

Ortonville Business Corridor Improvement Program

It is the mission of the Economic Development Authority is to develop and promote the economic vitality of the City of Ortonville. The Ortonville EDA was established in 1989 to more effectively centralize and promote the economic, commercial, and industrial development and redevelopment of the City.

Location - Priority Business Corridor: Second Street from Jackson to Jefferson (Map attached)

The Business Corridor Improvement Program (Program) was created with funds generated through the sale of EDA property in 2012. The City had initially invested in the EDA's purchase of property to designate the property as the JOBZ Zone along Highway 75.

Program Objective:

1. Providing financial assistance for local businesses to improve the stability and appearance of the property located within this Corridor.
2. Making a visible and substantial impact upon building conditions and community appearance.
3. Creating a positive impact, stimulate private investment, and complement other community revitalization efforts.

Eligible Applicants:

1. Property must be located within the City limits of Ortonville.
2. Applicant must own the property
3. Applicant must be current on all taxes, loans and utility payments
4. Applicant must use a portion of the building for commercial purposes

Examples of Eligible Projects:

1. Foundation Repair
2. Roof Repair
3. Windows and Entry Doors
4. Exterior Stabilizations (i.e. tuck pointing, brickwork, siding)
5. Heating
6. Electrical
7. Plumbing
8. Insulation
9. Handicap Accessibility
10. Asbestos Abatement

Examples of Ineligible Projects:

1. Interior Painting
2. Interior Remodeling
3. Shelving and Interior Displays

4. Inventory
5. Equipment

Application Priority:

All projects must go through the review process and eligibility will be determined on a case by case basis. The Program will have an initial Application Deadline at which time applications will be reviewed and selected through a point system.

- 50 points = Old Hardware Store Property (213 2nd St. NW)
- 35 points = Curt Johnson building (33 2nd St. NW)
- 20 points = if no business is currently established in building
- 20 points = if property owner investment exceeds \$75,000
- 15 points = imminent structure need (i.e. roof is leaking, brick work is failing/hazardous)
- 10 points = façade improvements

The program will begin within an initial deadline to submit proposed projects. If there continues to be funding available for the program, there will be a monthly deadline which will be the first Monday of each month. All applications received on or before the first Monday of the month will be evaluated by the point system and presented at the EDA's regular Board meeting which is the third Monday.

Application Deadline: **April 1, 2015**

Application Process

Complete the Business Corridor Application and attach the narrative which addresses the following:

- Owners must submit a letter of interest that indicates the following – Please use the subject headings noted in the narrative.
 - **Rehabilitation Project:** Detailed description of the entire rehabilitation project with cost estimates
 - **Funds Requested:** Indication of the amount of Commercial Rehab funds that are being requested, and the eligible improvements that the dollars will be used for.
 - **Matching Funds:** Indication that matching funds have been acquired or made available to the project through letter of credit from bank or letter that funds are available in an applicant's account. Matching funds must be privately funded and cannot be funds obtained through other programs.
 - **Jobs:** If this project is instrumental for job creation or retention, describe job creation and/or retention including the number of jobs created or retained, whether the jobs will be full-time, part-time, or seasonal.
- Complete application will be reviewed by EDA staff to ensure eligibility of the proposed project. If eligibility requirements are met, the application will be placed on the EDA Board Agenda for review as noted above in Application Priority.

Process Upon Approval

- Weather permitting, contractors must complete work within 180 days of the date the promissory note is executed by borrowers.
- Payments will be made directly to the vendor performing the work.
- Fund Release: Owner supplies their match upfront or they pay the first invoices that are due; and also adding note that the owner is responsible for any rehabilitation that would be above the original approved program (in the case that there change orders, etc.)
- The items listed below must be received before funds can be released for payment:
 - Final, original invoice from contractor (or material list from supplier)
 - Completion certificates signed by the borrower and the contractor
 - Copies of all required city permits (also indicating final inspection by the City when necessary)
 - Final inspection by the Ortonville EDA (if necessary)
 - Lien waivers
- The borrower can perform the work. However, the borrower can only use the loan proceeds for materials. The Ortonville EDA will not disburse loan proceeds until the borrower purchases and installs the materials. Under unusual circumstances, the Ortonville EDA will provide a partial advance to the borrower of which the Ortonville EDA will issue a two-party check payable to both the borrower and the materials provider. The borrower must obtain all permits and have the work inspected by the City's designated personnel when required by City Ordinance.

