



## ECONOMIC DEVELOPMENT AUTHORITY

125 Main Street E – PO Box 301 – Freeport, MN 56331 – 320-836-2112 – FAX 320-836-2116  
For TTY/TDD Users 1-800-627-3529 or 711 Minnesota Relay Service [www.freeportmn.org](http://www.freeportmn.org)

May 19, 2014 – Meeting Agenda  
Freeport City Hall – 12:00 pm

- I. Call to Order
- II. Approval of the Agenda
- III. Old Business
  - a. March 17, 2014 Meeting Minutes – ***Motion to approve***
  - b. Business Subsidy Policy Questions Answered
  - c. Advertising Industrial Park Lots for Sale
  - d. AT&T Industrial Park Area Lot
- IV. New Business
  - a. Donny Meyer LLC Development Idea
  - b. Creamery Redevelopment Update
  - c. Carr's Tree Service Industrial Lot Development
  - d. Website Pictures
  - e. Advertising for EDA Members
  - f. Dairy Research Facility Update
  - g. Brainstorming Continued
- V. Adjourn – ***Motion to adjourn***

Next meeting: June 16<sup>th</sup>



## **ECONOMIC DEVELOPMENT AUTHORITY**

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### **March 17, 2014 - Meeting Minutes**

A meeting of the Freeport Economic Development Authority was called to order by Jim Hemker at 12:05 P.M. with members Mason Schirmer, Carrie Goebel and Bud Heidgerkin present. Andy Welle arrived after meeting was called to order. President Matt Worms was absent.

#### Approval of agenda

Heidgerken moved and Goebel seconded a motion to approve the agenda. Motion carried 4-0.

#### OLD BUSINESS

##### December 16, 2013 Meeting Minutes

Goebel moved and Heidgerkin seconded a summary motion to approve the December 16, 2013 meeting minutes. Motion carried 4-0.

Welle arrived at 12:10 P.M.

#### Business Subsidy Policy and Criteria

Schirmer presented a template for a business subsidy policy. Schirmer said the template was originally distributed during the October 2013 meeting of the EDA; however, no feedback discussion had been had on the document yet.

Hemker said applicants should provide: 1) 3 years of financial statements; 2) year-to-date financials; 3) personal financial statements and 4) a statement of position. Members agreed the information would be appropriate. Hemker said the financial statements would not be reviewed by the EDA members; rather, an independent financial analyst such as Ehlers, Inc would review the documents and provide recommendations. Hemker said members would still need to comply with confidentiality agreements. Hemker asked Schirmer to verify procedure with Ehlers.

#### Industrial Park Lot Advertising

Schirmer said recent advertising has generated no inquiries for interested buyers. Schirmer said the City is considering upgrading their website, which should help online presence by helping interested persons find the lots by searching [www.google.com](http://www.google.com). Members agreed to not authorize any further advertising until after the website is up and running.

Hemker said Councilmember Rodney Atkinson has been a distraction to the City (referring to Atkinson's actions which have been documented in City Resolution 2014-007) and have created negative publicity for the City. Hemker said Atkinson needs to understand that he [Atkinson] is there to serve the community, not himself.

## NEW BUSINESS

### Creamery Redevelopment Grant Update

Schirmer said the grant application was not funded; however, this time around the grant application qualified for funding, it just did not score high enough to get funding before dollars were gone. Schirmer said he is optimistic that the application will be funded next round because of the great detail he was provided on how to improve the application. Schirmer said, unless Council directs him otherwise, he will continue working on the application to have it prepared for submission prior to the August 1<sup>st</sup> deadline.

### Roller Mill Office Building to be Auctioned-off

Schirmer said the vacant building is scheduled to be auctioned-off on March 27<sup>th</sup>. Schirmer said according to the auctioneer, there is no minimum bid.

### Carr's Tree Service Site Plan Update

Schirmer said Brad Carr has been in touch with the City as they are preparing a construction plan for their new building. Schirmer said he anticipates further communication and/or possibly a site plan from Carr's Tree Service before the April meeting.

### Future Development Brainstorming Session

Schirmer asked members for ideas on what the next needed improvement in the city is. Goebel recommended more activities for children. Heidgerken said there are plenty of opportunities with summer softball. Schirmer asked members to share ideas and refrain from discounting any ideas at this time.

C. Goebel left the meeting at 1:05 P.M.

Heidgerken said the park equipment at Lion's park and the school park needs to be replaced. Schirmer asked Heidgerken to prepare a list of all the equipment that needs to be updated.

Schirmer asked if there are any properties in town that need redevelopment other than the Creamery Site. Hemker said Rodney Atkinson's industrial lot is unsightly to the community. Schirmer said he will be notifying Council, during the next council meeting, that he will begin enforcing the public nuisance ordinance this spring.

## ADJOURN

Hemker moved and Heidgerken seconded a motion to adjourn the meeting. Motion carried 4-0. Meeting adjourned at 1:20 P.M.

# Memo

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From: Mason Schirmer, Secretary  
To: EDA  
Date: May 16, 2014  
Re: Business Subsidy Questions Answered

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## Background

October 21<sup>st</sup> Handed-out copies of the policy for EDA members to review  
March 17<sup>th</sup> Members discussed policy and asked questions; Todd Hagen, of Ehlers, provided answers to the following questions:

1. If a company asks for a subsidy and provides financial statements, would the statement go to an independent analyst (like yourself) for review and then you would provide the EDA with an opinion?  
**Yes, but more so in an upfront loan situation. This becomes less important in a pay-as-you-go setting. We would ensure that the request for assistance complies with the goals of the City's particular loan fund and determine the viability repayment of the loan and the risk to the City if the loan is provided to the company.**
2. Can this policy be amended to require:
  - a. 3 years of financial statements? **Yes.**
  - b. Year-to-date financials? **Yes.**
  - c. Current personal financial statements? **Yes.**
3. Is asking for such information common in other cities? **Yes, in loan situations.**
4. Can a definition be added for "business assistance" so that applicants don't misinterpret the \$150,000 threshold to mean they must ask for \$150,000? **Yes.**

Do EDA members have any further questions? Should the template be modified?

