

ECONOMIC DEVELOPMENT AUTHORITY
MARSHALL, MINNESOTA
SPECIAL MEETING

Thursday, April 30, 2020
1:30 p.m.
SMSU Social Science Room 235

1. Approve Agenda (5 minutes)
2. Public Hearing-EDA Sale of Land
3. Decisions
 - a. Approval of Parkway II Purchase Agreement for Block 4, Lots 10-13 to United Community Action Partnership
 - b. Approval of Parkway II Promissory Note & Mortgage to United Community Action Partnership
 - c. Approval of \$16,000 Loan to Fuzzy's Bar
 - d. Approval of up to \$61,000 to UCAP to fund existing SCDP applications
 - e. Ratify Amended Marshall COVID-19 Emergency Loan Program
4. Other
5. Adjourn

NOTE: Individuals needing assistance, pursuant to the Americans with Disabilities Act, should contact the Administration Office (507) 537-6760 in advance of the meeting to make any necessary arrangements.

MEMORANDUM
VIA EMAIL TRANSMITTAL

TO: Lauren Deutz, EDA Director; Marcia Loeslie, EDA Assistant Director; Sharon Hanson, City Administrator
FROM: Dennis H. Simpson, City Attorney
DATE: April 15, 2020
RE: EDA Sale to UCAP Public Hearing Notice
FILE NO. M007.045

I am providing to you a summary of the requirements regarding the proposed sale of property from EDA to UCAP. Enclosed for your review please find the following:

1. Notice of Public Hearing. Enclosed is a copy of the public hearing notice that I have sent to the Marshall Independent for publication. This notice will be published on Saturday, April 18, 2020. The notice calls for public hearing on Thursday, April 30. I believe it would be a good idea for Sharon, Lauren and I to be physically present at SMSU Social Science Building, Room 235 on April 30th. While I don't anticipate any public at the hearing, I do believe it would be a good for the three of us to be physically present in that room incase there is attendance by the public. The rest of the EDA can appear by zoom meeting.
2. Promissory Note. It is my understanding that the \$80,000.00 no-interest construction loan is funded by Account No. 204 of the EDA CRIF account. As these are EDA funds, I have revised the Promissory note indicating that the EDA is the lender and that all repayment obligations for this note run from UCAP to the EDA. I have indicated that this note will be secured by a mortgage against the six lots identified on the note. UCAP presently owns two of those lots and the remaining four lots are to be purchased by UCAP and are the subject of the public hearing on April 30th.
3. Attached is a copy of the proposed Mortgage securing the \$80,000.00 construction loan. It is my recommendation that the construction loan be secured by this mortgage. I am willing to agree to subordinate this mortgage to any subsequent mortgage which a developer may place against the property. The terms of the note and mortgage can be discussed at the public hearing assuming the EDA board approves the sale of the four lots at a price of \$5,600.00 per lot.

If the sale is approved, I will then order abstracts of title and prepare the deed transferring the lots to UCAP.

I would suggest that the promissory note and mortgage as attached here to be forwarded to UCAP for their review and comment. UCAP should also be notified of the date, time and place of the public hearing so that they can attend the hearing if a representative from UCAP desires to do so.

Thank you for your immediate attention to this matter.

DHS:jlh



MEMORANDUM

TO: Members of the Economic Development Authority

FROM: Sharon Hanson, Executive EDA Director
Lauren Deutz, EDA Director
Marcia Loeslie, EDA Assistant Director

DATE: April 22, 2020

SUBJECT: Approval of Parkway II Purchase Agreement for Block 4, Lots 10-13 to United Community Action Partnership

Action/Recommendation

Staff recommends a motion to approve the Parkway II Purchase Agreement for Block 4, Lots 10-13 for \$5,600 per lot to United Community Action Partnership.

Background

Staff received a request from United Community Action Partnership (UCAP) for Parkway II Purchase Agreement for Block 4, Lots 10-13 for \$5,600 per lot. The EDA Board previously approved a purchase option at \$5,600 per lot for Lots 9-13 on Block 4 in Parkway II Addition at the 06-19-19 EDA Meeting. See the attached 06-19-19 minutes.

United Community Action Partnership submitted an application to Minnesota Housing Finance Agency for additional funding to build affordable single family homes in Marshall in 2020. UCAP would like to continue providing affordable housing for the Marshall area.

Fiscal Impact

Not applicable.

Alternative Actions

Not applicable.

MINNESOTA STANDARD PURCHASE AGREEMENT

(BEFORE YOU USE OR SIGN THIS CONTRACT, YOU SHOULD CONSULT WITH
AN ATTORNEY TO DETERMINE THAT THIS CONTRACT ADEQUATELY PROTECTS
YOUR LEGAL RIGHTS)

1. **PARTIES.** This purchase agreement is made on April 16, 2020, by and between Economic Development Authority in and for the City of Marshall (EDA) as SELLER, and United Community Action Partnership, a Minnesota non-profit Corporation as BUYER.
2. **OFFER/ACCEPTANCE.** Buyer offers to purchase and Seller agrees to sell the following described property:

Lots Ten (10), Eleven (11), Twelve (12) and Thirteen (13), all in Block Four (4), Parkway II Addition to the City of Marshall, Lyon County, Minnesota.
3. **PRICE AND TERMS.** The total purchase price for the real property included in this sale is \$5,600.00 per lot, for total purchase price of Twenty-two Thousand Four hundred and no/100 (\$22,400.00) Dollars, which Buyer shall pay as follows: Earnest money of \$500.00 by cash, receipt of which is hereby acknowledged and the remaining purchase price of \$21,900.00 to be paid at closing on or before June 1, 2020.
4. **DEED/MARKETABLE TITLE.** Upon performance by Buyer, Seller shall execute and deliver a Warranty Deed conveying marketable title, subject to:
 - (A) Building and zoning laws, ordinances, state and federal regulations;
 - (B) Restrictions relating to use or improvement of the property without effective forfeiture provisions;
 - (C) Reservation of any mineral rights by the State of Minnesota;
 - (D) Utility and drainage easements which do not interfere with existing improvements;
 - (E) Exceptions to title which constitute encumbrances, restrictions or easements which have been disclosed to Buyer and accepted by Buyer in this Purchase Agreement; (MUST BE SPECIFIED IN WRITING).
5. **REAL ESTATE TAXES AND SPECIAL ASSESSMENTS.** The real estate taxes due and payable in the year of closing will be paid by Seller, or are exempt from taxation. Buyer will pay real estate taxes due in 2021 and thereafter.
6. **DAMAGES TO REAL PROPERTY.** If the Real Property is substantially damaged prior to closing, this Purchase Agreement shall terminate and the Earnest Money shall be refunded to Buyer. If the Real Property is damaged materially but less than substantially prior to closing, Buyer may rescind this Purchase Agreement by notice to Seller within twenty-one (21) days after Seller notifies Buyer of such damage, during which 21-day period Buyer may inspect the Real Property, and in the event of such rescission, the Earnest Money shall be refunded by Buyer.

7. **OTHER TERMS.** Buyer shall acquire property subject to all existing easements and covenants of record. Buyer shall honor all existing easements and covenants.
8. **SELLER'S BOUNDARY LINE, ACCESS, RESTRICTIONS AND LIEN WARRANTIES.** Seller warrants that buildings, if any, are entirely within the boundary lines of the Real Property. Seller warrants that there is a right of access to the Real Property from the public right of way. Seller warrants that there has been no labor or material furnished to the Real Property for which payment has not been made. Seller warrants that there are no present violations of any restrictions relating to the use or improvement of the property. These warranties shall survive the delivery of the deed or contract for deed.

