

# **CITY OF MARSHALL**

## **ECONOMIC DEVELOPMENT AUTHORITY**

### **REVOLVING LOAN FUND POLICY**

#### **Introduction**

Sections I through XIII of this document govern the use of Federal Economic Development Revolving Loan Funds. Section XIV of this document applies to the use of State Economic Development Revolving Loan Funds.

#### **I. Purpose.**

The purpose of these guidelines is to establish policies and procedures to regulate, coordinate and facilitate the workflow for underwriting new financing requests, servicing revolving loans, and ensuring borrower compliance with loan terms and conditions.

#### **II. Authorization and Funding Sources.**

Chapter 469 of the Minnesota State Statutes, as amended, authorizes the Economic Development Authority in and for the City of Marshall (“City of Marshall EDA” or “EDA”) to make grants or loans to prospective private businesses. The Revolving Loan Fund was capitalized through funds made available by the City of Marshall EDA and the Minnesota Department of Employment and Economic Development (“DEED”).

#### **III. Mission.**

The mission of the Revolving Loan Fund is to increase the City’s tax base, create and retain permanent private sector jobs and improve economic opportunity and living standards for the citizens of Marshall by promoting local business development and expansion, by attracting out-of-state business expansion, leveraging private sector funds and assisting the development of new technologies.

#### **IV. Program Objective.**

The objective of the Revolving Loan Fund is to fill the financing gap between project costs and private debt financing and private equity by making direct loans for certain approved activities to businesses within the Marshall city limits.

#### **V. Equal Opportunity and Affirmative Action.**

- A. Non-discrimination. No one shall be denied assistance based upon race, color, creed, religion, national origin, sex, marital status, age, familial status, or disability.
- B. All loan recipients, developers, contractors and subcontractors must agree:
  - 1. Not to discriminate in any manner against an employee or applicants because of race, color, creed, religion, sex, marital status, age, familial status, or disability.
  - 2. To post and to cause subcontractors to post in conspicuous places available to employee and applicants for employment, notices setting forth the substance of this clause.

## **VI. Eligible Activities**

Certain projects, applicants, activities and costs are eligible for Revolving Loan Funds.

- A. Eligible applicants. Applicants may be a small business or developers who are organized as proprietorships, partnerships, limited liability companies or a corporation whose business sales are less than \$5 million annually for each of the last two years. The City of Marshall EDA may make exceptions to this rule on a case by case basis. Moreover, the successful applicant must also demonstrate proof of the following:
  - 1. Ownership or lease agreements of the subject property; and
  - 2. Property insurance; and
  - 3. Property taxes paid and current; and
  - 4. Freedom from all judgments, liens, agreements, consent decrees, stipulations for settlements, or other such actions which would prevent the applicant from participating in any program administered by the City of Marshall EDA; and
  - 5. Compliance with all applicable City of Marshall ordinances and plans.
- B. Eligible activities. Loan funds may be used to assist small businesses primarily by providing financial assistance for the following types of activities, including but not limited to: growth and expansion, rehabilitation, code compliance, employee recruitment and retention and facade enhancement.
- C. Eligible costs. Eligible costs may include the following:
  - 1. Land acquisition and improvements. Improvements to the land which are a portion of the project cost including but not limited to: grading, new streets or street improvements, parking lots, utilities and landscaping.
  - 2. Purchase or renovation of building. Purchase and, if necessary, renovation of an existing industrial or commercial facility is permitted.
  - 3. Purchase machinery or equipment. Purchase of major items of machinery and equipment independent of land and buildings. These items must be defined to have a useful life of at least five years.
  - 4. Building construction. Construction of a new building and/or a major addition to an existing building.
  - 5. Leasehold improvements. Revolving Loan Funds may be used for certain leasehold improvements provided the lease is equal to or greater than the term of the loan and the City secures a lien on the land or building and improvements.
  - 6. Infrastructure Improvements. In order to promote job creation/retention for low and moderate income persons and/or to prevent or eliminate slum and blight the City may apply proceeds from the Revolving Loan Fund to develop public infrastructure. Such infrastructure may include utilities, streets, walkways and/or parking facilities. The use of funds for these purposes must be appropriately documented as meeting economic development and redevelopment objectives.
  - 7. Investment in technology that increase productivity, provides higher wages, or increases online sales.

## **VII. Ineligible Activities.**

Certain applicants, projects, activities, and cost are ineligible for Revolving Loan Funds.

- A. Ineligible applicants. Any applicants not meeting the eligibility requirements outlined in Section VI, subsection A shall be ineligible to receive Revolving Loan Funds.
- B. Ineligible activities. Funds may not be used for non-profit institutions, gambling organizations, lending or investment organizations, land speculation, or any use deemed illegal by federal, state, or local law or ordinance.
- C. Ineligible costs. Ineligible costs include but are not limited to: management fees, financing costs, franchise fees, debt repayment or consolidation, moving costs, refinancing, and operating costs, working capital, or inventory financing.

