available to promote to business prospects. In addition to utilizing the MNCAR system for actively available properties, also identify properties in coordination with owners that could be identified and shared with interested parties. Develop a web-based portal for disseminating available private property not otherwise participating in a listing service.
Maintain financial incentives to enhance economic development	Maximize and leverage city programs, MnDEED monies, Initiative Foundation, Sherburne County Revolving Loan Fund and other financial tools and incentives. Evaluate programs for relevance and capacity to serve current community needs; modify as necessary.
Position the Together Elk River (TER) campaign/brand to support ongoing community priorities and challenges.	Focus on transitioning TER's support of the 169 Redefine construction project to a traveler-based marketing campaign in 2025 while also focusing on other community-oriented business support campaign(s).
Promote visitor attraction to Elk River	Implement marketing and other activities which boost visitor traffic to Elk River for shopping, recreation, events, and enjoyment. Consider ways to boost hotel and restaurant capacities in the city. Investigate implementation of Destination Marketing Organizations (DMOs).
Plan for new commercial and industrial growth areas	Identifies areas suitable for growth and how to best facilitate private investment. This can include studies to determine how and when utility infrastructure can be implemented as well as tools for bringing more land on-line, including private and public property.
Increase the number of companies actively manufacturing products or components of products directly or indirectly used in renewable energy or energy efficiency by 2024	Work with ERMU, the environmental division, and Energy City Commission.



Request for Action

To
Economic Development Authority

Item Number
7.2

Meeting Date
August 19, 2024

Prepared By
Brent O'Neil, Economic Development Director

Item Description
Levy for Debt Service on YMCA Bonds

Reviewed by
Cal Portner

Action Requested

Approve, by motion, a resolution establishing the 2025 referendum tax levy of \$520,336 for debt service on the YMCA facility.

Background/Discussion

In 2007, the EDA issued \$12 million in bonds for the construction of a recreational facility to be leased to the YMCA. In 2013, the EDA issued \$9,685,000 crossover refunding bonds to redeem the Series 2007 bonds. The refunding created interest savings and set the maturity of the bonds for 2033.

Under the lease agreement with the YMCA, the EDA pays two-thirds of the debt service and the YMCA pays the remaining one-third. The EDA portion of the scheduled bond payment for 2025 is \$495,558. The bond issuance requirements necessitate funding the annual payments with a coverage ratio of 1.05, or 105% percent of the bond payment. Therefore, the required levy for the 2025 bond payment is \$520,336.

Financial Impact

The levy for taxes payable in 2025 is \$520,336.

Mission/Policy/Goal

Support Elk River's existing businesses through relationship building, programmatic offerings, and high-quality city services.

Attachments

- I. Res 24-04 YMCA Resolution

The Elk River Vision

A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity





Resolution 24-04

A Resolution of the City of Elk River Economic Development Authority Establishing the Referendum Tax Levy as Approved by Voters for a Recreational Facility to be leased to the YMCA

WHEREAS, on September 12, 2006, the voters of the City of Elk River approved a referendum pledging the City's full faith, credit, and resources to \$12,000,000 of bonds for a recreational facility to be leased to the YMCA; and

WHEREAS, in 2013, the EDA issued \$9,685,000 cross-over refunding bonds to redeem the Series 2007 Bonds on February 1, 2017.

NOW, THEREFORE, BE IT RESOLVED by the Economic Development Authority of the City of Elk River, Minnesota, as follows: that it hereby levies a tax of \$520,336 for taxes payable in 2025 for the purposes of funding the debt service on \$9,685,000 of bonds as approved by voters to build a recreational facility to be leased to the YMCA.

Passed and adopted this 16th day of August, 2024.

Dan Tveite, EDA President

ATTEST:

Brent O'Neil, EDA Executive Director





Request for Action

To
Economic Development Authority

Item Number
7.3

Meeting Date
August 19, 2024

Prepared By
Brent O'Neil, Economic Development Director

Item Description
Subordination Agreements - Loan to Heritage
Millwork

Reviewed by
Cal Portner

Action Requested

Approve, by motion, a resolution subordinating the EDA loan to Heritage Millwork in favor of First Bank Elk River and the Twin Cities-Metro Certified Development Company (TCM).

Background/Discussion

The EDA authorized a loan in the amount of \$200,000 to Heritage Millwork, Inc. on June 17, 2024. This loan is part of the overall financing of Heritage's investment in a new Elk River facility, in which the project is receiving financing through First Bank, TCM and the City of Elk River. First Bank and TCM have requested the EDA subordinate its position on the loan. While it does create a third security position on the loan, it is common in situations in which the EDA is providing gap financing for the EDA to accept a subordinated position. In this instance, the EDA's position is secured through all personal property and equipment now owned or acquired and located at the facility.