The described property are bare lots each served with City infrastructure including sanitary sewer, water, stormwater, and electrical. Natural gas lines are also available but the; Buyer will be responsible for payment of hook-up fees, if any.

9. **DISCLOSURE OF NOTICES.** Seller has not received any notice from any governmental authority as to violation of any law, ordinance or regulation. The Real Property is subject to restrictive covenants, and Seller has not received any notice from any person as to a breach of the covenants.
10. **POSSESSION.** Seller shall deliver possession of the property not later than Closing. All interest, fuel oil, liquid petroleum gas, and all charges for city water, city sewer, electricity and natural gas shall be prorated between Buyer and Seller as of the date of Closing.
11. **EXAMINATION OF TITLE.** Seller shall, within ten (10) days of this Agreement, furnish Buyer with an abstract of title or a registered property abstract certified to date including proper searches covering bankruptcies and state and federal judgments, liens and levied and pending special assessments. Buyer shall have ten (10) business days after receipt of the abstract of title or registered property abstract either to have Buyer's attorney examine the title and provide Seller with written objections ("Objections") or, at Buyer's own expense, to make an application for a title insurance policy and notify seller of the application. Buyer shall have ten (10) business days after receipt of the commitment for title insurance to provide Seller with a copy of the commitment and written Objections. Buyer shall be deemed to have waived any title Objections not made within the applicable ten (10) day period for above, except that this shall not operate as a waiver of Seller's covenant to deliver a statutory warranty deed, unless a warranty deed is not specified above.
12. **TITLE CORRECTIONS AND REMEDIES.** Seller shall have 90 days from receipt of Buyer's written title objections to make title marketable. Upon receipt of Buyer's title objections, Seller shall within ten (10) business days, notify Buyer of Seller's intention to make title marketable within the 90 day period. Liens or encumbrances for liquidated amounts which can be released by payment or escrow from proceeds of closing shall not delay the closing. Cure of the defects by Seller shall be reasonable, diligent and prompt. Pending correction of title, all payments required herein and the closing shall be postponed.

- A. If notice is given and Seller makes the title marketable, then upon presentation to Buyer and proposed lender of documentation establishing that title has been made marketable, and if not objected to in the same time and manner as the original title objections, the closing shall take place within ten (10) business days or on the scheduled closing date, whichever is later.
- B. If notice is given and Seller proceeds in good faith to make title marketable but the 90 day period expires without title being made marketable, Buyer may declare this Purchase Agreement null and void by notice to Seller, neither party shall be liable for damages hereunder to the other, and Earnest Money shall be refunded to Buyer.
- C. If Seller does not give notice of intention to make title marketable, or if notice is given but the 90 day period expires without title being made marketable due to Seller's failure to proceed in good faith, Buyer may seek, as permitted by law, any one or more of the following:
 - 1. Proceed to closing without waiver or merger in the deed of the objections to title and without waiver of any remedies, and may:
 - (a) Seek damages, costs and reasonable attorney's fees from seller as permitted by law (damages under this subparagraph (a) shall be limited to the cost of curing objections to title and consequential damages are excluded); or
 - (b) Undertake proceedings to correct the objections to title;
 - 2. Rescission of this Agreement by notice as provided herein, in which case the Agreement shall be null and void and all Earnest Money paid hereunder shall be refunded to Buyer;
 - 3. Damages from Seller including costs and reasonable attorney's fees, as permitted by law;
 - 4. Specific performance within six months after such right of action arises.
- D. If title is marketable, or is made marketable as provided herein, and Buyer defaults in any of the agreements herein, Seller may elect the following option as permitted by law:
 - 1. Cancel this Agreement as provided by statute and retain all payments made hereunder as liquidated damages. The parties acknowledge their intention that any note given pursuant to this Agreement is a down payment note, and may be presented for payment notwithstanding cancellation;
- E. If title is marketable or is made marketable as provided herein, and Seller defaults in any of the agreements herein, Buyer may, as permitted by law:
 - 1. Seek damages from Seller including costs and reasonable attorney's fees;
 - 2. Seek specific performance within six months after such right of action arises.

TIME IS OF THE ESSENCE FOR ALL PROVISIONS OF THIS CONTRACT.

13. **NOTICES.** All notices required herein shall be in writing and delivered personally or mailed to the address as shown at Paragraph 1, above and if mailed are effective as of the date of mailing.
14. **MINNESOTA LAW.** This contract shall be governed by the laws of the State of Minnesota.
15. **ADDITIONAL TERMS.**

THIS IS A LEGALLY BINDING CONTRACT. BEFORE SIGNING, CONSULT A LAWYER. Minnesota Law permits licensed real estate brokers and sales agents to prepare purchase agreements. No recommendation or representation is made by either the listing broker or selling broker as to the legal sufficiency, the legal effect or the tax consequences of this contract. These are questions for your lawyer.

**ECONOMIC DEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF MARSHALL**

I agree to sell the property
for the price and terms and
conditions set forth above.

By: _____
Its Lauren Deutz, Economic Development Director

By: _____
Its Sharon Hanson, Executive Director

STATE OF MINNESOTA)
)ss
COUNTY OF LYON)

The foregoing instrument was acknowledged before me this ____ day of _____, 2020
by Lauren Deutz and Sharon Hanson, the EDA Director and Executive Director of the Economic
Development Authority in and for the City of Marshall, a public body politic under the laws of
the State of Minnesota, on behalf of the EDA.

NOTARIAL STAMP OR SEAL (OR OTHER TITLE OR RANK)

Notary Public

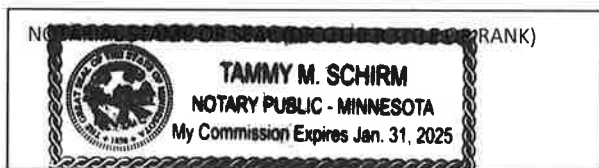
UNITED COMMUNITY ACTION PARTNERSHIP

I agree to purchase the property
for the price and terms and
conditions set forth above.

By: Deb Brandt
Its: Executive Director

STATE OF MINNESOTA)
)ss
COUNTY OF LYON)

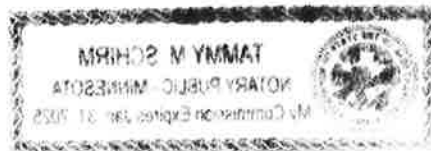
The foregoing instrument was acknowledged before me this 16th day of April, 2020,
by Deb Brandt, the Executive Director of United Community Action Partnership, a non-profit
corporation under the laws of the State of Minnesota, on behalf of the non-profit corporation.



[Signature]
Notary Public

THIS INSTRUMENT WAS DRAFTED BY:

QUARNSTROM & DOERING, P.A.
By: Dennis H. Simpson, Marshall City Attorney
109 South Fourth Street
Marshall, MN 56258
(507) 537-1441





MEMORANDUM

TO: Members of the Economic Development Authority

FROM: Sharon Hanson, Executive EDA Director
Lauren Deutz, EDA Director
Marcia Loeslie, EDA Assistant Director

DATE: April 22, 2020

SUBJECT: Approval of Parkway II Promissory Note & Mortgage to United Community Action Partnership

Action/Recommendation

Staff recommends a motion to approve the Parkway II Promissory Note for a \$80,000 Construction Loan and Mortgage to United Community Action Partnership.

Background

Staff received a request from United Community Action Partnership (UCAP) for a 0% interest deferred loan in the amount of \$80,000. This was also previously approved at the 06-19-19 EDA meeting. See the attached 06-19-19 minutes.

