

**Crow Wing County HRA**  
**AGENDA**  
**5:00 p.m. Tuesday, January 8<sup>th</sup>, 2019**  
**Jinx Ferrari Meeting Room**  
**(Located on 2nd floor of the Historic Courthouse,**  
**326 Laurel Street, Brainerd, MN)**

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**AGENDA ITEM**

- 1. Call to Order**
- 2. Roll Call**
- 3. Annual Meeting (Attachment 1)**
  - a. Oath of Office**
  - b. Election of Officers for 2019**
  - c. Review Bylaws**
- 4. Review and Approve Minutes (Attachment 2)**
- 5. Review and Accept Financial Statements (Attachment 3)**
- 6. Unfinished Business**
  - a. Consider Crow Wing County HRA TIF Revolving Loan Request (Attachment 4)**
- 7. New Business**
  - a. Authorization to Release RFP for Workforce Housing Study (Attachment 5)**
- 8. Reports**
  - a. Executive Director (Attachment 6)**
  - b. Brainerd HRA**
  - c. BLAEDC**
  - d. CWC**
- 9. Meeting Agenda Topics for February 12, 2019**
- 10. Adjourn**

**2019 Officers and Commissioners**

Chair – Craig Nathan/District 4 (12-31-20)  
Vice Chair – Theresa Goble/District 1 (12-31-22)  
Secretary – Sharon Magnan/District 3 (12-31-19)  
Commissioner – David Kennedy/District 2 (12-31-18)  
Commissioner – Michael Aulie/District 5 (12-31-21)



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## Housing & Redevelopment Authority

To: CWC HRA Board Members  
From: Jennifer Bergman, Executive Director  
Date: January 2, 2019  
Re: Annual Meeting

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According to the bylaws, the CWC HRA is required to hold its annual meeting at the regular meeting in January.

Typically at annual meetings, all new or reappointed members are given the oath of office, the Board elects new officers, and bylaws are reviewed.

### **Oath of Office**

There are no new board members.

### **Election of Officers for 2019**

According to the bylaws, the chairman, vice chairman, and secretary shall be elected at the annual meeting of the HRA.

### **Review Bylaws**

Attachment 1a is a copy of the bylaws for your review.

**Action Items: Elect an HRA chair, vice chair and secretary.**



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## BY-LAWS OF THE HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE COUNTY OF CROW WING, MINNESOTA

Amended – January 11, 2011  
Amended – January 9, 2017

### **1. THE AUTHORITY**

Section 1.1 Name of the Authority. The name of the Authority shall be the Housing and Redevelopment Authority in and for the County of Crow Wing, Minnesota (hereinafter, the "Authority"), and its governing body shall be called the Board of Commissioners (hereinafter, the "Board").

Section 1.2. Office. The principal office of the Authority shall be the Crow Wing County Historic Courthouse.

Section 1.3. Seal. The Authority shall have no official seal.

### **2. ORGANIZATION**

Section 2.1. Officers. The officers of the Authority shall consist of a Chair, a Vice Chair, a Secretary, and an Executive Director. The Chair, the Vice Chair and the Secretary shall be members of the board and shall be elected at the annual meeting of the Authority.

Section 2.2. Chair. The Chair shall preside at all meetings of the Board.

Section 2.3. Vice Chair. The Vice Chair shall preside at any meeting of the Board in the absence of the Chair and may exercise all powers and perform all responsibilities of the Chair if the Chair cannot exercise or perform the same due to absence or other inability.

Section 2.5. Secretary. The Secretary shall oversee the keeping of minutes of all meetings of the Board and shall oversee the maintenance of all records of the Authority. The Secretary shall also have such additional duties and responsibilities as the Board may from time to time by resolution prescribe.

Section 2.6. Executive Director. The Executive Director shall be appointed by resolution and shall serve at the pleasure of the Board of Commissioners, shall be the chief appointed executive officer of the Authority, and shall have such additional responsibilities and authority as the Board may from time to time by resolution prescribe.



### **3. PROCEDURES OF BOARD OF COMMISSIONERS**

Section 3.1. Annual Meeting. The annual meeting of the Board shall coincide with the regular meeting of the month of January in each year.

Section 3.2. Regular Meetings. The Board shall hold regular meetings at such time and place as the Board may determine.

Section 3.3. Special Meetings. Special meetings of the Board may be called by the Chair or, in the event of the Chair's absence or inability, by the Vice Chair at any time, upon seventy-two hours prior notice exclusive of Saturdays, Sundays and holidays to all Commissioners and Executive Director. Upon the same notice, special meetings of the Board may also be called by any two Commissioners. Notice of any special meeting in the principal office of the Authority no less than seventy-two hours prior to such special meeting exclusive of Saturdays, Sundays and holidays.

Section 3.4. Quorum. A quorum of the Board shall consist of a simple majority of the appointed Commissioners. In the absence of a quorum, no official action may be taken by, on behalf of, or in the name of the Board or the Authority.

Section 3.5. Adoption of Resolutions. Resolutions of the Board shall be deemed adopted if approved by not less than a simple majority of all Commissioners present. Resolutions may but need not be read aloud prior to vote taken thereon and may but need not be executed after passage.

Section 3.6. Rules of Order. The meetings of the Board shall be governed by the most recent edition of Robert's Rules of Order.

### **4. MISCELLANEOUS**

Section 4.1. Fiscal Year. The fiscal year of the Authority shall be the calendar year.

Section 4.2. Execution of Contracts. All contracts, notes, and other written agreements or instruments to which the Authority is a party or signatory or by which the Authority may be bound shall be executed by the Chair and/or the Executive Director or by such other Commissioner or officers of the Authority as the Board may by resolution prescribe.

Section 4.3. Amendment of By-Laws. These By-Laws may be amended by the Board only by not less than a majority vote of all the Commissioners, provided that any such proposed amendment shall first have been delivered to each Commissioner at least one regular meeting prior to the meeting at which such amendment is considered.



**Minutes from Tuesday, Dec. 11<sup>th</sup>, 2018**  
**Crow Wing County**  
**Housing and Redevelopment Authority**  
**Board Meeting**

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, December 11<sup>th</sup>, 2018.

1. **CALL TO ORDER:** Chair Nathan called the meeting to order at 5:00 p.m.
2. **ROLL CALL:** Present at the meeting were Chair Craig Nathan, Commissioners Theresa Goble, Mike Aulie, David Kennedy and Sharon Magnan; Executive Director Jennifer Bergman, Finance Director Karen Young, and Executive Assistant LeAnn Goltz. Also present: Tyler Glynn and Debby Erickson.
3. **REVIEW AND APPROVE MINUTES:**

**Commissioner Aulie made a motion to approve the minutes from the board meeting held on November 13<sup>th</sup>, 2018. Commissioner Goble seconded the motion. All commissioners voted in favor of the motion and none were opposed. The minutes were approved.**

4. **REVIEW AND APPROVE FINANCIAL STATEMENTS:** Reflected in the November General Fund financial statements is the deposit of \$37,134.57 in property tax and other tax revenue. The tax levy payments received to date for 2018 totaled \$95,313.74.

The 2018 audit is scheduled with CliftonLarsonAllen (CLA) during the week of February 4<sup>th</sup>.

**Commissioner Magnan made a motion to accept the financial statements as presented. Commissioner Aulie seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion passed.**

5. **UNFINISHED BUSINESS:**

- a. **Discussion on Workforce Housing:** At the November meeting, the Board discussed potential next steps to determine workforce housing needs and create programs to address the need.

Based on that discussion and follow up conversations Bergman had with colleagues and partners, she shared with the Board the information she thought should be gathered:

- » Demographic information by city
- » Number of jobs between \$10–\$20 per hour by city
- » Affordable rent/purchase of an apartment/home by hourly wage
- » Where do existing employees live?
- » If outside of the community they work, why? Is it because they don't have access to affordable housing where they work?
- » How much are they paying for rent/mortgage plus utilities?
- » What is available by city affordable to those wage earners?
- » Is there a gap? If so, what is the gap by city and wage range?
- » What programs are available to help fill the gap?



- » Identify housing demands for the next 20 years

Bergman reported that she's been attending training sessions on Opportunity Zones and the feedback she's getting is there is a great need for workforce housing.

The Board had a discussion and felt there is also a need to educate the community. They also discussed soliciting an individual or a company to complete the study in 2019.

**Commissioner Goble made a motion to direct staff to bring a draft RFP for a workforce housing study to the next board meeting for the Board's consideration. Commissioner Aulie seconded the motion. All commissioners voted in favor and none were opposed. The motion was approved.**

## 6. NEW BUSINESS:

- Review and Discussion of Fund Balance:** Young provided the Board with the Fund Balance Policy that they approved in 2017, which set the recommended unassigned fund balance to be maintained at eight to 12 months of General Fund operating expenses for the year. She also provided the classifications that are established for governmental funds and definitions of the constraints placed on the current fund balance.

In August, the Board approved the 2019 General Fund budget with \$33,650 designated fund balance to offset the 2019 budget shortfall caused from non-operating expenses.

In prior years, the Board assigned funds for Redevelopment and Housing Projects. Young recommended that they take action to commit these funds for Redevelopment and Housing Projects with an amount to be determined after year-end. This would reflect our fund balance more closely in line with how the County reflects their fund balance.

In order to change the funds designated as Committed, the Board is required to take formal action prior to year-end.

