

Crow Wing County HRA Board Meeting

5:00 p.m. Tuesday, April 14th, 2020

Webex Video/Teleconference

Join from your browser: <https://meetingsamer8.webex.com/meetingsamer8/j.php?MTID=m9cbeb34650ecbc0b0fdea30807f1976a>

Join by phone: (408) 418-9388

Meeting number (access code): 293 736 810

Meeting password: CWCHRA (or 292472 from phones)

“Our mission is to support the creation and preservation of affordable housing, economic development, and redevelopment projects towards a more vibrant Crow Wing County.”

AGENDA

1. **CALL to ORDER**
2. **ROLL CALL**
3. **REVIEW and APPROVE MINUTES** (*Attachment 1*)
4. **REVIEW and ACCEPT FINANCIAL STATEMENTS** (*Attachment 2*)
5. **UNFINISHED BUSINESS**
6. **NEW BUSINESS**
 - a. Approve Purchase and Redevelopment Agreement Between CWC HRA and Level Contracting (*Attachment 3*)
 - b. Approve Submission of FHLB Application (*Attachment 4*)
7. **REPORTS**
 - a. Executive Director (*Attachment 5*)
 - b. Brainerd HRA/Rehab Programs (*Attachment 6*)
 - c. BLAEDC (*Attachment 7*)
 - d. CWC
8. **NEXT MEETING AGENDA TOPICS:** Tuesday, May 12, 2020
9. **ADJOURNMENT**

2020 Commissioners

Craig Nathan, Chair - District 4 (12-31-20)

Michael Aulie, Vice Chair - District 5 (12-31-21)

Michael Morford, Secretary/Treasurer - District 2 (12-31-23)

Theresa Goble, Commissioner - District 1 (12-31-22)

Zach Tabatt, Commissioner - District 3 (12-31-24)



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Crow Wing County HRA Board Meeting Minutes from Tuesday, March 10th, 2020

A regular meeting of the Board of Commissioners of the Housing and Redevelopment Authority (HRA) in and for the County of Crow Wing, Minnesota, was held at 5:00 p.m., Tuesday, March 10th, 2020.

1. **CALL TO ORDER:** Chair Craig Nathan called the meeting to order at 5:01 p.m.
2. **ROLL CALL:** Chair Craig Nathan and Commissioners Michael Morford, Zach Tabatt, Michael Aulie, and Theresa Goble; Interim Executive Director/Finance Director Karen Young, Rehab Coordinator John Schommer, and Executive Assistant LeAnn Goltz; Commissioner Brekken of Crow Wing County; John Andrews of the City of Crosslake; Dolly Matten with GLAR; Jennifer Bergman with the City of Brainerd; Mary Reedy with CliftonLarsonAllen; Monty Jensen with Level Contracting; and Tyler Glynn with BLAEDC.
3. **PRESENTATION:** 2019 Crow Wing County HRA Audit: Mary Reedy, CliftonLarsonAllen, provided copies of the audit and presented the highlights. She reported that it was an unmodified, clean audit with no compliance issues or findings.

Commissioner Aulie moved to accept the 2019 Crow Wing County HRA Audit, seconded by Commissioner Goble. With all commissioners voting in favor and none opposing, the motion passed unanimously.

4. **PRESENTATION:** Workforce Housing Study for Crow Wing County - Kristen Fish-Peterson and Marisa Mutty, Redevelopment Resources: Ms. Fish-Peterson provided an overview of the study, went over key data takeaways plus recommendations, and answered questions from the Board and audience.
5. **REVIEW AND APPROVE MINUTES:**

Commissioner Morford moved to approve the minutes from the meeting on February 11, 2020. Commissioner Tabatt seconded the motion. All commissioners voted in favor of the motion and none were opposed. The minutes were approved.

6. **REVIEW AND APPROVE FINANCIAL STATEMENTS:** At the February meeting, the Board took action committing \$36,700 for Redevelopment and Housing Projects leaving approximately eight months of unassigned fund balance, which meets the recommended eight to 12 months in the Fund Balance Policy. The calculation changed as the audit was finalized and the unassigned fund balance is approximately eight and a half months, which is within the recommended number of months per policy.

Moved by Commissioner Goble and seconded by Commissioner Aulie to accept the February 2020 financial statements as presented. All commissioners voted in favor and none were opposed. The motion passed.

7. **UNFINISHED BUSINESS:** Nothing to report.
8. **NEW BUSINESS:** Nothing to report.



9. **REPORTS:**

a. **Executive Director:**

Executive Director Search

The committee is continuing to work with Gary Weiers from DDA regarding the executive director search and to establish an updated timeline.

Workforce Housing Study

Since the Workforce Housing Study for Crow Wing County is now final, John will be presenting the study at the Crosslake EDA Regional Meeting on April 1st. This information will continue to be made available to our partners. Staff is working through the study to set priorities and goals for the CWC HRA to assist in the development and rehabilitation of workforce housing countywide.

Commissioner Aulie suggested possibly finding a funding source to print the studies so hardbound copies can be distributed.

Housing Trust Fund (HTF) Ordinance

The public hearing considering the adoption of the Ordinance Establishing a Housing Trust Fund in Crow Wing County was held on February 25th in the County Board Room. The Crow Wing County Board of Commissioners unanimously approved the resolution adopting the ordinance with an effective date of March 4th, 2020.

Staff is working on creating loan guidelines for the HTF. These guidelines will be presented to the CWC HRA Board for approval at the April or May meeting.

BLAEDC Liaison

The CWC HRA Board appointed Craig Nathan as its liaison to attend the BLAEDC board meetings, which take place the second Friday of each month at 8:00 a.m.

- b. **Brainerd HRA/Rehab Programs:** Schommer reviewed his report. Monty Jensen of Level Contracting provided an update and shared that since June, they have started 12 homes. He expects to take down five lots at a time, up to 25 by the end of this year.
- c. **BLAEDC:** Glynn reported that BLAEDC's annual meeting will be held on March 24th. DEED's Commissioner will be visiting on May 27th. He also informed the Board that BLAEDC will be reducing the number of board meetings held per year. They are considering about eight meetings a year, including the annual meeting. Glynn reported that they have three BUF loans in process.
- d. **Crow Wing County:** Commissioner Brekken thanked the CWC HRA Board and staff for all they've done with the study and the HTF. Erickson also reported that the County is looking at a plan for the Coronavirus and how to address it.

10. **APRIL 14TH MEETING AGENDA TOPICS:** High level outreach plan, more discussion on study goals, etc.

11. **ADJOURNMENT:**

Commissioner Tabbatt moved to adjourn the meeting. Commissioner Morford seconded the motion. All commissioners were in favor and none were opposed. The motion was approved at 6:29 p.m.





Housing & Redevelopment Authority

To: CWC HRA Board Members
From: Karen Young, Finance Director
Date: April 7, 2020
Re: Review & Accept Financial Statements

Please find attached the financial information for March 2020.

Payments

Reflected in the March Financial Statements is the final payment of \$23,034 to Redevelopment Resources for the workforce housing study. This totals the contract amount not to exceed of \$41,035.

Action Requested: Accept the March financial statements as submitted.

