

**CITY OF SAINT PETER
AGENDA & NOTICE OF REGULAR MEETING
ECONOMIC DEVELOPMENT AUTHORITY
Thursday July 23, 2020 at Noon**

*****Virtual Meeting Only – See below for electronic access to the meeting*****

- I. Call to Order
- II. Approval of Agenda
- III. Approval of Minutes
 - a. June 25, 2020
- IV. Unfinished Business
 - a. Guentzel Holdings, LLC – Reaffirm Recommendation
- V. New Business
 - a. Kottke Real Estate Holdings, LLC – Balloon Extension Request
 - b. YCDHT, LLC (River Rock Kitchen & Baking) – Revolving Loan Applicationed
- VI. Reports
 - a. Covid-19 Micro Loan Program Activity
 - b. Chamber of Commerce Marketing
- VII. Adjournment

As provided in M.S. §13D.021, Economic Development Authority (EDA) meetings will be conducted by telephone or other electronic means. The EDA meeting on July 23, 2020 will be accessible electronically by GoToMeeting software available at no charge (link below) or by calling as indicated below. Here is the specific information necessary to access the July 23rd regular meeting electronically.

From your computer, tablet or smartphone <https://global.gotomeeting.com/join/432063397>

From your phone (Toll Free): 1 877 568 4106 - One-touch: <tel:+18775684106,432063397#>

Access Code: **432-063-397**

**CITY OF SAINT PETER, MINNESOTA
Economic Development Authority
REGULAR MEETING MINUTES – June 25, 2020
Virtual Meeting Under M.S. 13D.021**

Call to Order

The meeting of the Saint Peter Economic Development Authority (EDA) was called to order by Community Development Director Russ Wille at approximately 12:02 pm. Roll call was taken with Brad DeVos, Ed Johnson, Bob Southworth, Cory Abels, James Dunn, and Mike Favre (12:04) in attendance. Community Development Director Russ Wille, and Administrative Secretary Cindy Moulton were also in attendance. Visitor present was Chamber of Commerce President Ed Lee.

Approval of Agenda

A motion was made by Johnson, seconded by Southworth to approve the agenda as presented. With all voting in favor, the agenda was approved.

Approval of Minutes

A motion was made by DeVos, seconded by Southworth to approve the minutes of the May 28, 2020 regular meeting. All members voting aye, the minutes were approved as presented.

Chad Guentzel (Anytime Fitness) Revolving Loan Request

Wille stated that Chad Guentzel, Guentztl Holdings LLC, is being forced to relocate his business due to the pending sale of his leased space. Guentzel, has submitted a Revolving Loan request in the amount of \$77,5000 to partially finance the construction of a new Anytime Fitness franchise at the intersection of Old Minnesota Avenue and Dodd Avenue.

Wille indicated that the total cost of the project is estimated at \$775,000 which includes the total cost to acquire the site, design the building and construct the facility.

Wille stated that Hometown Bank will serve as the primary project lender and has approved a \$387,500 loan. The secondary lender would be the SBA 504 program with a loan amount of \$310,000. The EDA has been asked to contribute 10% of the total project cost.

Appraisal Services of Mankato completed a "post development" appraisal on May 12, 2020 based on the plans submitted by Guentzel. It was determined that once constructed, the land, structure and site improvements the project would be appraised at \$750,000.

Wille noted that since the appraisal, the plans have been altered to include an additional 352 square feet. As a result, it would be expected that the appraised amount would be moderately increased.

Wille stated that Favre and Abels have reviewed the supplemental financial disclosures of the proposed financing and found nothing that would prevent Guentztl Holdings LLC from obtaining a loan. DeVos asked how COVID-19 would affect the business should there be a short term shut down.

Southworth said the business could handle a short term shut down but a 6 month shut down would be pushing it. He indicated he was comfortable with the finances.

Southworth mentioned that SBA 504 financing requires the loan to be a 20 year loan and that it does not have to be a fixed rate for 20 years but has to match the terms of their regular loans.

Wille said that the EDA policy is generally a five year balloon but if need be, the EDA could review the loan after five years.

Favre mentioned that Anytime Fitness is a great asset to St. Peter.

A motion was made by Favre, seconded by Johnson to amend #3 to read; "The loan shall be amortized on a twenty (20) year schedule with the interest rate being considered and reestablished after a 5 year period". Members DeVos, Johnson, Favre, Abels voting aye, Member Dunn having technical difficulties and Southworth abstaining. The motion carried.

A motion was made by Favre, seconded by Johnson to introduce Resolution No. 2020-05 entitled, "A Resolution Recommending Approval of A \$77,500 Revolving Loan To Guentzel Holdings, LLC To Partially Finance The Construction Of A New Anytime Fitness Franchise". Members Johnson, Favre, Abels and DeVos voting aye, Member Southworth abstaining and Member Dunn having technical difficulties, the Resolution was passed and adopted.

Chamber of Commerce (Marketing Request)

Chamber President Ed Lee addressed the EDA requesting \$10,000 to help undertake a marketing effort to promote Saint Peter businesses as they slowly reopen after being ordered to close by Governor Walz.

He stated that there is a lack of customer shopping at businesses in Saint Peter due to COVID-19. He felt that promoting Saint Peter through media outlets, or publications would be beneficial to spread the message that Saint Peter businesses are open and practicing the appropriate safety and sanitation practices.

Wille added that in speaking with Saint Peter business owners, they are in support of this program.

Southworth indicated that his main concern at the May EDA meeting was the lack of a definitive action plan. He was happy with the detailed plan presented to the EDA.

Wille stated that there are sufficient funds in the Revolving Loan Fund to accommodate the donation of \$10,000. He indicated that the interest generated by the Revolving Loans would accommodate the donation.

A motion was made by Abels, seconded by Southworth to provide \$10,000 to the St. Peter Chamber for promoting the Saint Peter business community.

Discussion continued with Southworth suggesting that the Chamber report back to the EDA after \$5,000 is disbursed, to discuss the success of the program.

Lee agreed and stated that he wants to be transparent and keep the EDA informed.

