

**ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING AGENDA**

12:00 P.M., (Noon) Tuesday, October 8, 2024
East Grand Forks City Hall, 600 DeMers Ave NW
Training Room – First Floor South Wing
East Grand Forks, MN

The mission of the Economic Development Authority is to maintain and improve the economic vitality of East Grand Forks by doing the following:

- *By retaining & growing local businesses*
- *By creating & supporting investment & growth opportunities for commercial activities*
- *By creating & supporting opportunities for residential growth, including workforce housing*
- *By working to develop a workforce capable of meeting current & future needs of local employers.*

REGULAR MEETING

1. Roll Call: President Grinde, Board Members Black, Hecht, Helms, Horken, Larson, Stai
2. Approval of minutes
 - a. August 27, 2024, Regular Meeting
3. Bills and Communications
 - a. Review of Accounts Payable: September 3, 2024; September 17, 2024; October 1, 2024
4. Reports
 - a. Delinquencies Update: none
 - b. Director's Reports: August 2024; September 2024
 - c. Financial Reports:
5. Unfinished Business
6. New Business
 - a. Beneficial Ownership Information Reporting Requirement (Christine Anderson, SBDC)
 - b. Public Hearing: Policies Regarding Lending, Assistance, and Border Cities Tax Credits
 - c. Policies Update
 - d. Curb Appeal and Entrance Sign Update
 - e. 2025 Meeting Calendar
 - f. Cancel October 22, 2024, meeting?
7. Adjournment

Upcoming Meetings:

*1200 pm October 22, 2024 (scheduled; cancel?)
1200 pm December 10, 2024
1200 pm January 28, 2025*

Individuals with disabilities, language barriers or other needs who plan to attend the meeting and will need special accommodations should contact Nancy Ellis, ADA Coordinator at (218)-773-2208. Please contact us at least 48 hours before the meeting to give our staff adequate time to make arrangements. Also, materials can be provided in alternative formats for people with disabilities or with limited English proficiency (LEP) by contacting the ADA Coordinator (218)-773-2208 five (5) days prior to the meeting.

UNAPPROVED MINUTES OF THE REGULAR MEETING OF THE BOARD MEMBERS OF THE EAST GRAND FORKS ECONOMIC DEVELOPMENT AUTHORITY (EDA)

A regular meeting of the Board Members of the East Grand Forks Economic Development Authority was held at Noon on August 27, 2024.

Roll Call:

Meeting was called to order by President Grinde at 12:00 pm.

EDA Board present at roll, President Josh Grinde, Board Members: Ben Horken, Penny Stai, Daniel Black, and Brian Larson.

Absent: Justin Hecht, Dale Helms

Staff present: Paul Gorte (EDD), Economic Development Director; Brenda Ault (EA), Executive Assistant; Karla Anderson (FD), Finance Director; Ron Galstad (CA), City Attorney; Reid Huttunen (CA), City Administrator

Also Present: Greg Hufnagle and Alec Jalowiec, True Check LLC; Maggie Brockling, Jordan Midgarden, Energy & Customer Service Specialist, Water & Light Department; Matthew Voigt, Grand Forks Herald

1. Roll Call: President Grinde determined a quorum was present.

2. Approval of Minutes

a. July 23, 2024, Regular Meeting

A Motion was made to approve the July 23, 2024, Regular Meeting Minutes, by Board Member Black, seconded by Board Member Horken. M/S/P- Black, Horken; 5-0, mc.

b. August 14, 2024, Special Meeting

A Motion was made to approve the August 14, 2024, Special Meeting Minutes, by Board Member Horken, seconded by Board Member Black. M/S/P- Horken, Black; 5-0, mc.

3. Bills and Communications

a. Review of Accounts Payable: August 6, 2024; August 20, 2024: Board member Black questioned if Sunshine Terrace was having issues with the air conditioning, since a bill was listed for Johnson Controls. FD Anderson stated that it was for maintenance.

4. Reports

a. Delinquencies – None

b. Director's Reports: July 2024- EDD Gorte stated that the report was in the packet. No questions

c. Financial Reports: FD Anderson stated that the July & August reports would be ready for the next meeting

August 27, 2024

MINUTES OF THE REGULAR MEETING OF THE EAST GRAND FORKS ECONOMIC DEVELOPMENT AUTHORITY (EDA) (continued)

5. Unfinished Business

- a. Approval of Maggie Brockling as the new Economic Development Director at a salary of \$87,214.40 (Grade 20 Step 2), with a start date of October 1, 2024

EDD Gorte stated that the City received 11 applications for Economic Development Director. A committee reviewed the applications and selected four finalists. The EDA interviewed the four finalists on August 14 and authorized the City Administrator to offer the position to Maggie Brockling. She has agreed to accept the position at a salary of \$87,214.40 (Grade 20 Step 2) and begin work on October 1, 2024. He is requesting a motion to approve.

A Motion was made to approve of Maggie Brockling as the new Economic Development Director at a salary of \$87,214.40 (Grade 20 Step 2), with a start date of October 1, 2024, by Board Member Black, seconded by Board Member Stai. M/S/P- Black, Stai; RCV: Larson-Y, Black -Y, Stai -Y, Grinde -Y, Horken -Y; 5-0, mc.

6. New Business

- a. Meet the new Building Inspectors

EDD Gorte invited the men to introduce themselves. Greg Hufnagle stated he was the City Building Official and Alec Jalowiec, is the City Building Inspector, his company is True Check LLC. They are in town on Tuesday and Thursday each week and are available by phone the other days of the week, if needed.

- b. Jordan Midgarden: Water & Light Energy Programs

Energy and Customer Service Specialist Jordan Midgarden explained his role in meeting Minnesota ECO goals with energy conservation measures. He discussed both the residential and commercial/industrial rebate programs the Water & Light Department currently offers.

Board Member and City Council Member Larson asked if residents could use solar power now, Midgarden stated they were still working on an ordinance to address that.

- c. 2025 EDA Budgets

EDD Gorte explained that the EDA is responsible for four budgets: EDA Administration (620 account), New Home Incentive (280 account), Sunshine Terrace (630 account), and Infill Building (682 account). Attached are the proposed 2025 budgets for each account. The EDA Administration budget has been adjusted slightly to accommodate some training and travel expenses for the new Director. He is requesting a motion to approve the proposed 2025 EDA budgets as submitted.

A Motion was made to approve the budgets as presented, by Board Member Horken, seconded by Board Member Stai. M/S/P- Horken, Stai; RCV: Larson-Y, Black -Y, Stai -Y, Grinde -Y, Horken -Y; 5-0, mc.

August 27, 2024

MINUTES OF THE REGULAR MEETING OF THE EAST GRAND FORKS ECONOMIC DEVELOPMENT AUTHORITY (EDA) (continued)

d. Vonesh Update

EDD Gorte informed the Board that the SBA Loan on one of the lots has been paid off and we are waiting for updates on this issue.

The City Showcase will be on September 4th, from 5-7, it's a chance to meet and talk with City Officials and Departments.

7. Adjournment

Motion to adjourn the meeting was made at 12:19 p.m. by Board Member Black, seconded by Board Member Horken

The next regular meeting is September 24, 2024.

