



Economic Development Authority

Monday, June 16, 2025

5:30 PM

Elk River City Hall

Regular Meeting, Work Session & Closed Meeting Agenda

- Regular meeting in Council Chambers
- Work Session and Closed meetings 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 Minutes - May 19, 2025

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 General Updates

8. MOTION TO ADJOURN REGULAR MEETING

9. WORK SESSION

Work Sessions are less formal meetings to encourage dialog. Official action or votes are not typically taken. At the conclusion of a discussion, a simple consensus provides staff direction for execution of the item. This portion of the agenda is audio recorded but not video recorded or broadcast. Work Sessions are open to the public; however, visitors who wish

to provide input must be invited by the presiding officer, assume a seat at the discussion table and provide their full name and address for the official record.

9.1 Microloan Program Updates

10. CLOSED MEETING - PID #75-00757-0105 - 17610 TYLER ST. NW

10.1 Statement to be read by the Chair:

"The Economic Development Authority will be closing the meeting pursuant to MN Statute Section 13D.05, Subdivision 3(c)(1) to consider offers or counteroffers relating to the sale of PID 75-00757-0105, 17610 Tyler ST. NW."

10.2 Motion Calling Closed Meeting

10.3 Hold Closed Meeting

10.4 Motion to Adjourn Closed 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, May 19, 2025**

Members Present: President Matt Westgaard, Commissioners Cory Grupa, J. Brian Calva, Jeff Hartwig, Jennifer Wagner, and Charlie Blesener

Members Absent: Commissioner Mike Beyer

Staff Present: Economic Development Director Brent O'Neil, Economic Development Specialist Joshua Mollan, and City Clerk Tina Allard

1. CALL MEETING TO ORDER

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

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited.

3. CONSIDER AGENDA

Moved by Commissioner J. Brian Calva and seconded by Commissioner Jeff Hartwig to approve the agenda. Motion Carried 6-0.

4. CONSENT AGENDA

Moved by Commissioner Charlie Blesener and seconded by Commissioner Jennifer Wagner to approve the following consent items as outlined in their respective staff reports. Motion Carried 6-0.

4.1 Draft Minutes - April 21, 2025

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

Mr. Mollan provided an update of the Together Elk River Committee and their summer focus to utilize Google marketing. He noted the Beautification Award program and application are live on the website.

Mr. O'Neil provided an update on the following items:

- Loan program modifications
- Review of interest rates on programs
- Process needed for tracking loans
- Dasher board marketing for the EDA at the community center
- No increase in pricing for Placer.ai this year
- Desire to link HRA and EDA meetings on the same night

8. MOTION TO ADJOURN REGULAR MEETING

Moved by Commissioner Charlie Blesener and seconded by Commissioner Jeff Hartwig to adjourn the meeting. Motion Carried 6-0.

The meeting adjourned at 5:40 p.m.

9. CLOSED MEETING - PID # 75-00757-0105 - 17610 TYLER ST. NW

The closed meeting was called to order at 5:43 p.m.

Members Present: President Matt Westgaard, Commissioners Cory Grupa, J. Brian Calva, Jeff Hartwig, Jennifer Wagner, Charlie Blesener

Members Absent: Commissioner Beyer

Staff Present: Economic Development Director, Brent O'Neil, Economic Development Specialist Josh Mollan, and City Clerk Tina Allard

Also Present: Realtor Ryan Hardin

9.1 Statement to be read by the Chair:

"The Economic Development Authority will be closing the meeting pursuant to MN Statute Section 13D.05, Subdivision 3(c)(1) to consider offers or counteroffers relating to the sale of PID 75-00757-0105, 17610 Tyler ST. NW."

Chair Westgaard read the statement.

9.2 Motion Calling Closed Meeting

Chair Westgaard started the meeting.

9.3 Hold Closed Meeting

The closed meeting was held.

9.4 Motion to Adjourn Closed Meeting

Moved by Commissioner Jennifer Wagner and seconded by Commissioner J. Brian Calva to adjourn the meeting. Motion Carried 6-0.

The meeting adjourned at 6:15 p.m.

Minutes prepared by City Clerk Tina Allard.

Dan Tveite, EDA President

Tina Allard, City Clerk

DRAFT

Report Criteria:

Invoice Detail.GL account = {>=} "920"