**Commissioner Goble made a motion to adopt Resolution No. 2018-05 to commit fund balance for Redevelopment and Housing Projects with an amount to be determined after year-end financial statements are finalized. Commissioner Maghan seconded the motion. Via roll call, all commissioners voted in favor of the motion and none were opposed. The motion was approved.**

- Authorize Participation in Minnesota City Participation Program:** Minnesota Housing Finance Agency (MHFA) sells mortgage revenue bonds on behalf of cities to meet locally identified housing needs. The proceeds of these bonds provide below-market interest rate home mortgage loans for low- and moderate-income, first-time homebuyers. The Minnesota City Participation Program (MCP) provides cities throughout the state with a unique opportunity to easily access housing resources to meet the needs of their citizens.

Funds are available to local participating lenders to offer low interest loans to eligible home buyers. The funds are initially available to the specific community. Last year, Crow Wing County was allocated \$1,095,141 and used \$1,395,737, which was up significantly from 2017. After a period of time, the funds are put into a state-wide pool.

In order to participate in the MCPP, the application must be submitted by Tuesday, January 15<sup>th</sup>.



Commissioner Kennedy moved to authorize the executive director to submit the 2019 Minnesota Cities Participation Program application to Minnesota Housing. Commissioner Goble seconded the motion. All commissioners voted in favor of the motion and none were opposed. The motion passed.

7. **REPORTS:**

- a. **Executive Director:** Bergman reported on the following topics:

**Emily SCDP Program Guidelines**

The City of Emily will be approving the Program Guidelines for the SCDP Owner-Occupied Rehab Program, which Bergman provided. HUD has released the funds to DEED and the contracts are being executed. The plan is to begin the program in early spring of 2019.

**Opportunity Zones**

The IRS released guidance on the Opportunity Zones in late October. Crow Wing County was successful in getting two census tracts designated as Opportunity Zones. Bergman has attended several trainings over the past couple of weeks to learn how Crow Wing County can benefit from these Opportunity Zones.

**TIF Revolving Loan Request**

BLAEDC will be presenting a request for the TIF Revolving Loan program at the January Board meeting for a project in Crosby. Since this is the first request of TIF Revolving Funds through the BLAEDC Unified Fund, they are working through some of the details. They anticipate having the application and the draft loan agreements at the January meeting.

- b. **Brainerd HRA:** The Brainerd HRA is exploring options to potentially purchase the Thrifty White building. The Phelps are interested in being a partner. Opportunity Zones and LIHTCs are also being explored as possible avenues. They will be meeting more in the next few weeks. The Brainerd HRA is finishing up their policies update.
- c. **BLAEDC:** Glynn shared that there are a couple more potential BUF loan requests in the works.
- d. **CWC:** The Crow Wing County Board is holding a Truth & Taxation meeting on a potential levy increase. Land Services is ready to roll out the new tax system. Erickson reported that the County's finance director and senior analyst have accepted positions with Sourcewell. They will be working to fill those positions. In addition, the County and the City of Brainerd will be entering into a shared services agreement for maintenance and project management.

8. **NEXT MEETING:** January 8<sup>th</sup>, 2018. Commissioner Goble will attend the January, February and March board meetings via video conference. Commissioner Kennedy may or may not be reappointed.

9. **ADJOURNMENT:**

Commissioner Kennedy made a motion to adjourn the meeting. Commissioner Magnan seconded the motion. All commissioners voted in favor and none were opposed. The motion was approved and the meeting was adjourned at 6:11 p.m.



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## Housing &amp; Redevelopment Authority

To: CWC HRA Board Members  
From: Karen Young, Finance Director  
Date: January 2, 2019  
Re: Review & Accept Financial Statements

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Please find attached the financial information for December 2018.

**2018 Audit**

The 2018 audit is scheduled with CliftonLarsonAllen (CLA) during the week of February 4<sup>th</sup>.

**Action Requested: Accept the December financial statements as submitted.**



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Date/Time roberta  
1/3/2019 8:05:39 AM

**Crow Wing County  
CWC HRA Combined Balance Sheet  
December, 2018**

**Cumulative**

**ASSETS**

550-000-1129.210 Cash Gen Fund	208,362.24
550-001-1129.210 Cash CWC SCDP	53,802.24
551-002-1129.210 Cash RLF TIF	357,880.86
556-000-1129.210 Cash Development Fund	-18.39
570-000-1129.210 Cash Tax Forf Property	358.42
551-002-1143.000 Loan Rec Grand Oaks	48,000.00
551-002-1153.000 Accrued Int Grand Oaks	7,423.04
556-000-1450.000 Land Held for Resale	648,843.33
<b>TOTAL ASSETS</b>	<b>1,324,651.74</b>

**LIABILITIES**

550-000-2600.000 Def Inflow of Resources	-7,423.04
556-000-2600.000 Def Inflow of Res - Dev	-648,843.33
<b>TOTAL LIABILITIES</b>	<b>-656,266.37</b>

**SURPLUS**

550-000-2700-000 Net Income	-18,777.59
550-000-2806.000 Retained Earnings	-649,607.78
<b>TOTAL SURPLUS</b>	<b>-668,385.37</b>

**TOTAL LIABILITIES & SURPLUS**

**-1,324,651.74**

Proof 0.00



Date: 1/3/2019  
Time: 8:05:45 AM  
roberta

**Crow Wing County  
CWC HRA Combined Operating Stmt  
December, 2018**

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Rpt File: F:\HMS\REP

	<b>Current Period</b>	<b>Current Year</b>	<b>Year To Date Budget</b>	<b>Variance</b>
<b>INCOME</b>				
550-000-3690.000 Other Revenue	0.00	-27,850.65	0.00	-27,850.65
550-000-3691.000 Property Tax Revenue	0.00	-94,421.43	-96,500.00	2,078.57
550-000-3692.000 Other Tax Revenue	0.00	-892.31	-2,000.00	1,107.69
556-000-3696.000 Development Revenue	0.00	-121,798.04	-191,200.00	69,401.96
570-000-3696.000 TFP Revenue	0.00	-6,325.00	0.00	-6,325.00
<b>TOTAL INCOME</b>	<b>0.00</b>	<b>-251,287.43</b>	<b>-289,700.00</b>	<b>38,412.57</b>
<b>EXPENSE</b>				
550-000-4110.000 Administrative Salaries	375.00	3,300.00	4,500.00	-1,200.00
550-000-4130.000 Legal	32.00	192.00	5,000.00	-4,808.00
550-000-4140.000 Staff Training	0.00	0.00	1,500.00	-1,500.00
550-000-4150.000 Travel	0.00	135.71	250.00	-114.29
550-000-4171.000 Auditing Fees	0.00	6,650.00	6,500.00	150.00
550-000-4172.000 Management Fees	5,000.00	60,000.00	60,000.00	0.00
550-000-4190.000 Other Administrative	0.00	108.00	200.00	-92.00
550-000-4500.000 TIF Expense	0.00	643.80	600.00	43.80
550-000-4510.000 Insurance	149.13	1,790.00	2,100.00	-310.00
550-000-4540.000 Employer FICA	28.69	252.46	350.00	-97.54
550-000-4590.000 Other General Expense	10,000.00	31,654.86	50,000.00	-18,345.14
556-000-4600.000 Development Expense	0.00	121,816.43	191,200.00	-69,383.57
570-000-4600.000 TFP Expense	0.00	5,966.58	0.00	5,966.58
<b>TOTAL EXPENSE</b>	<b>15,584.82</b>	<b>232,509.84</b>	<b>322,200.00</b>	<b>-89,690.16</b>
<b>NET INCOME(-) OR LOSS</b>	<b>15,584.82</b>	<b>-18,777.59</b>	<b>32,500.00</b>	<b>-51,277.59</b>

**Crow Wing County HRA**  
**December 2018 Payments**

Payment Number	Payment Date	Vendor	Description	Check Amount
22146	12/6/2018	Brainerd Lakes Area Economic Development	2nd 1/2 of 2018 Funding	\$ 10,000.00
22181	12/20/2018	Kennedy & Graven, Chartered	Appointment of Board Inquiry	\$ 32.00
<b>Total</b>				<b>\$ 10,032.00</b>



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## Housing &amp; Redevelopment Authority

To: CWC HRA Board Members  
From: Jennifer Bergman, Executive Director  
Date: January 2, 2019  
Re: Consider TIF Revolving Loan Request for Paul Squared LLC

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PaulSquared Properties is requesting a loan from the TIF Revolving Loan Fund from the CWC HRA. The loan request is for \$75,000 at 6% interest for a five-year term for redevelopment. The loan proceeds will be used to finance a portion of the acquisition costs of certain structurally substandard property in the City of Crosby, which will be extensively renovated and redeveloped for the borrower's commercial facility (see Attachment 4a).

PaulSquared Properties, LLC, was formed in 2018 to act as a REHC under parent company, PaulSquared Operations, LLC. PaulSquared Operations, LLC, is owned 50/50 by Paul Kirkman and Paul VanderWaal. The business was established to operate a boutique-style, gourmet food retail store that specializes in lactose free ice cream that is made in-house under the DBA of Victual. Based on a business plan provided by the borrower, after extensive market research, the decision to open the first Victual store in Crosby, MN, was made.

I have attached a legal opinion from attorney Martha Ingram from Kennedy & Graven, which states that this loan meets with requirements under the TIF Act, the TIF Revolving Loan Guidelines, and the BUF Guidelines. Also attached is the loan agreement and a resolution authorizing the chair and executive director to execute the loan agreement (see Attachments 4b-d).

