

**AGENDA
CITY OF LINDSTROM
EDA MEETING
Tuesday, February 12, 2019
7:30 A.M.
CITY COUNCIL CHAMBERS
13292 Sylvan Ave., Lindstrom, MN**

CALL TO ORDER/PLEDGE:

CALL OF ROLL:

CONSIDERATION OF AGENDA:

Additions:

Deletions:

CONSIDERATION OF MINUTES

1. January 8, 2019 (pgs. 2-3)

BUSINESS ITEMS:

1. Grow In Lindstrom (pgs. 4-8)
2. 12895 Lake Boulevard Proposal (pgs. 9-10)
3. Strengthening the Core (pg. 11-12)
4. 2019 Development Projects (pgs. 13)
5. Financials (pg. 14-15)

CORRESPONDENCE:

ADJOURNMENT:

EDA Meeting Minutes
January 8, 2019

Members Present: Chair Sheryl Campbell, AnnMarie Brink, Katie Werman Roche, Kevin Stenson

Members Absent: Mike Hursh, Greg Shaleen

Also Present: City Administrator John Olinger, Deputy Clerk Melissa Glenna, Chisago County HRA/EDA Nancy Hoffman, Gary Gerke, Randy Kempenich

Call to Order / Pledge: Chair Campbell called the meeting to order at 7:30 a.m.

Consideration of Agenda: Motion by Brink, second by Werman Roche, to approve the agenda. Motion passed 4-0.

Consideration of Minutes: Motion by Brink, second by Stenson, to approve the minutes from the December 11, 2018, meeting. Motion passed 4-0.

Citizen/Public Comment:

None.

Business Items:

1. Reappointments, Chair

The Council appointed Ms. Katie Werman Roche to fill Mr. Doherty's term. There is still one open position vacated by Mr. McCarville. The City will advertise. Also, each year the Commission appoints a Chair.

**Motion by Brink, second by Stenson, to nominate Sheryl Campbell as Chair.
Motion passed 4-0.**

2. Fascia Loan, Greg Hawkinson 12818 Lake Blvd

Greg Hawkinson sold his property located at 12818 Lake Blvd. Because of this, he no longer needs a fascia loan. The City has currently has \$6,491.28 available to loan.

3. Randy Kempenich, Night Art Gallery Business Subsidy Grow In Lindstrom

Randy Kempenich has requested business incentives including grant money to assist with costs associated with expanding his Art Gallery to include a Wine Bar and Restaurant. Mr. Kempenich is referring to the "Grow in Lindstrom" program that was funded but never created.

4. Grow In Lindstrom

Staff has not completed the program guidelines. This has been deferred to next month's meeting.

5. 12895 Lake Boulevard Proposal

In November, Mr. Kempenich proposed constructing a building with retail on the first floor and housing on a second and third story. The EDA signed an exclusive agreement with Mr. Kempenich providing 120 days to submit a proposal. Mr. Kempenich met with Staff the first week of 2019 with his proposal. Staff requested Mr. Kempenich finalize his plans and submit them for EDA review. The plan submittal did not make the EDA packet deadline. Mr. Kempenich presented a plan for the EDA for his proposed building.

Motion by Stenson, second by Brink, to approve staff to set up an agreement between Mr. Kempenich with conditions before final approval for his proposed building. Brink stated concern about parking stalls per unit. Motion passed 4-0.

6. Strengthening the Core

Olinger went over the various items in Strengthening the Core. He noted that the Chamber is working on marketing the Chisago Lakes Area with a Lodging Tax/Tourism website.

7. 2018 Development Projects

Olinger reviewed the various projects that were completed last year and projects that are in process this year.

8. Financials

Olinger discussed the EDA financial balances.

Correspondence:

Olinger informed the EDA that there will be a State of the City meeting for Council and Commissions to attend on January 30, from 7-9pm. He also stated another meeting for Council and Commissions to attend at City Hall will be with the Urban Land Institute on February 12, from 7-9pm to discuss affordable housing and downtowns. It was also decided that the EDA Breakfast will be April 10 at 7:30a.m.

