

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

**Thursday, July 12, 2018
4:00pm
Grand Rapids City Hall**

NOTICE IS HEREBY GIVEN, that a regular meeting of the Grand Rapids Economic Development Authority will be held in Conference Room 2A in the Grand Rapids City Hall, 420 North Pokegama Avenue, in Grand Rapids, Minnesota on Thursday, July 12, 2018 at 4:00pm.

AGENDA

1. Call to Order
2. Call of Roll
3. Setting of the Regular Agenda - *This is an opportunity to approve the regular agenda as presented or add/delete by a majority vote of the Commissioners present an agenda item.*
4. Welcome new GREDA Commissioner Mike Korte
5. Approval of minutes from the May 24, 2018 regular meeting.
6. Consider approval of claims
7. Consider approval of an Independent Contractor Agreement with Ashley Brubaker for on-site management of Central School.
8. Discuss the status of the former Sawmill Inn redevelopment
9. Overview of TIF and Tax Abatement, City Economic Development Policies
10. Review and consider a recommendations for 2019 GREDA Operations Budget and levy for Capital Projects Fund
11. Updates:
 - a. SCDP Projects
12. Adjourn

GREDA Members/terms:

Dale Christy – 12/31/18 (with council term)
Rick Blake– 12/31/18 (with council term)
Mike Przytarski – 3/1/21
Cory Jackson – 3/1/23
Mike Korte – 3/1/24
Chris Lynch – 3/1/19
Sholom Blake – 3/1/19

**GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING
THURSDAY, MAY 24, 2018
4:00 P.M.
GRAND RAPIDS CITY HALL – CONFERENCE ROOM 2A
420 NORTH POKEGAMA AVE., GRAND RAPIDS, MINNESOTA**

CALL TO ORDER: Pursuant to due notice and call thereof, a Regular Meeting of the Grand Rapids Economic Development Authority (GREDA) was called to order on Thursday, May 24, 2018 at 4:00 p.m. in Conference Room 2A of City Hall, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

CALL OF ROLL: On a Call of Roll the following members were present: Commissioners: Sholom Blake, Rick Blake, Mike Przytarski, Dale Christy. Absent: Chris Lynch, Cory Jackson.

SETTING OF REGULAR AGENDA: Approved with addition.

- Approve payment to ASV in the amount of \$125,000.00.
- Approve a resolution accepting a \$1,000.00 grant from the Blandin Foundation.

APPROVAL OF MINUTES:

MOTION BY COMMISSIONER PRZYTARSKI, SECOND BY COMMISSIONER R. BLAKE TO APPROVE THE MINUTES OF THE MARCH 22, 2018 REGULAR MEETING. The following voted in favor thereof: S. Blake, R. Blake, Christy, Przytarski. Opposed: None, passed unanimously.

Commissioner Jackson joined the meeting at 4:03 p.m.

APPROVAL OF CLAIMS:

MOTION BY COMMISSIONER CHRISTY, SECOND BY COMMISSIONER PRZYTARSKI TO APPROVE CLAIMS IN THE AMOUNT OF \$43,765.63.

Itasca County H.R.A	\$43,507.50	Minnesota Energy Resources	\$122.95
P.U.C	\$135.18		

The following voted in favor thereof: S. Blake, Jackson, R. Blake, Christy, Przytarski. Opposed: None, passed unanimously.

Approve payment to ASV in the amount of \$125,000.00 .

MOTION BY COMMISSIONER R. BLAKE, SECOND BY COMMISSIONER CHRISTY TO APPROVE PAYMENT IN THE AMOUNT OF \$125,000.00 TO ASV. The following voted in favor thereof: Jackson, Przytarski, Christy, R. Blake, S. Blake. Opposed:None, passed unanimously.

Presentation: Visit Grand Rapids Annual Report, Megan Christianson.

Ms. Christianson provided handouts that showed the amount of money spent in the area from tourism and the types of marketing used by Visit Grand Rapids. She also said there is a demand for more conference space and rooms due to the closure of the Sawmill Inn.

Consider approval of the 2017 GREDA Annual Report.

Mr. Mattei reviewed the report with the Commissioners. This past year GREDA was successful in securing \$1.4 million in outside funding.

MOTION BY COMMISSIONER PRZYTARSKI, SECOND BY COMMISSIONER JACKSON TO APPROVE THE 2017 GREDA ANNUAL REPORT. The following voted in favor thereof: Przytarski, Jackson, R. Blake, S. Blake, Christy. Opposed: None, passed unanimously.

Review preliminary plan and cost estimate for grading Airport South Industrial Park, Phase 2.

The total estimated cost was \$260,000.00 for the grading, at this time Mr. Mattei feels it would not be beneficial to move forward with the project.

Approve a resolution accepting a \$1000.00 grant from the Blandin Foundation for the development of a new community profile.

MOTION BY COMMISSIONER JACKSON, SECOND BY COMMISSIONER R. BLAKE TO ADOPT RESOLUTION 18-01 ACCEPTING A \$1000.00 BLANDIN FOUNDATION GRANT FOR THE DEVELOPMENT OF A NEW COMMUNITY PROFILE. The following voted in favor thereof: Jackson, Przytarski, Christy, S. Blake, R. Blake. Opposed: None, passed unanimously.

Updates:

SCDP-The commercial projects are moving forward with Thousand Lakes Sporting Goods, Reed Drug, Margo Office and Globe Drug all having selected contractors and applied for building permits. The rest of the projects are still preparing a scope of work or in the bidding process.