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Date/Time roberta
4/7/2020 11:54:55 AM

Crow Wing County
CWC HRA Combined Balance Sheet
March, 2020

Cumulative

	Cumulative
ASSETS	
556-000-1120.000 A/R Other - Dev	288.12
550-000-1129.210 Cash Gen Fund	131,531.90
550-001-1129.210 Cash CWC SCDP	35,491.60
551-002-1129.210 Cash RLF TIF	299,739.45
556-000-1129.210 Cash Development Fund	-292.15
557-000-1129.210 Cash Tax Forf Property	-3,832.17
551-002-1141.000 Loans Rec RLF TIF	61,987.05
551-002-1143.000 Loan Rec Grand Oaks	48,000.00
551-002-1153.000 Accrued Int Grand Oaks	7,412.00
556-000-1450.000 Land Held for Resale	549,925.67
TOTAL ASSETS	<u>1,130,251.47</u>
LIABILITIES	
550-000-2600.000 Def Inflow of Resources	-7,412.00
556-000-2600.000 Def Inflow of Res - Dev	-549,925.67
TOTAL LIABILITIES	<u>-557,337.67</u>
SURPLUS	
550-000-2700-000 Net Income	79,055.16
550-000-2806.000 Retained Earnings	-651,968.96
TOTAL SURPLUS	<u>-572,913.80</u>
TOTAL LIABILITIES & SURPLUS	<u>-1,130,251.47</u>
Proof	0.00

Date: 4/7/2020
 Time: 11:55:12 AM
 roberta

Crow Wing County
CWC HRA Combined Operating Stmt
March, 2020

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	Current Period	Current Year	Year To Date Budget	Variance
INCOME				
550-000-3610.000 Investment Earnings	-91.75	-398.51	0.00	-398.51
550-000-3690.000 Other Revenue	0.00	0.00	-6,750.00	6,750.00
551-002-3610.000 RLF TIF Interest Rev	-430.16	-1,481.88	-2,792.52	1,310.64
556-000-3696.000 Development Revenue	0.00	0.00	-47,799.99	47,799.99
557-000-3696.000 TFP Revenue	0.00	0.00	-2,499.99	2,499.99
TOTAL INCOME	-521.91	-1,880.39	-59,842.50	57,962.11
EXPENSE				
550-000-4110.000 Administrative Salaries	375.00	975.00	1,125.00	-150.00
550-000-4130.000 Legal	0.00	256.00	2,499.99	-2,243.99
550-000-4140.000 Staff Training	0.00	0.00	375.00	-375.00
550-000-4150.000 Travel	5.18	5.18	62.49	-57.31
550-000-4171.000 Auditing Fees	6,798.75	6,798.75	6,800.00	-1.25
550-000-4172.000 Management Fees	12,500.00	37,500.00	37,500.00	0.00
550-000-4190.000 Other Administrative	0.00	0.00	50.01	-50.01
550-000-4500.000 TIF Expense	0.00	0.00	150.00	-150.00
550-000-4510.000 Insurance	0.00	1,579.00	525.00	1,054.00
550-000-4540.000 Employer FICA	28.67	74.59	87.51	-12.92
550-000-4590.000 Other General Expense	23,034.40	23,034.40	35,499.99	-12,465.59
550-001-4600.000 CWC SCDP Expense	0.00	10,000.00	6,750.00	3,250.00
556-000-4600.000 Development Expense	4.03	4.03	47,799.99	-47,795.96
557-000-4600.000 TFP Expense	0.00	708.60	2,499.99	-1,791.39
TOTAL EXPENSE	42,746.03	80,935.55	141,724.97	-60,789.42
NET INCOME(-) OR LOSS	42,224.12	79,055.16	81,882.47	-2,827.31



**Crow Wing County HRA
March 2020 Payments**

Payment Number	Payment Date	Vendor	Description	Check Amount
701	3/12/20	John Schommer	Mileage	\$ 9.21
23181	3/12/20	CliftonLarsonAllen LLP	2019 Audit	\$ 6,798.75
23200	3/12/20	Redevelopment Resources	Workforce Hsg Study	\$ 23,034.40
Total				\$ 29,842.36



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Housing & Redevelopment Authority

To: CWC HRA Board Members
From: John Schommer, Rehab Coordinator
Date: April 7, 2020
Re: Approve Purchase and Redevelopment Agreement Between CWC HRA and Level Contracting

Level Contracting LLC would like to purchase five additional lots in Brainerd Oaks with a total purchase price of \$22,765.52. Attorney Martha Ingram from Kennedy & Graven drafted the Purchase and Redevelopment Agreement and corresponding resolution (see Attachment 3a).

Action Requested: Approve Resolution No. 2020-04, Approving the Purchase and Redevelopment Agreement between the Housing and Redevelopment Authority in and for the County of Crow Wing and Level Contracting LLC.

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PURCHASE AND REDEVELOPMENT AGREEMENT

Lots 10 and 11, Block 2, BRAINERD OAKS, Crow Wing County, Minnesota
 Lots 16 and 17, Block 5, BRAINERD OAKS, Crow Wing County, Minnesota
 Lot 15, Block 6, BRAINERD OAKS, Crow Wing County, Minnesota

1. **Parties.** This Purchase and Redevelopment Agreement (the “Agreement”) is made as of April 14, 2020 between the HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE COUNTY OF CROW WING, a public body corporate and politic under the laws of Minnesota having its office located at 324 East River Road, Brainerd MN (the “Seller”), and LEVEL CONTRACTING, LLC, a Minnesota limited liability company, having its principal office at 3495 Northdale Blvd. NW, Suite 200, Coon Rapids, MN 55448 (the “Buyer”), as assignee of Paxmar-Brainerd, LLC.

2. **Offer/Acceptance.** Buyer offers to purchase and Seller agrees to sell real property in Crow Wing County, Minnesota, legally described as follows (the “Property”):

Lots 10 and 11, Block 2, BRAINERD OAKS, Crow Wing County, Minnesota, Lots 16 and 17, Block 5, BRAINERD OAKS, Crow Wing County, Minnesota and Lot 15, Block 6, BRAINERD OAKS, Crow Wing County, Minnesota

Check here if part or all of the land is Registered (Torrens)

3. **Acceptance Deadline.** This offer to purchase, unless accepted sooner, shall be null and void at 4:30 p.m. on April 15, 2020. (*1 day from date of this Agreement*)
4. **Price and Terms.** The price for the Property is \$22,765.52 (“Purchase Price”), allocated to each lot of the Property as shown on Exhibit A, which Buyer shall pay in full by certified check or wire transfer on the Date of Closing; provided, however, that Earnest Money (as defined in the Master Agreement described in paragraph 6), if available, shall first be applied to pay the Purchase Price. The “Date of Closing” shall be no later than June 14, 2020. (*60 days from date of this Agreement*)
5. **Personal Property Included in Sale.** There are no items of personal property or fixtures owned by Seller and currently located on the Property for purposes of this sale.

6. **Deed.** Upon performance by Buyer, Seller shall deliver a quit claim deed conveying title to the Property to Buyer, in substantially the form attached as Exhibit B, subject to the conditions subsequent required by Sections 15, 16, and 17 of this Agreement (the “Deed”), and further subject to the terms and conditions of the Master Purchase and Redevelopment Contract between the Seller and Paxmar-Brainerd, LLC dated as of September 13, 2016, and recorded in the office of the Crow Wing County Recorder on March 17, 2017 as document no.A-886215, as amended by a First Amendment thereto dated November 8, 2016 and a Second Amendment thereto dated as of March 14, 2017, and Assignment of Master Purchase and Development Agreement dated October 8, 2019 (hereafter collectively referred to as the “Master Agreement”).

7. **Real Estate Taxes and Special Assessments.**
 - A. Seller shall pay, at or before closing, all real estate taxes due and payable in 2019 and prior years. Real estate taxes for taxes payable year 2020 are exempt.

 - B. Seller represents that there are no special assessments payable or pending as of the date of this Agreement. If a special assessment becomes pending after the date of this Agreement and before the Date of Closing, Buyer may, as Buyer’s option:
 - (1) Assume payment of the pending special assessment without adjustment to the purchase agreement price of the property; or

 - (2) Require Seller to pay the pending special assessment and Buyer shall pay a commensurate increase in the purchase price of the Property, which increase shall be the same as the estimated amount of the assessment; or

 - (3) Declare this Agreement null and void by notice to Seller, and earnest money shall be refunded to Buyer.

8. **Closing Costs and Related Items.** The Buyer will pay: (a) one-half the closing fees charged by the title insurance or other closing agent, if any, utilized to close the transaction contemplated by this Agreement; (b) fees for title evidence obtained by Buyer; (c) the recording fees for this Agreement and for the Deed transferring title to Buyer; and (d) any transfer taxes. Seller will pay all other fees normally paid by sellers, including (a) Well Disclosure fees required to enable Buyer to record its deed from Seller under this Agreement, (b) one-half the closing fees charged by the title insurance or other closing agent, if any, utilized to close the transaction contemplated by this Agreement, and (c) fees and charges related to the filing of any instrument required to make title marketable. Each party shall pay its own attorney fees. The Purchase Price shall be allocated and disbursed as provided in Sections 3.2 (b) and (c) of the Master Agreement.