Adjournment: Motion by Brink, second by Werman Roche, to adjourn the meeting at 8:20a.m. Motion passed 4-0.

Respectfully submitted,

Melissa (Missy) Glenna
Deputy Clerk/Admin Assist

STAFF REPORT

MEETING DATE: February 12, 2019

SUBMITTED BY: Administrator Olinger

ITEM: Grow in Lindstrom

Staff has completed the draft program guidelines.

ACTION TO BE CONSIDERED: consideration and comments for final guidelines

Lindström Economic Development Authority

CBD Grow in Lindstrom Forgivable Loan Program Guidelines

Overview

This is a 5 -Year Forgivable Loan Program created for the purpose of providing loans requiring matching funds for the promotion of economic activity within the downtown CBD District of Lindström by encouraging investment in new business ventures, fostering expansions of existing businesses and improvements ~~in~~ to buildings, to attract more services to our downtown for our residents and visitors.

Eligibility

A new retail business to Lindstrom that does not directly compete with an existing business.

An existing retail business that desires to expand or improve their building to introduce a new service or product.

Funding: The Lindstrom EDA is dedicating \$60,000.

Loan Amounts: Maximum loans of \$15,000.

Match: The Applicant shall be required to invest an amount equal to or more than 400% of the loan amount (matching funds) in the proposed business to receive the loan (i.e., a \$15,000 loan would require \$60,000 in matching funds, 10% of which must be from personal resources-). Written proof of the investment of matching funds shall be submitted to the EDA prior to distribution of loan proceeds.

Application Processing: The City of Lindstrom will accept applications to the loan program on a first come, first served basis. The application will be forwarded to the City of Lindstrom's EDA for review.

Loan Forgiveness and Repayment: Successful Applicants may have 20 % of the original amount of the principal of the loan forgiven by the Lindström EDA for each year the business stays open in the same location after distribution of loan proceeds and the business meets the requirements of the *Forgivable Loan Program Guidelines*. See **Repayment Example**

The EDA will work with the Applicant if the business must move to a different location within the 5 year forgivable loan period – the business must still be located within the Central Business District (CBD) of the City of Lindström.

At the end of five (5 ½) years, if all the conditions of the Forgivable Loan Program Guidelines are met each year, the remaining principal balance will be forgiven.

If the proposed business is sold or closes within five (5 ½) years of distribution of loan proceeds, the principal balance remaining at the time of closure (prorated annually) will become immediately due and payable unless the loan is assumed by the purchaser of the business upon terms and conditions approved by the EDA.

If the proposed business does not meet the requirements of the Forgivable Loan Program, the entire remaining principal balance becomes due.

Compliance with the Forgivable Loan Program Guidelines: After consideration of the following factors, the EDA, in its sole discretion will decide if the Applicant has complied with the Forgivable Loan Program Guidelines.

1. Compliance with all City Codes and permits.
2. Completion of the Small Business Development Center’s Profit Mastery Course.
3. Membership in the Chisago Lakes Area Chamber of Commerce.
4. Utility payments owed to the City for sewer and water, which are the responsibility of the Applicant, must be paid and kept current.

Eligible Expenditures for Forgivable Loan Proceeds

1. Site improvements, such as landscaping, signage, etc.
2. Building renovations.
3. Infrastructure improvements.
4. Purchase of machinery and/or equipment.
5. Property acquisition.
6. Other physical elements and activities as determined eligible by the EDA.

Repayment Example

Below is an example of how the 5 -year forgivable loan program is to be repaid (or forgiven). This example assumes a loan amount of \$15,000, that the loan was disbursed in March, 2019, and that the business opened May 1, 2019.