Financial Impact
N/A

Mission/Policy/Goal

Attract new business development to Elk River to build the city's economic vibrancy, job offerings and tax base.

Attachments

1. Subordination - Twin Cities Metro
2. Subordination - First Bank Elk River
3. Res 24-05 Resolution Approving Subordination Agreements

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EQUIPMENT SUBORDINATION AGREEMENT

Date: _____

FOR VALUABLE CONSIDERATION, the undersigned hereby subordinates the lien on personal property located in (Sherburne County), Minnesota, described as follows:

SEE ATTACHED EQUIPMENT LIST

which is evidenced by a Security Agreement and UCC-1 Financing Statement dated, _____
and filed for record on _____, as Filing Number _____ in the
office of the Secretary of State, to a lien evidenced by a Security Agreement and UCC-1 Financing
Statement from Heritage Millwork, Inc. to Twin Cities-Metro Certified Development Company, assigned
to the U.S. Small Business Administration in an amount not to exceed \$4,824,000.00 filed for record in
the office of the Secretary of State.

of Elk River

Economic Development Authority of the City

By:

Its: President

By:

Its: Executive Director

STATE OF MINNESOTA)
)ss.
COUNTY OF _____)

On this _____ day of _____, 2024, before me personally appeared _____, who being by me duly sworn, did depose and say that (s)he is the President of the Economic Development Authority of the City of Elk River described in and which executed the foregoing instrument; and that (s)he signed his name thereto by order of said public body corporate and politic of the State of Minnesota.

Notary Public

STATE OF MINNESOTA)
)ss.
COUNTY OF _____)

On this _____ day of _____, 2024, before me personally appeared _____, who being by me duly sworn, did depose and say that (s)he is the Executive Director of the Economic Development Authority of the City of Elk River described in and which executed the foregoing instrument; and that (s)he signed his name thereto by order of said public body corporate and politic of the State of Minnesota.

Notary Public

Drafted By:
Twin Cities-Metro CDC
3495 Vadnais Center Drive
Vadnais Heights, Minnesota 55110
651-481-8081

DEBT SUBORDINATION AGREEMENT

THIS DEBT SUBORDINATION AGREEMENT (this “Agreement”) is made and entered into as of the ____ day of August, 2024, by and among HERITAGE MILLWORK, INC., a Minnesota corporation (“OpCo”), JADE ELK PROPERTIES LLC, a Minnesota limited liability company (“HoldCo” and together with OpCo, collectively, “Borrowers”), the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF ELK RIVER, a public body corporate and politic of the State of Minnesota (“Subordinated Creditor”), and FIRST BANK ELK RIVER, a Minnesota state banking corporation (“Senior Lender”).

WITNESSETH:

WHEREAS, as a condition to entering into that certain Construction Loan Agreement dated as of even date herewith (the “Loan Agreement”), by and among Borrowers and Senior Lender, Senior Lender requires that Borrowers, and Subordinated Creditor enter into this Agreement; and

WHEREAS, Subordinated Creditor acknowledges that the extensions of financial accommodations to Borrowers by Senior Lender are of value to Subordinated Creditor.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions. As used herein, the following capitalized terms shall have the following meanings:

“Event of Default” shall have the meaning given to such term in the Loan Agreement.

“Senior Claim” shall mean all of Borrowers’ indebtedness, liabilities and obligations to Senior Lender now existing or hereafter arising, direct or indirect, absolute or contingent, joint or several, whether as maker, endorser, surety, guarantor or otherwise, as well as the notes or other instruments evidencing the same, and any extensions, renewals, restatements or refinancings thereof, including, without limitation, the obligations of Borrowers to Senior Lender under the Loan Agreement and the documents related thereto.

“Subordinated Claim” shall mean all of Borrowers’ indebtedness, liabilities and obligations to Subordinated Creditor, now existing or hereafter arising, direct or indirect, absolute or contingent, joint or several, whether as maker, endorser, surety, guarantor or otherwise, as well as the notes or other instruments evidencing the same, and any extensions, renewals, restatements or refinancings thereof, including, without limitation, the obligations of OpCo to the Subordinated Creditor under and in respect of the Subordinated Loan.

“Subordinated Loan” shall mean any and all indebtedness of OpCo to Subordinated Creditor, whether or not evidenced by a promissory note or other debt instrument, including without limitation all indebtedness evidenced by the Subordinated Note.

“Subordinated Note” shall mean that certain Promissory Note dated August __, 2024, in the original principal amount of \$200,000.00, given by OpCo to Subordinated Creditor, a copy of which is attached hereto as Exhibit A.