Applications can be dropped off at the Ortonville EDA or mailed to:

Ortonville EDA
987 US Hwy 12
Ortonville, MN 56278

Please call the Ortonville EDA at 320-839-3284 if you have any questions or need additional information.

Conflict of Interest

- Any Board member that may indirectly or directly gain financially from loan transactions shall immediately inform the Board of any potential conflict of interest.
- If a potential conflict of interest exists, all necessary steps will be taken to ensure that the loan application is processed in full accordance with local and State regulations.

Contractor/permits /Other Considerations

- All permits required by the city must be obtained (City Office 839-3428)
- Proposed improvements must comply with the Minnesota State Building Code for rehabilitation work (City Office at 839-3428)
- Compliance with City Ordinances
- Historic Sensitivity

Incentive Program: There are Two Options

The Deferred Loan Incentive (Grant) and the Utility Rebate (eligible for City provided Utilities) are rebate programs which can be utilized individually or in some projects in conjunction.

Option 1: Deferred Loan Rebate (Grant)

– Funds Currently Available: \$33,098.00

Definition of Deferred Loan:

A "Deferred Loan" is financing which carries no interest and no periodic payments, but which is secured by a Repayment Agreement and lien against the property. A Deferred Loan must be repaid in the event the property which is rehabilitated is sold, transferred, or conveyed, within five (5) years from the date of the Repayment Agreement.

- The Loan Rebate: Participants are eligible to receive a rebate in the form of a loan, forgivable over a five (5) year period, for rehabilitation or redevelopment purposes upon the completion of the project.
- Minimum Owner Investment to be eligible for program is \$20,000.
- Rebate is calculated at one dollar (\$1.00) for every one dollar (\$1.00) invested by the property owner up to a maximum of \$50,000.

	Total Project	Owner Investment <i>(Min Required is \$20,000)</i>	Grant /Rebate <i>\$1.00/\$1.00 match</i>
Example 1 -	\$100,000	\$50,000	\$50,000
Example 2 -	\$40,000	\$20,000	\$20,000
Example 3 -	\$35,000	\$20,000	\$15,000
Example 4 -	\$50,000	\$25,000	\$25,000
Example 5 -	\$200,000	\$150,000	\$50,000

- Under extraordinary circumstances, the terms and conditions of repayment of a Deferred Loan may be modified, or restructured.
- Funds are limited based on City Council appropriation and are awarded to qualifying projects based on the established point system and deadlines set.

Option 2: Utility Rebate Incentive

– Funds Available \$50,000

- Benefactor can receive up to fifty percent (50%) rebate of paid City Utility bill (water, sewer, and/or electric) for twelve (12) months which starts upon date determined by the EDA Board.

AUTHORIZATION FOR RELEASE OF INFORMATION

I (We) hereby supplement the Loan Application of _____, 20 ____, and agree as follows:

1. The Ortonville Economic Development Authority (Lender) is authorized to make credit checks or inquiries concerning my (our) creditworthiness, credit standing, credit capacity, character, general reputation, personal characteristics, any matters relating to assets, liabilities, and references on said application and support information, any subsequent application and support information; or any loan servicing request or action on any loan resulting from said applications;
2. Creditors, including but not limited to credit reporting agencies, state and national banks, Federal Land Banks, Production Credit Associations, the Farmers Home Administration and others, are hereby authorized to disclose to Lender any information relative to any of my (our) loans, accounts, purchases, other financial transactions, production or marketing information or other pertinent information, whether past, present, or future, with said creditors;
3. Lender is authorized to share with credit reporting agencies and creditors doing business, or who may do business with me (us), information regarding this extension of credit, any subsequent transactions or loan servicing actions resulting from any extension of credit, and my (our) general credit history;
4. Photocopies of this authorization may be presented to and relied upon by my (our) creditors and others as evidence of my (our) authorization to release information to the Lender.

Applicant Date

Applicant Date

Ortonville Business Corridor Application Form

Applicant / Property Owner:		
If incorporated, State and date of incorporation:		
Principals (Enter name and ownership percent)	%	
	%	
	%	
Property Address		
City	State	Zip
Contact Person	Phone	
Contact E-mail Address	Fax	
Nature of Business		

- ✓ **Attach the Application Materials**
- ✓ **Attach the Narrative**
- ✓ **Attach the signed Authorization for Release of Information**