

Chatfield Economic Development Authority
Thurber Community Center - Chatfield Municipal Building
21 Second Street SE
Chatfield, MN 55923
Voice 507.867.1523 Fax 507.867.9093
www.ci.chatfield.mn.us

REGULAR MEETING NOTICE

CHATFIELD ECONOMIC DEVELOPMENT AUTHORITY
4:30 p.m., Monday January 22, 2024
Thurber Municipal Center
Chatfield, Minnesota

AGENDA

- I. Call to Order
- II. Approval/acceptance/statutory
 - A. December 18, 2023 meeting minutes
 - B. Revolving loan fund report
 - C. Prospects/community update
 - i. Chatfield Alliance report
 - ii. Chatfield Center for the Arts
- III. Business
 - A. Cooperative tax abatement policy creation request
 - B. Lonestone Subdivision Outlot C: possible new home project
- IV. Other business
- V. Adjourn

ECONOMIC DEVELOPMENT AUTHORITY

MEETING MINUTES MONDAY DECEMBER 18, 2023

MEMBERS PRESENT: PAUL NOVOTNY, MOLLY BAUM, MIKE URBAN, MICHAEL TUOHY, LUKE ISENSEE, AND SUE KEEFE

MEMBERS ABSENT: RANDY PAULSON

OTHERS PRESENT: PETE ERICKSON AND CHRIS GIESEN

With a quorum present, the regular meeting was called to order at 4:30 p.m. by Tuohy at the Thurber Municipal Center.

- A. The board reviewed the minutes of the October 23, 2023 and November 15, 2023 meetings. Motion by Keefe, second by Novotny to approve the minutes as presented. The motion carried unanimously.

- B. The board reviewed the status of the loan fund. All loans were current.

Isensee entered the meeting at 4:35 PM.

- C. Giesen reported to the board that the city council had not taken the board's recommendation to establish a new home rebate program, as discussed at the last board meeting. Urban detailed his position for changing his vote at city council, noting that he was surprised that he was the swing vote and between the last board meeting and council meeting, he had additional concerns about such a program.

The board discussed additional ways to promote housing. Isensee suggested additional digital marketing may be effective.

- D. Pete Erickson, President of the Chatfield Center for the Arts, Inc. was present to give the latest annual report from the Art Center, Inc. He thanked the board for its continued support, noting that 3 new board members were added in 2023 and 4 new members will be added in 2024. Erickson noted that a new "producers" fund was recently created to backstop larger more expensive shows, with donations from supporters. Additional staff was hired to assist with events including grant writing and a new executive director. The Art Center, Inc. will continue to work on programming and establishing an endowment fund. The board thanked Erickson and the Art Center, Inc. board for their work. Motion by Keefe, second by Urban to approve the annual report as presented. Motion carried unanimously.

- E. The board reviewed information regarding Outlot C in the Lonestone Subdivision. This property is city owned, currently underutilized, and potentially developable for a residential unit. The board discussed the possibility of the city selling this property for development of a residential home. Several questions remained including the actual buildable area of the property given easements and locations of utilities. Consensus was to have staff further investigate and bring forward information to the next meeting for consideration.

F. There was no other business.

G. Motion by Isensee, second by Baum to adjourn the meeting. The motion carried unanimously. The meeting adjourned at 5:35 PM.

Respectfully submitted by: Chris Giesen

EDA President Signature: _____

Michael P. Tuohy

REVOLVING LOAN FUND
Account Balances - Active Loans

10/19/2022										
NAME	DATE	LOAN AMOUNT	REPAID PRINCIPAL	INTEREST	ADJUST	LOAN BALANCE	LAST PAYMENT	PAID THROUGH	MONTHLY PAYMENT	FUND
Big Girl Stickers & Stems	8/20/2018	40,000.00	18,338.18	6,365.60	-	21,661.82	12/20/2023	12/20/2023	\$ 404.98	360
Broadwater Original	8/20/2019	55,500.00	19,332.34	8,111.34	-	38,867.66	12/20/2023	12/20/2023	\$ 561.91	360
Corner Cuts Salon	9/20/2017	25,353.50	13,984.89	4,496.79	-	11,368.61	12/20/2023	12/20/2023	\$ 256.69	360
EZ FAB I - FEDERAL 360	10/1/2014	125,000.00	72,789.02	8,007.94	-	52,210.98	12/14/2023	1/1/2024	\$ 748.12	360
EZ FAB II - State Modified MIF - #CDAP-13-0031	2/1/2015	397,080.96	231,980.37	24,446.19	-	165,100.59	12/15/2023	1/1/2024	2,465.64	361
EZ FAB III - STATE MIF \$25K	9/1/2019	25,000.00	9,918.35	813.14	-	15,081.65	12/15/2023	1/1/2024	\$ 219.01	361
EZ FAB IV - STATE MIF #CDAP-18-0018-H-FY19	9/1/2019	120,000.00	30,959.83	4,231.48	-	89,040.17	12/15/2023	1/1/2024	718.19	361
Joy Ridge	3/20/2022	40,000.00	5,892.89	2,611.69	-	34,107.11	12/20/2023	12/20/2023	\$ 404.98	360
MT Properties	10/1/2014	62,700.00	55,280.82	13,278.66	-	7,419.18	12/20/2023	1/1/2024	\$ 634.81	360
TOTAL ACTIVE LOANS		890,634.46	458,476.71	72,362.81	-	434,857.75			6,414.34	
GRAND TOTAL A P D + MODIFICATIONS		2,092,069.46	946,618.86	138,060.30	-	578,640.56	-	-		