United Community Action Partnership submitted an application to Minnesota Housing Finance Agency for additional funding to build affordable single family homes in Marshall in 2020. UCAP is requesting a 0% interest deferred loan in the amount of \$80,000. This loan would be repaid after the 6 homes are sold. This loan is only for non-profits for income restricted housing and shall be repaid no later than March 2021.

City Attorney Simpson recommends that lots 10, 11, 12 and 13 of Block 4 should be subject to a mortgage from UCAP to EDA securing the \$80,000.00 loan. Promissory note needs to reference the mortgage and the mortgage needs to be executed simultaneously with the promissory note. City Attorney Simpson drafted the promissory note, mortgage and deed related to this transaction.

Fiscal Impact

Not applicable.

Alternative Actions

Not applicable.

PROMISSORY NOTE

\$80,000.00

Marshall, Minnesota
April __, 2020

FOR VALUE RECEIVED, the undersigned hereby promises to pay to the order of the Economic Development Authority in and for the City of Marshall, hereinafter referred to as Marshall EDA, the sum of Eighty Thousand and No/100 Dollars (\$80,000.00). This is a non-interest-bearing Note. Marshall EDA understands that for tax purposes it may be deemed to have received interest on this Note, and further acknowledges and agrees that the undersigned is under no obligation to pay any interest or reimburse the Marshall EDA for any interest it is deemed to have collected.

The principal balance under this Note, shall be due and payable on the earlier of i) March 31, 2021; or ii) the date upon which the last of the six different properties legally described on Exhibit A attached hereto is sold by the undersigned (understanding that all six properties must have been sold by the undersigned to trigger the payment obligations under this note).

The undersigned agrees to pay a late payment service charge in an amount equal to five percent (5.0%) of any payment required hereunder and not received by the Marshall EDA within ten (10) days of the due date. This late payment service charge shall be immediately due and payable, and added to the principal balance, without notice or demand by the Marshall EDA.

Time is of the essence hereof. This Note shall, at the option of the Marshall EDA, become immediately due and payable in full, without notice or demand, upon the happening of any one of the following specified events: (1) insolvency or the commission of an act of insolvency by the undersigned; and (2) the filing of any petition or the commencement of any proceeding by or against the undersigned for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, or relating to readjustment, reorganization, composition or extension of indebtedness.

Obligor hereby waives presentment, demand for payment, notice of dishonor and any or all other notices or demands in connection with the delivery, acceptance, performance, default, or enforcement of this Note.

If, and as often as, the Marshall EDA shall take any action (whether or not involving commencement of legal proceedings) for the defense or enforcement of its rights under this Note, including without limitation the collection of the monies due on this Note, there shall be immediately due from the undersigned, in addition to the unpaid principal and interest, all costs and expenses of such action, including reasonable attorneys' fees, which costs and expenses shall be due when incurred by the Marshall EDA and shall be added to the principal balance of this Note as of the date so incurred.

No delay or omission on the part of the Marshall EDA in exercising any right under this Note shall operate as a waiver or release of any such right or of any other right under this Note. No waiver, release or amendment by the Marshall EDA shall be effective unless made in a written document signed by the Marshall EDA. No waiver by the Marshall EDA of any right in

a particular instance shall operate as a waiver of such right in a separate or later instance. All amounts required to be paid by the terms of this Note shall be paid without set-off, recoupment or abatement of any kind. The rights and remedies of the Marshall EDA under this Note shall be cumulative and shall not limit other rights or remedies available at law or in equity, and such rights and remedies may be exercised by the Marshall EDA singularly or in any combination or order, at the option of the Marshall EDA.

All agreements between the Marshall EDA and the undersigned are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of maturity of the indebtedness evidenced hereby or otherwise, shall the amount paid or agreed to be paid to the Marshall EDA for the use, forbearance, loaning or detention of the indebtedness evidenced hereby exceed the maximum permissible under applicable law. If from any circumstances whatsoever, fulfillment of any provisions hereof shall involve exceeding the maximum interest rate applicable by law to this Note, then the obligation to be fulfilled shall automatically be reduced to the limit of such law; and, if from any circumstances, the Marshall EDA should ever receive, purportedly as interest, an amount which would exceed the highest lawful rate applicable to this Note, such amount which would be in excess of such highest lawful rate shall be applied to the reduction of the principal balance evidenced hereby and not to the payment of interest. This provision shall control every other provision of all agreements between the undersigned and the Marshall EDA and shall also be binding upon and available to any subsequent holder or endorsee of this Note.

The undersigned shall at any time, upon not less than ten (10) days after the giving of written notice by the Marshall EDA, execute, acknowledge and deliver to the Marshall EDA or to such person designated by the Marshall EDA, a statement in writing (a) certifying that this Note is unmodified and in full force and effect (or if modified, stating the nature of such modification and certifying that this Note, as so modified, is in full force and effect), (b) acknowledging that there are not any uncured defaults on the part of the Marshall EDA under the Note, or specifying such defaults if they are claimed, (c) acknowledging that there are no offsets, counterclaims or defenses to the obligations of undersigned under this Note, and (d) certifying as to any other matters as may be reasonably requested by the Marshall EDA. Any such statement may be conclusively relied upon by the Marshall EDA and any prospective purchaser or encumbrancer of the Note. If the undersigned does not execute, acknowledge and deliver the statement referred to in this Paragraph within time set forth above, the information set forth therein shall be deemed true and correct.

This Note is or will be made and delivered in the State of Minnesota and shall be governed by and construed and interpreted in accordance with the laws of the United States of America and the State of Minnesota, without regard to principles of conflict of laws. All judicial actions, suits or proceedings brought by or against undersigned with respect to its rights, obligations, liabilities or any other matter under or arising out of or in connection with this Note or any transaction contemplated hereby or for recognition or enforcement of any judgment rendered in any such proceedings shall be brought in Lyon County District Court in the State of Minnesota. By execution and delivery of this Note, the undersigned accept, generally and unconditionally, the exclusive jurisdiction of the aforesaid court and irrevocably agrees to be bound by any final judgment rendered thereby in connection with this Note or any transaction contemplated hereby from which no appeal has been taken or is available. The undersigned

hereby irrevocably waives any objections, including without limitation any objection to the laying of venue or based on the grounds of forum non conveniens, which it may now or hereafter have to the bringing of any such action or proceeding in any such jurisdiction. The undersigned acknowledge that final judgment against it in any action, suit or proceeding referred to in this Paragraph shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment, a certified or exemplified copy of which shall be conclusive evidence of same.

The payment and performance of this Note is secured by a Mortgage to be filed against the properties legally described on Exhibit A, attached hereto and made apart hereof.

BORROWER REPRESENTS, CERTIFIES, WARRANTS AND AGREES THAT THIS NOTE HAS BEEN READ AND BORROWER UNDERSTANDS ALL OF THE PROVISIONS OF THIS NOTE. BORROWER ALSO AGREES THAT COMPLIANCE BY THE MARSHALL EDA WITH THE EXPRESS PROVISIONS OF THIS NOTE SHALL CONSTITUTE GOOD FAITH AND SHALL BE CONSIDERED REASONABLE FOR ALL PURPOSES.

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UNITED COMMUNITY ACTION
PARTNERSHIP

By: _____

Its: _____

EXHIBIT A
PROPERTY DESCRIPTIONS

Option to Purchase 6-26-2019

1. Lot Ten (10), Block Four of Parkway Addition II;
2. Lot Eleven (11), Block Four of Parkway Addition II;
3. Lot Twelve (12), Block Four of Parkway Addition II;
4. Lot Thirteen (13), Block Four of Parkway Addition II;

Purchased 6-18-2019

5. Lot Seven (7), Block Five of Parkway Addition II; and
6. Lot Two (2), Block One (1) of Stockholm Addition;

all in the City of Marshall, Lyon County, Minnesota.