Respectfully Submitted,
Brenda Ault, Executive Assistant

Bills 09/03/2024

Account Number	Vendor	Description	GL Date	Check No	Amount
620-49-870-42000	Timothy Riopelle	Name Plate 2x10 Engraving	08/29/2024	43073	18.00
620-49-870-44300	SJA Thunder Corp	EDA Board lunch meeting	08/29/2024	43076	101.17
620-49-870-44300	SJA Thunder Corp	EDA Board lunch meeting	08/29/2024	43076	166.14
		Report Total:			285.31
630-46-410-43200	Allstream	Sunshine Terrace Phone Services 8/23/24-9/22/24	08/29/2024	43021	12.05
630-46-440-43190	Northland Yard Service	Install bullit edgers, plants, landscaping Sunshine Terrace	08/29/2024	43061	6,900.60
630-46-440-43190	Thur-O-Clean	August Cleaning Services - Sunshine Terrace	08/29/2024	43082	622.50
630-46-440-43800	Xcel Energy	Acct#51-5171995-8-Sunsine Terrace 7/17/24-8/15/24	08/29/2024	43088	202.47
630-46-440-43890	Midcontinent Communicati	Cable 8/8/24-9/7/24-Sunshine Terrace	08/29/2024	43055	2,693.61
630-46-440-44000	Sterling Carpet One	Sunshine Terrace Von Duprin Electric Strike	08/29/2024	43078	1,829.00
630-46-440-44380	Brian's Flooring Inc	Sunshine Terrace-Vinyl plank for kitchen, bathroom and entry	08/29/2024	43027	3,593.40
		Report Total:			15,853.63
682-46-503-43200	Allstream	Infill-elevator Phone Services 8/23/24-9/22/24	08/29/2024	43021	12.06
682-46-503-43800	Water and Light Departmen	005003-000/Infill/07/20/24-08/20/24	08/29/2024	43086	824.39
682-46-503-43800	Xcel Energy	302611407 - 411 2nd St NW-07/17/24-08/15/24	08/29/2024	43088	24.91
		Report Total:			861.36

Bills 091724

Account Number	Vendor	Description	GL Date	Check No	Amount
620-49-870-43100	Galstad Jensen & McCann PA	EDA Civil Services-August 2024	09/17/2024	43107	2,524.50
620-49-870-44000	US Bank Corporate Payment Systems	Adv Bus Methods - refund for charge to wrong card	09/17/2024	43159	-188.18
620-49-870-44000	US Bank Corporate Payment Systems	Adv Bus Method C127943-01-8/1/24-8/31/24	09/17/2024	43159	90.55
620-49-870-44000	US Bank Corporate Payment Systems	Adv Bus Method C127943-01 9/1/24-9/30/24 Services	09/17/2024	43159	88.66
620-49-870-44300	Global Safety Network, Inc.	Invoice#2024083121034123 - Background check for Ne	08/31/2024	43109	45.48
620-49-870-44300	Hugo's	EDA interview refreshments-Acct# 7732483	08/31/2024	43113	29.98
620-49-870-44300	US Bank Corporate Payment Systems	EDA interview refreshments	09/17/2024	43159	73.44
620-49-870-44390	Forum Communications Company	2024 Greater Grand Forks Advertising EDA	08/31/2024	43106	499.50
Report Total:					3,163.93
630-46-440-44330	US Bank Corporate Payment Systems	Subscription-credit reference check/background	09/17/2024	43159	132.00
630-46-440-43190	US Bank Corporate Payment Systems	Cintas - Mats for Sunshine Terrace	09/17/2024	43159	342.58
630-46-440-43800	Water and Light Department	005041-000/Sunshine Utilities/07/20/24-08/20/24	08/31/2024	43164	6,154.33
630-46-440-43800	Water and Light Department	005041-065/Sunshine 207/07/20/24-08/20/24	08/31/2024	43164	53.12
630-46-440-43800	Water and Light Department	005041-154/Sunshine 219/07/20/24-08/20/24	08/31/2024	43164	57.54
630-46-440-43800	Water and Light Department	005041-160/Sunshine 307/07/20/24-08/20/24	08/31/2024	43164	31.71
630-46-440-43800	Water and Light Department	005041-156/Sunshine 211/07/20/24-08/20/24	08/31/2024	43164	34.23
630-46-440-43800	Water and Light Department	005041-157/Sunshine 107/07/20/24-08/20/24	08/31/2024	43164	45.27
630-46-440-43800	Water and Light Department	005041-152/Sunshine 211/07/20/24-08/20/24	08/31/2024	43164	35.76
630-46-440-43800	Water and Light Department	005041-159/Sunshine 218/07/20/24-08/20/24	08/31/2024	43164	37.91
630-46-440-43800	Water and Light Department	005041-161/Sunshine 202/07/20/24-08/20/24	08/31/2024	43164	38.28
630-46-440-43800	Water and Light Department	005041-162/Sunshine 209/07/20/24-08/20/24	08/31/2024	43164	37.79
630-46-440-43890	US Bank Corporate Payment Systems	Acc#109928502-615 Sherlock Park Services	09/17/2024	43159	400.37
630-46-440-44000	Boushee Enterprises, LLC	Annual Inspection per NFPA - Sunshine Terrace	09/17/2024	43094	114.00
630-46-440-44000	Marco	Agmt#018-1687950-000 HP Copier for Apt 305-Sunshi	09/17/2024	43125	97.62
630-46-440-44000	US Bank Corporate Payment Systems	Regular insects & Rodents 615 Sherlock Parkway	09/17/2024	43159	225.00
630-46-440-44000	US Bank Corporate Payment Systems	Sunshine: Master Key (office)	09/17/2024	43159	9.18
630-46-440-44000	US Bank Corporate Payment Systems	Sunshine: ADA Toilet and Paint materials #219	09/17/2024	43159	272.22
630-46-440-44000	US Bank Corporate Payment Systems	Sunshine: Line Trimmer	09/17/2024	43159	18.99
630-46-440-44000	US Bank Corporate Payment Systems	Sunshine: Window screen and spline	09/17/2024	43159	65.47

