



## **Economic Development Authority Agenda**

- 1. Call to Order**
  - a. Pledge of Allegiance
  - b. Roll Call
  - c. Agenda Modifications
  - d. Adopt Agenda
- 2. Approval of Meeting Minutes from November 16, 2021 Special Meeting**
- 3. Public Hearing**
  - a. Amendments to Business Subsidy Criteria
- 4. Adjournment**

**Economic Development Authority  
Meeting Minutes  
November 16, 2021**

1. **Call to Order:** Chair Johnson called the meeting to order at 6:46 pm
  - a. **Pledge of Allegiance**
  - b. **Roll Call:** EDA Members present: Jeff Johnson, Steve Lundeen, Paul Bergley, Luke Merrill, Dan Collison, and Jimmy Gordon  
Members Absent: Justin Nielson.  
Staff Present: Finance Director Mike Betker, HR Director Katie Grotte, City Engineer Jason Cook and Community Development Specialist Ryan Saltis
  - c. **Agenda Modifications:** None
  - d. **Adopt Agenda:** Motion by Merrill, second by Lundeen to adopt the agenda, motion passed 6-0.
2. **Business Items**
  - A. **Sale of Shovel Ready Site PID 16.125.0020:** Finance Director Betker explained that the Shovel Ready Site located at PID 16.125.0020 has an interested buyer, for \$1. Special Tools out of St Francis would like to expand their operations and intend to build and move into a 10,000 to 12,000 square foot building on this site. Adam, a representative of Special Tools, was present at the meeting and was asked questions by the EDA members. Gordon asked how many people are employed at Special Tools and how much they are looking to expand. The representative answered that Special Tools employs 3 people and are looking to grow in the future and up production requiring more employees in the long run. There was nobody else present to speak at the public hearing. Motion by Merrill, second by Lundeen to sell the Shovel Ready Site PID 16.125.0020 for \$1, motion passed 6-0.
3. **Other Business / Updates / Communications**     None
4. **Adjournment:** Motion by Lundeen to adjourn second by Collison, motion passed 6-0 meeting adjourned at 6:50 pm.



## MEMORANDUM

**To:** Mayor Johnson and Members of the City Council, and EDA Members  
**From:** Stephanie Hillesheim, Community Development Director  
**Date:** January 4, 2021  
**Subject:** Public Hearing to Amend the Business Subsidy Criteria

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The Business Subsidy Criteria outlines the City's ability to grant business subsidies as governed by the limitations established in Minnesota Statutes 116J.993 through 116J.995 (the "Statutes"). Some of the criteria established in the most recent version of the agreement was outdated or incongruent with our current standards. City staff reviewed the criteria and updated the redlined sections as show in the attached document.

The Economic Development Authority shall hold a public hearing allowing public comment on changes to the criteria.

**Proposed Action:**

Make a recommendation to the City Council to accept the amendments to the criteria as proposed and to approve Resolution 2022 -XXX APPROVING AMENDMENTS TO THE BUSINESS SUBSIDY CRITERIA.

**Attachments:**

- Business Subsidy Criteria



# Business Subsidy Criteria

City of Isanti, Minnesota

## Business Subsidy Criteria

2002

### 1 PURPOSE AND AUTHORITY

- 1.1 The purpose of this document is to establish the criteria for the City of Isanti, Minnesota (the "Grantor") for granting of business subsidies for private development. These criteria shall be used as a guide in the processing and reviewing of applications requesting business subsidies.
- 1.2 The City's ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.995 (the "Statutes").
- 1.3 Unless specifically excluded by the Statutes, business subsidies include grants by state or local government agencies, contributions of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient of the subsidy, 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.
- 1.4 These criteria are to be used in conjunction with other relevant policies of the Grantor.
- 1.5 The City may deviate from these criteria by documenting in writing the reason(s) for the deviation. The documentation shall be submitted to the Department of ~~Trade~~Employment and Economic Development with the next annual report.
- 1.6 The Grantor may amend this document at any time. Amendments to these criteria are subject to public hearing requirements contained in the Statutes. The Grantor may waive provisions of these criteria without holding a public hearing.
- 1.7 Any applicant who is not in good standing with the City, in regards to any licenses, fees, property taxes, or other specific City charges, will not be considered for business subsidies.

### 2 PUBLIC PURPOSE REQUIREMENT

- 2.1 All business subsidies must meet a public purpose.



- 2.2 The creation or retention of jobs may be, but is not required to be, a public purpose for granting a subsidy. The determination that jobs are not a public purpose for the subsidy and that the related wage and job goals are zero shall be made following a public hearing.
- 2.3 Job retention may only be used as a public purpose in cases where job loss is specific and demonstrable. The City shall document the information used to determine the nature of the job loss.
- 2.4 The creation of tax base shall not be the sole public purpose of a subsidy.
- 2.5 The wage floor for wages to be paid for the jobs created shall be ~~six dollars (\$6) for commercial businesses and eight dollars fifty cents (\$8.50) as required by state and/or federal law~~ for Industrial businesses. The City will seek to create jobs with higher wages as appropriate for the overall public purpose of the subsidy.

2.6 The purposes, priorities, goals and objectives in providing a business subsidy to assist private development under this policy, include but are not limited to, achieving the following:

- a) To redevelop blighted or under-utilized areas of the City.
- b) To create additional job opportunities within the City.
- c) To retain local jobs in the City, where job loss is specific and demonstrable.
- d) To enhance the economic diversity of the City and to provide essential products and services within the City.
- e) To enhance economic growth and opportunity in the City.
- f) To increase the City's tax base.
- g) To create opportunities for affordable and workforce housing and/or a diversification of housing stock available within the City.
- h) To target assistance to businesses that demonstrate a clear and ongoing commitment to the community.

2.7 Because projects vary greatly in structure and public benefit derived, each project will be considered on its own merits. Subject to clause (e) below, consideration will be given to projects providing public benefits in one or more of the following categories:

i. Redevelopment projects that result in the stabilization of business districts or neighborhoods by elimination of blighting conditions.

ii. Projects that result in the development of affordable senior or workforce housing.

iii. Quality of Life based on business/projects. Those business/entities that provide a desirable





good or service and address an unmet demand in the community will be considered. New job wage requirements will apply to any new jobs created.

### **3 BUSINESS SUBSIDY APPROVAL CRITERIA**

~~3.1 All new projects approved by the Grantor should meet the following minimum approval criteria. However, it should not be presumed that a project meeting these criteria will automatically be approved. Meeting these criteria creates no contractual rights on the part of any potential developer.~~

3.1 The City reserves the right to approve or reject projects on a case-by-case basis, taking into consideration established policies, project criteria, and demand on City services in relation to the potential benefits from the project. Meeting all or any portion of the policy criteria contained herein does not mean or guarantee the award of business assistance by the City to any project. Approval or denial of one project is also not intended to set precedent for approval or denial of another project. The City reserves the right, in its sole judgment and discretion, to approve or deny business assistance to a project based on the merits of the project and the overall benefit of the project to the community, using this policy and the criteria contained herein as the means of measuring overall benefit.

3.2 A business must submit a written request/application to the City for a Business Subsidy or other financial assistance with the required fee (if applicable). The business must submit all information as found in the Business Subsidy Application for any request for financial assistance from the City. The City of Isanti may request additional financial information as the deemed appropriate or necessary in its discretion to analyze and process the application.

~~3.23.3~~ To be eligible to receive a business subsidy, the recipient must meet the following minimum requirements:

- ~~a) a.~~ The subsidy must achieve a public purpose.
- ~~b) b.~~ The project must comply with local plans and ordinances.
- ~~c) c.~~ The recipient shall provide information demonstrating that granting the subsidy is necessary for the proposed development to occur.
- ~~d) d.~~ The recipient must enter into an agreement pursuant to these criteria and the Statutes.

~~3.33.4~~ The business subsidy shall be provided within applicable state legislative restrictions, debt limit guidelines, and other appropriate financial requirements and policies.



- ~~3.43.5~~ The project must be in accord with the Comprehensive Plan and Zoning Ordinances, or required changes to the plan and Ordinances must be under active consideration by the City at the time of approval.
- ~~3.53.6~~ Business subsidies will not be provided to projects that have the financial feasibility to proceed without the benefit of the subsidy. In effect, business subsidies will not be provided solely to broaden a developer's profit margins on a project. Prior to consideration of a business subsidy request, the Grantor may undertake an independent underwriting of the project to help ensure that the request for assistance is valid.
- ~~3.63.7~~ Prior to approval of a business subsidy, the developer ~~shall~~may be asked to provide any required market and financial feasibility studies, appraisals, soil boring, information provided to private lenders for the project, and other information or data that the Grantor or its financial consultants may require in order to proceed with an independent underwriting.
- ~~3.73.8~~ Any developer requesting a business subsidy should be able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed.
- ~~3.8 — The developer must retain ownership of the project at least long enough to complete it, to stabilize its occupancy, to establish the project management, and to initiate repayment of the business subsidy, if applicable.~~
- 3.9 A recipient of a business subsidy must enter into a subsidy agreement with the Grantor as described in Section 4.
- 3.10 A recipient of a business subsidy must make a commitment to continue operations within the City for at least five years after the benefit date.
- 3.11 Any business subsidy will be at the lowest possible level and for the least amount of time necessary, after the recipient maximizes the use of private debt and equity financing first.
- ~~3.12 A Business Subsidy of \$150,000 or more requires a public hearing with at least a 10-day notice in the official City newspaper. A public hearing for another purpose such as tax increment financing or abatement may be combined with the Business Subsidy hearing. A copy of the draft Business Subsidy agreement must be on file with the City.~~

#### **4 SUBSIDY AGREEMENT**



**City of Isanti, Minnesota**  
**Business Subsidy Criteria**

- 4.1 In granting a business subsidy, the Grantor shall enter into a subsidy agreement with the recipient that provides the information, wage and job goals, commitments to provide necessary reporting data and recourse for failure to meet goals required by the Statutes.
- 4.2 The subsidy agreement may be incorporated into a broader development agreement for a project.
- 4.3 The subsidy agreement will describe the requirements for the recipient to provide the reporting information required by the Statutes.
- 4.4 In all cases of business subsidy, where the subsidy is equal to or greater than the threshold prescribed in Minnesota Statutes, a subsidy agreement will be entered into between the City and the recipient. This agreement will comply with the requirements of Minn. Stat. § 116J.994, and delineate, among other required provisions, the subsidy structure and amount, as well as the expected public benefit. The agreement will include provisions for repayment and other resolution options if the expected public benefit is not achieved. Upon completion of the project, the actual costs of the elements of the project eligible for the business subsidy will be verified. All business subsidies will be subject to the criteria outlined in Minnesota Statutes, Sections 116J.933 through Section 116J.955, except those subsidies as exempted by the same.
  - a) Business Subsidies in the form of grants must be structured as forgivable loans. For other types of Business Subsidies, the agreement must state the fair market value of the subsidy to the recipient, including the value of conveying property at less than a fair market price, or other in-kind benefits to the recipient.
- 4.5 The City shall monitor the progress by the recipient in achieving the goals contained in the business subsidy agreement, and the recipient shall cooperate in all respects in meeting the reporting requirements contained in Minn. Stat. § 116J.994.