

**SPECIAL EDAP BOARD MEETING
WISH'N WELL CAFÉ
APRIL 18, 2017
7:00 A.M.**

AGENDA

- I. CALL TO ORDER
- II. CONSENT AGENDA
 - A. Minutes (page 1)
- III. NEW BUSINESS
 - A. Stang Project – Job Creation (page 6)
- IV. OLD BUSINESS
 - A. Economic Status Of Community – Update
 - B. Past Due Loans – Update
 - C. Housing Incentive Programs – Update – Extend incentive to an additional 10 homes.
- V. INFORMATIONAL
 - A. Revolving Loan Report (page 23)
- VI. ADJOURN

***** Please call or email Renee at 320-243-3714 ext. 227 or at renee@paynesvillemn.com if you are not able to attend the meeting. *****

Members: Don Pietsch, Don Wiese, Bruce Stang, Chris Stanley, Wayne Nelson, Jean Soine, and Len Gilmore. Advisory Member: Renee Eckerly.

This agenda has been prepared to provide information regarding an upcoming meeting of the EDAP Board. This document does not claim to be complete and is subject to change.

BARRIER FREE: All EDAP Board meetings are accessible to the handicapped. Attempts will be made to accommodate any other individual need for special services. Please contact City Hall (320) 243-3714 early, so necessary arrangements can be made.

REQUEST FOR COMMITTEE/COUNCIL ACTION

COMMITTEE/COUNCIL NAME: EDAP Board

Committee/Council Meeting Date: April 18, 2017

Agenda Section: Consent Agenda

Originating Department: Administration

Item Number: II - A

ITEM DESCRIPTION: Minutes

Prepared by: Staff

COMMENTS:

Please review the minutes from the February 21, 2017 and March 7, 2017 EDAP Board meetings.

ADMINISTRATOR COMMENTS:

COMMITTEE/COUNCIL ACTION:

Motion to approve the minutes from the February 21, 2017 and March 7, 2017 EDAP Board meetings.

**MINUTES
EDAP BOARD MEETING**

FEBRUARY 21, 2017

Jean Soine called the meeting to order at 7:00 a.m. Members present were Bruce Stang, Len Gilmore, Chris Stanley, Wayne Nelson, and Renee Eckerly, City Administrator. Don Wiese and Don Pietsch were absent.

Motion was made by Stanley to approve the minutes of the December 20, 2016 EDAP Board meeting. Seconded by Nelson and unanimously carried.

ELECTION OF OFFICERS

Motion was made by Stang to elect Soine as Chairperson, Stanley as Vice Chair, and Eckerly as Secretary. Seconded by Stanley and unanimously carried.

MEETING SCHEDULE

It was consented to keep the EDAP Board meeting schedule the same; 7:00 a.m. on the third Tuesday of each month.

310 BELMONT STREET – EDAP LOAN

Eckerly reported that 310 Belmont Street is a trash house that drugs were allegedly being sold out of. The house is currently vacant. The owners are interested in selling. Would EDAP support a Small Cities Loan to rehab the house? The money can't be used for demolition. The Board discussed that the people would need to make an application. The house is structurally sound, but the boiler is not working. The City does not want a situation to start up again when it gets warmer out. The Board would support money from the Small Cities Revolving Loan to rehab the property.

DOWNTOWN REHAB

Eckerly reported that this is a number one priority of the City Council. There are 3-4 vacant buildings and 11 buildings used for storage.

ECONOMIC STATUS OF COMMUNITY

Eckerly reported on:

- Kwik Trip
- Daniel Funeral Home
- Airport View Plat

PAST DUE LOANS - UPDATE

Eckerly discussed Sweet Nook Bakery.

CRAIG ELFERING

Stanley stated that he is working with Mr. Elfering and waiting on tax statements. Stanley will be meeting with Elfering to review his financials. Mr. Elfering is currently renting.

HOUSING INCENTIVE PROGRAM

Eckerly presented a draft housing incentive proposal to the Board. There are currently over 50 lots available to be built on in the City limits. Some cities are selling lots for \$1.00. There is a need to pull people to our community. Data from the League of MN Cities 2016 Property Tax Data shows that the City of Paynesville has the 11th lowest average total net tax capacity rate in the tri-county area. The only City lower with a population over 300 is St. Augusta.