| Invoice Number | Sequence Number | Description | Type | Invoice Date | Due Date | Invoice Amount | Net Invoice Check Amount | GL Account Number |
|---------------------------------------|-----------------|---------------------------------|---------|--------------|------------|----------------|--------------------------|-------------------|
| CITY OF ELK RIVER | | | | | | | | |
| 920 | | | | | | | | |
| 5-2025 EDA | 1 | EDA SALARIES - MAY 25 | Invoice | 06/10/2025 | 06/16/2025 | 9,979.10 | 9,979.10 | 920-4-6210-4101 |
| 5-2025 EDA | 2 | EDA SALARIES - MAY 25 | Invoice | 06/10/2025 | 06/16/2025 | 1,050.00 | 1,050.00 | 920-4-6210-4103 |
| 5-2025 EDA | 3 | EDA SALARIES - MAY 25 | Invoice | 06/10/2025 | 06/16/2025 | 763.44 | 763.44 | 920-4-6210-4104 |
| 5-2025 EDA | 4 | EDA SALARIES - MAY 25 | Invoice | 06/10/2025 | 06/16/2025 | 629.59 | 629.59 | 920-4-6210-4105 |
| 5-2025 EDA | 5 | EDA SALARIES - MAY 25 | Invoice | 06/10/2025 | 06/16/2025 | 151.64 | 151.64 | 920-4-6210-4107 |
| 5-2025 EDA | 6 | EDA SALARIES - MAY 25 | Invoice | 06/10/2025 | 06/16/2025 | 1,445.40 | 1,445.40 | 920-4-6210-4108 |
| 5-2025 EDA | 7 | EDA REIMB - WC JUL/SEP | Invoice | 06/10/2025 | 06/16/2025 | 133.00 | 133.00 | 920-4-6210-4109 |
| 5-2025 EDA | 8 | EDA REIMB - SUPPLIES/STAPLES | Invoice | 06/10/2025 | 06/16/2025 | 14.97 | 14.97 | 920-4-6210-4201 |
| Total 17440 CITY OF ELK RIVER: | | | | | | 14,167.14 | 14,167.14 | |
| Total 920: | | | | | | 14,167.14 | 14,167.14 | |
| JOSHUA MOLLAN | | | | | | | | |
| 920 | | | | | | | | |
| 6092025 JM | 1 | REIMB MILEAGE 06-09-2025 MOLLAN | Invoice | 06/09/2025 | 07/09/2025 | 36.33 | 36.33 | 920-4-6210-4331 |
| Total 14730 JOSHUA MOLLAN: | | | | | | 36.33 | 36.33 | |
| Total 920: | | | | | | 36.33 | 36.33 | |
| PLACER LABS, INC. | | | | | | | | |
| 920 | | | | | | | | |
| INUS03113 | 1 | PLATFORM ACCESS-EDA SPLT W/HR | Invoice | 05/31/2025 | 06/30/2025 | 10,500.00 | 10,500.00 | 920-4-6210-4433 |
| Total 14728 PLACER LABS, INC.: | | | | | | 10,500.00 | 10,500.00 | |
| Total 920: | | | | | | 10,500.00 | 10,500.00 | |
| CARASOFT TECHNOLOGY CORP | | | | | | | | |
| 920 | | | | | | | | |
| 49656115INV | 1 | ANNUAL SUBSCRIPTION | Invoice | 06/06/2025 | 07/05/2025 | 390.33 | 390.33 | 920-4-6210-4404 |
| Total 13670 CARASOFT TECHNOLOGY CORP: | | | | | | 390.33 | 390.33 | |
| Total 920: | | | | | | 390.33 | 390.33 | |
| E D A M | | | | | | | | |
| 920 | | | | | | | | |
| 1005 | 1 | 2025 SUMMER CONFERENCE MOLL | Invoice | 05/16/2025 | 06/16/2025 | 385.00 | 385.00 | 920-4-6210-4331 |
| 1006 | 1 | 2025 SUMMER CONFERENCE O'NEIL | Invoice | 05/16/2025 | 06/16/2025 | 385.00 | 385.00 | 920-4-6210-4331 |
| Total 17025 E D A M: | | | | | | 770.00 | 770.00 | |
| Total 920: | | | | | | 770.00 | 770.00 | |
| Total : | | | | | | 25,863.80 | 25,863.80 | |
| Grand Totals: | | | | | | 25,863.80 | 25,863.80 | |

Summary by General Ledger Account Number

| GL Account Number | Debit | Credit | Net |
|-------------------|-----------|--------|-----------|
| 920-4-6210-4101 | 9,979.10 | .00 | 9,979.10 |
| 920-4-6210-4103 | 1,050.00 | .00 | 1,050.00 |
| 920-4-6210-4104 | 763.44 | .00 | 763.44 |
| 920-4-6210-4105 | 629.59 | .00 | 629.59 |
| 920-4-6210-4107 | 151.64 | .00 | 151.64 |
| 920-4-6210-4108 | 1,445.40 | .00 | 1,445.40 |
| 920-4-6210-4109 | 133.00 | .00 | 133.00 |
| 920-4-6210-4201 | 14.97 | .00 | 14.97 |
| 920-4-6210-4331 | 806.33 | .00 | 806.33 |
| 920-4-6210-4404 | 390.33 | .00 | 390.33 |
| 920-4-6210-4433 | 10,500.00 | .00 | 10,500.00 |
| Grand Totals: | 25,863.80 | .00 | 25,863.80 |

Summary by General Ledger Posting Period

| GL Posting Period | Debit | Credit | Net |
|-------------------|-----------|--------|-----------|
| 00/00 | 25,863.80 | .00 | 25,863.80 |
| Grand Totals: | 25,863.80 | .00 | 25,863.80 |

Report Criteria:

Invoice Detail.GL account = {>=} "920"

CITY OF ELK RIVER

Balance Sheet

May 31, 2025

Fund 920 - EDA

Assets

920-1010 Cash - EDA 2,372,717.15

Total Assets 2,372,717.15

Fund Equity

920-2400 Fund Balance 2,418,623.64
Revenues over Expenditures - YTD (45,906.49)

Total Fund Equity 2,372,717.15

Total Liabilities & Equity 2,372,717.15

CITY OF ELK RIVER
 Revenues with Comparison to Budget
 For the Months Ending May 31, 2025

Fund 920 - EDA

| | | Period Actual | YTD Actual | Budget | Unexpended | PCNT |
|--------------------|--------------------|---------------|------------|------------|------------|------|
| 920-3-0000-3111 | Property Taxes | - | - | 427,000.00 | 427,000.00 | 0% |
| 920-3-0000-3342 | Other Local Grants | - | 1,600.00 | - | (1,600.00) | 0% |
| 920-3-0000-3621 | Interest Income | 5,686.94 | 34,800.74 | 25,000.00 | (9,800.74) | 139% |
| 920-3-0000-3949 | Transfer-HRA | - | - | 4,000.00 | 4,000.00 | 0% |
| Total Fund Revenue | | 5,686.94 | 36,400.74 | 456,000.00 | 419,599.26 | 8% |

CITY OF ELK RIVER
Expenditures with Comparison to Budget
For the Months Ending May 31, 2025