TOTAL INDEBTEDNESS SECURED BY THIS MORTGAGE IS \$80,000

FIRST MORTGAGE

THIS MORTGAGE (the "Mortgage"), made this _____ day of _____, 2020, between United Community Action Partnership, a Minnesota non-profit Corporation (the "Mortgagor"), and the Economic Development Authority, in and for the City of Marshall, Minnesota, hereinafter referred to as Marshall EDA, (The "Mortgagee").

WITNESSETH:

A. Mortgagor has requested Mortgagee to extend credit to Mortgagor pursuant to that certain Promissory Note dated as of even date herewith (the Promissory Note together with each renewal, extension or replacement note therefor being the "Note"; capitalized terms not defined herein being used herein as therein defined) in the original principal amount of \$80,000.

B. As a condition to extending credit to Mortgagor pursuant to the Note, Mortgagee requires that Mortgagor grants a security interest in the Mortgaged Premises (as defined below) in accordance with this Mortgage.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each of the parties hereto, it is agreed as follows:

To secure the payment of all Secured Obligations, Mortgagor hereby mortgages to Mortgagee: (a) all of their right, title and interest in and to the tracts, parcels and interests in land lying and being in the County of Lyon, State of Minnesota, as legally described in Exhibit A hereto and made a part hereof (the "Land") and the buildings, structures, fixtures, annexations and other

improvements now standing or at any time hereafter constructed or placed upon the Land (the "Buildings"), including all hereditaments, easements, appurtenances, riparian rights, mineral rights, water rights, rights in and to the lands lying in streets, alleys and roads adjoining the Land, estates, and other rights and interests now or hereafter belonging to or in any way pertaining to the Land or Buildings; (i) all heating, plumbing and lighting apparatus, screens, awnings, floor coverings, shrubbery, plants, landscaping, motors, engines, machinery, elevators, electrical equipment, incinerator apparatus, air conditioning equipment, water and gas apparatus, pipes, boilers, furnaces, cleaning, communication and sprinkler systems, faucets, fire extinguishing apparatus and equipment, and all other fixtures of every description which are now or may hereafter be placed or used upon the Land or in any building, structure or other improvement now or hereafter located thereon, and (ii) all additions, accessions, increases, parts, fittings, accessories, replacements, substitutions, betterments, repairs, products and proceeds; and together with the Land, Buildings, and Revenues and Income collectively called the "Mortgaged Premises").

For purposes of this Mortgage, "Secured Obligations" shall mean all loans (including the loan evidenced by the Note (the "Loan"), advances, debts, liabilities, obligations, covenants and duties owed by Mortgagor to the Mortgagee of any kind or nature, present or future, whether or not evidenced by any note, guaranty or other instrument, whether arising under the loan agreement, the other loan documents or under any other agreement or by operation of law, whether or not for the payment of money, whether arising by reason of an extension of credit, opening, guarantying or confirming of a letter of credit, guaranty, indemnification or in any other manner, whether joint, several or joint and several, direct or indirect (including those acquired by assignment or purchases), absolute or contingent, due or to become due, and however acquired and, without limiting the generality of the foregoing, includes all principal, interest, fees, charges, expenses, reasonable attorneys' fees, and any other sum chargeable to Mortgagors under the Promissory Note or any other loan document.

1. Covenants. Mortgagor hereby represents, warrants and covenants that:

(a) That Mortgagor is lawfully seized of the Mortgaged Premises in fee simple and has good right and full power and authority to execute this Mortgage and to grant a mortgage in the Mortgaged Premises;

(b) To pay the Secured Obligations as and when due;

(c) To pay all taxes; subject, however, to Mortgagor's right, if any, to contest such taxes;

(d) To keep (i) the Mortgaged Premises insured against fire for an amount not less than the full replacement cost thereof but in any event not less than the unpaid principal amount of the Secured Obligations and against other hazards for the amounts specified by Mortgagee for the protection of the Mortgagee, including, but not limited to, lightning, hazards under the usual extended coverage endorsement, and all other hazards and risks of direct physical loss occasioned. by any cause whatsoever, subject only to the exceptions

and exclusions, if any, agreed to by Mortgagee; (ii) all such policies shall name Mortgagee as a joint loss payee with Mortgagor under the so-called standard mortgagee clause, contain no pro rata reduction provisions and provide for not less than thirty (30) days' notice to Mortgagee of the cancellation of said policy

(e) That the Mortgaged Premises shall be kept in repair and no waste shall be committed.

(f) At the option of the Mortgagee, the whole of the principal sum of the Secured Obligations shall become due after an Event of Default, as defined in the Promissory Note, executed simultaneously to the execution of this document.

2. Additional Covenants and Agreements of Mortgagor. Mortgagor makes the following additional covenants and agreements with the Mortgagee:

(a) Any award of damages under condemnation or payment in lieu thereof for injury to or the taking of all or any part of the Mortgaged Premises are hereby assigned to the Mortgagee with authority to apply the proceeds to the amounts outstanding on the Secured Obligations in such order as Mortgagee may elect; provided, however, that Mortgagee, at its sole discretion, may make any such amount available to Mortgagors to repair or replace the condemned or taken Mortgaged Premises in accordance with procedures established by Mortgagee as necessary to protect the lien of this Mortgage as a first priority lien on the Mortgaged Premises;

(b) Any proceeds of any insurance payable by reason of loss or damage to the Mortgaged Premises are hereby assigned and shall be paid to Mortgagee with authority to apply the proceeds to the amounts outstanding on the Secured Obligations; provided, however, that Mortgagee, at its sole discretion, may make any such amount available to Mortgagor to repair or replace the damage to the Mortgaged Premises in accordance with procedures established by Mortgagee as necessary to protect the lien of this Mortgage as a first priority lien on the Mortgaged Premises;

(c) Mortgagor will hold Mortgagee harmless from all costs and expenses in connection with establishing the priority of this Mortgage subject to Permitted Liens and if the Mortgagee becomes a party to any mechanic's lien suit or other proceeding relating to the Mortgaged Premises or to this Mortgage, the Mortgagor will reimburse the Mortgagee for such entity's reasonable attorneys' fees, costs and expenses in connection with said suit or proceeding.

(d) Without the prior written consent of the Mortgagee, Mortgagor will not sell, convey, mortgage, pledge, grant a security interest in, or otherwise transfer or encumber all or any part of the Mortgaged Premises or any interest therein.

(e) Mortgagor will promptly pay when due all charges for utilities or other services to the Mortgaged Premises including, but not limited to, electricity, water, gas, telephone,

sanitary sewer and trash and garbage removal supplied and, upon request of Mortgagee, will provide evidence of such payment.

3. Payment by Mortgagee. If Mortgagor shall fail to comply with any of the terms, covenants, agreements or conditions of this Mortgage or any other Loan Document, Mortgagee may, but shall not be obligated to, without demand upon Mortgagor, and without waiving or releasing Mortgagor from any obligations in this Mortgage or in any such other Loan Document contained, remedy such failure, and Mortgagors agree to pay upon demand all sums incurred and the cost of performance by Mortgagee in remedying any such failure together with interest on all such sums and the costs of such performance from the date of such advance and performance at the Default Rate. All such sums and costs, together with interest as aforesaid, shall constitute a portion of the Secured Obligations, but no such advance or performance shall be deemed to relieve Mortgagors from any failure hereunder.