All members voting aye, the motion carried.

Spec Home Sales (Financial Analysis)

Wille reported that City Administrator Todd Prafke has signed a purchase agreement for the last of the three (3) speculative homes constructed by the EDA in Traverse Green Subdivision.

He stated that the EDA suffered a loss of \$33,872.50 on the sale of 2000 Essler Drive and a loss of \$21,951.83 upon the sale of 2101 Lunden Street. He indicated that the homes were sold under the parameters established by the EDA when they assembled in a closed session to discuss the minimum sales prices of the homes.

Southworth inquired if showings increased once a realtor was hired.

Wille said they increased considerably.

Wille informed the EDA that the City Council will discuss housing of all types at an upcoming workshop.

REPORTS

COVID-19 Micro Loan Program – Wille reported that the City has closed on 49 micro loans and one is currently being processed.

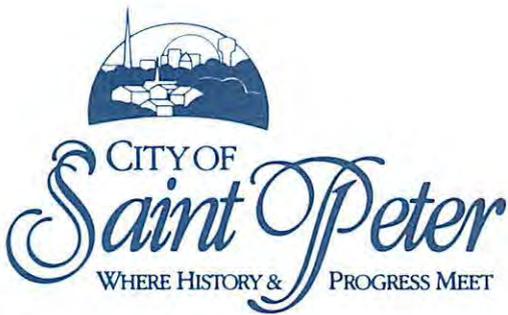
Wille stated that 4 the Team will be closing their store in St. Peter June 30, 2020. He stated that Jay Doyscher, owner of 4 the Team, would like to start repaying his loan in August but does understand that the City has the option to call the note.

Wille recommended that Doyscher be allowed to begin repayment of the loan beginning August 1, 2020 at \$100 per month until the note is paid in full

A motion was made by DeVos, seconded by Southworth to recommend that the City Council allow Doyscher to begin payments on August 1, 2020 at \$100 per month until the note is paid in full. All members voting aye, the motion carried.

Adjourn

A motion was made by Johnson, seconded by Abels, the meeting adjourned at 12:42 pm.



Memorandum

To: EDA Members

Date: July 15, 2020

From: Russ Wille, Community Development Director

RE: Guentzel Holdings, LLC (Chad Guentzel / Anytime Fitness)
Revolving Loan Request

ACTION / RECOMMENDATION

The City Council has asked that the Economic Development Authority (EDA) reaffirm their recommendation to award the revolving loan to Guentzel Holdings, LLC and acknowledge that the applicant would not be financing 10% of the project costs as suggested by the adopted loan guidelines.

BACKGROUND

As the City Council considered your recommendation to provide a \$77,500 revolving loan to Guentzel Holdings, LLC, the Mayor and Council noted that the applicant would not be contributing 10% of the identified project costs as suggested by the adopted loan guidelines.

The Council has suggested that the EDA acknowledge the variance from the guidelines and reaffirm the recommendation that the Council award the loan in the absence of the applicants 10% contribution.

While it perhaps was not specifically noted, I am confident that the EDA was aware that Hometown Bank and the SBA 504 program were providing 90% of the project costs while the EDA was requested to provide the remaining 10% in project funding.

As the EDA reviewed the loan application at the June, 2020 meeting, it was noted that Mr. Guentzel has financed a very small part of the project funding. He has made a \$2,500 earnest money deposit on the purchase of the property. He has also paid a \$1,500 fee to the Anytime Fitness corporate entity for their consideration and review of his relocation plans.

In light of the \$2,500 down payment (earnest money) that Mr. Guentzel has placed in escrow towards the purchase of the real estate, the City's proposed loan would be reduced by \$2,500 to \$75,000.

Mr. Guentzel will also need to pay a 1% origination fee for loans made out of the "general" revolving loan fund. The fee would be \$750.

At this time, due to the short term effects of the COVID-19 situation, Mr. Guentzel would be challenged to provide additional project funding. According to correspondence from Mr. Guentzel's accountant, over \$41,000 in expected profits were not realized between mid-March and June as Mr. Guentzel

provided relief to his members by not collecting dues. The \$41,000 represents the average revenues less expenses for that 3 ½ month period over the last three years.

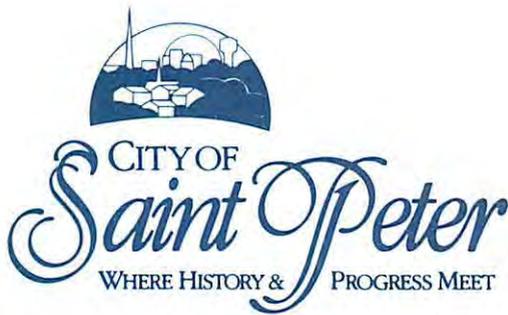
I would ask that the membership specifically acknowledge this particular variance from the loan guidelines.

The EDA had previously acknowledged the straight 20 year loan amortization required by the SBA 504 program to structure the loan within their federal regulations. Rather than balloon after five years, the note will be “reviewed” after five years to allow for adjustments to the interest rate charged.

A motion to acknowledge the two loan guideline variances would be appropriate.

| | GUENTZEL | HOMETOWN | | SAINT PETER | |
|----------------------------------|-----------------------------|--------------------|-----------------------|--------------------|---------------------|
| | <u>HOLDINGS, LLC</u> | <u>BANK</u> | <u>SBA 504</u> | <u>EDA</u> | <u>TOTAL</u> |
| Land Purchase | \$ 2,500 | \$ 22,400 | \$ - | \$ 75,000 | \$ 99,900 |
| Construction | \$ - | \$ 365,100 | \$ 267,144 | \$ - | \$ 632,244 |
| Contingency | \$ - | \$ - | \$ 42,856 | \$ - | \$ 42,856 |
| Franchise Relocation Fee | \$ 1,500 | \$ - | \$ - | \$ - | \$ 1,500 |
| Loan Origination Fee (1%) | \$ 750 | \$ - | \$ - | \$ - | \$ 750 |
| TOTAL: | \$ 4,750 | \$ 387,500 | \$ 310,000 | \$ 75,000 | \$ 777,250 |

2



Memorandum

To: EDA Members

Date: July 15, 2020

From: Russ Wille, Community Development Director

RE: Kottke Real Estate Holdings, LLC (Spring Touch)
Balloon Extension Request

ACTION / RECOMMENDATION

Adopt the attached resolution recommending that the City Council grant a five year extension of the balloon payment for the loan made to Kottke Real Estate Holdings, LLC as they purchased the 430 Ritt Street property from the Economic Development Authority (EDA).