2. Limitations on Payment. Subordinated Creditor will not receive, or take action to collect or enforce, payment from OpCo, and OpCo will not make payment to Subordinated Creditor of the Subordinated Claim or any part thereof, without the prior written consent of Senior Lender; provided that so long as no Event of Default has occurred and is continuing, OpCo may pay, and Subordinated Creditor may collect and retain, scheduled payments, but not prepayments, under the Subordinated Note when due. Upon the occurrence and during the continuance of an Event of Default, OpCo shall not make, and Subordinated Creditor shall not accept, payments of any kind toward the Subordinated Claim. Except for the collection of regularly scheduled principal and interest payments as set forth herein, Subordinated Creditor will not, without the prior written consent of Senior Lender, receive or take any action to collect or enforce, payment of the Subordinated Claim or any part thereof from any trustee in bankruptcy, receiver, or other liquidator of any part of OpCo’s property, or from any other person. Until payment in full of the Senior Claim, any payment received by Subordinated Creditor following the occurrence and during the continuance of an Event of Default shall promptly be delivered to Senior Lender for application to the Senior Claim, in such order as Senior Lender shall elect.

3. Priority of Security Interest. Any now existing or hereafter arising security interest in Borrowers’ now owned or hereafter acquired property held from time to time by Senior Lender shall have priority in all respects as to any now existing or hereafter arising security interests in Borrowers’ now owned or hereafter acquired property held from time to time by Subordinated Creditor. The priorities specified herein are applicable irrespective of the time or order of attachment or perfection of security interests or the time or order of filing of financing statements or the giving or failure to give notice of the acquisition or expected acquisition of any security interest by Senior Lender or Subordinated Creditor.

4. Senior Lender Priority. In the event of the bankruptcy of, or the appointment of a trustee, receiver or other representative or liquidator for any of the property of Borrowers, or in the event Borrowers shall become the subject of any proceeding of any character under any federal or state bankruptcy or insolvency act or law, all monies and other property allocated or allocable to the Subordinated Claim and which would be payable or deliverable to Subordinated Creditor in the absence of the provisions of this Agreement shall be paid and delivered directly to Senior Lender for application by Senior Lender to the Senior Claim, in such order as Senior Lender shall elect, until full payment of the Senior Claim with the excess, if any, to be paid to Subordinated Creditor, regardless of whether Subordinated Creditor or Senior Lender or both file a claim on behalf of the Subordinated Claim in any such proceeding. Senior Lender is hereby irrevocably appointed attorney-in-fact for Subordinated Creditor with full power to act in the place and stead of Subordinated Creditor in all matters relating to or affecting the Subordinated Claim, until full payment of all Senior Claims, including the right to make, present, file and vote such proofs of claim against any Borrower on account of all or any part of said Subordinated Claim, as Senior Lender may deem advisable and to receive and collect any and all dividends or other payments (“Dividends”) made thereon and to apply the same on account of the Senior Claim. Subordinated Creditor will execute and deliver to Senior Lender such instruments as may be required by Senior Lender to enforce any and all such Subordinated Claim, to effectuate the

aforesaid power of attorney and to effect collection of any and all Dividends which may be made at any time on account thereof. As collateral securing payment of the Senior Claim, Subordinated Creditor hereby transfers and assigns to Senior Lender the Subordinated Claim and all collateral security and guaranties therefor to which Subordinated Creditor may be entitled. Senior Lender may file one or more financing statements concerning any security interest hereby created without the signature of Subordinated Creditor.

5. Pay Over of Monies. In the event that Subordinated Creditor receives any payment or property on the Subordinated Claim in violation of the terms of this Agreement, such payments shall be held in trust by Subordinated Creditor and Subordinated Creditor will forthwith pay over or deliver the same to Senior Lender to be held by Senior Lender as cash collateral securing the Senior Claim.

6. Undertakings Unaffected. Subordinated Creditor's undertakings herein shall not be affected or impaired by (a) any neglect or omission on the part of Senior Lender to look to or to preserve any collateral at any time securing payment of the Senior Claim, or (b) any act on the part of Senior Lender in releasing, cancelling or surrendering all or part of such collateral, or in extending the time for payment with respect to all or any part of the Senior Claim or such collateral, or in enforcing or realizing upon such collateral. No notice whatsoever need be given to Subordinated Creditor at any time of the Senior Claim or the amount or amounts thereof, whether now existing or hereafter arising, or any increase or decrease therein, or any payments thereof, or with respect to any collateral, or in any other respect.

