

APPLICANT NAME: _____
LAST FIRST

APPLICANT PHONE: _____

WORK	HOME	FAX

APPLICANT IS A(N) (check one) ☐ PARTNERSHIP ☐ CORPORATION
☐ SOLE PROPRIETOR ☐ OTHER (Describe)

SOURCES(S) OF OTHER PROJECT FINANCING:

IF SO, HOW MANY? BY WHEN?

1. Letter of Commitment for Private Lender, if applicable
2. Copy of Site Plan
3. Legal/Parcel Tax Information

City of Osakis Revolving Loan Fund Guidelines

	COMMERCIAL	INDUSTRIAL
APPLICANT ELIGIBILITY	*Fee Title Owner	*Fee Title Owner
LOAN AMOUNT	*\$50,000 Maximum *Not more than 50% of private funds *Not less than \$5,000	*\$50,000 Maximum *Not more than 50% of private funds *Maximum \$10,000 per new job created *Not less than \$5,000
TYPE OF LOANS	*Direct Secondary Loans	*Direct Secondary Loans
ELIGIBLE COSTS	*Acquisition for demolition, building rehabilitation Improvements, demolition of Non-functional buildings and Public facilities	*Land, building, machinery, equipment, working capital relocation, demolition, & public facilities
LOAN TERMS	*Equal or less than private Portion of loan	*Equal or less than private Portion of loan
LOAN INTEREST RATE	3% below current U.S. T Note rate or 6%, whichever is higher	*3% below current U.S Treasury Note. rate or 6%, whichever is higher
PRIORITY	*Building rehabilitation *Public Facilities/Improvements *Demolition of non-functional buildings *Acquisition for demolition *First come – first serve	*Expansion of existing Industry *Creation of new business *Demo of non-functional buildings *Job Creation *Job Retention *Building Rehabilitation *Equipment Acquisition *Public Facilities *Working Capital *First come – first serve
LOAN SERVICING	*Service cost, loan fees and legal fees paid by applicant	*Service cost, loan fees and fees paid by applicant
LOAN APPROVAL	*Reviewed by City Budget Committee; approval by City Council *Approval by private financial Institution *Release of funds by City Clerk	*Reviewed by City Budget Committee; approved by City Council *Approval from private financial Institution *Release of funds by City Clerk
INDEBTEDNESS	*Existing indebtedness shall not exceed 80% of City Assessor's Estimated Market Value	
LOAN POSITION	*Loans will be in a junior collateral position to the major source of project funding, unless revolving loan fund Proceeds are the primary source of funds.	
LOAN GUIDELINE POLICY	*The revolving loan guidelines may be revised by the Osakis City Council on a case-by-case basis in instances demanding appropriate action to address unusual circumstances or unanticipated conditions	
LOAN SECURITY	*All City revolving loans will be secured by a mortgage taken on the property to be improved	



City of Osakis

Criteria for Business Subsidies

The City hereby expresses its support for the use of business subsidies that meet the below listed criteria. However, the City reserves the right to approve or reject the use of business subsidies for new commercial or industrial projects and or the rehabilitation and/or expansion of businesses already within the City on an individual basis. The criteria or goals to be taken into consideration by the City are as follows:

1. If a redevelopment project, the project will remove, prevent or reduce slums and/or blight, thereby protecting property values and the general public health, safety, and welfare.
2. The use of business subsidy is necessary to retain and/or attract competitive and financially sound and healthy commercial and industrial companies that provide significant employment potential and opportunity to broaden the tax base.
3. The project must be generally consistent with the City's Comprehensive Plan.
4. The use of the business subsidy should encourage quality construction and promote the highest and best use of land.
5. The project will promote completion of major public improvement projects within the community with special emphasis given to the installation of trunk sewer and water lines and major transportation projects.
6. The project will not significantly and adversely increase the impacts on existing service needs in the City.
7. The project will not proceed in its present design and time table without the business subsidy.
8. The project proposed is generally compatible with the City's overall development plans and objectives and with those of the area for which the project is to be located.
9. The project meets all requirements outlined in Minnesota Statutes, as may be amended from time to time.
10. The business subsidy for commercial projects should encourage substantial redevelopment of substandard properties or should provide a service, which is currently not offered in the community.
11. The project should result in the creation or retention of jobs, which pay a livable wage in the area. The City will consider granting subsidies to businesses that pay \$7.50 per hour plus benefits. The value of benefits will not be defined, as it is believed that this will vary depending upon the size and nature of the individual businesses receiving assistance.

The City, when considering projects that request assistance, will base their decision on the merits of the project and its economic benefit to the community (i.e., the increased tax base and the jobs that will result from the project). The City will also consider the contribution that the project makes to the community's overall development plan and how it complements existing services and businesses.



City of Osakis

TYPES OF BUSINESS ASSISTANCE

Osakis Revolving Loan Funds

Revolving loan funds (RLF's) can provide businesses with direct loans, loans guarantees and other financial assistance. As the fund receives the principal and interest payments from outstanding loans, the money is made available to another borrower. RLF's are designed to alleviate the high cost and short supply of capital by providing flexible loan terms. RLF's usually provide lower rates, longer terms and reduce the overall risk of the loan.

The City of Osakis has three types of revolving loan funding:

- Commercial: Eligibility – acquisition for demolition, building rehabilitation improvements, demolition of non-functional buildings and public facilities
- Industrial: Eligibility – land, building, machinery, equipment, working capital, relocation, demolition and public facilities.
- Equipment Eligibility – projects must be located within city limits and open to businesses located in zoning districts C-1 (Central Business), C-2 (General Commerce), C-3 (Hwy Commercial)

Tax Abatement

The City is empowered under the provisions of Tax Abatement Law to grant property abatements if it expects the benefits to the political subdivision of the proposed abatement agreement to at least equal the costs to the City of the proposed agreement; and it finds that doing so, is in the public interest because it will:

- A) Increase or preservice tax base
- B) Provide employment opportunities in the City
- C) Provide or help acquire or construct public facilities
- D) Help redevelop or renew blighted areas
- E) Help provide access to services for residents of the City
- F) Finance or provide public infrastructure
- G) Phase in a property tax increase on the parcel resulting from an increase of 50 percent or more in one year on the estimated market value of the parcel, other than increase attributable to improvement of the parcel
- H) Stabilize the tax base through equalization of property tax revenues for a specified period of time with respect to a taxpayer whose real and personal property is subject to valuation under Minnesota Rules, chapter 8100.

Tax Increment

Tax Increment Financing (TIF) is a method of financing real estate development costs.

- 1) to encourage developers to construct buildings or other private improvements.
- 2) to pay for public improvements, such as streets, sidewalks, sewer and water and similar improvements.

TIF uses the additional property taxes paid as a result of development in the district to pay for part of the development costs. When a new building is constructed, the market value of the property and its property taxes typically rise. Classic examples would be a new store on an undeveloped parcel or replacing one or more old buildings with a new, larger building. In both of these instances, the market value of the property will rise because the improvements add value to the property.