Fund 920 - EDA

| | Period Actual | YTD Actual | Budget | Unexpended | PCNT |
|---|-------------------|--------------------|-------------------|-------------------|------------|
| 920-4-6210-4101 Regular Pay | 9,979.11 | 38,918.51 | 130,800.00 | 91,881.49 | 30% |
| 920-4-6210-4103 Part-time Pay | 1,050.00 | 4,200.00 | 12,600.00 | 8,400.00 | 33% |
| 920-4-6210-4104 PERA | 763.44 | 2,993.89 | 10,000.00 | 7,006.11 | 30% |
| 920-4-6210-4105 FICA | 611.00 | 2,426.67 | 8,800.00 | 6,373.33 | 28% |
| 920-4-6210-4107 Medicare | 147.26 | 589.26 | 2,100.00 | 1,510.74 | 28% |
| 920-4-6210-4108 Insurance | 1,445.40 | 6,861.60 | 25,500.00 | 18,638.40 | 27% |
| 920-4-6210-4109 Workers Comp | - | 266.00 | 650.00 | 384.00 | 41% |
| 920-4-6210-4201 Office Supplies | 3.80 | 89.84 | 3,000.00 | 2,910.16 | 3% |
| 920-4-6210-4212 Fuels & Lubes | - | - | 50.00 | 50.00 | 0% |
| 920-4-6210-4304 Legal Fees | - | - | 10,000.00 | 10,000.00 | 0% |
| 920-4-6210-4319 Professional Services | - | - | 25,000.00 | 25,000.00 | 0% |
| 920-4-6210-4321 Telephone | - | - | 400.00 | 400.00 | 0% |
| 920-4-6210-4322 Postage | 0.70 | 0.70 | 100.00 | 99.30 | 1% |
| 920-4-6210-4331 Travel, Conferences & Schools | 248.57 | 3,270.34 | 11,000.00 | 7,729.66 | 30% |
| 920-4-6210-4349 Advertising/Marketing | - | 11,481.99 | 73,600.00 | 62,118.01 | 16% |
| 920-4-6210-4359 Publishing | - | 77.40 | 1,000.00 | 922.60 | 8% |
| 920-4-6210-4361 Insurance | - | 54.00 | 250.00 | 196.00 | 22% |
| 920-4-6210-4404 Software Services | - | 3,600.00 | 15,000.00 | 11,400.00 | 24% |
| 920-4-6210-4433 Dues & Subscriptions | - | 4,477.03 | 4,650.00 | 172.97 | 96% |
| 920-4-6210-4440 Miscellaneous | - | 3,000.00 | 73,500.00 | 70,500.00 | 4% |
| 920-4-6210-4721 Transfer-General Fund | - | - | 48,000.00 | 48,000.00 | 0% |
| Total Fund Expenditures | 14,249.28 | 82,307.23 | 456,000.00 | 373,692.77 | 18% |
| Net Revenue Over Expenditures | (8,562.34) | (45,906.49) | - | 45,906.49 | 0% |



Request for Action

To
Economic Development Authority

Item Number
7.1

Meeting Date
June 16, 2025

Prepared By
Brent O'Neil, Economic Development Director

Item Description
General Updates

Reviewed by
Cal Portner

Action Requested
This 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.

Financial Impact
N/A

Mission/Policy/Goal
Support Commercial and Industrial Development in Elk River.

Attachments
None

The Elk River Vision

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



Request for Action

To
Economic Development Authority

Item Number
9.1

Meeting Date
June 16, 2025

Prepared By
Brent O'Neil, Economic Development Director

Item Description
Microloan Program Updates

Reviewed by
Cal Portner

Action Requested

This item is presented for information and discussion purposes.

Background/Discussion

The EDA Microloan program is made up of four sub-programs: Industrial Incentive, Downtown Revitalization, Energy Efficiency Improvement, and Microbrewery. We recently met with the Joint Finance Committee (JFC) to discuss possible changes and expansion of the loan fund. Below is a summary of points of potential changes to the program(s). With feedback from the board, we'd anticipate presenting marked-up changes for approval at an upcoming EDA meeting.

The loan scoring criteria is obsolete (see page 20 of the program application) as some of the metrics are dated, and the final score does not play a large factor in determining a loan award. It is possible that the scoring criteria could be removed or scaled back to be a more effective tool in loan determinations.

Interest rates for all sub-programs are fixed at 3%. In the present rate environment, 3% is a considerable discount from the market, yet also serves as an incentive rate to those who utilize it. The JFC discussed indexing the rate to a national standard, whether prime or other measure, and adjusting periodically as the index changes. It was recommended to also consider the investment rate on EDA funds and ensure the lending rate is at or above that level. It is also possible that the EDA would wish to consider different rates for different sub-programs.

The current loan application fee is \$500 for all programs. This is intended to cover the hard costs of the EDA in executing loan documents and any other loan review expenses. Applicants are responsible for costs that exceed that amount and are invoiced for those costs. The JFC discussed rolling those costs into the loan either on the back end of the payment schedule or by reducing the net proceeds in the loan disbursement.

The sub-programs are generally set up for longer-term amortizations with a balloon payment structure so that loans mature at the 60th month. While there is a case to be made for the balloon structure in the case of equipment purchases or to replenish the fund more quickly, there may also be a benefit to setting some loans up on level repayment over a longer period than five years. It is common for existing borrowers to request extensions as the five-year period approaches.

The committee suggested developing criteria for allowing loans of an elevated quality or desirability to go

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straight to the EDA and bypass JFC review.

The committee also favored adding a provision to the policy limiting the EDA's security position to no lower than 3rd position on any loan, subject to case-by-case consideration and adjustment of terms for any lower position request.

In addition to these policy considerations, a major discussion point is the expansion of the fund program to stretch its reach for commercial projects, with an intended focus on renovation or support of existing properties. Options were discussed to expand the boundaries of the downtown program or develop a new subprogram city-wide with its own criteria.

Financial Impact

N/A

Mission/Policy/Goal

Support Commercial Business in Elk River.

