

ECONOMIC DEVELOPMENT AUTHORITY
MARSHALL, MINNESOTA
SPECIAL MEETING

Wednesday, April 8, 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: April 6, 2020

SUBJECT: Approval of Marshall EDA COVID-19 Emergency Loan Program

Action/Recommendation

Staff recommends a motion to approve the Marshall EDA COVID-19 Emergency Loan Program.

Background

In response to the current COVID-19 health crisis, the Marshall EDA staff has continued to research, develop and refine a COVID-19 Emergency Loan Program to assist our small businesses. Below are the updated suggested loan criteria with documents attached including a Step-by-Step Procedures page. Also, we'll need two EDA board members to be appointed to the Loan Review Committee.

Availability

- Maximum \$5,000 per business.
- Limited funding is available of \$100,000.
- Not available to businesses that receive or qualify for a SBA Economic Injury Disaster Loan (EIDL), DEED Minnesota Small Business Emergency Loans, Paycheck Protection Program (PPP) Small Business Loans.

Qualifications

- Must be a business referenced in Governor Walz's Executive Orders (EO 20-04, EO 20-08, EO 20-18). See Appendix A.
- Physical, commercial location, whether owned or leased, located in Marshall city limits.
- 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 due to the executive orders related to COVID-19 business restrictions.

Preferences

- 2-4 Full-Time Equivalent (FTE) Employees.

Eligible Loan Activities

- Operating capital to sustain the business until longer-term assistance programs are available including but not limited to payroll or building related expenses (rent, electric, water), etc.

Repayment

- 0% interest rate.
- Balance amortized over three years, prepay without penalty.
- Repayment begins thirty days after state of emergency is terminated.
- Loan payment method will be automatic withdrawal ("ACH").

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.

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. Loans are awarded based on priorities set by the Marshall EDA, not on a first-come-first-serve basis. To apply, complete application in its entirety and email to Lauren Deutz at lauren.deutz@ci.marshall.mn.us. Applications will be considered and acted on by the EDA Loan Review Committee starting Friday, April 24th at 12pm and will remain open with applications reviewed on a rolling basis until funds are depleted.

Availability

- Maximum \$5,000 per business.
- Limited funding is available of \$100,000.
- Not available to businesses that receive or qualify for a SBA Economic Injury Disaster Loan (EIDL), DEED Minnesota Small Business Emergency Loans, Paycheck Protection Program (PPP) Small Business Loans.

Qualifications

- Must be a business referenced in Gov. Walz's Executive Orders (EO 20-04, EO 20-08, EO 20-18). See Appendix A.
- Physical, commercial location, whether owned or leased, located in Marshall city limits.
- 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 due to the executive orders related to COVID-19 business restrictions.

Applicants are encouraged to review the Governor's Executive Orders 20-04 and 20-08 listed in Appendix A for further definition and clarification of businesses that are or are not eligible for this COVID-19 Emergency Loan Program. The Marshall EDA retains final authority to determine if a business is eligible or not, and whether to approve a loan or not.

Preferences

- 2-4 Full-Time Equivalent (FTE) Employees.

Eligible Loan Activities

- Operating capital to sustain the business until longer-term assistance programs are available including but not limited to payroll or building related expenses (rent, electric, water), etc.

Repayment

- 0% interest rate.
- Balance amortized over three years, prepay without penalty.
- Repayment begins thirty days after state of emergency is terminated.
- Loan payment method will be automatic withdrawal ("ACH").

Application Requirements & Process

- Complete application and email to Lauren Deutz (lauren.deutz@ci.marshall.mn.us) noting first round will be reviewed on Friday, April 24th and applications will be accepted and reviewed on a rolling basis.
- Provide letters from a SBDC, SWIF and a local lender stating your business eligibility.
- Sign Marshall Economic Development Authority COVID-19 Emergency Loan Agreement.
- Sign Standard Loan Repayment Agreement in person after state of emergency is terminated.
- Checks will be dispersed after EDA approval.