**Action Requested: Adopt Resolution No. 2019-01 approving the use of the TIF Loan Program funds for a BLADC Unified Fund loan to PaulSquared Properties, LLC, and the execution of the loan agreement.**



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**Meeting Date:** 10/16/2018  
**Completed by:** Tyler Glynn

(218) 828-0096  
224 W. Washington St.  
Brainerd, MN 56401

**BLAEDC UNIFIED FUND COMMITTEE- PROJECT DATA SHEET****Basic Information**

**Borrower:** PaulSquared Properties, LLC (Paul Kirkman & Paul VanderWaal) DBA  
**Victual**

**Risk Rating:** Choose an item.

**Address:** 5951 N. Bass Lake Drive NE, Remer, MN 56672

**Telephone #:** 612-481-2853

**Website:** [www.shopvictual.com](http://www.shopvictual.com)

**Principal Ownership:**

C Corp  S Corp  LLC  Sole Prop  Other:

First Name	Last Name	Title	% Ownership	Credit Score
Paul	Kirkman	President	50	685
Paul	VanderWaal	Secretary/Treasurer	50	796

**Loan Request Information**

**Amount of Loan Request:** \$75,000      **Total Project:** \$617,712

**BLAEDC Unified Fund Funding Source:** Crow Wing County HRA - TIF.

**Project Description:** PaulSquared Properties, LLC was formed in 2018 to act as a REHC under parent company, PaulSquared Operations, LLC. PaulSquared Operations, LLC is owned 50/50 by Paul Kirkman and Paul VanderWaal. The business was established to operate a boutique style, gourmet food retail store that specializes in lactose free ice cream that is made in-house under the DBA of Victual. Based on a business plan provided by the borrower, after extensive market research, the decision to open the first Victual store in Crosby, MN was made.



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**Job Creation:**

	Create	Retain	Hourly Wage
Full Time:	2		\$15/hour
Part Time:	3		\$12/hour
Benefits:	Vacation, Holiday		

**Participating Lenders/Partners:**

Sources:	Amount:	Uses:	Amount:
Bremer Bank – 1 <sup>st</sup> REM	\$220,057	Buildings Purchase	\$173,900
Bremer Bank – Equipment Loan	\$69,475	Buildings Construction	\$192,862
BUF	\$75,000	Equipment	\$114,950
Grants	\$100,000	Inventory	\$60,000
Equity	\$153,180	Closing Costs/Signage	\$16,000
		Working Capital	\$60,000
<b>Total:</b>	<b>\$617,712</b>		<b>Total:</b> \$ 617,712

**Financing Partners Description:** Bremer Bank, Brainerd, MN

**Proposed Credit Accommodation**

**Business Description & Background:**

**History:** Victual intends to be an entirely new retail concept in terms of its market niche for lactose-free and lactose-friendly products. Not only is this concept unique to the region and state, it's also unique to the country. This ultra-niche was purposely chosen to extend the selling season on what is traditionally thought to be an area of only summer/tourist/seasonal foot traffic.

**Management/Management Experience:** Paul and Paul currently own Itasca Leathergoods and have since 2012. Paul K. will handle the day to day operations with Paul W., handling the IT and some of the marketing aspects of the business. Paul W. will maintain his current employment as Director of IT at Augusoft, Inc.

**Products/Services/Customer Base:** Specialty Food Store

**Personal Net Worth:** \$2,230.3M

**Collateral:** 2<sup>nd</sup> REM on property located at 122, 124, 126 W. Main Street, Crosby, MN



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## Recommendation

***Staff recommends approval as follows:***

Borrower	PaulSquared Properties, LLC (Paul Kirkaman/Paul VanderWaal (DBA Victual)
Loan Amount	\$75,000
Loan Purpose	Acquisition, Redevelopment, improvements and code updates
Interest Rate	6.0%
Term	60 months
Payments	\$1,450/month
Collateral	2 <sup>nd</sup> position on equipment and REM
Guarantee	Personal Guarantees of Paul Kirkman & Paul VanderWaal
Contingencies	None
Life Insurance	



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Offices in                    470 U.S. Bank Plaza  
                                  200 South Sixth Street  
Minneapolis                Minneapolis MN 55402  
  
Saint Paul                (612) 337-9300 telephone  
                              (612) 337-9310 fax  
St. Cloud                [www.kennedy-graven.com](http://www.kennedy-graven.com)  
                              Affirmative Action Equal Opportunity Employer

## MEMORANDUM

TO: Jennifer Bergman Housing and Redevelopment Authority in and for the County of Crow Wing  
FROM: Martha Ingram, Kennedy & Graven, Chartered  
DATE: January 2, 2019  
RE: Use of Revolving Loan Funds for BUF Loan to PaulSquared Properties LLC, dba Victual

You have requested an opinion on the use of existing revolving loan funds in the TIF Loan Program (the “Loan Program”) administered by the Housing and Redevelopment Authority in and for the County of Crow Wing (“County HRA”). Specifically, you have asked whether such funds may be used to make a loan to PaulSquared Properties LLC dba Victual, a specialty food retailer (the “Borrower”), to finance a portion of the cost of acquisition of land for the Borrower’s business operation, under the BLADC Unified Fund (“BUF”) operated by the Brainerd Lakes Area Development Corporation (“BLADC”).

The Loan Program was established by the County HRA in 1995, using funds from three separate tax increment financing (“TIF”) districts. At the time the Loan Program was established and on two occasions since its establishment, the County HRA received legal opinions from Kennedy & Graven as to the proper use of the TIF funds. Consistent with those legal opinions, the Loan Program guidelines (the “Guidelines”) provide that the portion of the Loan Program funded from TIF revenues may be used for certain qualified purposes authorized under Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”). Those purposes are listed in the Guidelines, and consist of the following activities: “land write down, costs of streets and utilities, grading costs, utility hook-up fees, demolition and relocation costs, landscaping and lighting, and other reimbursable expenses as authorized by the Tax Increment Financing Act.” In addition, the Guidelines provide that projects considered for assistance under the Loan Program must meet certain criteria, including a demonstration of need for the assistance, fulfillment of an economic development, redevelopment, or housing need of the County, and potential to create substantial new employment, increased tax base, redevelopment of an area which is underdeveloped or blighted, the ability to meet a specific community need, and several others.

In 2017, after consultations with several local government units that administered individual revolving loan programs, BLADC determined to create its BUF program, which would consolidate those revolving loan programs into a single resource. The goal of the BUF was to establish a larger pool of funds that borrowers could request for economic development loan purposes and to streamline the application process for those borrowers. Pursuant to guidelines



and procedures established for the BUF (the “BUF Guidelines”), the authorized uses of any funds allocated to the BUF would be the uses authorized by the preexisting loan guidelines for those funds. By the end of 2017, several local government units had either irrevocably appropriated their revolving loan program funds to the BUF, or had agreed to participate in the BUF loan process while retaining final approval as required by law. In December of 2017, the County HRA board of commissioners (the “Board”) adopted a resolution approving the use of Loan Program funds for BUF loans, subject to final approval by the Board of each specific BUF loan for which Loan Program funds are proposed.

The proposed BUF loan to the Borrower is the first BUF loan for which BLADC has sought to use Loan Program funds. In this case, the BUF loan is proposed to finance a portion of the acquisition costs of certain structurally substandard property in the City of Crosby, which will be extensively renovated and redeveloped for the Borrower’s commercial facility. The Loan Program Guidelines expressly include “land write down” as a permitted use of Loan Program funds. “Land write down” is more commonly understood as a reduction in the purchase price of real property, rather than as a loan for a portion of the purchase price. However, in the context of a revolving loan program, the only reasonable way to interpret “land write down” as a permitted use of loan funds is as a loan for all or a portion of the cost of acquisition of the land, to be repaid by the Borrower over time. Based on this interpretation of “land write down,” the use of Loan Program funds to make a BUF loan to the Borrower is legally authorized under the TIF Act, under the Guidelines, and under the BUF Guidelines.

If you have further questions on any of this information, please give me a call at (612) 337-9231.

## LOAN AGREEMENT

This Loan Agreement ("Agreement") is made this \_\_\_ day of January, 2019, between PaulSquared Properties LLC, a Minnesota limited liability company, dba Victual ("Borrower") and Housing and Redevelopment Authority in and for the County of Crow Wing, a public body corporate and politic and a political subdivision of the State of Minnesota ("Lender").

### RECITALS

A. In consideration for the loan contemplated by this Agreement, Borrower is executing and delivering to Lender this Loan Agreement.

B. Lender agrees to loan to Borrower the principal amount of \$75,000 (the "BUF Loan") to pay (i) a portion of the costs of acquiring certain real property necessary for the operation of a gourmet retail food facility (the "Facility") located in the City of Crosby, Minnesota, which real property is described in Exhibit A hereto (the "Property"). The Borrower expects that the purchase of the Property will result in the creation of additional living-wage jobs in the Crow Wing County community.

C. Lender has previously approved participation in the BLADC Unified Fund (the "BUF") and has agreed to certain policies and procedures governing the BUF (the "BUF Guidelines"). The parties to this Agreement agree and understand that the Lender has approved and is making the BUF Loan pursuant to the terms of the BUF Guidelines, which are incorporated herein by reference. The parties further understand that the Lender's previously-established revolving loan fund shall be the source of funds available to make this BUF Loan, and that this BUF Loan must further comply with the requirements of the loan guidelines governing such fund, as described in Exhibit B hereto.

ACCORDINGLY, to induce Lender to make the BUF Loan to Borrower, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. The BUF Loan Amount. Subject to and upon the terms and conditions of this Agreement, Lender agrees to loan to Borrower the sum of Seventy-Five Thousand and no/100ths Dollars (\$75,000), or so much thereof as is disbursed to Borrower in accordance with this Agreement. The BUF Loan shall be evidenced by a promissory note ("Note") payable by Borrower to Lender and substantially in the form of Exhibit C attached to this Agreement, which shall be dated as of the date of closing on the BUF Loan (the "BUF Loan Closing Date"). Proceeds of the BUF Loan shall be disbursed in accordance with Section 3 hereof.