4. If the Mortgaged Premises shall be foreclosed and sold pursuant to a foreclosure sale, and (B) any such rents, profits or other income attributable to the period of redemption that remain after application of the above items (the "Balance"), then:

(a) If Mortgagee is the purchaser at the foreclosure sale, the Balance shall be paid to Mortgagee to be applied to any deficiency remaining after the sale, and if there is any excess amount remaining of said Balance after payment in full of said deficiency, said excess amount shall be paid to Mortgagee; provided that, if the Mortgaged Premises is redeemed by Mortgagor or any other party entitled to redeem, said excess amount shall be applied as a credit against the redemption price, with any remaining further balances to be paid to Mortgagor; and

(b) If Mortgagee is not the purchaser at the foreclosure sale, the Balance shall be paid to Mortgagee to be applied to any deficiency remaining after the sale, and if there is any excess amount remaining of said Balance after payment in full of said deficiency, said excess amount shall be paid to such purchaser; provided that (i) if the Mortgaged Premises is redeemed by Mortgagors or any other party entitled to redeem, said excess amount shall be applied as a credit against the redemption price, with any remaining further balances to be paid to Mortgagor, and (ii) if the Mortgaged Premises is not redeemed by Mortgagor or any other party entitled to redeem, such excess amount shall be paid to the purchaser at the foreclosure sale.

The entering upon and taking possession of the Mortgaged Premises, the collection of such rents, profits and other income and the application thereof as aforesaid shall not cure or waive any defaults under this Mortgage nor in any way operate to prevent Mortgagee from pursuing any other remedy which it may now or hereafter have under the terms of its Mortgage nor shall it in any way be deemed to constitute Mortgagee a mortgagee-in-possession. The rights and powers of Mortgagee hereunder shall remain in full force and effect both prior to and after any foreclosure of this Mortgage and any sale pursuant thereto and until expiration of the period of redemption from said sale, regardless of whether a deficiency remains from said sale. The purchaser at any

foreclosure sale, including Mortgagee, shall have the right, at any time and without limitation to advance money to any receiver appointed hereunder to pay any part or all of the items which the receiver would otherwise be authorized to pay if the cash were available from the Mortgaged Premises and the sum so advanced, with interest at the Default Rate, shall be a part of the sum required to be paid to redeem from any foreclosure sale. The rights hereunder shall in no way be dependent upon and shall apply without regard to whether the Mortgaged Premises is in danger of being lost, materially injured or damaged or whether the Mortgaged Premises is adequate to discharge the Indebtedness. The rights contained herein are in addition to and shall be cumulative with the rights given in any separate instrument, if any, assigning any leases, rents and profits of the Mortgaged Premises and shall not amend or modify the rights in any such separate agreement.

5. Events of Default/Acceleration of Maturity. Mortgagor agrees that, at the option of the Mortgagee, the entire remaining principal balance plus accrued interest shall become due and payable in full upon the occurrence of any Event of Default.

6. Statutory Power of Sale, Waiver and Agreement. At maturity, whether at the stated time or prior thereto by the acceleration of maturity pursuant hereto, Mortgagee (in addition to any other remedies provided for herein or which it may have at law or equity) shall have the statutory power of sale, and on foreclosure may retain statutory costs and attorneys' fees.

MORTGAGOR HEREBY EXPRESSLY CONSENTs TO THE FORECLOSURE AND SALE OF THE MORTGAGED PREMISES BY ACTION OR, AT THE OPTION OF MORTGAGEE, BY ADVERTISEMENT (SALE AFTER SERVICE OF NOTICE THEREOF UPON THE OCCUPANT OF THE MORTGAGED PREMISES AND PUBLICATION OF SAID NOTICE AS REQUIRED BY LAW); ACKNOWLEDGEs THAT SERVICE NEED NOT BE MADE UPON MORTGAGOR PERSONALLY (UNLESS MORTGAGORS ARE AN OCCUPANT) AND THAT NO HEARING OF ANY TYPE IS REQUIRED IN CONNECTION WITH THE SALE; AND EXCEPT AS MAY BE PROVIDED IN SAID STATUTES, EXPRESSLY WAIVE ANY AND ALL RIGHT TO PRIOR NOTICE OF SALE OF THE MORTGAGED PREMISES AND ANY AND ALL RIGHTS TO A PRIOR HEARING OF ANY TYPE IN CONNECTION WITH THE SALE OF THE MORTGAGED PREMISES.

7. Miscellaneous. This Mortgage shall be governed by and construed in accordance with the laws of the State of Minnesota and shall be binding upon Mortgagor, its successors and assigns and shall inure to the benefit of Mortgagee, its successors and assigns. In the event any provision hereof is determined to be unenforceable or invalid, such provision or such part thereof as may be unenforceable or invalid shall be deemed severed from this Mortgage and the remaining provisions carried out with the same force and effect as if the severed provisions or part thereof had not been made a part hereof.

8. Power-of-Attorney. Mortgagor hereby irrevocably appoints Mortgagee or any other person whom Mortgagee may from time to time designate as Mortgagor's attorney-in-fact, with full authority in the place and stead of Mortgagor and in the name of Mortgagor or otherwise, from and after the occurrence and continuance of an Event of

Default, to take any action and to execute any instrument that Mortgagor may deem necessary or advisable to accomplish the purposes of this Mortgage, including without limitation, to assign, pledge, convey or otherwise transfer title in or dispose of any of the Mortgaged Premises to any third person after the occurrence of an Event of Default. Mortgagor ratifies and approves all acts of the attorney taken within the scope of the authority granted. Neither Mortgagor nor the attorney will be liable for any acts of commission or omission nor for any error in judgment or mistake of fact or law. This power, being coupled with an interest, is irrevocable so long as any Secured Obligation remains unpaid.

9. Recitals. The above Recitals are true and correct as of the date hereof and constitute a part of this Mortgage.

United Community Action Partnership

Its President

STATE OF MINNESOTA)
)ss
COUNTY OF LYON)

On this _____ day of _____, 2020, before me, a notary public within and for said County and State, personally appeared, _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that _____ executed the same as _____ free act and deed.

NOTARIAL STAMP OR SEAL (OR OTHER TITLE OR RANK)

SIGNATURE OF PERSON TAKING CKNOWLEDGMENT

THIS INSTRUMENT WAS DRAFTED BY:

QUARNSTROM & DOERING, P.A.
By: Dennis H. Simpson
109 South Fourth Street
Marshall, MN 56258
(507) 537-1441

EXHIBIT A
Legal Description of Property

The parcels of land lying in Lyon County, Minnesota and more particularly described as follows:

Lot Seven (7), Block Five (5) of Parkway Addition II, Lot Two (2), Block One (1) of Stockholm Addition, Lots Ten (10), Eleven (11), Twelve (12) and Thirteen (13), all in Block Four (4) Parkway Addition II, to the City of Marshall, Lyon County, Minnesota.



MEMORANDUM

TO: Members of the Economic Development Authority

FROM: Sharon Hanson, Executive EDA Director
Lauren Deutz, EDA Director
Marcia Loeslie, EDA Assistant Director

DATE: April 24, 2020

SUBJECT: Approval of \$16,000 Loan at 3% interest to Fuzzy's Bar

Action/Recommendation

Staff recommends a motion to approve the \$16,000 Loan at 3% interest to Fuzzy's Bar.