Sawmill Inn Redevelopment- The architect is working on completing the TIF redevelopment analysis and it should meet the TIF test. Mr. Mattei expects to receive a TIF application from the developer in early June.

There being no further business the meeting adjourned at 4:47 p.m.

Respectfully submitted:

Aurimy Groom, Recorder



CITY OF
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REQUEST FOR GRAND RAPIDS EDA ACTION

Agenda Item #7

Meeting Date: 7/12/18

Statement of Issue:

Consider approval of an Independent Contractor Agreement with Ashley Brubaker for on-site management of Central School.

Background:

Dating back to the Central School Commission, the janitorial and building management services have been provided for under one contract with Filthy Clean that was automatically extended. The City Building Maintenance division has decided to terminate that contract and re-bid the cleaning services portion.

At that same time Ashley Brubaker, owner of True North Salon and tenant in Central School, expressed an interest in providing on-site management services including marketing of the building spaces and events. With the support of the other tenants, Ms. Brubaker submitted a proposal, which was reviewed by Commissioners Przytarski and Jackson together with staff. The terms of the draft agreement have been negotiated between the parties to the satisfaction of the Commissioners, staff and Ms. Brubaker.

The responsibilities of Ms. Brubaker, as the contractor, include:

- Marketing Central School to customers and new tenants
- Attend networking events, as a representative of Old Central School
- Receive new tenant inquiries; refer all potential tenants to GREDA
- Be available for emergency calls to assist with facility manager as needed
- Act as liaison between tenants and the facility manager
- Facilitate monthly tenant meetings
- Maintain communication with tenants
- Serve a point of contact for tenants or community members to organize, plan and participate in events in the building
- Oversee events occurring in the building
- Coordinate daily room rental

	<ul style="list-style-type: none"> • Manage distribution and collection of tenant keys • Provide a written or oral account of activities and achievements to GREDA on a bi-annual basis. <p>The fee for providing this service is 8% of the rent collected from other Central School tenants. At current occupancy, that fee equates to roughly \$309 monthly. At full occupancy with current full rates, the monthly compensation would increase to approximately \$640.</p>
Recommendation:	Approve the Independent Contractor Agreement with Ashley Brubaker.
Required Action:	Pass a motion approving the Independent Contractor Agreement with Ashley Brubaker.
Attachments:	Agreement

INDEPENDENT CONTRACTOR AGREEMENT
Grand Rapids Economic Development Authority and Ashley Brubaker

THIS AGREEMENT is made on _____, 2018, by and between the City of Grand Rapids Economic Development Authority (“GREDA”) and Ashley Brubaker (“Contractor”).

RECITALS

WHEREAS, GREDA desires to retain an on-site manager to act as a liaison between tenants and GREDA at the Central School and to promote/implement an effective marketing plan to draw new tenants; and

WHEREAS, Ashley Brubaker is a current tenant of Central School and has the desire and capability to contract for the position of on-site manager at Central School;

NOW, THEREFORE, for good and valuable consideration, GREDA and Contractor agree as follows:

1. Services to be Rendered: During the term of this Agreement, Contractor shall render the services set forth in “Exhibit 1,” which is attached hereto and incorporated herein by reference.
2. Fees for Services: As fees for the services rendered, GREDA shall pay to Contractor, on the first Monday of each month of the term of this Agreement, an amount equal to 8% of the rent collected from the other Central School tenants during the preceding month.
3. Independent Contractor: Nothing contained herein or any document executed in connection herewith shall be construed to create an employer-employee relationship between GREDA and the Contractor. The Contractor is an independent contractor and not an employee of GREDA. Neither party shall represent the Contractor as an employee of GREDA to the public, or use GREDA’s name in the Contractor’s business in any way. The fees set out in paragraph 2 above shall be the sole consideration due the Contractor for the services to be rendered under this agreement. GREDA will not withhold any amounts for payment of taxes from the fees for services paid to Contractor hereunder. The Contractor will not represent to be or hold himself/herself out as an employee of GREDA and the Contractor acknowledges that she shall not have the right or entitlement in or to any of the benefit programs now or hereafter available to GREDA’s regular employees. Any and all sums subject to deductions, if any, required to be withheld and/or paid under any applicable state, federal or municipal laws or union regulations shall be the Contractor’s sole responsibility and the Contractor shall indemnify and hold GREDA harmless from any and all damages, claims and expenses arising out of or resulting from any claims asserted by any taxing authority or otherwise as a result of or in connection with aid payments.
4. Term/Renewal: This Agreement shall commence July 1, 2018, and shall be renewed annually on December 31 of each year from and after the date of this Agreement, until

either party gives written notice of non-renewal or the Agreement is otherwise canceled as provided in Paragraph 5 of this Agreement. If either party gives written notice of non-renewal to the other party, at the address stated in the Notice provision of this Agreement, or such other address as the parties subsequently may advise in writing, and the other party receives such notice on or before November 30 of a given year, the Agreement shall expire as of December 31 of that year. If either party gives written notice of non-renewal to the other party after November 30 of a given year, then the Agreement shall expire on December 31 of the following year unless the Agreement is otherwise canceled as provided for in Paragraph 5 of this Agreement.