Attachments

- I. Economic Development Business Microloan Fund Policy and Application (v. 2022)



Economic Development Business Microloan Fund Guidelines, Policy & Application

Amended:

May 2011
November 2013
July 2014
November 2014
December 2016
April 2017
August 2017
May 2020
May 2022

City of Elk River
Economic Development Division
13065 Orono Parkway
Elk River, MN 55330
763.635.1040

ELK RIVER ECONOMIC DEVELOPMENT BUSINESS MICROLOAN FUND GUIDELINES, POLICY & APPLICATION

I. POLICY PURPOSE

The Economic Development Authority for the city of Elk River (EDA) recognizes the need to stimulate private sector investment into manufacturing and certain commercial facilities and equipment in order to create new jobs, boost productivity and retain existing jobs for local residents. Additionally, the need exists to encourage investment in the expansion and/or rehabilitation of commercial and retail buildings in order to maintain the economic viability of the city and in the Downtown District. Subsequently, the purpose of this microloan program is to provide low interest, long-term (i.e. greater than one year) loans as incentives for new industrial and commercial development within the city of Elk River and to encourage commercial and retail business owners in the Downtown District to rehabilitate their existing buildings.

2. ELIGIBLE BUSINESSES

Any project located or proposed to be located within the city limits of Elk River as defined by this microloan program, may be eligible for a Microloan as further defined herein:

- Unless otherwise stated, business must be a for-profit corporation, partnership, or sole proprietorship.
- Business must be a *small business* as defined by the Small Business Administration (SBA).
- Religious, political, and pornographic enterprises are not eligible.

3. MICROLOAN FUND TERMS & CONDITIONS

Loan Structure

All Economic Development Microloans shall be structured as direct loans unless otherwise approved by the EDA Finance Committee. If a participation loan is requested, an agreement will be signed by the borrower, primary lender and the EDA.

The EDA may require additional agreements to be signed by the borrower (i.e. security agreement, personal guarantees, business subsidy agreement).

Simultaneous Microloans

The simultaneous use of different EDA microloan programs by any one borrower or for any one project is prohibited.

Loan Repayment

Jobs Incentive funds, including principal and interest received may not be used to support restaurant, retail, casinos, or sports facilities.

Call of Loan

A loan shall become due and payable in full if a business relocates outside of the city of Elk River prior to the maturity date of the loan.

Late Payment Charge

A late payment charge of 8% of the installment amount will be enforced following a grace period of 10 calendar days.

4. REGULATION FOR NEW CONSTRUCTION AND IMPROVEMENTS

All buildings which public funds will be used for construction or renovation are to be brought into conformance with city ordinances and state building codes.

5. LOAN SECURITY AND GUARANTEES

Applicant must be able to secure the loan by providing the EDA with a minimum of a subordinate mortgage upon the building and/or assets or other approved collateral equal to the amount of the loan.

Applicant must demonstrate the financial means to repay the loans, as determined by the EDA.

Whenever possible, personal, corporate, and/or entity guarantees will be made part of any loan agreement.

Key person life insurance may be required as determined by the EDA Finance Committee based on loan amount and company ownership partners.

6. TIMING OF PROJECT EXPENSES

No project should commence until the EDA has approved the loan application. Any costs incurred prior to the approval of the loan application are not eligible expenditures.

No building construction should commence until the required city permits are secured.

The applicant will be responsible for all legal, recording, and other fees required for protection of a security interest in the loan, payable by a \$500 processing fee, which is paid at the time of application. In addition to the processing fee, all legal and filing fees shall be paid by the borrower at loan closing.

Closing of the Microloan should be simultaneous with the borrower’s primary funding. The EDA should be given two weeks’ notice before closing.



7. PROCEDURAL GUIDELINES FOR APPLICATION AND APPROVAL

1. All applicants shall first contact a primary lending institution to determine if additional equity is needed, and if so, how much (if applicable).
2. The applicant shall then meet with city staff to obtain information about the microloan program, discuss the project, and obtain application forms.
3. The applicant shall complete and submit an application form to the city, along with a \$500 processing fee. The fee is used to cover processing expenses and any remaining funds will be returned to the applicant. The applicant must provide evidence of their ability to meet the 10% equity requirements or provide a letter of commitment for conventional financing from the primary lending institution.
4. The EDA is a governmental entity and as such must provide public access to public data it receives. Data deemed by Applicant to be nonpublic data under State law should be so designated or marked by Applicant. See Minn. Stat. Sections 13.59, Subd. 1, respectively.
5. The application will be reviewed by the city staff to determine if it conforms to all city policies and ordinances and to consider the following:
 - a. The availability and applicability of other governmental grants and/or microloan programs.
 - b. Whether the proposed project will result in conformance with building and zoning codes.
 - c. Whether it is desirous and in the best interests of the public to provide funding for the project.
6. The EDA Finance Committee and EDA Commissioners will review each application in terms of its consistency with the goals of the city's Comprehensive Plan and Economic Development Strategic Plan and in relation to the project's overall impact on the community's economy. Downtown Revitalization Loan applications will also be reviewed by a Housing & Redevelopment Authority Commissioner in conjunction with the EDA Finance Committee. Energy Efficiency Improvement Loan applications will also be reviewed by an Energy City Commissioner in conjunction with the EDA Finance Committee.

The EDA Finance Committee will evaluate the project application in terms of the following:

- a. Project Design - Evaluation of project design will include review of proposed activities, timelines and a capacity to implement the project.
- b. Financial Feasibility - Availability of funds, private involvement, financial packaging and cost effectiveness.
 - Appropriate ratio of private funds to Microloan funds.