2. Repayment of BUF Loan. The BUF Loan shall be repaid with interest as follows:

(a) Simple interest at the rate of six percent (6.0%) per annum shall accrue from the date of Closing, as described in Section 3 hereof, until the BUF Loan is repaid in full. Accrued interest until the Initial Payment Date (as hereinafter defined) shall be added to principal.

(b) Payments of principal and interest on amounts disbursed under the Note shall commence on March 5, 2019 (the “Initial Payment Date”) and continue on the fifth day of each and every month thereafter until paid in full. Such payments shall fully amortize the principal and interest over five years (60 months), and the final unpaid balance of principal and interest shall be due and payable on the fifth day of the sixtieth (60<sup>th</sup>) month following the BUF Loan Closing Date.

(c) Payments of principal and interest shall be payable to the Initiative Foundation, loan servicer of BLADC Unified Fund BUF Loans pursuant to a BUF Management Services Agreement between BLADC and the Initiative Foundation dated September 5, 2017. Payments should be directed to the Initiative Foundation’s BUF Account, at 405 First Street SE, Little Falls, Minnesota 56345.

3. Disbursement of BUF Loan Proceeds.

(a) The BUF Loan proceeds shall be paid to Borrower on the date of closing on the BUF Loan (“Closing”) in accordance with the terms and conditions of this Agreement. Notwithstanding anything to the contrary herein, if the cost of the Property exceeds the amount of the BUF Loan under this Agreement, such excess shall be the sole responsibility of the Borrower.

(b) All disbursements of proceeds of the BUF Loan will be made subject to the conditions precedent that on or prior to the date of Closing:

(i) The Lender has received from Borrower, without expense to Lender, executed copies of this Agreement and the Note, and Borrower further having caused to be executed and delivered to Lender a mortgage in substantially the form set forth hereto at Exhibit D (the “Mortgage”), and personal guaranties of Paul Kirkman and Paul VanderWaal in substantially the form set forth hereto at Exhibit E (the “Guaranties”);

(ii) The Lender has received a written statement from the Borrower’s authorized representative evidencing the purchase price of the Property;

(iii) Borrower has provided evidence satisfactory to Lender that Borrower has established a separate accounting system for the exclusive purpose of recording the receipt and expenditure of the BUF Loan proceeds;

(iv) Borrower has paid to Lender the full amount of the legal and closing fees incurred by Lender in the negotiation and preparation of this Agreement and any other agreement or instrument securing the BUF Loan; and

(v) No Event of Default shall have occurred and be continuing.

(c) If the Borrower has performed all of its agreements and complied with all requirements to be performed or complied with hereunder, including satisfaction of all applicable conditions precedent contained in this Section, the Lender shall make a disbursement to the Borrower at Closing in the amount of the requested BUF Loan or such lesser amount as shall be approved.

4. Representations and Warranties. Borrower represents and warrants to Lender that:

(a) Borrower is duly authorized and empowered to execute, deliver, and perform this Agreement and to borrow money from Lender.

(b) The execution and delivery of this Agreement, and the performance by Borrower of its obligations hereunder, do not and will not violate or conflict with any provision of law and do not and will not violate or conflict with, or cause any default or event of default to occur under, any agreement binding upon Borrower.

(c) The execution and delivery of this Agreement has been duly approved by all necessary action of Borrower, and this Agreement has in fact been duly executed and delivered by Borrower and constitutes its lawful and binding obligation, legally enforceable against it.

(d) Borrower warrants that it shall keep and maintain books, records, and other documents relating directly to the receipt and disbursements of BUF Loan proceeds and that any duly authorized representative of Lender shall, at all reasonable times, have access to and the right to inspect, copy, audit, and examine all such books, records, and other documents of Borrower pertaining to the BUF Loan until the completion of all closeout procedures and the final settlement and conclusion of all issues arising out of this BUF Loan.

(e) Borrower warrants that it has fully complied with all applicable state and federal laws pertaining to its business and will continue to comply throughout the terms of this Agreement. If at any time Borrower receives notice of noncompliance from any governmental entity, Borrower agrees to take any necessary action to comply with the state or federal law in question.

(f) Borrower warrants that it will use the proceeds of the BUF Loan made by Lender solely to acquire the Property.

(g) Borrower warrants that it will not create, permit to be created, or allow to exist any liens, charges, or encumbrances prior to the obligation created by this Agreement,

except as otherwise authorized in writing by Lender.

5. Event of Default by Borrower. The following shall be Events of Default under this Agreement:

- (a) failure to pay any principal or interest on the BUF Loan when due;
- (b) any representation or warranty made by Borrower herein or in any document, instrument, or certificate given in connection with this Agreement, the Note, the Mortgage, or the Guaranties is false when made;
- (c) Borrower fails to pay its debts as they become due, makes an assignment for the benefit of its creditors, admits in writing its inability to pay its debts as they become due, files a petition under any chapter of the Federal Bankruptcy Code or any similar law, state or federal, now or hereafter existing, becomes "insolvent" as that term is generally defined under the Federal Bankruptcy Code, files an answer admitting insolvency or inability to pay its debts as they become due in any involuntary bankruptcy case commenced against it, or fails to obtain a dismissal of such case within thirty (30) days after its commencement or convert the case from one chapter of the Federal Bankruptcy Code to another chapter, or be the subject of an order for relief in such bankruptcy case, or be adjudged a bankrupt or insolvent, or has a custodian, trustee, or receiver appointed for, or has any court take jurisdiction of its property, or any part thereof, in any proceeding for the purpose of reorganization, arrangement, dissolution, or liquidation, and such custodian, trustee, or receiver is not discharged, or such jurisdiction is not relinquished, vacated, or stayed within thirty (30) days of the appointment;
- (d) a garnishment summons or writ of attachment is issued against or served upon Lender for the attachment of any property of Borrower in Lender's possession or any indebtedness owing to Borrower, unless appropriate papers are filed by Borrower contesting the same within thirty (30) days after the date of such service or such shorter period of time as may be reasonable in the circumstances;
- (e) any breach or failure of Borrower to perform any other term or condition of this Agreement not specifically described as an Event of Default in this Agreement and such breach or failure continues for a period of thirty (30) days after Lender has given written notice to Borrower specifying such default or breach, unless Lender agrees in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, Lender will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Borrower within the applicable period and is being diligently pursued until the Default is corrected, but no such extension shall be given for an Event of Default that can be cured by the payment of money (i.e., payment of taxes, insurance premiums, or other amounts required to be paid hereunder);
- (f) any breach by Borrower of any other agreement between Borrower and Lender.

6. Lender's Remedies upon Borrower's Default. Upon an Event of Default by Borrower and after provision by Lender of written notice, Lender shall have the right to exercise any or all of the following remedies (and any other rights and remedies available to it):

- (a) declare the principal amount of the BUF Loan and any accrued interest thereon to be immediately due and payable upon providing written notice to Borrower;
- (b) suspend its performance under this Agreement;
- (c) take any action provided for at law to enforce compliance by Borrower with the terms of this Agreement and the Note;
- (d) exercise its rights under the Mortgage and/or Guaranties.

In addition to any other amounts due on the BUF Loan, and without waiving any other right of Lender under this Agreement or any other instrument securing the BUF Loan, Borrower shall pay to Lender a late fee of \$250 for any payment not received in full by Lender within 30 calendar days of the date on which it is due. Furthermore, interest will continue to accrue on any amount due until the date on which it is paid to Lender, and all such interest will be due and payable at the same time as the amount on which it has accrued.

7. Lender's Costs of Enforcement of Agreement. If an Event of Default has occurred as provided herein, then upon demand by Lender, Borrower shall pay or reimburse Lender for all expenses, including all attorneys' fees and expenses incurred by Lender in connection with the enforcement of this Agreement and the Note, or in connection with the protection or enforcement of the interests and collateral security of Lender in any litigation or bankruptcy or insolvency proceeding or in any action or proceeding relating in any way to the transactions contemplated by this Agreement.

8. Indemnification.

(a) Borrower shall and does hereby agree to indemnify against and to hold Lender, and its officers, agents, and employees, harmless of and from any and all liability, loss, or damage that it may incur under or by reason of this Agreement, and of and from any and all claims and demands whatsoever that may be asserted against Lender by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained herein.

(b) Should Lender, or its officers, agents, or employees incur any such liability or be required to defend against any claims or demands pursuant to this Section, or should a judgment be entered against Lender, the amount thereof, including costs, expenses, and attorneys fees, shall bear interest thereon at the rate then in effect on the Note, shall be secured hereby, shall be added to the BUF Loan, and Borrower shall reimburse Lender for the same immediately upon demand, and upon the failure of Borrower to do so, Lender may declare the BUF Loan immediately due and payable.

(c) This indemnification and hold harmless provision shall survive the execution, delivery, and performance of this Agreement and the creation and payment of any indebtedness to Lender. Borrower waives notice of the acceptance of this Agreement by Lender.

(d) Nothing in this Agreement shall constitute a waiver of or limitation on any immunity from or limitation on liability to which Borrower is entitled under law.

## 9. Miscellaneous.

(a) Waiver. The performance or observance of any promise or condition set forth in this Agreement may be waived, amended, or modified only by a writing signed by Borrower and Lender. No delay in the exercise of any power, right, or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right, or remedy.

(b) Assignment. This Agreement shall be binding upon Borrower and its successors and assigns and shall inure to the benefit of Lender and its successors and assigns. All rights and powers specifically conferred upon Lender may be transferred or delegated by Lender to any of its successors and assigns. Borrower's rights and obligations under this Agreement may be assigned only if such assignment is approved in writing by Lender.