The \$2,500.00 would be handled like in the past. The bank would contact the City that they have someone purchasing a lot to build on. If the owner lives there for 6 years the money would be forgiven. Before the money was only for first time home buyers. This time the money would be for anyone willing to build on a lot. Sewer and water hookup fees would save the owner \$1,800.00, one boulevard tree is an estimated savings of \$250.00. Eckerly would contact the school regarding the activity passes which are valued at \$175.00. Any business willing to donate chamber bucks would also be listed on the flyer for advertising purposes.

The Board discussed if tax abatement for 5 years would be a better incentive. The Board discussed if the incentive is needed. Eckerly reported that other cities are looking into incentives and she would rather have Paynesville be the first out not the last.

Motion was made by Stanley to approve the draft Housing Incentive Plan with a limit of 10 homes and recommend such to the City Council. Seconded by Nelson and unanimously carried.

INFORMATIONAL

The Revolving Loan Report was reviewed and the New London Spicer Building Permit Newspaper Article was noted.

There being no further business the meeting was adjourned at 8:05 a.m.

**MINUTES
SPECIAL EDAP BOARD MEETING**

MARCH 7, 2017

Jean Soine called the meeting to order at 7:00 a.m. Members present were Bruce Stang, Len Gilmore, Chris Stanley, Wayne Nelson, and Don Wiese. Renee Eckerly, City Administrator and Don Pietsch were absent. Jennifer Welling, Administrative/Zoning Specialist; and Pat Flanders were also present.

There were no minutes presented for approval.

AIS HARVESTER

Excerpt of minutes from the October 25, 2016 EDAP Board meeting:

Mayor Thompson requested that the EDAP Board discuss the option of funding a harvester for the Koronis Lake Association through revolving loan funds. The Board discussed that the lake is an economic contributor, but the harvester does not meet the goals for revolving loan fund money. Gifting money is a bad door to open with no criteria. The Board would be open to borrowing the money to a company to purchase the harvester as part of their business, possibly at a reduced interest rate.

Pat Flanders was in attendance to request funding for an AIS harvester in the amount of \$69,000.00 of which \$33,000.00 has been raised through private donations. The Lake has a direct economic impact on the City; at one time it was calculated at 7 million dollars a year. The City can't just do nothing. The harvester is a management tool to slow the growth. The equipment would be managed/owned by the Koronis Lake Association and run by a person hired by Mr. Gilmore. Flanders is in charge of fundraising for this.

There was a lengthy discussion that included the following:

- Type of harvester – manufacture
- What one would get for \$69,000.00
- Other equipment necessary
- Can other lakes use this harvester; no, there is too much volume
- Takes 10-12 hours to clean a harvester
- DNR must approve the harvester and its location to harvest
- Charging back a fee to the residents that own lake frontage
- This money would be a part of the matching funds needed for the grant
- Life expectancy of a harvester
- This is a puller harvester and not a cutter harvester
- Donation versus a zero interest loan
- Will this harvester do the job needed
- Have a custom built harvester
- KLA pays for the person to run the machine
- Harvest material is dumped on a turkey farm field

It was suggested that more research be conducted on the machine, but funds are available.

DOWNTOWN REHAB

Pat Flanders was in attendance to present a downtown rehab proposal that included the following discussion points:

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- A small group of community members have been meeting
- Presbyterian Homes – Senior Housing
- City has old commercial and highway commercial
- Goal is to bring residents back downtown
- Tear down the block from the former corner drug building to the Stoneburner Law Office
- 2-3 stories in height with offices and commercial on the main level
- Go through a 4 stage process
- Requesting \$15,500.00 of which \$5,000.00 will be available through an Ag Star grant
- \$10,500.00 would be used to hire 4 individuals to conduct phases I and II
- Number one goal is to redevelop downtown
- There is a need to know what EDAP would get for the \$10,500.00

(Stanley and Wiese left at 8:00 a.m.) Flanders went to get the proposal from his office.

Welling stated that once the City participates in the project; it now becomes public knowledge and two bids may be required by Council.

Flanders presented the Essential Decisions, Inc. (EDI) Senior Housing Consulting Proposal in the amount of \$10,500.00 for senior housing and services master planning charrette.

Motion was made by Gilmore to approve the \$10,500.00 out of the EDAP Fund, to continue to explore the option of downtown redevelopment through EDI, and recommend such to the City Council. Seconded by Nelson and unanimously carried.