If the EDA membership wants to approve a Policy; I recommend doing so by Resolution.



## “But-For” Test: How much is the “right” amount of assistance?

Communities are increasingly concerned about knowing if the amount of assistance requested by a developer is the appropriate amount to make the project financially feasible.

### Is a subsidy really needed?

The amount of assistance provided depends not only on the development, but also on the community’s development goals. Some communities have determined that, due to the number of positive attributes the community has, they will not provide any assistance for any reason. Other communities have determined that their number one priority is to attract jobs and increase the tax base, and therefore they will provide assistance whenever requested. Most communities are somewhere in between.

When providing tax increment or tax abatement assistance, a community must satisfy the “But For” Test. Simply stated, the “But For” Test affirms that the project will not go forward “but for” the requested assistance. In most cases verification of this statement does not require numerical analysis but relies upon specific economic and site factors affecting the development.

### How is the “right” amount of assistance determined?

Many communities use a *pro forma* analysis to determine the amount of assistance to provide. The *pro forma* analysis shows the amount of return on investment that the developer will receive with and without the use of assistance. By basing the decision to grant assistance on fact – not emotion or fear – a community can have more confidence in their decision. Depending on the complexity of the development proposal, a more complex study, including a 15-year cash on cash and internal rate of return analysis can be completed.

### How much profit does a developer need?

Real estate transactions are typically risky ventures, and developers need a rate of return sufficient to attract investors. Returns may be received through developer fees, ongoing rental revenue, or sale proceeds. The minimum return on equity depends on current market conditions and the details of the project. A discussion with your Ehlers financial advisor about these and other details is highly recommended.

### The “Look Back” Provision

A *pro forma* analysis assists in determining the appropriate amount of assistance to include in the development agreement; however, since the outcome of a project cannot be guaranteed, many communities include a “look back” provision in the development agreement. The “look back” provision states that after a project is completed, the *pro forma* will be updated to reflect the actual financial realities, and the amount of assistance can be adjusted. If the developer’s costs are lower than anticipated, the community can reduce their assistance accordingly. Simply stated, the “look back” provides financial accountability by preventing developers from presenting overly pessimistic numbers to justify high amounts of assistance.

Regardless of the method used to analyze a project, it is important to understand that no one can be completely accurate when predicting financial returns or outcomes of complex transactions. The objective is to achieve an analysis that provides a comfort level from which to build for all public and private parties participating in the project.

## **BUSINESS SUBSIDY POLICY AND CRITERIA**



CITY OF FREEPORT  
COUNTY OF STEARNS  
STATE OF MINNESOTA

Public Hearing:  
Adopted:



**EHLERS**  
& ASSOCIATES INC

Prepared by: EHLERS & ASSOCIATES, INC.  
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# CITY OF FREEPORT

## BUSINESS SUBSIDY POLICY AND CRITERIA

### 1. PURPOSE

- 1.01 The purpose of this policy and criteria is to establish the **City of Freeport, Minnesota's** (the "City") position as it relates to business subsidies under the **Job Opportunity Building Zones Act** pursuant to *Minnesota Statutes, Sections 469.310 through 469.320* (the "JOBZ Act") and the general **Business Subsidy Act** pursuant to *Minnesota Statutes, Sections 116J.993 through 116J.995* (the "Business Subsidy Act", and with the JOBZ Act, the "Acts"). This policy and criteria shall be used as a guide in processing and reviewing applications requesting business assistance. A copy of this policy shall be submitted to the Minnesota Department of Employment and Economic Development or a successor entity ("DEED") along with the first annual report.
- 1.02 The City shall have the option of amending or waiving sections of this policy and criteria when determined necessary or appropriate. The Business Subsidy Act allows the City to deviate from its criteria by documenting in writing the reason for the deviation and attaching a copy of the document to its next annual report to DEED.
- 1.03 Meeting all or a majority of the criteria, however, does not mean that the business subsidy will be awarded or denied by the City. The City maintains its ability to approve or reject a business subsidy at its discretion, based on the merits of the project and the overall benefit to the community, using the criteria as a means of measuring overall benefit.

### 2. STATUTORY LIMITATIONS

- 2.01 In accordance with the **City's Business Subsidy Policy and Criteria**, assistance requests must comply with applicable laws of the State of Minnesota.
- 2.02 Any amendments or modifications to the Acts shall amend or modify the terms and definitions of this policy and criteria without any further actions of the City.

### 3. DEFINITIONS

- 3.01 **Business Subsidy Generally.** A Business Subsidy, as further defined herein and in the Business Subsidy Act shall include, but not be limited to one of the following types of subsidies provided by the City:

- A. Loan,
- B. Grant,
- C. Tax abatement,
- D. TIF or other tax reduction or deferral,
- E. Guarantee of payment,
- F. Contribution of property or infrastructure,
- G. Preferential use of governmental facilities,
- H. Land contribution, or
- I. Other specified subsidy.

A Business Subsidy does not include assistance of less than \$150,000, business loans or loan guarantees of less than \$150,000, assistance generally available to all businesses, housing assistance, or any other type of assistance specifically excluded in the Business Subsidy Act.