630-46-440-44000	US Bank Corporate Payment Systems	Sunshine: Spline	09/17/2024	43159	3.18
630-46-440-44000	US Bank Corporate Payment Systems	Sunshine: Master key (office)	09/17/2024	43159	9.50
630-46-440-44000	US Bank Corporate Payment Systems	Sunshine: ADA toile, showerhead, co/smoke combo, dry	09/17/2024	43159	364.44
630-46-440-44000	US Bank Corporate Payment Systems	Sunshine: Co/smoke combo (2)	09/17/2024	43159	99.96
630-46-440-44000	US Bank Corporate Payment Systems	Sunshine: Weed killer, moto mix (fuel) and top pivot guic	09/17/2024	43159	75.15
630-46-440-44000	US Bank Corporate Payment Systems	Sunshine: Sprinkler and floor patch	09/17/2024	43159	22.98
630-46-440-44000	US Bank Corporate Payment Systems	Sunshine: Silicone, comp. water stops & drainer slides	09/17/2024	43159	71.42
630-46-440-44000	US Bank Corporate Payment Systems	Sunshine: Fill valve (3pk), Lav. faucet	09/17/2024	43159	95.97
630-46-440-44000	US Bank Corporate Payment Systems	Sunshine: Safety goggles, odor absorb, flex glue, & guide	09/17/2024	43159	93.72
630-46-440-44300	Verizon Wireless	5Cell#5814 S.Perez-08/02/24-09/01/24	09/17/2024	43161	41.38
630-46-440-44380	Dakota TV & Appliance	GE free standing Electric Range	08/31/2024	43102	752.90
630-46-440-44380	Dakota TV & Appliance	Dishwasher with front controls	08/31/2024	43102	838.80
630-46-440-44380	Dakota TV & Appliance	Built-In Cool-Only Room Air Conditioner	08/31/2024	43102	2,134.85
		Report Total:			12,807.62
682-46-503-44000	Boushee Enterprises, LLC	Annual Inspection per NFPA InFill Bldg EGF	09/17/2024	43094	24.00
682-46-503-44000	Greg's Lawn Care	415 2nd St NW, Rotary Fountain-August 2024	08/31/2024	43111	439.81
682-46-503-44000	Greg's Lawn Care	415 2nd St NW Rotary Fountain - Sept 2024	09/17/2024	43111	439.81
682-46-503-44000	Northland Yard Service	Lawn maint. wkly mowing Island August 2024	08/31/2024	43134	400.00
682-46-503-44000	US Bank Corporate Payment Systems	Regular insects & Rodents 411 2nd Ave NW	09/17/2024	43159	175.00
682-46-503-44000	US Bank Corporate Payment Systems	Infill: Wasp killer (spray) and 48" bulbs	09/17/2024	43159	22.57
682-46-503-44000	US Bank Corporate Payment Systems	Infill: Precision screwdriver set	09/17/2024	43159	27.99
682-46-503-44230	SJA Thunder Corp	September 2024 Cleaning	09/17/2024	43152	600.00

Report Total: 2,129.18

Bills10/01/24

Account	Vendor	Description	GL Date	Check No	Amount
620-49-870-43100	Page 1 Publications, Inc.	Competitors Applic for Tax Incentives	09/30/2024	43213	217.50
620-49-870-43100	Page 1 Publications, Inc.	Competitors Applic for Tax (Northern Valley Machine)	09/30/2024	43213	304.36
620-49-870-43100	Page 1 Publications, Inc.	Notice of Public Hearing	09/30/2024	43213	130.44
Report Total:					652.30
630-00-000-11140	EGF City Petty Cash Ckng	Dale Ovnan - Return Security Deposit	09/30/2024	43190	410.17
630-46-410-43200	Allstream	Sunshine - Long Distance	09/30/2024	43176	12.05
630-46-440-43190	Thur-O-Clean	Janitorial services-September 2024 Sunshine Terrace	09/30/2024	43228	622.50
630-46-440-43800	Xcel Energy	Acct #51-5171995-8 Sunshine Terrace 8/15/24-9/16/24	09/30/2024	43234	213.71
630-46-440-43890	Midcontinent Communications	Cable 09/08/24-10/07/24 - Sunshine Terrace	09/30/2024	43203	2,693.61
630-46-440-44000	Eagle Electric	Automatic Door - Toubleshoot and repair	09/30/2024	43189	467.90
630-46-440-44000	Northland Yard Service	Sunshine Terrace Landscape	08/31/2024	43208	6,900.60
Report Total:					11,320.54
682-46-503-43200	Allstream	Infill Bldg - Long Distance	09/30/2024	43176	12.05
682-46-503-43200	Century Link	#1635 Infil Bldg Acct# 333594128	09/30/2024	43181	49.74
682-46-503-43800	Xcel Energy	302611407 - 411 2nd St NW	09/30/2024	43234	24.91
Report Total:					86.70



MONTHLY REPORT
August 2024

Working with the Businesses & Chamber

- Worked with businesses
 - Fert-L-Lawn: paid off loan
 - Hawkes Manufacturing: provided contact information about sales tax rebates
 - Mayo Manufacturing: responded to inquiry
 - Lumber Mart: worked on request for use of Border Cities tax credits
 - Northern Valley Machine: worked on request for Border Cities tax credits
 - Proll (Fairfield Inn): talked about final payments for loan payoff
 - Prepared and filed Notices to Competitors for businesses seeking use of the BC tax credits
 - Talked with potential new businesses
- Worked with Chamber President and staff on various items
 - Business After Hours
 - Purchased space in Chamber Directory (reduced size)
- Worked with possible new businesses and business expansions
- Participated in DEED Small Business call: SBA services
- Participated in DEED Workforce Wednesday call: Navigating the Workforce System – An Employers Guide
- Worked with ad hoc Curb Appeal / Entrance Sign committee on program, criteria, funding, sites, sign companies
- Worked with as hoc Loan Committee
 - Assistance Policy
 - Lending Guidelines
 - Border Cities Tax Credits Policies
 - Businesses qualifying for 1% and 2.5 % loan rates
- Worked with AE2S regarding social media, Facebook posts
- Participated in Mayor Gander meetings on economic development
 - Worked on expansion projects and sites

Increasing Industrial Space – Land and Buildings

- No action

Workforce (Northern Valley Careers, NWPIC)

- Participated in Northern Valley Career Expo Steering Committee activities
- Participated in Industry Engagement Subcommittee activities; contacted additional businesses

Child Care

- Shared information with local Team on childcare
- Conducted a Team meeting

Wave Academy

- No action

Residential Growth & Sale of City Lots

- Provided information about City lots and incentives; responded to inquiry about incentives for spec homes
- Worked on Polk County Housing Advisory Board loans
- Worked with realtors and public on lot sales; responded to realtor disclosure requirements
- Responded to inquiries about two lots

Infill Building

- No action

Infrastructure/Bridges

- No action

Other

- Prepared reports and agendas
- Updated 2025 EDA budgets
- Participated in annual showcase planning
- Prepared notice for special EDA meeting
- Coordinated with Water & Light regarding ad for upcoming Herald special section
- Participated in review of Director selection process
- Participated in bi-monthly CEDS workshop
- Talked with EDAM about Brockling membership for remainder of 2024



MONTHLY REPORT
September 2024

Working with the Businesses & Chamber

- Worked with businesses
 - Folsom Farms: responded to inquiry; Brockling and Folsom will have to follow up after January 2
 - Grand Tailer Sales: responded to inquiry; owner still gathering information
 - “Liberty Lanes”: talked with Abdi Duale about the loan for the acquisition; Duale again said that he no longer wants the loan
 - Mayo Manufacturing: responded to inquiry
 - Lumber Mart: worked on request for use of Border Cities tax credits; responded to inquiry
 - Northern Valley Machine: worked on request for Border Cities tax credits
- Worked with Chamber President and staff on various items
 - Business After Hours
 - Purchased Directory ad (reduced size)
- Worked with possible new businesses and business expansions
- Participated in DEED Small Business Call: Paid Leave Program
- Participated in CareerForce Workforce Wednesday: What Does Your Strategy Say About You: Engaging, Attracting, and Retaining Your Workforce
- Worked with ad hoc Curb Appeal / Entrance Sign committee on program, criteria, funding; looked into a sign pointing to “Business District” on Highway 2 (small sign already in place on Highway 2); discussed entrance signs with Mayor and committee
- Worked with as hoc Loan Committee on Lending and Assistance Policies, businesses qualifying for 1% and 2.5 % loan rates; reviewed policies with Kennedy and Graven
- Responded to Lisa Bode (Moorhead) about possible improvements to the Border Cities program
- Invited to MN Pipeline Training in Crookston; scheduling conflicts prevent participation
- Shared locally available SCORE training programs on Facebook page
- Agreed to participate on Coalition of Greater MN Cities economic development committee (annual virtual meeting)
- Submitted annual Border Cities reimbursement form to Polk County for submission to State
- Arranged for Christine Anderson (SBDC) to provide information regarding Business Ownership Information (required federal program) at EDA meeting
- Provided Business Retention and Expansion (BRE) programs to City Administrator
- Worked with AE2S regarding social media, Facebook posts
- Participated in Mayor Gander meetings on economic development
 - Worked on expansion projects and sites
 - Simplot site information
- Participated in EDAM webinars:
 - Powerful Partners: Working with Utilities
 - Leveraging Strategic Marketing Ideas in Economic Development