9. **Sewer and Water.** Seller warrants that city sewer is available at the Property line, and that city water is available in the right of way adjacent to the Property. Seller makes no warranty regarding the conditions of any existing water stub from the main to the Property line. Seller advises Buyer to inspect the condition of the water stub.



10. Condition of Property. Buyer acknowledges that it has inspected or has had the opportunity to inspect the Property and agrees to accept the Property “AS IS.” Buyer has the right, at its own expense to take soil samples for the purpose of determining if the soil is suitable for construction of the dwelling described in section 14 below. If the soil is determined to be unacceptable the Buyer may rescind this agreement by written notice to the Seller, in which case the agreement shall be null and void. Seller makes no warranties as to the condition of the Property.

11. Marketability of Title. As soon as reasonably possible after execution of this Agreement by both parties:

A. Seller shall surrender any abstract of title and a copy of any owner’s title insurance policy for the property, if in Seller’s possession or control, to Buyer or to Buyer’s designated title service provider; and

B. Buyer shall obtain the title evidence determined necessary or desirable by Buyer.

The Buyer shall have 20 days from the date it receives such title evidence to raise any objections to title it may have. Objections not made within such time will be deemed waived. The Seller shall have 30 days from the date of such objection to affect a cure; provided, however, that Seller shall have no obligation to cure any objections, and may inform Buyer of such. The Buyer may then elect to close notwithstanding the uncured objections or declare this Agreement null and void, and the parties will thereby be released from any further obligation hereunder.

12. Title Clearance and Remedies. If Seller shall fail to have title objections timely removed, the Buyer may, at its sole election: (a) terminate this Agreement without any liability on its part; or (b) take title to the Property subject to such objections.

If title is marketable, or is made marketable as provided herein, and Buyer defaults in any of the agreements herein, Seller may elect either of the following options, as permitted by law:

A. Cancel this contract as provided by statute and retain all payments made hereunder as liquidated damages. The parties acknowledge their intention that any note given pursuant to this contract is a down payment note, and may be presented for payment notwithstanding cancellation;

B. Seek specific performance within six months after such right of action arises, including costs and reasonable attorney's fees, as permitted by law.

If title is marketable, or is made marketable as provided herein, and Seller defaults in any of the agreements herein, Buyer may, as permitted by law:

C. Seek damages from Seller including costs and reasonable attorney's fees;



D. Seek specific performance within six months after such right of action arises.

13. Well Disclosure. Seller's knowledge of wells is as follows:

- The Seller certifies that the Seller does not know of any wells on the described real property.
- A well disclosure certificate accompanies this document.
- I am familiar with the property described in this instrument and I certify that the status and number of wells on the Property have not changed since the last previously filed well disclosure certificate.

14. Individual Sewage Treatment System Disclosure and Methamphetamine Disclosure. Seller certifies that there is no individual sewage treatment system on or serving the Property. To the best of Seller's knowledge, methamphetamine production has not occurred on the Property.

15. Construction and Sale of Dwelling. Buyer agrees that it will construct a new single family dwelling on each lot of the Property (each a "Lot"), intended for sale to a person or persons for residential occupancy (an "Owner Occupant"). This covenant shall survive the delivery of the Deed.

- A. Each single family dwelling described in this Section is referred to as the "Minimum Improvements."
- B. The Minimum Improvements shall consist of a new single family dwelling, and shall be constructed substantially in accordance with the Declaration of Covenants, Easements and Restrictions of record and applicable to each Lot, provided that approval of the building plans for such Minimum Improvements shall be evidenced by the issuance by the City of Brainerd of a building permit for the Minimum Improvements.
- C. Construction of the Minimum Improvements on each Lot must be substantially completed by one year from the Date of Closing. Construction of the Minimum Improvements on each Lot will be considered substantially complete when the final certificate of occupancy has been issued by the City of Brainerd building official.
- D. Promptly after substantial completion of the Minimum Improvements on each Lot in accordance with those provisions of this Agreement relating solely to the obligations of the Buyer to construct such Minimum Improvements (including the date for completion thereof), the Seller will furnish the Buyer with a Certificate of Completion, in the form attached hereto as Exhibit C, for the Minimum Improvements on such Lot. Such certification by the Seller shall be (and it shall be so provided in the Deed and in the certification itself) a conclusive determination of satisfaction and termination of the agreements and covenants in the Master Agreement, in this Agreement and in the Deed with respect to the obligations of



the Buyer and its successors and assigns, to construct the Minimum Improvements on the applicable Lot and the dates for completion thereof.

The certificates provided for in this Section of this Agreement shall be in such form as will enable them to be recorded in the proper office for the recordation of deeds and other instruments pertaining to the Property. If the Seller shall refuse or fail to provide any certification in accordance with the provisions of this Section, the Seller shall, within thirty (30) days after written request by the Buyer, provide the Buyer with a written statement, indicating in adequate detail in what respects the Buyer has failed to complete the Minimum Improvements in accordance with the provisions of the Agreement, or is otherwise in default, and what measures or acts it will be necessary, in the opinion of the Seller for the Buyer to take or perform in order to obtain such certification.

E. The Buyer represents and agrees that until issuance of the Certificate of Completion for the Minimum Improvements on each Lot:

(1) Except for any agreement for sale to an Owner Occupant, the Buyer has not made or created and will not make or create or suffer to be made or created any total or partial sale, assignment, conveyance, or lease, or any trust or power, or transfer in any other mode or form of or with respect to this Agreement or the Property or any part thereof or any interest therein, or any contract or agreement to do any of the same, to any person or entity (collectively, a “Transfer”), without the prior written approval of the Seller’s board of commissioners. Notwithstanding the foregoing, Developer may transfer or assign a Lot to a third-party builder for the purpose of construction of the Minimum Improvements on that Lot without the prior written consent of the Authority; provided that if Developer effects a such a Transfer to a third-party builder, Developer shall remain bound by all obligations with respect to the Property under this Agreement and the Master Agreement.

(2) If the Buyer seeks to effect a Transfer of any Lot with respect to this Agreement prior to issuance of the Certificate of Completion for that Lot, the Seller shall be entitled to require as conditions to such Transfer that:

(i) any proposed transferee shall have the qualifications and financial responsibility, in the reasonable judgment of the Seller, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Buyer as to the portion of the Property to be transferred; and

(ii) Any proposed transferee, by instrument in writing satisfactory to the Seller and in form recordable in the public land records of Crow Wing County, Minnesota, shall, for itself and its successors and assigns, and expressly for the benefit of the Seller, have expressly assumed all of the obligations of the Buyer under this Agreement as to the portion of the Property to be transferred and agreed to be subject to all the conditions and restrictions to which the Buyer is subject as to such portion; provided, however, that the fact that any transferee of, or any other successor in interest whatsoever to, the

Property, or any part thereof, shall not, for whatever reason, have assumed such obligations or so agreed, and shall not (unless and only to the extent otherwise specifically provided in this Agreement or agreed to in writing by the Seller) deprive the Seller of any rights or remedies or controls with respect to the Property, the Minimum Improvements or any part thereof or the construction of the Minimum Improvements; it being the intent of the parties as expressed in this Agreement that (to the fullest extent permitted at law and in equity and excepting only in the manner and to the extent specifically provided otherwise in this Agreement) no transfer of, or change with respect to, ownership in the Property or any part thereof, or any interest therein, however consummated or occurring, and whether voluntary or involuntary, shall operate, legally, or practically, to deprive or limit the Seller of or with respect to any rights or remedies on controls provided in or resulting from this Agreement with respect to the Property that the Seller would have had, had there been no such transfer or change. In the absence of specific written agreement by the Seller to the contrary, no such transfer or approval by the Seller thereof shall be deemed to relieve the Buyer, or any other party bound in any way by this Agreement or otherwise with respect to the Property, from any of its obligations with respect thereto.

