CITY OF ST. FRANCIS
ST. FRANCIS, MN
ANOKA COUNTY

ECONOMIC DEVELOPMENT AUTHORITY MEETING AGENDA

TUESDAY, JANUARY 17, 2017

4115 Ambassador Blvd. NW
ISD #15 Central Service Center (District Office)

5:00 PM

1. Call to Order
2. Roll Call
3. Approve Minutes of August 29, 2016
4. Approval of the Agenda
5. Public Hearings/New Business
   - A. Appointment of Officers
     1. President
     2. Vice President
     3. President Pro Tem
     4. Secretary
     5. Treasurer
     6. Executive Director
   - B. LeGen Companies: Senior Health Care Facility-Walker Methodist: Request for Consideration of a Business Subsidy
   - C. Annual Report
6. Accounts Payable
7. Adjourn

CITY OF ST. FRANCIS
ST. FRANCIS, MN
ANOKA COUNTY

ECONOMIC DEVELOPMENT AUTHORITY MEETING MINUTES

AUGUST 29, 2016

1. **Call to Order**: The EDA Vice President Richard Orpen called the EDA meeting to order at 6:18 pm.

2. **Roll Call**: Members present, Richard Orpen, Troy Shook and Brenda Pavelich-Beck. Chris McClish excused. Also present City Administrator Joe Kohlmann, Community Development Director Kate Thunstrom, City Attorney Scott Lepak, and City Clerk Barb Held.

3. **Approve Minutes of May 16, 2016**: Motion by Pavelich-Beck second Shook to approve the May 16, 2016 Economic Development Authority Minutes. Motion carried 3-0.

4. **Meadows of St. Francis Development Agreement & Sale Public Hearing:** In 2013, the City bought 46 townhome unit lots in the Meadows of St. Francis subdivision. The lots were later transferred to the ownership of the EDA. On October 19, 215, the EDA entered into a purchase agreement with Able Companies for the sale of the townhome lots. In order to go forward with the closing, the EDA needs to hold a public hearing regarding the sale and authorize the terms of the sale. The development agreement includes terms that the developer must build two buildings (which include multiple units) per year for three years. The developer has partnered with a builder (RCA Builders) and the agreement states that no transfer may be done except to this entity, who is a signatory of the agreement, within the first year. The developer was also required to put together homeowner's association documents. Also, city staff has requested that the structures have a decorative brick or stone element added to the façade, as was originally planned for the units in this development. These documents were prepared and reviewed by the City Attorney's office and were conditionally approved.

Orpen opened the public hearing at 6:25 pm. Orpen asked if anyone wanted to speak on this topic. After hearing no public input, Orpen closed the public hearing at 6:25 pm.

Motion by Shook second Pavelich-Beck to approve the develop agreement and accept the terms of the sale. Motion carried 3-0.

5. **Other Discussion:** None.

6. **Adjournment:** Motion by Pavelich-Beck second Shook to adjourn the EDA meeting at 6:27 pm.

____

Barbara I. Held, City Clerk

City of St. Francis

EDA
AGENDA REPORT
Agenda Item #:
5 B

TO: Joe Kohlmann, City Administrator

FROM: Kate Thunstrom, Community Development Director

SUBJECT: Recommendation of a Business Subsidy – LeGen Companies

DATE: January 11, 2017

OVERVIEW:

In regulating economic development, State Statute requests cities to have policies in place for the use of business subsidies. Business subsidies are a common tool used by local government to support economic development. In the intent to pursue development of vacant lots and encourage redevelopment of blighted sites, the City adopted a Business Subsidy Policy and TIF Subsidy Policy in June 2016. Both policies outline the expectations of an applicant for a subsidy from the City and their intent to provide a public benefit. I have attached the Business Subsidy and TIF Policy for informational purposes.

The City has received an application from LeGen Companies for Tax Increment Financing. This type of assistance is defined by State Statute as a Business Subsidy and must meet our policy requirements. Attached is their request letter and application for a Business Subsidy. They have outlined within the application information regarding job creation, wages and estimated sources of funding.

LeGen has submitted the necessary documentation to meet the Business Subsidy application requirements. This includes the application, narratives, budget, timelines, market study and proforma. Based on the receipt of the application, Council called for a Public Hearing on February 6, 2017. At that time Northland Securities will provide the necessary information to meet state Statute for the creation of a TIF Housing District.

The timeframe to fulfil the requirements of this business subsidy request are as follows:

City of
St. Francis

December 2016

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

November 30	Resolution calling for public hearing and scope of services agreement sent to City staff
December 5	City Council calls for public hearing and approves scope of services agreement with Northland
December 28	Last day for written notice to county commissioner (469.175, Subd. 2a)
December 29	Draft TIF Plan sent to City for review

January 2017

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

January 5	Last day to send TIF Plan and fiscal implications to County and School District (469.175, Subd. 2)
January 7	First day to publish hearing notice
January 17	EDA to review TIF Plan and provide comment to City Council
January 18	Planning Commission adopts findings (if needed)
January 24	Actual date notice submitted to newspaper (includes business subsidy notice)
January 27	Actual publication date

February 2017

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

February 6	City Council Hearing Date - approve TIF Plan and development agreement

March 2017

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

March 31	Submit adopted TIF Plan to State and OSA (no later than June 30, 2017)

ACTION TO BE CONSIDERED:

The action to be considered is to review the application and its qualifications for a Business Subsidy.

BUDGET IMPLICATION:

None

Attachments:

1. Business Subsidy Policy
2. LeGen, Letter of Interest and Application for Assistance

City of St. Francis

CITY OF ST. FRANCIS, MINNESOTA
BUSINESS SUBSIDY POLICY

1) PUPOSE

This document sets forth the business subsidy policy and the specific criteria to be considered by the City of St. Francis (City) and the St. Francis Economic Development Authority (EDA) in evaluating requests for business subsidies. In adopting these criteria, it is the intent of the City and EDA to comply with Minnesota Statutes, Sections 116J.993-116J.995 as amended (the Act). The City and EDA hereby adopt the definitions contained in the Act for application of the criteria, and they are incorporated herein by reference. The City and the EDA have each adopted this policy and these criteria after a public hearing in accordance with the Act. Henceforth in this document the term "City" includes both the City and the EDA unless otherwise designated.

2) GOALS OF THIS POLICY

It is the City's intent to advance the following goals and objectives in granting business subsidies:

a. It is the goal of the City to provide business subsidies that are consistent with the City of St. Francis Comprehensive Plan and other plans and guides adopted by the City to guide development of the community.
b. It is the goal of the City to provide business subsidies that are consistent with the Act, including;
    i. The project for which the business subsidy is being provided must have a "public purpose", including but not limited to, the public purposes stated in Section III below.
    ii. The recipient must enter into a business subsidy agreement with the City that is consistent with the Act.
    iii. The recipient must commit to remain in the site for which the business subsidy was granted for at least five (5) years from the benefit date (as defined in the Act).
    iv. The business subsidy agreement sets forth the finding relative to the criteria contained herein, and any specific job, wage, property valuation or other goals established with respect to the business subsidy.

3) BUSINESS SUBSIDY CRITERIA

The following criteria shall be utilized in evaluating a request for a business subsidy. However, that an applicant meets these criterial does not create a contractual right to a business subsidy. The City may at any time and at its own discretion modify these criteria as permitted by the Act.

a. *Increase in Tax Base.* The Act provides that an increase in tax base cannot be the sole basis for granting a business subsidy, however, the City considers an increase in tax base is a critical factor in granting a business subsidy. The City may consider a specific goal for tax base increase in connection with a specific request for assistance.

b. *Job Creation*. The applicant will be required to demonstrate that the proposed project will create the maximum number of jobs feasible in light of the project type and site. Jobs to be created may include jobs that will be retained within the City of St. Francis, but only with a demonstration by the applicant that, absent the business subsidy, the job loos would be specific and demonstrable. If, after the public hearing, the City determines that the creation or retention of jobs is not a goal of the specific project, the job creation goal may be set at zero (0).
c. *Wages*. New jobs to be created by the project must pay at least 200% of the federal minimum wage exclusive of benefits. Jobs to be retained may not be required to meet the above wage standard. After the public hearing the City may establish wage goals for new jobs to be created that vary from the standard above, and which take into account the following additional factors:
    i. The size of the business, and its potential to create higher paying jobs in the future;
    ii. Prevailing local wage rates;
    iii. Local economic conditions;
    iv. External economic factors over which neither the City nor the recipient of the business subsidy has control
    v. The individual financial resources of the recipient; -and
    vi. The competitive environment in which the recipients business exists.
d. *Other Economic or Redevelopment Goals.* If creation of jobs is determined not to be a goal of a project (and by extension wages) the proposed business subsidy must achieve specific tangible and measurable goals related to one or more of the following:
    i. Provides a significant economic impact by means of a multiplier effect within the community;
    ii. Results in greater economic or commercial diversity within the community;
    iii. Contributes to the establishment or reestablishment of a critical mass of commercial/industrial development within an area of the City;
    iv. Provides goods or services that are not currently available in the community;
    v. Increase the rage of goods or services that are available in the community;
    vi. Encourages the growth of fast-growing businesses;
    vii. Encourages private investment or reinvestment that results in the removal of blight or remediation of pollution;
    viii. Supports the retention and/or adaptive re-use of building of historical or architectural significance;
    ix. Encourages the full utilization of existing or planned public infrastructure improvements.

In granting business subsidies, the City may deviate from the criterial outlined above if a) the reasons for the deviation is documented in writing and b) reported to the Minnesota Department of Employment and Economic Development (DEED) pursuant to the Act.

4) APPLICATION PROCESS FOR BUSINESS SUBSIDIES

The applicant will complete and submit the City's Application for Business Subsidy; submit with the application deposit of six thousand ($6,000.00) to cover the City's administrative review costs; and provide other information which may be requested by the City. Applicant will be liable for any additional costs beyond the initial deposit as well. All materials submitted to the City in connection with a business subsidy application shall become the property of the City. The review process shall involve at least the following steps;

a. City staff or the City's agent shall review the application materials and make a preliminary recommendation to the City Council and EDA regarding 1) the completeness of the application, 2) whether the application meets the goals of this policy, and 3) whether the application complies with the criteria established in this policy.
b. In the event that the City Council and EDA concur with the recommendation in above, a public hearing will be set at which the City will consider a final recommendation related to the application. The final review and recommendations by City staff or the City's agency shall take into account at least the following:
    i. Applicable credit analysis;
    ii. Financial structure of the proposed project/application;
    iii. Legal compliance of the project/application.
c. At the time of the scheduled public hearing, City staff or the City's agent will make a final recommendation to the City Council and EDA regarding the application. The City Council and EDA may adopt the recommendation or direct City staff or the City's agent to develop alternative information and/or alternatives for action by the City Council and EDA.

5) COMPLIANCE AND REPORTING REQUIREMENTS

a. Any assistance that does not meet the definition of a "business subsidy" will be excluded from the requirement of holding a public hearing prior to granting a business subsidy. All assistance that meets the definition shall be subject to the requirement of a public hearing.
b. Every recipient of a business subsidy must enter into a Business Subsidy Requirement Agreement with the City, which agreement must fulfill the requirements of the Act.
c. Both the recipient and the City must comply with the reporting and monitoring requirements of the Act.
d. In the event that a recipient fails within two (2) year of the benefit date as defined in the Act to meet the job and wage goals set forth in the Business Subsidy Agreement, the recipient or its successors and assigns shall be liable to repay the City the assistance plus interest. The City may prorate repayment to reflect partial fulfillment of the goals set forth in the Business Subsidy Agreement. The rate of interest charged must be set at no less than 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 State Department of Commerce.
e. The City may, after holding a public hearing, extend the time for compliance with the Business Subsidy Agreement job and wage goals by up to one (1) year.

May 2016

City of St. Francis

CITY OF ST FRANCIS, MINNESOTA
TAX INCREMENT FINANCING (TIF) POLICY

1) POLICY PURPOSE

For the purposes of this document the term "City" includes the City of St Francis Council, Staff, the Economic Development Authority, Advisory Boards and Commissions, Financial consultants, and legal counsel.

The purpose of this policy is to establish he City of St. Francis's position related to the use of Tax Increment Financing (TIF) for private development above and beyond the requirements and limitation set forth by State Law. This policy shall be used as a guide in the processing and review of applications requesting tax increment assistance.

The City of St. Francis (City) is granted the power to utilize TIF by the Minnesota Tax Increment Financing Act, Minnesota Statutes 469.174 through 469.1794, as amended. The fundamental purpose of tax increment financing in the City of St. Francis is to encourage desirable development or redevelopment that would not other occur *but for* the assistance provided through TIF.

The City reserves the right to approve or reject projects on a case by case basis, taking into consideration established policies, project criteria, and demand on City services in relation to the potential benefits from the project. Meeting 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 Council (and EDA Board) can deviate from this policy for projects that supersede the objectives identified herein.

2) OBJECTIVES OF TAX INCREMENT FINANCING

Tax Increment Financing (TIF) uses the increased property taxes generated by new real estate development within a tax increment district to pay for certain eligible costs associated with the development. As a matter of adopted policy, the City will consider using TIF to assist private development projects that will achieve one or more of the following objectives:

- To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits. Preference will be given to higher paying jobs that also provide benefits such as health care coverage.
- Projects that provide value in the forms of needed transportation and other utility infrastructure improvement that would be completed in conjunction with the project.
- To encourage additional unsubsidized private development in the area, either directly or indirectly through "spin-off" development.
- To facilitate the development process and to achieve development on sites which would not otherwise be developed but-for the use of TIF.
- To remove blight and/or encourage redevelopment of commercial and industrial area in the City that result in high quality redevelopment and private reinvestment.

- To offset increased costs of redevelopment (i.e. contaminated site clean-up) over and above the costs normally incurred in development.
- To create opportunities for affordable housing.
- Projects that improve the quality of life in the City by providing a desirable good or service and address an unmet demand in the community.
- To contribute to the implementation of other public policies, as adopted by the city from time to time, such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.

3) USE OF TAX INCREMENT FINANCING

1. When possible; TIF shall be used to finance public improvements associated with the project. The priority for the use of TIF funds is:
    a. Public improvement, legal, administrative and engineering costs.
    b. Site preparation, site improvement, land purchase, demolition and environmental remediation.
    c. Capitalized interest, bonding costs.
2. The following types of TIF districts may be established
    a. Economic Development Districts (maximum term 9 years)
    b. Redevelopment Districts (maximum term 26 years)
    c. Housing Districts (maximum 26 years)
    d. Renewal and Renovation Districts (maximum term 16 years)
    e. Other types of TIF districts, along with specific criteria, may be considered on a case by case basis.
3. TIF assistance shall not be provided for reimbursement of land and/or property price that is in excess of fair market value. An appraisal by a third party, agreed upon by the City and Developer, will determine the fair market value of land
4. The City shall retain a fee to reimburse administrative costs up to but not to exceed ten percent (10%) of any tax increment received.
5. Any developer receiving TIF assistance shall provide a minimum of twenty percent (20%) cash equity investment in the project. The TIF assistance shall not be used to supplant cash equity. The City may consider exception for "pay-as-you-go" TIF projects.
6. Developer shall be able to demonstrate a market demand for a proposed project. TIF shall not be used to support purely speculative projects.
7. TIF shall not be utilized in cases where it would create an unfair and significant competitive financial advantage over other projects in the City.
8. TIF shall not be provided for projects that would place extraordinary demands on the city services or for projects that would generate significant environmental impacts.
9. The developer must provide adequate financial guarantees to ensure completion of the project, including, but not limited to: assessment agreements, letter of credit, personal guarantees, etc.
10. The developer shall adequately demonstration, to the City's sole satisfaction, any ability to complete the proposed project based on past development experience, general reputation and credit history, among other factors, including the size and scope of the proposed project.

11. For the purposes of analyzing the proposal, the developer shall provide any requested market, financial, environmental or other data requested by the City or its consultants.

4) PROJECT QUALIFICATIONS

All TIF projects considered by the City of St. Francis must meet all of the following requirements:

1. To be eligible for TIF, a project shall result in one of the following:
    a. For Economic Development TIF Districts, new construction of a minimum of 50,000 square foot building
    b. For Economic Development TIF Districts, the minimum creation of one new or retained full time job per $15,000 of TIF provided
    c. For Redevelopment TIF Districts, a minimum value increase of 2 times the current year assessed value, whichever is greater
2. The project shall meet at least **one** of the objectives set forth in Section 2 and satisfy all the provisions set forth in Section 3 of this document.
3. The developer shall demonstrate the project is not financially feasible but-for the use of TIF.
4. The project must be consistent with the City's Comprehensive Plan, Land Use Plan and Zoning Ordinances.
5. The project shall serve at least **two** of the following public purposes:
    a. Creation of jobs with livable wages and benefits, per City's Business Subsidy Policy.
    b. Increase tax base.
    c. Enhancement or diversification of the City's economic base.
    d. Industrial development that will spur additional private investment in the area.
    e. The project contributes to the fulfillment of the City's development or redevelopment objectives
    f. Removal of blight or the rehabilitation of a high profile or priority downtown site.

5) SUBSIDY AGREEMENT & REPORTING REQUIREMENTS

- All developers/businesses receiving tax increment financing assistance from the City of St. Francis shall be subject to the provisions and requirements set forth by State Statute 116J.993 and summarized below. Developers/businesses must also comply with the cities Business Subsidy Policy.
- All developers/businesses receiving TIF assistance shall enter into a Subsidy Agreement with the City of St. Francis that identifies: the reason for the subsidy, the public purpose served by the subsidy, and the goals for the subsidy, as well as other criteria set forth by State Statute 116J.993.
- The developer/business shall file a report annually for two years after the date the benefit is received or until all goals set forth in the application and performance agreement have been met, whichever is later. Reports shall be completed using the format drafted by the State of Minnesota and shall be filed with the City of St. Francis no later than March 1 of each year for the previous calendar year. Businesses fulfilling job creation requirements must file a report to that effect with the City within 30 days of meeting the requirements.
- The developer/business owner shall maintain and operate its facility at the site where TIF assistance is used for a period of five years after the benefit is received.

- The developer/business will be required to attain or exceed the jobs and wage goas set forth in the Subsidy Agreement.
- Developer/Businesses failing to comply with the above provisions will be subject to fines, repayment requirements, and be deemed ineligible by the State of Minnesota to receive any loans or grants from public entities for a period of five years.

6) APPLICATION PROCESS

1. Applicant submits the completed application.
2. City staff reviews the application and completes a project score sheet
3. Results of the score sheet are submitted to the appropriate governing authorities for preliminary approval of the proposal.
4. If preliminary approval is granted, the applicant submits the application fee of $6,000 for the Tax Increment Financing Plan, along with the all necessary notices, resolutions and certificates as prepared by City staff and/or consultants. The application funds will be placed in a non-interest bearing account and any unused portion of the fee will be returned to the application.
5. Notices are published and sent to the county and school board.
6. Public Hearing(s) on the proposed project are held.
7. The City Council grants final approval or denial of the proposal.

*This policy shall be reviewed on a biannual basis with the next review being set forth May 2018

LEGEN
COMPANIES
Driven by Purpose.

November 17, 2016

Kate Thunstrom
Community Development Director
City of St. Francis
23340 Cree Street NW
St. Francis, MN 55070

Re: TIF Application for a Senior Living Facility

Dear Mrs. Thunstrom,

I am writing to you on behalf of LeGen Companies (the developer) and our senior health care partner, Walker Methodist, to request your consideration of Tax Increment Financing (TIF) for a senior housing project located on 229th Avenue, NW, immediately west of the The Ponds golf course clubhouse. The project, which was approved by the City of St. Francis through an amendment to its Planned Unit Development, will consist of up to an 81-unit senior housing facility. The 3-story, wood-framed structure will accommodate 56 assisted living and 25 memory care units along with health care staff spaces that will support our residents and their families. Of the spaces offered to local seniors, 20% will be set aside for elderly waiver (EW), low-income clients.

The project is being planned with the City of St. Francis' TIF Policy objectives clearly in mind. The development will serve the following public purposes:

1) Creation of jobs with livable wages and benefits
2) Increased tax base
3) Contribution to the fulfillment of the City's development or redevelopment objectives
4) Enhancement or diversification of the City's economic base
5) Creation of opportunities for affordable housing

The details of our proposed project and its benefits to the community can be found in the attached *Application for Business Assistance* and the related *TIF Request Exhibit Document.*

After an extensive financial analysis of our business model with operational expense input from Walker Methodist we have determined that the project is not viable without the application of TIF. The project financials are similar to those of supporting the Plaza Gardens Project that Walker Methodist recently completed in Anoka. The City of Anoka approved a similar TIF funding request in order to allow the project to move forward and ultimately open in August of 2016.

Our request is for $1.5M over a number of years to be determined by the City of St. Francis. This TIF funding will allow our investors and financing institution the ability to move forward with a financially sustainable project.

Our team has appreciated the support of the City Staff and Council Members throughout this process and hope that you will consider our request for the support of TIF and this new city amenity.

Please review our supporting documents and contact me with any questions or concerns.

Sincerely,

Shawn R. Meschke

Shawn R. Meschke, P.E.

LEGEN COMPANIES

City of St. Francis

Application for Business Assistance

With this application, please submit a formal letter requesting assistance. There is an application fee of $6,000 that will be used to pay legal and financial service fees associated with the application process. Any unused portion of this fee will be returned to the applicant if project is not approved or if applicant decides not to proceed. Application is not considered complete until application fee has been received.

APPLICANT INFORMATION

Business Name: GD1, LLC

Address: 1000 LaSalle Avenue SCH 435

City: Minneapolis State: MN Zip Code: 55403

Contact Person: Shawn R. Meschke Title: President

Telephone: 612-360-3710 Email: shawn.meschke@legencompanies.com

☑ To be listed as primary on legal documents

Parent Company: LeGen Companies

Address: 1000 LaSalle Avenue SCH 435

City: Minneapolis State: MN Zip Code: 55403

☐ To be listed as primary on legal documents

Consultant Name: N/A

Address: __________

City: __________ State: ______ Zip Code: ______

Contact Person: __________ Title: __________

Telephone: __________ Email: __________

TYPE OF SUBSIDY REQUESTED

☑ Tax Increment Financing (TIF) ☐ Tax Abatement ☐ Other __________

Type of TIF: ☐ Economic Development ☐ Redevelopment ☑ Housing

OWNERSHIP STRUCTURE & FINANCIAL HISTORY

Indicate type of business:

☐ Corporation ☐ Partnership ☑ LLC ☐ Proprietorship or operates under a name other than the business legal name ☐ Other __________

Proprietorship, partners, officers, directors, holder of outstanding stock of 10 percent or more of business ownership must be accounted for on the table below.

Name	Title	% of Ownership
to be determined upon approval of TIF		%
		%
		%
		%

Have there ever been judgments or injunctions against the business or owners? ☐ Yes ☑ No

If yes, describe: ______

Is there pending litigation involved the business? ☐ Yes ☑ No

If yes, please attach summary and disposition.

Has the business or the owners of the business ever filed bankruptcy? ☐ Yes ☑ No

If yes, describe: ______

Has the business or the owners defaulted on a loan commitment? ☐ Yes ☑ No

Is the business or owner currently delinquent on property taxes in the City of St. Francis? ☐ Yes ☑ No

Are you engaged in international trade? ☐ Yes ☑ No

PROJECT INFORMATION

If awarded, what is the intended use of funds? If possible, please provide preliminary cost estimates.

The intended use of the TIF funds is to create a project that is financially viable for its health care employees and stakeholders. This will be done by creating a competitive price offering to the local seniors and their families that is affordable.
Specifically, the TIF funding will be used to finance the costs of site preparation and site improvements on the project.

Project Type: ☐ Expansion ☑ Startup

Do you have facilities in other locations? ☐ Yes ☑ No

If yes, please list where: A 27-unit care suite project in Fridley will break ground in October of 2016

Will any jobs be relocated from another Minnesota site? ☐ Yes ☑ No

If yes, which location(s) will the jobs be relocated from? ______

**Provide a statement within the attachment section as to why the project cannot be completed at its current location/facility.*

What is the company's current number of Full Time Equivalent (FTE) employees in St. Francis? 0

**Full Time Equivalent (FTE) is based on a total annual hours of 2,080.*

What is the company's current number of Full Time Equivalent (FTE) employees in Minnesota: 3

Number of new FTE jobs to be created within 2 years in St. Francis: 40

Number of new FTE jobs to be created within 5 years in St. Francis: 45

**Job number will be used to determine eligibility for scoring and for job creation commitments.*

What is the hourly base wage of the lowest paid job that will be created? $10.00

How many jobs earning a base wage of $14.50 or higher are anticipated to be created? 10.40

**City requires a minimum wage of $14.50 exclusive of benefits (200% of Federal Minimum wage).*

What is the average base wage of all the jobs created? $18.46

Complete the following wage/benefit table:

Wage Levels Per Hour	Number of Permanent FTE Positions at this Wage Level	Hourly Value of Health Insurance Benefits (Health and Dental)	Hourly Value of Non-Health Insurance Benefits (Life, Profit Sharing/Bonuses, Retirement, etc.)
Less than $14.50	34.50	$2.45	$4.65
$14.50 - $14.99	0		
$15.00 – $16.99	0		
$17.00 – $18.99	1	$3.23	$0.51
$19.00 – $20.99	2	$3.85	$0.61
$21.00 – $22.99	1	$4.23	$0.67
$23.00 - $24.99	2	$4.54	$0.72
$25.00 – $26.99	1	$4.75	$0.75
$27.00 – $28.99	0		
$29.00 – 30.99	1.4	$5.70	$0.90
$31.00 and Over	2	$7.46	$1.18

PROPERTY INFORMATION

Property Identification Number(s): 33-34-24-34-0076

Total Size of the Property: Approximately 4.38 acres

Total Size of the Facility: Estimated 72,000 s.f.

23340 Cree Street NW • St. Francis, Minnesota • 55070 • 763-753-2630 • FAX 763-753-9881 • www.stfrancismn.org

Facility Breakdown	Total Square Feet Per Area
Manufacturing/Assembly/Processing	
Office	
Research Laboratory	
Warehouse	
Other	Housing = 72,000 s.f.

Will the facility be leased or owned? ☐ Leased ☑ Owned

Are there any environmental risks associated with the site, building, or the business itself? ☐ Yes ☑ No

Have state environmental review requirements been met, if applicable? ☑ Yes ☐ No

ESTIMATED SOURCES AND USES OF FUNDS

**Note: 20% of equity is required.*

	Local Government	Bank	Equity	DEED	Other	Total
Property Acquisition	400,000					400,000
Site Improvement	890,000					890,000
New Construction		11,016,000	1,334,000			12,350,000
Renovation of an Existing Building						
Purchase of Machinery & Equipment						
Public Infrastructure						
Other *	210,000		1,795,000			2,005,000
Total Project Costs	1,500,000	1,016,000	3,129,000			15,645,000

* Legal, Design, Administrative, Etc.

ESTIMATED PROJECT TIMETABLE

Task	Estimated Completion Date
Commitment of all Funds	12/1/16
Start of Construction	5/15/17
Purchase Equipment	N/A
Complete Construction	5/15/18
Begin Operations	5/15/18

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TAX INCREMENT FINANCING ONLY

Any project receiving tax increment financing must meet requirements established in the City of St. Francis Tax Increment Financing Policy.

Will the developer receiving assistance provide a minimum of 20% cash equity investment in the project?

☑ Yes ☐ No

If new construction, will the building be at least 50,000 square feet? ☑ Yes ☐ No

TAX ABATEMENT ONLY

Any project receiving tax abatement must meet requirements established in the City of St. Francis Tax Abatement Policy.

Will the developer receiving assistance provide a minimum of 20% cash equity investment in the project?

☑ Yes ☐ No

Does the project meet the minimum investment of $10 million (new businesses) or $5 million (expansions)?

☑ Yes ☐ No

Attach the following information with the application. Application is not considered complete until all documents have been received.

- ☑ Provide a brief narrative of the company. SEE EXHIBIT "A"
  - ☑ What is the business' competitive position in the marketplace? Briefly describe the past and present operations of the business and/or events leading up to its creation. Include when business was established and any change in controlling ownership within the last five years.
  - ☑ Does the marketing strategy support the planned expansion or start-up?
  - ☑ Is public assistance necessary for this project? If so, why will the project not proceed without public assistance?
- ☑ Site information, including site plan, renderings of the proposed project, narrative description of location, scope, size and type of development. SEE EXHIBIT "B"
- ☑ Planning and zoning analysis: Does the project conform to the current zoning? Are any variances needed? If so, please identify and explain. SEE EXHIBIT "C"
- ☑ Studies and analysis in support of project: SEE EXHIBIT "D"
  - ☑ Preliminary economic analysis showing existing taxes, future taxes and source and use of funds.
  - ☑ Pro forma analysis of the project or market that have been completed.
  - ☑ Market feasibility analysis.

A professional analysis of the company's financials may be required and would need to include review of the following information: Three years historical financial information: Balance Sheets, Profit and Loss Statements and Cash Flow Statements.

NOTICE TO THE COMPANY: DATA PRACTICES ACT

The information that you supply in your application to the City of St. Francis/St. Francis EDA ("City") will be used to assess your eligibility for financial assistance. The City 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 City 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.

I have read the above statement and I agree to supply the information to the City with full knowledge of the matters contained in this notice. I certify that the information submitted in connection with the application is true and accurate.

/ PRESIDENT   11/12/16

Signature / Title   Date

City of

St. Francis

Economic Development Authority

Annual Report 2016

Respectfully Submitted

By

Joe Kohlmann, Executive Director

Economic Development Authority Annual Report 2016

The Economic Development Authority had three meetings in 2016. The meetings were held on the following dates:

January 4th, 2016

May 16th, 2016

August 29th, 2016

At the January 4th, 2016 Meeting, the EDA considered and authorized Resolution 2016-01, a Resolution approving the sale of property, transfer of master declarant rights for master meadows of St. Francis, and an amend of the purchase agreement and granting signatory authority.

Essentially, this resolution allowed for the sale of the Meadows of St. Francis townhome lots and allowed the Executive Director to execute the documents to effectuate the sale of the property.

At the May 16th, 2016 Meeting, the EDA was presented with a Business Subsidy Policy. The goals and objectives of the policy were identified as follows:

1) Providing subsidies that are consistent with the St. Francis Comprehensive Plan and other plans and guides adopted by the City to guide development of the community.
2) Provide business subsidies that are consistent with the Act, including:
    a. The project for which the business subsidy is being provided must have a "public purpose", including but not limited to – increasing the tax base, job creation, wages, or other economic/redevelopment goals.
    b. The recipient must enter into a business subsidy agreement with the City that is consistent with the Act.
    c. The recipient must commit to remain in the site for which the business subsidy was granted for at least five years from the benefit date.
    d. The business subsidy agreement sets forth the finding relative to the criteria contained herein, and any specific job, wage, property valuation or other goals established with respect to the business subsidy.

The Business Subsidy policy also established criteria to evaluate a request for a business subsidy.

There was also a presentation of the Economic Development Plan completed by Northwest Associated Consultants.

At the August 29th, 2016 the EDA held the Public Hearing to consider the sale of the St. Francis Meadows. In addition, the EDA approved a development agreement with ABLE Companies LLC. Some of the major points in Development Agreement are as follows:

1) EDA sells 47 lots
2) The Developer provided plans and specifications
3) Within one year from the purchase, the Developer shall have substantially completed the construction of two buildings. In each subsequent year for the next two years, the Developer shall build two additional buildings on the property. Six buildings must be built at the end of three years.
4) Failure to meet the building criteria in #3 would result in the EDA having the ability to cancel sale and title to the property and it will be returned to the EDA.
5) Developer is required to establish a homeowners association compliant with applicable MN Statutes.
6) If the Developer breaches the performance in the agreement, the Developer shall pay reasonable attorney fees incurred by the EDA for enforcement.
7) The Developer may not assign the Agreement without written permission of the EDA.

Financial (Note the following is unaudited)

The EDA netted $98,805.00 for the sale of the Meadows of St. Francis Townhome lots. The fund also received $138.06 for interest in 2016. It ends the year with a cash balance of $98,943.06

The EDA Lease Revenue Bond Fund ended 2016 with a cash balance of $547,253.17. The fund earned $2,655.75 in interest and had transfers of $525,000.00 from a combination of the General Fund, Water Fund and Sewer Fund. Payments for principal and interest totaled $551,268.00. Outstanding principal balance is $7,315,000.00 and final payment is in 2037.

A full report will be included in the City of St. Francis financial statements.