BACKGROUND

In 2015, Kottke Real Estate Holdings, LLC purchased the former Taytronics building at 430 Ritt Street from the Saint Peter EDA. After undertaking certain improvements and renovations, Marv Kottke relocated Spring Touch Lawn and Pest Control from North Mankato to Saint Peter.

To partially finance the \$1,280,000 project, the EDA provided a \$500,000 loan from the established revolving loan account. The note, made at an interest rate of 3.0% was amortized on a 20 year scheduled but due and payable when the note balloons after 5 years. The initial 5 year period would expire in August, 2020.

Upon receipt of the July, 2020 loan payment, the balance of the note is calculated to be \$403,308.42.

Without a single exception, every payment due to the City under the terms of the promissory note has been made as scheduled. The repayment history is unblemished.

At this time, Mr. Kottke has asked that the balloon payment date be reset for an additional five year period. A balloon payment extension is allowed as per the adopted loan guidelines.

As part of the five year review, it is appropriate to undertake a review of the applicable business finances as well as those of the Kottke household. A subcommittee of the EDA has reviewed the submitted financials and will report at the EDA meeting to the full membership. No irregularities or other issues are expected which would be questions the creditworthiness of the borrower or the guarantor of the loan.

The five year review also allows for review and alteration of the interest rate charged. The note was made with interest at a rate of 3.0%. As of this week, the U.S. Prime rate published in the Wall Street Journal is 3.25%.

It would be my recommendation that the requested balloon extension would be appropriate. A resolution to that effect has been prepared for your consideration. The resolution prepared would suggest increasing the interest rate to the 3.25% or U.S. Prime rate.

Spring™ Touch **LAWN SPECIALISTS**

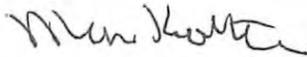
March 4, 2020

Attn: Rose Wille
Director of Community Development
Saint Peter, MN 56082

Dear Rosten Wille,

This letter is to inform you we would like to extend our loan for another five years as before with the same interest rate of 3%. Enclosed is my business tax return for 2019 and 2020. Thank you for allowing us to join the city of St. Peter business community. We really enjoy being a part of the community.

Sincerely



Marv Kottke
President/Owner
Spring Touch Lawn & Pest Control Inc.

**CITY OF SAINT PETER
ECONOMIC DEVELOPMENT AUTHORITY
RESOLUTION NO. 2020-**

**STATE OF MINNESOTA)
COUNTY OF NICOLLET)
CITY OF SAINT PETER)**

**A RESOLUTION MODIFYING THE TERMS OF THE REVOLVING LOAN PREVIOUSLY
PROVIDED TO KOTTKE REAL ESTATE HOLDINGS**

WHEREAS, the Saint Peter Economic Development Authority administers the City of Saint Peter Revolving Loan Fund; and

WHEREAS, the Economic Development Authority (the "EDA") was granted power to administer the loan program and to make recommendations to the City Council for disbursement of new loans; and

WHEREAS, guidelines have been established which govern and determine the criteria of the revolving loan program; and

WHEREAS, in 2015 the City of Saint Peter provided a \$500,000 revolving loan to Kottke Real Estate Holdings, LLC. to partially finance the purchase and renovations to the building located at 430 Ritt Street; and

WHEREAS, the balance of the 2015 loan is \$403,308.42 following receipt of the July, 2020 installment; and

WHEREAS, Kottke Real Estate Holdings, LLC has made every loan payment as due and in the amount due without a single exception; and

WHEREAS, the 2015 note is scheduled to be repaid via balloon payment in August, 2020; and

WHEREAS, Marv Kottke has requested that the balloon payment date be extended for another five years to August, 2025; and

WHEREAS, the 2015 note established an interest rate of 3.0%; and

WHEREAS, the U.S. Prime interest rate is currently 3.25% as per the Wall Street Journal; and

WHEREAS, as per the adopted loan guidelines, the interest rate should be appropriately adjusted to reflect the U.S. Prime rate.

NOW, THEREFORE, BE IT RESOLVED BY THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF SAINT PETER, NICOLLET COUNTY, MINNESOTA, that it is recommended that the City Council:

1. Extend the balloon payment date of the EDA revolving loans awarded to Kottke Real Estate Holdings to August 1, 2025.
2. The interest rate shall be increased to 3.25% to reflect the published U.S. Prime interest rate.

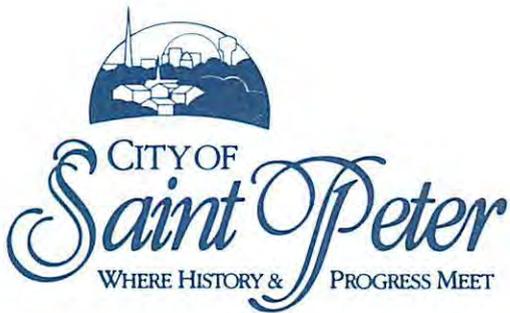
3. All other terms, conditions and loan security shall remain unchanged.

Adopted by the Economic Development Authority of the City of Saint Peter, Nicollet County, Minnesota this the 23rd day of July, 2020.

ATTEST:

James Dunn
President

Rosten Wille
Community Development Director



Memorandum

To: EDA Members

Date: July 17, 2020

From: Russ Wille, Community Development Director

RE: YCDHT, LLC – Revolving Loan Request

ACTION / RECOMMENDATION

Adopt the attached resolution recommending that the City Council approve a \$21,500 revolving loan to YCDHT, LLC to partially finance the purchase of the commercial properties at 217 & 219 Park Row

BACKGROUND

Christine “Montana” Rasmussen purchased the kitchen / bakery assets and operations from River Rock Coffee shop in 2016. Upon the purchase, Ms. Rasmussen opened River Rock Bakery & Kitchen, LLC and relocated to 219 Park Row.