## **VIII. Loan Terms and Conditions.**

The City shall make available to eligible applicants direct, deferred, or low interest loans for the purpose of encouraging economic development, downtown development, job creation and job retention to meet business needs and preservation of business districts in the City of Marshall.

- A. Loan amount. There are maximum and minimum loan amounts for eligible projects.
  - 1. Maximum loan amount. The maximum loan available from the Revolving Loan Fund for each eligible project is limited to \$300,000.00 or 40% of total project cost, whichever is less.
  - 2. Minimum loan amount. The minimum loan amount available from the Revolving Loan Fund for each eligible project is \$10,000.00.
  - 3. Infrastructure Grant. The City Council, upon recommendation from City of Marshall EDA, shall determine the extent to which fund proceeds may be expended for public infrastructure.
  - 4. The City of Marshall EDA may make exceptions to this rule on a case by case basis.
- B. Interest rate. The interest rate shall be a fixed-rate established at the time of contract closing, but shall not be less than 2.0%.
- C. Term. The term of the loan will be tied to the useful life of the assets being financed. The following general terms apply:
  - 1. Machinery/equipment. The term of the loan for machinery/equipment shall not exceed seven years.
  - 2. Land/building acquisition. The term of the loan for land/building shall not exceed 15 years.
  - 3. New construction/renovation. The term of the loan for new construction/renovation shall not exceed 15 years.
  - 4. Balance due. All balances will be due and payable if and when the loan recipient sells or otherwise transfers any or part or his/her interest in the property or fails to meet any of the guidelines established within this document before the maturity date of the loan or relocates any part or all of the business outside the City of Marshall.

- D. Job creation.
1. One permanent full-time equivalent job must be created or saved within two years of the loan closing for up to each \$50,000 borrowed from the Revolving Loan Fund;
  2. Businesses receiving Revolving Loan Funds must pay each employee as and for total compensation, including benefits not mandated by law that, on an annualized basis, is equal to at least 110 percent of the federal poverty level for a family of four.
- E. \*Slum and Blight. Funds may be expended for economic development activities, such as commercial property rehabilitation, which funds shall aid in the elimination of slum or blight in an area as designated by the EDA. Designated areas must meet the definition of slum or blight as defined by state or local law.
- F. Equity participation. There shall be a minimum 10 percent equity investment of total project costs required of all applicants.
- G. Collateral requirements. All loan agreements will be secured by one or more of the following: promissory note, mortgage, or security agreement as required by the City; and
1. The revolving fund may take a subordinate position to the primary lender on the assets financed; and
  2. Surety deposits shall be required for certain construction contracts as set forth in Minnesota Statutes 290.9705.
- H. Letters of Commitment. Letters of commitment from all funding sources must be submitted for the application to be deemed complete.
- I. Personal guaranty. Personal guarantees of persons with ownership interest of 20% or greater are required. Personal guarantees of persons with ownership interest between 5 percent to 19 percent may be required by the EDA but said requirement is discretionary.
- J. Loan repayments. Repayment of the loan must begin within one month of completion of construction or taking possession of machinery and equipment purchased with loan funds. The EDA may make exceptions to this rule on a case by case basis.
- K. Loan prepayment. Prepayments are permitted where the Borrower makes the EDA whole for any losses or costs associated with the prepayment.
- L. Notice of award or denial. Applicants will be notified in writing not more than fourteen (14) days after final action has been taken on their Revolving Loan Fund application by the EDA.
- M. Loan closing documents. The City will close the loan within sixty (60) days of final EDA approval of the loan application. At that time, the City will deliver to the Borrower all closing documents and a final debt service schedule. In exchange, the Borrower will deliver to the City its loan obligation which is defined as a bond, note, or other evidence of obligation issued by the Borrower to evidence its indebtedness under the loan agreement.
- N. Post closing amendments and modifications. Requests for amendments and modifications following award, closing or disbursement of funds to the underwriting of the original request require EDA approval and shall be presented at the next scheduled meeting of the Board ("Board").

- O. Loan declination. The EDA will not make a loan if it determines that the loan amount would place an undue burden on the financial resources of the Borrower or the Borrower cannot demonstrate adequate financial capacity to repay the loan or the EDA otherwise determines that making the loan is not in the best interest of the City.
- P. Appeal. There will be a complaint and appeal procedure for aggrieved applicants if loan application is denied:
  - 1. Written notice. Applicants will receive written notice of the denial of the loan and the reason(s) for the denial determination within fourteen (14) days of the determination.
  - 2. Petition. The aggrieved applicant may petition the EDA in writing for reconsideration within fourteen (14) days from the date of the written notice of denial. Any request to appear before the Board must be in writing and must be submitted at least seven (7) days prior to the Board's scheduled meeting. Upon receipt of the written petition for reconsideration, the EDA shall consider the petition at its next scheduled meeting and advise the petitioner in writing of its decision within fourteen (14) days of that meeting. The Board's decision will be final.
  - 3. Re-application. Applicants aggrieved by the Board's final decision may re-apply for Revolving Loan Funds after ninety (90) days of the final decision if the concerns in the preceding application are adequately and appropriately addressed.

