

**BELLE PLAINE ECONOMIC DEVELOPMENT AUTHORITY  
REGULAR MEETING  
JULY 9, 2018**

**PLEDGE OF ALLEGIANCE.**

Vice President Fahey led those present in the Pledge of Allegiance.

**1. CALL TO ORDER. 1.1. Roll Call.**

The Belle Plaine Economic Development Authority met in Regular Session at 5:03 PM on Monday, July 9, 2018 at City Hall, 218 North Meridian Street, Belle Plaine, MN. Vice President Fahey called the meeting to order with Commissioners Cary Coop, Chris Meyer, Nathan Shutes and Dick Coleman present. Commissioners Rick Krant and Crystal Doyle were not present.

Also present was Community Development Director Cynthia Smith Strack.

**2. APPROVAL OF AGENDA.**

MOTION by Commissioner Coleman, second by Commissioner Coop, to approve the agenda as presented. ALL VOTED AYE. MOTION CARRIED.

**3. APPROVAL OF MINUTES. 3.1. Regular Session Minutes of May 14, 2018.**

MOTION by Commissioner Coop, second by Commissioner Meyer, to approve the Regular Session Minutes of May 14, 2018. ALL VOTED AYE. MOTION CARRIED.

**4. TREASURERS REPORT.**

**4.1. Approval of Bills.**

MOTION by Commissioner Meyer, second by Commissioner Coop, to approve the treasurers report. ALL VOTED AYE. MOTION CARRIED.

Commissioner Coop inquired as to existing loan repayment and fund balances. Community Development Director Smith Strack explained at a previous EDA Meeting Commissioners agreed to no longer review loan status and fund balances unless activity is occurring which applies to such funds.

**5. BUSINESS.**

**5.1. Loan Subordination Request: Cory and Sarah Czepa.**

Community Development Director Smith Strack explained in December, the EDA approved an \$84,000 loan to Cory and Sarah Czepa d.b.a. Natural Fitness to assist with improvements at 321 Walnut Street South. Smith Strack noted the loan is secured by a second position on residential property at 3485 230<sup>th</sup> Street East in Prior Lake. The Czepa's are working to refinance the principal mortgage on the residential property and their lender is seeking a subordination agreement. Copies of confidential paperwork including an application for loan subordination, appraisal on the residential property dated June 19, 2018, a title commitment, and a current mortgage statement were distributed along with a request for recollection of the data upon meeting end. Smith Strack noted the loan review committee met to review the request and has recommended approval.

Commissioner Meyer inquired if there was a fee for loan subordinations. Community Development Director Smith Strack explained not at this time other than a \$40.00 staff time fee.

**5.1.1. Resolution 18-02: Resolution Recommending Approval of Loan Subordination Request for Cory and Sarah Czepa.**

MOTION by Commissioner Meyer, second by Commissioner Shutes to approve Resolution 18-02: Recommending Approval of Loan Subordination Request for Cory and Sarah Czepa. ALL VOTED AYE. MOTION CARRIED.

**5.2. Proposed Loan Policy Update: Loan Subordination Requests.**

Community Development Director Smith Strack explained the BPEDA RLF guidelines do not currently address processing or guidelines for decision-making relative to loan subordination requests post-loan approval. To remedy staff has drafted policy language for review and consideration by the EDA. Included in the packet were updated loan standards with draft loan subordination request language highlighted. Smith Strack noted since updating loan standards requires official action by Council, Commissioners are also asked to share concerns and recommendations should any other portions of the policy be perceived as in need of updating or clarification. Smith Strack also noted comments from staff pertaining to other portions of the loan policy are highlighted. Smith Strack also noted October 2015 was the last update of the Loan Policy Citing Pages 9 and 10 specific for subordination.

Commissioner Coleman inquired if a specific term should be identified for consideration of subordination, he opined limitations on the frequency of subordination requests are potential judgment calls based on merits of individual requests. Commissioner Meyer suggested adding business performance language.

Meyer opined a \$40 fee likely does not cover administrative costs for subordination review. Community Development Director Smith Strack inquired as to whether the EDA would like to encourage subordination requests to potentially assist businesses looking to make a change or increase viability or encourage RLF payoffs so as to have funds for relending. Strack opined the fee could be designed to do either or. Coleman stated if fees were a barrier to assisting a business the City could waive them on a case by case approval.

Smith Strack opined a \$250 subordination fee is not unreasonable when compared to staff time and subcommittee meeting preparation required for request review. Commissioners Fahey and Shutes opined a \$500 fee could be reasonable.

Smith Strack stated at this time if a cash out it requested, the EDA has no proof it actually benefited the leveraged property. She requested input from the Commission regarding cash-out options. Meyer opined staff and Commission do not have time to continue to monitor leveraged property.

Shutes suggested all requests should require the applicant to attend an EDA meeting in person to respond to questions. Coleman noted meeting with applicants should be careful not to pose any confidentiality issues. The Commission discussed and proposed changes to the following sections of the draft policy: Page 5. VII. Restrictive Language removed and add in Finance Director as a reviewer; Page 6. 1. The number of copies required was reduced from five to one along with an electronic copy; Page 9 Subordination fee will be set in the annual fee schedule; Page 8. XI. A reference to an 'attachment' was removed; and, Page 8. XII. Information of ownership interest for those with 20 percent or greater stake was identified along with a need to sign a conflict of interest/disclosure statement in the RLF application.

Commissioner Coop initiated additional discussion regarding conflict of interest and disclosure. He opined anyone with a financial interest in the company should be identified. Community Development Director Smith Strack explained in that case anyone with ownership in the company would need to sign the mortgage which could be cumbersome, especially given situations where several shareholders were involved. Commissioners Coleman, Meyer and Coop discussed commercial lending regulations and disclosure requirements. Coleman agreed to meet with Strack to further discuss associated issues. It was

the consensus of the Commission to bring the proposed loan policy update back to August's EDA meeting for further review.

### **5.3. Goals/Work Items.**

Community Development Director Smith Strack explained the EDA established goals/work items for 2018 in its annual report to the City Council. Smith Strack noted the Commission should review the goals and advise of any updates the commission would like to see added.

Commissioner Shutes inquired as to feedback from Tatiana Field's grand opening. Commissioner Meyer explained about 100 people were at the grand opening and guests could watch the games. Community Development Director Smith Strack explained a large youth tournament will be happening during late summer with teams coming in from Georgia and all over the United States. Shutes commented on the finished mural. Smith Strack noted pictures and video have been taken to document the mural's meaning and process. Commissioner Meyer inquired on the progress of lots in Provence on the River Third Addition. Smith Strack explained the Developer is working on a plan to have electric extended to all of the lots.

## **6. ADMINISTRATIVE REPORTS.**

### **6.1. Commissioner Comments.**

No comments were made.

### **6.2. Director's Update.**

Community Development Director Smith Strack explained the Director's Update is in the packet and offered to take any questions.

### **6.3. Upcoming Meetings.**

#### **1. Next Regular Session, 5:00 pm, Monday, August 13, 2018.**

Community Development Director Smith Strack reminded the Commissioners of the upcoming meetings as listed.

## **7. ADJOURNMENT OF REGULAR SESSION.**

MOTION by Commissioner Meyer, second by Commissioner Shutes, to adjourn the meeting at 6:03 PM.  
ALL VOTED AYE. MOTION CARRIED.

Respectfully submitted,

Renee Eyrich  
Recording Secretary