(c) Governing Law. This Agreement is made and shall be governed in all respects by the laws of the state of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

(d) Severability. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications that can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby.

(e) Notice. All notices required hereunder shall be given by depositing in the U.S. mail, postage prepaid, certified mail, return receipt requested, to the following addresses (or such other addresses as either party may notify the other):

To Lender: Housing and Redevelopment Authority in and for the County  
of Crow Wing  
324 East River Road  
Brainerd, MN 56401  
Attn: Executive Director

To Borrower: PaulSquared Properties LLC

124 West Main Street  
Crosby, MN 56441  
Attn: Paul Kirkman

(f) Termination. If the BUF Loan is not disbursed pursuant to this Agreement by June 30, 2019, this Agreement shall terminate and neither party shall have any further obligation to the other, except that if the BUF Loan is not disbursed because Borrower has failed to use its best efforts to comply with the conditions set forth in Section 3 of this Agreement then Borrower shall pay to Lender all reasonable attorneys fees, costs, and expenses incurred by Lender in connection with this Agreement and the Note.

(g) Entire Agreement. This Agreement, together with the Exhibits hereto, which are incorporated by reference, constitutes the complete and exclusive statement of all mutual understandings between the parties with respect to this Agreement, superseding all prior or contemporaneous proposals, communications, and understandings, whether oral or written, concerning the BUF Loan.

(h) Headings. The headings appearing at the beginning of the several sections contained in this Agreement have been inserted for identification and reference purposes only and shall not be used in the construction and interpretation of this Agreement.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the proper officers thereunto duly authorized on the day and year first written above.

LENDER:

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

By: \_\_\_\_\_  
Its Chair

By: \_\_\_\_\_  
Its Executive Director

[SIGNATURE PAGE TO BUF LOAN AGREEMENT – CROW WING COUNTY HRA]

BORROWER:

**PAULSQUARED PROPERTIES LLC**

By: \_\_\_\_\_

Title: \_\_\_\_\_

[SIGNATURE PAGE TO BUF LOAN AGREEMENT – PAULSQUARED PROPERTIES LLC]

**EXHIBIT A**

**PROPERTY**

Lots Twenty-seven (27), Twenty-eight (28), and Twenty-Nine (29) of Block Five (5), all in the Town of Crosby, according to the plat thereof on file and record in the office of the registrar of titles in and for said county and state, Crow Wing County, Minnesota.

Torrens Certificate No. 102378.

## **EXHIBIT B**

### **LOAN REQUIREMENTS**

**PaulSquared Properties LLC dba Victual agrees to comply with BUF Loan/Crow Wing County TIF Loan Program requirements as follows:**

***Purpose and Goals***

The BUF Loan made to PaulSquared Properties LLC will be made from funds held by the Housing and Redevelopment Authority in and for the County of Crow Wing within its Crow Wing County TIF Loan Program revolving loan fund. The purpose of the Crow Wing County TIF Loan Program is to assist the financing of projects that promote economic development or redevelopment within Crow Wing County or that provide affordable housing. The loan funds must be expended in conformity to the requirements of Minnesota Statutes, Sections 469.174 through 469.1794 (the “TIF Act”), for the purposes of land acquisition, costs of streets and utilities, grading costs, utility hook-up fees, demolition and relocation costs, landscaping and lighting, and other permitted expenses authorized by the TIF Act.

The project meets the following criteria of an eligible project.

1. It promotes economic development and redevelopment, particularly the redevelopment of blighted properties within the County.
2. The project will also result in the creation of new jobs at higher wage levels in the area

The project meets eligible activities.

1. Purchase of property for new business

This project also meets the national objective of providing a benefit to Low and Moderate Income with Job Creation/Retention. The business will create 5 jobs with those new jobs being made available to Low and Moderate individuals within 2 years.

## EXHIBIT C

### PROMISSORY NOTE

-\$75,000-

\_\_\_\_\_, 2019

-6.0%-

PAULSQUARED PROPERTIES LLC, a Minnesota limited liability company ("Maker"), for value received, hereby promises to pay to Housing and Redevelopment Authority in and for the County of Crow Wing or its assigns ("Holder"), at its designated principal office or such other place as the Holder may designate in writing, the principal sum of Seventy-Five Thousand and no/100ths Dollars (\$75,000) or so much thereof as may be advanced under this Note, with interest as hereinafter provided, in any coin or currency that at the time or times of payment is legal tender for the payment of private debts in the United States of America. The principal of and interest on this Note are payable in installments due as follows:

1. Simple interest at the rate of six percent (6.0%) per annum shall accrue from the date of Closing, as described in the loan agreement between Maker and Holder dated as of January \_\_, 2019 ("BUF Loan Agreement") until the BUF Loan is repaid in full. Interest on this Note includes amounts treated by the Holder as service fees. Accrued interest until the Initial Payment Date (as hereinafter defined) shall be added to principal.

2. Payments of principal and interest on amounts disbursed under this Note shall commence on March 5, 2019 (the "Initial Payment Date") and continue on the fifth day of each and every month thereafter until paid in full. Such payments shall fully amortize the principal and interest over five (5) years, such that the final unpaid balance of principal and interest shall be due and payable on the fifth day of the sixtieth (60<sup>th</sup>) month following the date of this Note. Payments shall be made to the BUF Account of the Initiative Foundation, as BUF Loan servicer for the Holder, at 405 First Street SE, Little Falls, Minnesota 56345.

3. The Maker shall have the right to prepay the principal of this Note, in whole or in part, with interest accrued to the date of such prepayment, on any date a principal and interest payment is due and payable.

4. This Note is given pursuant to the BUF Loan Agreement, a mortgage of even date herewith delivered by Maker (the "Mortgage"), and personal guaranties of Paul Kirkman and Paul VanderWaal (the "Guaranties"). If any such security is found to be invalid for whatever reason, such invalidity shall constitute an Event of Default hereunder.

All of the agreements, conditions, covenants, provisions, and stipulations contained in the BUF Loan Agreement, the Mortgage, the Guaranties, or any other instrument securing this Note are

hereby made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein. It is agreed that time is of the essence of this Note. If an Event of Default occurs under the BUF Loan Agreement, the Mortgage, the Guaranties, or any other instrument securing this Note, then the Holder of this Note may at its right and option, without notice, declare immediately due and payable the principal balance of this Note and interest accrued thereon, together with reasonable attorneys fees and expenses incurred by the Holder of this Note in collecting or enforcing payment hereof, whether by lawsuit or otherwise, and all other sums due hereunder or any instrument securing this Note. The Maker of this Note agrees that the Holder of this Note may, without notice to and without affecting the liability of the Maker, accept additional or substitute security for this Note, or release any security or any party liable for this Note or extend or renew this Note.

5. The remedies of the Holder of this Note as provided herein, and in the BUF Loan Agreement, the Mortgage, the Guaranties, or any other instrument securing this Note shall be cumulative and concurrent and may be pursued singly, successively, or together, and, at the sole discretion of the Holder of this Note, may be exercised as often as occasion therefor shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

The Holder of this Note shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Holder and then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event. This Note may not be amended, modified, or changed except only by an instrument in writing signed by the party against whom enforcement of any such amendment, modifications, or change is sought.

6. If any term of this Note, or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term to persons or circumstances other than those to which it is invalid or unenforceable shall not be affected thereby, and each term of this Note shall be valid and enforceable to the fullest extent permitted by law.

7. It is intended that this Note is made with reference to and shall be construed as a Minnesota contract and is governed by the laws thereof. Any disputes, controversies, or claims arising out of this Note shall be heard in the state or federal courts of Minnesota, and all parties to this Note waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

8. The performance or observance of any promise or condition set forth in this Note may be waived, amended, or modified only by a writing signed by the Maker and the Holder. No delay in the exercise of any power, right, or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right, or remedy.

9. IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts, and things required to exist, happen, and be performed precedent to or in the issuance of this Note do exist, have happened, and have been performed in regular and due form as required by law.

IN WITNESS WHEREOF, the Maker has caused this Note to be duly executed as of the \_\_\_\_\_ day of \_\_\_\_\_, 2019.

PAULSQUARED PROPERTIES LLC

By: \_\_\_\_\_

Title: \_\_\_\_\_

[SIGNATURE PAGE FOR PROMISSORY NOTE – PAULSQUARED PROPERTIES LLC]

## EXHIBIT D

### MORTGAGE

**THIS MORTGAGE** (the "Mortgage") made as of the \_\_\_ day of January, 2019 by PaulSquared Properties LLC, a Minnesota limited liability company, with its principal place of business located at 124 West Main Street, Crosby, Minnesota 56441, dba Victual (hereinafter designated as the "Mortgagor"), in favor of Housing and Redevelopment Authority in and for the County of Crow Wing, a public body corporate and politic and a political subdivision of the State of Minnesota whose address is 324 East River Road, Brainerd, Minnesota 56401 (hereinafter designated as "LENDER").

#### WITNESSETH:

Mortgagor owes LENDER the principal sum of \$75,000. This debt is evidenced by a promissory note of even date herewith (the "Note"). This Mortgage secures to Lender: (a) the repayment of the debt evidenced by the Note, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, advanced to protect the security of this Mortgage; and (c) the performance of Mortgagor's covenants and agreements under this Mortgage and the Note. For this purpose, Mortgagor does hereby mortgage, grant and convey to Lender, with power of sale, the real property located in Crow Wing County, Minnesota and fully described in the attached Exhibit A, together with all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Mortgage. All of the foregoing is referred to in this Mortgage as the "Property".