Background

Staff received a request from United Community Action Partnership (UCAP) to approve funding to make available \$16,000 of 3% loan funds amortized for 7 years for Fuzzy's Bar out of the City of Marshall's Program Income (Fund 220). Fuzzy's Bar would need to meet Marshall's loan application guidelines. In the application that was submitted to the Department of Employment and Economic Development in 2017-18 that procured the funding for the commercial and residential funds, Marshall had dedicated \$77,000 to be used as funding match for SCDP funding. See UCAP's memo and background information.

Fiscal Impact

Utilize Fund 220.

Alternative Actions

Not applicable.



Amount	16,000
Annual Interest Rate	3%
Years	7
Payments Per Year	12

Payment Number	Payment	Principal	Interest	Balance
1	(\$211.41)	(\$171.41)	(\$40.00)	15,828.59
2	(\$211.41)	(\$171.84)	(\$39.57)	15,656.75
3	(\$211.41)	(\$172.27)	(\$39.14)	15,484.47
4	(\$211.41)	(\$172.70)	(\$38.71)	15,311.77
5	(\$211.41)	(\$173.13)	(\$38.28)	15,138.64
6	(\$211.41)	(\$173.57)	(\$37.85)	14,965.07
7	(\$211.41)	(\$174.00)	(\$37.41)	14,791.07
8	(\$211.41)	(\$174.44)	(\$36.98)	14,616.64
9	(\$211.41)	(\$174.87)	(\$36.54)	14,441.77
10	(\$211.41)	(\$175.31)	(\$36.10)	14,266.46
11	(\$211.41)	(\$175.75)	(\$35.67)	14,090.71
12	(\$211.41)	(\$176.19)	(\$35.23)	13,914.53
13	(\$211.41)	(\$176.63)	(\$34.79)	13,737.90
14	(\$211.41)	(\$177.07)	(\$34.34)	13,560.83
15	(\$211.41)	(\$177.51)	(\$33.90)	13,383.32
16	(\$211.41)	(\$177.95)	(\$33.46)	13,205.37
17	(\$211.41)	(\$178.40)	(\$33.01)	13,026.97
18	(\$211.41)	(\$178.85)	(\$32.57)	12,848.12
19	(\$211.41)	(\$179.29)	(\$32.12)	12,668.83
20	(\$211.41)	(\$179.74)	(\$31.67)	12,489.09
21	(\$211.41)	(\$180.19)	(\$31.22)	12,308.90
22	(\$211.41)	(\$180.64)	(\$30.77)	12,128.26
23	(\$211.41)	(\$181.09)	(\$30.32)	11,947.17
24	(\$211.41)	(\$181.54)	(\$29.87)	11,765.62
25	(\$211.41)	(\$182.00)	(\$29.41)	11,583.62
26	(\$211.41)	(\$182.45)	(\$28.96)	11,401.17
27	(\$211.41)	(\$182.91)	(\$28.50)	11,218.26
28	(\$211.41)	(\$183.37)	(\$28.05)	11,034.89
29	(\$211.41)	(\$183.83)	(\$27.59)	10,851.07
30	(\$211.41)	(\$184.29)	(\$27.13)	10,666.78

31	(\$211.41)	(\$184.75)	(\$26.67)	10,482.03
32	(\$211.41)	(\$185.21)	(\$26.21)	10,296.83
33	(\$211.41)	(\$185.67)	(\$25.74)	10,111.16
34	(\$211.41)	(\$186.13)	(\$25.28)	9,925.02
35	(\$211.41)	(\$186.60)	(\$24.81)	9,738.42
36	(\$211.41)	(\$187.07)	(\$24.35)	9,551.35

MEMO

4-23-20

To: Marshall EDA
Fr: Jeff Gladis, United Community Action Partnership, Inc.
Re: Marshall Program Income/Local Funds – 3% Loan

This request is to approve funding to make available \$16,000 of 3% loan funds for Fuzzy's Bar out of the City of Marshall's Program Income/Local Funds. Fuzzy's Bar would need to meet Marshall's loan application guidelines. These funds have been generated by previous Small Cities (SCDP) recipients and the intention is that they will be used to benefit commercial businesses in a slum and blight district or low to moderate income households.

In the application that was submitted to the Department of Employment and Economic Development in 2017-18 that procured the funding for the commercial and residential funds, Marshall had dedicated \$77,000 to be used as funding match for SCDP funding.



Jeff Gladis, Housing Director
United Community Action Partnership, Inc.

This is the main core of buildings in the Marshall downtown area. These buildings are also many of the oldest commercial structures in town. The downtown business area is an important area in the community and keeping it active and vibrant will help keep businesses in the downtown area. There are generational business owners in the target area along with three ethnic grocery stores that serve minority populations in Marshall and the surrounding area. There are also two ethnic restaurants in the target area. These smaller businesses are generally in competition with bigger box stores and having funds available to help repair buildings helps to maintain the buildings and keep the businesses in the community.

- 2) Identify and describe the importance of buildings that are key to the community and are within the target area. Examples: businesses that provide important community services such as a café, grocery store, bank or drug store; very visual in the community; draw visitors for outside the community; historically significant to the community.

As mentioned above there are three ethnic grocery stores in the target area along with two ethnic restaurants. One of the oldest buildings in Marshall houses two of the ethnic grocery stores. This building is considered historic and will require additional compliance with SHPO. There is also a major chain bank and a drug store in the downtown area.

- 3) Are the owners of these key buildings interested in rehabilitation and included in your documentation of interest? If not, please explain.

The owners of the buildings that have ethnic grocery stores have all filled out surveys indicating their interest. Neither of the two restaurants filled out surveys but one of them participated in the last SCDP commercial grant and made major repairs to their building, which they have kept up. This building is an old historic bank building that the owner invested significant matching dollars into the project. I had a discussion with the bank located in the target area and they would rather see other businesses in the downtown area have access to the funds. There are at least 20 building owners that have owned their buildings for over ten years that are interested in participating also. Some of these buildings will require additional SHPO compliance.

- 4) How will this activity combined with the other activity you are requesting work together to impact the community? Are there other local economic development or community improvement initiatives that rehabilitation of the target properties will contribute to or will assist properties owners to improve their properties?

The City of Marshall is making available \$77,000 of 3%, low interest loans as matching dollars that building owners can apply for. Local banks will also be willing to borrow match requirements as long as owners meet lending requirements. MIF funds are also being allocated for the commercial projects in the amount of \$238,000.

Since the housing crash the businesses in the downtown area have had limited funds to invest into building repairs. Local building owners have expressed that they have not raised downtown rents for many years due to challenge of keeping downtowns alive. The limited rents have not allowed owners to invest back into the downtown area as much as they would've liked.

- 5) Describe any other existing or expected area activities that may positively affect the viability of the target area as a vibrant economic and community asset.

Marshall invested over \$3 million in downtown district in the targeted area in 2007. There is a portion of the targeted area that is the planning stages for infrastructure repairs but there have not been any estimates developed yet.

- 6) Describe the community's recent history and experience under taking similar activities.

Marshall in the past has completed successful commercial and mixed-use SCDP projects. As mentioned earlier there was an issue with timely reporting of the program income report. UCAP will work with Marshall to correct this. The individual that was responsible for this is no longer with the city.

- 7) Describe the administrator(s) recent history and experience undertaking similar activities.

UCAP has completed a number of commercial rehab projects including Marshall, Windom, Lakefield, Jackson, Mountain Lake, Redwood Falls, Pipestone, Fairfax and Tracy. Our most recent is with the cities of Lakefield and Fairfax which are currently being completed. Commercial grants that were completed in Jackson and Pipestone were also located in historic districts. UCAP's Housing Director has been working with SCDP projects since the early 1990's.