(iii) Any and all instruments and other legal documents involved in effecting the transfer of any interest in this Agreement or the Property governed by this subsection E. shall be in a form reasonably satisfactory to the Seller.

(3) If the conditions described in paragraph (2) above are satisfied then the Transfer will be approved and the Buyer shall be released from its obligation under this Agreement, as to the portion of the Property that is transferred, assigned, or otherwise conveyed. The provisions of this paragraph (3) apply to all subsequent transferors.

(4) Upon issuance of the Certificate of Completion for a Lot, the Buyer may Transfer such Lot and/or the Buyer's rights and obligations under this Agreement with respect to such Lot without the prior written consent of the Seller.

F. The Buyer, and its successors and assigns, agree that they (a) will use the Minimum Improvements only as a single family dwelling, and in the case of an Owner Occupant, will occupy the Property as a residence, (b) will not seek exemption from real estate taxes on the Property under State law, and (c) will not transfer or permit transfer of the Property to any entity whose ownership or operation of the Property would result in the Property being exempt from real estate taxes under State law (other than any portion thereof dedicated or conveyed to the City of Brainerd or Seller in accordance with this Agreement). **The covenants in this paragraph run with the land, survive both delivery of the Deed and issuance of the Certificate of Completion for the Minimum Improvements on each Lot, and shall remain in effect for ten years after the Date of Closing.**

16. Revesting Title in Seller upon Happening of Event Subsequent to Conveyance to Buyer.

In the event that subsequent to conveyance of the Property or any part thereof to the Buyer and prior to receipt by the Buyer of the Certificate of Completion for the Minimum Improvements on any Lot, the Buyer, subject to Unavoidable Delays (as hereafter defined), fails to carry out its obligations with respect to the construction of the Minimum Improvements (including the nature and the date for the completion thereof), or abandons or substantially suspends construction work, and any such failure, abandonment, or suspension shall not be cured, ended, or remedied within thirty (30) days after written demand from the Seller to the Buyer to do so, then the Seller shall have the right to re-enter and take possession of the Property and to terminate (and re-vest in the Seller) the estate conveyed by the Deed to the Buyer, it being the intent of this provision, together with other provisions of the Agreement, that the conveyance of the Property to the Buyer shall be made upon, and that the Deed shall contain a condition subsequent to the effect that in the event of any default on the part of the Buyer and failure on the part of the Buyer to remedy, end, or abrogate such default within the period and in the manner stated in such subdivisions, the Seller at its option may declare a termination in favor of the Seller of the title, and of all the rights and interests in and to the Property conveyed to the Buyer, and that such title and all rights and interests of the Buyer, and any assigns or successors in interest to and in the Property, shall revert to the Seller, but only if the events stated in this Section have not been cured within the time periods provided above.

Notwithstanding anything to the contrary contained in this Section, the Seller shall have no right to reenter or retake title to and possession of a portion of the Property for which a Certificate of Completion has been issued.

For the purposes of this Agreement, the term “Unavoidable Delays” means delays beyond the reasonable control of the Buyer as a result thereof which are the direct result of strikes, other labor troubles, prolonged adverse weather or acts of God, fire or other casualty to the Minimum Improvements, litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays, or acts of any federal, state or local governmental unit (other than the Seller in exercising its rights under this Agreement) which directly results in delays. Unavoidable Delays shall not include delays in the Buyer’s obtaining of permits or governmental approvals necessary to enable construction of the Minimum Improvements by the dates such construction is required under this section of this Agreement.

17. Resale of Reacquired Property; Disposition of Proceeds. Upon the re-vesting in the Seller of title to and/or possession of the Property or any part thereof as provided in Section 16, the Seller shall apply the purchase price paid by the Buyer under Section 4 of this Agreement as follows:

- A. First, to reimburse the Seller for all costs and expenses incurred by the Seller, including but not limited to proportionate salaries of personnel, in connection with the recapture, management, and resale of the Property or part thereof (but less any income derived by the Seller from the Property or part thereof in connection with



such management); all taxes, assessments, and water and sewer charges with respect to the Property or part thereof (or, in the event the Property is exempt from taxation or assessment or such charge during the period of ownership thereof by the Seller, an amount, if paid, equal to such taxes, assessments, or charges (as determined by the Seller assessing official) as would have been payable if the Property were not so exempt); any payments made or necessary to be made to discharge any encumbrances or liens existing on the Property or part thereof at the time of revesting of title thereto in the Seller or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of the Buyer, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the Minimum Improvements or any part thereof on the Property or part thereof; and any amounts otherwise owing the Seller by the Buyer and its successor or transferee; and

- B. Second, to reimburse the Buyer for the balance of the purchase price remaining after the reimbursements specified in paragraph (a) above. Such reimbursement shall be paid to the Buyer upon delivery of an executed, recordable warranty deed to the Property by the Buyer to the Seller.

- 18. Time is of the essence for all provisions of this Agreement.**
- 19. Notices.** All notices required herein shall be in writing and delivered personally or mailed to the address shown at paragraph 1 above and, if mailed, are effective as of the date of mailing.
- 20. Minnesota Law.** This Agreement shall be governed by the laws of the State of Minnesota.
- 21. Specific Performance.** This Agreement may be specifically enforced by the parties, provided that an action is brought within one year of the date of alleged breach of this Agreement.
- 22. No Remedy Exclusive.** No remedy herein conferred upon or reserved to the Seller or Buyer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.
- 23. No Merger of Representations, Warranties.** All representations and warranties contained in this Purchase Agreement shall not be merged into any instruments or conveyance delivered at closing, and the parties shall be bound accordingly.
- 24. Recording.** This Agreement shall be filed of record with the Crow Wing County Registrar of Titles or Office of Recorder, as the case may be. Buyer shall pay all recording costs.

EXHIBIT A

ALLOCATION OF PURCHASE PRICE BY LOT

Legal Description	PID	Price
Lot 10, Block 2, BRAINERD OAKS	092710020100009	\$3,865.84
Lot 11, Block 2, BRAINERD OAKS	092710020110009	\$4,581.74
Lot 16, Block 5, BRAINERD OAKS	092710050160009	\$4,080.61
Lot 17, Block 5, BRAINERD OAKS	092710050170009	\$4,868.10
Lot 15, Block 6, BRAINERD OAKS	092710060150009	\$5,369.23
		\$22,765.52



EXHIBIT B

FORM OF QUIT CLAIM DEED

Deed Tax Due: \$ _____

ECRV: _____

THIS INDENTURE, between the Housing and Redevelopment Authority in and for the County of Crow Wing, a public body corporate and politic (the “Grantor”), and Level Contracting, LLC, a Minnesota limited liability company (the “Grantee”).

WITNESSETH, that Grantor, in consideration of the sum of \$ _____ and other good and valuable consideration the receipt whereof is hereby acknowledged, does hereby grant, bargain, quitclaim and convey to the Grantee, its successors and assigns forever, all the tract or parcel of land lying and being in the County of Crow Wing and State of Minnesota described as follows, to-wit (such tract or parcel of land is hereinafter referred to as the “Property”):

Check here if part or all of the land is Registered (Torrens)

To have and to hold the same, together with all the hereditaments and appurtenances thereunto belonging.

SECTION 1.

It is understood and agreed that this Deed is subject to the covenants, conditions, restrictions and provisions of an agreement recorded with the Crow Wing County Recorder on March 17, 2017 as Document No. A-886215, entered into between the Grantor and Paxmar-Brainerd, LLC, on the 13th of September, 2016, identified as “Master Purchase and Redevelopment Agreement” as amended by a First Amendment thereto dated November 8, 2016, and a Second Amendment thereto dated as of March 14, 2017, and an Assignment and Assumption of Master Purchase and Development Agreement, dated October 8, 2019 (hereafter collectively referred to as the “Master Agreement”) and of an agreement entered into between the Grantor and Grantee on the 14th of April, 2020, recorded herewith and identified as “Purchase and Redevelopment Agreement” (herein referred to as the “Agreement”) and that the Grantee shall not convey this Property, or any part thereof, except as permitted by the Agreement until a certificate of completion releasing the Grantee from certain obligations of said Agreement as to this Property or such part thereof then to be conveyed, has been placed of record.