Increasing Industrial Space – Land and Buildings

- Talked with Jeff Borling, Great River Energy, about possible industrial developers in Greater MN

Workforce (Northern Valley Careers, NWPIC)

- Participated in Northern Valley Career Expo Steering Committee activities

Child Care

- Worked with local Team on childcare
- Shared information about 2 child care programs with the Team
- Was informed that the fingerprinting program would become operational in October
- Submitted final RCCIP report because First Children's Finance considered all goals to have been met

Wave Academy

- No action

Residential Growth & Sale of City Lots

- Provided information about City lots and incentives
- Worked on Polk County Housing Advisory Board loans
- Worked with realtors and public on lot sales
- Responded about using the Highway 2 (Neumann) billboard to advertise Waters Edge lots
- Requested Widseth to update Waters Edge lot map
- Updated "Available Lots" spreadsheet
- Provided covenants to potential home builder
- Responded to property complaint
- Responded to Waters Edge grass complaint
- Responded to request to lace mobile home on Waters Edge lot
- Responded to inquiry to use a purchased lot for seasonal storage prior to home construction
- Provided information about bulk sale of remaining lots and Waters Edge outlots to City Administrator
- Provided information about FORX lot to City Administrator
- Received and shared information with Water and Light about 2025 FORX Home Show

Infill Building

- No action

Infrastructure/Bridges

- No action

Other

- Prepared reports and agendas; reviewed minutes
- Participated in annual showcase
- Coordinated with Water & Light regarding ad for upcoming Herald special section
- Participated in Herald Business News Advisory Board meeting
- Invited to Polk County Health program; conflicts with other activities
- Prepared 2025 EDA meeting calendar
- Talked with Ben Horken about reappointment to EDA (term expires 12/31/24)
- Prepared training and work plan for Maggie Brockling
- Provided information about military convoy to AE2S

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the Economic Development Authority of the City of East Grand Forks, Minnesota (the “EDA”), will hold a public hearing on Tuesday, October 8, 2024, at or after 12:00 p.m. at City Hall, 600 East DeMers Ave, East Grand Forks, Minnesota. The purpose of the public hearing is the consideration and adoption of criteria for business subsidies under Minnesota Statutes, Sections 116J.993 to 116J.995, as amended (the “Business Subsidy Act”).

A copy of the proposed business subsidy policy is available for inspection at the office of the Economic Development Director during regular business hours.

Anyone wishing to express an opinion regarding the proposed business subsidy policy shall be heard at the hearing. Questions regarding the matter should be directed to the Economic Development Director at 218-773-8939.

Dated: September 25, 2024

BY ORDER OF THE ECONOMIC
DEVELOPMENT AUTHORITY OF THE
CITY OF EAST GRAND FORKS,
MINNESOTA

/s/ Paul Gorte
Economic Development Director
City of East Grand Forks, Minnesota



MEMORANDUM

Date October 8, 2024

To EDA

From ED Director

Subject Policy Update

NOTE: This is a PUBLIC HEARING item

The Business Subsidy Policy, Revolving Loan Fund Guidelines, and Border Cities Tax Credit Policy and not undergone an overall review in will over 10 years. With a new Director and changes to laws and the economy, it seemed appropriate to review and update the policies. The new Director was kept apprised of the process and participated in the October 1 Loan Committee meeting that reviewed the policies. The updated policies have been reviewed by Kennedy and Graven. The firm provided comments to make sure the policies conformed with legal requirements and is performing a final review that should be completed prior to this meeting. This is the first time that all of these policies will be considered as a complete and complementary package. All of the policies have been applied in the past but have not been considered together as a package. The polices generally remain unchanged except for some exceptions to update them.

The EDA Loan Committee met several times to discuss the policies. The EDA is a gap lender, not a primary lender. There was extensive conversation about the maximum loan amount, the maximum percentage of City/EDA participation in a loan, and whether owner/business participation should be required. In short, the final Committee recommendation sets a maximum loan amount of \$300,000 for primary businesses and \$149,999 for all other businesses to maximize the resources available and recognize the impact of primary businesses upon the City. The Committee retained a maximum 33 1/3% public participation percentage. The Committee decided not to require owner/business participation because the lender will likely do so and because the limited percentage of public participation requires that most of the investment come from other sources.

Business Subsidy Policy

The policy clarifies when the City/EDA will provide assistance. Assistance may be in the form of loans, Border Cities tax credits, tax abatements, or other types of assistance. It clarifies jobs and wages goals in accordance with State law. The revisions clearly set forth the consequences of failing to meet the goals; these consequences were contained in State law but not in the local policies per se.

Revolving Loan Fund Guidelines

Policies regarding the identification of businesses eligible for defined loan interest rates and origination fees were included in the policy. The policy increases the maximum loan amount for primary businesses to \$300,000 but decreases the maximum loan amount from \$150,000 to \$149,999 because of the reporting requirements associated with the higher amount. The \$149,999 has been the effective amount for some time now.

Border Cities Tax Credit Policy

The policy defines the amount and duration of the Border Cities tax credit program. The term is limited to 5 years for any approval. The policy defines the investment and other justifications needed for additional years.

The policies have been referred to Kennedy and Graven for a final review prior to approval. The response is anticipated prior to the EDA meeting

Recommendation

That the EDA approve the policies as submitted and recommend that the City Council also approve the policies as submitted.

**CITY OF EAST GRAND FORKS
&
ECONOMIC DEVELOPMENT AUTHORITY**

BUSINESS SUBSIDY POLICY

A. PURPOSE

The purpose of the East Grand Forks Business Subsidy Policy is to establish criteria for the granting of business subsidies, including assistance through Tax Increment Financing, Tax Abatement, Border City Enterprise Zone Credits, Border City Development Zone Credits, EDA Loan Programs and other incentive and assistance programs that may become available through the City of East Grand Forks, Minnesota (the “City”); the Economic Development Authority, (the “Authority”); or the State of Minnesota (the “State”).

The City and Authority’s ability to grant certain subsidies is governed by Minnesota Statutes, Sections 116J.993 through 116J.995, as amended (the “Business Subsidy Act”).

The criteria set forth in this Business Subsidy Policy shall be used as a guide in processing and reviewing applications requesting business subsidy assistance and shall be used in conjunction with other relevant policies of the City and the Authority. The requirements of this policy shall be met for all assistance considered a business subsidy under the Business Subsidy Act.