7. Limitation on Transfer. Subordinated Creditor will not assign, pledge or otherwise transfer, or permit or suffer to be assigned, pledged or otherwise transferred, or execute any power of attorney with respect to, the Subordinated Claim or any part thereof, unless such assignee, pledger or transferee agrees in writing to be bound by the terms and conditions of this Agreement.

8. Legend and No Amendment. Each note or other instrument evidencing the Subordinated Claim shall forthwith if now outstanding and otherwise upon issuance be stamped or otherwise noted in writing upon the face thereof by Subordinated Creditor with a notation reading substantially as follows:

“This note or instrument is subject to a Debt Subordination Agreement dated August __, 2024, among maker and payee thereof, Jade Elk Properties, LLC, a Minnesota limited liability company, and First Bank Elk River, a Minnesota state banking corporation, which is made a part hereof by reference.”

No instrument or note evidencing the Subordinated Claim or any part thereof shall be amended or modified in any manner without the prior written consent of Senior Lender.

9. Acceleration. In the event of any breach of this Agreement, Senior Lender shall have the right, at its option, and in addition to any other rights Senior Lender may have, to declare the Senior Claim immediately due and payable without notice or demand.

10. No Commitment to Extend Credit. Nothing herein creates, or implies the existence of, any commitment on the part of Senior Lender or Subordinated Creditor to extend credit to Borrowers.

11. Continuing Nature of Subordination. This Agreement shall be irrevocable and shall continue effective until the Subordinated Loan shall have been paid in full. This is a continuing agreement of subordination and Senior Lender may continue, at any time and without notice to Subordinated Creditor, to extend credit or other financial accommodations and loan monies to or for the benefit of Borrowers on the faith hereof.

12. Successors and Assigns. This Agreement is binding not only upon Subordinated Creditor and Borrowers, but also upon the heirs, representative, successors and assigns of each of them, and is enforceable not only by Senior Lender but also by its successors and any assignee of or participant in the Senior Claim, but shall not inure to the benefit of or be enforceable by any other party or subordinate the Subordinated Claim to any claim other than the Senior Claim.

13. GOVERNING LAW. THIS AGREEMENT SHALL BE INTERPRETED, AND THE RIGHTS AND LIABILITIES OF THE PARTIES HERETO DETERMINED, IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF MINNESOTA.

14. Section Titles; Gender. The section titles contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto. The singular form of any word used in this Agreement shall include the masculine and feminine forms, and vice versa.

15. Notices. Except as otherwise expressly provided herein, any notice required or desired to be served, given or delivered hereunder shall be in writing and shall be deemed to have been validly served, given or delivered upon receipt when personally delivered or sent by facsimile transmission or overnight courier, or when duly deposited in the United States mails, certified or registered, with proper postage prepaid, addressed to the party to be notified as follows:

If to Borrowers:

Heritage Millwork, Inc.
Jade Elk Properties, LLC

If to Subordinated Creditor:

Economic Development Authority of the City of
Elk River
13065 Orono Parkway
Elk River, Minnesota 55330

If to Senior Lender:

First Bank Elk River
812 Main Street
Elk River, Minnesota 55330

16. Counterparts: This Subordination Agreement may be executed in any number of counterparts, each of which shall be an original with the same effect as if the signatures thereto and hereto were upon the same document.

IN WITNESS WHEREOF, the parties have executed this Subordination Agreement as of the day and year first above written.

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[SIGNATURE PAGES TO FOLLOW.]

[SIGNATURE PAGE TO DEBT SUBORDINATION AGREEMENT]

BORROWERS:

HERITAGE MILLWORK, INC., a
Minnesota corporation

By: _____
Name: _____
Its: _____

STATE OF MINNESOTA)
) ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of August, 2024, by
_____, the _____ of Heritage Millwork, Inc., a Minnesota corporation, for an
on behalf of said corporation.

Notary Public

[SIGNATURE PAGE TO DEBT SUBORDINATION AGREEMENT]

JADE ELK PROPERTIES LLC, a
Minnesota limited liability company

By: _____
Patrick Menth
Its: Vice President

STATE OF MINNESOTA)
) ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of August, 2024, by Patrick Menth, the Vice President of Jade Elk Properties LLC, a Minnesota limited liability company, for an on behalf of said limited liability company.

Notary Public

[SIGNATURE PAGE TO DEBT SUBORDINATION AGREEMENT]

SUBORDINATED CREDITOR:

ECONOMIC DEVELOPMENT
AUTHORITY OF THE CITY OF ELK
RIVER, a public body corporate and politic
of the State of Minnesota

By: _____
Name: _____
Its: _____

STATE OF MINNESOTA)
) ss
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of August, 2024, by the Economic Development Authority of the City of Elk River, a public body corporate and politic of the State of Minnesota, for and on behalf of said public body.