ECONOMIC STATUS OF COMMUNITY

Welling noted that Kwik Trip's Conditional Use Public Hearing was held and the Planning Commission is recommending approval to the City Council. Stearns County is currently reviewing the proposed final plat for Airport View. It was mentioned that a Mexican restaurant may open in the former Jimmy's Pizza location.

PAST DUE LOANS - UPDATE

Welling reported that a letter had been sent to Sweet Nook.

CRAIG ELFERING

Stanley stated that he is working with Mr. Elfering.

HOUSING INCENTIVE PROGRAM

Welling reported that the City Council has approved the proposed housing incentive program.

INFORMATIONAL

The Revolving Loan Report was reviewed.

There being no further business the meeting was adjourned at 8:18 a.m.

APPLICATION PROCEDURES

The Job Creation Fund (JCF) Program provides job creation awards and capital investment rebates to designated businesses that retain or create high-paying, full-time permanent jobs and invest in real property improvements. The program is available statewide for manufacturing, distribution, warehousing, and other eligible business activities.

Applications are accepted on a year-round basis as funds are available.

To become a designated JCF business and receive benefits, a business must work in conjunction with the local government where the JCF business will be located. A JCF application must be completed and submitted to the Department of Employment and Economic Development (DEED) by the local government. Step-by-step instructions are listed below and applications may be submitted by mail or email to:

Tom Washa
Program Administrator - Principal
332 Minnesota Street, Suite E200
St. Paul, MN 55101
jobcreationfund@state.mn.us

Completing the Job Creation Fund (JCF) Program Application: Step-by-Step Instructions

In consultation with DEED, the local government will make a preliminary determination about whether a business meets the minimum program requirements. Use the Job Creation Fund Eligibility and Application Checklist on the program website for guidance. If a business is potentially eligible, the following steps are completed:

1. The business provides the information to the local government needed to complete JCF Application. A local government resolution in support of the project must be included. Local officials must submit the application to DEED.
2. DEED evaluates the application and notifies the local government and business of approval or denial. If approved, DEED will formally designate the business as a JCF business and determine a job creation award and/or capital investment rebate amount. Awards and/or rebates of \$500,000 or more require DEED to hold a public hearing.
3. Jobs created and/or capital investment expenditures may be counted after the business is formally notified by DEED that it has been designated as a JCF business.
4. DEED will draft a business subsidy agreement specifying the award and/or rebate to be provided after required job creation and capital investment goals are met. The JCF business and the DEED commissioner sign the business subsidy agreement.
5. The local government will assist the business with submitting required annual progress reports, payment request documentation, and other information requested by DEED. The local government will also provide information on annual changes in wage requirements.

JOB CREATION FUND PROGRAM APPLICATION

SECTION 1 - LOCAL GOVERNMENT AND BUSINESS APPLICANT INFORMATION

Local Government Project Sponsor:	Local Government Contact Name and Title:
Email:	Telephone:
Address:	City/State/Zip:

Business Legal Name:	Parent Company Name (if applicable):
Mailing Address:	City/State/Zip:
Street Address for Project Applying for JCF (JCF Project):	City/State/Zip for JCF Project:
Primary Business Contact and Title:	E-mail:
Website:	Telephone:
SWIFT Vendor Number*:	FEIN:
NAICS Code:	Primary Business Activity for Proposed Project:

*If you are intending on submitting an application, you may need to register as a vendor by going to: <https://mn.gov/mmb/accounting/swift/vendor-resources/>
 For new vendors, please note that approval of your registration may take 3 – 4 business days. If you need assistance obtaining a vendor ID or completing the registration process, please call 651-201-8100, Option 1

SECTION 2 - PROJECT OVERVIEW

Project Type: <input type="checkbox"/> New business with no parent company or current operations <input type="checkbox"/> Expansion of existing facility or Minnesota company <input type="checkbox"/> Expansion to Minnesota by a company with existing operations outside Minnesota													
Project will involve: <input type="checkbox"/> Leasing an existing facility where leasehold improvements will be made <input type="checkbox"/> Leasing a facility to be constructed <input type="checkbox"/> Ownership of an existing facility and making improvements <input type="checkbox"/> Construction and ownership of a new facility													
Are there facility or land limitations that do not allow the business to expand at an existing Minnesota facility? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not applicable													
Could this project be located outside of Minnesota and serve the same customers? <input type="checkbox"/> Yes <input type="checkbox"/> No													
Project Timeframe: <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <thead> <tr> <th style="width: 50%;">Task:</th> <th style="width: 50%;">Estimated Completion Date: (mm/yy)</th> </tr> </thead> <tbody> <tr> <td>Commitment of all funds</td> <td></td> </tr> <tr> <td>Start of construction</td> <td></td> </tr> <tr> <td>Purchase equipment</td> <td></td> </tr> <tr> <td>Complete construction</td> <td></td> </tr> <tr> <td>Begin operations</td> <td></td> </tr> </tbody> </table>		Task:	Estimated Completion Date: (mm/yy)	Commitment of all funds		Start of construction		Purchase equipment		Complete construction		Begin operations	
Task:	Estimated Completion Date: (mm/yy)												
Commitment of all funds													
Start of construction													
Purchase equipment													
Complete construction													
Begin operations													