**MORTGAGOR COVENANTS** that Mortgagor will warrant and defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

Mortgagor and Lender agree as follows:

1. **PAYMENT OF PRINCIPAL AND INTEREST; LATE CHARGES.** Mortgagor shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any late charges due under the Note.

2. **SUBORDINATION.** This Mortgage is subordinate to the Mortgage given by Mortgagor to Bremer Bank, Brainerd, Minnesota, dated as of the date hereof and recorded herewith.

3. **HAZARD OR PROPERTY INSURANCE.** Mortgagor shall keep the

improvements now existing or hereafter erected on the Property insured against loss by fire and any other hazards for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender reasonably requires. The insurance carrier providing the insurance shall be chosen by Mortgagor subject to Lender's approval, which shall not be unreasonably withheld or delayed. If Mortgagor fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 5.

All insurance policies and renewals shall be reasonably acceptable to Lender and shall include a standard mortgage clause. If Lender requires, Mortgagor shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Mortgagor shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Mortgagor.

If under paragraph 15 the Property is acquired by Lender, Mortgagor's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Mortgage immediately prior to the acquisition.

4. PROTECTION OF THE PROPERTY. Mortgagor shall not destroy or damage the Property or commit waste on the Property. Mortgagor shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Mortgage or Lender's security interest. Mortgagor may cure such a default and reinstate, as provided in paragraph 13, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Mortgagor's interest in the Property or other material impairment of the lien created by this Mortgage or Lender's security interest. Mortgagor shall also be in default if Mortgagor gave materially false or inaccurate information or statements to Lender in connection with the loan evidenced by the Note.

5. PROTECTION OF LENDER'S RIGHTS IN THE PROPERTY. If Mortgagor fails to perform the covenants and agreements contained in this Mortgage, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, condemnation or forfeiture), Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Mortgage, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 5, Lender is not required to do so.

Any amounts disbursed by Lender under this paragraph 5 shall become additional debt of Mortgagor secured by this Mortgage. Unless Mortgagor and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at a rate equal to the interest rate on the Note and shall be payable, with interest, upon notice from Lender to Mortgagor requesting payment.

6. INSPECTION. Lender or its agent may make reasonable entries upon and

inspections of the Property.

7. **CONDEMNATION.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Mortgage, whether or not then due, with any excess paid to Mortgagor. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Mortgage immediately before the taking, unless Mortgagor and Lender otherwise agree in writing, if any, the sums secured by this Mortgage shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Mortgagor. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Mortgagor and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Mortgage whether or not the sums are then due.

8. **FORBEARANCE BY LENDER NOT A WAIVER.** Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

9. **SUCCESSORS AND ASSIGNS BOUND.** The covenants and agreements of this Mortgage shall bind and benefit the successors and assigns of Lender and Mortgagor.

10. **LOAN CHARGES.** If the loan secured by this Mortgage is or becomes subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Mortgagor which exceeded permitted limits will be refunded to Mortgagor. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Mortgagor. If a refund reduces principal, the reduction will be treated as a partial prepayment under the Note.

11. **NOTICES.** Any notice to Mortgagor provided for in this Mortgage shall be given by delivering it personally or by mailing it by first class United States mail, postage prepaid, return receipt requested. The notice shall be directed to the Mortgagor at the Mortgagor address first written above, or any other address Mortgagor designates by notice to Lender. Any notice to Lender shall be given or mailed to the Lender address first written above, or any other address Lender designates by notice to Mortgagor. Any notice provided for in this Mortgage shall be deemed to have been given to Mortgagor or Lender when given as provided in this paragraph.

12. **GOVERNING LAW; SEVERABILITY.** This Mortgage shall be governed by the

law of the state of Minnesota. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision. To this end, the provisions of this Mortgage and the Note are declared to be severable.

13. MORTGAGOR'S RIGHT TO REINSTATE. If Mortgagor meets certain conditions, Mortgagor shall have the right to have enforcement of this Mortgage discontinued at any time prior to the earlier of: (a) 5 days before sale of the Property pursuant to any power of sale contained in this Mortgage; or (b) entry of a judgment enforcing this Mortgage. Those conditions are that Mortgagor: (a) pays Lender all sums which then would be due under this Mortgage and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Mortgage, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Mortgage, Lender's rights in the Property and Mortgagor's obligation to pay the sums secured by this Mortgage shall continue unchanged. Upon reinstatement by Mortgagor, this Mortgage and the obligations secured hereby shall remain fully effective as if no acceleration had occurred.

14. HAZARDOUS SUBSTANCES. Mortgagor shall not cause or permit the presence, use, disposal, storage, or release of any hazardous substances on or in the Property, except those solvents, oils, cleaning materials, and other substances as are used in the ordinary course of Mortgagor's business. Mortgagor shall not do, and will use its best efforts not to allow anyone else to do, anything affecting the Property that is in violation of any environmental law.

Mortgagor shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any hazardous substance or environmental law of which Mortgagor has actual knowledge. If Mortgagor learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any hazardous substance affecting the Property is necessary, Mortgagor shall promptly take all necessary remedial actions in accordance with that environmental law.

As used in this paragraph 14, "hazardous substances" are those substances defined as toxic or hazardous substances by environmental law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 14, "environmental law" means federal or state laws that relate to environmental protection.

15. ACCELERATION; REMEDIES. Lender shall give notice to Mortgagor prior to acceleration following Mortgagor's breach of any covenant or agreement in this Mortgage. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Mortgagor by which the default must be cured, provided, however, if Mortgagor is diligently pursuing a cure, Mortgagor shall have such additional time as is reasonably necessary to complete the cure; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage and sale of the Property. The notice shall further inform Mortgagor of

the right to reinstate after acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of any sums secured by this Mortgage without further demand and may invoke the power of sale and any other remedies permitted by law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 15, including, but not limited to, reasonable attorneys' fees.

If Lender invokes the power of sale, Lender shall cause a copy of a notice of sale to be served upon any person in possession of the Property. Lender shall publish a notice of sale, and the Property shall be sold at public auction in the manner prescribed by law. Lender or its designee may purchase the Property at any sale. The proceeds of the sale shall be applied in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable attorneys' fees; (b) to all sums secured by this Mortgage; and (c) any excess to the person or persons legally entitled to it.

16. RELEASE OF MORTGAGE. Upon payment of all sums secured by this Mortgage, Lender shall discharge this Mortgage without charge to Mortgagor. Mortgagor shall pay any recordation costs.

**IN WITNESS WHEREOF**, Mortgagor has caused this Mortgage to be duly executed as of the day and year first above written.

MORTGAGOR:

PAULSQUARED PROPERTIES LLC

By: \_\_\_\_\_

Its: \_\_\_\_\_

STATE OF MINNESOTA )  
                          )  
COUNTY OF CROW WING )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2019, by \_\_\_\_\_, the \_\_\_\_\_ of PaulSquared Properties LLC, a Minnesota limited liability company, on behalf of the company.

\_\_\_\_\_  
Notary Public

THIS INSTRUMENT WAS DRAFTED BY:

Kennedy & Graven, Chartered (MNI)  
200 South Sixth Street, Suite 470  
Minneapolis, Minnesota 55402  
Phone: 612-337-9300

EXHIBIT A  
TO MORTGAGE

**PROPERTY**

Lots Twenty-seven (27), Twenty-eight (28), and Twenty-Nine (29) of Block Five (5), all in the Town of Crosby, according to the plat thereof on file and record in the office of the registrar of titles in and for said county and state, Crow Wing County, Minnesota.

Torrens Certificate No. 102378.

**EXHIBIT E**  
**GUARANTY AGREEMENT**

This Guaranty Agreement is made and entered into this \_\_ day of January, 2019, by Paul K. Kirkman and Paul VanderWaal, single persons (together, the "Guarantor"), for the benefit of Housing and Redevelopment Authority in and for the County of Crow Wing ("Lender"), a public body corporate and politic and a political subdivision of the State of Minnesota.

WITNESSETH:

WHEREAS, PAULSQUARED PROPERTIES LLC, a Minnesota limited liability company (the "Borrower"), proposes to borrow the sum of \$75,000 from Lender to finance the acquisition of certain property for a retail gourmet food facility located in the City of Crosby, Minnesota; and

WHEREAS, pursuant to the loan agreement between Borrower and Lender dated as of the date hereof (the "BUF Loan Agreement") Borrower has agreed to repay to Lender \$75,000 together with interest thereon at the rate and within the time stated in Borrower's promissory note of even date herewith ("Note"), additionally secured by that certain Mortgage of even date herewith given by the Borrower to the Lender (the "Mortgage"); and

WHEREAS, to secure payment of the Note, Lender has required, and Guarantor has agreed to provide, a guaranty of the indebtedness above described between Borrower and Lender; and

WHEREAS, Guarantor will receive a direct financial benefit from the loan to Borrower by Lender pursuant to the Note.

NOW, THEREFORE, to induce Lender to make the loan to Borrower, Guarantor hereby covenants and agrees with Lender, for the benefit of all who at any time become holders of the Note, as follows:

Section 1.1. Guarantor hereby unconditionally guarantees to Lender for the benefit of the Holder (as defined in the Note) from time to time of the Note: (a) the full and prompt payment of the principal of the Note when and as the same shall become due, whether at the stated maturity thereof, by acceleration or otherwise; (b) the full and prompt payment of any interest on the Note when and as the same shall become due; and (c) any other amounts due Lender under the BUF Loan Agreement or the Note. All payments shall be paid in lawful money of the United States of America. Each and every default in payment of the principal of or interest on the Note shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises.