## **IX. Administration.**

- A. Loan application review process and loan review committee.
  - 1. The EDA Director serves as the loan officer. The Director will gather preliminary details from the interested business or individual including background materials necessary for a full loan application review.
  - 2. When satisfied to present the application to the EDA Loan Committee, the EDA Director will contact the EDA Board Chairman for approval to call an EDA Loan Committee meeting. (The Chairman may call an EDA Loan Committee meeting or may call for a full EDA Board meeting to evaluate the merits of the loan request).
  - 3. The EDA Loan Committee meeting will be set in a timely manner and the EDA Director will present the application.
  - 4. The EDA Loan Committee shall include two EDA members as appointed by the Chairman of the EDA Board. The EDA Board has designated the Marshall Industries Foundation (M.I.F.) Board to appoint the remaining EDA Loan Committee appointments as well as the Chairman of the Committee.
  - 5. The EDA Loan Committee reviews and makes a full recommendation to the EDA Board. The EDA Loan Committee can request more information as part of their review including, but not limited to, a presentation by the applicant or request for additional information. The EDA Loan Committee may approve expenditures for additional consulting fees as they determine necessary such as attorney fees or

financial analysis up to \$1,000.00. Any fees above \$1,000.00 shall require the approval of the EDA Board.

6. The Loan Committee provides a recommendation to the EDA Board for final authorization. The EDA Board loan consideration shall generally occur during regular meetings. However, if necessary the EDA Board Chairman may call a special EDA Board meeting for loan consideration. No loan shall be made prior to EDA authorization.
- B. Conflict of Interest. All city officials and employees shall comply with the applicable conflict of interest regulations set forth in the City Code.
- C. Staff responsibility. Economic development staff shall have the general responsibility for coordinating the application process, reviewing loan application, preparing applications and recommendations for review by the EDA, and coordinating the loan approval and service process as set forth in Subsections D – G of this section.
- D. Pre-application process. All parties seeking Revolving Loan Funds must file a pre-application. Pre-application forms may be obtained from the Economic Development Department.
  1. There will be a pre-application form that must be completed and submitted to the Economic Development Department for review and approval.
  2. The pre-application form will request information regarding the applicant, project scope, and project costs.
  3. Upon Economic Development Department approval, the applicant will be forwarded a Revolving Loan Fund application.
  4. Pre-application forms may be submitted on an open basis throughout the year.
- E. Application process. All parties seeking Revolving Loan Funds must file an application. Application forms may be obtained from the Economic Development Authority.
  1. Components of application. Only completed applications will be reviewed for consideration by economic development staff. A completed application is one that satisfies the checklist provided below:
    - a. Business plan describing the scope of the project, including site plans, building plans, renderings, or blueprints;
    - b. Project budget;
    - c. Private financing commitment;
    - d. Equity investment commitment;
    - e. Proposed security;
    - f. Company financial statements (most recent 3 years);
    - g. Personal financial statements (most recent 2 years);
    - h. Credit check release;
    - i. Mortgage or lease of property to be improved;
    - j. Proof of insurance of property to be improved;
    - k. Number of jobs to be created or retained;
    - l. Wage information;
    - m. Amount of loan request; and
    - n. Other documentation as requested.

2. Incomplete applications. Economic development staff, in its sole discretion, will determine if the application is complete and actionable. Incomplete applications will be assigned pending status and the applicant will be informed in writing of the missing documentation.
  3. Transmittal. Applications transmitted by oral, telegraphic, facsimile, or e-mail will not be accepted.
  4. Determination of eligibility. Applicant eligibility will be determined by economic development staff using criteria enumerated in subsection D (1) of this section.
  5. Site inspection. As part of the eligibility determination process, the city will inspect the property or building designated for improvements for compliance with the city administrative ordinances and zoning codes.
  6. Credit check. A credit check for the company and each of its principal owners shall be conducted by economic development staff.
- F. Final loan approval process. Economic development staff will prepare loan applications and make recommendations to the EDA.
1. EDA agenda. Upon determining the eligibility of the completed application and reviewing for credit worthiness and soundness of plan, economic development staff will place the loan application on the agenda for the EDA's next scheduled meeting.
  2. Criteria. The EDA will base their decision on the economic benefit to the City of Marshall, credit underwriting typical to the lending community including the borrower's ability to repay the loan and the collateral offered to secure the loan, the number of jobs to be created or retained, wage rates of jobs created or retained and increase in the local tax base.
  3. EDA action. Upon placement on the agenda, the EDA shall approve, deny, or table for consideration at a future meeting the loan application request.
  4. Notification of EDA action. The applicant shall be notified in writing within fourteen (14) days of the EDA's decision in accordance with the requirements set forth in Section VIII, Subsection M of these guidelines.
  5. Approval. If approved, the applicant will be sent a written commitment letter that will outline the terms and conditions of the loan approval. A copy of the commitment letter will be signed by the Borrowers and Guarantors signifying acceptance of the terms and conditions of the loan proposal and the conditions for funding. Upon the return of the executed commitment letter, community development staff will begin the loan closing process with the City Attorney.
  6. Closing. The City Attorney will prepare documentation and coordinate the closing with the Borrower or the Borrower's counsel.
- G. Loan servicing. Economic development staff will coordinate loan servicing activities.
1. Monitoring. Economic development staff will monitor loans for compliance with the accepted terms and conditions including job creation statistics and wage and benefit levels.
  2. Reports. Economic development staff and finance staff are responsible for ensuring that all required reports are filed in a timely manner.