- iii) Describe how the proposed activities will make *Cost Effective* use of grant funds including:

- 1) Provide evidence of leverage resources, including in-kind contributions or innovative cost saving measures which include, but is not limited to, material donations, donated administrative costs, etc.
As mentioned earlier the City of Marshall will be making \$77,000 of commercial, 3%, low interest loans available to building owners that apply for SCDP funds. Marshall has a working relationship with assisting UCAP in the administration of SCDP projects wherever they can. They have provided administrative help when needed.
- 2) Describe if there will be any below market rate financing that will be provided to the project;
As mentioned earlier there will be \$77,000 made available with 3% interest loans from Marshall.
- 3) Have cost estimates taken into consideration that federal prevailing wages limits (Davis Bacon) will be required for SCDP funded projects?
Yes. In previous grants in this area the prevailing wage rates have affected portions of projects. Competitive bidding will also be implemented throughout the project.
- 4) Describe how repayments, interest, and income received from the grant during the grant period and following grant closeout will be used. All income generated by the grant, whether it be Program Income or not, must be used for allowable activity that meets a Federal Objective.
SCDP funds will fund 70% of the project up to a maximum of \$40,000. Of this amount, 1/7th will be a 3% loan that is paid back by the building owners. These funds will be placed in a local fund that will be kept for similar projects funded through this application. Any funds re-captured during the open grant period will be re-issued back into the activity it was originally used in. Funds re-captured after the grant has closed will be lend out as per the city's current program income and local income plan. That plan is included with the application.

Grantee Summary Information Sheet

Name of Applicant: City of Marshall

I. Applicant Information (city/county)

Authorized Official & Environmental Certifying Officer Information (Mayor or Board Chair whichever is applicable)

Name: **Bob Byrnes**

Title: **Mayor**

City/County Address, including zip code: **344 W Main St., Marshall, MN 56258**

Phone #: **507-337-2809**

Email: **Robert.byrnes@ci.marshall.mn.us**

Federal ID #: **41-6005351**

State ID #: **8023701**

State Vendor #: **0000197695**

Applicant DUNs #: **070747316**

Application (Proposal) Author

Name: **Jeff Gladis**

Title: **Housing Director**

Name of Organization: **United Community Action Partnership, Inc.**

Phone #: **507-537-1416 Ext. 2136**

Email: **jeff.gladis@unitedcapmn.org**

Applicant Financial Officer Information

Name: **Karla Drown**

Title: **Finance Director**

Address: **344 W Main St., Marshall, MN 56258**

Phone #: **507-537-6763 Ext. 6764**

Email: **karla.drown@ci.marshall.mn.us**

Small Cities Development Program Application

APPLICANT:

City of Marshall

Federal Objective/Goals/Budget Form

Fed. Obj. Codes*	Activity	# of units/goals	SCDP Cost Per unit	SCDP Cost/without admin	Total SCDP Admin	SCDP Admin %	Total SCDP Costs	Program Income	Total Leveraged Resources	Source of Leveraged Funds (Mark (c) if funds are committed**.)	Totals
LMI	Owner Rehab	21	13,000	273,000			273,000	231,000	216,000	Weatherization "c", MHFA deferred loan "c", Energy Repair Program "c", Utility projects, home improvement loans, owner match	720,000
	Owner Rehab Admin	21	1,950		40,950	15.0%	40,950	34,650			75,600
S&B	Commercial Rehab	14	18,000	252,000			252,000	238,000	210,000	City of Marshall 3% loans "c", local lenders, owner match	700,000
	Commercial Rehab Admin	14	2,700		37,800	15.0%	37,800	35,640			73,440

City of Marshall
ECONOMIC DEVELOPMENT AUTHORITY
Bello Cucina
Minutes of the Meeting of Wednesday, July 20, 2016

MEMBERS PRESENT: Bucher, Frost, Lockwood, Serreyn
MEMBERS ABSENT: Doom, Herrmann, DeCramer
STAFF PRESENT: Johnson, Brink, VanKeulen
OTHERS PRESENT: Karla Drown

President Bucher called the meeting to order at 12:02 p.m.

MOTION BY LOCKWOOD, SECONDED BY FROST to approve the agenda. THE MOTION PASSED 4-0.

MOTION BY SERREYN, SECONDED BY LOCKWOOD to approve the 06-15-16 minutes. THE MOTION PASSED 4-0.

Brink presented Parkway II Purchase Agreement with Fox and Lozinski. At the request of the buyers, there will be a total of 7 single family dwellings constructed (on 8 purchased lots). Buyers would like to have three building seasons to develop their project. Therefore, they are given until December 31, 2019 to have the appropriate certificates of occupancy in place so as to avoid a \$2500 per lot development penalty. Developers also propose to construct two twin homes on the end lots. Lots 6 and 7 will have twin homes with one common wall located on the property boundary between the lots. MOTION BY SERREYN, SECONDED BY FROST to approve the Parkway II Purchase Agreement with Fox & Lozinski with Section 8 Paragraph 4 deleted. THE MOTION PASSED 4-0.

MOTION BY FROST, SECONDED BY LOCKWOOD to approve the amendment to the Parkway II Protective Covenants, allowing for the reconfiguration of Lots 3, 4 and 5, Block 2 as presented as well as the approval of 2-Twin Homes on Lots 6, 7, 8 and 9 with a common wall located on property line between lots subject to verification they are end lots. THE MOTION PASSED 4-0.

Additional discussion took place in regards to future covenants of Parkway II. The board would like to see the covenants modified to potentially limit the types of homes that can be built. This may be addressed through zoning so it wouldn't affect the EDA. The board would also like to see a little more flexibility in the future so they don't need to approve specific details. Staff will follow-up with Dennis Simpson to discuss.

Brink presented Small Cities Services Proposal with Western Community Services. Western Community Action provided a Small Cities Service Proposal to write a Small Cities Development Program Grant Application on behalf of the City of Marshall. The pre-application is due in November and the full application is due in February. Applications have to be invited to the full application round in February. The City of Marshall EDA will assist with the application process. Staff checked with Tom Meulebroeck and we have \$56,000 available in local funds to put towards the project with an additional \$21,000 from another fund for a total of \$77,000. Depending on the type of application we submit, we could spend up to \$7,900 for the full application process; however, we can use the Small Cities funds to pay for the services. MOTION BY FROST, SECONDED BY LOCKWOOD to approve the Small Cities Services Proposal with Western Community Action. THE MOTION PASSED 4-0.

Serreyn presented June's Treasurer's Report. Overall normal collection of interest and payments occurred. June's overall fund balance totaled \$2,594,349.70. MOTION BY LOCKWOOD, SECONDED BY FROST to approve the Treasurers' report. THE MOTION PASSED 4-0.

The Marketing Committee did not meet.

The Housing Committee did not meet.

Brink presented the Director's Report:

- The Discover Southwest MN Partnership continues to meet quarterly.
- Staff continues to submit additional information requested from DEED regarding the Infrastructure Grant Application.
- Springsted is working with Market Street Mall legal on the mall reconstruction.
- Working with Springsted and Marriot on a potential 126 key hotel and Convention Center to be built on City property near the Red Baron Arena.

MOTION BY LOCKWOOD, SECONDED BY FROST to adjourn the meeting at 1:21 p.m. MOTION PASSED 4-0.

Respectfully Submitted


Karen VanKeulen



MEMORANDUM

TO: Members of the Economic Development Authority

FROM: Sharon Hanson, Executive EDA Director
Lauren Deutz, EDA Director
Marcia Loeslie, EDA Assistant Director

DATE: April 24, 2020

SUBJECT: Approval of up to \$61,000 to UCAP to fund existing SCDP applications.