It is specifically agreed that the Grantee shall promptly begin and diligently prosecute to completion the redevelopment of the Property through the construction of the Minimum Improvements thereon, as provided in the Agreement.



Promptly after completion of the Minimum Improvements in accordance with the provisions of the Agreement, the Grantor will furnish the Grantee with an appropriate instrument so certifying. Such certification by the Grantor shall be (and it shall be so provided in the certification itself) a conclusive determination of satisfaction and termination of the agreements and covenants of the Agreement and of this Deed with respect to the obligation of the Grantee, and its successors and assigns, to construct the Minimum Improvements and the dates for the beginning and completion thereof. Such certification and such determination shall not constitute evidence of compliance with or satisfaction of any obligation of the Grantee to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance the purchase of the Property hereby conveyed or the Minimum Improvements, or any part thereof.

All certifications provided for herein shall be in such form as will enable them to be recorded with the County Recorder, or Registrar of Titles, Crow Wing County, Minnesota. If the Grantor shall refuse or fail to provide any such certification in accordance with the provisions of the Agreement and this Deed, the Grantor shall, within thirty (30) days after written request by the Grantee, provide the Grantee with a written statement indicating in adequate detail in what respects the Grantee has failed to complete the Minimum Improvements in accordance with the provisions of the Agreement or is otherwise in default, and what measures or acts it will be necessary, in the opinion of the Grantor, for the Grantee to take or perform in order to obtain such certification.

SECTION 2.

The Grantee's rights and interest in the Property are subject to the terms and conditions of Sections 15, 16 and 17 of the Agreement relating to the Grantor's right to re-enter and revest in Grantor title to the Property under conditions specified therein, including but not limited to termination of such right upon issuance of a Certificate of Completion as defined in the Agreement.

SECTION 3.

The Grantee agrees for itself and its successors and assigns to or of the Property or any part thereof, hereinbefore described, that the Grantee and such successors and assigns shall comply with Section 15F of the Agreement for a period of ten years after the date hereof.

It is intended and agreed that the above and foregoing agreements and covenants shall be covenants running with the land for the respective terms herein provided, and that they shall, in any event, and without regard to technical classification or designation, legal or otherwise, and except only as otherwise specifically provided in this Deed, be binding, to the fullest extent permitted by law and equity for the benefit and in favor of, and enforceable by, the Grantor against the Grantee, its successors and assigns, and every successor in interest to the Property, or any part thereof or any interest therein, and any party in possession or occupancy of the Property or any part thereof.

In amplification, and not in restriction of, the provisions of the preceding section, it is intended and agreed that the Grantor shall be deemed a beneficiary of the agreements and covenants provided herein, both for and in its own right, and also for the purposes of protecting the interest of the community and the other parties, public or private, in whose favor or for whose

benefit these agreements and covenants have been provided. Such agreements and covenants shall run in favor of the Grantor without regard to whether the Grantor has at any time been, remains, or is an owner of any land or interest therein to, or in favor of, which such agreements and covenants relate. The Grantor shall have the right, in the event of any breach of any such agreement or covenant to exercise all the rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breach of agreement or covenant, to which it or any other beneficiaries of such agreement or covenant may be entitled; provided that Grantor shall not have any right to re-enter the Property or revert in the Grantor the estate conveyed by this Deed, or any part thereof, on grounds of Grantee's failure to comply with its obligations under this Section 3.

IN WITNESS WHEREOF, the Grantor has caused this Deed to be duly executed in its behalf by its Chair and Executive Director, this _____ day of _____, 2020.

- The Seller certifies that the Seller does not know of any wells on the described real property.
- A well disclosure certificate accompanies this document or has been electronically filed. (If electronically filed, insert WDC number: _____).
- I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.

HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE COUNTY OF
CROW WING

By _____

Its Chair

By _____

Its Executive Director

STATE OF MINNESOTA)
) ss
COUNTY OF CROW WING)

On this ____ day of _____, 2020, before me, a notary public within and for _____ County, personally appeared Craig Nathan and Karen Young to me personally known who by me duly sworn, did say that they are the Chair and Interim Executive Director of the Housing and Redevelopment Authority in and for the County of Crow Wing (the "Authority") named in the foregoing instrument; that said instrument was signed on behalf of said Authority pursuant to a resolution of its governing body; and said _____ and _____ acknowledged said instrument to be the free act and deed of said Authority.

Notary Public

This instrument was drafted by:

Kennedy & Graven, Chartered
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, MN 55402
(612) 337-9300

Tax Statements should be sent to:

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HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE COUNTY OF CROW WING

RESOLUTION NO. 2020-04

RESOLUTION APPROVING A PURCHASE AND REDEVELOPMENT
CONTRACT BETWEEN THE HOUSING AND REDEVELOPMENT
AUTHORITY IN AND FOR THE COUNTY OF CROW WING AND LEVEL
CONTRACTING, LLC.

BE IT RESOLVED By the Board of Commissioners ("Board") of the Housing and Redevelopment Authority in and for the County of Crow Wing ("Authority") as follows:

Section 1. Recitals.

1.01. The Authority has determined a need to exercise the powers of a housing and redevelopment authority, pursuant to Minnesota Statutes, Sections 469.001 to 469.047 ("HRA Act"), and has established its Redevelopment Project No. 1 (the "Project") within Crow Wing County (the "County"), and has developed a Redevelopment Plan governing certain of its anticipated activities in the City of Brainerd (the "City") located within the Project, which was approved by the City on September 6, 2016 after a duly noticed public hearing, pursuant to Section 469.028 of the HRA Act.

1.02. The Authority and Paxmar-Brainerd, LLC ("Paxmar") entered into a Master Purchase and Redevelopment Contract, recorded in the office of the Crow Wing County Recorder as Document No. A886215, as amended by a First Amendment thereto dated as of November 16, 2016 and recorded as Document No. A886216 and a Second Amendment thereto dated as of March 14, 2017, recorded as Document No. A886217 (as so amended, the "Master Contract"), setting forth the terms and conditions of sale and redevelopment of certain property within the City and Project, currently owned by the County, located in the subdivisions known as Brainerd Oaks, Serene Pines, and Dal Mar Estates (the "Property"). By resolutions adopted on July 7, 2016 and July 12, 2016, the County approved the conveyance of the Property to the Authority, and the Authority accepted acquisition of the Property from the County.

1.03 Paxmar's interest in the Master Contract was assigned to Level Contracting, LLC, a Minnesota limited liability company (hereinafter "Buyer") by an Assignment and Assumption of Master Purchase and Development Agreement, dated October 8, 2019, and the Authority ratified its consent to the Assignment on October 8, 2019.

1.04. Pursuant to the Master Contract, the Buyer will acquire the Property in phases, pursuant to annual purchase and redevelopment agreements conforming to the Master Contract, and will construct single-family homes intended for owner occupancy, subject further to the Redevelopment Plan and to the City's zoning and building codes and policies.

1.05. The Planning Commission of the City reviewed the Redevelopment Plan and the general terms of the Master Contract on August 17, 2016, and found that the Redevelopment Plan and the conveyance of the Property are consistent with the City's comprehensive plan, in that the

sale of the Property and construction of the single-family homes will further the City’s housing goals for this area of the City.

1.06. On August 29, 2016, the Board conducted a duly noticed public hearing regarding the sale of the Property to the Buyer, at which all interested persons were given an opportunity to be heard.

1.07. On September 13, 2016, the Board reviewed the Master Contract and found that the execution thereof and performance of the Authority's obligations thereunder are in the public interest and will further the objectives of its general plan of economic development and redevelopment, because it will further the above-stated housing goals of the City and County and will be consistent with the Redevelopment Plan for the Project.