TOTAL COMMERCIAL LOANS

Cash Flow		Balance Sheet	
Contributions Start Up & Grants	1,409,088.00	Cash	213,223.51
Fund Interest Allocation Income	34,000.00		Linked cell from Cash Flow Balance
Repayments	1,084,679.16	Loans Made	1,516,797.46
Total Revenue	2,527,767.16	Less Payments	935,699.86
	Sum	Less Write Offs	143,782.81
Loans Made	2,092,069.46	Total Loans Receivable	437,314.79
	Grand Total Loan Amount	Total Assets	650,538.30
From Cell B116 See Notes	Expenses	Payables	-
	222,474.19	Total Liabilities	-
Total Expenses	2,314,543.65	Equity	650,538.30
Balance	213,223.51		Total Assets - Total Liabilities
	Total Rev Sum-Total Exp		
Banyon Fund Acctg.			
360	170,531.97		
361	44,501.36		
	215,033.33		

EDA Meeting Report 1.2024

- **Activities Report:**
 - Christmas in the Valley was not officially held this year due to staffing transition but we did advertise for the events that were going on: Santa, Lion's Dinner, Oakenwald Open House, Brass Band Concert, etc.
 - Community Cocktail Hour
 - Coming up the third Wednesday in January, next week. (24th)
 - Topic: Community Events: What gets you out of the house?
 - At the Chatfield Center for the Arts, Atrium
 - Awarded funding through the Chatfield Community Foundation for a second year of events. Will be held at different locations around Chatfield.
 - Chillfest
 - Confirmed that CCA will be hosting the Saturday concert this year.
 - Adding a bunco and cribbage tournament.
 - See draft flier. (For information purposes only. There may be edits/additions so please do not distribute.)
 - New Business Open House
 - Cutting Edge Fitness (Formerly Jackie's Fitness) Open House was held on 1/13.
- **Meetings Attended:**
 - Root River Trail Towns Monthly Meeting
- **Personnel:**
 - The Alliance has paused on filling the Coordinator position. Is exploring opportunities for broadening the scope of the position. Duties are being shared among Board members and volunteers including office hours, event coordination, marketing, and meeting attendance.

Full Events Listing: <https://www.chatfieldmn.org/events>

www.chatfieldmn.org/chillfest

FEBRUARY 3 & 4, 2024

CHILLFEST!

Chatfield, MN



CHILLFEST MEDALLION HUNT | 8AM

The first clue will be posted at **Carly Mae's Bakery**, **Jac's** and the **Silver Grille**. Following clues released on the hour on the ChillFest Facebook Page. Win \$250 in Chatfield Gift Cards.

MIDWINTER MARKET | 9AM-2PM

Chatfield Center for the Arts - Atrium | Over 50 Vendors!
Concessions available.

HISTORY HUNT & WARMING STATION | 9AM-2PM

Chatfield Center for the Arts - Fourth Street Entry "Wine" not warm up, inside and out. Grab a glass, explore the building and drink in its history.

JUSTIN FRIEDRICH HOCKEY TOURNAMENT | 11 AM - DUSK

Mill Creek Park | See Justin Friedrich Hockey Tournament FB for registration and information. Spectators welcome!

SNOW SCULPTING CONTEST | NOON - 4 PM

Register and pick up supplies at the Center For the Arts Fourth Street Entry. Sculptures will be judged at 4 PM and winners announced at the Community Social at 4:30.

ALL AGES BUNCO | 1 PM - 3PM

Chatfield Center for the Arts, Studio Room - Refreshments and concessions available.

SNOWMOBILE RADAR RUN | SIGN IN STARTS @ 2 PM

Near City 2 Canoe Launch | Bring your sled or just come to watch as riders compete for braggin' rights. More information contact Jacob Gartner @ 507-259-0803

COMMUNITY SOCIAL | 2 PM - 7PM

Fourth Street - Outside the Chatfield Center for the Arts
Fire Barrels, Music, Kids Snowshoe Course, Turkey Bowling
2-3) Sled Dog Meet N Greet
3-5) Horse-Drawn Wagon Rides, S'more's, Cider, Hot Cocoa 'til gone.
4) Hot Dogs, until gone. Free will donations accepted.

BANDS & BARRELS COMMUNITY CONCERT

CLAY FULTON & THE LOST FORTY
w/ JOSIAH SMITH

FREE ADMISSION | CASH BAR
CHATFIELD CENTER FOR THE ARTS
DOORS OPEN AT 6:30

Scan for more info
& to reserve your seats...



SUNDAY

SUNDAY FFA DRIVE THROUGH | 10:30 AM - 1 PM

Chatfield High School | \$10/meal. Scalloped potatoes and ham, green beans, dinner roll, cookie, water

CRIBBAGE TOURNAMENT |

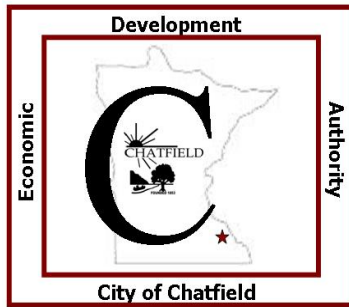
Joy Ride Event Center | BYOBoard - \$5/person. Registration is encouraged. Sign up at www.chatfieldmn.org/chillfest or call/text Melissa at 507-421-5592. Limited spots available.