- Sufficient cash flow to cover proposed debt service as demonstrated by financial statements and projections.
 - Letter of Commitment from applicant pledging to complete the project during proposed project duration, if the loan application is approved.
 - Letter of Commitment from other financing sources stating terms and conditions of their participation in the project if applicable.
 - Sufficient collateral.
- c. All other information as required in the application and/or additional information as may be requested by the Economic Development staff.
- d. Project compliance with all city codes and policies.
- e. Microloan Objectives - In addition to quality job and wage creation/retention requirements, the applicant must meet all Microloan Fund criteria and demonstrate how the proposed activities will meet at least one of the following objectives:
- The project contributes to the fulfillment of the city's approved and adopted economic development and/or redevelopment plans.
 - The project prevents or eliminates slums and blight.
 - The project increases the local tax base.
 - The project brings a structure into compliance with an existing building code violation.
7. A written request for an extension shall be accompanied by a copy of current financial statements and a \$500 upfront processing fee. The processing fee is used to cover processing expenses. The application for an extension beyond the original term should include a letter of denial from a conventional lender.
8. The EDA Finance Committee will recommend the approval, denial, or request a resubmission. A recommendation from the Finance Committee will be forwarded to the EDA for recommendation of approval, denial to the City Council for final action.

8. MICROLOAN POLICY REVIEW

The above criteria will be reviewed on an annual basis to ensure that the policies reflected in this document are consistent with the economic development goals set forth by the city.

9. RIGHT OF REFUSAL

The EDA may deny any application if it is found not consistent with the goals of the city's Comprehensive Plan and Economic Development Strategic Plan and in relation to the project's overall impact on the community's economy.



10. COMPLIANCE WITH MN BUSINESS SUBSIDY LAW

All developers/businesses receiving financial assistance from the City of Elk River shall be subject to the provisions and requirements set forth by the City's Business Subsidy Policy as amended and Minnesota Statutes Sections 116J.993 to 116J.995 (the "Minnesota Business Subsidy Law") if applicable.

11. Agreement to Pay Costs of Review

It is the policy of the city of Elk River to require applicants to pay costs incurred by the city in reviewing and acting upon applications, so that these costs are not borne by the taxpayers of the city. These costs include all of the city's out-of-pocket costs for expenses, including the city's costs for review of the application by the city's Financial Consultant and City Attorney, or other consultants, recording fees, and necessary publication costs.

The application processing fees cover anticipated costs; costs incurred above the application fee will be invoiced as they are incurred, and payment will be due within thirty (30) days. Any unused portion of the application fee will be returned to the applicant. If payment is not received as required by this agreement, the city may suspend the application review process and may deny the application for failure to comply with the requirements for processing the application. Payment for costs will be required whether the application is granted or denied.

12. Microloan Programs

In order to meet the economic and community development objectives of the EDA, five distinct microloan programs exist within the Business Microloan Fund.

Industrial Incentive Loan

Purpose: The purpose of the Industrial Incentive Loan is to encourage industrial and high technology business development that supports the tax base and brings quality jobs to the city.

Amount: Up to \$200,000 of secondary financing not to exceed 20% of the total project cost.

Remaining Principal: Must have private-sector commitments for 50% of the project cost. Borrower must provide 10% or more of project financing.

Rate: Fixed at 3%

Term: Loans must mature within 5 years, but must be amortized over a longer period of time. The balloon payment must not be longer than the balloon payment of the participating bank if applicable. Loans may be amortized up to the following limits:



20 years on real estate uses;
10 years on equipment uses.

Extension: In the event that the Borrower is unable to pay off the loan or refinance the Microloan at the end of five years, the loan may be extended up to two additional years at 3% interest.

Criteria: Borrower must be an industrial or high technology business and create or retain one new full-time job for each \$20,000 loaned within 2 years. Said jobs must pay a minimum wage of \$15.00 per hour excluding benefits required by law. Loans of \$75,000 or more shall meet the city of Elk River Business Subsidy Policy for the creation of new jobs at a minimum wage of \$15.00 per hour excluding benefits required by law, as well as a 5-year location requirement.

In the case where multiple sources of public financing are requested (e.g. Microloan and Tax Increment Financing) job creation goals shall not be double-counted.

Borrower must comply with the provisions of the city's Industrial and Business Park zoning ordinances as applicable.

Permitted Fund Uses:

- a. Building construction
- b. Land acquisition
- c. Machinery
- d. Furniture, fixtures, and equipment (FF&E)
- e. Renovation and modernization of buildings
- f. Public infrastructure needed for economic development expansions
- g. Investment real estate with a minimum of 50% of the space pre-leased

Ineligible Fund Uses:

- a. Expenditures for the construction and/or renovation of residential units
- b. Inventory
- c. Refinancing of existing debt
- d. Working capital

Downtown Revitalization Financing Loan

Purpose: The Downtown Revitalization Financing Loan is available to business and property owners in the Downtown Area primarily for the rehabilitation and restoration of older buildings, as well as new business development. Non-profit organizations may be considered. The Downtown Area shall be described as that area in the attached in Exhibit A.



- Amount: Up to \$74,999 of secondary financing not to exceed 20% of the total project cost.
- Remaining Principle: Must have private-sector commitments for 50% of the project cost. Borrower must provide 10% or more of project cost.
- Rate: Fixed at 3%.
- Term: Financing with a balloon payment in up to 5-years. Loans may be amortized up to the following limits:
 20 years on real estate uses;
 10 years on equipment uses.
- Extension: In the event that the Borrower is unable to pay off the loan or refinance the Microloan at the end of five years, the loan may be extended up to two additional years at 3% interest.
- Criteria: At a minimum, 20% of Microloan dollars must be used for the improvement of the building façade, with exceptions to be considered when it appears the façade improvements are not necessary. Financing of leasehold improvements will be considered at a limit of \$25,000.

Permitted Fund Uses:

- a. Building construction
- b. Renovation and modernization of buildings
- c. Furniture, fixtures, and equipment (FF&E)
- d. Exterior renovation of retail or commercial buildings
- e. Financing of leasehold improvements including façade improvements will be considered at a limit of \$25,000
- f. Expenditures for the construction and/or renovation of residential units

Ineligible Fund Uses:

- a. Inventory
- b. Refinancing of existing debt
- c. Working capital

Energy Efficiency Improvement Loan

Purpose: The Energy Efficiency Improvements Loan is available to property owners of commercial or industrial buildings in Elk River to provide low interest loans to businesses to invest in energy efficiency and improve their profitability through reduced energy costs. In addition, the microloan program helps the city of Elk River use energy conservation as an economic development tool. Non-profit organizations may be considered.