The City may amend this Business Subsidy Policy at any time. Amendments to this Plan are subject to public hearing requirements contained in the Business Subsidy Act.

B. MANDATORY CRITERIA

All projects must comply with the following criteria:

1. Public Purpose. The business subsidy must meet a public purpose which may include, but may not be limited to, increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is specific and demonstrable. Suggestions for business subsidy public purposes are set forth in Exhibit A.

2. Jobs and Wages Goals. Projects provided a business subsidy must create at least 0 full-time equivalent jobs. Where job loss is specific and demonstrable, the project may meet the jobs and wages goals by retaining jobs at the project. If retaining jobs is a goal of the project, the project must retain at a minimum 75 % of the existing full-time equivalent jobs. After a public hearing, if the creation or retention of jobs is determined not to be a goal, the wage and job goals may be set at zero.

The wage floor for wages to be paid for the jobs created or retained shall be greater of the minimum wage rate for assistance established by MnDEED under its MIF lending guidelines or 100% of the State minimum wage in effect at the time the subsidy is granted. The City will seek to create jobs with higher wages as appropriate for the overall public purpose of the subsidy. Wage goals may also be set to enhance existing jobs through increased wages, which increase must result in wages higher than the minimum under this Section.

3. Economic Feasibility. Upon application for a business subsidy, the City will require the requesting entity to provide certain information regarding the proposed project, including but not limited to proposed sources and uses of funds to pay for project costs, estimated revenues, estimated number of jobs created and the expected wages. The City will review the requested materials to determine if the proposed project

is economically feasible in its sole judgment and discretion.

4. Compliance With Act. The business subsidy from the City must satisfy all requirements of the Act as set forth in Section E below.

C. PROJECT REVIEW AND EVALUATION POLICY

1. The City recognizes that the creation and retention of good paying 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 counter-productive in the face of larger economic forces, 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 therefor will be guided by the following principles and criteria:

a. Each project will be evaluated on a case by case basis. The evaluation 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 provided the City documents in writing the reasons for deviating from the jobs and wage goals set forth in Section B.

c. In cases where the objective is the retention of existing jobs, the recipient of the subsidy will be required to provide evidence acceptable to the City demonstrating that the loss of those jobs is imminent.

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. The reasons for deviations from the business subsidy criteria set forth herein shall be documented in writing.

3. Certain financial assistance provided by the City may be exempted from this policy pursuant to Section 116J.993, subd 3 of the Act, as amended.

D. PROJECT REVIEW AND EVALUATION PROCEDURE

1. The City will consider one or more of the criteria listed in this Section D in determining whether to provide financial or other assistance to a project as a business subsidy. In applying the criteria to a specific project, the following will apply:

a. The City may consider the requirements of any other business subsidy received, or to be received, from a grantor other than the City.

b. If the business subsidy involves the conveyance of real or personal property at a write-down, the amount of the subsidy will be difference between the conveyance price and the fair market value of the property as determined by the City.

- c. 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.
2. When deciding whether to grant a business subsidy, the City will consider the following:
- a. Land Use. The City will consider:
- i. Compliance with Comprehensive or other Plans. Whether, apart from any needed services to the community described in Section D.2.d, 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.
 - ii. Compliance with Zoning and Land Use Regulations. Whether the proposed use of the site complies with the regulations of the City Zoning Ordinance and Land Use Regulations.
 - ii. 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 fair market value.
 - iii. 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.
 - iv. Highest and Best Use. Whether the project will encourage and promote the highest and best use of land.
 - v. Appropriateness. Whether the project is an appropriate land use for the location.
- b. Impact on Existing and Future Public Investment. The City will consider:
- i. Utilization of Existing Infrastructure Investment. Whether and to what extent (i) the project will utilize existing public infrastructure capacity and (ii) the project will require additional publicly funded infrastructure investments.
 - ii. 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.
- c. Economic Development. The City will consider:
- i. Leveraged Funds. The amount of the business subsidy to be provided for the project as compared to the amount of private funds which will be applied towards the capital cost of the project.

- ii. Spin Off Development. The dollar amount of nonsubsidized development the project is expected to generate in the surrounding area and the need for and likelihood of such spin off development.
- iii. Growth Potential. Based on the recipient's market studies and plans for expansion, whether and to what extent the project will produce a net increase of full-time equivalent jobs and of payroll, over and above the minimum number of jobs and wages set forth in Section B above.
- d. Quality of Life. The City will consider:
 - i. 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.
 - ii. Unmet Housing Needs. Whether the project will provide housing the City currently needs but which is not available.
- e. Other.
 - i. Other Factors. Depending on the nature of the project, the City will consider such other factors as the City may deem relevant in evaluating the project and the business subsidy proposed for it.

E. COMPLIANCE WITH BUSINESS SUBSIDY ACT.

1. Jobs and Wages. Each project granted a business subsidy must meet the jobs and wages goals set forth in Section B within two years of the benefit. 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 earlier of (i) when the improvements are finished for the entire project, or (ii) when a business occupies the property (upon receipt of a certificate of occupancy).
2. Continued Operation of Project. Each project granted a business subsidy must continue its operations at the site of the project for at least five years following the benefit date.
3. Business Subsidy Agreements. Each subsidy recipient must enter into a Business Subsidy Agreement with the City that includes:
 - a. a description of the subsidy, including the amount and type of subsidy, and type of tax increment district if the subsidy is tax increment financing;
 - b. a statement of the public purposes for the subsidy;
 - c. measurable, specific, and tangible goals for the subsidy;
 - d. a description of the financial obligation of the recipient if the goals are not met;
 - e. a statement of why the subsidy is needed;
 - f. a commitment to continue operations in the jurisdiction where the subsidy is used for at least five years after the benefit date;
 - g. the name and address of the parent corporation of the recipient, if any; and
 - h. a list of all financial assistance by all grantors for the project.

i. wage and job goals

Subsidies in the form of grants shall be structured as forgivable loans. For other types of subsidies, the agreement shall 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.

If a subsidy benefits more than one recipient, the City must assign a proportion of the subsidy to each recipient that signs the agreement. The proportion assessed to each recipient must reflect a reasonable estimate of the recipient's share of the total benefits of the project.

4. Failure to Meet Goals. The Business Subsidy Agreement must specify the recipient's obligation if the recipient does not fulfill the agreement. At a minimum, the Business Subsidy Agreement must require a recipient failing to meet subsidy agreement goals to pay back the assistance plus interest to the City pursuant to the terms of the Business Subsidy Act. The interest rate must be set equal to 4.0% or the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysis of the United States Department of Commerce for the 12-month period ending March 31 of the previous year, whichever is greater.

The City, after a public hearing, may extend for up to one year the period for meeting the wage and job goals provided in the Business Subsidy Agreement. The City may extend the period for meeting other goals by documenting in writing the reason for the extension and attaching a copy of the document to its next annual report to the Department of Employment and Economic Development.

5. Reports by Recipients to City. The City must monitor the progress by the recipient of a business subsidy in achieving agreement goals.

The Business Subsidy Act requires annual reports from recipients of Business Subsidies, including wage and job goal information. The information must be submitted on forms developed by the Department of Employment and Economic Development. Copies of the completed forms must be sent to the City annually no later than March 1 of each year for the previous year.

Recipients who fail to submit annual reports to the City may face financial penalties.