1.08. The Board has reviewed a new proposed Purchase and Redevelopment Agreement (the “2020A Agreement”) related to specific lots to be conveyed to the Buyer in 2020 and described on Exhibit A to this resolution (the “2020A Lots”), and finds that conveyance of the 2020A Lots conform to the provisions of the Master Contract and 2020A Agreement and is in the best interest of the City and County, for the reasons stated above.

Section 2. Authority Approval; Further Proceedings.

2.01. The 2020A Agreement as presented to the Board, including the sale of the 2020A Lots described therein, is hereby in all respects approved, subject to modifications that do not alter the substance of the transaction and that are approved by the Chair and Executive Director, provided that execution of the documents by such officials shall be conclusive evidence of approval.

2.02. The Chair and Executive Director are hereby authorized to execute on behalf of the Authority the 2020A Agreement and any documents referenced therein requiring execution by the Authority, including without limitation any deeds, and to carry out, on behalf of the Authority, its obligations thereunder.

2.03. Authority and City staff are authorized and directed to take all actions to implement the 2020A Agreement.

Approved by the Board of Commissioners of the Housing and Redevelopment Authority in and for the County of Crow Wing this 14th day of April, 2020.

Chair

ATTEST:

Secretary



EXHIBIT A

2020A LOTS

Lots 10 and 11, Block 2, BRAINERD OAKS, Crow Wing County, Minnesota

Lots 16 and 17, Block 5, BRAINERD OAKS, Crow Wing County, Minnesota

Lot 15, Block 6, BRAINERD OAKS, Crow Wing County, Minnesota



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Housing & Redevelopment Authority

To: CWC HRA Board Members
From: John Schommer, Rehab Coordinator
Date: March 31, 2020
Re: Approve Submission of FHLB Application

Previously we have applied for additional funds for owner-occupied housing rehab through the Federal Home Loan Bank's (FHLB) Affordable Housing Program (AHP). We partnered with FHLB member bank Mid Minnesota Federal Credit Union to submit our application last year, but unfortunately, we were not successful.

We would like to submit an application again this year. Applications are accepted May 1st through May 31st. I have reached out to Jon Tomlinson with Mid Minnesota Federal Credit Union to see if they are willing to partner with us again to grant us access and they have indicated they would. We anticipate requesting \$175,000, which would allow us to do approximately 5-6 owner-occupied rehabilitation loans in Crow Wing County.

Action Requested: Approve submitting an application to Federal Home Loan Bank for owner-occupied rehabilitation through the Affordable Housing Program.



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Housing & Redevelopment Authority

To: CWC HRA Board Members
 From: Karen Young, Interim Executive Director
 Date: April 7, 2020
 Re: Executive Director Report

Executive Director Search

Our consultant, Gary Weiers from DDA, has reposted the Executive Director position from March 28th through April 15th. The process will be adjusted where needed to accommodate the COVID-19 restrictions. We will update the Board as we navigate through this process.

Workforce Housing Study

Since the COVID-19 pandemic does not allow for actual Workforce Housing Study presentations, staff would like to work towards creating electronic presentations that could be presented via teleconference to our partners.

Staff members are working through the study to set priorities and goals for the CWC HRA to use our available programs and resources to assist in the development and rehabilitation of workforce housing countywide.

MHP Request for Technical Assistance

John and I recently spoke with MN Housing Partnership (MHP) staff to discuss our CWC HRA initiatives as it relates to their Request for Technical Assistance (RFTA) that is currently be offered (Attachment 5a). MHP offers several rural capacity building programs and recently announced the availability of HUD's Rural Capacity Building 18 (RCB 18) program. The program is designed to build capacity in rural housing/economic development organizations to have greater impact. Much of the \$1.7 MM of RCB 18 will be the organization's staff time to work with program participants (beneficiaries), but there is also financial assistance available through the program that can be used for a variety of costs on locally determined projects. These are typically 1-3 year engagements that would involve MHP staff assigned to the beneficiary working remotely and on site – helping with whatever the locally determined projects or desired outcomes are. There is a match component – beneficiary staff time serves as match – or other nonfederal funding for projects we're working on, among other things. We would like to submit an application on behalf of the CWC HRA.

No Action Requested; Discussion Item



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OPPORTUNITY FOR RURAL COMMUNITIES



Receive training, capacity building, technical, and financial assistance funded by HUD and USDA to accomplish your affordable housing or community development goals! MHP specializes in working with rural communities and tribal entities around the U.S. to strengthen their communities. You can apply for our Strengthening Rural Communities Program at www.mhponline.org/src.



Apply by **April 15, 2020** to receive priority consideration for assistance with your project.



MHP works with organizations anywhere in the U.S. that are considered rural areas by HUD and USDA, and that are focused on affordable housing in rural areas, including, but not limited to: community development corporations (CDCs), community housing development organizations (CHDOs), local/county governments, and Native Nations. Organizations that have recently started working in this area are also eligible to apply.

Please help us spread the word about this opportunity for tribal and rural communities! Applications are due April 15, 2020!

Questions?

Contact Harlan Buckalew
Harlan.Buckalew@mhponline.org
 651-925-5536



About MHP | Minnesota Housing Partnership convenes, guides, and supports a diversity of partners working to improve the conditions of home and community. Learn more about MHP's community development work for rural and tribal community resilience.



www.mhponline.org | Follow us @followmhp

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Housing & Redevelopment Authority

To: CWC HRA Board Members
 From: John Schommer, Rehab Coordinator
 Date: April 7, 2020
 Re: Brainerd HRA/Rehab Programs Report

NE BRAINERD SCDP

Address	Owner	Type of Rehab	Units	Status
707 Laurel St.	Knotty Pine Bakery	Commercial	1	Complete
707 Laurel St.	Sarah H.S.	Mixed-use	9	Contract Phase
212 1 st Ave. NE	Andrea B.	Owner-occupied	1	Complete
612 2 nd Ave. NE	Kelly R.	Owner-occupied	1	Complete
201 & 203 B St.	Travis B.	Rental	2	Bidding
419 3 rd Ave. NE	Mary & Richard M.	Rental	3	Bidding
726 4 th Ave. NE	John G.	Rental	3	Application Phase

Emily SCDP

- » 4 owner-occupied projects are complete
- » 1 project is in construction
- » 1 project is bidding
- » 1 projects is in work write-up

MHFA

- » 3 projects are in construction
- » 1 project is bidding

BRAINERD OAKS/SERENE PINES

Development	Total	# Sold to Developer	# Sold to End Buyer	For Sale	In Construction
Brainerd Oaks	81*	35	33	2	6
Serene Pines	23	11	10	1	3
Dalmar Estates	7	1	1	0	1

**Originally 83 lots, two have been merged/combined into a single parcel.*

(continues on opposite side)



SCDP Preliminary Proposal

We are currently looking into submitting a preliminary proposal to DEED for another Small Cities Development Program Grant in November. We were approached by Jon Lubke, the mayor of Jenkins, to see if we would submit a preliminary proposal on their behalf. The Crow Wing County Housing Conditions Survey indicated a greater need for rehab in the city of Garrison, so I reached out to the mayor to see if they have a desire to pursue a grant. He indicated they were interested so we set up a meeting with staff to discuss what our options would be. Given that there is a large percentage of mobile homes in the city. we are looking at the feasibility of submitting an application with the township of Garrison and the City of Garrison versus submitting a preliminary proposal for the city alone and plan to present a request to the Board at our next meeting.





Crow Wing County HRA,

In response to our required reporting and the changes to everyone's life, here is what BLAEDC doing, I will do my best to summarize what is going on and how we are helping in any way possible.