At that time, the EDA provided a \$40,000 loan to partially finance the purchase. All loan payments have been made as due, when due and in the amount due without exception. The balance of that note is \$25,498.59. The last four monthly payments have been deferred by the City Council due to the COVID-19 virus situation. Payments will resume again August 1, 2020.

The 2016 note is secured by the promissory note, security agreement, mortgage and personal guarantee. Given that the operations are conducted in leased space, the mortgage has been recorded against Ms. Rasmussen’s private residence at 214 North 4th Street. In addition, recognizing that Ms. Rasmussen is considered to be critical to the success of the business, the City of Saint Peter is listed as an “assignee” on a life insurance policy maintained by Ms. Rasmussen.

In April, 2020, Ms. Rasmussen obtain a \$10,000 Covid-19 Micro Loan. The repayment of this 0% interest note is scheduled to begin June 1, 2021 at \$100 per month.

At this time, Ms. Rasmussen would seek to purchase the 219 and 217 Park Row property from the St. Peter Community Development Corp. (SPDC). The two structures share a common basement wall and have been assembled as if a single parcel. The SPDC has recently undertaken a significant renovation of the properties which were in a considerable state of disrepair.

The purchase price of the real estate is \$420,000. The SBA 504 suggests that their loan fees would be up to \$10,000 for a total project cost of \$430,000.

To finance the purchase, Ms. Rasmussen has worked with both First National Bank and the Small Business Administration 504 (SBA 504) program to structure the suggested loan package. As per SBA 504 lending regulations, between the two lenders, up to 90% of the project costs would be financed.

Additionally, as per the federal rules that govern SBA 504 operations, all project lenders would need to match the 25 year amortization of the SBA 504 loan. The City's note would typically be amortized on a 20 year schedule with a balloon payment due at the completion of the fifth year. If they are to participate in partially financing the project, the City's note would need to be amortized on the 25 year schedule. The note can be reviewed each five years for an adjustment to the interest rate to reflect the U.S. Prime rate.

It would be proposed that the remaining \$43,000 or 10% of the project would be financed the EDA and applicant. The request would be that the EDA and Ms. Rasmussen each contribute \$21,500 or 5% of the remaining costs. Please note that the adopted loan guidelines would suggest that Ms. Rasmussen finance 10% of the project.

However, given the short-term impact of the COVID-19 situation, Ms. Rasmussen would like to maintain sufficient funds on deposit to cover certain expenses as her business fully recovers from the loss of sales resulting from the virus situation.

The loan is structured and proposed as follows:

| | <u>APPLICANT</u> | <u>SBA 504</u> | <u>FIRST NATIONAL BANK</u> | <u>SAINT PETER EDA</u> | <u>TOTAL</u> |
|---------------------|------------------|----------------|----------------------------|------------------------|--------------|
| REAL ESTATE: | \$ 21,000 | \$ 168,000 | \$ 210,000 | \$ 21,000 | \$ 420,000 |
| FEES: | \$ 500 | \$ 4,000 | \$ 5,000 | \$ 500 | \$ 10,000 |
| | \$ 21,500 | \$ 172,000 | \$ 215,000 | \$ 21,500 | \$ 430,000 |
| | 5.0% | 40.0% | 50.0% | 5.0% | 100.0% |

If approved the note would be secured by promissory note, personal guarantee and a mortgage recorded against the 219 / 217 Park Row properties. The City's mortgage would be subordinate to the mortgages of both First National Bank and the SBA 504 program.

A March, 2020 appraisal of the property completed by Appraisal Services of Mankato established a market value of \$435,000. The three mortgages would total \$408,500 or 94% of the appraised value.

Ms. Rasmussen's River Rock Bakery & Kitchen operations occupy the ground floor commercial space of the 219 Park Row property. The ground floor commercial space at 217 Park Row is occupied by Park Row nutrition. There are two second floor apartments in the 219 Park Row building. There is a single apartment unit on the second floor of the 217 Park Row building. All spaces are currently leased and occupied.

Ms. Rasmussen has prepared a spreadsheet showing the anticipated financials of the real estate to be owned by YCDHT, LLC for the first three years of ownership.

EDA member Abels and I have undertaken a review of the finances of River Rock Bakery & Kitchen as well as those of Ms. Rasmussen and her spouse Samantha. We will provide a verbal summary of our review when the EDA assembles on July 23rd.

In summary, the proposed terms of the EDA financing would be as follows:

- City of Saint Peter approves a \$21,500 revolving loan to YCDHT, LLC at 3.25% interest.
- Applicant (Ms. Rasmussen) would contribute \$21,500 or 5% of the project costs. [Note that this would be an exception to the loan guidelines which would suggest a minimum contribution of 10%].
- 25 year amortization with the note reviewed after each five years to allow for an adjustment to the interest rate to reflect the U.S. Prime rate. [Note that this would be an exception to the loan guidelines which would suggest a 20 year amortization and a balloon payment due after 5 years].
- Secured by promissory note and mortgage which may be subordinate to those of First National Bank and SBA 504.
- The note shall be further secured by a personal guarantee executed by Ms. Rasmussen and her spouse Samantha.

SAINT PETER REVOLVING LOAN FUND
APPLICATION

APPLICANT YCDHT, LLC / Christine "Montana" Rasmussen
ADDRESS 214 N 4th ST, S
CITY ST. Peter STATE MN ZIP 56082
CONTACT PERSON(S) Christine "Montana" Rasmussen
BUSINESS PHONE 406-396-2848 HOME PHONE same
AMOUNT REQUESTED 210,000
TERMS REQUESTED 20 years
SOCIAL SECURITY NUMBER [REDACTED] FED ID # 85-1929231
STATE ID # 6901214

1. Type of Project:

Construction/new Business Expansion/Existing Business
 Equipment/Machinery/Fixtures Remodel/Commercial Retail/Industrial
 Other Real Estate

2. Described Project:

I am looking for funding to purchase
the building at 217/219 Park
Row in St. Peter. This purchase
will secure the location of my
bakery, River Rock Kitchen & Baking Co.