Adopted by the City Council of the City of East Grand Forks on _____, 2024
Date of Public Hearing of City Council _____, 2024

Adopted by the Board of Commissioners of the Economic Development Authority on _____,
2024
Date of Public Hearing of Economic Development Authority: _____, 2024

EXHIBIT A

SUGGESTIONS FOR SUBSIDY PUBLIC PURPOSES

Grantors may wish to consider any of the following public purposes, among others, when considering an applicant's request:

1. Increasing the tax base may be used as a public purpose as long as it is not the only public purpose.
2. Job retention may only be used in cases where job loss is specific and demonstrable.
3. The project provides a service or meets a consumer need not currently addressed in the City.
4. The project represents a significant investment in an area of the City that is economically depressed.
5. The project will remove blighting influences or rehabilitate an area of the City in need of revitalization.
6. The project will stimulate additional capital investment in a geographic area of the City and act as a catalyst for future (re)development.
7. The project will cause surrounding property values to increase and will stabilize the area.
8. The project will anchor a needed commercial center for the City.
9. The project will enhance the viability of other businesses in the City.
10. The project will assist in the processing, packaging, distribution, or marketing of agricultural products grown in the region.
11. The project will assist in the orderly growth of the City and generate significant economic spin off.
12. The project will prevent the closure of business needed in the community due to merger, physical expansion, change in market or economic factors, downsizing, and other factors.
13. The project will employ a classification of people in the community at large who are not fully employed.
14. A business subsidy will permit the project to employ more people, pay higher wages, be of better quality, or in some way be of more value to the City.
15. The proposed subsidy will facilitate other business activities deemed important and valuable to the City if so determined by the EDA and City Council.

**CITY OF EAST GRAND FORKS
ECONOMIC DEVELOPMENT AUTHORITY
REVOLVING LOAN FUND**

LENDING GUIDELINES

Background

The City of East Grand Forks Revolving Loan Program (the “Revolving Loan Program”) was established with proceeds from several sources, including a grant of funds from the Minnesota Investment Fund (“MIF”) for the purpose of providing financial assistance to businesses which suffered physical and economic losses as a direct result of the flooding of April 1997, the Intermediary Relending Program of USDA Rural Development, Community Development Block Grant, and other sources. It is important to remember that the dollars generally remain subject to the original statutory, regulatory, and grant restrictions.

The purpose for the establishment of the Revolving Loan Program was partly to assist existing, formerly healthy businesses in meeting their financial needs, related to business re-establishment, brought about by physical losses and adverse economic impacts resulting from the April 1997 Red River Valley flooding and partly to provide assistance to businesses expanding within East Grand Forks and locating into the City, particularly in a highly competitive local market. The aim of the program is the retention and/or expansion of businesses which provide essential services and employment to the East Grand Forks community and the attraction of new businesses into the business community of the City of East of Grand Forks (the “City”). The City program is a gap financing program, not a primary financing program. As a gap financing program, it provides funding when other sources are inadequate.

I. Purpose and Goals

The purpose of the Revolving Loan Program is to provide financial and technical assistance for the creation and retention of employment and capital investment in the business. These objectives may be accomplished through the following means:

- A. creation or retention of regular private-sector jobs in order to create above-average economic growth consistent with environmental protection, which includes investments in technology and equipment that increase productivity and provide for a higher wage;
- B. stimulation or leverage of private investment to ensure economic renewal and competitiveness;
- C. increasing the local tax base, based on demonstrated measurable outcomes, to guarantee a diversified industry mix;
- D. improving the quality of existing jobs, based on increases in wages or improvements in the job duties, training, or education associated with those jobs;

E. improvement of employment and economic opportunity for citizens in the region to create a reasonable standard of living, consistent with federal and state guidelines on low- to moderate-income persons; and

F. stimulation of productivity growth through improved manufacturing or new technologies, including cold weather testing.

II. Eligible Projects

Assistance must be evaluated on the existence of the following conditions:

A. creation of new jobs, retention of existing jobs, or improvements in the quality of existing jobs as measured by the wages, skills, or education associated with those jobs;

B. increase in the tax base;

C. the project can demonstrate that investment of public dollars induces the investment of private funds;

D. the project can demonstrate an excessive public infrastructure or improvement cost beyond the means of the affected community and private participants in the project;

E. the project provides higher wage levels to the community or will add value to current workforce skills;

F. the project supports the development of microenterprises, as defined by federal statutes, through financial assistance, technical assistance, advice, or business services;

G. whether assistance is necessary to retain existing business;

H. whether assistance is necessary to attract out-of-state business;

I. the project promotes or advances the green economy as defined in section 116J.437;

J. the project is located within the city limits of the City of East Grand Forks; and

K. the project would not happen “but for” the provision of public assistance.

A grant or loan cannot be made based solely on a finding that the conditions in clause (G), (H), or (J) exist. A finding must be made that a condition in clause (A), (B), (C), (D), (E), or (F) also exists. Funding will not be provided unless there is a finding that the condition in clause (K) has been met.

III. Eligible Borrowers

- A. Existing or new businesses in the City of East Grand Forks.
- B. Borrower must demonstrate that funds from the Revolving Loan Program will not exceed a portion of the total cost of the project for which financing is sought as per Paragraph VIII.A.1.a.
- C. Businesses shall pay each employee total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 110% of the federal poverty level for a family of four or the minimum compensation set by the Minnesota Department of Employment and Economic Development, whichever is greater.
- D. Revolving Loan Program funds shall not be used for sports facilities or casinos. Assistance may be provided for firms engaged in retailing merchandise, provided such assistance is not prohibited by State law or regulations.

IV. Eligible Activities:

Loans may be provided for the following activities:

- A. Acquisition of Land
- B. Construction or Rehabilitation of Facilities
- C. Site Improvements
- D. Utilities or Infrastructure
- E. Machinery and Equipment
- F. Training
- G. Working Capital, not to exceed \$20,000

V. Terms of Loan:

- A. No loan shall be extended for a period exceeding 11 years. Principal payments on loans shall be made monthly. The initial principal payment may, if approved by the EDA, be deferred for not more than 1 year.
 - 1. Loans used for machinery and/or equipment purchases will generally not be extended for a period exceeding 10 years (11 years if the initial payment is deferred for a year).
 - 2. Loans used for working capital will generally not be extended for a period exceeding 5 years (6 years if the initial payment is deferred for a year).
- B. The terms of loan repayment shall be those stipulated in the loan agreement and/or promissory note. In the event of conflict between the documents, the terms of the loan agreement shall govern.

VI. Interest on Loans:

- A. Interest rates will be in accordance with the EDA's Loan Interest Rate Policy adopted by the EDA on September 1, 2015, as amended, as follows:
 - 1. Loans to manufacturing businesses which function as "primary" industries shall be 1% per annum.
 - 2. Loans to firms who combine manufacturing and non-manufacturing and serve a regional or larger market shall be 2.5% per annum.
 - 3. All other eligible loans shall be 4% per annum.
 - 4. The EDA shall maintain a list of the firms eligible for 1% and 2.5% loans.
- B. Loans may be deferred for a period of no longer than one year with no interest.
- C. Once the deferral period, if any, has lapsed monthly payments are required.
- D. Each payment by the recipient will be applied first to accrued interest and the balance of the payment, if any, will be applied to the principal balance.