3. Records. Computer files and conventional paper files will be maintained for the purpose of documenting, tracking, and monitoring program and project activities. Program records will be maintained primarily by the Economic Development Authority and financial records will be maintained primarily by the Finance Officer. Where applicable, the following records will be maintained:
  - a. Program records. The following program information will be maintained in the program project file, including but not limited to:
    - i. Environmental report;
    - ii. Eligibility determination records as set forth in Section IX, Subsection E (1) (a-n);
    - iii. Property inspection report;
    - iv. Progress reports;
    - v. EDA Resolutions;
    - vi. Correspondence;
    - vii. Loan documents; and
    - viii. Executed loan agreement.
  - b. Financial records. The following financial information will be maintained in the financial project file, including but not limited to:
    - i. Copy of the executed loan agreement;
    - ii. Disbursement data;
    - iii. Progress reports;
    - iv. Repayment data; and
    - v. Amortization tables.
4. Record retention. All program and financial records, supporting documents, statistical records, environmental review records and other records pertinent to the revolving loan program shall be maintained for a period of at least three (3) years from the final project report and project closeout date.

#### **X. Delinquency.**

There shall be a notification procedure for delinquent loans.

- A. Economic Development Director will review the loan agreements.
- B. Finance Officer will notify the Economic Development Director when a payment is received.
  1. 14 day grace period applies with no late fee.
  2. 5 days past due, a reminder letter will be sent (Attachment #1). Notify City Administrator when the Reminder Notice Letter is sent. The City Administrator may make a call.
  3. 12 days past due, the City Administrator shall make a phone call and shall serve a letter documenting the call.
  4. 15 days past due, this will be brought before the EDA Board at their next scheduled EDA meeting. Loans prior to 2010, the EDA Board determines if late



fee is incurred. (Late Fee=Loans prior to 2010 are 15% of the Loan Payment Amount. Loans after 2010 are 5% of the Loan Payment Amount).

5. If late fee is incurred, late fee invoice will be sent (Attachment #2)
  6. 30 days past due, the City Attorney will be notified and follow-up invoice will be sent (Attachment #3).
  7. After 30 days past due, ongoing review and analysis in consultation with the EDA Board and City Attorney.
- C. If payment is not received on time, a Notice Letter will be sent.
- D. EDA Staff will be tracking and invoicing the late charges.
- E. Update EDA Board with status of payments at the EDA monthly meetings.
- F. Negotiation. Throughout this process, every attempt will be made to preserve the company, the jobs and the loan funds.

#### **XI. Default.**

If the EDA determines a loan to be in default it will pass a resolution declaring the loan to be in default and shall convey the matter to the City Attorney for disposition.

#### **XII. Funding acknowledgement.**

For projects financially supported by Revolving Loan Funds the Borrower shall:

- A. Acknowledge Revolving Loan Fund support in certain written materials including company brochures, reports, newsletters, and press releases; and
- B. On the building or expansion construction site post a sign acknowledging financial support from the State of Minnesota and the City of Marshall.

#### **XIII. Other Federal and State Requirements.**

Revolving Loan Fund recipients must also comply with all applicable federal and state laws, executive orders and regulations governing:

- A. \*Fair Housing and Equal Access, including:
  1. Title IV of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d et seq.) (24 CFR Part 1) which Act defines and prohibits discrimination based on race, color, or national origin. Its protections have been greatly expanded by subsequent legislation;
  2. The Fair Housing Act (42 U.S.C. 3601-3620) (24 CFR Part 100-115) was enacted to prevent discrimination in rental and homeownership housing. The Act prohibits all forms of discrimination, in public and private housing markets, that is based on race, color, sex, religion, national origin, disability, or familial status;
  3. Equal Opportunity in Housing (Executive Order 11063, as amended by Executive Order 12259) (24 CFR Part 107) charges Federal agencies involved in housing programs with the responsibility of enforcing nondiscrimination laws, and

empowers HUD to carry out all actions necessary to prevent discrimination in housing;