Section 1.2. The obligations of Guarantor under this Guaranty shall be absolute and unconditional and shall remain in full force and effect until the entire principal of and interest on the Note shall have been paid, and such obligations shall not be affected, modified or impaired upon the happening from time to time of any event, including, without limitation, any of the following:

- a. The compromise, settlement, or release of less than all of the obligations, covenants or agreements of Borrower under the Note;
- b. The failure to give notice to any person of the occurrence of an event of default under the terms and provisions of this Guaranty or the Note executed by Borrower;
- c. The extension of the time for payment of principal of or interest on the Note or under this Guaranty;
- d. Any failure, omission, delay, or lack on the part of Lender to enforce, assert or exercise any right, power, or remedy conferred on Lender in this Guaranty or other instruments executed and delivered in connection with the loan contemplated thereby, or any other act or acts on the part of Lender or any of the holders from time to time of the Note;
- e. The default or failure of Guarantor to perform any of the obligations set forth in this Guaranty.

Section 1.3. No set-off, counterclaim, reduction, or diminution of any obligation, or any defense of any kind or nature that Borrower has or may have Lender shall be available hereunder to Guarantor against Lender.

Section 1.4. In the event of a default in the payment of principal of the Note when and as the same shall become due, whether at the stated maturity thereof, by acceleration or otherwise, or in the event of a default in the payment of any interest on the Note when and as the same shall become due, or upon the occurrence and continuance of any Event of Default under the Agreement, Lender may proceed hereunder; and Lender, in its sole discretion, shall have the right to proceed first and directly against the Guarantor for the full amount due without proceeding against or exhausting any other remedies it may have as to Borrower.

Section 1.5. Guarantor hereby expressly waives notice from Lender or the holders from time to time of the Note of acceptance of or any reliance upon this Guaranty. Guarantor agrees to pay all the costs, expenses, and fees, including attorneys' fees, which may be incurred by Lender in enforcing or attempting to enforce this Guaranty whether the same shall be enforced by suit or otherwise.

Section 1.6. This Guaranty is entered into by Guarantor with Lender for the benefit of Lender and the holders from time to time of the Note, all of whom shall be entitled to enforce performance and observance of this Guaranty.

Section 1.7. Guarantor is duly authorized and empowered to execute, deliver, and perform this Agreement and to borrow money from Lender.

Section 1.8. The performance or observance of any promise or condition set forth in this Guaranty may be waived, amended, or modified only by a writing signed by Guarantor and Lender.

No delay in the exercise of any power, right, or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right, or remedy.

Section 1.9. This Guaranty is made and shall be governed in all respects by the laws of the state of Minnesota. Any disputes, controversies, or claims arising out of this Guaranty shall be heard in the state or federal courts of Minnesota, and all parties to this Guaranty waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

Section 1.10. If any provision or application of this Guaranty is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications that can be given effect, and this Guaranty shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby.

Section 1.11. All notices required hereunder shall be given by depositing in the U.S. mail, postage prepaid, certified mail, return receipt requested, to the following addresses (or such other addresses as either party may notify the other):

To Guarantor: Paul K. Kirkman  
5951 N. Bass Lake Drive NE  
Remer, MN 56672

Paul VanderWaal  
5951 N. Bass Lake Drive NE  
Remer, MN 56672

Section 1.12. This Guaranty constitutes the complete and exclusive statement of all mutual understandings between the parties with respect to this Guaranty, superseding all prior or contemporaneous proposals, communications, and understandings, whether oral or written, concerning the Guaranty. Nothing contained herein shall effect or impair Lender's rights under the BUF Loan Agreement, the Note, or the Mortgage.

Section 1.13. The obligation of each Guarantor under this Guaranty shall be joint and several with the obligations of each other Guarantor, shall be binding upon the heirs and estate of both Guarantors, and shall survive the death, divorce, or any other change in situation or relationship of any or all Guarantors.

IN WITNESS WHEREOF, each Guarantor has caused this Guaranty to be executed as of the date first above written.

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Paul K. Kirkman

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Paul VanderWaal

**[SIGNATURE PAGE FOR GUARANTY– PAULSQUARED PROPERTIES LLC]**

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

## RESOLUTION NO. 2019-01

RESOLUTION APPROVING THE USE OF TIF LOAN PROGRAM FUNDS  
FOR A BLADC UNIFIED FUND LOAN TO PAULSQUARED PROPERTIES  
LLC dba VICTUAL, AND THE EXECUTION OF A LOAN AGREEMENT

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").

1.02. The Authority previously established a revolving loan fund (the "Loan Program") utilizing tax increments from three tax increment financing districts within the Project.

1.03. In December 2017, the Authority approved participation in a pooled revolving loan fund program administered by the Brainerd Lakes Area Development Corporation ("BLADC") and known as the BLADC Unified Fund ("BUF"), and authorized the use of its Loan Program funds to make BUF loans for economic development and redevelopment purposes, subject to compliance with the Loan Program guidelines and to final approval of any BUF loan by the Board.

1.04. The Board has been presented with a proposed BUF Loan Agreement (the "Loan Agreement") between the Authority and PaulSquared Properties LLC dba Victual (the "Borrower") to finance a portion of land acquisition costs for the Borrower's commercial operations, and has been requested to approve the Loan Agreement in substantially the form presented to the Board.

1.05. The proposed BUF loan is to be made at market interest rates, and is therefore not a business subsidy as defined under Minnesota Statutes, Sections 116J.993 to 116J.994, and no public hearing is required to consider and approve the BUF loan.

1.06. The Board has reviewed the Loan Agreement and finds that approval of the BUF loan and execution of the Loan Agreement is consistent with the Loan Program guidelines and is in the best interest of the County, because it will allow for the redevelopment of substandard real property in the City of Crosby and foster the creation of new jobs.

Section 2. Authority Approval; Further Proceedings.

2.01. The Loan Agreement as presented to the Board 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 Loan Agreement and any documents referenced therein requiring execution by the Authority, and to carry out, on behalf of the Authority, its obligations thereunder.

2.03. Authority staff are authorized and directed to work with BLADC to take all actions necessary to implement the Loan Agreement.

Approved by the Board of Commissioners of the Housing and Redevelopment Authority in and for the County of Crow Wing this \_\_ day of January, 2019.

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Chair

ATTEST:

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Secretary



## Housing &amp; Redevelopment Authority

To: CWC HRA Board Members  
From: Jennifer Bergman, Executive Director  
Date: January 2, 2019  
Re: Authorization to Release RFP for Workforce Housing Study

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One of the goals of the CWC HRA is to improve housing quality and availability in Crow Wing County with one of the objectives being to determine workforce housing needs and create programs to address the need.

At the December Board meeting, the Board directed staff to create a Request for Proposal (RFP) to solicit proposals for a consultant to create a workforce housing study and needs analysis (see Attachment 5a.) In this RFP, I have also included some basic information that you would generally see in a housing study but included information specifically related to workforce housing.

**Action Requested: Authorize staff to release the Request for Proposal for a Workforce Housing Study and Needs Analysis to solicit proposals from consultants.**



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## REQUEST FOR PROPOSAL

### WORKFORCE HOUSING STUDY AND NEEDS ANALYSIS CROW WING COUNTY, MINNESOTA

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PROPOSALS DUE NO LATER THAN:

Thursday, February 28, 2019

Time: 4:00 pm



## REQUEST FOR PROPOSALS

The Crow Wing County Housing and Redevelopment Authority (HRA) is soliciting proposals for a comprehensive workforce housing study and needs analysis for the cities in Crow Wing County. The results of this workforce housing study and needs analysis will help decision makers, stakeholders, and community members develop a meaningful sense of the availability and needs for workforce housing as well as an understanding of key housing issues. The report is intended to offer community leaders and stakeholders a basis for formulating community-specific workforce housing priorities, policy alternatives, and strategies.

## ABOUT THE COMMUNITY/SERVICE AREA

Crow Wing County is located in the north central part of Minnesota and is the 15th most populated county in Minnesota. As of the 2010 Census, Crow Wing County had a total population of 62,500 people spread over a land area of 1,157 square miles. The population density for Crow Wing County as of 2010 was 54 people per square mile. Its county seat is Brainerd with a population of 13,590 with the city of Baxter adjacent with a population of 7,610. Crow Wing County is comprised of 18 cities, 28 townships, and two unorganized territories.

Crow Wing County is home to the Whitefish Chain of Lakes, one of the top tourist destinations in Minnesota. Tourism-related industries and businesses account for a substantial portion of the employment in the region. Employers include Grand View Resort, Madden's Resort, and Cragun's. Although both Cragun's and Madden's reside in Cass County, they employ many people in Crow Wing County.

In addition, the county is home to several large manufacturing and service employers. Brainerd and Baxter account for the largest employers in the county. Together they have 72 of the 102 largest employers including Essentia Health, ISD 181, Cuyuna Lakes Regional Center, and Ascensus.

A comprehensive housing needs assessment was completed in 2015 and can be accessed on the HRA's website: <http://brainerdhra.org/wp-lib/wp-content/uploads/2019/01/Final-Crow-Wing-County-Comp-Housing-Needs-12-2015.pdf>

## SCOPE OF WORK

Research Questions – All answers should be county-wide as well by city.

1. What are the demographic, housing, and economic characteristics of individuals and households living in our county?
2. What is the median household income by renters and homeowners?
3. What are the income levels of households living in our community now and in the future?
4. What can our community expect with respect to economic, employment, and population change in the next 2–5 years? 10 years? 15 years?
5. How many jobs exist with wages between \$10–20 per hour?
6. How much are people paying for rent and utilities in that wage range?
7. What would rent or a mortgage need to be for each salary range to afford a unit?
8. What are the commuting patterns in the county? Where are employees currently living? How far is their commute? If there is a long commute, what is the reason?
9. How much housing is available in that salary range?
10. Is there a gap for workforce housing? If so, how many units and in what range?
11. What programs are available to help fill the affordability gap if one exists?
12. Identify housing needs for the next 5, 10 and 20 years.