March 1, 2019	\$15,000 disbursed
May 1, 2019	Business opens – fully operational
May 1, 2020	20% of loan forgiven if all requirements are met (\$3,000 – <i>new loan balance \$12,000</i>)
May 1, 2021	20% of loan forgiven if all requirements are met (\$3,000 – <i>new loan balance \$9,000</i>)
May 1, 2022	20% of loan forgiven if all requirements are

	met (\$3,000 – <i>new loan balance \$6,000</i>)
May 1, 2023	20% of loan forgiven if all requirements are met (\$3,000 – <i>new loan balance \$3,000</i>)
May 1, 2024	20% of loan forgiven if all requirements are met (\$3,000 – requirements are met (balance -0-))

Based on this example, should the business NOT fulfill all of the requirements of the Forgivable Loan Program, the loan balance remaining at that time must be repaid.

EXAMPLE: If the business closes in October 2022, the remaining balance of \$35,000 becomes due.

Single Application: Only one Forgivable Loan per applicant.

Business Owners: If building improvements are made, businesses who lease space must receive written approval from the owner of the property. The property owner must sign the Application.

Building Permits: The property owner or their agent is responsible for obtaining all of the proper building permits for construction related projects.

Work Commencement/Completion: Work cannot commence until the EDA approves the loan and the property applicant and building owner have signed the Repayment Agreement. Weather permitting; all projects must be completed within 120 days of the date the loan is closed.

Proceeds Disbursement Process: The City’s building official will verify completion of construction work. The City will only reimburse the final project cost validated through contractor materials and labor. The applicant shall submit all required paperwork to the City and a two-party check will be issued payable to both the loan recipient and the contractor or materials supplier. The EDA requires the following items to disburse loan funds:

- 1) Final project cost verified through invoices from contractor or vendor;
- 2) Completion certificate signed by the loan recipient and the contractor in the case of building improvements or expansion;
- 3) Copies of all required City permits indicating final inspection by the City building official;

4) Final inspection by the EDA or its representative.

Please allow a minimum of 14 days from the time invoices are submitted for reimbursement checks to be issued. The Lindstrom City Council approves all expenditures on the 3rd Thursday of each month and invoices must be received at least one week prior to the council meeting for their consideration. Please advise your contractors of this schedule.

Subordination of City Lien: In the event that the Owner borrows money from a private institution to fulfill his/her obligations hereunder, or in the future, the City shall subordinate the repayment agreement lien to any mortgage given in furtherance of this agreement.

Satisfaction of Mortgage: Upon request of the Owner, the City will issue a Satisfaction of Mortgage, to be recorded at the Owner's expense.

STAFF REPORT

MEETING DATE: February 12, 2019

SUBMITTED BY: Administrator Olinger

ITEM: Randy Kempenich – 12895 Lake Blvd.

In November, Mr. Kempenich proposed constructing a building with retail on the first floor and housing on a second and third story. The EDA signed an exclusive agreement with Mr. Kempenich providing 120 days to submit a proposal.

The EDA approved the sale contingent upon City approval. The Planning Commission reviewed the application, concept plan, Thursday, February 7. I'll give you an update at the meeting.

ACTION TO BE CONSIDERED: No action

ECONOMIC DEVELOPMENT PLAN

PROJECT NAME: Oak Street and Highway 8, Southwest corner

PROJECT OBJECTIVE:

To develop first story retail space and either second story for-purchase town homes/studio apartments/commercial space and Newell Ave. town homes.

PROJECT ACTION PLAN:

To purchase properties on Newell and Highway 8, combine them into a single parcel, tear down buildings and market the property to a developer.

Properties:

Address	Owner	PID	Estimated value	Current use	Lot size	Zoning
12900 Newell Ave	Chris Baxter	15.00281.00	\$200,000	Duplex		CBD
12890 Newell Ave	Janice Reil	15.00280.00	\$126,900	Commercial, vacant		CBD
12895 Lake Blvd	Duane Reil	15.00213.00 15.00071.00	\$136,300	Residential, Rental property		CBD
12875 Lake Blvd	Pung Properties	15.00215.00 15.00214.00 15.00278.10 15.00072.00	\$93,800	Commercial		CBD
12865 Lake Blvd	Diversified Mortgage, Ryan Berner	15.00216.00 15.00073.00 15.00278.00	\$103,000	Commercial, vacant		CBD
	City of Lindstrom	15.00070.00 15.00212.00		Commercial, vacant		CBD
12880 Newell	Lois/Steve Soper	15.00279.00	\$157,600	Residence		CBD

STAFF REPORT

MEETING DATE: February 12, 2019

SUBMITTED BY: Administrator Olinger

ITEM: Strengthening the Core - Update

The EDA has agreed on the four elements that make a downtown successful; Infrastructure, Marketing, Variety of Goods and Services, and Customer Service. Here is a summary of what we are doing.

Infrastructure;

Fascia Loan Program – We have \$6,491.28 to loan. So far we have loaned \$51,492.28.

Highway 8 Task Force Update – The next meeting is February 25.

Downtown Design Study-

Marketing;

Lindstrom Properties –

Park and Highway 8- still vacant

E-Cig place by Fire Hall

Big Scotts, (2); Restaurant and Salon spaces empty

Old Juice Factory-leased but with manufacturer, doesn't meet zoning

Dinner Bell- TIF review by Council February 21

Tourism Bureau-I will be sitting on the Tourism Bureau

Customer Service:

Variety of Goods and Services: Grow in Lindstrom Program. Program guidelines being considered at this meeting.

1/30/2019					
	EDA Balances				
Cash Balance 1/30/2019	\$16,378.00	Beginning Balance			
Future	\$64,000.00	Taxes Dec 2019			
Future	\$6,600.00	Remaining Rent			
Balance	\$86,978.00				
Remaining Expenses	-\$2,800.00	Administration			
	-\$1,400.00	Per Diems			
	-\$324.22	Insurances W/C & Liability			
	-\$691.86	Supplies, Postage, Dues & Subscriptions, Legal			
	-\$1,000.00	Legal, Engineering			
	-\$4,600.00	Advertising (Brochures)/Historical Maps			
	-\$10,887.00	Locate In Lindstrom Program (Using for TIF Barsness)			
	-\$600.00	EDA Breakfast			
	-\$400.00	Conferences & Mileage			
	-\$325.00	Maple St Property Liability Ins			
	-\$3,525.00	Newell House Taxes , Ins, R & M			
	-\$325.00	Oak & 8 Property Liability Ins			
	-\$425.00	Panel One Property Liability Ins			
	-\$5,000.00	Industrial Park Sign			
	-\$5,000.00	Chisago Co HRA (Holmquist Bldg)			
	-\$19,144.00	Payback Panel One to General Fund			
	-\$56,447.08				
Expected Revenues	\$86,978.00				
Remaining Expenditures	-\$56,447.08				
Balance Year End 2019	\$30,530.92				

FASCIA LOAN PROGRAM
Summary

12/31/2018						
DATE	Applicant	Project	Loan Amount	Pay Back Plan	Principal Balance Remaining	Comments
8/21/2014	Lindstrom Bakery - Bernetta Coulombe	Gutters, Downspouts	4,309.00	\$200/monthly	\$0.00	PAID OFF
9/18/2014	Skinner's - Tim & Glenette Sperry	Awning	4,230.28	\$150/quarterly	\$1,827.97	Last pymt 2/22
10/14/2014	Gustav's - MaryAnn & John Jindra	Windows	1,911.34	\$100/monthly	\$0.00	PAID OFF
10/14/2014	Greg Shaleen - 12770 Lake Blvd	Roofing, Gutter, Downspout	3,250.00	Annual pymt \$325 + interest	\$1,950.00	Last pymt 2024
12/18/2014	Renee Lynn Photography - Renee & Ronald Dabil	Awning	3,030.00	Annual pymt \$303 + interest	\$1,818.00	Last pymt 2024
3/17/2016	Carol Hamlin - The Oven Mitt	Awning, Signage	5,000.00	\$85.47/monthly	\$2,364.45	Last pymt 4/2021
4/21/2016	Chad Hansen - A-Pro Pool & Spa	Pylon Sign	5,000.00	\$43.80/monthly	\$3,877.63	Last pymt 5/2026
5/19/2016	Gregg Hawkinson - 12835 Lake Blvd	windows	4,368.00	Annual pymt \$482.30 + interest	\$3,690.40	Last pymt 6/2026
7/20/2017	Nick & Drew Enterprises - 30660 Lincoln Road	Storefront improvements	5,000.00	Annual pymt \$527.91 w/interest	\$4,522.09	Last pymt 7/2027
9/12/20017	Chad Nelson Law Office	Windows & Doors	5,000.00	\$85.47/monthly	\$3,855.59	Last Pymt 2022
7/3/2018	Gustafs Eatery - Deannah & Ed Muhs	ADA Compliant Sidewalk	5,000.00	43.80/monthly	\$4,841.26	Last Pymt 2028
9/19/2018	Adeline Properties - Janell & Craig Gornik	Curbs & Sidewalks	5,000.00	43.80/monthly	\$4,880.99	Last Pymt 2028
TOTAL			51,298.42		\$33,628.38	
Current Balance		\$7,456.36				

STAFF REPORT

MEETING DATE: February 12, 2019

SUBMITTED BY: Administrator Olinger

ITEM: Development Updates

- **Rosehill Resort**-construction plans are do any day.
- **Dinnerbell/Lindstrom Apartments**-the Final Plat was approved. The TIF assistance is being considered February 21.
- **Sunset Meadows**-Final Plat is the next step, they have a year.
- **Morning Sun Phase 2 and 3**-One Building permit pulled.
- **Lakes Region EMS Facility**-Building is nearly complete.
- **Enchanted Cove**-Final Plat extension requested at the November Council meeting.
- **Chisago Lakes High School Community Center**-Under construction.
- **Lindstrom Mini Storage Solutions – Kyle Johnson** –Under construction.
- **Downtown North 1st Avenue Electric Undergrounding** – Staff is working on releases.
- **Lindstrom Clock Tower** – Planning Commission concept review last week.

11/30/2018

EDA Balances

Cash Balance 11/30/2018	\$1,332.00	Beginning Balance
Future	\$28,472.00	Taxes Dec 2018
Future	<u>\$600.00</u>	Remaining Rent
Balance	\$30,404.00	

Remaining Expenses	-\$2,800.00	Administration
	-\$835.00	Per Diems
	\$0.00	Insurances W/C & Liability
	-\$369.00	Supplies, Postage, Dues & Subscriptions, Legal
	\$0.00	Advertising (Brochures)
	-\$15,500.00	Locate In Lindstrom Program
	\$0.00	EDA Breakfast
	\$0.00	Conferences & Mileage
	\$0.00	Maple St Property Liability Ins
	\$0.00	Newell House Taxes , Ins, R & M
	\$0.00	Oak & 8 Property Liability Ins
	\$0.00	Panel One Property Liability Ins
	-\$5,000.00	Industrial Park Sign
	-\$5,000.00	Chisago Co HRA (Holmquist Bldg)
	\$0.00	Payback Panel One to General Fund
	-\$300.00	Lindstrom Commons Engineering
	-\$300.00	Lindstrom Commons Planning
	<u>-\$300.00</u>	Lindstrom Commons Legal
	-\$30,404.00	

Expected Revenues	\$30,404.00
Remaining Expenditures	<u>-\$30,404.00</u>
Balance Year End 2018	\$0.00

Unbudgeted Expenses included in Balance	
Lindstrom Commons	
Title Work	\$6,500.00
Legal Fees	\$3,198.00
Engineering Fees	\$4,480.00
Planning	\$746.00
Survey	\$300.00
RE Peterson	
Oak Street Boulders	\$1,000.00
	\$16,224.00