Activities may change due to weather or other unforeseen circumstances. Check the website for updates.



Meridian Lodge #25





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January 22, 2024

To: Economic Development Authority

From: Chris Giesen

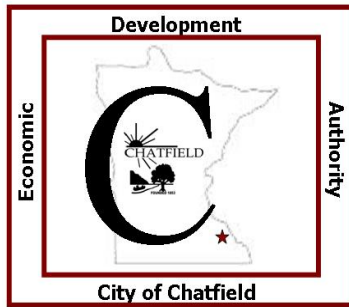
RE: Cooperative Tax Abatement Policy Creation Request

As you know, we have been working with the cities of Stewartville and Bryon to jointly approach Olmsted County to utilize cooperative tax abatement for major projects in the smaller Olmsted County cities. After several years of discussion with county board members and staff, Olmsted has invited us to a committee meeting on 2/6 to present our request.

Attached for your reference/review is a copy of the information that will be presented on the 6th - a high level outline of the proposal and draft of a policy that we assembled. This draft is just a starting point but would allow the county to simply adopt the policy and move forward.

There is likely work yet to be done but we are hopeful this will gain traction with the county.

ACTION REQUESTED: Review and pass a motion of support for the request.



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February 6, 2024

To: Physical Development Committee, Olmsted County

From: Michele Peterson, Chatfield City Administrator
Chris Giesen, Chatfield EDA Coordinator

CC: Heidi Welsch, Olmsted County Administrator
William Schimmel Jr., Stewartville City Administrator
Al Roder, Byron City Administrator

RE: Economic Development Tax Abatement for Small Cities

Background

While the regional economy is generally strong, smaller cities in Olmsted County like Chatfield often struggle gaining a critical mass for major projects, regardless of the local need. Despite demand, labor and material costs are the same in Chatfield but our smaller local market doesn't allow for the same rent/lease/pricing structure as you might see in Rochester, making critical local projects financially unfeasible without economic development assistance. Such local assistance often comes in the form of low interest loans, tax increment financing (TIF), and tax abatement. All of these tools have specific allowed uses and are highly dependent on the specific project elements.

Economic development tax abatement (abatement) can currently be used by cities, school districts, and the county individually but to date cooperative abatements have not been done. This has limited the resources available for smaller cities like Chatfield. **Cooperative abatement would provide a new financial tool to make major local projects happen. Potential projects could include housing, manufacturing, and tourism related developments or even help projects afford needed public infrastructure improvements.**

Economic Development Tax Abatement - What is it?

Local government has the authority to divert/utilize property taxes paid to achieve economic goals if the local government deems it in the best interest of the public and meets several other criteria. TIF is one such common tool used by cities but has several limits. Abatement is similar to TIF in that we can utilize the property taxes paid by the project for the benefit of the project.

When an eligible/desired project has a financial gap abatement is one way to essentially rebate property taxes back to the project or developer to make the project feasible. There are other forms and instances when tax abatement can be used, but for the purposes of this request we are only looking at abatement for economic development purposes. Like TIF the accounting mechanics of abatement

can be structured so that despite the assistance provided, there is no net change to the property tax rate due to the abatement.

Differences between TIF and Abatement

TIF

- Project/assistance given must meet strict statutory tests for specific purposes. Not all projects qualify for TIF.
- City controls the process/sole approval. County/school can comment but not veto.
- Financial assistance is derived from the new taxes created by the project.
- Project must prove a need (“but-for” test).
- Depending on type of project, the benefit can last from about 10-25 years.
- Site condition tests and income restrictions can apply.

Abatement

- Much less strict than TIF and can be utilized in most instances.
- Each taxing jurisdiction controls their own participation.
- Financial assistance can be derived from the new or existing tax capacity.
- “But-for” test is not required by statute.
- Benefits generally last up to 15 years. The duration can be extended to 20 years if one taxing jurisdiction declines participation.
- No statutory tests for site condition or income restrictions.

Request for Action & Next Steps

Chatfield, Stewartville, and Byron drafted an example tax abatement policy that could be utilized as a starting point for a county wide policy, should Olmsted be agreeable. We believe that having this tool in the box for special, high impact local projects will help small cities in Olmsted County remain economically competitive and help the entire county grow.

The policy document created is merely a draft and open to suggestions/edits, but we wanted to craft something to jump start the conversation. This policy was crafted with several ideas in mind, including:

1. That economic development looks different for each city in Olmsted County.
2. Each city has its own unique opportunities and challenges.
3. Economic impact is unique to the specifics of each project, community, and instance.
4. Assistance may be warranted in one instance and not others. Having the ability to say yes when appropriate and no when needed is critical.
5. Assistance at the county level should not be requested/given without prior approval/request from the local city.
6. Assistance should only be given in cases where it does not cause unfair competition, causes a net gain to the county/city, and the project would not happen but for the assistance provided.
7. Despite statute allowing a broad tax abatement authority, we are requesting a narrow use of it:
 - a) Projects should be subject to a “but-for” test.
 - b) Only new tax capacity should be considered for abatement.
 - c) Assistance should only be provided in a pay-as-you-go format. Over the duration of the abatement, the applicant only gets paid the benefit if they do what they promised.
 - d) Applicants should be responsible for any costs of the application review/process.

If the county is agreeable to implementing an abatement policy, we would be happy to help you with the process. In addition, we would also be willing to convene the other cities in Olmsted County for input and participation.