6. Collateral to be assigned (Describe and show lien position):

- A) To State _____
- B) To Federal Govt Land / Building
- C) To Bank Land / Building
- D) To Bank _____
- E) To Private _____
- F) To Other _____
- G) To This Loan Land / Building - 3RD

7. Value of Collateral:

| | <u>COST</u> | <u>Net BOOK VALUE</u> | <u>Market/Appraised</u> |
|-------------------|-------------------|-----------------------|-------------------------|
| A) Land | \$ <u>74,000</u> | \$ _____ | \$ <u>74,000</u> |
| B) Buildings | \$ <u>355,600</u> | \$ _____ | \$ <u>355,600</u> |
| C) Mach. & Equip. | \$ <u>5,400</u> | \$ _____ | \$ <u>5,400</u> |
| D) Other _____ | \$ _____ | \$ _____ | \$ _____ |
| E) Other _____ | \$ _____ | \$ _____ | \$ _____ |

8. Employment:

Present Number of Employees 0 Total Payroll 0
 After Project # of Employees 0 Total Payroll 0

*If Loan is for Job Retention Only, Explain in Business Plan.

9. Attorney, Accountant (Names, addresses, phone):

Attorney - Paul Tanis, 324 S MN AVE, ST. Peter, 507-934-3430
 Accountant - Andring, Collins, Norman, 1628 S Riverfront Dr,
Mankato, 507-388-5858

10. Bank and Other References (Names, addresses, phone):

Ben Gossett, First National Bank
226 W Nassau ST, ST. Peter, 507-931-4000

11. Attach and include the following:

- A) Written Business Plan:
 - 1. Description of business
 - 2. Ownership
 - 3. Date established
 - 4. Products/Services
 - 5. Management
 - 6. Future Plans

- B) Financial Statements for past Two Years
- C) Financial Projections for Five Years*
- D) Resume of Owner/Management
- E) Personal Financial Statements of proprietor, partners, guarantors
- F) Letter of commitment from applicant pledging to complete during the proposed project duration

- G) Letter of commitment from the other sources of financing, stating terms and conditions of their participation in project.

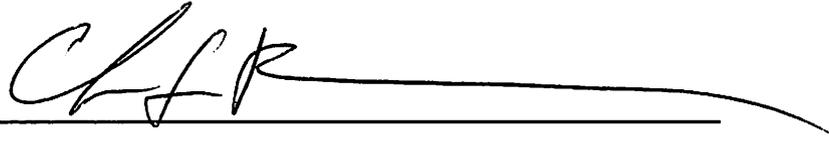
- H) Other _____

- I) Other

I/We certify that all information provided in this application is true and correct to the best of my/our knowledge. I/We authorize the City of Saint Peter and the Saint Peter

Economic Development Authority to check credit references and verify financial and other information. I/We agree to provide any additional information as may be requested by the City of Saint Peter and the Saint Peter Economic Development Authority.

DATE: 7/16/2020

Applicant Name _____
BY 

By _____

YCDHT LLC Business Plan

I. Description of Business

YCDHT LLC is a real estate company that was created to secure the location of River Rock Kitchen & Baking Co. at its current location of 219 Park Row in St. Peter, MN. This also includes the purchase of 217 Park Row as it is one building with a shared interior wall.

II. Ownership

YCDHT LLC is owned 100% by Christine (Montana) Rasmussen.

III. Date Established

YCDHT LLC was established on June 17th, 2020.

IV. Services Provided

YCDHT LLC provides and manages commercial and residential rental spaces.

V. Management

YCDHT LLC will be managed by Montana, and her wife, Samantha Haseltine.

VI. Future Plans

My future plans for YCDHT LLC is to purchase and manage additional commercial and residential real estate properties in St. Peter.

| | <u>Year 1</u> | <u>Year 2</u> | <u>Year 3</u> |
|------------------------|---------------|---------------|---------------|
| | 20,000 | 24,535 | 29,070 |
| <u>INCOME</u> | | | |
| 217 Commercial | 14,400 | 14,400 | 14,400 |
| 217 Apt A | 6,000 | 6,000 | 6,000 |
| 219 Commercial | 18,000 | 18,000 | 18,000 |
| 219 Apt A | 13,200 | 13,200 | 13,200 |
| 219 Apt B | 10,800 | 10,800 | 10,800 |
| Total Gross Income | 62,400 | 62,400 | 62,400 |
| | | | |
| Vacancy Allowance (6%) | 3,759 | 3,759 | 3,759 |
| | | | |
| Gross Operating Income | 58,641 | 58,641 | 58,641 |
| | | | |
| <u>EXPENSES</u> | | | |
| Insurance | 2,000 | 2,000 | 2,000 |
| Property Tax | 10,200 | 10,200 | 10,200 |
| Utilities | 12,000 | 12,000 | 12,000 |
| Maintenance/Cap X | 5,000 | 5,000 | 5,000 |
| | | | |
| Mortgage | | | |
| SBA Loan | 9,075 | 9,075 | 9,075 |
| EDA Loan | 14,293 | 14,293 | 14,293 |
| FNB Loan | 1,538 | 1,538 | 1,538 |
| | | | |
| Total Expenses | 54,106 | 54,106 | 54,106 |
| | | | |
| Net Operating Income | 4,535 | 4,535 | 4,535 |
| | | | |
| | 24,535 | 29,070 | 33,605 |



APPRAISAL SERVICES OF MANKATO, INC.