Amount: Applicants may apply for the cost of improvements up to \$74,999

Equity: Must have a minimum of 10% equity provided by the borrower.

Rate: Fixed at 3%

Term: The maximum maturity date of the loan will be determined by the useful life of the improvement and the energy payback achieved as determined by ERMU.

For projects that have a shorter length of payback (2-5) years as calculated according to energy savings, the loans will have an initial maturity of up to 5 years from the date of closing.

Longer life improvements (6-15 years) may apply for a longer maturity of up to 10 years.

Criteria: Microloan funds shall be spent on energy efficiency improvements outlined below or related building improvement costs

Applicant must agree to energy audits conducted under the utility company's Conservation Improvement Program (CIP). If warranted, engineering studies then are performed on facilities with conservation opportunities under the utility company's CIP Program.

Energy efficiency is defined as improvements that are rebatable by the Elk River Municipal Utilities (ERMU) or the utility provider for the property if not ERMU. Proposed energy efficiency improvements that do not qualify for the utility's prescriptive rebate program will be reviewed and approved by the utility company servicing the upgrade measures (e.g. Elk River Municipal Utilities, Connexus, CenterPoint) along with a letter indicating eligible utility rebates.

Utility rebates as applicable will be assigned to the Elk River EDA and applied toward principal repayment of the loan.

An Elk River Energy City Commission member will be asked to participate in the EDA Finance Committee review.

The loans will be secured by personal and corporate guarantees, and if applicable a lien on equipment financed and subordinate mortgage on the property.

Installation must be certified through a licensed contractor and electrician. New construction is eligible when participating with a utility company rebate program. Eligible costs shall include only incremental costs over industry design standards.



Permitted Fund Uses:

- a. Energy efficiency measures installed in or on a building include:
- b. Facility systems optimization (commissioning/re-commissioning)
- c. Facility systems control improvements
- d. Process efficiency improvements (CenterPoint Energy)
- e. Lighting efficiency improvements
- f. Heating, ventilation and air conditioning system modifications
- g. Exterior envelope improvements
- h. Motor and pump efficiency improvements
- i. Ground-source heat pump systems used to heat or cool a facility
- j. Installation of equipment or devices that use renewable energy sources to generate electricity or heat or cool a building including solar electricity (photovoltaic), wind turbine or solar thermal.

Ineligible Fund Uses:

- a. Inventory
- b. Refinancing of existing debt
- c. Working capital
- d. Expenditures for the construction and/or renovation of residential units

Micro-Brewery Loan

Purpose: The Micro-Brewery microloan is available to business and property owners located within the city of Elk River.

Amount: Up to \$74,999 of secondary financing not to exceed 20% of the Total project cost.

Equity: Must have private-sector commitments for 50% of the project cost. Borrower must provide 10% or more of project financing.

Rate: Fixed at 3%.

Term: Financing with a balloon payment in up to 5-years. Loans may be amortized up to the following limits:
10 years on equipment uses

Extension: In the event that the Borrower is unable to obtain conventional financing to replace the Microloan at the end of five years, the loan may be extended up to two additional years at a market rate of interest.

Criteria: At a minimum, 50% of Microloan dollars must be used for the purchase of equipment.

Loans must be supported by sufficient collateral, which will include personal guarantees.



Permitted Fund Uses:

- e. Renovation and modernization of buildings
- f. Furniture, fixtures, and equipment (FF&E)
- g. Exterior renovation of retail or commercial buildings
- h. Financing of leasehold improvements including façade improvements
will be considered at a limit of \$25,000

Ineligible Fund Uses:

- a. Inventory
- b. Refinancing of existing debt
- c. Working capital





ELK RIVER ECONOMIC DEVELOPMENT MICROLOAN FUND APPLICATION

I. CONTACT INFORMATION

Legal Name of Business: _____

Project Site Address: _____

City / State / Zip _____

Contact Person(s) _____

Business Phone _____ Fax _____

Home Phone _____ Email _____

Check One: _____ Proprietor _____ Corporation _____ Partnership

Federal ID # _____ State ID # _____

2. NATURE OF LOAN REQUEST

Which Microloan Program are you applying for?

- _____ Industrial Incentive Loan
- _____ Downtown Revitalization Financing Loan
- _____ Energy Efficiency Improvement Loan
- _____ Micro-Brewery Loan
- _____ COVID-19 Small Business Loan

Amount Requested: \$ _____ Total Project Cost: \$ _____

Type of project:

- _____ New construction for a start-up business
- _____ New construction for an existing business
- _____ On site expansion
- _____ Equipment purchase
- _____ Remodeling: *(circle one)* Commercial / Retail / Industrial
- _____ Other _____

Please give a brief summary of your business and its products or service:

Please give a brief summary of the project:

Please describe how this loan will impact your project:

3. FINANCING

Project Costs

Land \$ _____

Site improvements \$ _____

Buildings (attach plans & costs) \$ _____

Equipment/Machinery/Fixtures
(attach list and estimated costs) \$ _____

Remodeling \$ _____

Industrial Inventory/Working Capital \$ _____

Other (attach description) \$ _____

Total Costs \$ _____

Comments:

Proposed Sources of Financing

| <u>SOURCE</u> | <u>NAME</u> | <u>TERMS</u> | <u>AMOUNT</u> |
|-------------------------|-------------|--------------|-----------------|
| Bank Loan | _____ | _____ | \$ _____ |
| Bank Loan | _____ | _____ | \$ _____ |
| Other Private Funds | _____ | _____ | \$ _____ |
| Applicant Contribution | _____ | _____ | \$ _____ |
| Other | _____ | _____ | \$ _____ |
| Fed Grant/Loan | _____ | _____ | \$ _____ |
| State Grant/Loan | _____ | _____ | \$ _____ |
| EDA Microloan | _____ | _____ | \$ _____ |
| Tax Increment Financing | _____ | _____ | \$ _____ |
| Tax Abatement | _____ | _____ | \$ _____ |
| Total Financing | | | \$ _____ |