Current number of permanent, full-time employees company-wide:

Current number of permanent, full-time employees in Minnesota:

Current number of permanent, full-time employees at proposed JCF site:

Will any jobs be relocated from another Minnesota site to the proposed JCF site? Yes No
 If yes, which location(s) will the employees be relocated from?
**for jobs relocated from another Minnesota location, a letter in support of the move from the city where the job will be moving from must be attached **upon designation, an updated employee count will be requested*

Average wage for retained and/or new permanent, full-time employees:

Projected number of new full-time permanent jobs at proposed JCF project site:

	To be created in Year 1	To be created in Year 2	To be created in Year 3
# new FT, permanent jobs:			

**full-time permanent jobs means positions with expected work hours of 2080 annually*

Sources & Uses:
**since JCF funds are pay-for-performance, they should not be included as a source or use of funds*

	Bank(s)	Equity	State	Local Gov't	Other ()	Total
Property Acquisition						\$0
Site Improvement						\$0
New Construction						\$0
Renovation of an Existing Building						\$0
Purchase of Machinery & Equipment						\$0
Infrastructure						\$0
Other:						\$0
Other:						\$0
Total Project Cost	\$0	\$0	\$0	\$0	\$0	\$0

Has the business received state or local financial assistance in the last year? Yes No

Does the property or the business have any outstanding local, state or federal tax liabilities? Yes No
 If yes, describe:

Have state environmental review requirements been met for the project, if applicable? Yes No

Are there current or unsatisfied judgments or injunctions against the business or owners? Yes No
 If Yes, describe:

Is there current or pending litigation involving the business? Yes No
 If yes, attach summary and disposition.

Within the past five years, has there been any violation(s), citation(s), or complaint(s) of discrimination filed against the company in a state or federal court or before any state, federal or local government agency?
 Yes No If Yes, attach a copy of the violation(s), citation(s), or complaint(s) and the disposition of each.

SECTION 3 - REQUIRED INFORMATION

**Information from the items listed below will be used to evaluate potential awards and rebates for a business requesting JCF designation. Please be thorough in addressing the requested information and clearly identify responses to each item separately by number.*

PART A – Business Description. Describe the business and its major activities. Please include the following information:

1. Business overview and company history and ownership - include organizational structure, parent company and any affiliates
2. Product or industry outlook for the JCF project
3. Total projected sales for the JCF project both inside and outside of Minnesota
4. Estimated sales to Minnesota customers that replace purchases from outside Minnesota
5. Markets (local, statewide, national, international) along with their respective percentage to total sales and the customers served
6. Philanthropic or other ways in which the business contributes or will contribute to Minnesota
7. Attach two years of historical financials (Profit & Loss/Balance Sheets/Income Statement/Cash Flow Statement) and financial projections

PART B – Project Description. Describe the project for which JCF funds are being requested. Please include the following information:

8. Provide details for the project for which JCF funds are being requested. Discuss topics such as square footage increase, lease vs ownership, new construction vs renovation or leasehold improvements, etc.
9. If this is a lease scenario, explain how the JCF applicant will pay for tenant improvements, including amount, timing, and upfront expenses vs. lease payments. For more information see Job Creation Fund Benefits Explained.
10. Describe how the JCF project will strengthen and/or diversify the local or Minnesota economy
11. Describe any local government assistance for the JCF project (e.g., city loan, abatement, TIF, etc.) and comment on dollar amounts and/or general information on any city projects related to this project.
12. Attach line-item construction cost estimates for real property improvements for the JCF project
13. If available, attach a commitment letter from each financing source (ie Financial Institutions), including a letter of commitment for any business equity

PART C – Business Competitors. Identify the competitors of the business within local community (city and county), the adjacent counties, and in the state of Minnesota. Include:

14. The name of each major competitor and the location of each competitor by city
15. How the products or services are different than the JCF business'
16. How the markets are different from the JCF business'

PART D – Detailed job & wage information.