Step-by-Step Procedures

CIRCLE the answers to the following questions:

- YES NO** 1. Is your business category listed in the Governor Walz’s Executive Orders (EO 20-04, EO 20-08, EO 20-18)?
 See Appendix A.
- YES NO** 2. Does your business have a physical, commercial location, whether owned or leased, located in Marshall city limits?
- YES NO** 3. Is your business Registered with the Minnesota Secretary of State and have been in business since December 1, 2019?
- YES NO** 4. Is your business current with local property taxes?
- YES NO** 5. Can you demonstrate that your business has been affected by COVID 19 due to the executive orders related to COVID-19 business restrictions?

If you’ve answered **YES** to **ALL** the above questions, please continue below. If you’ve answered **NO** to any of the questions listed above, please do not apply as you unfortunately do not qualify for the Marshall EDA COVID-19 Emergency Loan Program.

Simultaneously, please contact the following organizations and answer the questions if you are eligible for their specific loan product listed:

- YES NO** 6. Please contact Liz Struve, Southwest Small Business Development Center to see if you are eligible to receive a SBA Economic Injury Disaster Loan (EIDL).
Liz Struve,
Southwest Small Business Development Center
Phone: 507-537-7386
Email: liz.struve@smsu.edu
- YES NO** 7. Please contact Selina Berning, Southwest Initiative Foundation to see if you are eligible to receive a DEED Minnesota Small Business Emergency Loan.
Selina Berning, Entrepreneurship Finance Specialist
Southwest Initiative Foundation
Phone: 320-583-0162
Email: selinab@swifoundation.org
- YES NO** 8. Please contact **ONE** local 7a Lender to see if you are eligible for Paycheck Protection Program (PPP).

LENDER	CONTACT	EMAIL	PHONE
Bremer Bank	Chad Drake	cjdrake@bremer.com	507-537-0242
US Bank	Becky Vogel	becky.vogel@usbank.com	507-591-4043
Wells Fargo Bank	James Bulman	James.Bulman@wellsfargo.com	507-532-7648
MinnWest Bank	Allen Blankers	allenb@minnwestbankgroup.com	507-929-6020
First Independent Bank	Stan Holmberg	sholmberg@fibmn.com	507-337-4030

Marshall Economic Development Authority COVID-19 Emergency Loan Program

If you've answered **NO** to **ALL** the above questions, please continue below. If you've answered **YES** to any of the questions listed above, please do not apply as you unfortunately do not qualify for the Marshall EDA COVID-19 Emergency Loan Program.

APPLICATION SUBMITTAL REQUIREMENTS

9. Complete Marshall Economic Development Authority COVID-19 Emergency Loan Program Application Form and email it to Lauren Deutz (lauren.deutz@ci.marshall.mn.us). Please note first round will be start review process on Friday, April 24th and applications will be accepted and reviewed on a rolling basis until funds are depleted.
10. Provide a letter from **ALL** of the following organizations stating your business eligibility:
 - a. SBDC (Liz Struve) - SBA Economic Injury Disaster Loan (EIDL),
 - b. SWIF (Selina Berning) – DEED Minnesota Small Business Emergency Loans
 - c. Local Lender - Paycheck Protection Program (PPP).
11. Sign Marshal Economic Development Authority COVID-19 Emergency Loan Agreement.
12. First round applications will be reviewed by EDA loan committee by Wednesday, April 29th and will continue to be reviewed on a rolling basis until funds are depleted.
13. Checks will be dispersed after EDA approval.
14. Sign Standard Loan Agreement and Promissory Note in person after state of emergency is terminated.