ECONOMIC DEVELOPMENT ABATEMENT OLMSTED COUNTY, MN

1. General Purpose and Objectives

Olmsted County is committed to the enhancement of the economic and community vitality of the County. As a tool to meet these goals, Olmsted County will, on a case-by-case basis, give consideration to providing Economic Development Abatements as stimulation for economic development and redevelopment in Olmsted County. Nothing herein shall imply or suggest that Olmsted County be under any obligation to provide Economic Development Abatements to any applicant. Olmsted County reserves the right to approve or reject projects on a case-by-case basis, taking into consideration established policies, project criteria, and demand on County services in relation to the potential benefits from the project. Meeting policy criteria does not guarantee the award of an Economic Development Abatement to the project. Approval or denial of one project is not intended to set precedent for approval or denial of another project. It is the intent of Olmsted County to provide the minimum amount of Economic Development Abatement dollars, as well as other incentives, for the shortest term required for the project to proceed. This policy is derived from Minnesota Statutes 469.1812 to 469.1815.

2. Economic Development Abatements

Economic Development Abatement is a financial assistance tool that provides a rebate on all or a portion of the new taxes created by a project. Authority for such assistance is authorized by MS 469.1812 to 469.1815.

Abatements given under this policy will not reduce the amount of property taxes owed by the recipient. The amount of an abatement will be determined and limited by the following guidelines.

3. Restrictions for Economic Development Abatements:

- a. Before a Business Subsidy is considered for any project or property, it and all of the owners must be in compliance with all Olmsted County ordinances, tax payments, or any other legal or financial obligations to Olmsted County. In addition, Olmsted County can review the status of other properties owned by the owners outside of Olmsted County.
- b. The benefits to the County must be at least equal to the costs of the Economic Development Abatements.
- c. The County Board must also find that the Economic Development Abatement action is in the public interest because the tax abatement will meet at least one of the following criteria:
 - Increase or preserve tax base
 - Provide employment opportunities in the County
 - Provide, acquire, or construct public facilities
 - Redevelop or renew blighted areas, or
 - Provide access to services for County residents; or

Olmsted County will not finance or use Economic Development abatement for retail business or market rate housing. The use of Economic Development abatement for housing would be considered if the project was to assist in worker based housing defined as meeting the low to moderate income threshold.

3.1 Duration and Other Restrictions

The Economic Development Abatement on a parcel of property may be granted for up to 15 years for each taxing entity (8 year maximum if no initial duration is specified) or 20 years if one taxing jurisdiction does not participate. If an abatement has been granted to a parcel of property and the period of the abatement has expired, the political subdivision that granted the abatement may not grant another abatement for eight years after the expiration of the first abatement. Taxes may be reimbursed on the entire Net Tax Capacity of a parcel including land or any area wide fiscal disparities tax. Olmsted County intends to restrict the abatement to new value that has not previously generated tax and was created by the project. Property in a Tax Increment Financing District is not eligible for Economic Development Abatement.

3.2 Limitations on Amount

In any given year, the total amount of property taxes abated by Olmsted County for economic development may not exceed the limit determined by the Olmsted County Board. This amount can be no more than that allowed by Statute (ten percent of the subdivision's current levy or \$200,000, whichever is greater).

The County may limit the amount of individual Economic Development Abatements to the following:

- To a specific dollar amount per year or in total
- To the increase in tax capacity resulting from improvement of the property
- To the increases in tax capacity resulting from increases in the market value or changes to the tax capacity rate of the property
- To an amount equal to or less than the local taxing jurisdiction for a given project. This does not include equal to or less than the local school district.

3.3 County Limitation on Economic Development Abatements.

Economic Development abatements are limited by Statute to ten percent of the taxing authority's annual current levy or \$200,000 whichever is greater. The Olmsted County Board may impose a more restrictive limit as described in Section 3. 2. No economic development tax abatement will be paid if the property taxes on the parcel have not been paid on a timely basis - no later than December 31st of the year in which the tax is first due. In other words, Economic Development Abatement assistance will be provided to the developer upon receipt of taxes by the County otherwise referred to as the pay-as-you go method.

3.4 County Policy on Economic Development Abatements Bonds. Although the Statute allows the County to issue bonds to fund approved Economic Development Abatements,

Olmsted County declines to issue bonds for this purpose unless the bonds relate to County initiated projects on County or County EDA property.

4. **Criteria for Economic Development Abatements.**

In considering whether or not the County Board should approve Economic Development Abatements for a specific project, the following will be considered, in addition to the statutory and County restrictions listed above. These points will be specifically defined in an Economic Development Agreement between Olmsted County and the Developer:

- a. Equal consideration will be given to both existing business expansion and new businesses locating in the County.
- b. The extent that the use of Economic Development Abatements would create an unfair and significant competitive financial advantage over existing projects in the area.
- c. The extent that the developer is able to demonstrate a market demand for a proposed project.
- d. Economic Development Abatements will not be used in circumstances where land and/or property price is in excess of fair market value.
- e. The extent to which the project increases County costs for road construction, traffic control, law enforcement, human services and other budgetary items.
- f. The extent to which other levels of local government are in support of the project. The County Board shall, prior to their consideration, receive a resolution from all other taxing jurisdictions from which the applicant intends to seek Economic Development Abatement funds to determine how these entities will be providing Economic Development abatements for the project.
- g. The extent to which other public assistance is provided to the project. The County abatement will not exceed other local abatements excluding the local school districts. Olmsted County will give higher consideration to those projects that have local and school abatement support.
- h. The nature and type of the new development.
- i. Redevelops area that has experienced blight or contamination as described in M.S. 469.174, Subd. 10, 10a, 16; and/or Brownfields remediation and environmental cleanup. For this purpose, the term "brownfields" is defined as abandoned, idled or under-used industrial or commercial facilities where expansion or redevelopment is complicated by real or perceived environmental contamination.
- j. If the Economic Development Abatements will be used to facilitate the relocation of commercial or industrial enterprises within the County, the effects of the relocation on the former neighborhood will be considered and analyzed.
- k. The proposal must include property identification numbers or legal descriptions and must be an existing parcel of record.
- l. The extent, to which the project adds to, diversifies or preserves the County's net commercial, industrial or general tax base.
- m. The project must be consistent with the County's Comprehensive Plan, Land Use Plan, Zoning Ordinance, and Transportation Plan.
- n. The extent that Economic Development Abatements will result in development on sites which would not otherwise be developed.
- o. The developer shall demonstrate that the project is not financially feasible but-for the use of Economic Development abatements. This requirement must include Economic Development abatements and all other Sources of Funds from other government jurisdictions, private sector and non-profit organizations.

4.1 Olmsted County requires that an Economic Development Agreement be completed for each Economic Development Abatement project. Recommendations of the participating municipality and County staff will be the basis of the Agreement. The Agreement will contain specific language regarding the following items:

- a. A base application fee of \$_____ will be charged at the time the application is formally submitted. After an initial analysis of the project, the County may propose a fee for administrative and investigative work on the project. The County may deduct administrative fees from the abatement during the life of the project, if so outlined at the beginning of the project.
- b. A cash equity investment by the developer will be determined through analysis of the project by an EDA recommendation.
- c. The developer must provide adequate financial guarantees to ensure completion of the projects, including, but not limited to: assessment agreements, letters of credit, and personal guaranties, etc.
- d. The Developer shall adequately demonstrate, to the County's sole satisfaction, an 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.
- e. For the purposes of underwriting the proposal, the developer shall provide any requested market, financial, environmental, or other data requested by Olmsted County or its consultants, at a cost to be paid by the Developer.
- f. The Economic Abatement will not be transferable to another party without County Board of Commissioners approval.
- g. Uniform Recapture of Benefits Policy.
 - Imposition of any recapture is at the sole discretion of the taxing authority and is considered on a case-by-case basis, and will be stated in each Economic Development Agreement. Reasons for recapture of the abatement benefits, interest, and penalties include:
 1. Sale or closure of the facility and departure of the company from the jurisdiction
 2. Significant change in the use of the facility and/or the business activities of the company.
 3. Significant employment reductions not reflective of the company's normal business cycle and/or local and national economic conditions.
 4. Failure to comply with annual reporting requirements.
 5. Significant departure from the goals of the project.

SUBSIDY AGREEMENT & REPORTING REQUIREMENTS

Business Subsidy

Receiving an Economic Development Abatement may be considered a business subsidy, as defined in MS 116J.993 to 116J.995, and may be subject to the reporting requirements under business subsidy law..

Developers/businesses receiving Economic Development Abatement assistance may be required to enter into a *Subsidy Agreement* with Olmsted County 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 statute 116J.993.

If business subsidy law applies, the developer/business shall be responsible to file annual progress reports for two years after the benefit date identified in the Subsidy Agreement or until all goals set forth in the Subsidy Agreement have been met, whichever is later. Reports shall be provided to the developer/business by the county each year and shall be filed with Olmsted County no later than March 1 of each year for the previous calendar year. Applicants fulfilling job creation requirements must file a report to that effect with the Olmsted County within 30 days of meeting the requirements.

The developer/business owner shall maintain and operate its facility at the site where Economic Development Abatement assistance is used for a period of five years after the benefit is received.

In addition to attaining or exceeding the jobs and wages goals set forth in the *Subsidy Agreement*, the borrower shall achieve at least one of the criteria set forth in each of Sections 3b and 3c of this document.

Developers/Businesses failing to comply with the above provisions will be subject to fines, repayment requirements, and be deemed ineligible by the State to receive any loans or grants from public entities for a period of five years. Costs will be assessed against the property.

APPLICATION PROCESS FOR ECONOMIC DEVELOPMENT ABATEMENTS

The sponsoring city will submit a completed application with any requested information to the Olmsted County Administration Office. The Administrator will make an initial assessment of the application and may request other data, or request input from other County departments depending on the scope of the project. The sponsoring city and developer will present the project and application to the Olmsted County _____ committee at a scheduled meeting of that body. A report from the Administrator and/or other County departments will also be submitted. If the County _____ committee denies the application, the process is ended. If the County _____ committee approves, a public hearing is scheduled with appropriate notice. The County Board will hold the public hearing and make the final decision on approval or denial of the project.

1. Applicant submits the completed application along with a base application fee of \$ _____.
2. County staff reviews the application.
3. If the application is complete, the application is placed on the agenda of the Olmsted County _____ committee.
4. The _____ committee recommends approval or denial of the proposal to the County Board, including recommendations for an Economic Development Agreement.
5. Staff completes all necessary notices, resolution and certificates.
6. Public notification and hearing is held prior to the County Board considering the abatement.
7. The County Board grants final approval or denial of the proposal. If approved, a Economic Development Agreement is completed.

APPLICATIONS TO OTHER POLITICAL SUBDIVISIONS

To avoid unnecessary delays, it is required that applicants intending to seek Economic Development Abatements from other authorized jurisdictions make their applications to those bodies prior to their application to Olmsted County. For more information on applying for Economic Development abatements through Olmsted County and/or other taxing jurisdictions, contact:

Olmsted County Government Center

APPLICATION FOR TAX REBATE FINANCING

APPLICANT INFORMATION

Name of Corporation/Partnership_____

Address _____

Primary Contact _____

Address _____

Phone_____ Fax_____ Email_____

On a separate sheet, please provide the following:

- Brief description of the corporation/partnership’s business, including history, principal product or service, etc. Attach as **Exhibit A**.
- Brief description of the proposed project. Attach as **Exhibit B**.
- List names of officers and shareholders/partners with more than five percent (5%) interest in the corporation/partnership. (both current and planned owners in the project) **Attach as Exhibit C**.
- A *but-for* analysis and narrative. **Attach as Exhibit D**.

Attorney Name _____

Address _____

Phone_____ Fax_____ Email_____

Accountant Name _____

Address _____

Phone_____ Fax_____ Email_____

Contractor Name _____

Address _____

Phone_____ Fax_____ Email_____

Engineer Name _____

Address _____

Phone_____ Fax_____ Email_____

Architect Name _____

Address _____

Phone_____ Fax_____ Email_____

PROJECT INFORMATION

1. The project will be:

- Industrial: New Construction Expansion Redevelopment / Rehab.
- Office/research facility that conforms to business park standards
- Commercial Redevelopment/Rehabilitation/Development
- Retail
- Other _____

2. In addition to Olmsted County, applicant is requesting Economic Development Abatement funds from:

City of : _____

School District: _____

3. The project will be: Owner Occupied Leased Space

- If leased space, please attach a list names and addresses of future lessees and indicate the status of commitments or lease agreements. Include rental rates, terms, and length of lease. **Attach as Exhibit E.**

4. Project Address _____

- Include Legal Description and PIN Number. **Attach as Exhibit F**

5. Site Plan and Floor Plan (foot print) Attached: Yes No

6. Total Amount of ECONOMIC DEVELOPMENT ABATEMENTS Requested:

\$ _____ over _____ years.

City Portion of Economic Development Abatements: Annual \$ _____ Total \$ _____

County Portion of Economic Development Abatements: Annual \$ _____ Total \$ _____

ISD Portion of Economic Development Abatements: Annual \$ _____ Total \$ _____

Township Portion of Economic Development Abatements: Annual \$ _____ Total \$ _____

7. Current Real Estate Taxes on Project Site: \$ _____

Estimated Real Estate Taxes upon Completion: Phase I \$ _____

Phase II \$ _____

8. Construction Start Date: _____

Construction Completion Date: _____

If Phased Project: _____ Year _____ % Completed

_____ Year _____ % Completed

PUBLIC PURPOSE

It is the policy of Olmsted County that the use of Economic Development abatements should result in a benefit to the public. Please indicate how this project will serve a public purpose.

___ Job Creation: Number of existing jobs _____
 Number of FTE jobs created by project _____
 Average hourly wage of jobs created* _____
 * attach a position specific hourly wage
 Minimum hourly wage of jobs created _____
 Minimum benefits provided to all employees _____

___ New industrial or, commercial, which will result in additional private investment in the area.

___ Enhancement and/or diversification of the County's economic base.

___ The project contributes to the fulfillment of Olmsted County's Economic Development Strategic Plan Comprehensive Plan, Transportation Plan and Land Use Ordinance.

___ Removal of blight.

___ Rehabilitation of a high profile or priority site.

___ Finance or improve public infrastructure; or

___ Other: _____

SOURCES & USES

<u>SOURCES</u>	<u>NAME</u>	<u>AMOUNT</u>
Bank Loan	_____	\$ _____
Other Private Funds	_____	\$ _____
Equity	_____	\$ _____
Fed Grant/Loan	_____	\$ _____
State Grant/Loan	_____	\$ _____
EDA Micro Loan	_____	\$ _____
Tax Abatement Financing	_____	\$ _____
ID Bonds	_____	\$ _____
Other	_____	\$ _____
TOTAL \$	_____	_____

*****Please include loan terms also, including interest rates, payment and amortization schedule, etc.**

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

ADDITIONAL DOCUMENTATION

Applicants may be required to provide the following documentation.

- A) Written business plan, including a description of the business, ownership/management, date established, products and services, and future plans
- B) Financial Statements for Past Two Years (Does not apply to start-ups)
 - _____ Profit & Loss Statement
 - _____ Balance Sheet
- C) Current Financial Statements
 - _____ Profit & Loss Statement to Date
 - _____ Balance Sheet to Date
- D) Future Financial Projections
- E) Personal Financial Statements of all Major Shareholders
 - _____ Profit & Loss
 - _____ Current Tax Return

- F) Letter of Commitment from Applicant Pledging to Complete During the Proposed Project Duration
- G) Letter of Commitment from the Other Sources of Financing Stating Terms and Conditions of their Participation in Project
- H) Debt schedules for all loans applicable to the project.

The undersigned certifies that all information provided in this application is true and correct to the best of the undersigned’s knowledge. The undersigned authorizes Olmsted County to check credit references and verify financial and other information. The undersigned also agrees to provide any additional information as may be requested by the County after the filing of this application.

Applicant Name _____ Date _____

By _____

Its _____

ECONOMIC DEVELOPMENT ABATEMENT PROPOSAL REVIEW WORKSHEET

TO BE COMPLETED BY COUNTY STAFF

Does the project meet the following qualifications?

- a) Meets all the statutory restrictions
- b) Demonstrates need for Economic Development Abatements with the *but-for* analysis.
- c) Consistent with all Olmsted County plans and ordinances.
- d) Does not violate any provisions of this Abatement Policy
- e) Has Economic Abatement Agreements in place with the city/township
- f) Has Economic Abatement Agreement in place with the school district

1. Ratio of Private to Public Investment in Project:

\$ _____ Private investment
 \$ _____ Public Investment
 \$ _____ Ratio: Private : Public Financing

2. Job Creation in Olmsted County:

_____ Number of new FTE jobs as a result of the project.
 _____ Number of FTE retained jobs at risk without project
 _____ Total

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

Yes _____ No _____

4. The project will provide a _____ service/business to its host community.

Essential (acquire or retain vital community business or service)
 Complementary (will enhance/strengthen current business/services)
 Competitive (will damage current business/services)

5. Type of Project:

_____ 100% Owner Occupied
 _____ Mix Owner Occupied & Investment
 _____ Investment (tenant-occupied) Property

EXHIBIT A

Description of the corporation or partnership

EXHIBIT B

Description of the proposed project

EXHIBIT C

Names of officers and shareholders/partners with more than five percent (5%) interest in the corporation/partnership.

EXHIBIT D

But-for analysis

EXHIBIT E

Prospective Lessees

EXHIBIT F

Legal Description and PID Number

SAMPLE - BUT-FOR ANALYSIS

	WITH NO TAX ABATEMENT FINANCING			WITH TAX ABATEMENT FINANCING		
	SOURCES AND USES			SOURCES AND USES		
	SOURCES			SOURCES		
Mortgage			9,600,000			8,667,000
Equity			2,400,000			2,400,000
Tax Abatement Financing			0			933,000
TOTAL SOURCES			12,000,000			12,000,000
Include loan terms, interest rate, payment schedule, etc.	USES			USES		
Land			1,500,000			1,500,000
Site Work			300,000			300,000
Soil Correction			468,000			468,000
Demolition			100,000			100,000
Relocation			65,000			65,000
Subtotal Land Costs			2,433,000			2,433,000
Construction			6,750,000			6,750,000
Finish Manufacturing			250,000			250,000
Subtotal Construction Costs			7,000,000			7,000,000
Soft Costs			350,000			350,000
Taxes			35,000			35,000
Finance Fees			850,000			850,000
Project Manager			542,000			542,000
Developer Fee			540,000			540,000
Contingency			250,000			250,000
Subtotal Soft Costs			2,567,000			2,567,000
TOTAL USES			12,000,000			12,000,000
	Income Statement			Income Statement		
	Sq. Ft.	Per Sq. Ft.		Sq. Ft.	Per Sq. Ft.	
Rent-Space 1	100,000	\$8.00	800,000	100,000	\$8.00	800,000
Rent-Space 2	25,000	\$8.50	212,500	25,000	\$8.50	212,500
Rent-Space 3	25,000	\$9.00	225,000	25,000	\$9.00	225,000
Other	0	\$0.00	0	0	\$0.00	0
			1,237,500			1,237,500
Mortgage		20 Term 9.00% Interest 9,600,000 Principal	1,051,646		20 Term 9.00% Interest 8,667,000 Principal	949,439
Net Income			185,854			288,061
Total Return on Equity			7.74%			12.00%

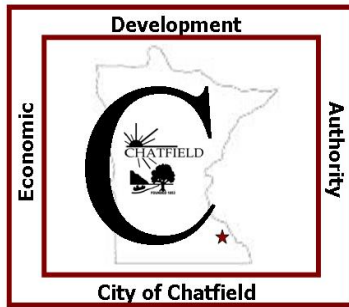
This document was approved/amended by the Olmsted County Board of Commissioners on _____.

Olmsted County Board Chair

Date

ATTEST:

Date



Chatfield Economic Development Authority
Thurber Community Center - Chatfield Municipal Building
21 Second Street SE
Chatfield, MN 55923
Voice 507.867.1523 Fax 507.867.9093
www.ci.chatfield.mn.us

January 22, 2024

To: Economic Development Authority

From: Chris Giesen

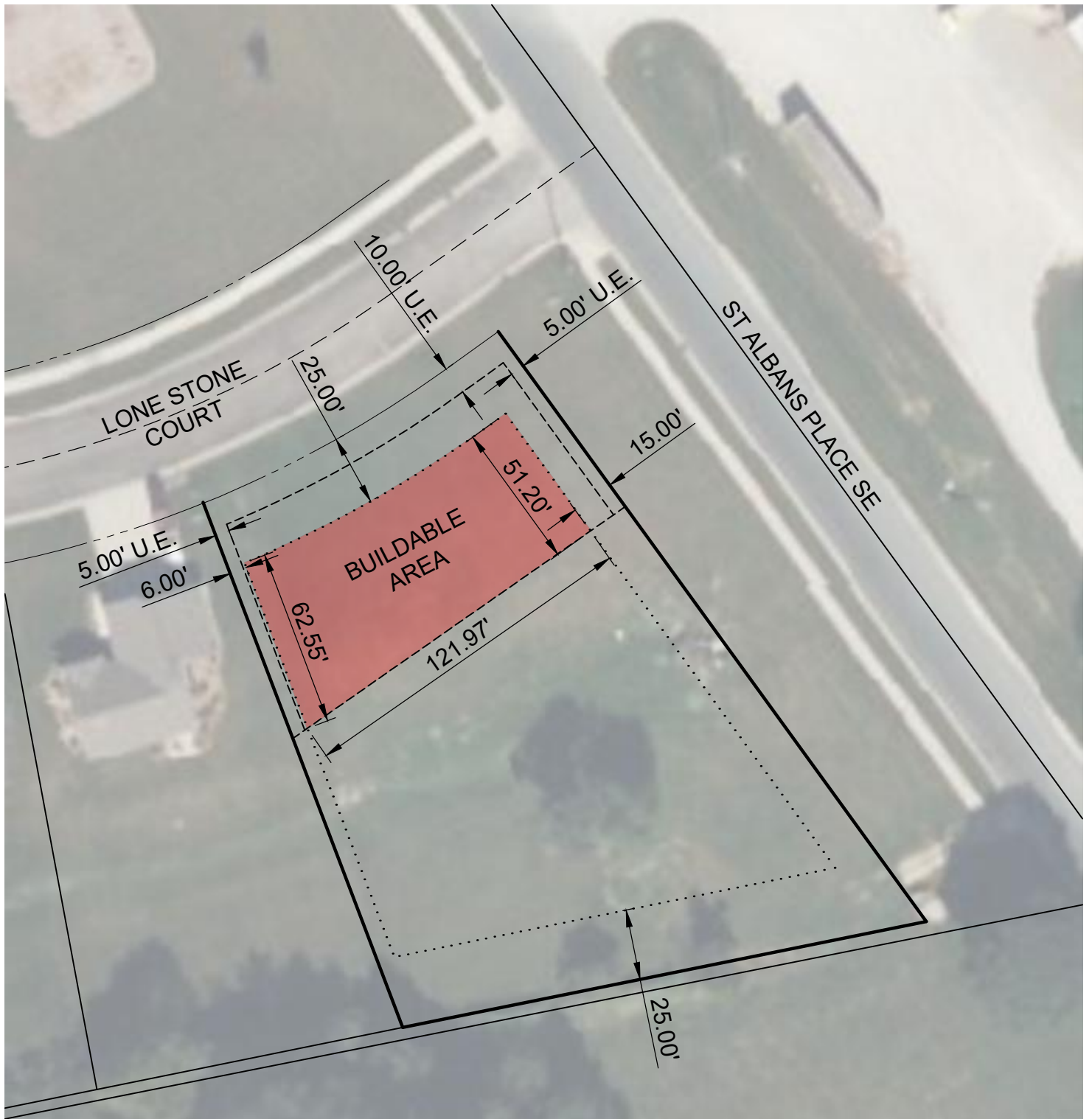
RE: Lonestone "Outlot C" – Possible House Development

The EDA agreed at the last meeting to pursue the sale and development of Outlot C in the Lonestone subdivision for the purpose of building a residential home on land that is otherwise underutilized by the city.

Attached, please find a layout detailing the buildable area for this property. Given the existing property lines, easements, and R1 zoning setbacks there is an approximately 50 – 60' by 120' area that is buildable. Considerations for next steps:

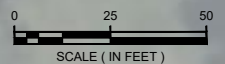
1. **Property sale** – how do we sell the property?
 - a. Do we list it with an agent? Sell by owner, request proposals, etc...?
 - b. Determine sale price.
 - c. Should the city do any prelim site prep? (Tree plantings, utility stubs, etc...) Or do we price the lot so that it's up to the buyer to conduct any site prep/utilities?
2. **Development requirements** – what, if anything, will we require the buyer do?
 - a. Require a home to be built within a certain time frame?
 - b. Require certain type of home/size/price point/income qualifications/minimums/etc...?
 - c. Consider use of a land trust? Either through an existing program like First Homes (where income qualified buyers purchase the building but the land remains in a non profit trust, reducing the overall cost of the property – there are 5 of these already in the subdivision), starting a city land trust in a similar manner to First Homes in order to reduce the ultimate cost of the home but retaining city ownership of the land?
 - d. Offer the land and accept proposals. Set development requirements based on what comes in?
3. **Use of sale proceeds**
 - a. It appears the land was dedicated to the city by the developer of the subdivision at the time of plat for parkland space but specific documentation has not been located.
 - b. Should the sale proceeds go to the park department given we could have collected a park fee as opposed to accepting the land for park space, in lieu of the park fee?
 - c. Alternatively, could we utilize the proceeds to provide seed funding for other development/housing projects?
 - d. Development Fund #242?
 - e. Do we need to somehow reimburse/credit the original developer for the value of the land they dedicated to the public if the public no longer needs the parkland?

ACTION REQUESTED: Discuss and advise on next steps.



R-1 (SINGLE-FAMILY RESIDENTIAL) SETBACKS

- FRONT YARD: 25 FT
- INTERIOR SIDE YARD: 6 FT
- SIDE STREET SIDE YARD: 15 FT
- REAR YARD: 25 FT



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DATE	REV#	REVISIONS DESCRIPTION	BY