The SBA Disaster Loan Program – This program was release at the end of last week, once the Federal Government identified Minnesota as a disaster state. In many instances, these types of programs would be handed out county by county, but due to this situation, the entire state was included. The program is operated entirely by SBA and does not have any local ties associated with it, which is not typical for SBA borrowing. The application process is handled online for businesses and once it is completed, the business is assigned a lender who will then connect with the company to work through the process. If a business is approved for funding, it will take at least 3-4 weeks before funds are received. We have a link on our website that will take companies to the application site. We have sent out communication through our constant contact system to alert businesses to this program. I am getting requests daily to discuss the program and have started to walk individuals through the process. This program can lend funds up to \$2 million with interest rates set at 3.75% and 2.75% for non-profits and offer 1 year of loan payment deferment. If a company is looking for \$25,000 or less, no collateral will be required.

I log in to a call initiated through the Commissioner of DEED every morning, where they provide updates on everything and include updates from all the other commissioners at the state level. These calls are very informative and provide as up to date information as is available. I worked all last weekend creating a list of essential companies in our county that were requesting to be added to the essential list. Detailed company and contact information was provided to DEED last week and all the companies listed are moving forward with operations as the work they do is deemed essential. I also sent that list along with letters of support from suppliers to Senator Ruud on Wednesday, and she was able to also send a letter of support to the Governor to ensure they could continue to work. I spoke with Senator Ruud this morning and she would like me to contact her if I have other companies connecting with me that feel they have been left off the list, and she will speak to them directly and advocate at the state level if it is needed.

I had a call yesterday with 3 of our BUF board members to talk about our program and what options we might have to provide assistance, should it get to that point. I have scheduled a meeting for next week with the full board. We do not have options to free up our Federal Funds within the Unified Fund, but we are working with USDA, which are the types of funds that CTC and CWP have committed to the Unified Fund. As of today, I have had 4 requests from our 14 active loans in the Unified Fund requesting 3 month, deferments of loan payments. We will honor those requests for April, May and June payments. If additional time is needed, we will address those on a case by case basis.



The State of Minnesota has an Emergency Loan Program that should be active by Monday of next week. This offers some emergency funds to those businesses that have been affected by COVID-19 to funds that range from \$2,000 to \$35,000. These funds are, in my opinion, last resort type funds. The state wants businesses that have been affected to go through SBA first for assistance. This program will provide funding if you have been turned down by all other lending sources.

As you all know, our business is deemed essential, so I will continue to work with everyone on how we can provide assistance. I will be available through email and phone at all times, and plan to be in my office at least a couple days a week. We continue to provide updates and assistance in coordination with the Brainerd Lakes Chamber and the Small Business Development Center. I have included with this report, the most recent Federal and State programs.

I will continue to publish the information that is helpful through our website and social media and encourage all of you to connect with me if you have a business contact you directly looking for direction or assistance.

Tyler Glynn

BLAEDC Executive Director

A Guide for Minnesota Small Businesses Who Need Help

March 31, 2020 | [Economic Development](#)

Over the past few weeks, several state and federal programs have been built to assist small businesses struggling during the COVID-19 pandemic.

Different programs make sense for different businesses, so we're providing this summary guide to help small businesses quickly see which programs might be right for their situation.

SBA Economic Injury Disaster Loan (EIDL) – all Minnesota small businesses should apply for these!

- **Summary of Program: Low interest, long term Economic Injury Disaster Loans** for up to \$2 million: The first payment is deferred for 12 months. The application has been simplified and can be completed 100% online through our improved web portal at www.sba.gov/disaster. These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. The interest rate is 3.75% for small businesses. The interest rate for non-profits is 2.75% and the loans can be extended over 30 years.
- **Why this might make sense for you:** The SBA EIDL can be used to maintain payroll, provide paid sick leave, meet increased costs, make rent or mortgage payments, as well as repay unmet expenses and obligations.
- **SBA EIDL Grants** - Businesses applying for an EIDL loan can request up to \$10,000 be disbursed immediately. The amount need not be repaid, regardless of the loan decision. The form to apply for an advance is part of the [new EIDL application](#). **If you have already applied for an EIDL Loan and wish to apply for the advance, please [fill out the new, streamlined application](#).**
- **Why this might make sense to you:** This advance may be available even if your EIDL application was declined or is still pending, and will be forgiven.
- **If you need assistance with applying for the SBA EIDL loan or requesting the related grant – see the [SBA District website for trainings](#) or call an [SBDC center](#).**

SBA Paycheck Protection Program (PPP)

- **Summary of Program:** The [SBA PPP](#) is a new federal \$350 billion loan program at SBA for small businesses, self-employed people, and gig workers to help them from going under due to the COVID-19 pandemic. If employers maintain payroll, the loans would be forgiven.
- **Why this might make sense for you:** If a self-employed person needs compensation or a business or nonprofit needs funds for employee compensation, including: salaries, wages, commissions, or similar compensation; cash tips or equivalents; vacation, parental, family, medical, or sick leave; payment required for providing group health care benefits (including insurance premiums); payment of retirement benefits; and payroll taxes. Funding may also be used for payment of interest on mortgage obligations, rent, utilities, and interest on pre-existing debt obligations

Pandemic Unemployment Assistance Program



- **Summary of Program:** Congress authorized a new Pandemic Unemployment Assistance program that covers those **who do not qualify** for regular Unemployment Insurance benefits, such as independent contractors and self-employed people. The program was authorized but must be created by the states, so Minnesota must build out this program before it can be implemented. More information will be available soon, however it could be several weeks before payments begin.
- **Why this might make sense for you:** If you are an independent contractor or self-employed person who would not typically be eligible for unemployment benefits, but you have lost income due to the COVID-19 pandemic.

Minnesota Small Business Emergency Loan Program

- **Summary of Program:** Minnesota Small Business Emergency Loans are made through an approved lender – you can find [FAQs, application materials and lenders](#) on the DEED website. These loans are for \$2,500 to \$35,000 and at a 0% interest rate. There is a total of \$30 million available for this program.
- **Why this might make sense for you:** If you are affected by Executive Orders 20-04 and 20-08, this program could provide a 0% loan to help you meet expenses.

Minnesota Small Business Loan Guarantee Program

- **Summary of Program:** This program provides a 80% loan guarantee for loans up to \$250,000 made by a qualified economic development lender within this program. Details for business are not yet on [DEED's website](#) but DEED and agency partners are reaching out to lenders to make them aware of this new program – look for more details soon. This program is intended to incent the private market to make loans to small businesses and provides the guarantee for those loan dollars. The state is providing a loan guarantee of \$10 million which is likely to leverage between \$20 and \$25 million in lending by private banks.
- **Why this might make sense for you:** Your lender will consider your situation and may require this guarantee in order to lend money to your business.

Unemployment Insurance Shared Work Program

- **Summary of Program:** The Shared Work program offers an alternative to layoffs for employers facing a temporary downturn in business. Administered by DEED's Unemployment Insurance Division, the program allows employers to divide available hours of work among a group of employees instead of implementing a full layoff. These employees may then receive partial unemployment insurance benefits while working reduced hours. The purpose of Shared Work is to avoid a layoff, not to subsidize wages.
- **Why this might make sense for you:** Shared Work can help employers avoid the difficulties that can go along with a layoff. If employees keep working during a temporary slowdown, employers can more quickly gear up when business conditions improve. Learn more about the [Shared Work Program](#) on our Unemployment Insurance Division's website

So given these options, where should you start?

1. First, we recommend is contacting your insurance company. You may have access to benefits you've paid into through your policy that could be helpful during this time.



2. Next, call your bank. Your banker will have advice for you on:

- Their own resources
- Any SBA programs they have access to
- They may refer you to local lending programs such as those available through non-profits (like the Small Business Emergency Loan Program) or loan programs available in certain cities or counties across Minnesota

3. If you've been denied credit by a bank or the SBA, you should call any of the [approved lenders for the Small Business Emergency Loan Program](#) that serve your geography.

4. If you do not use a bank and/or do not have insurance on your business:

- You can call any of DEED [approved lenders for the Small Business Emergency Loan Program](#) for possible access to the program and other resources available through our lending partners.
- You may also call a lender in the Small Business Loan Guarantee program, when those lenders are identified. Please note that these lenders are likely banks or local development organizations who have underwriting criteria.
- You could call your city or county to see if they have a revolving loan fund that is available to your business. Please note that not many cities in the metro area have these revolving loan funds and those that do will have underwriting criteria.