Collateral Assignments

| | <u>Description of Collateral</u> | <u>Lien Position</u> |
|--------------------|----------------------------------|----------------------|
| To Bank 1 | _____ | _____ |
| To Bank 2 | _____ | _____ |
| To Private Sources | _____ | _____ |
| To Other Sources | _____ | _____ |
| To Federal Govt | _____ | _____ |
| To State | _____ | _____ |
| To EDA Microloan | _____ | _____ |

Value of Collateral

| | <u>Book Value</u> | <u>Cost</u> | <u>Existing Liens</u> |
|--------------------|-------------------|-------------|-----------------------|
| Land | \$ _____ | \$ _____ | \$ _____ |
| Buildings | \$ _____ | \$ _____ | \$ _____ |
| Machinery & Equip. | \$ _____ | \$ _____ | \$ _____ |
| Other _____ | \$ _____ | \$ _____ | \$ _____ |
| Other _____ | \$ _____ | \$ _____ | \$ _____ |

4. JOB & WAGE GOALS

Present # of Employees _____ Total Payroll _____

Jobs To Be Created*

Please provide the following information on jobs you expect to create within 2-years.

| Job Title | Number of Jobs | Average Hourly Wage | Annual Salary | Are the Jobs Permanent or Temporary? | Expected Hiring Date |
|-----------|----------------|---------------------|---------------|--------------------------------------|----------------------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

*If loan is for job retention only, please explain in Business Plan.

Microloan Program Objectives

(Check all that apply)

- _____ The project contributes to the fulfillment of the city’s approved and adopted economic development and/or redevelopment plans.
- _____ The project prevents or eliminates slums and blight.
- _____ The project increases the local tax base.
- _____ The project brings a structure into compliance with an existing building code violation.

5. PROJECT CONTACTS

Attorney

Name _____

Address _____

Phone _____

Accountant

Name _____

Address _____

Phone _____

Financing Sources (lenders, partners, etc...)

Name _____

Address _____

Phone _____

Name _____

Address _____

Phone _____

Parent Company

Name _____

Address _____

Phone _____

Others

Name _____

Address _____

Phone _____

Name _____

Address _____

Phone _____

6. ATTACHMENTS CHECK LIST

Please attach the following:

- _____A) Written Business Plan:
 - 1. Description of Business
 - 2. Ownership
 - 3. Management
 - 4. Date Established
 - 5. Products/Services
 - 6. Future Plans

- _____B) Financial Statements for Past Three Years and Year to Date
 - 1. Profit & Loss Statements
 - 2. Balance Sheets

- _____C) Financial Projections for up to Three Years

- _____D) A Project Proforma to include:
 - 1. Projected revenues,
 - 2. Operating expenses,
 - 3. Net Operating Income, and
 - 4. Annual Debt Service and Loan Payments.

- _____D) Resume of Owner/Management

- _____E) Personal Financial Statements of Proprietor, Partners, Guarantors

- _____F) Letter of Commitment from Applicant Pledging to Complete During the Proposed Project Duration

- _____G) Letter of Commitment from the Other Sources of Financing, Stating Terms and Conditions of their Participation in Project

- _____H) Processing Fee of \$2,000 (Waived for COVI-19 Small Business Loan)

7. AGREEMENT

I / We certify that all information provided in this application is true and correct to the best of my/our knowledge. I / We authorize the city of Elk River and the Finance Committee to check credit references and verify financial and other information. I / We agree to provide any additional information as may be requested by the city and the Finance Committee.

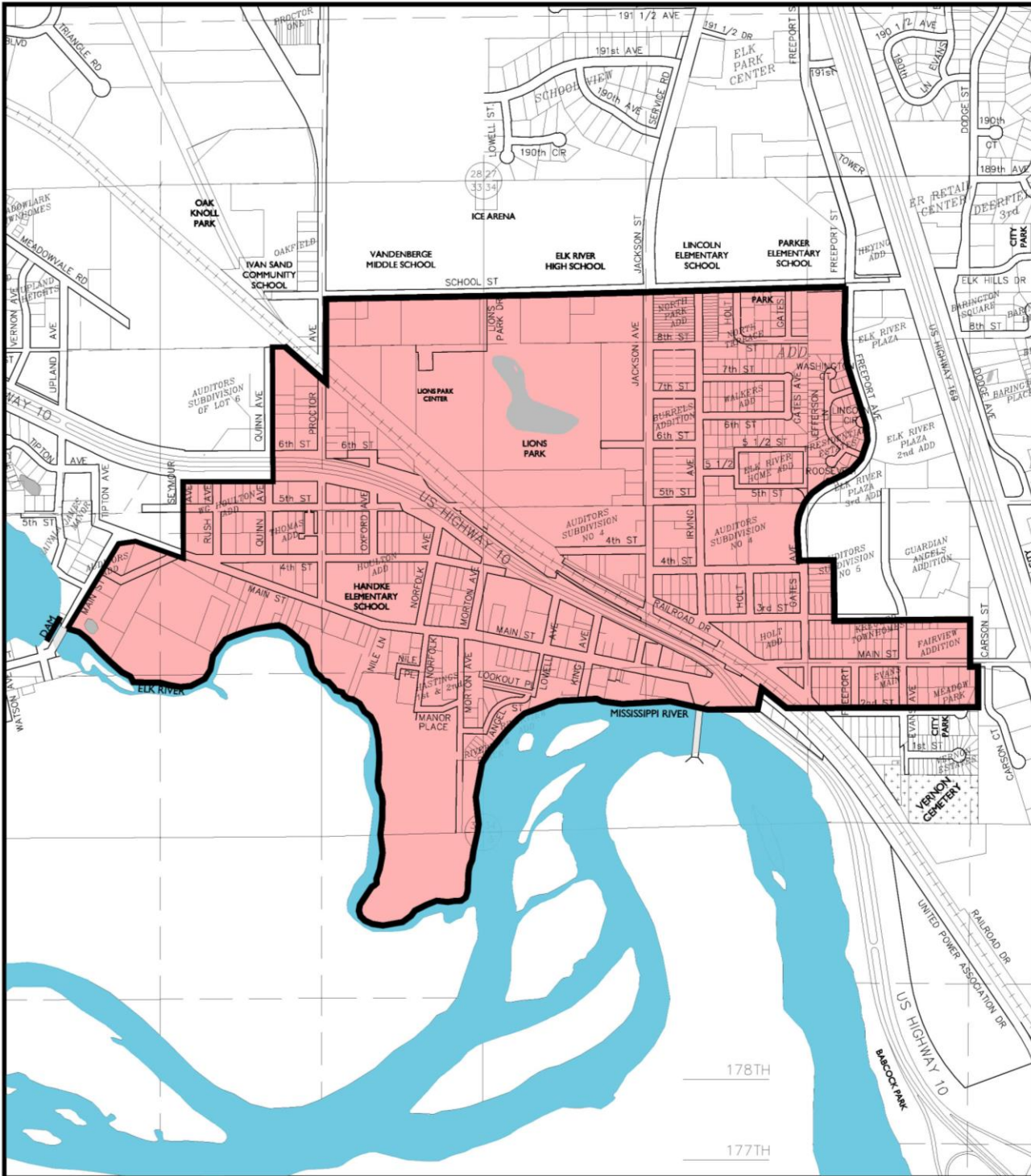
The undersigned has received the city's policy regarding the payment of costs of review, understands that reimbursement to the city of costs incurred in reviewing the application will be required, agrees to reimburse the city as required in the policy and make payment when billed by the city, and agrees that the application may be denied for failure to reimburse the city for costs as provided in the policy.