1015 S. Front • Mankato, MN 56001 • (507) 387-1137 FAX (507) 387-2540

March 23, 2020

Mr. Paul H. Tanis, Jr.
St. Peter Community Development Corporation
324 S. Minnesota Avenue
St. Peter, MN 56082

Re: Mixed Use Property
217-219 West Park Row
St. Peter, MN 56082

Dear Mr. Tanis:

In accordance with your request, I have prepared an appraisal of the above captioned property, more properly described within the attached Appraisal report, for the purpose of forming an estimate of market value with the effective date of March 12, 2020.

It is my opinion that the subject property has market value, as of the effective date of this appraisal, of:

\$435,000

FOUR HUNDRED THIRTY-FIVE THOUSAND DOLLARS

The attached report will set forth the legal description, supporting data, analysis, conclusions and limiting conditions upon which the estimate of value is based. This report conforms to USPAP standards.

Respectfully submitted:

Appraisal Services of Mankato, Inc.

Erin T. Tisdell
Certified General Real Property Appraiser
MN License #20020346; Expires 8-31-21

Correlation and Final Estimate of Value:

The three traditional approaches indicated the following value of the subject property:

| | |
|---------------------------|-----------|
| Cost Approach | \$440,000 |
| Income Approach | \$434,000 |
| Sales Comparison Approach | \$436,000 |

The Cost Approach is given a great deal of weight when appraising a new or near new property, which has little or no accrued depreciation. This approach is given little weight because in most situations, buyers and sellers do not consider the Cost Approach as a determinant of value for a building of this age.

The Income Approach is typically given the greatest consideration when valuing an income producing property, which has a stable income stream and documented income and expense statements. This property is fully leased and the income and expenses have been provided, so this approach was given the most weight in the value conclusion.

The Direct Sales Comparison Approach is typically considered reliable since it demonstrates what informed buyers would pay for similar properties in the area. This approach was given weight in the value conclusion.

It is my opinion the subject property has a market value, as of the effective date of this appraisal, of:

\$435,000

Direct Sales Comparison Approach continued:

| | Subject | Comp. #1 | Comp. #2 | Comp #3 | Comp. #4 | Comp. #5 |
|----------------------|-----------------------|-------------------------|-----------------------|-------------------------|-----------------------|----------------------------|
| Location | 217-219 W. Park Row | 224 S. Minnesota Ave. | 101 S. Minnesota Ave. | 122 S. Minnesota Ave. | 314 S. 3rd St. | 302 S. Minnesota Ave. |
| City | St. Peter | St. Peter | St. Peter | St. Peter | St. Peter | St. Peter |
| Type of Property | Retail/Apt. | Retail/Apt. | Retail/Apt. | Retail/Apt. | Retail/Apt. | Restaurant/ Retail/Apt. |
| Land Area - SF | 7,234 | 3,640 | 6,820 | 10,230 | 3,410 | 3,255 |
| Land-Build. Ratio:1 | 1.80 | 1.08 | 3.04 | 1.60 | 1.29 | 2.02 |
| Construction | Wood Frame | Wood Frame | Wood Frame | Wood Frame | Wood Frame | Wood Frame |
| Quality | Avg.-Good | Avg.-Good | Avg.-Good | Avg.-Good | Avg.-Good | Avg.-Good |
| Age | 1885 | 1887 | 1890 | 1872 | 1910 | 1900 |
| Condition | Average | Average | Superior | Superior | Superior | Superior |
| GBA - SF | 7,674 | 5,942 | 3,543 | 18,160 | 5,226 | 3,288 |
| Basement - SF | 3,578 SF - Unfinished | 3,284 SF - 15% Finished | 1,386 SF - Unfinished | 6,380 SF - 90% Finished | 1,320 SF - Unfinished | 1,680 SF - 86% Finished |
| Amenities | Decking; Patio | None | None | None | None | 336 SF Fin. Mezzanine |
| Functional Utility | Average | Average | Average | Average | Inferior - 11% Garage | Average |
| Sale Price | N/A | \$ 340,000 | \$ 265,000 | \$ 1,287,500 | \$ 297,500 | \$ 267,500 |
| Date Sold | N/A | Jun-18 | Nov-19 | Jan-20 | Sep-17 | Mar-20 |
| \$/SF | N/A | \$ 57.22 | \$ 74.80 | \$ 70.90 | \$ 56.93 | \$ 81.36 |
| Adjustments: | | | | | | |
| Date of Sale | | 0% | 0% | 0% | 0% | 0% |
| Location | | -7% | -7% | -7% | 0% | -7% |
| Land-Building Ratio | | 8% | -10% | 2% | 5% | -2% |
| Quality/Construction | | 0% | 0% | 0% | 0% | 0% |
| Age/Condition | | 0% | -5% | -5% | -5% | -5% |
| Size Adjustment | | -1% | -4% | 5% | -2% | -4% |
| Basement | | -4% | 1% | -14% | 3% | -13% |
| Amenities | | 1% | 2% | 0% | 1% | -4% |
| Functional Utility | | 0% | 0% | 0% | 6% | 0% |
| % Net Adjustment | | -3% | -23% | -19% | 8% | -35% |
| Adjusted Value/SF | | \$ 55.50 | \$ 57.59 | \$ 57.43 | \$ 61.48 | \$ 52.88 |
| Comparability | 100% | 20% | 25% | 10% | 20% | 25% |
| Weighted Value | | \$ 11.10 | \$ 14.40 | \$ 5.74 | \$ 12.30 | \$ 13.22 |
| Indicated Value/SF | | | | | | \$ 56.76 |

Direct Sales Comparison Approach continued:

Comparable #1

| | |
|------------------------|--|
| Address | 224 S. Minnesota Avenue, St. Peter |
| Type of Property | Two Story Retail and Apartment Building |
| Construction | Wood Frame |
| Site Size | 3,640 SF |
| Land to Building Ratio | 1.08 – 1 |
| Gross Building Area | 5,942 SF |
| Basement | 3,284 SF – 15% Finished |
| Age | 1887 |
| Utilities | Municipal |
| Parcel No. | 19.412.3810 |
| Sale Price | \$340,000 |
| Date of Sale | June 28, 2018 |
| Sale Price per SF | \$57.22 |
| Terms | Warranty Deed |
| Grantor | Blake and JoEllen Dirks |
| Grantee | Casco Real Estate, LLC |
| Comments | This building has retail space on the main level and basement and two apartment on the second level. |