17. If applicable, provide quarterly payroll reports from the last year for current permanent full-time employees who will be located at the JCF project site
18. For new full-time permanent employees, complete the form on Page 5 of this application or attach a listing of jobs that includes the information from the form on Page 5.

JOB CREATION FORM - PERMANENT JOBS TO BE CREATED

POSITION TITLE (list permanent full time positions only)*	NUMBER OF POSITIONS	HOURLY CASH WAGE RATE WITHOUT BENEFITS	HOURLY VALUE OF BENEFITS **	TOTAL HOURLY CASH WAGE INCLUDING BENEFITS
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
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				\$0.00
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				\$0.00
				\$0.00
				\$0.00
				\$0.00

Total jobs to be Created: _____ Average hourly Cash Wage: _____ Average hourly benefits: _____

*For the purposes of the Job Creation Fund program, job creation awards are provided for permanent full-time positions working 2080 hours per year.

** includes non-mandated benefits to the employee. Social security tax, unemployment insurance, workers compensation insurance and other benefits mandated by law *must be excluded*.

NOTE: Minnesota job creation fund businesses must pay each new full-time employee added pursuant to the agreement total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 110 percent of the federal poverty level for a family of four.

SECTION 4 - BUSINESS ACKNOWLEDGMENT AND CERTIFICATION

DATA PRIVACY ACKNOWLEDGMENT:

Tennessen Warning Notice: per MN Statutes 13.04, Subd.2, this data is being requested from you to determine if you are eligible for an award under the Job Creation Fund program. You are not required to provide the requested information, but failure to do so may result in the department’s inability to determine your eligibility for an award pursuant to the criteria developed under the program’s enabling legislation and rules. The data you provide is classified as private or non-public and cannot be shared without your permission except as specified in statute.

Data Privacy Notice: per MN Statutes 13.591, Subdivision 1, certain data provided in this application is private or non-public data; this includes financial information about the business, including credit reports, financial statements, net worth calculations, business plans; income and expense projections; balance sheets; customer lists; income tax returns; and design, market, and feasibility studies not paid for with public funds. Per MN Statutes 116J.401, Subd. 3., certain data provided in this application is private data; this includes data collected on individuals pursuant to the operation of the Job Creation Fund Program.

BUSINESS CERTIFICATION:

Financial Assistance Certification: I hereby certify that the Job Creation Fund program is necessary to my business start-up or expansion and that without the Job Creation Fund my business start-up or expansion project would not happen to the extent outlined in the Job Creation Fund Application. I certify that I will not count any existing positions or employees moved or relocated from another of Minnesota facility where my business conducts operations as new permanent full-time employees for the purposes of fulfilling requirements of the Job Creation Fund Program. I certify I will not terminate, lay-off, or reduce the working hours of an employee for the purpose of hiring an individual to fulfill the requirements of the Job Creation Fund Program. I certify that I will pay prevailing wages as required under the laws of the State of Minnesota if applicable. I certify I will enlist the services of the Workforce Center Business Services and will sign a Job Listing Agreement as a condition to receiving funds in excess of \$200,000 from the MN Department of Employment and Economic Development.

I have read the above statements and I agree to supply the information requested to the MN Department of Employment and Economic Development, Office of Business Finance with full knowledge of the information provided herein. I certify that all information provided herein is true and accurate and that the official signing this form has authorization to do so.

Name/Title of Business Official: _____

Signature of Business Official: _____ Date: _____

LOCAL GOVERNMENT CERTIFICATION:

I hereby certify that as the local government contact for the proposed Job Creation Fund project, I have reviewed the application and business information. I agree to work with the Job Creation Fund Program business applicant to supply information requested by the MN Department of Employment and Economic Development, Economic Development Division.

Name/Title of Local Government Contact: _____

Signature of Local Government Contact: _____ Date _____

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**Consent to Release Private Business Employment and Wage Data
Collected and Maintained by the Unemployment Insurance Program
Minnesota Department of Employment and Economic Development (DEED)**

Your business is requesting financial assistance from a DEED business finance program that requires a commitment to create and/or retain jobs at selected wage levels. To help verify your current and future employment and wage levels during your participation in the program, DEED's Business Finance Office staff needs to review the monthly and quarterly employment and wage data that you submit to DEED's Unemployment Insurance Program (UIP).