5. Contact Brainerd Lakes Area Economic Development Corporation at www.growbrainerdlakes.org

Contact our staff at 218-828-0096, Tyler Glynn, Executive Director, Mike Bjerkness, Workforce Director, Megan Rehbein, Office Administrator for assistance.

Visit the [COVID-19 Information for Employers and Businesses](#) page on the DEED website for more resources related to business assistance, Unemployment Insurance and FAQs.



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CONFIDENTIAL

Updated: 4/6/2020

	Jan 2020	Feb 2020	Mar 2020	Q1 2020 SubTotals	April 2020	May 2020	June 2020	Q2 2020 SubTotals	July 2020	Aug 2020	Sept 2020	Q3 2020 SubTotals	Oct 2020	Nov 2020	Dec 2020	Q4 2020 SubTotals	2020 Total #s:	2020 Total Revenue
Meetings with Potential New Members	1	2	0	3				0				0				0	3	
Current Open Job Postings	6	7	6															
YTD Filled Jobs	2	1	2	5				0				0				0	5	
Spousal Referrals	0	2	1	3				0				0				0	3	
Offers Made/Job Declined	0	0	1	1				0				0				0	1	
Total Resumes Received	141	158	104	403				0				0				0	403	
Quality Resumes Reviewed	82	97	41	220				0				0				0	220	
Interviews Conducted	46	55	30	131				0				0				0	131	
Workforce Presentations/Community	0	0	1	1				0				0				0	1	
Grant Funding				\$0				\$0				\$0				\$0		\$0
Direct Hire Fees	\$22,670	\$5,800	\$11,000	\$39,470				\$0				\$0				\$0		\$39,470
																	2020 Grand Total	\$39,470

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BUF Loan Portfolio -04/01/2020

2017 BUF Loan Recipient	Industry Type	Location	Loan Type	Primary Lender	Total Project Cost	Total Interest Rate	Jobs Created	Jobs Retained	Funding Partner	BUF Loans	Loan Amount - Direct	Loan Amount - BUF Partners	Terms	Interest Rate to Partner	Scheduled Monthly Payment	IF Service Fees	BIAEDC Service Fees	
1. Green Forest Recycling	Other Services	Brainerd	Equipment	Members Coop	\$ 103,330	5.50%	3	5	CTC	\$ 24,500	\$ 24,500	\$	5 years	3.50%	\$ 470.00	1.0%	1.0%	
2018 BUF Loan Recipient																		
2. Modified Tool	Manufacturing Trade, Trans., Utilities	Emily Area	Business Acquisition	Bank Vista	\$ 2,570,000	6.25%	2	4	CWP BUF Direct	\$ 64,020	\$ 44,020	\$ 20,000	10 years 10 years	4.25% 4.25%	\$ 730.00	1.0%	1.0%	
3. Jack Pine Brewery, LLC	Manufacturing Trade, Trans., Utilities	Baxter	Equipment	Bremer	\$ 43,000	5.50%	2	12	CTC CWP	\$ 43,000	\$	\$ 21,500 \$ 21,500	6 years 6 years	3.50% 3.50%	\$ 350.00 \$ 350.00	1.0%	1.0%	
4. Brainerd Distilling Company	Manufacturing Trade, Trans., Utilities	Brainerd	Real Estate	Riverwood Bank	\$ 305,000	5.50%	6	6	BUF Direct	\$ 67,500	\$ 67,500	\$	20 yr am/5 yr balloon	3.50%	\$ 464.32	1.0%	1.0%	
5. Dockside Rental, LLC	Leisure and Hospitality	Nisswa	Equipment	BlackRidge Bank	\$ 204,000	6.00%	2	2	CTC BUF Direct	\$ 55,000 \$ 27,500	\$	\$ 27,500	6 years 6 years	4.00% 4.00%	\$ 456.00 \$ 456.00	1.0%	1.0%	
6. Gullview Technologies, LLC	Prof. Business Services	Baxter	Equipment Staffing/Onboarding	Riverwood Bank	\$ 318,000	5.50%	12	9	BUF Direct	\$ 50,000	\$ 50,000	\$	5 years	3.50%	\$ 955.00	1.0%	1.0%	
7. Outdoors Insight, Inc. Paid in Full	Manufacturing Trade, Trans., Utilities	Crosslake	Inventory Staffing/Onboarding	MN Bank & Trust	\$ 1,700,000	6.00%	7	7	CWP BUF Direct	\$ 200,000 \$ 100,000	\$ 100,000	\$	7 years 7 years	4.00% 4.00%	\$ 2,922.00	1.0%	1.0%	
2019 BUF Loan Recipient																		
9. PaulSquared Properties, LLC dba Victual	Manufacturing Trade, Trans., Utilities	Crosby	Property Improvements	Bremer	\$ 617,712	6.00%	5	-	CWC HRA TIF	\$ 75,000	\$	\$ 75,000	5 Years	4.00%	\$ 1,450.00	1.0%	1.0%	
10. Tri-Axis, LLC. dba Paradigm	Trade, Trans., Utilities	Brainerd	Bus Acquisition	BlackRidge Bank	\$ 303,250	6.50%	5	8	BUF Direct	\$ 80,000	\$ 80,000	\$	20 yr am/5 yr balloon	4.50%	\$ 769.00	1.0%	1.0%	
11. Chickadee LLC	Other Services	Nisswa	Inventory/Improvements	BlackRidge Bank (Participation)	\$ 75,000	7.15%	3	2	BUF Direct	\$ 30,000	\$	\$	5 Years	6.15%	\$ 601.00	N/A	1.0%	
12. Greenheck Auto Glass	Trade, Trans., Utilities	Brainerd	Refinance	Deerwood Bank	\$ 116,000	7.50%	1	5	BUF Direct	\$ 50,000	\$	\$	7 years	5.50%	\$ 767.00	N/A	2.0%	
13. El Tequila Restaurant	Leisure and Hospitality	Baxter	Real Estate	BlackRidge Bank	\$ 1,960,000	6.50%	7	20	CWP	\$ 75,000	\$	\$ 75,000	20 yr am/10 yr balloon	4.50%	\$ 1,120.00	1.00%	1.0%	
14. Teeny Bubbles Child Care Not yet funded but approved	Daycare	Brainerd	Real Estate	Randall State Bank	\$ 417,000	7.50%	18	24	BUF Direct	\$ 30,000	\$ 30,000	\$	5 years	5.50%	\$ 602.00	1.00%	1.0%	
15. Shiner's Bar & Bistro	Leisure and Hospitality	Jenkins	Inventory and Equipment	First National Bank	\$ 445,000	7.50%	10	0	BUF Direct	\$ 100,000	\$ 100,000	\$	5 years	5.50%	\$ 2,004.00	1.00%	1.0%	
					\$ 9,177,292	6.26%	83	96		\$ 944,020	\$ 499,020	\$ 365,000		4.31%	\$14,466.32			

QUICK FACTS **does not include (PENDING) numbers

Industry Sectors	Geographic Location (6)	Primary Lenders (8)	Loans Made	Avg Direct Loan (7)	Avg Partner Loan (6)
Natural Res. and Mining	Baxter	Members Coop - Baxter	1	\$71,288.57	\$60,833.33
Construction	Brainerd	Bank Vista - Sartell	1		
Manufacturing	Crosby	Bremer	2	Smallest Loan	
Trade, Trans., Utilities	Crosslake	Riverwood Bank	2	\$20,000.00	
Information	Emily Area	BlackRidge Bank	4	Largest Loan	
Financial Activities	Nisswa	MN Bank & Trust - Woodbury	1	\$100,000.00	
Prof. Business Services		First National Bank	1		
Educ. and Health Serv.		Randall State Bank	1		
Leisure and Hospitality	Business Acquisition	Deerwood Bank	1		
Other Services	Equipment				
Public Admin.	Real Estate				
	Other				

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