Comparable #2

| | |
|------------------------|---|
| Address | 101 South Minnesota Avenue, St. Peter |
| Type of Property | Two Story Retail and Apartment Building |
| Construction | Wood Frame |
| Site Size | 6,820 SF |
| Land to Building Ratio | 3.04 – 1 |
| Gross Building Area | 3,543 SF |
| Basement | 1,386 SF - Unfinished |
| Age | 1890 |
| Utilities | Municipal |
| Parcel No. | 19.412.5900 |
| Sale Price | \$265,000 |
| Date of Sale | November 21, 2019 |
| Sale Price per SF | \$74.80 |
| Terms | Warranty Deed |
| Grantor | Building Good Communities, LLC |
| Grantee | Plaid Hat Properties, LLC |
| Comments | This building has office space on the main level and one apartment on the second level. Some interior updates in 2016-2017; |

Comparable #3

| | |
|-------------------------|---|
| Address | 122 S. Minnesota Avenue, St. Peter |
| Type of Property | 3 Story Retail/Apartment Building |
| Construction | Wood Frame |
| Lot Size | 10,230 SF |
| Land-Building Ratio | 1.60-1 |
| Gross Building Area | 18,160 SF |
| Basement | 6,380 SF – 90% Finished |
| Age | 1872 |
| Utilities | Municipal |
| Parcel Number | 19.412.3672 |
| Sale Price | \$1,287,500 |
| Date of Sale | January 31, 2020 |
| Terms of Sale | Warranty Deed |
| \$/SF Land and Building | \$70.90 |
| Grantor | Park Row, LLC |
| Grantee | Nicollet Hotel, LLC |
| Comments | This building has retail and apartments on the main level and apartments on the second and third levels; 20 - 1 & 2 Bedroom apartments; The basement has finished office space; This building has an elevator and sprinkler system; |

Comparable #4

| | |
|--------------------------|--|
| Address | 314 S. 3 rd Street, St. Peter |
| Type of Property | Two Story Retail/Apartment Building |
| Construction | Wood Frame |
| Lot Size | 3,410 SF |
| Land to Building Ratio | 1.29-1 |
| Gross Building Area | 5,226 SF |
| Basement | 1,320 SF - Unfinished |
| Age | 1910 |
| Utilities | Municipal |
| Parcel No. | 19.412.3370 |
| Sale Price | \$297,500 (\$310,000 Sale price less \$12,500 in personal property) |
| Date of Sale | September 11, 2017 |
| \$/SF Land and Buildings | \$56.93 |
| Terms | Contract for Deed; \$14,500 Down; 4.0% Interest; 9/2020 Balloon; |
| Grantor | William & Barbara Fister |
| Grantee | Jamie & Marcy Lorentz |
| Comments | Retail space on main level and two apartments on second level; 576 SF or 11% of GBA is a garage and less functional than finished space; |

Comparable #5

| | |
|-------------------------|---|
| Address | 302 S. Minnesota Avenue, St. Peter |
| Type of Property | 2 Story Retail Building with and Apartment |
| Construction | Wood Frame |
| Lot Size | 3,255 SF |
| Land-Building Ratio | 2.02-1 |
| Gross Building Area | 3,288 SF |
| Basement | 1,680 SF – 86% Finished |
| Age | 1900 |
| Utilities | Municipal |
| Parcel Number | 19.412.4050 |
| Sale Price | \$267,500 |
| Date of Sale | March 3, 2020 |
| Terms of Sale | Warranty Deed |
| \$/SF Land and Building | \$81.36 |
| Grantor | JMACC, LLC |
| Grantee | Faze Two, LLC |
| Comments | This sale had a restaurant on the main level with a small seating area, a basement mostly finished and leased as retail space and an upper level apartment with 3 bedrooms with many updates and quality finishing; |

Christine “Montana” Rasmussen

Riverrockbakery@gmail.com | 406-396-2848 | Saint Peter, Minnesota

Experience

River Rock Kitchen and Baking Company-Owner

Saint Peter, Minnesota

2016-Present

- Run a from scratch kitchen and bakery that specialized in local, seasonal, and organic fare that includes breads, pastries, soups, salads and sandwiches
- Perform a myriad of tasks involved in running a small business

River Rock Coffee-Head Chef

Saint Peter, Minnesota

2010-2016

- Run a from scratch kitchen and bakery that specialized in local, seasonal and organic fare that includes breads, pastries, soups, salads and sandwiches
- Inventory and ordering with numerous local farmers as well as large scale suppliers
- Menu and recipe development based on a seasonally rotating menu design
- Hiring, training and scheduling of kitchen employees

Biga Pizza-Prep Chef/Pantry Chef/Maitre d'

Missoula, Montana

2009-2010

- Developed recipes and prepare weekly specialty soups, salads, sandwiches and pizzas
- Worked directly with three local farmers to receive and prep raw produce for restaurant use

Missoula County Public Schools-Cook

Missoula, Montana

2009-2010

- Prepared meals daily for 3,000+ students
- Measured and portioned food for distribution to different schools

River Rock Coffee-Manager

Saint Peter, Minnesota

2006-2009

- Performed a myriad of tasks involved in running an independent café and coffee shop
- Oversaw a staff of 14, coordinated scheduling, administered staff reviews and training
- Maintained relationships with food and coffee suppliers and carried out ordering for both the café and coffee shop
- Lead baker of our from scratch bakery and head of daily kitchen prep

Skills

- Strong leader with ample managerial experience
- Proficient kitchen knowledge and experience
- Excellent customer service skills and ability to work independently with clients