4. Age Discrimination Act of 1975, as amended (42 U.S.C. 6101) (24 CFR Part 146) which prohibits discrimination based on age in programs or activities receiving Federal financial assistance;
  5. Section 109 of Title I of the Housing and Community Development Act of 1974 provides that no person in the US shall, on the ground of race, color, national origin, religion, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with Federal finance assistance;
  6. Americans with Disabilities Act prohibits discrimination and ensures equal opportunity for persons with disabilities in employment;
  7. Section 504 of the Rehabilitation Act of 1973 is a national law that protects qualified individuals from discrimination based on their disability; and
  8. Architectural Barriers Act of 1968 requires that facilities designed, built, altered, or leased with funds supplied by the United States Federal Government be accessible to the public.
- B. \*Equal Opportunity, including
1. Equal Employment Opportunity, Executive Order 11246, as amended (41 CFR Part 60) provides for equal opportunity in Federal employment for all qualified persons, to prohibit discrimination in employment because of race, creed, color, or national origin, and to promote the full realization of equal employment opportunity through a positive, continuing program in each executive department and agency;
  2. Section 3 of the Housing and Urban Development Act of 1968 is intended to ensure that when employment or contracting opportunities are generated because a covered project or activity necessitates the employment of additional persons or the awarding of contracts for work, preference must be given to low- and very low-income persons or business concerns residing in the community where the project is located;
  3. Minority/Women's Business Enterprise (Executive Orders 11625, 12432, 12138) (24 CFR 85.36(e)) which provides grantee and subgrantees to take necessary affirmative steps to assure that minority firms, women's business enterprises and labor surplus area firms are used when possible.
- C. \*Labor Requirements, including:
1. Davis-Bacon and Related Acts (40 CFR U.S.C. 276 (A)-7) provides prevailing wage provisions which apply to the "Related Acts" under which federal agencies assist construction projects through grants, loans, loan guarantees, and insurance. Davis-Bacon prevailing wage provisions are triggered and apply when labor costs for the project are more than \$2,000.00;
  2. Contract Work Hours and Safety Standards Act, as amended (40 CFR U.S.C. 327-333) applies to federal service contracts and federal and federally assisted construction contracts over \$100,000. It requires contractors and subcontractors on covered contracts to pay laborers and mechanic employed in the performance of the contracts one and one-half times their basic rate of pay for all hours worked

- over 40 in a workweek. This Act also prohibits unsanitary, hazardous, or dangerous working conditions on federal and federally financed and assisted construction projects;
3. Copeland Anti-Kickback Act (40 U.S.C. 276c) prohibits a federal building contractor or subcontractor from inducing an employee into giving up any part of the compensation that he or she is entitled to under the terms of his or her employment contract; and
  4. Fair Labor Standards Act of 1938, as amended (29 U.S.C. 201, et seq.) which introduced the forty-hour workweek, established a national minimum wage and guaranteed time-and-a-half for overtime in certain jobs.
- D. \*Procurement Requirements, including the standards of 24 CFR 85.36.
- E. \*Conflict of Interest. For the procurement of services and property, the following conflict-of-interest provisions apply:
1. 24 CFR 85.36 which provides for procurement standards regarding grants and cooperative agreements to State and Local Governments;
  2. 24 CFR 84.42 discusses uniform administrative requirements for grants and agreements; and
  3. Marshall City Code.
- F. \*Environmental Review. The City will be responsible for undertaking environmental reviews, if required, in accordance with the Minnesota Department of Trade and Economic Development Environmental Manual. The environmental review, if required, must be complete before funds are committed.
- G. \*Flood Insurance. Section 202 of the Flood Disaster Protection Act of 1973 (42 U.S.C 4106) apply which provides for prohibition against Federal approval of financial assistance and notification of purchaser or lessee of property in flood hazard area of availability of Federal disaster relief assistance in event of a flood disaster.
- H. \*Displacement, Acquisition and Relocation. Section 570.606 and 24CFR part 42 apply and provides for relocation services for displaced persons under certain situations.

#### **XIV. Guidelines for the regulation of State Economic Development Revolving Loan Funds.**

- A. General. The following rules, regulations, policies, and procedures govern state economic development Revolving Loan Funds.
- B. State prevailing wage requirements of Minn. Statutes §116J.871 and §177.42 subd. 6 are triggered and apply if loan is \$500,000.00 or more or if the real estate involved in the project has a taxable value of \$200,000.00 or more.
- C. Incorporation by Reference. The dissemination, use, and regulation of state economic development Revolving Loan Funds shall be generally governed by guidelines including:
  1. Marshall Economic Development Authority guidelines governing the use of federal economic development Revolving Loan Funds Sections I through XIII of this document; and
  2. The Minnesota Investment Fund (MS.116J.8731).
  3. The Operating Guidelines for Revolving Loan Funds seeded by State Minnesota Investment Fund Awards (attached hereto and marked as Exhibit A.)
  4. The Minnesota Business Subsidy Act (M.S. 116J.993 to 116J.995)

D. Exceptions. The state economic development revolving loan guidelines shall be exempt from the following requirements set forth in the federal guidelines referenced in Section

B (1) above:

1. Section VIII, E; Slum or Blight; and
2. Section XIII, A through H.

\*The State Economic Development Revolving Loan guidelines shall be exempt from these federal guidelines.