APPLICANT SIGNATURE _____

BY _____

DATE _____

Exhibit A: Downtown Area



Downtown Area

November 19, 2013

MICROLOAN APPLICATION SCORING WORKSHEET

TO BE COMPLETED BY CITY STAFF

- 1. The project meets the criteria set forth in the appropriate the Microloan policy.**
- _____ a) Meets at least one of the microloan objectives in Section 7; 6(e).
 _____ c) Consistent with all city plans and ordinances.
 _____ d) Meets the wage requirements as defined in the city's business subsidy policy.

2. Ratio of Private to All Public Investment in Project: Points: _____

| | | |
|--|-----|---|
| \$ _____ Private Investment | 5:1 | 5 |
| \$ _____ Public Investment | 4:1 | 4 |
| _____ Ratio Private: Public Financing | 3:1 | 3 |
| | 2:1 | 2 |
| Less than | 2:1 | 1 |

3. Job Creation in the City of Elk River: Points: _____

| | | |
|--|-----|---|
| _____ Number of new jobs as a result of the project. | 25+ | 5 |
| _____ Number of existing/retained jobs | 20+ | 4 |
| _____ Total | 15+ | 3 |
| | 10+ | 2 |
| Less than | 10 | 1 |

4. Ratio of Public Investment to Job Creation: Points: _____

| | | |
|--|------------------|---|
| \$ _____ Public Investment | \$8,000 or less | 5 |
| _____ Number of new jobs created/retained | \$10,000 or less | 4 |
| \$ _____ of Public Investment per new job | \$12,000 or less | 3 |
| | \$15,000 or less | 2 |
| | Over \$15,000 | 1 |

5. Wage Level of jobs created/retained or relocated Points: _____

| | | |
|---------------------------------|-----------------|---|
| Minimum hourly wage | Over \$21/ hour | 5 |
| of jobs created/retained: _____ | \$18-21 / hour | 4 |
| | \$15 / hour | 3 |

6. Project size: Points: _____

| | | |
|---|----------------|---|
| The project will result in the construction | 40,000+ | 5 |
| of square feet _____ | 30,000+ | 4 |
| | 20,000+ | 3 |
| | 10,000+ | 2 |
| | 10,000 or less | 1 |

7. Market Value/Tax Base Generation:

The project will result in a per square foot estimated market value (land and building) of _____

| | | | |
|--|-------------------|-------------------|---|
| | <u>Industrial</u> | <u>Commercial</u> | |
| | \$80/sf+ | \$110/sf+ | 5 |
| | \$70/sf+ | \$100/sf+ | 4 |
| | \$60/sf+ | \$90/sf+ | 3 |
| | \$50/sf+ | \$80/sf+ | 2 |
| | \$40/sf+ | \$70/sf+ | 1 |

Points: _____

8. Type of Project:

| | |
|---------------------------------------|---|
| _____ 100% Owner Occupied | 5 |
| _____ Mix Owner Occupied & Investment | 4 |
| _____ Investment Property | 3 |

Points: _____

9. Use:

| | |
|--|---|
| _____ Industrial or Business Park Project | 5 |
| _____ Commercial/Retail Rehabilitation/Redevelopment | 4 |
| _____ Downtown Revitalization or Microbrew | 3 |

Points: _____

10. Likelihood that the project will result in unsubsidized, spin-off development.

| | |
|----------------|---|
| _____ High | 5 |
| _____ Moderate | 3 |
| _____ Low | 1 |

Points: _____

| |
|--|
| Sub - Total Points: _____ of a possible 45 points. |
|--|

11. Point Adjustments

Point Adjustments: _____

- _____ The project contributes to the goals of *Energy City*. 5 points
- Product promotes sensible use of energy, OR
 - Project utilizes significant energy efficient design &/or materials in construction.

| | | |
|--------------------------------------|---------------------|---------------------|
| Total Points: _____ | | |
| Overall project desirability: | High | 50-35 points |
| | Moderate | 34-29 points |
| | Low | 28-20 points |
| | Not Eligible | 19-0 points |