5. Cancellation: Notwithstanding the foregoing, this Agreement may be canceled by either party at any time during its term upon sixty (60) days advance written notice to the other party.
6. Notice: Any notice of or written communication required in this Agreement shall be deemed effective when personally delivered to the appropriate party at the address set forth below:

Contractor
Ashley Brubaker
10 NW 5th Street, Suite 112
Grand Rapids, MN 55744

GREDA
Rob Mattei, Executive Director
420 No. Pokegama Ave.
Grand Rapids, MN 55744

7. Contractor Responsibilities:
 - a. Contractor agrees to supply her employer identification number from the Internal Revenue Service and taxpayer identification number from the State of Minnesota and to comply with all tax laws applicable to the operation of a business such as Contractor's, including but not limited to the reporting of all gross receipts therefrom as income from the operation of a business, the payment of all self-employment taxes, compliance with all employment tax requirements for withholding on any employees used by Contractor, and compliance with the State of Minnesota's worker's compensation laws. Contractor acknowledges the payments by GREDA to the Contractor will be subject to information reporting requirements (and backup withholding requirements, if and as applicable), as the same are imposed by applicable law.
 - b. Contractor agrees to secure any and all necessary licenses, permits and registrations for the operation of Contractor's business and to perform the services enumerated herein, and to conduct such business in full compliance with all applicable laws, codes and regulations.
 - c. Any and all expenses incurred by Contractor in providing services under this Agreement are the sole responsibility of Contractor unless pre-authorized by GREDA in writing.

8. Confidentiality: In the course of performing services under this Agreement the Contractor may come into contact with or become familiar with data that is nonpublic under the Minnesota Government Data Practices Act (Minn. St. Ch. 13). The Contractor agrees to not disclose or discuss such data with anyone other than the appropriate GREDA personnel.
9. Indemnity: The Contractor shall save and protect, hold harmless, indemnify and defend GREDA, its officers, agents, and employees against any and all liability, causes of action, claims, loss, damages or cost and expense arising out of or relating to the services rendered by the Contractor under this Agreement.

Contractor shall be responsible for the professional quality, technical accuracy, and coordination of all services furnished by Contractor under this Agreement. Contractor shall, without additional compensation, correct or revise any errors or deficiencies in Contractor's final reports and services.

10. Insurance: Contractor shall not commence work under this Agreement until she has obtained, at her own expense, all insurance required herein. The insurance coverage required to be obtained by the Contractor is subject to approval of GREDA and shall be maintained by Contractor until the termination of this Agreement. Contractor further agrees that to protect herself as well as GREDA under the indemnity section of the Agreement set forth above, she at all times during the term of the Contract shall have and keep in force:
 - a. Commercial General Liability (CGL) insurance, and if necessary commercial umbrella insurance, with limits of not less than \$1,000,000 for each occurrence. If such insurance contains a general aggregate limit, the general aggregate limit shall not be less than \$2,000,000 and the aggregate limit shall apply on a per project basis. The insurance shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal injury and advertising injury, and contractually assumed liability. GREDA shall be named as an additional insured under the CGL.
 - b. The Contractor shall provide a certificate of insurance showing evidence of workers' compensation coverage or provide evidence of qualification as a self-insurer of workers' compensation.

Insurance certificates evidencing that the above insurance is in force with companies acceptable shall be submitted for examination and approval prior to the execution of this Agreement, after which they shall be filed with GREDA. The insurance certificates shall specifically provide that a certificate shall not be modified, canceled, or non-renewed except upon thirty (30) days prior written notice to GREDA. Neither GREDA's failure to require or insist upon certificates or other evidence of insurance showing a variance from the specified coverage changes Contractor's responsibility to comply with the insurance specifications.

GREDA may withhold payment for failure of the Contractor to furnish certificates of insurance as required above.

11. Assignments: Neither party to this Agreement shall assign this Agreement, nor any rights, obligation, or interest arising herein, without the written consent of the other party.
12. Entire Agreement and Amendments: This Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and replaces and supersedes all other agreements or understandings, whether written or oral. No amendment or extension of this Agreement shall be binding unless in writing and signed by both parties. There are no other agreements between Contractor and GREDA except as appears in this Agreement.
13. Governing Law and Severability: This Agreement shall be governed by and interpreted in accordance with the laws of the State of Minnesota. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity of enforceability of any other provision and the remainder of this Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto set their hands as of the date first written above.

**GRAND RAPIDS ECONOMIC
DEVELOPMENT AUTHORITY**

ASHLEY BRUBAKER

By: _____
Sholom Blake, President

Ashley Brubaker

EXHIBIT 1

INDEPENDENT CONTRACTOR AGREEMENT

Responsibilities of Contractor to include:

- Marketing Central School to customers and new tenants
- Attend networking events, as a representative of Old Central School
- Receive new tenant inquiries; refer all potential tenants to GREDA
- Be available for emergency calls to assist with facility manager as needed
- Act as liaison between tenants and the facility manager
- Facilitate monthly tenant meetings
- Maintain communication with tenants
- Serve a point of contact for tenants or community members to organize, plan and participate in events in the building
- Oversee events occurring in the building
- Coordinate daily room rental
- Manage distribution and collection of tenant keys
- Provide a written or oral account of activities and achievements to GREDA on a bi-annual basis.



CITY OF
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Economic Development Policies

City of Grand Rapids, Minnesota

Business Subsidy
Tax Abatement
Tax Increment Financing

Original: May 2002

Amended: April 13, 2015

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City of Grand Rapids Business Subsidy Policy

The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes, Sections 116J.993 through 116J.995, as amended (the "Act"). The term "City" means the City of Grand Rapids. The term "project" means the proposed improvements with respect to which the business subsidy is provided.

A. MANDATORY CRITERIA

All projects must comply with the following criteria:

1. *But For Test*. There is a substantial likelihood that the project would not go forward without the business subsidy. This criterion may be met based solely on representations of the recipient of the business subsidy.
2. *Wage Policy*. If the project results in the creation of any living wage jobs, defined as a job which pays wages and benefits that total at least 110% of the current federal poverty rate for a family of four or such greater amount as the City may require for a specific project, the living wage for each part-time and full-time job created must be paid within two years of the date assistance is received (as defined in the Act).
3. *Economic Feasibility*. The recipient must demonstrate to the satisfaction of the City that it has adequate financing for the project and that the project will be completed in a timely fashion.
4. *Compliance with Act*. The business subsidy from the City must satisfy all requirements of the Act.

B. POLICY

1. The City recognizes that the creation of living wage jobs is a desirable goal which benefits the community. Nevertheless, not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage level requirements may be unrealistic and counterproductive in light of economic conditions in the Grand Rapids area and the financial and competitive circumstances of an individual business. In determining the requirements for a project under consideration for a business subsidy, the determination of the number of jobs to be created and the wage levels therefore will be guided by the following principles and criteria:
 - a. The evaluation of projects will take into consideration the project's importance in and benefit to the community from all perspectives, including created or retained jobs.
 - b. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, assistance may be approved without any specific job or wage goals if permitted by applicable law.

- c. In cases where the objective is the retention of existing jobs, the recipient of the subsidy will be required to provide evidence which demonstrates that the loss of those jobs is specific and demonstrable.
 - d. The setting of wage and job goals will be informed by (i) prevailing wage rates, (ii) local economic conditions, (iii) external economic forces over which neither the City nor the recipient of the subsidy has control, (iv) the financial resources of the recipient and (v) the competitive environment in which the recipient's business exists.
2. Because it is not possible to anticipate all the needs and requirements of every type of project and the ever-changing needs of the community and in order to retain the flexibility necessary to respond to all proposed projects, the City retains the right to approve projects and business subsidies which may vary from the principles and criteria set forth herein.

C. PROJECT EVALUATION CRITERIA

The project review and evaluation criteria are the following:

1. Jobs and Wages
 - a. *New and Retained Jobs*. The minimum net number of direct full time equivalent jobs to be created or retained by the proposed project for a period of at least two years from the estimated benefit date.
 - b. *Payroll*. The minimum annual net payroll (including employer contributions for health benefits) to be generated at the end of the third anniversary date of the estimated benefit date.
2. Tax Base
 - a. *Increase in Tax Base*. The net increase in property taxes estimated to be generated by the project in the first full year of operation.

Land Use

- b. *Compliance with Comprehensive or Other Plans*. Whether, apart from any needed services to the community described in section 5 below, the project is more compatible with the comprehensive plan than other permitted uses for the property. For example, the project may involve a "clean" industry such as a technology or service business which is preferred over other permitted uses.
- c. *Marginal Property*. Whether the project is located on property which needs but is not likely to be developed or redeveloped because of blight or other adverse conditions of the property. For example property may

be so blighted that the cost of making land ready for redevelopment exceeds the property's fair market value.

- d. Design and/or Other Amenities. Whether, as a result of the business subsidy, the project will include design and/or amenity features not otherwise required by law. For example, the project may, at the request of the City, include landscaping, open space, public trails, employee work out facilities or day care facilities which serve a public purpose but are not required by law.

3. Impact on Existing and Future Public Investment

- a. Utilization of Existing Infrastructure Investment. Whether and to what extent (a) the project will utilize existing public infrastructure capacity and (b) the project will require additional publicly funded infrastructure investments.
- b. Direct Monetary Return on Public Investment. Arrangements made or to be made for the City to receive a direct monetary return on its investment in the project. For example, the business subsidy may be in the form of an interest bearing loan or may involve a project sharing arrangement.

4. Economic Development

- a. Leveraged Funds. For every dollar of business subsidy to be provided for the project, the minimum amount of private funds which will be applied towards the capital cost of the project.
- b. Spin Off Development. The amount of non-subsidized development the project is expected to generate in the surrounding area and the need for and likelihood of such spin off development.
- c. Growth Potential. Based on recipient's market studies and plans for expansion, whether and to what extent the project is expected within five years of its completion, be expanded to produce a net increase of full time equivalent jobs and of payroll, over and above the minimum net increase in jobs and payroll described in section 1 above.

5. Quality of Life

- a. Community Services. Whether the project will provide services in the community and the need for such services. For example, the project may provide health services, retail convenience services such as a nearby grocery store, or social services needed in the community.
- b. Natural Environment. Whether the project will add to, or detract from, the environment. The natural environment surrounding our community plays an integral part in the local tourist and forest based economy. It is a reflection of what is important to the community - clean air and water,

beautiful scenery, recreational opportunities, and a strong desire to pass along these attributes to future generations.

6. Other

- a. *Other Factors*. Depending on the nature of the project, such other factors as the City may deem relevant in evaluating the project and the business subsidy proposed for it.

D. ADDITIONAL CONSIDERATIONS

The City will give consideration to one or more of the issues listed below in determining whether to provide financial or other assistance to a project as a business subsidy:

- 1. The City may consider the requirements of any other business subsidy received, or to be received, from a grantor other than the City.
- 2. If the business subsidy is a guaranty, the amount of the business subsidy may be valued at the principal amount of the guaranteed payment obligation.
- 3. If the business subsidy is real or personal property, the amount of the subsidy will be the fair market value of the property as determined by the City.
- 4. If the business subsidy is received over time, the City may value the subsidy at its present value using a discount rate equal to an interest rate which the City determines is fair and reasonable under the circumstances.

As used herein "benefit date" means the date the business subsidy is received. If the business subsidy involves the purchase, lease, or donation of physical equipment, then the benefit date occurs when the recipient puts the equipment into service. If the business subsidy is for improvements to property, then the benefit date refers to the earliest date of either: when the improvements are finished for the entire project, or when a business occupies the property.

E. FINANCIAL ASSISTANCE NOT CONSIDERED A BUSINESS SUBSIDY

"Business subsidy" means a local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.

The following forms of financial assistance are not a business subsidy that would require a public hearing as per Minnesota Statutes, §§ 116J.993, Subd.3:

1. A business subsidy of less than \$150,000;
2. Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
3. Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
4. Redevelopment property polluted by contaminants as defined in section 116J.552, subdivision 3;
5. Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50 percent of the total cost;
6. Assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
7. Assistance for housing;
8. Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under section 469.174, subdivision 23;
9. Assistance for energy conservation;
10. Tax reductions resulting from conformity with federal tax law;
11. Workers' compensation and unemployment compensation;
12. Benefits derived from regulation;
13. Indirect benefits derived from assistance to educational institutions;
14. Funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
15. Assistance for a collaboration between a Minnesota higher education institution and a business;
16. Assistance for a tax increment financing soils condition district as defined under Minnesota Statutes, Section 469.174, Subdivision 19;
17. Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;

- 18. General changes in tax increment financing law and other general tax law changes of a principally technical nature;
- 19. Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;
- 20. Funds from dock and wharf bonds issued by a seaway port authority;
- 21. Business loans and loan guarantees of \$150,000 or less; and
- 22. Federal loan funds provided through the United States Department of Commerce, Economic Development Administration; and
- 23. Property tax abatements granted under section 469.1813 to property that is subject to valuation under Minnesota Rules, chapter 8100.

Notwithstanding the definitions listed above under 1 and 21, "business subsidies" as defined also includes the following forms of financial assistance and is subject to this policy, with the exception of a public hearing as the amount of assistance is less than \$150,000, with limited reporting forms required:

- 1. a business subsidy of \$25,000 or more; and
- 2. business loans and guarantees of \$75,000 or more.

The definition of a "business subsidy" is in compliance with the Act and is subject to any amendments that may occur.

Adopted by: _____

Date of Adoption: _____

Date of Public Hearing: _____

City of Grand Rapids Tax Abatement and Tax Increment Financing Policy

A. PURPOSE

The purpose of this policy is to establish the City's position relative to the use of Tax Abatement and Tax Increment Financing (TIF), also referred to in this document as the *business assistance programs*, or *business assistance*. This policy shall be used as a guide in the processing and review of applications requesting the use of Tax Abatement and Tax Increment Financing. It is the expressed intent of the City to minimize the risk and amount of business assistance to a project and to leverage its public dollars to maximize private sector funding.

The City is granted the power to utilize the business assistance programs by Minnesota Statutes, Sections 469.1812 through 469.1815 and Sections 469.174 through 469.1794, as amended. The fundamental purpose of the business assistance programs is to encourage desirable private development or redevelopment within the City that would not occur *but for* the assistance provided.

The City will approve or reject requests for business assistance on a case by case basis taking into consideration established policies, project criteria, and the project's demonstrated public purpose. Meeting all policy criteria does not guarantee approval of the requested business assistance. The City maintains its ability to approve or deny the request at its discretion.

B. PUBLIC PURPOSE OBJECTIVES

The City will consider the use of business assistance programs which demonstrate the achievement of one or more of the following public purpose objectives:

1. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
2. To enhance and/or diversify the City's economic base.
3. To encourage additional unsubsidized private (re)development.
4. To remove blight and/or encourage (re)development of commercial and industrial areas.
5. To create housing opportunities for senior and low to moderate income families.

6. To provide a diversity of housing types adjacent to the cultural, recreational, economic, natural, education and transportation systems.
7. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
8. To accomplish other public policies which may be adopted, in particular projects that are consistent with those community values and objectives as described within the Comprehensive Plan.

C. POLICY POSITIONS

1. Business assistance shall be provided primarily through pay-as-you-go financing in order to minimize the risk of public participation.
2. Business assistance requests for up-front project financing through the sale of bonds or other internal sources will require personal guarantees of the developer. These requests shall be addressed on a case by case basis and be limited to the following highest priority projects:
 - Projects related to redevelopment of the Central Business District.
 - Projects which will remediate environmentally contaminated sites where such costs exceed the fair market value of the property.
3. Business assistance shall not be provided for projects without a minimum developer equity injection of 10%.
4. Business assistance shall only be provided for projects with a demonstrated market demand.
5. Business assistance shall not be provided in cases where it would create an unfair competitive advantage for the assisted project(s).
6. Business assistance shall not be provided to developers/projects that cannot adequately demonstrate an ability to complete the proposed project on time and on budget.

D. PROJECT REQUIREMENTS

All projects requesting business assistance must demonstrate the following:

1. That the project is not financially feasible but for the use of Tax Abatement or Tax Increment Financing.
2. That the project will comply with all provisions set forth in Minnesota Statute chapters 116J.993 through 116J.995, as amended (Business Subsidies), if applicable.

3. That the business assistance request complies with all provisions set forth in Minnesota Statutes, Sections 469.1812 through 469.1815 as amended (Tax Abatement), or Sections 469.174 through 469.1794 as amended (Tax Increment Financing), as applicable.
4. That the project is consistent with the City's comprehensive plan, land use plan, and zoning ordinances.

E. APPLICATION PROCESS

1. Applicant submits a Business Assistance Application (Exhibit A) to the Community Development Office of the City.
2. Staff reviews the application and completes the Application Review Worksheet (Exhibit B/C).
3. Staff submits results of the Worksheet for review by the EDA (commercial/industrial project), or the HRA (housing project), or both if appropriate for a mixed use project.
4. EDA and/or HRA review proposal, provide comments, and make an advisory recommendation to the City Council on denial or approval of the request within 30 days.
5. If advisory approval is granted, staff prepares all necessary notices, resolutions and certificates.
6. City Council holds public hearing(s) on the proposed project to consider the advisory recommendation(s).
7. The City Council grants final approval or denies the request.

**EXHIBIT A
BUSINESS ASSISTANCE APPLICATION**

A. APPLICANT INFORMATION

Name of Corporation/Partnership _____

Address _____

Primary Contact _____

Address _____

Phone _____ Fax _____ E-mail _____

Type of business assistance requested (select one):

- Tax Abatement
- Tax Increment Financing

Have you been, or are you currently, involved in any bankruptcy proceedings or lawsuits related to other development projects with which you have been involved? If yes, please provide an explanation.

- Yes
- No

On a separate sheet, please provide the following:

- Brief description of the corporation/partnership’s business, including history, principal product or service, etc. **Attach as Part 1.**
- List names of officers and shareholders/partners with more than five percent (5%) interest in the corporation/partnership. **Attach as Part 2.**
- Brief description of the proposed project. **Attach as Part 3.**
- A *but for* analysis and narrative. **Attach as Part 4.**

Attorney Name _____

Address _____

Phone _____ Fax _____ E-mail _____

Contractor Name _____

Address _____

Phone _____ Fax _____ E-mail _____

Engineer Name _____

Address _____

Phone _____ Fax _____ E-mail _____

C. PUBLIC PURPOSE OBJECTIVES

It is the policy of the City of Grand Rapids that the business assistance should result in a public benefit as identified in items 1-7 below. Please indicate how the proposed project will accomplish this by checking the appropriate boxes. **Attach additional narrative as Part 7.**

- 1. To retain local jobs and/or increase the number and div
- 2. To enhance and/or diversify the City's economic base.
- 3. To encourage additional unsubsidized private (re)development.
- 4. To remove blight and/or encourage (re)development of commercial and industrial areas.
- 5. To create housing opportunities for senior and low to moderate income families.
- 6. To provide a diversity of housing adjacent to cultural, recreational, economic, natural, education, and transportation systems.
- 7. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
- 8. To accomplish other public policies which may be adopted, in particular projects that are consistent with those community values and objectives described within the Comprehensive Plan.

D. SOURCES & USES OF FUNDS Attach additional information as Part 8

<u>SOURCES</u>	<u>AMOUNT</u>
Bank Loan	\$ _____
Other Loans	\$ _____
Owner Equity	\$ _____
Fed Grant/Loan	\$ _____
State Grant/Loan	\$ _____
Tax Abatement	\$ _____
Tax Increment Financing	\$ _____
Industrial Development Bonds	\$ _____
Other	\$ _____
TOTAL	\$ _____

<u>USES</u>	<u>AMOUNT</u>
Land Acquisition	\$ _____
Site Development	\$ _____
Construction	\$ _____
Machinery & Equipment	\$ _____
Architectural/Engineering Fees	\$ _____
Debt Service Reserve	\$ _____
Contingencies	\$ _____
Other	\$ _____
TOTAL	\$ _____

Total Amount of business assistance requested from either Abatement or Tax Increment Financing:
 \$ _____

E. ADDITIONAL DOCUMENTATION AND CHECKLIST

Applicants will also be required to provide the following documentation.
 All personal financial information will be kept private and confidential.

- 1. Written business plan or a description of the business, ownership/ management, date established, products and services, and future plans.
- 2. Financial statements for past two years, including profit and loss statements and balance sheets.
- 3. Two year financial projections, or if housing project, or leased space, include a 10-year operating pro-forma.
- 4. Personal financial statements of all major shareholders (principals) including the most recent 2 years of tax returns.
- 5. Letter of commitment from other sources of financing, stating terms and conditions of their participation in the project.
- 6. Administrative fee of \$5,000. In addition to defraying the cost of staff time, the fee will be used to pay costs associated with processing this request for financial assistance such as legal, engineering and financial analysis. The City reserves the right to stop the processing of the request until additional fees are paid should the original amount be insufficient to pay such costs. That portion which remains unspent, if any, will be returned only if the project is denied approval.
- 7. Attach the following documentation:
 - _____ Part 1 – Corporation/Partnership Description
 - _____ Part 2 – List of Shareholders/Partners
 - _____ Part 3 – Description of Project
 - _____ Part 4 – *But For* Analysis

- _____ Part 5 – List of Prospective Lessees
- _____ Part 6 – Legal Description, Property Identification Numbers,
maps of the project area, and project renderings
- _____ Part 7 – Public Purpose Narrative
- _____ Part 8 – Sources & Uses of Funds – Additional Information

The undersigned certifies that all information provided in this application is true and correct to the best of the undersigned’s knowledge. The undersigned authorizes the City of Grand Rapids to check credit references, verify financial and other information, and share this information with other political subdivisions as needed. The undersigned also agrees to provide any additional information as may be requested by the City after the filing of this application.

Applicant Name _____ Date _____

By _____

Its _____

EXHIBIT B
BUSINESS ASSISTANCE REVIEW WORKSHEET
FOR COMMERCIAL/INDUSTRIAL PROJECTS
TO BE COMPLETED BY APPLICANT AND CITY STAFF

A. The project meets which of the following objectives as set forth in Section C of the Business Assistance policy:

(Each worth 2 Points)

Points

- 1. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
- 2. To enhance and/or diversify the City's economic base.
- 3. To encourage additional unsubsidized private (re)development.
- 4. To remove blight and/or encourage (re)development of commercial and industrial areas.
- 5. To create housing opportunities for senior and low to moderate income families.
- 6. To provide a diversity of housing adjacent to cultural, recreational, economic, natural, education, and transportation systems.
- 7. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
- 8. To accomplish other public policies which may be adopted, in particular projects that are consistent with those community values and objectives described within the Comprehensive Plan.

B. Ratio of Private to Public Investment in Project:

Points:

\$ _____	Private Investment	5:1	5
\$ _____	Public Investment (including other public sources)	4:1	4
_____	Ratio Private : Public Financing	3:1	3
		2:1	2
		Less than 2:1	1

C. Job Creation:

Points:

_____	Net <i>new</i> living wage jobs (total FTE)	50+	5
		40+	4
		25+	3
		15+	2
		Less than 15	1

D. Job Creation:

_____	Net living wage retained jobs (total FTE)	Points:	
		50+	4
		25+	3
		10+	2
		Less than 10	1

E. Project Investment:

_____	Value of Capital Investment (future taxable)	Points:	
		Over \$2 million	5
		\$1 - \$2 million	4
		\$0.5 - \$1million	3
		\$0.1 – \$0.5 million	2
		Less than \$0.1 million	1

F. Wage Level of Jobs Created:

Average hourly wage of <i>new</i> living wage jobs	(including non-mandated benefits) _____	Points:	
		Over \$22/hour	5
		\$20-22/hour	4
		\$16-19/hour	3
		\$13-15/hour	2
		Under \$13/hour	1

G. Ratio Of Business Assistance To New Jobs Created:

\$ _____	Business assistance requested	Points:	
_____	Number of net <i>new</i> jobs created	\$10,000 or less	5
\$ _____	of business assist. per net <i>new</i> job created	\$10,000 or less	4
		\$15,000 or less	3
		\$25,000 or less	2
		Over \$50,000	1

H. Project size:

The project will result in the construction of _____ square feet	Points:	
	50,000+	5
	30,000+	4
	15,000+	3
	5,000+	2
	5,000 or less	1

I. Business Growth Potential:

_____	High	Points:	
_____	Moderate		5
_____	Low		3
			1

J. Likelihood that the project will result in unsubsidized, spin-off development:

_____	High	Points: _____
		<u>5</u>
_____	Moderate	<u>3</u>
_____	Low	<u>1</u>

K. Impact on tax rate? All things being equal, how much would the City's tax rate hypothetically increase if the project were to proceed with the requested business assistance?

<input type="checkbox"/>	.01%-.02%	Points: _____
		<u>5</u>
<input type="checkbox"/>	.03%-.04%	<u>4</u>
<input type="checkbox"/>	.05%-.06%	<u>3</u>
<input type="checkbox"/>	.07%-.09%	<u>2</u>
<input type="checkbox"/>	.10%-.12%	<u>1</u>

Sub-Total Points _____ of a possible 65 points.

Bonus Points

Bonus Points:

The project will be 100% <i>pay-as-you-go</i> financing	_____
	<u>5</u>
If the business has demonstrated a clear and ongoing commitment to the City of Grand Rapids community by providing living wage jobs to their employees and City of Grand Rapids residents.	_____
	<u>5</u>

Total Points: _____

Overall project analysis:	High	51 - 75 points
	Moderate	31 - 50 points
	Low	21 - 30 points
	Not Eligible	0 - 20 points

EXHIBIT C
BUSINESS ASSISTANCE REVIEW WORKSHEET
FOR HOUSING PROJECTS

TO BE COMPLETED BY APPLICANT AND CITY STAFF

A. The project meets which of the following objectives as set forth in Section C of the Business Assistance policy:

(Each worth 2 Points)

Points: _____

- 1. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits
- 2. To enhance and/or diversify the City's economic base.
- 3. To encourage additional unsubsidized private (re)development.
- 4. To remove blight and/or encourage (re)development of commercial and industrial areas.
- 5. To create housing opportunities for senior and low to moderate income families.
- 6. To provide a diversity of housing types adjacent to cultural, recreational, economic, natural, education and transportation systems
- 7. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
- 8. To accomplish other public policies which may be adopted, in particular projects that are consistent with those community values and objectives described within the Comprehensive Plan.

B. Ratio of Private to Public Investment in Project:

Points: _____

\$ _____ Private Investment	5:1	<u>5</u>
\$ _____ Public Investment	4:1	<u>4</u>
_____ Ratio Private : Public Financing	3:1	<u>3</u>
	2:1	<u>2</u>
	Less than 2:1	<u>1</u>

C. Project provides housing that is not restricted to persons 55 years and older:

Points: _____

3

D. Project provides that at least 30% of the total units are three-bedroom or more:

Points: _____

3

E. Project proposes rehabilitation of existing housing, housing stock, and maximizes utilization of existing infrastructure:

Points: _____

5

F. Project proposes a location near existing jobs, transportation, recreation, retail services, social services, and schools: **Points:** _____
5

G. Project size: **Points:** _____
 The project will result in the construction of _____ square feet 50,000+ 5
30,000+ 4
15,000+ 3
5,000+ 2
5,000 or less 1

H. Likelihood that the project will result in unsubsidized, spin-off development: **Points:** _____
 _____ High 3
 _____ Moderate 2
 _____ Low 1

I. Impact on tax rate? All things being equal, how much would the City's tax rate hypothetically increase if the project were to proceed with the requested business assistance? **Points:** _____

<input type="checkbox"/>	.01%-.02%	5
<input type="checkbox"/>	.03%-.04%	4
<input type="checkbox"/>	.05%-.06%	3
<input type="checkbox"/>	.07%-.09%	2
<input type="checkbox"/>	.10%-.12%	1

Sub-Total Points _____ **of a possible 50 points.**

Bonus Points **Bonus Points:** _____
 The project will be 100% *pay-as-you-go* financing 5

Total Points: _____
 Overall project analysis: High 45 - 55 points
 Moderate 30 - 44 points
 Low 15 - 29 points
 Not Eligible 0 - 14 points



REQUEST FOR GRAND RAPIDS EDA ACTION

Agenda Item #10	Meeting Date: 7/12/18
Statement of Issue:	Review and consider recommendations for draft 2019 GREDA Operations Budget and levy for Capital Projects Fund
Background:	<p>The Finance Department is requesting GREDA's recommended Operating Budget for 2019. I have attached a marked up operating budget worksheet for your review. The worksheet shows the actual line item expenditures in 2014-2017, as well as the 2018 adopted budget and a 2019 proposed budget, under which I have entered my suggestions.</p> <p>As provided for under §§469.107, the GREDA has over the last several years has requested the City levy for additional monies to begin to replenish the GREDA Capital Projects Fund. For the 2018 budget, GREDA received a levy of \$60,000. In order to maintain a positive balance in the Operations Budget, which is not replenished by a significant, dedicated, revenue source, GREDA, in the 2018 budget, requested that a \$15,000 amount of the City levy be deposited in the Operations Budget.</p> <p>A similar request of \$60,000 from the City levy is staff's recommendation, however, a similar apportionment of the levy to fund the Operations Budget would not be necessary in 2019.</p>
Recommendation:	Review the proposed 2019 Operating Budget, consider any amendments and pass on a recommended budget to the City Council.
Required Action:	Pass a motion adopting a recommended 2019 Operating Budget and levy request of \$60,000.
Attachments:	Budget Worksheet

CITY OF GRAND RAPIDS
ECONOMIC DEVELOPMENT AUTHORITY

Actual 2014-2017 Expenditures, 2018 Budget And Proposed 2019 Budget

	2014 ACTUAL	2015 ACTUAL	2016 ACTUAL	2017 ACTUAL	2018 BUDGET	PROPOSED 2019 BUDGET
Fund Balance 1/1/XX:	80,858	69,164	54,695	42,310	28,558	28,908
REVENUES:						
Taxes						
Current	-	-	-	-	-	-
Fiscal Disparities	-	-	-	-	-	-
Total Taxes	-	-	-	-	15,000	-
Intergovernmental						
Supplemental Aid	-	-	-	-	-	-
Total Intergovernmental	-	-	-	-	-	-
Miscellaneous Revenue						
Miscellaneous Revenue	-	-	-	1,995	-	-
Interest - Investments	787	491	394	310	500	400
Total Miscellaneous	787	491	394	2,305	500	400
Other Sources						
Fund Balance Usage	-	-	-	-	-	-
TOTAL REVENUES	787	491	394	2,305	15,500	400
EXPENDITURES:						
Supplies/Materials	17	11	29	7	50	50
Professional Services	383	85	272	138	500	350
Accounting/Auditing Services	1,815	1,937	2,250	3,013	2,300	3,100
Legal	-	2,574	-	2,432	1,500	1,500
Consulting	10,000	10,000	10,000	10,000	10,000	10,000
Seminars/Meetings	-	60	-	-	250	250
General Insurance	19	19	15	22	50	50
Other Charges & Services	247	275	213	446	500	500
TOTAL EXPENDITURES	12,481	14,960	12,779	16,057	15,150	15,800
REVENUES > EXPENDITURES	(11,694)	(14,470)	(12,385)	(13,753)	350	(15,400)
FUND BALANCE 12/31/XX	\$ 69,164	\$ 54,695	\$ 42,310	\$ 28,558	\$ 28,908	\$ 13,508

*Need to transfer \$15,000 into operating from June 2018 apportionment.