**CITY OF MARSHALL**  
**ECONOMIC DEVELOPMENT AUTHORITY**  
**PRE-APPLICATION**  
**Information Required for Evaluating Financial Incentives**

1. General information:

Business Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Telephone #: \_\_\_\_\_ Fax #: \_\_\_\_\_ Email: \_\_\_\_\_  
Contact Person: \_\_\_\_\_  
Business Form: \_\_\_ Corporation \_\_\_ Partnership \_\_\_ Sole Proprietorship

If partnership, include names and addresses of partners. If corporation, include name and address of agent in the State of Minnesota; specify state of incorporation, location of principle place of business, and list names and addresses of major stockholders or principals.

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State of Incorporation or Organization: \_\_\_\_\_  
Years in Business: \_\_\_\_\_

Brief description of the business (attach additional information as necessary):

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2. Proposed project site:

Location: \_\_\_\_\_ Present Ownership: \_\_\_\_\_

3. Provide description of proposed project and attach supporting materials.

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4. Cost Breakdown:

- a. Land Acquisition \$ \_\_\_\_\_
- b. Utilities \_\_\_\_\_
- c. Site Development \_\_\_\_\_
- d. Building Construction \_\_\_\_\_
- e. Contamination Clean-Up \_\_\_\_\_
- f. Construction contracts \_\_\_\_\_
- g. Equipment Installation & Acquisition \_\_\_\_\_
- h. Architectural & Engineering Fees \_\_\_\_\_
- i. Legal Fees \_\_\_\_\_
- j. Financing Costs \_\_\_\_\_
- k. Broker Costs \_\_\_\_\_
- l. Pending Assessments \_\_\_\_\_
- m. Estimated Assessments \_\_\_\_\_
- n. Contingencies \_\_\_\_\_
- o. Other (please specify) \_\_\_\_\_

Total \$ \_\_\_\_\_

5. Total Estimated Market Value at completion: \$ \_\_\_\_\_

6. Sources of Financing and Market Analysis: (completed cash flow analysis and proforma is required for determining need for tax increment financing. The proforma should identify the owners and each owner's equity in the project and details on project financing).

- a. Equity \$ \_\_\_\_\_
- b. Bank Loan \$ \_\_\_\_\_
- c. Tax Increment Financing \$ \_\_\_\_\_
- d. Other (please specify \$ \_\_\_\_\_

Total \$ \_\_\_\_\_

7. Form of assistance requested (check one)

Tax Increment: Pay As You Go \_\_\_\_ or Bond Issuance \_\_\_\_  
 JobZ \_\_\_\_  
 Loan \_\_\_\_  
 Revenue Bonds \_\_\_\_

8. Professional services used by applicant:

Architectural Firm/Contact: \_\_\_\_\_  
 Address: \_\_\_\_\_

Telephone #: \_\_\_\_\_ Fax #: \_\_\_\_\_

Engineering Firm/Contact: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone #: \_\_\_\_\_ Fax #: \_\_\_\_\_

General Contractor/Contact: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone #: \_\_\_\_\_ Fax #: \_\_\_\_\_

Attorney Firm/Contact: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone #: \_\_\_\_\_ Fax #: \_\_\_\_\_

Accounting Firm/Contact: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone #: \_\_\_\_\_ Fax #: \_\_\_\_\_

#### 9. Project construction schedule:

a. Construction Start Date: \_\_\_\_\_

b. Construction Completion Date: \_\_\_\_\_

If construction will not be completed at year end, what % of construction will be completed by year end? \_\_\_\_%

#### 10. Current and projected employment and wage information: Note: Wage is hourly

| Type                    | Existing Jobs | First Year   | Second Year  | Wage         |
|-------------------------|---------------|--------------|--------------|--------------|
| Professional/Managerial | ____FT____PT  | ____FT____PT | ____FT____PT | \$ ____/____ |
| Technical/Skilled       | ____FT____PT  | ____FT____PT | ____FT____PT | \$ ____/____ |
| Unskilled/Semi-skilled  | ____FT____PT  | ____FT____PT | ____FT____PT | \$ ____/____ |

Describe Benefit Package(s) for employees (ie. health care benefits, retirement, etc.)

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11. Statement of necessity for the use of financial assistance. Include how the request conforms to EDA Revolving Loan Guidelines and Policy. Attach additional sheets if necessary.

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12. Attach list of references.

13. Attach certified audits of the company for the past three years and personal financial statements for the last two years.

The undersigned certifies that all the foregoing information is true and accurate to the best of their knowledge.