VII. Security:

- A. Adequate security shall be required for all loans, including but not limited to, corporate guaranties, personal guaranties, mortgage and/or a security agreement. Purchase for deed is not considered to be adequate security.
- B. All loans shall be secured with the best collateral available. Where necessary the EDA loan may take a subordinate collateral position to other lending sources upon approval by the Board of the EDA.

VIII. Loan Agreements and Requirements:

- A. Each loan shall be supported by a loan agreement. The loan agreement shall specify the following :
 - 1. Amount of the loan.
 - a. The amount of the loan shall not exceed the following amounts:
 - 1. Industrial Projects for primary businesses: not more than the lesser of \$300,000 or thirty-three and one-third per centum (33 and 1/3%) of total project costs.
 - 2. Other projects: not more than the lesser of \$149,999 or thirty-three and one-third per centum (33 and 1/3%) of total project costs.
 - b. The amount of funding from the Revolving Loan Program shall not exceed the amount necessary to fill the "gap" between the actual total funds needed and the amount of other funds which are available. This determination will be made at the sole discretion of

the EDA.

- c. The loan amount is at the sole discretion of the EDA, subject to approval by the City Council.

2. Terms and Repayment Schedule.

- a. The loan will be repaid according to the lending guidelines.
- b. The recipient will pay a late charge of 10 percent of the payment due if the payment is not received within 45 calendar days following the due date. The late charge will be considered unpaid if not received within 60 calendar days of the missed due date for which it is imposed. Any unpaid late charge shall be added to principal and be due as an extra payment at the end of the term. Acceptance of a late charge does not constitute a waiver of default.

3. Disbursement Procedures.

- a. Disbursement of loan funds shall take place after the loan agreement and the promissory note are executed, payment of the loan origination fee and other applicable fees and costs, and any other conditions precedent to disbursement of funds have been fully satisfied.
- b. All required documentation shall have been received before any funds can be disbursed.
- c. Recipient shall apply their funds before loan funds are disbursed.
- d. In the event of interim disbursements, said disbursements shall be limited to not more than eighty per centum (80%) of work completed and shall be substantiated by contractor bills and supported by lien waivers prior to any disbursement.
- e. Final disbursement will be made only upon completion of all work and inspection(s) by a representative(s) of the lender. The owner or contractor shall submit a final bill certifying that all work has been completed and submit a final lien waiver.

4. Insurance Requirements.

- a. The recipient shall provide evidence of hazard insurance (fire and windstorm and extended coverage) in an amount sufficient to cover the amount of the loan.

- b. The recipient shall provide evidence of flood insurance coverage or evidence that the project is not in a flood plain.
 - c. Workers Compensation insurance, if required by the State of Minnesota.
 - d. The City of East Grand Forks and the EDA shall be named as additional insured on all insurance policies.
5. Other Required Documentation.
- a. The applicant shall document that property taxes are current.
 - b. For existing businesses (corporate and non-corporate)
 - 1. 3 years of prior year's profit and loss statements (all borrowers)
 - 2. 3 years of prior year's financial statements (all borrowers)
 - 3. A 3 year projection (all borrowers)
 - 4. 2 years personal tax returns
 - 5. Articles of incorporation for corporations or other organizational documents for other business entities
 - 6. Copy of Corporate Charter (corporations) or comparable business formation documents (non—corporations)
 - 7. Employer Identification Number (EIN)
 - 8. Minnesota State Tax Number
 - 9. Corporation or entity resolution approving the financing and identifying who is authorized to sign documents and agreements

IX. Other Conditions

A. Cost Reasonableness

Applicants for funding from the Revolving Loan Program shall be required to submit a breakdown of all project costs to the EDA, including quotes from vendors, contracts, subcontractors, etc. The EDA will then use this breakdown as a basis on which the reasonableness of the cost is determined.

The EDA may, in its discretion, compare any cost element which exceeds \$10,000

with a third party fair market price quotation to determine reasonableness. If the EDA cannot use third-party price quotations to verify cost elements, then the City may conduct its own cost analysis using appropriate cost estimating manuals or services.

B. Commitment of all Project Sources of Financing:

The EDA shall verify, prior to committing Revolving Loan Program funds, that:

1. Sufficient sources of other funds have been identified to finance the project.
2. All participating parties have affirmed their intention to make funds available.
3. All the participating parties have the financial capacity to make the funds available.
4. For loan applications in which there are participating lenders as part of the project financing package, the participating lenders shall supply to the EDA a letter of intent to participate in the project funding along with copies of any supporting documents generated by the participating lender.

C. Financial Feasibility of Project.

The EDA shall, as part of the loan process, evaluate the financial viability of each project to determine if there is a reasonable chance for the project's success. A project will be considered financially viable if all of the assumptions about the project's market share, sales levels, growth potential, projections of revenue, project expenses and debt service (are determined to be realistic and met the project's breakeven point (which is generally the point at which all revenues are equal to all expenses). Generally speaking, an economic development project that does not reach this breakeven point over time is not financially feasible.

X. Fees and Costs

- A. Applicants shall pay any required legal fees, loan origination fees, loan closing fees, and/or application fees at the time of loan closing.
- B. The applicant is responsible for all hard loan costs, including by not limited to, title opinions, appraisals, recording fees and mortgage registration tax and shall pay the same at the time of loan closing.

XI. Data Practices Act

The information provided in an application to the EDA will be used to assess eligibility for financial assistance. The EDA will not be able to process your application without this

information. The Minnesota Government Data Practices Act (Minnesota Statutes, Chapter 13) governs whether the information that you are providing to the EDA is public or private. If financial assistance is provided for the project, the information submitted in connection with your application will become public, except for those items protected under Minnesota Statutes, Section 13.59, Subdivision 3(b) or Section 13.591, Subdivision 2.

XII. Business Subsidy

All businesses receiving financial assistance from the EDA shall be subject to the EDA's Business Subsidy Policy, as amended, and Minnesota Statutes, Section 116J.993 to 116J.994, as amended (the "Minnesota Business Subsidy Act").

XIII. Conflict of Interest

The applicant shall submit the name(s) or the owner(s), shareholder(s), partner(s), sole proprietor, corporation member(s), or other person(s) or business(es) with any financial interest in the project and its financing in order to preclude any conflict of interest in the RLF loan review and approval process.

XIV. Right of Refusal

The EDA may deny any project which it deems inappropriate according to the guidelines established in this document and in accordance with the EDA's Application Evaluation Criteria attached to the loan application.

Appendix A

ORIGINATION FEE POLICY

Approved May 2017

The following shall apply to all loans:

- The fee shall be 1% of the loan amount
- The minimum fee shall be \$500
- Legal expenses shall be billed separately
- Mortgage registration tax to be paid by City/EDA
- The City/EDA shall only loan the net amount

Appendix B

LOAN INTEREST RATE POLICY

Approved July 2020

There shall be three levels of interest applied to loans.

- Loans to manufacturing businesses which function as “primary” industries shall be 1% per annum.
- Loans to firms who combine manufacturing and non-manufacturing and serve a regional or larger market shall be 2.5% per annum.
- All other eligible loans shall be 4% per annum.

The EDA may apply reduced rates to non-manufacturing businesses provided that said businesses are primary or anchor or because of exceptional circumstances, with the reasons for the reduced rate documented and made a part of the file.