Notary Public

[SIGNATURE PAGE TO DEBT SUBORDINATION AGREEMENT]

SENIOR LENDER:

FIRST BANK ELK RIVER, a Minnesota
state banking corporation

By: _____
Scott D. Fritz
Its: Executive Vice President

EXHIBIT A

FORM OF SUBORDINATED NOTE

[Attached]

**ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF ELK RIVER
SHERBURNE COUNTY
STATE OF MINNESOTA**

RESOLUTION NO. 24-05

**RESOLUTION APPROVING SUBORDINATION AGREEMENTS
RELATED TO THE HERITAGE MILLWORK PROJECT**

WHEREAS, the Economic Development Authority of the City of Elk River (the “Authority”) has approved a Loan Agreement (the “EDA Loan Agreement”) with Heritage Millwork, Inc., a Minnesota corporation (the “Borrower”), pursuant to which the Authority has agreed to provide the Borrower with a loan in the principal amount of \$200,000 (the “EDA Loan”) to assist with purchasing equipment in connection with the acquisition, construction and equipping of an approximately 110,000 square foot industrial warehouse facility for use in the Borrower’s manufacturing business located in the City of Elk River, Minnesota (the “Project”); and

WHEREAS, to finance the Project, the Borrower is receiving (i) a loan (the “Bank Loan”) from First Bank Elk River, a Minnesota state banking corporation (the “Bank”), and (ii) a loan (the “SBA Loan” and, together with the Bank Loan, the “Priority Loans”) from Twin Cities-Metro Certified Development Company, a Minnesota nonprofit corporation (the “SBA Lender” and, together with the Bank, the “Lenders”), assigned to the U.S. Small Business Administration and the Lenders require that as a condition of giving the Borrower the Priority Loans, the Authority subordinate their rights under the EDA Loan Agreement and related documents pursuant to (i) a certain Debt Subordination Agreement by and between the Authority, the Borrower, Jade Elk Properties LLC, a Minnesota limited liability company, and the Bank (the “Bank Subordination Agreement”), a form of which is presented to the Board of Commissioners of the Authority (the “Board”), and (ii) a certain Equipment Subordination Agreement, made by the Authority for the benefit of the SBA Lender (the “SBA Subordination Agreement” and, together with the Bank Subordination Agreement, the “Subordination Agreements”), a form of which is presented to the Board; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Elk River Economic Development Authority as follows:

1. The Authority hereby approves the Subordination Agreements, substantially in accordance with the terms set forth in the form presented to the Board, together with any related documents necessary in connection therewith, including without limitation all documents, exhibits, certifications or consents referenced in or attached to the Subordination Agreements (collectively, the “Lender Documents”) and hereby authorizes the President and the Executive Director to negotiate the final terms thereof and, in their discretion and at such time as they may deem appropriate, to execute the Lender Documents on behalf of the Authority, and to carry out, on behalf of the Authority, the Authority’s obligations thereunder when all conditions precedent thereto have been satisfied.

2. The approval hereby given to the Lender Documents includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by legal counsel to the Authority and by the officers authorized herein to execute said documents prior to their execution; and said officers are hereby authorized to approve said changes on behalf of the Authority. The execution of any instrument by the appropriate officers of the Authority herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof. This Resolution shall not constitute an offer and the Lender

Documents shall not be effective until the date of execution thereof as provided herein. In the event of absence or disability of the officers, any of the documents authorized by this Resolution to be executed may be executed without further act or authorization of the Board by any duly designated acting official, or by such other officer or officers of the Board as, in the opinion of the Authority's Attorney, may act in their behalf.

3. Upon execution and delivery of the Lender Documents, the officers and employees of the Authority are hereby authorized and directed to take or cause to be taken such actions as may be necessary on behalf of the Authority to implement the Lender Documents.

Approved this August 19, 2024, by the Board of Commissioners of the Economic Development Authority of the City of Elk River.

President

ATTEST:

Secretary



Request for Action

To
Economic Development Authority

Item Number
7.4

Meeting Date
August 19, 2024

Prepared By
Brent O'Neil, Economic Development Director

Item Description
General Updates

Reviewed by
Cal Portner

Action Requested
Item is presented for information and discussion purposes.

Background/Discussion
This item is an opportunity to discuss relevant topics and other non-action items of the board, including committee updates.

Financial Impact
N/A

Mission/Policy/Goal
Support Elk River's existing businesses through relationship building, programmatic offerings, and high-quality city services.

Attachments
None

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A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity

