

ECONOMIC DEVELOPMENT AUTHORITY
MARSHALL, MINNESOTA
SPECIAL MEETING

Wednesday, April 1, 2020
12:00 p.m.
SMSU Social Science Room 235

1. Approve Agenda (5 minutes)
2. Decisions
 - a. Approval Marshall EDA Emergency Loan Program
 - i. Appoint 2 EDA Board members for Loan Review Committee
3. Other
4. 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.



MARSHALL

MEMORANDUM

TO: Members of the Economic Development Authority

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

DATE: March 30, 2020

SUBJECT: Approval of Marshall EDA Emergency Loan Program

Action/Recommendation

Staff recommends a motion to approve the Marshall EDA Emergency Loan Program.

Background

In response to the current COVID-19 health crisis, the Marshall EDA staff has researched and developed an emergency loan program to assist our small businesses. Below are the suggested loan criteria with documents attached. We could look at adding an origination fee if needed. Also, we'll need two EDA board members to be appointed to the Loan Review Committee.

Availability

- Maximum \$5,000/business
- Limited funding is available of \$100,000 (20 businesses).

Qualifications

- Physical, commercial location, whether owned or leased, located in Marshall.
- Must be registered with the Minnesota Secretary of State and have been in business since December 1, 2019.
- Must be current with local property taxes.
- Demonstrated affected by COVID 19.
- Maximum 4 Full-Time Equivalent (FTE) Employees.
- Funds can be used for payroll or building related expenses (rent, electric, water)

Repayment

- Zero percent interest
- Balance amortized over three years
- Repayment begins thirty days after local state of emergency is terminated

Fiscal Impact

Maximum of \$100,000 - utilizing Fund 214 EDA Revolving which has \$255,632.36. City Council needs to approve the use of this fund.

Marshall Economic Development Authority
Emergency Loan Program
Application Form

Instructions and Qualifications

In response to the current COVID-19 health crisis, the Marshall Economic Development Authority has enacted emergency loan fund criteria and application process to aid small businesses who might be affected. Please review qualifications and process below. To apply complete application and email to Lauren Deutz.

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- **Repayment**
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- **Application Process**
 - Complete application and email to Lauren Deutz (lauren.deutz@ci.marshall.mn.us)
 - Emergency Loan Agreement signed
 - Standard Loan Repayment Agreement signed in person after state of emergency is over
 - Applications reviewed by loan committee within three business days of receipt
 - Checks dispersed within two business days after approval



Marshall Economic Development Authority
Emergency Loan Program
Application Form

Application

Business Name

Physical Address

Mailing Address (if different)

EIN

Duns

Date Established

Owner Since (MM/DD/YYYY)

Current Number of Full-time Employees

Current Number of Part-time Employees

Do you have a Marshall Business License?

Business Owner Name

Mobile Phone Number

E-mail

Contact Preference (for this loan application)

Call Text E-mail

Describe how the current COVID-19 situation is affecting your business

How have you adapted your business practice to maintain some sales? (offering delivery service, curbside pick-up, carry-out, etc.)

Have you applied for or received an emergency grant or loan from the SBA, Community Fund or any other public entity

If yes, please describe

Up to the maximum of \$5,000, how much are you applying for

How will you be using the funds: payroll or building expenses

If payroll, briefly describe how you will disburse the funds

If building expenses, have you discussed your situation with the building owner and or utility providers

Marshall Economic Development Authority Emergency Loan Agreement

I, _____, certify that I am the owner or otherwise authorized to incur debt on behalf of _____, and have made application to the Marshall Economic Development Authority Emergency Loan Fund for a loan in the amount of \$5,000. I understand that these funds are to be used for payroll and/or building expenses (rent or utilities).

Repayment of this loan will begin on the first day of the month, thirty days following the end of the Minnesota State of Emergency due to the COVID-19 health crisis. The business named above will be sent an invoice approximately two weeks before the due date. The loan amount will be amortized over three years at zero percent interest with no payoff penalty.

Once repayment has been initiated, the EDA will require execution of the EDA standard Loan Agreement and Promissory Note with other documents and collateralize the outstanding balance.

AGREED April 1, 2020:

Owner

Marshall EDA

Marshall Economic Development Authority LOAN AGREEMENT AND PROMISSORY NOTE

THIS LOAN AGREEMENT AND PROMISSORY NOTE, is made this ____ day of _____, 2020 by and among _____(hereinafter, known as "BORROWER") and the Economic Development Authority in and for the City of Marshall, an authority organized under the laws of the Minnesota (hereinafter, known as "LENDER"). BORROWER and LENDER shall collectively be known herein as "the Parties". In determining the rights and duties of THE PARTIES under this Loan Agreement, the entire document must be read as a whole.

PROMISSORY NOTE

FOR VALUE RECEIVED, BORROWER promises to pay to the order of LENDER, the sum of five thousand and no/100 dollars (\$5,000.00) together with interest thereon at a rate of zero percent (0%) per annum on the unpaid balance (hereinafter, "the Loan Amount").

Principal and interest shall be paid in thirty six (36) equal monthly installments with the entire indebtedness due on or before _____. BORROWER shall make monthly payments of \$138.89 to LENDER beginning _____ and continuing each and every month thereafter on the first day of the month, until said principal balance is paid in full. (An amortization schedule is attached hereto.)