**Border Cities
Tax Credit Policy for Businesses**

City of East Grand Forks, Minnesota

Adopted: June 5, 2018

Amended:

Policy Goals

The City of East Grand Forks (the “City”) has established this Border City Tax Credit Policy (the “Policy”) to help promote Minnesota investment and economic development, increase the local tax base, and promote job retention and creation in the City. Funding for the program will be provided through the City’s Border City Development Zone established under Minn. Stat. Sections 469.166 through 469.1735, as amended (the “Act”).

Assistance Provided

A new business in the City or an expanding business in the City may receive a one-year tax reduction or tax credit. The City may extend the tax reduction or credit for a period not to exceed five years, provided that the additional term of the benefit is appropriate to the particular needs of the business and benefits the community.

The assistance shall be provided in one of the following forms:

- A. For newly constructed facilities, a partial property tax reduction for property taxes based on the portion of the property taxes created by a new business in the City;
- B. For expanded business, a partial property tax reduction for additional property taxes created by an expansion to an existing business in the City; or
- C. A sales tax exemption for sales tax on construction materials or new machinery and equipment to be used at the newly constructed or expanded facility to be located within the City.

The assistance to be provided by this program, if any, is limited by the amount of credits remaining in the City’s existing Border City Enterprise Zone allocation from the State. Funds for this program are limited and will be awarded to qualifying applicants on a first-come, first-served basis.

Qualifying Businesses/Criteria for Assistance

To receive assistance under this policy, an applicant must be a new business in the City, a business expanding within the City, or a business being retained by the City.

For an existing business, a qualifying business must either (i) make a minimum \$30,000 investment towards physical improvements to its property in the City; or (ii) make a minimum \$25,000 investment towards physical improvements to its property in the City, or (iii) make at least \$25,000 investment in equipment and to other assets and create one new full-time equivalent job in the City. The wage floor for wages to be paid for the jobs created or retained shall be greater of the minimum wage rate for assistance established by MnDEED under its MIF lending guidelines or 100% of the State minimum wage in effect at the time the subsidy is granted. The City will seek to create jobs with higher wages as appropriate for the overall public purpose of the subsidy. Wage goals may also be set to enhance existing jobs through increased wages, which increase must result in wages higher than the minimum under this Section.

One additional year of tax credits may be approved for each \$500,000 of capital investment, to retain one or more full-time equivalent job(s) that meet the above criteria, or to retain a primary or secondary business.

Prior to consideration of this application by the City, a business must request and receive a tax clearance letter from the Minnesota Department of Revenue. The tax clearance letter received from the Minnesota Department of Revenue must affirmatively establish that, as of the date of the application, the business owner does not owe delinquent income or sales tax pursuant to Minnesota Statutes, Chapters 290, 296A, 297A, 297B, 197For 297G. In addition, qualifying businesses and their owners and principals shall not owe property taxes to the City or to Polk County.

Required Findings

The business must declare that it could have invested the money outside the state of Minnesota but chose to invest in the City.

Granting of the tax credit is subject to approval by the City Council after a finding that the granting of the tax reduction or offset is necessary to retain a business within the City or attract a business to the City.

Tax reductions must be approved by the Commissioner of the Minnesota Department of Employment and Economic Development.

Process

The business must submit an application to the City. The application shall become the property of the City and is subject to Minnesota Statutes, Chapter 13 (the Government Data Practices Statute). Upon submittal of an application to the City, the applicant shall pay the City an application fee of \$100.00 for each year of tax credits sought.

The business must meet all qualifications set forth in Minnesota Statutes, Sections 469.1731 through 469.1735, as amended.

In accordance with Minnesota Statutes, Section 469.1734, subdivision 7, as amended, before any assistance is provided pursuant to this policy, notice must be provided to competitors of the applicant. To meet this requirement, two notices regarding the assistance must be published in the official newspaper of the City at least one week apart not less than 15 days nor more than 30 days prior to the date the City Council will consider approving the assistance.

The assistance must be approved by the Minnesota Department of Employment and Economic Development and the City Council.

Business relocating to the City from within Polk County are subject to the requirements of Minnesota Statutes, Section 469.1733, subdivision 2, as amended. Business relocating to the City from a location within Minnesota but outside of Polk County are subject to the requirements of Minnesota Statutes, Section 469.1733, subdivision 3, as amended.

If obtaining a sales tax exemption under Minnesota Statutes, Section 469.1734, subdivision 5, the business must apply to the City for a tax credit certificate in accordance with Minnesota Statutes, Section 469.1735, subdivision 1.

The City reserves the right to approve or reject projects on a case-by-case basis, taking into consideration established policies. Meeting policy criteria does not guarantee the award of business assistance to the project. Approval or denial of one project is not intended to set precedent for approval or denial of another project.

The City can deviate from this policy for projects that supersede the objectives identified herein.

Repayment

A business receiving the tax credit must maintain its operations in the City for 5 years. If the business leaves the City before the expiration of the 5-year period, it must repay the full amount of assistance provided pursuant to this policy.

This policy replaces the City's prior Enterprise Zone Credit Criteria policy.



MEMORANDUM

Date October 8, 2024

To EDA

From ED Director

Subject Curb Appeal and Entrance Sign Committee Update

The Committee has met several times.

Curb Appeal

- Up to a maximum of \$5000-\$10000 per forgivable loan
- Must stay in business for 5 years
- 20% forgiven each year for 5 years
- Restricted to industrial and commercial streets
- Could receive additional, regular loans for additional improvements:
 - 0% interest
 - 10-year term
 - Up to 50% of total cost
 - Maximum regular loan amount of \$24,999
- Eligible uses:
 - Façade improvements
 - Sign improvements
 - Lighting
 - Landscaping
 - Screening
 - Painting
 - Parking lot
- Coupled with enforcement program

Entrance Signs

- Dimensions? 4'x8' likely
- Materials: metal (weather tolerant)
- Required design elements: city brand
- Other design elements: school logos, generic business (sugar beet, potato, or something else)
- Locations and priorities:
 - Highway 2/Business 2
 - Highway 220 at 23rd

- Bygland
 - New bridge
- Landscaping
- Lighting: ground lighting does not work because of the weather
- Maximum cost:
 - Sign: \$20000
 - Landscaping: \$5000
- Community input or design by sign company under discussion; amount and type of community involvement and input to be determined; to be determined

The Committee will continue to meet on this topic. Still to be determined: ongoing funding source

Memorandum

Date: October 8, 2024

To: EDA Board

From: ED Director

RE: 2025 EDA Meeting Calendar with Loan Application Deadlines

The meetings will be on the fourth Tuesday of each month, except in December when that Tuesday is Christmas Eve. The December meeting will be held on December 17.

<u>Month</u>	<u>Meeting Date</u>	<u>Application Deadline</u>
January	1/28	1/17
February	2/25	2/14
March	3/25	3/14
April	4/22	4/11
May	5/27	5/16
June	6/24	6/13
July	7/22	7/11
August	8/26	8/15
September	9/23	9/12
October	10/28	10/17
November/December	12/9	11/26 OR
	12/16	12/5
January 2026	1/27	1/16

Recommendation:

That the EDA approve the Meeting Calendar with the deadlines for loan applications.