Education

Gustavus Adolphus College

B.A. Studio Art

2002-2006

Studio Arts Center International-Florence, Italy

Studio Art

2004-2005

**CITY OF SAINT PETER, MINNESOTA
ECONOMIC DEVELOPMENT AUTHORITY
RESOLUTION NO. 2020 -**

**STATE OF MINNESOTA)
COUNTY OF NICOLLET)
CITY OF SAINT PETER)**

**A RESOLUTION RECOMMENDING APPROVAL OF A \$21,500 REVOLVING LOAN TO
YCDHT, LLC TO PARTIALLY FINANCE THE PURCHASE OF THE 217 AND 219 PARK ROW
PROPERTIES**

WHEREAS, the Saint Peter Economic Development Authority administers the City of Saint Peter Revolving Loan Fund; and

WHEREAS, the Economic Development Authority (the "EDA") was granted power to administer the loan program and to make recommendations to the City Council for disbursement of new loans; and

WHEREAS, guidelines have been established which govern and determine the criteria of the revolving loan program; and

WHEREAS, YCDHT, LLC has submitted an application requesting funds to partially finance the purchase of the mixed use, commercial properties at 219 and 217 Park Row, Saint Peter; and

WHEREAS, the project is an eligible activity of the revolving loan; and

WHEREAS, the EDA has reviewed the loan request submitted by the YCDHT, LLC and

NOW, THEREFORE, BE IT RESOLVED BY THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF SAINT PETER, NICOLLET COUNTY, MINNESOTA, that the EDA recommends approval of a \$21,500 revolving loan to YCDHT, LLC to partially finance the purchase of the 219 and 217 Park Row properties upon the following terms:

1. The loan shall be amortized on a twenty-five (25) year schedule though reviewed after each five years for potential interest rate adjustments.
2. The annual interest rate of the loan shall be established at 3.25%.
3. The loan shall be secured by a recorded mortgage which may be subordinate to mortgages to be filed by First National Bank and the Small Business Administration 504 program in a combined amount not to exceed \$387,000.
4. The loan shall be secured by a promissory note and a personal guarantee executed by Christine Rasmussen and her spouse Samantha.
5. The loan shall be immediately due and payable should the River Rock Bakery & Kitchen cease operations or relocate operations either within or outside of the City of Saint Peter.

Adopted by the Saint Peter Economic Development Authority this the 23rd day of July, 2020.

ATTEST:

Michael Favre
President

Rosten Wille
Community Development Director

| REVOLVING LOAN REPORT | 7/1/2020 | | | | | |
|---|-----------------|---------------|---------------|-----------------|-------------|----------|
| | ORIGINAL | ORIGINATION | CURRENT | 12/31/2019 | MONTH-YEAR | |
| BORROWER | BORROWER | DATE | BALANCE | BALANCE | BALLOON DUE | |
| Chippewa B | \$ 100,000.00 | 7/1/2007 | \$ - | \$ 40,676.41 | Dec-20 | 240 Fund |
| Chippewa A | \$ 100,000.00 | 12/1/2006 | \$ - | \$ 2,579.55 | Dec-20 | |
| Azure Skye/Bertram | \$ 16,003.00 | 1/1/2019 | \$ 13,469.16 | \$ 14,402.68 | Dec-28 | |
| David Bushaw | \$ 20,000.00 | 12/1/2016 | \$ 13,333.20 | \$ 13,833.21 | Nov-26 | |
| Building Good Communities LLC | \$ 39,834.00 | 10/1/2017 | \$ 36,380.63 | \$ 36,731.61 | Aug-22 | |
| Flame Bar/Mike Hobday | \$ 25,000.00 | 11/1/2019 | \$ 23,125.03 | \$ 24,583.34 | Oct-27 | |
| Kaduce Properties | \$ 16,831.00 | 9/1/2017 | \$ 11,921.90 | \$ 14,586.84 | Aug-27 | 230 Fund |
| Mayer - Chabeans | \$ 25,000.00 | 7/1/2016 | \$ 15,416.82 | \$ 19,375.09 | Jun-26 | |
| River Rock Bakery & Kitchen | \$ 40,000.00 | 4/1/2016 | \$ 25,498.59 | \$ 30,254.89 | Feb-21 | |
| JAEL Properties | \$ 65,008.00 | 8/1/2014 | \$ 49,408.83 | \$ 51,051.44 | Jul-24 | |
| K&C/ Stelter | \$ 25,000.00 | 1/1/2020 | \$ 23,541.69 | \$ - | Dec-29 | |
| Kottke/Spring Touch Real Estate Holdings | \$ 500,000.00 | 9/1/2015 | \$ 403,308.42 | \$ 415,538.84 | Aug-20 | |
| Rachel More/The Pulse | \$ 20,356.75 | 2/1/2013 | \$ 2,589.51 | \$ 3,282.66 | Feb-20 | 240 Fund |
| St. Peter Food Coop | \$ 350,000.00 | 4/1/2011 | \$ 213,809.41 | \$ 223,557.66 | Dec-20 | |
| Tanis Brothers | \$ 59,012.00 | 9/1/2014 | \$ 45,066.08 | \$ 46,553.46 | Aug-24 | |
| IHN III/E.I. Micro Circuit / Check due Apr & Oct 1st | \$ 365,211.20 | 4/1/2005 | \$ - | \$ 24,347.44 | paid | 240 Fund |
| Total Entertainment/Tramp | \$ 6,000.00 | 2/1/2010 | \$ - | \$ 900.00 | OPEN | 240 fund |
| Traverse des Sioux Enterprises/ Check due Feb & Aug 1st | \$ 416,673.18 | 8/1/2009 | \$ 111,112.76 | \$ 152,780.09 | Jan-24 | 230 Fund |
| PJ's Pizza | \$ 5,629.47 | 2/1/2010 | \$ 5,629.47 | \$ 5,629.47 | JUDGEMENT | |
| | \$ 2,195,558.60 | | \$ 993,611.50 | \$ 1,120,664.68 | | |
| | | Loan 230 | Loan 240 | Loan 250 | | |
| LOAN FUND BALANCES (report from Brenda) | \$ 1,628,237.55 | \$ 621,457.98 | \$ 855,700.87 | \$ 151,078.70 | | |
| LOANS OUTSTANDING | \$ 993,611.50 | | | | | |
| | \$2,621,849.05 | | | | | |