Signature(s) of Applicant(s)

Date: \_\_\_\_\_

**Notes:**

- **A business subsidy agreement will be required between the City and the benefiting company. The agreement will require the repayment of benefits if employment and wage goals are not met within 2 years of the benefit date for most types of assistance.**
- **The EDA meets the 3<sup>rd</sup> Wednesday of each month. The information requested in this application must be submitted 2 weeks prior in order to be placed on the agenda for the meeting.**
- **Granting financial assistance is at the sole discretion of the EDA and City Council.**
- **Administration fees may apply once financial assistance is approved.**



Amended May 26, 2020

Office of  
CITY ADMINISTRATOR  
E-mail: [sharon.hanson@ci.marshall.mn.us](mailto:sharon.hanson@ci.marshall.mn.us)  
PHONE: (507) 537-6763  
FAX: (507) 537-6830

Month Day, 2020

Company  
Attn: xxxx  
Address  
Marshall, MN 56258

RE: REMINDER OF PAYMENT DUE

Dear xxxx:

This is a reminder of the Marshall Economic Development Authority CRIF Loan payment was due on Month Day, 2020. Our records indicate that the payment has not yet been received.

Thank you for your attention to this matter. Please call me with any questions.

Sincerely,

Sharon Hanson  
City Administrator

#1



Amended May 26, 2020

Office of  
CITY ADMINISTRATOR  
E-mail: [sharon.hanson@ci.marshall.mn.us](mailto:sharon.hanson@ci.marshall.mn.us)  
PHONE: (507) 537-6763  
FAX: (507) 537-6830

Month Day, 2020

Company  
Attn: xxxx  
Address  
Marshall, MN 56258

RE: NOTICE OF PAYMENT-INVOICE

Dear xxxx:

Reference is made to a CRIF Loan under date of Month Day, Year, in the original amount of \$xxxx. You are hereby notified that your payment of \$xxxx was due on or before Month Day, 2020 has not been received. As a result of non-payment, you have incurred a late charge of Fifteen (15%) percent in the amount of \$xxxx. Therefore, the total balance due and outstanding to the City of Marshall equals \$xxxx

Thank you for your immediate attention in this matter.

Sincerely,

Sharon Hanson  
City Administrator

Enclosure

#2

Amended May 26, 2020

Office of  
CITY ADMINISTRATOR  
E-mail: [sharon.hanson@ci.marshall.mn.us](mailto:sharon.hanson@ci.marshall.mn.us)  
PHONE: (507) 537-6763  
FAX: (507) 537-6830

Month Day, 2020

Company  
Attn: xxxx  
Address  
Marshall, MN 56258

RE: NOTICE OF PAYMENT-INVOICE FOLLOW-UP

Dear xxxx:

Reference is made to a CRIF Loan under date of Month Day, Year, in the original amount of \$xxxx. You are hereby notified that your payment of \$xxxx was due on or before Month Day, 2020 has not been received. As a result of non-payment, you have incurred a late charge of Fifteen (15%) percent in the amount of \$xxxx. Therefore, the total balance of \$xxxx due and outstanding to the City of Marshall equals \$xxxx.

Per the Installment Promissory Note, if any installment of principal and/or interest hereunder is not paid when due, then, in any such event, the holder thereof may, at its option, declare this Note to be immediately due and payable. As a result thereof, this Note shall be immediately due and payable, together with all unpaid interest accrued hereon, without notice or indebtedness evidenced by this Note against any indebtedness of the City to the undersigned.

Thank matter demands your immediate attention.

Sincerely,

Sharon Hanson  
City Administrator  
Enclosure

#3

EXHIBIT A

July 2014

**OPERATING GUIDELINES FOR  
REVOLVING LOAN FUNDS SEEDS BY  
STATE MINNESOTA INVESTMENT FUND AWARDS**

A local unit of government may establish a Revolving Loan Fund (RLF) with funds from a variety of sources. The guidelines outlined in this document pertain only to a RLF seeded with funds received through the repayment of a loan provided from the state-funded Minnesota Investment Fund (MIF) or Economic Recovery Fund programs administered through the Department of Employment and Economic Development or its predecessors.

The local government must follow the RLF guidelines that were submitted with the initial MIF application and approved by your DEED Senior Loan Officer. Although the guidelines provide the policies and procedures for the reuse of these funds, the RLF policies and procedures must also adhere to the same requirements that are followed by the state's Minnesota Investment Fund program. In addition to the local government's underwriting criteria, the guidelines from Minn. Stat. 116J.8731 (some of which is summarized below) and from the Minnesota Business Subsidy Law (Minn. Stat. 116J. 993 and 116J.994) must be included in the policies and procedures

**General Purposes and Guidelines for RLFs Seeded by the Minnesota Investment Fund**

***Purpose and Goals***

The purpose of the RLF is to provide financial and technical assistance for the creation and retention of new employment. These objectives may be accomplished through the following means:

1. Create/retain permanent private sector jobs to fuel above-average economic growth consistent with environmental protection;
2. Investment in technology and equipment that increase productivity and provide for higher wages;
3. Leverage of private investment to ensure economic renewal and competitiveness;
4. Increase the local tax base to guarantee a diversified industry mix;
5. Improve the quality of existing jobs, based on increases in wages or improvements in the job duties, training, or education associated with those jobs;
6. Improve employment and economic opportunities and create a reasonable standard of living; and
7. Enhance productivity growth through improved manufacturing or new technologies.