Action/Recommendation

Staff recommends a motion to approve up to \$61,000 to UCAP to fund existing SCDP applications.

Background

Staff received a request from United Community Action Partnership (UCAP) to approve up to \$61,000 to UCAP to fund existing SCDP applications out of the City of Marshall's Program Income (Fund 220). The funds would be disbursed according to the current grant guidelines. These are a 60% grant/10% low interest loan/30% match, with a maximum of \$40,000 being made available through the grant and low interest loan.

In the application that was submitted to the Department of Employment and Economic Development in 2017-18 that procured the funding for the commercial and residential funds, Marshall had dedicated \$77,000 to be used as funding match for SCDP funding. See UCAP's memo and background information.

Fiscal Impact

Utilize Fund 220.

Alternative Actions

Not applicable.

MEMO

4-23-20

To: Marshall EDA
Fr: Jeff Gladis, United Community Action Partnership, Inc.
Re: Marshall Program Income/Local Funds – Grant funding

This request is to approve funding to make available up to \$61,000 of the City of Marshall's Program Income/Local Funds available to put towards additional funding that matches the existing, open Small Cities Development Program (SCDP) funds. These funds have been generated by previous SCDP recipients and the intention is that they will be used to benefit commercial businesses in a slum and blight district or low to moderate income households.

The funds would be disbursed according to the current grant guidelines. These are a 60% grant/10% low interest loan/30% match, with a maximum of \$40,000 being made available through the grant and low interest loan.

In the application that was submitted to the Department of Employment and Economic Development in 2017-18 that procured the funding for the commercial and residential funds, Marshall had dedicated \$77,000 to be used as funding match for SCDP funding.



Jeff Gladis, Housing Director
United Community Action Partnership, Inc.

This is the main core of buildings in the Marshall downtown area. These buildings are also many of the oldest commercial structures in town. The downtown business area is an important area in the community and keeping it active and vibrant will help keep businesses in the downtown area. There are generational business owners in the target area along with three ethnic grocery stores that serve minority populations in Marshall and the surrounding area. There are also two ethnic restaurants in the target area. These smaller businesses are generally in competition with bigger box stores and having funds available to help repair buildings helps to maintain the buildings and keep the businesses in the community.

- 2) Identify and describe the importance of buildings that are key to the community and are within the target area. Examples: businesses that provide important community services such as a café, grocery store, bank or drug store; very visual in the community; draw visitors for outside the community; historically significant to the community.

As mentioned above there are three ethnic grocery stores in the target area along with two ethnic restaurants. One of the oldest buildings in Marshall houses two of the ethnic grocery stores. This building is considered historic and will require additional compliance with SHPO. There is also a major chain bank and a drug store in the downtown area.

- 3) Are the owners of these key buildings interested in rehabilitation and included in your documentation of interest? If not, please explain.

The owners of the buildings that have ethnic grocery stores have all filled out surveys indicating their interest. Neither of the two restaurants filled out surveys but one of them participated in the last SCDP commercial grant and made major repairs to their building, which they have kept up. This building is an old historic bank building that the owner invested significant matching dollars into the project. I had a discussion with the bank located in the target area and they would rather see other businesses in the downtown area have access to the funds. There are at least 20 building owners that have owned their buildings for over ten years that are interested in participating also. Some of these buildings will require additional SHPO compliance.

- 4) How will this activity combined with the other activity you are requesting work together to impact the community? Are there other local economic development or community improvement initiatives that rehabilitation of the target properties will contribute to or will assist properties owners to improve their properties?

The City of Marshall is making available \$77,000 of 3%, low interest loans as matching dollars that building owners can apply for. Local banks will also be willing to borrow match requirements as long as owners meet lending requirements. MIF funds are also being allocated for the commercial projects in the amount of \$238,000.

Since the housing crash the businesses in the downtown area have had limited funds to invest into building repairs. Local building owners have expressed that they have not raised downtown rents for many years due to challenge of keeping downtowns alive. The limited rents have not allowed owners to invest back into the downtown area as much as they would've liked.

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Marshall in the past has completed successful commercial and mixed-use SCDP projects. As mentioned earlier there was an issue with timely reporting of the program income report. UCAP will work with Marshall to correct this. The individual that was responsible for this is no longer with the city.

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- iii) Describe how the proposed activities will make *Cost Effective* use of grant funds including:

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- 3) Have cost estimates taken into consideration that federal prevailing wages limits (Davis Bacon) will be required for SCDP funded projects?
Yes. In previous grants in this area the prevailing wage rates have affected portions of projects. Competitive bidding will also be implemented throughout the project.
- 4) Describe how repayments, interest, and income received from the grant during the grant period and following grant closeout will be used. All income generated by the grant, whether it be Program Income or not, must be used for allowable activity that meets a Federal Objective.
SCDP funds will fund 70% of the project up to a maximum of \$40,000. Of this amount, 1/7th will be a 3% loan that is paid back by the building owners. These funds will be placed in a local fund that will be kept for similar projects funded through this application. Any funds re-captured during the open grant period will be re-issued back into the activity it was originally used in. Funds re-captured after the grant has closed will be lend out as per the city's current program income and local income plan. That plan is included with the application.

Grantee Summary Information Sheet

Name of Applicant: City of Marshall

I. Applicant Information (city/county)

Authorized Official & Environmental Certifying Officer Information (Mayor or Board Chair whichever is applicable)

Name: **Bob Byrnes**

Title: **Mayor**

City/County Address, including zip code: **344 W Main St., Marshall, MN 56258**

Phone #: **507-337-2809**

Email: **Robert.byrnes@ci.marshall.mn.us**

Federal ID #: **41-6005351**

State ID #: **8023701**

State Vendor #: **0000197695**

Applicant DUNs #: **070747316**

Application (Proposal) Author

Name: **Jeff Gladis**

Title: **Housing Director**

Name of Organization: **United Community Action Partnership, Inc.**

Phone #: **507-537-1416 Ext. 2136**

Email: **jeff.gladis@unitedcapmn.org**

Applicant Financial Officer Information

Name: **Karla Drown**

Title: **Finance Director**

Address: **344 W Main St., Marshall, MN 56258**

Phone #: **507-537-6763 Ext. 6764**

Email: **karla.drown@ci.marshall.mn.us**



MEMORANDUM

TO: Members of the Economic Development Authority

FROM: Sharon Hanson, Executive EDA Director
Lauren Deutz, EDA Director
Marcia Loeslie, EDA Assistant Director

DATE: April 24, 2020

SUBJECT: Ratify Amended Marshall COVID-19 Emergency Loan Program

Action/Recommendation

Staff recommends a motion to ratify the Amended Marshall COVID-19 Emergency Loan Program.

Background

Deutz has spoken with five businesses about the loan and has received one application as of Thursday, April 23rd. In speaking with businesses, we realized we did not include Executive Order 20-20 & (Stay at Home) & 20-33 (Defines Critical Workers) in our eligibility. By not including these orders, we have excluded many small businesses that I believe we intended to assist with our program. This would include the downtown shops who had to close their physical locations starting March 27.

Deutz is suggesting adding the following language under Qualifications:

- Business not deemed as critical sector work in Gov. Walz's Executive Orders (EO 20-20, 20-33).

Due to the current State of Emergency, the vote was held electronically, and we will ratify the vote at the April 30th Special Meeting.

Fiscal Impact

Not applicable.

Alternative Actions

Not applicable.