## **Minimum Required Data Elements**

The consultant selected to complete the study is free to develop specific methodology as they deem appropriate. However, the HRA would like the study to cover all 18 cities within the county.

The final document should at a minimum quantify the following data elements (use of as much available 2010 and newer census data as possible is required):

### **1. Existing Housing Stock**

- By tenure – rent, own
- By type – single, multi family, manufactured
- By value – mortgage costs, property values, rents
- By age and condition
- Vacancy rates

### **2. Other Housing Issues**

- Affordable housing – Low Income Housing, Tax Credit, Public Housing, Sec 8, USDA
- Housing market turnover/sales data
- Building permit history (community's experience with new construction)
- Infrastructure capacity/challenges (if applicable)
- Rental market analysis including information on existing rental properties over four units related to rents, vacancies, and amenities. Include information on pending developments and rental housing needs.
- Senior and family market analysis including information on existing properties related to rents, vacancies, services, amenities, and resident profiles. Include information on pending developments.
- Housing affordability compared to other similar markets

### **3. Demographics – now and future (5-year, 10-year, 15-year)**

- Population by age
- Households by income, age, size
- Number of renter households at 50%, 60%, and 80% of AMI and the supply of adequate housing for same, now and projected
- Migration patterns (if available)

### **4. Workforce Component**

- Employers with 50+ employees by industry including tourism and seasonal
- Number of jobs between \$10–20 per hour by city
- Availability of affordable housing in the \$10–20 per hour range
- Anticipated employment trends
- Employers housing needs
- Commuting patterns

### **5. Recommendations (based on analysis of data collected)**

- What types of housing (i.e. owner-occupied, rental, market, assisted, elderly, special needs, workforce, student, young professional, New American, etc.) should the development of which be pursued and supported?



- What types of housing (i.e. owner-occupied, rental, market, assisted, elderly, special needs, work-force, student, young professional, New American, etc.) will be needed in the short-, medium-, and long-term?
- Are employers finding it difficult to recruit employees as a result of lack of available affordable housing?
- What is the status of existing, ready-to-build lots for new housing based upon expected new housing construction needs?
- What programs, established as well as new and innovative, should the Crow Wing County HRA seek/provide for the development and/or redevelopment of necessary housing?
- What housing demands will likely not be met without subsidy, incentives, innovative programs, code revisions, etc.?
- The bottom line is, does Crow Wing County have the workforce housing available to support our employers' and employees' needs. If not, what housing is needed and what programs should/could the community develop to facilitate said housing?

## **STUDY PROCESS AND TIMELINE**

The workforce housing study and needs analysis will be overseen by the CWC HRA's executive director and the HRA's board of commissioners.

The primary contact for the study will be Jennifer Bergman, Executive Director, 324 East River Road, Brainerd, MN, 56401. Phone: (218) 824-3425. Email: [Jennifer@brainerdhra.org](mailto:Jennifer@brainerdhra.org).

### **Input and Community Relations**

Once chosen, the selected firm will meet with the HRA executive director, local businesses, and community leaders to better define the results being sought and the methodology the firm will use. This meeting is anticipated to take place one week after the contract is signed.

The firm will provide preliminary findings to the HRA executive director at which time refinements to the study may be requested. The HRA may request others to review the preliminary findings and give feedback to the firm.

The firm will provide a final report and presentation to the CWC HRA Board of Commissioners at a regularly scheduled meeting.

### **Timeline for Study Process\***

• HRA Publishes RFP	January 15, 2019
• Response to RFP due to HRA	February 28, 2019
• Selection of consultant by HRA	March 12, 2019
• Execution of contract	March 14, 2019
• Submit first draft for review	July 15, 2019
• Final draft due	August 5, 2019
• Presentation to the CWC HRA Board	August 13, 2019
• All work and work products due	August 27, 2019

\*Timeline dates are tentative and can be changed to accommodate schedules. However, contract must be executed and services must be initiated on or before March 15, 2019.



\*\*In addition to publishing this RFP through local print media sources, the HRA reserves the right to submit electronic and/or hard copies of this RFP through direct solicitation of proposals from qualified firms so as to ensure that a sufficient number of qualified proposals may be received for consideration of acceptance by the HRA.

## **Work Product**

The final report/work product should be delivered to the HRA both as an electronic PDF file and in hard copy consisting of eight (8) bound copies. Once completed and delivered to the HRA, the final report/work product and any and all associated documents, data, files, information, et al, become the property of the HRA. The HRA may, at its sole discretion, copy, post electronically, distribute, disseminate in any means and/or share the final report/work product and any associated data, files, documents and information with any interested parties as the agency determines acceptable and feasible and may do so in any form of media as available to the HRA and the requesting parties.

## **CRITERIA FOR EVALUATION OF PROPOSALS**

### **1. Qualifications of Consultant (30 points)**

- Experience completing this type of housing demand analysis
- Experience working in similar-sized communities
- Experience working within Crow Wing County

### **2. Proposed Study Methodology (25 points)**

- Sources of data
- Interaction with community

### **3. Understanding of RFP (20 points)**

- Community context
- Goals and purpose of study

### **4. Adherence to Timeline (10 points)**

### **5. Cost of Services (15 points)**

## **A complete submission will include:**

- Narrative response to RFP with proposed study methodology, sources, and an outline of the process
- Proposed timeline for study process
- Brief statement of qualifications, including summary of key personnel who would be assigned to the project
- Information for the firm's primary contact including phone number and email address
- Similar project experience – demonstrate experience with a minimum of three similar projects. Include references for each.
- Certificate or professional liability or other required/requested insurance coverage
- Cost proposal including any reimbursable cost

The CWC HRA reserves the right to waive any irregularities or informalities and the right to accept or reject any and all proposals including, but not limited to any proposal which does not meet any applicable bonding or insurance requirements; proposals which do not furnish the quality or offer the availability of materials,



equipment or services as required by the specifications, description or scope of services; proposals from offerors who lack experience or financial responsibility; proposals which are not made to form. The HRA reserves the right not to award contracts to the lowest and most responsive offeror and may require new proposals.

The HRA may rescind the award of any proposal within one week thereof or at its next regularly-scheduled board meeting, whichever is later, when the public interest will best be served by such action. Following the acceptance of a proposal, the HRA reserves the right to further negotiate the terms and conditions of the work requirements and the form of the contractual agreement with the firm chosen to provide the services as requested in this RFP.

Only sealed proposals received by the HRA will be accepted; three (3) copies and one (1) electronic PDF. Any submissions received at the HRA office after the time and date of the deadline for receipt of proposals as indicated below will be rejected and discarded by the HRA.

**Responses to this RFP are to be submitted to:**

Jennifer Bergman  
Executive Director  
Crow Wing County HRA  
324 East River Road  
Brainerd, MN 56401

Proposals must be received at the HRA office on or before 4:00 p.m., Thursday February 28, 2019.

The Crow Wing County HRA is an Equal Opportunity Employer and Equal Housing Opportunity Provider.



## Housing &amp; Redevelopment Authority

To: CWC HRA Board Members  
From: Jennifer Bergman, Executive Director  
Date: January 3, 2019  
Re: Executive Director Report

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**Strategic Plan Update**

Attached is the 2017–2018 Strategic Plan Goals and Status Report. We have accomplished most of the goals set by the Board. We would like to discuss a date to conduct another strategic planning session to determine goals and objectives for 2019–2020.

**No Action Requested; Discussion Item**



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2017-18 CWC HRA Goals and Action Steps Status Report		
Goal	Action Steps	Status
Goal 1: Create awareness and visibility of the Crow Wing County HRA through education and collaboration with partners.	Conduct monthly education on HRA programs and potential programs.	Have conducted three education sessions: <ul style="list-style-type: none"><li>• 2/13/2018 – Rehab Programs</li><li>• 4/10/18 – TIF</li><li>• 6/12/18 – HRA Powers</li><li>• 7/10/18 – CWC HRA Partners</li></ul>
	Educate our cities and townships on the CWC HRA.	<ul style="list-style-type: none"><li>• Presented to the Crosslake EDA</li><li>• Breezy Point staff and Council</li><li>• City of Baxter staff</li><li>• City of Emily staff and Council</li><li>• City of Pequot Lakes Mayor and Administrator</li><li>• Presentation to CWC city administrators</li></ul>
Goal 2: Explore funding or facilitate redevelopment projects.	Continue working on the veterans/service member project and secure developer.	<p>Met with new family representative to begin discussing next steps; exploring options for sewer extension.</p> <p>Working with the family representative to construct multi-family and single family homes on the Nisswa proper subdivisions</p>
Goal 3: Improve housing quality and availability in Crow Wing County.	Explore potential rehabilitation and other programs to improve the County's housing stock.	<ul style="list-style-type: none"><li>• Applied for and received SCDP owner-occupied rehab for Emily</li><li>• Contracted with CFS to evaluate rehab needs in Crow Wing County cities</li><li>• Submitted an application to the FHLB for an owner-occupied rehab program</li><li>• Exploring a pilot rental rehab program for Ironton to possibly offer County-wide</li></ul>
	Determine workforce housing needs and create programs to address the need.	<p>Budgeted for a housing study in 2019 which will include an evaluation of workforce housing needs</p> <p>Prepared RFP for consultant to conduct workforce housing study in 2019</p>

Updated 1/2/18

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