One way to meet these objectives is to assist businesses that have location options outside Minnesota. These firms bring income into the state and raise the overall standard of living.

***Eligible Expenditures***

The MIF-seeded funds may be used in a variety of ways include example noted below. More information is available in Minn. Stat. 116J.8731 and through conversations with your loan officer.

1. Provide loans, loan guarantees, interest buy-downs, and other forms of participation, ensuring that RLF funds are matched by private financing.
2. Fund strategic investments in renewable energy market development. Any expenditure for external marketing for renewable energy market development is not subject to the matching requirements listed above.
3. Provide entrepreneurs with training, other technical assistance, and financial assistance as defined by federal guidelines.

July 2014

***Eligible Projects***

Assistance must be evaluated on the existence of the following conditions as noted in Minn. Stat. 116J.8731:

1. Creation or retention of jobs, or the improvement of jobs as measured by wages, skills or knowledge;
2. Increase in the tax base;
3. Attraction of private funds to the project;
4. Incapacity of local communities and finance partners to finance project;
5. Results in higher wage levels or workforce skills;
6. Supports development of microenterprises, as defined by federal guidelines, through technical assistance or financial assistance.
7. Need for assistance to retain existing business;
8. Importance of assistance to attract out-of-state business; and
9. The project promotes or advances the green economy.

The assistance cannot meet solely 7. or 8.; other conditions must also be present.

***Eligible Activities***

RLF's may be used to fund a variety of business activities including:

1. Acquisition of land
2. Construction or rehabilitation of facilities
3. Site improvements
4. Utilities or infrastructure
5. Machinery and Equipment
6. Training
7. Working capital

Advance approval from DEED is necessary if the local government would like to provide financing for activities not listed above. Approval is more likely to occur in projects that relate to business development and involve other local government funds.

***Ineligible Activities***

In contrast to federal MIF funds, there are industry limitations on how state MIF RLFs may be used. State MIF RLFs may not be used for the operation, construction or expansion of a casino, a sport facility that has a professional sports team as a principal tenant or any firm engaged in retailing merchandise. All assistance should follow the approved RLF guidelines. Please call your loan officer to discuss any prospective financing.

***Wage Goals***

Businesses receiving RLF-State MIF assistance must pay each employee total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 110 % of the federal poverty level for a family of four, which as of February 1, 2014 is \$12.61 per hour. Each year's compensation level changes and can be found on DEED's Business Finance MIF website.

***Other Eligible Uses of the Funds***

Minn. Stat. 116J.8731 allows local governments to loan or grant RLF funds to a regional development commission, other regional entities, or a certain statewide community capital funds to provide the local match required for capitalization of a regional or statewide RLF. Unlike federal MIF funds, state MIF funds held by local governments never lose their state identity and must follow all applicable laws and regulations.

July 2014

***The local government must request permission from the DEED before it can commit to providing funds to any of these organizations.*** The local government ***does not*** have the authority to turn over to another entity, such as Port Authority, Economic Development Authority, Housing Authority, etc. revolving loan funds for any purpose; these entities may administer MIF transactions provided the MIF grantee still maintains control over the RLF.

**Conflict of Interest**

Minn. Stat. 471.87 and 471.88 provide guidance on conflict of interest in a MIF transaction. An actual conflict of interest shall be deemed to exist when a decision on a MIF transaction would compromise a duty to another party or if special advantage is deemed to occur. Potential conflict of interests should also be considered.

**Business Subsidy Law**

As mentioned on page 1, Minn. Stat. 116J.993 and 116J.994 must be followed in the administration of RLF-State MIF. These sections pertain to the definition of a business subsidy, public purpose of the subsidy, criteria, subsidy agreements, wage and job goals, timing of the project, public notice and hearing requirements, failure to meet goals, and reporting of information regarding the outcomes of the subsidy.

**Job Listing Requirements**

Per Minn. Stat. 116L.66, a business that receives grants or loans in an amount greater than \$200,000 must agree to list any vacant or new positions related to the financial assistance on the MinnesotaWorks.net job bank website.

**Prevailing Wage**

Per Minn. Stat. 116J.871, laborers and mechanics at the project site during construction, installation, remodeling, and repairs must be paid the state prevailing wage if the financial assistance is greater than \$500,000 for a loan. All contracts for publicly owned infrastructure using the RLF must comply with the prevailing wage provisions.

**Data Privacy**

The provision of any information related to any applications for assistance is guided by Minn. Stat. 13.591, particularly Subd 1 and 2.

*These operating guidelines provide a summary of how to administer revolving loan funds seeded with repayments from Minnesota Investment Fund loans. Specific transactions and RLF administration should be discussed with your DEED Senior Loan Officer. Other applicable state and federal laws and rules must also be followed.*