3.02 **Job Opportunities Building Zone (JOBZ) Business Subsidy.** Under the JOBZ Act, a Business Subsidy includes the subsidy provided through the following set of tax benefits to certain qualified businesses:

- A. Exemption from individual income taxes,
- B. Exemption from corporate franchise taxes,
- C. Exemption from state sales and use tax and any local sales and use taxes on qualifying purchases,
- D. Exemption from state sales tax on motor vehicles and any local sales tax on motor vehicles,
- E. Exemption from property tax,
- F. Exemption from wind energy production tax, and
- G. Jobs credit.

3.03 **Further Definitions.** The following defined terms apply equally to all business subsidies. Any terms not defined herein shall have the meanings set forth in the Acts.

"Benefit Date" the later of either the date on which the Business Subsidy Agreement is executed or the date on which any amount of Business Subsidy is first provided to the Business Subsidy Recipient.

"Business Subsidy" means a state or 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, and as defined by the Business Subsidy Act.

"Business Subsidy Agreement" means the agreement between the Recipient as defined herein and the City entered into pursuant to the Business Subsidy Act describing the subsidy, specific tangible goals (i.e., create number of jobs, establish minimum wage rates and time periods in which goals will be achieved) and providing remedy for failure to achieve goals and providing for reporting to the State of Minnesota.

"Business Subsidy Recipient" means any business entity that receives a business subsidy as defined by the Business Subsidy Act and that has signed a Business Subsidy Agreement with the City.

"Business Subsidy Report" means the annual reports submitted by the City each year for each business receiving a Business Subsidy in the City in order to comply with the Business Subsidy Act.

"JOBZ Business Subsidy" means tax exemptions or tax credits available to a Qualified Business located in a Zone, as defined by the Business Subsidy Act, and as modified by amendments to these Acts.

"Qualified Business" means a person that carries on a trade or business at a place of business located within a Zone and which complies with the reporting requirements specified therein and the criteria set forth herein, except in the case of a Relocating Business, as defined herein, in



which case such person must also meet the requirements described in the JOBZ Act, which as of March 2004 were to increase employment or to make a capital investment.

"Relocating Business" A person that relocates a trade or business from outside a Zone into that Zone according to the criteria set forth in the JOBZ Act, which as of March 2004 meant ceasing one or more operations or functions at the non-Zone location and beginning performing substantially the same functions inside the Subzone or by reducing employment at the non-Zone location starting one year before and ending one year after beginning operations in the Zone, where the relocated employees in the Zone are engaged in the same line of business as the employees at the location where employment was reduced.

"Relocation Agreement" means a binding written agreement between a Relocating Business and the Commissioner of DEED pledging that the qualified business shall meet the requirements of the JOBZ Act, which as of March 2004 meant either: (a) increase full-time or full-time equivalent employment in the first full year of operation within the job opportunity building zone by at least 20 percent, *or* (b) make a capital investment on the property equivalent to 10% of the gross revenues of operation that was relocated in the immediately preceding taxable year. As of March 2004, a Relocation Agreement also had to provide for repayment of all tax benefits if the requirements of (a) or (b) are not met.

"Subzone" means the parcel or parcels of land within the specific regional zone in the City, which the Commissioner of DEED has now, or at any time in the future, shall designate to receive certain tax credits and exemptions specified under the JOBZ Act.

"Zone" means a Job Opportunity Building Zone or an Agricultural Processing Facility Zone designated by the Commissioner of DEED under the JOBZ Act.

#### 4. ELIGIBLE USES FOR THE RECEIPT OF BUSINESS ASSISTANCE

4.01 As a matter of adopted policy, the City will consider using a business assistance tool to assist private developments only in those circumstances in which the proposed private projects meet one or more of the following uses:

A. To redevelop blighted or under-utilized areas of the community.

B. To meet the following housing-related uses:

1. To provide a diversity of housing not currently provided by the private market.

2. To provide a variety of housing ownership alternatives and housing choices.

3. To promote affordable housing for low or moderate-income individuals.

4. To promote community stabilization and revitalization by the removal of blight and the upgrading in existing housing stock in residential areas.

C. To remove blight and encourage redevelopment in the commercial and industrial areas of the City in order to encourage high levels of property maintenance and private reinvestment in those areas.

- D. To enhance economic growth by increasing the tax base of the City in order to ensure the long-term ability of the City to provide adequate services for its residents while lessening the reliance on residential property tax.
- E. To retain high quality local jobs, create high quality local job growth, and provide diversity in that job base.
- F. To increase the local business and industrial market potential of the City.
- G. To encourage additional unsubsidized private development in the area, either directly, or through secondary "spin-off" development.
- H. To offset increased costs of redevelopment, over and above those costs that a business would incur in normal development.
- I. To accelerate the development process and to achieve development on sites which would not be developed without this assistance.

## 5. BUSINESS ASSISTANCE PROJECT APPROVAL CRITERIA

- 5.01 All new projects approved by the City should meet the following mandatory minimum approval criteria. However, it should not be presumed that a project meeting these criteria would automatically be approved. Meeting these criteria creates no contractual rights on the part of any potential developer.
- A. The assistance shall be provided within applicable state legislative restrictions, State Auditor interpretation, debt limit guidelines, and other appropriate financial requirements and policies.
  - B. The project should meet one or more of the uses identified in Section 4, Eligible Uses for the Receipt of Business Assistance.
  - C. The project must be in accordance with the City's comprehensive plan and zoning ordinances, or required changes to the City's comprehensive plan and zoning ordinances must be under active consideration by the City at the time of approval.
  - D. The assistance may not be provided to projects that have the financial feasibility to proceed without the benefit of the assistance. Assistance will not be provided solely to broaden a businesses' profit margins on a project. Prior to consideration of a business assistance request, the City may undertake an independent underwriting of the project to help ensure that the request for assistance is valid with underwriting costs to be reimbursed by the business in all instances which shall be in addition to the application fee described herein.
  - E. Prior to approval of business assistance, the business shall 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 City or its financial consultants may require in order to proceed with an independent underwriting.
  - F. Any business requesting business assistance should be able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed.

- G. The business must continue operations of the project for at least five years after the Benefit Date in order to stabilize its occupancy, to establish the project management, and to initiate repayment of the business assistance. If the business is a Qualified Business, that business shall agree to continue to operate in the City for the duration of the Zone.
- H. The level of business assistance funding should be reduced to the lowest possible level and least amount of time by maximizing the use of private debt and equity financing first, and then using other funding sources or income producing vehicles that can be structured into the project financing, prior to using additional business assistance funding.

## 6. BUSINESS ASSISTANCE PROJECT EVALUATION CRITERIA

- 6.01 All projects may be evaluated by the City Council (the "Council") on the following criteria for comparison with other proposed business assistance projects reviewed by the City, and for comparison with other subsidy standards (where appropriate). It is realized that changes in local markets, costs of construction, and interest rates may cause changes in the amounts of business assistance subsidies that a given project may require at any given time.
- 6.02 Some criteria, by their very nature, must remain subjective. However, wherever possible "benchmark" criteria have been established for review purposes. The fact that a given proposal meets one or more "benchmark" criteria does not mean that it is entitled to funding under this policy, but rather that the City is in a position to proceed with evaluations of (and comparisons between) various business assistance proposals, using uniform standards whenever possible.
- 6.03 Following are the evaluation criteria that may be used by the City:
  - A. All proposals should, in the opinion of the City Council, optimize the private development potential of a site.
  - B. All proposals should, in the opinion of the City Council, create the highest feasible number of jobs on the site.
  - C. Business assistance should not be approved to give a significant competitive financial advantage when compared to similar private development project(s) in the City that do not use business assistance.
  - D. All proposals should, in the opinion of the City Council, create the highest possible ratio of property taxes paid before and after redevelopment. Given the different assessment circumstances in the City, this ratio will vary widely.
  - E. Proposals should usually not be used to support speculative industrial, commercial, and office projects.
  - F. Assistance will usually not be used in a project that involves an excessive land and/or property price.
  - G. All business assistance projects should meet the "but for" test. Assistance should not be used unless the need for the City's economic participation is sufficient that, without that assistance the project could not proceed in the manner as proposed.
  - H. Business assistance will not be used when the business's credentials, in the sole judgment of the City, are inadequate due to past track record relating to: completion of projects, general

business reputation and/or bankruptcy, or other problems or issues considered relevant by the City.

- I. Business assistance will not normally be used for projects that would generate significant environmental problems in the opinion of the local, state, or federal governments.
- J. Business assistance funding should not be provided to those projects that fail to meet good public policy criteria as determined by the City Council, including: poor project quality; projects that are not in accord with the comprehensive plan, zoning, redevelopment plans, and City policies; projects that provide no significant improvement to surrounding land uses, the neighborhood, and/or the City; projects that do not have significant new, or retained, employment; projects that do not meet financial feasibility criteria established by the City; and projects that do not provide the highest and best use for the property.
- K. Except where job creation or job retention is not a goal, all projects receiving business assistance must create a minimum of one new full-time equivalent job in the community which provides employer paid basic health insurance with a minimum wage and health benefits that total at least the rate per hour of 110% of the current poverty level for a family of four within two years from the Benefit Date. 110% of 2009 poverty level for a family of four in the State of Minnesota is \$11.66 per hour.
- L. The City may deviate from wage and job criteria in 6.03 K by documenting the reason in writing for the deviation and attaching a copy of this reason to the next annual Business Subsidy Report submitted to DEED.
- M. The City shall have an overall goal that City residents hold a significant number of new jobs created under this policy. It is expected that all qualified businesses or recipients shall have a quantified target for the number of residents to be hired.
- N. In the case where job creation or job retention is not a goal, the business must meet at least one of the following minimum requirements:
  - 1. The Business Subsidy accomplishes the removal, rehabilitation or redevelopment of, or prevention of development or spread of, a blighted area as defined by Minnesota Statutes, Section 469.002, Subdivision 11, or constitutes a cost of correcting conditions that permits designation of a redevelopment district or renewal and renovation district under Minnesota Statutes, Section 469.174 to 469.179; or
  - 2. The Business Subsidy improves public infrastructure or public facilities, including without limitation streets, sewers, storm sewers, streets, parks, recreational facilities, and other City facilities; or
  - 3. The Business Subsidy removes physical impediments to development of land, including without limitation poor soils, bedrock conditions, steep slopes, or similar geotechnical problems.

The above requirements must be expressed as specific, measurable and tangible goals in each Business Subsidy Agreement. The job and wage goals that would otherwise be required may be set at zero. In addition, in the case where a business is qualified to receive job opportunity building zone tax benefits, the requirements of a Relocation Agreement must be met.

- N. Any Business Subsidy Recipient must pay back assistance received if the job and wage goals

or other specified goals are not met within two (2) years of the Benefit Date or such time as permitted by the Acts as they may be amended. For all Business Subsidies, assistance provided by the City must be paid back, with interest as determined in the Business Subsidy Act, to the City, or at the City's request, to the account created under the Business Subsidy Act. Any repayment may be prorated by the City to reflect partial fulfillment of goals. The City may, after a public hearing, extend the period for meeting job and wage goals for up to one year and may pursuant to the procedure in the Acts, extend the period for meeting other goals for any period specified by the City. For JOBZ Business Subsidies, state tax exemptions must be paid back to the State of Minnesota and property tax exemptions paid back to the Subzone county, all pursuant to the JOBZ Act. The Commissioner of DEED may waive, without a hearing, the necessity of such state and county repayment if in consultation with City officials the Commissioner determines that requiring repayment is not in the best interest of the state or City and the business ceased operating as a result of circumstances described in the JOBZ Act.

6.04 Following are the procedures that may be used by the City:

- A. Meet with appropriate City staff to discuss the scope of the project, public participation being requested, and other information as may be necessary.
- B. Completion of Pre-Application Business Assistance Financing form. This form shall be submitted to the City Council.
- C. The City Council shall review the request on a preliminary basis as to the feasibility of the project.
- D. The application shall be placed on the City Council agenda for concept review. The applicant may make a formal presentation of the project. The City staff and/or their consultants shall present their findings.
- E. If the City Council's preliminary concept review is positive, the applicant may elect to file a formal application accompanied by an administrative fee as well as annual fees for monitoring and reporting as required by statute. The amount of these fees will be determined based upon the complexity of the project and corresponding requirements for administrative services.
- F. Following the necessary financial analysis and preparation of detailed plans, the City Council shall take action on the project. If approved, the staff will be directed to undertake the following steps:
  - Prepare a Business Subsidy Agreement based upon the terms approved
  - Prepare a development plan and tax increment financing plan if required
- G. The City may require the business to provide additional security, such as a letter of credit, a security bond, or a guaranty from an affiliate or third party.

CITY OF FREEPORT  
PRE-APPLICATION  
BUSINESS ASSISTANCE FINANCING

Legal name of applicant: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone number: \_\_\_\_\_

Name of contact person: \_\_\_\_\_

REQUESTED INFORMATION

Addendum shall be attached hereto addressing in detail the following:

1. A map showing the exact boundaries of proposed development.
2. Give a general description of the project including size and location of building(s); business type or use; traffic information including parking, projected vehicle counts and traffic flow; timing of the project; estimated market value following completion.
3. The existing comprehensive land use designation and zoning of the property. Include a statement as to how the proposed development will conform to the land use designation and how the property shall be zoned or petitioned to be rezoned.
4. A statement identifying how the business assistance will be used and why it is necessary to undertake the project.
5. A statement identifying the public benefits of the proposal including estimated increase in property valuation, new jobs to be created, hourly wages and other community assets.
6. A written description of the developer's business, principals, history and past projects.

I understand that the application fee will be used for City staff and consultant costs and may be partially refundable if the request for assistance is withdrawn. Refunds will be made at the discretion of the City Council and be based on the costs incurred by the prior to the withdrawal of the request for assistance. If the initial application fee is insufficient, I will be responsible for additional deposits.

SIGNATURE

Applicant's signature: \_\_\_\_\_

Date: \_\_\_\_\_

CITY OF FREEPORT  
APPLICATION FOR BUSINESS ASSISTANCE FINANCING

GENERAL INFORMATION:

Business Name: \_\_\_\_\_ Date: \_\_\_\_\_

Address: \_\_\_\_\_

Type (Partnership, etc.): \_\_\_\_\_

Authorized Representative: \_\_\_\_\_ Phone: \_\_\_\_\_

Description of Business: \_\_\_\_\_

Legal Counsel: \_\_\_\_\_

Address: \_\_\_\_\_ Phone: \_\_\_\_\_

FINANCIAL BACKGROUND:

1. Have you ever filed for bankruptcy? \_\_\_\_\_

2. Have you ever defaulted on any loan commitment? \_\_\_\_\_

3. Have you applied for conventional financing for the project? \_\_\_\_\_

4. List financial references:

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

5. Have you ever-used business assistance financing before? \_\_\_\_\_

If yes, what, where and when? \_\_\_\_\_

PROJECT INFORMATION:

1. Location of Proposed Project: \_\_\_\_\_  
\_\_\_\_\_
2. Amount of Business Assistance requested? \_\_\_\_\_
3. Need for Business Assistance: \_\_\_\_\_
4. Present ownership of site: \_\_\_\_\_
5. Number of permanent jobs created as a result of project? \_\_\_\_\_
6. Estimated annual sales:      Present: \_\_\_\_\_      Future: \_\_\_\_\_
7. Market value of project following completion: \_\_\_\_\_  
\_\_\_\_\_
8. Anticipated start date: \_\_\_\_\_      Completion Date: \_\_\_\_\_

FINANCIAL INFORMATION:

1. Estimated project related costs:
  - a. Land acquisition      \$ \_\_\_\_\_
  - b. Site development      \_\_\_\_\_
  - c. Building cost      \_\_\_\_\_
  - d. Equipment      \_\_\_\_\_
  - e. Architectural/engineering fee      \_\_\_\_\_
  - f. Legal fees      \_\_\_\_\_
  - g. Off-site development costs      \_\_\_\_\_
2. Source of financing:
  - a. Private financing institution      \$ \_\_\_\_\_
  - b. Business assistance funds      \_\_\_\_\_
  - c. Other public funds      \_\_\_\_\_
  - d. Developer equity      \_\_\_\_\_



PLEASE INCLUDE:

1. Preliminary financial commitment from bank.
2. Plans and drawing of project.
3. Background material of company.
4. Pro Forma analysis.
5. Financial statements.
6. Statement of property ownership or control.
7. Payment of application fee.

# Memo

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From: Mason Schirmer, Secretary

To: EDA

Date: May 16, 2014

Re: Advertising Industrial Park Lots for Sale

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The City's new website ([www.freeportmn.org](http://www.freeportmn.org)) features a page on the Industrial Park. On the page is a description that reads:

"The Industrial Park was established in 2002 and features a variety of business. Each lot has access to new streets, curb & gutter, water & sewer as well as access to Xcel Energy electricity and Center Point natural gas.

Land within the industrial park can even be combined to form lots as large as 7.56 acres and 11.99 acres! Land can also be subdivided."

This was a quickly put together description, and I recommend enhancing it as much as possible. The more "keywords" we use in the text, the quicker the page will show-up when people do internet searches for such property. We want to do our best to help direct people searching online to our site.

In preparation for this upcoming meeting, I encourage you to visit the new website and provide comments and suggestions to me on how we can improve it. The site is still being developed, now is the time to let us know what you like, and what you do not like. Also, during the meeting, the website will be up on a computer for you to review.

# Memo

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From: Mason Schirmer, Secretary  
To: EDA  
Date: May 16, 2014  
Re: AT&T Industrial Park Area Lot

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Along with this memo is a visual aid that shows where this lot is located. It has been my opinion that this lot plays a significant role in the potential development of either adjacent lot. The lot in question is owned by AT&T and is home to a small building on the southern end of the lot.

AT&T has been extremely difficult to get in contact with, regarding this lot. After months of running into dead-ends, I finally got AT&T to contact me; however, I am yet again waiting for a contact at AT&T to get back to me (it seems to be a waiting game).

My inquiry to AT&T has been, since the lot is underdeveloped, and its location significantly impacts economic growth and the City's tax base, would AT&T allow parking on the lot? Perhaps a vehicle or equipment dealer would be interested in the area and would be willing to park equipment or vehicles on gravel or crushed granite, while keeping construction of buildings on the adjacent lot(s).

Should I continue pursuing AT&T for permission, or not?



**Location** - The AT&T Lot in Freeport is located between two highly-developable industrial properties in the City's Industrial Park area; furthermore, the lot is adjacent to a heavily-traveled Minnesota Interstate (I-94).

**Description** - The lot is 111,949 square feet; more than 73% of the lot is vacant.

# Memo

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From: Mason Schirmer, Secretary  
To: EDA  
Date: May 16, 2014  
Re: Donny Meyer LLC Development Idea

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## Background

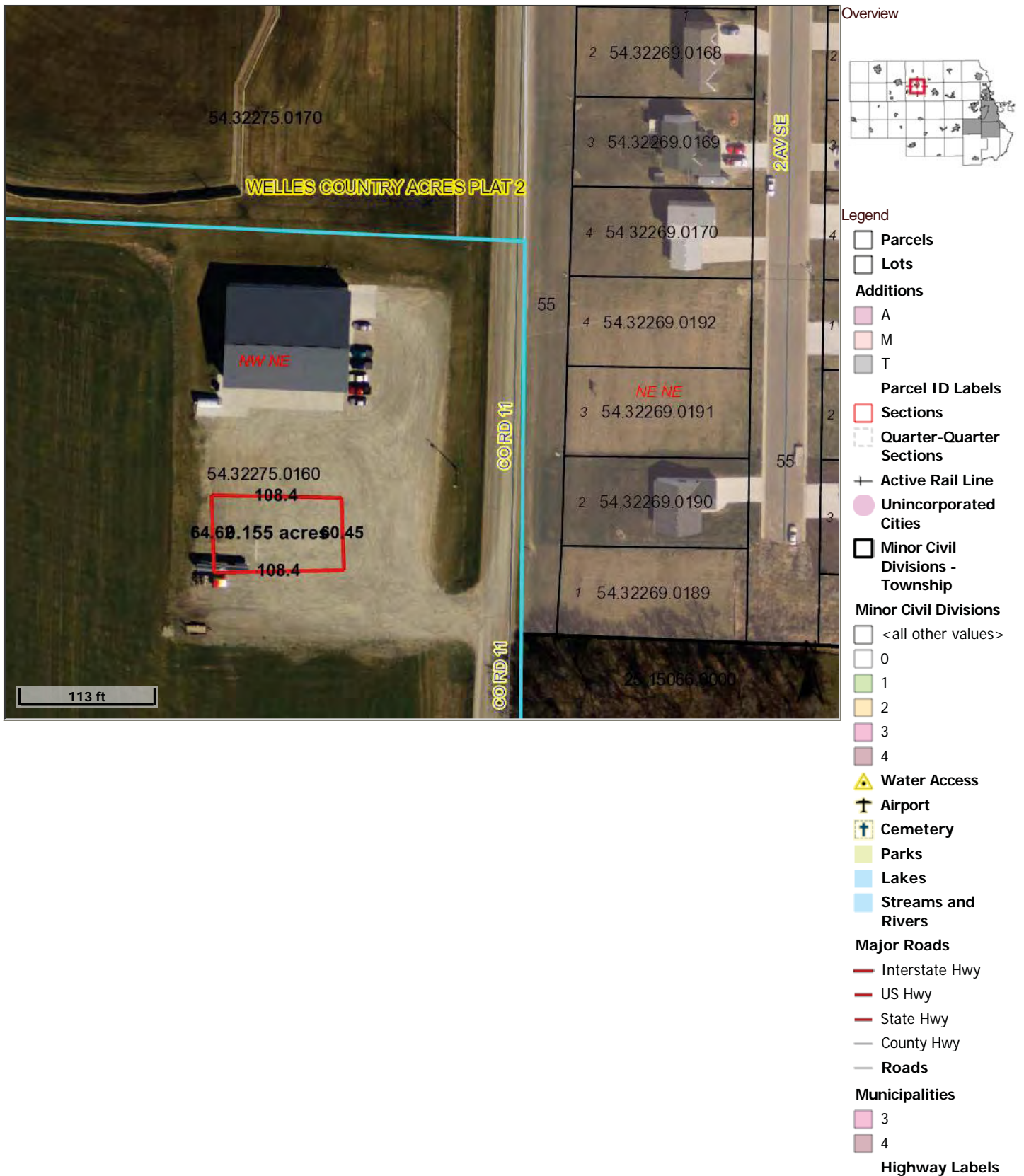
Recently, Donny Meyer asked for the City to extend Sewer to his property; and in-turn he would be constructing a new 110'x64' truck storage building. Currently, the nearest sewer main is at the end of 2<sup>nd</sup> AV SE on the eastern side of County Road 11.

Donny Meyer has expressed interest in having an Economic Development TIF district created. The City would pay for all costs associated with extending the sewer service and creating the TIF district. The costs would then be assessed to Meyer's property. Meyer would pay the assessment, then, starting as early as 2016, Meyer would begin receiving TIF payments (on a pay-as-you-go basis) for the next 9 years. The TIF payments would be the captured tax increment repaid to Meyer to help offset the cost of the sewer extension.

The idea is that at the end of the TIF district, Meyer would have his buildings connected to City sewer and the City would have sewer on the south side of County Road 11, which would make the land further south along County Road 11 more desirable for development.

## Update

Meyer recently learned that any commercial building exceeding 5,000 square feet would require either a sprinkler system or a firewall. Meyer's last conversation with me, he was considering a 64'x80' building; however, the smaller building produces a small increment, which impacts his decision to build. At this point in time, I am waiting for Meyer's decision to go ahead. If he did decide to go ahead with the project, he would need to pay a \$5,000 security deposit to the City (as per resolution). Furthermore, if he was to go ahead, he would first present to the EDA, so that the EDA could make a recommendation to the City Council.

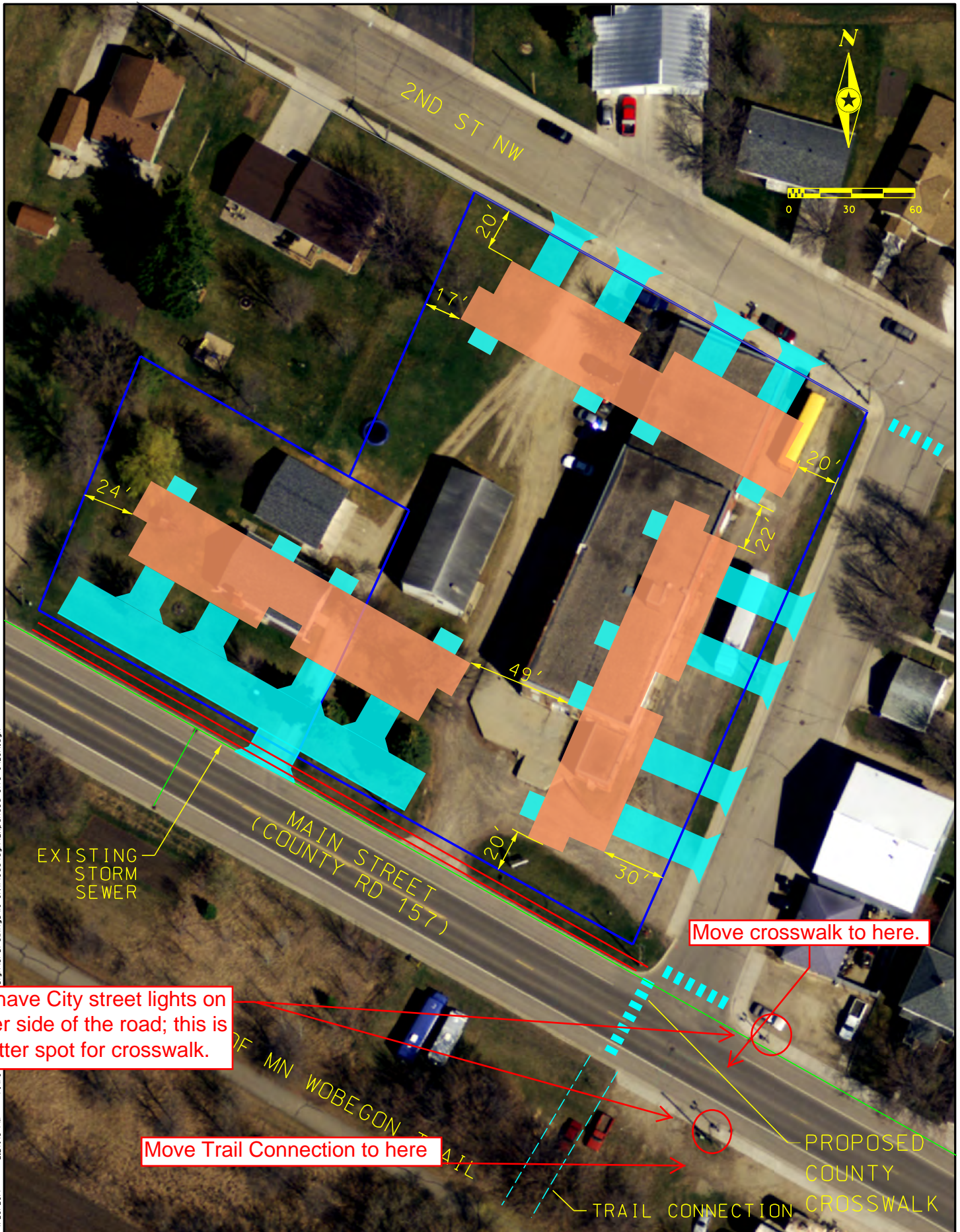


<b>Parcel ID</b>	54.32275.0160	<b>Alternate ID</b>	n/a	<b>Owner Address</b>	DON MEYER LLC
<b>Sec/Twp/Rng</b>	10-125-32	<b>Class</b>	3A-Commercial/Industrial/Public Utility		39627 COUNTY ROAD 11
<b>Property Address</b>	1100 1ST AVE S FREEPORT	<b>Acreage</b>	10.00		FREEPORT MN 56331-9694
<b>District</b>	5402 FREEPORT 740				
<b>Brief Tax Description</b>	10.0A P/O E2W2NE4 COM NE COR-S89D W ALG N LN 676.18' TO NW COR E2W2NE4-S1D E ALG W LN 828.24' TO POB- CONT S1D E 644.77'-S89D E 675.57' TO E LN-N1D W 644.75'- N89D W 675.99' TO POB				
	(Note: Not to be used on legal documents)				

Last Data Upload: 4/22/2014 7:09:28 AM

This map is made available on an "as is" basis, without express or implied warranty of any sort including, specifically, any implied warranties of fitness for a particular purpose, warranties of merchantability or warranties relating to the accuracy or completeness of the database(s).





FILE NO.  
FREEP 122461

DATE:  
APRIL 2014

CREAMERY REDEVELOPMENT  
SITE LAYOUT  
FREEPORT, MINNESOTA

FIGURE  
NO. 1



# Memo

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From: Mason Schirmer, Secretary  
To: EDA  
Date: May 16, 2014  
Re: Creamery Redevelopment Update

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In April, Betty Timp expressed interest in possibly selling her property to the City in exchange for a new townhome. During the April 22<sup>nd</sup> City Council meeting, Council directed me to look further into possibly expanding the redevelopment project site to include the Timp property. Along with the memo is the site plan the developer intends to use (which includes the Timp property).

The DEED redevelopment grant application submission deadline is August 1<sup>st</sup>.

At this point in time, I am working on trying to arrange a joint meeting of the City Council and Freeport Creamery Board, to finalize purchase option terms. Once this property is secured, then a purchase agreement, with Betty Timp, can be considered.

Does the EDA was be at the meeting too? With Matt Worms, Carrie and myself already in attendance, all that would be needed is one more EDA member to make a quorum of the EDA.

# Memo

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From: Mason Schirmer, Secretary

To: EDA

Date: May 16, 2014

Re: Carr's Tree Service Industrial Lot Development Update

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Brad and Roxane Carr recently visited the lot, along with their construction contractor, to take measurements as well as determine how the building will sit and how the rest of the lot will be finished-off.

Roxane is spearheading the project and is working closely with the contractor to get the plans finalized and into Xcel Energy. Xcel said power could be extended to the lot by mid-August; however, once Carr's have a plan submitted to Xcel, then perhaps an Xcel crew could schedule the project sooner.

Brad Carr has expressed a lot of appreciation; he said the cooperation he has received from myself and everyone else has fantastic and he is really glad he chose Freeport for the project.

# Memo

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From: Mason Schirmer, Secretary

To: EDA

Date: May 16, 2014

Re: Website Pictures

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On the City's new website, the EDA will also be featured (much like the Council is). Visit [www.freeportmn.org](http://www.freeportmn.org) and Click on the 'Freeport City Council' tab to see how the current site is being setup.

Barry Weber, of Weber Printing in Albany, takes fantastic photos at no cost to the City (it's all included in the website development cost). In addition to the banner (see above) each person is featured with an individual picture and description (see Matt's below for an example):

Matt Worms, Mayor

A resident of Freeport since 2001, Matt operates Worms Lumber and Ready Mix. Matt served as an appointed Councilmember from 2002 to 2003 before being elected Mayor, a position he has held for more than 10 years. Matt's term expires 12/31/14.

## Who Needs Their Photo Taken

**Jim Hemker, Andy Welle, Buddy Heidgerken**

## Schedule Your Photo Appointment

Call Barry at 845-4755 to schedule your appointment.

# Memo

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From: Mason Schirmer, Secretary

To: EDA

Date: May 16, 2014

Re: Looking for a New Member

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The EDA still has a vacant seat. This seat will be advertised on the City's new website, on the City's public access channel, posting a flyer on the public information bulletin board in City Hall, and putting flyers in the window sill of Charlie's.

Should any further advertising be done?

# Memo

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From: Mason Schirmer, Secretary  
To: EDA  
Date: May 16, 2014  
Re: Dairy Research Facility Update

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Last Summer I attended a meeting of the Governor-appointed committee that is preparing a plan to create a Dairy Research & Consumer Outreach Facility. During the meeting, I expressed Freeport's interest in having the facility located in Central Stearns County.

During the recent May 14<sup>th</sup> meeting of the Stearns County Dairy Advisory Committee, I asked for the Committee's position. Furthermore, I highly recommended the Advisory Committee send a representative to these State Meetings, to represent the interest of Stearns County dairy; especially since the Facility is still in the planning stages.

I received more of a negative response than anything else. An opinion voiced over the matter was "We don't want it if we don't know what it is or how it will be financed once it is in operation." I was invited to attend future State meetings than provide reports to the Advisory Committee; however, I instructed the Advisory Committee that without explicit direction from Council to do so, I will not be involved any further and that the responsibility of trying to bring the Facility to Stearns County belongs to the Advisory Committee.

Does the EDA have an opinion on the matter? Does the EDA feel I should continue to spend time and resources on trying to lure the Facility to the area (the EDA's opinion would be shared with Council).

# Memo

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From: Mason Schirmer, Secretary

To: EDA

Date: May 16, 2014

Re: Brainstorming Continued

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During the previous EDA meeting, members were asked what the next economically beneficial project should be in Freeport. What should the EDA invest its energy into?

During the meeting Bud Heidgerken suggested new park equipment for Lion's park and possibly the School park. Neither of those improvements directly impacts the economics of the town (it's more of a trickle-down affect).

What's next for Freeport?