ADDITIONAL LOAN TERMS

The BORROWER and LENDER hereby further set forth their rights and obligations to one another under this Loan Agreement and Promissory Note and agree to be legal bound as follows:

1. Method of Loan Payment. The BORROWER shall make all payments called for under this loan agreement by sending check or other negotiable instrument made payable to the Marshall Economic Development Authority (EDA) at the address indicated:

Marshall EDA
344 West Main Street
Marshall, MN 56258

If LENDER gives written notice to BORROWER that a different address shall be used for making payments under this loan agreement, BORROWER shall use the new address so given by LENDER.

2. Default. The occurrence of any of the following events shall constitute a Default by the BORROWER of the terms of this loan agreement and promissory note:

- A. BORROWER's failure to pay any amount due as principal or interest on the date required under this loan agreement
- B. BORROWER seeks an order of relief under the Federal Bankruptcy laws
- C. A federal or other tax lien is filed against the assets of BORROWER
- D. A money judgment is entered by any court against BORROWER

Addressee and Address to which LENDER is to give BORROWER written notice of default:

Company Name

Company Address

Marshall, MN 56258

If BORROWER gives written notice to LENDER that a different address shall be used, LENDER shall use that address for giving notice of default (or any other notice called for herein) to BORROWER.

1. Cure of Default. Upon default, LENDER shall give BORROWER written notice of default. Mailing of written notice by LENDER to BORROWER via U.S. Postal Service Certified Mail shall constitute prima facie evidence of delivery. BORROWER shall have 15 days after receipt of written notice of default from LENDER to cure said default. In the case of default due solely to BORROWER's failure to make timely payment as called for in this loan agreement, BORROWER may cure the default by making full payment of any principal whose payment to LENDER is overdue under the loan agreement and, also, the late payment penalty described below.
2. Penalty for Late Payment. There shall also be imposed upon BORROWER a \$25 penalty for any Payment that has not been received by the fifteenth (15) of the month in which payment was due.
3. Acceleration. If the BORROWER fails to cure any default on or before the expiration of the fifteen (15) day cure period that starts on the date BORROWER receives written notice that an event of default has occurred under this loan agreement, the entire unpaid principal and penalties under this loan agreement shall accelerate and become due and payable immediately.
4. Indemnification of Attorney's Fees and out-of-pocket costs. Should BORROWER default according to the terms of this agreement, the LENDER shall be indemnified by the defaulting party for its reasonable attorney's fees and out-of-pocket costs which in any way relate to, or were precipitated by, the default of this agreement. The term "out-of-pocket costs", as used herein, shall not include lost profits. A default by BORROWER which is not cured within 15 days after BORROWER receives a written notice of default constitutes a material breach of this agreement by BORROWER.
5. Parties that are not individuals. If any Party to this agreement is other than an individual (i.e., a

corporation, a Limited Liability Company, a Partnership, or a Trust), said Party, and the individual signing on behalf of said Party, hereby represents and warrants that all steps and actions have been taken under the entity's governing instruments to authorize the entry into this Loan Agreement. Breach of any representation contained in this paragraph is considered a material breach of the Loan Agreement.

6. Integration. This Agreement, including the attachments mentioned in the body as incorporated by reference, sets forth the entire agreement between the Parties with regard to the subject matter hereof. All prior agreements, representations and warranties, express or implied, oral or written, with respect to the subject matter hereof, are hereby superseded by this agreement. This is an integrated agreement.

7. Severability. In the event any provision of this Agreement is deemed to be void, invalid, or unenforceable, that provision shall be severed from the remainder of this Agreement so as not to cause the invalidity or unenforceability of the remainder of this Agreement. All remaining provisions of this Agreement shall then continue in full force and effect. If any provision shall be deemed invalid due to its scope or breadth, such provision shall be deemed valid to the extent of the scope and breadth permitted by law.

8. Modification. Except as otherwise provided in this document, this agreement may be modified, superseded, or voided only upon the written and signed agreement of the Parties. Further, the physical destruction or loss of this document shall not be construed as a modification or termination of the agreement contained herein.

9. Exclusive Jurisdiction for Suit in Case of Breach. The Parties, by entering into this agreement, submit to jurisdiction of the Lyon County District Court located in Marshall, Minnesota for adjudication of any disputes and/or claims between the parties under this agreement. Furthermore, the parties hereby agree that the Lyon County District Court of Marshall, Minnesota shall have exclusive jurisdiction over any disputes between the parties relative to this agreement, whether said disputes sounds in contract, tort, or other areas of the law.

10. State Law. This Agreement shall be interpreted under, and governed by, the laws of Minnesota.

REMAINDER OF PAGE BLANK

IN WITNESS WHEREOF and acknowledging acceptance and agreement of the foregoing,

BORROWER and LENDER affix their signatures hereto.

BORROWER(S)

LENDER

Marshall EDA

Print Name:	By: Lauren Deutz, EDA Director
Signature:	Signature:
Print Name:	Dated:
Signature:	
Dated:	

STATE OF MINNESOTA)

)ss.

COUNTY OF LYON)

The foregoing Agreement was acknowledged before me this ____ day of _____, 2020 by _____, the _____ of _____, **BORROWER** on behalf of said business entity.

NOTARIAL STAMP OR SEAL (OR OTHER TITLE OR RANK)

Notary Public



STATE OF MINNESOTA)

)ss.

COUNTY OF LYON)

The foregoing Agreement was acknowledged before me this ____ day of _____, 20__ by Lauren Deutz, Executive Director, of the Economic Development Authority in and for the City of Marshall, on behalf of said authority.

NOTARIAL STAMP OR SEAL (OR OTHER TITLE OR RANK)

Notary Public