Marshall Economic Development Authority COVID-19 Emergency Loan Program

Application Form

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, DEED, 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

APPENDIX A

Businesses cited in Governor's Emergency Executive Order 20-04 as follows:

Beginning no later than March 17, 2020 at 5:00 p.m., and continuing until March 27, 2020 at 5:00 p.m., the following places of public accommodation are closed to ingress, egress, use and occupancy by members of the public:

- a. Restaurants, food courts, cafes, coffeehouses, and other places of public accommodation offering food or beverage for on-premises consumption, excluding institutional or in-house food cafeterias that serve residents, employees and clients of businesses, childcare facilities, hospitals and long-term care facilities.
- b. Bars, taverns, brew pubs, breweries, microbreweries, distilleries, wineries, tasting rooms, clubs, and other places of public accommodation offering alcoholic beverages for on-premises consumption.
- c. Hookah bars, cigar bars, and vaping lounges offering their products for on-premises consumption.
- d. Theaters, cinemas, indoor and outdoor performance venues, and museums.
- e. Gymnasiums, fitness centers, recreation centers, indoor sports facilities, indoor exercise facilities, exercise studios, and spas.
- f. Amusement parks, arcades, bingo halls, bowling alleys, indoor climbing facilities, skating rinks, trampoline parks, and other similar recreational or entertainment facilities.
- g. Country clubs, golf clubs, boating or yacht clubs, sports or athletic clubs, and dining clubs.

Businesses cited in Governor's Emergency Executive Order 20-08 as follows:

Paragraph 1.e. of Executive Order 20-04 is amended by the following additions (indicated by underlined text) and deletions (indicated by strikethroughs): *Gymnasiums, fitness centers, recreation centers, indoor sports facilities, indoor exercise facilities, exercise studios, and spas tanning establishments, body art establishments, tattoo parlors, piercing parlors, businesses offering massage therapy or similar body work, spas, salons, nail salons, cosmetology salons, esthetician salons, advanced practice esthetician salons, eyelash salons, and barber shops. This includes, but is not limited to, all salons and shops licensed by the Minnesota Board of Cosmetologist Examiners and the Minnesota Board of Barber Examiners.*

All other provisions of Executive Order 20-04 remain in effect.

Continuing the Closure of Bars, Restaurants, and Other Places of Public Accommodation in Governor's Emergency Executive Order 20-18 as follows:

The closure of bars, restaurants, and other public accommodations set forth in Executive Orders 20-04 and 20-08 is extended until May 1, 2020 at 5:00 pm. 2. The first sentence of paragraph 1 of Executive Order 20-04 is amended by the following additions (indicated by underlined text) and deletions (indicated by strikethroughs): 2 Beginning no later than March 17, 2020 at 5:00 pm, and continuing until May 1, 2020 at 5:00 pm, the following places of public accommodation are closed to ingress, egress, use, and occupancy by members of the public: 3. I further direct and clarify that places of public accommodation, which would otherwise be ordered closed, may stay open if they have been repurposed to exclusively provide services permitted under Paragraph 4 of Executive Order 20-04. For example, a gymnasium that has been repurposed to provide child care services is authorized to provide those essential services, subject to relevant licensing and other requirements, as well as applicable Minnesota Department of Health guidelines.

All other provisions of Executive Order 20-04 remain in effect, including the amendment made by Executive Order 20-08.



Marshall Economic Development Authority COVID-19 Emergency Loan Program

Liz Struve
Southwest Small Business Development Center
Phone: 507-537-7386

I authorize that _____ (businesses name) has not received the SBA Economic Injury Disaster Loan (EIDL) due to ineligibility or application denial. _____ (businesses name) has completed the review requirement with Southwest Small Business Development Center to become eligible for the Marshall Economic Development Authority COVID-19 Emergency Loan Program.

Liz Struve _____ Date: _____

Selina Berning
Southwest Initiative Foundation
Phone: 320-583-0162

I authorize that _____ (businesses name) has not received the DEED Minnesota Small Business Emergency Loan due to ineligibility or application denial. _____ (businesses name) has completed the review requirement with Southwest Initiative Foundation to become eligible for the Marshall Economic Development Authority COVID-19 Emergency Loan Program.

Selina Berning _____ Date: _____

**Lender
Address**

I authorize that _____ (businesses name) has Paycheck Protection Program due to ineligibility or application denial. _____ (businesses name) has completed the review requirement with a local lender to become eligible for the Marshall Economic Development Authority COVID-19 Emergency Loan Program.

Lender Contact _____ Date: _____



Marshall Economic Development Authority COVID-19 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
COVID-19 EMERGENCY
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