Because your UIP employment and wage data is private, it cannot be provided to Business Finance staff without your permission. The data that will be provided with your permission includes aggregate Minnesota employment levels for your company and at the project site, as well as specific wages and hours worked by your individual employees in Minnesota. **It is important to note that data or information on specific individuals will be identify-protected so information such as social security numbers or names will not be provided.**

Once you provide permission for UIP to share the data, UIP can provide the data to the Office of Business Finance. You have the right to not provide consent by refusing to sign this consent form, however refusal may limit business finance program eligibility. The Office of Business Finance may not release the data to any parties other than to your business representatives and will only receive the data until all job creation and wage level commitments have been met.

To view the data or if you have questions, please contact Bob Isaacson, Executive Director, Office of Business Finance at 651-259-7458 or bob.isaacson@state.mn.us.

I give my permission for the Unemployment Insurance Program to release monthly and quarterly employment and wage data to DEED's Office of Business Finance; and

I understand that this data will be used by the Office of Business Finance to verify job and wage goal attainment associated with financial assistance it provides.

Signature of Business Representative	Company	Date
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Printed Name of Business Representative	Position
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E-mail	Phone
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Minnesota Job Creation Fund

The Job Creation Fund provides financial incentives to new and expanding businesses that meet certain job creation and capital investment targets.

Companies deemed eligible to participate may receive up to \$1 million for creating or retaining high-paying jobs and for constructing or renovating facilities or making other property improvements. In some cases, companies may receive awards of up to \$2 million.

This award-winning program has been recognized for its innovation by the Economic Development Association of Minnesota.

[Eligibility \(/deed/business/financing-business/deed-programs/mn-jcf/eligibility.jsp\)](/deed/business/financing-business/deed-programs/mn-jcf/eligibility.jsp)

Criteria for participating in the Minnesota Job Creation Fund.

[How to Apply \(/deed/business/financing-business/deed-programs/mn-jcf/apply.jsp\)](/deed/business/financing-business/deed-programs/mn-jcf/apply.jsp)

The steps required for submitting an application. Applications are accepted year-round.

[FAQs \(/deed/business/financing-business/deed-programs/mn-jcf/faqs.jsp\)](/deed/business/financing-business/deed-programs/mn-jcf/faqs.jsp)

Frequently asked questions about the Job Creation Fund.

[Funding Awards \(/deed/business/financing-business/deed-programs/mn-jcf/awards.jsp\)](/deed/business/financing-business/deed-programs/mn-jcf/awards.jsp)

View an interactive map of Job Creation Fund projects throughout Minnesota.

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Job Creation Fund Eligibility

The program is available to businesses engaged in manufacturing, warehousing, distribution, technology-related industries, and other eligible activities. Companies must work with the local government (city, county or township) where a project is located to apply to DEED to receive designation as a Job Creation Fund business.

To be designated as a Job Creation Fund business, a business must, at minimum:

- Be engaged in an eligible business activity
- Obtain local government support for their project via council resolution
- Invest at least \$500,000 in real property improvements within one year of becoming a designated Job Creation Fund business
- Create at least 10 new full-time permanent jobs within two years of becoming a Job Creation Fund business while maintaining existing employment numbers
- Pay at least \$12.85 in wages and benefits in 2017, adjusted annually based on 110 percent of federal poverty guidelines. The level will change again on Jan. 1, 2018.
- Have other location options outside of Minnesota
- Cause no undue harm to Minnesota business competitors
- Certify that the project would not occur without Job Creation Fund assistance

Projects that begin prior to becoming designated by DEED are not eligible for the Job Creation Fund.

Prevailing Wage Requirements

Projects that receive \$200,000 or more in Job Creation Fund assistance are subject to prevailing wage requirements. **See more about Prevailing Wage Requirements**

(<https://www.dli.mn.gov/LS/PrevWage.asp>) or review this [Prevailing Wage Requirements Fact Sheet](#). ([/deed/assets/prevailing-wage-economic-development-sheet_tcm1045-188076.pdf](#))

Available Benefits

Companies that meet eligibility requirements must sign a business subsidy agreement with DEED to meet job retention, creation, wage, and capital investment requirements. The following benefits may be available once a business meets the conditions of its agreement and provides proof of performance:

- \$1000 per year per job created for jobs paying at least \$26,837 in cash wages
- \$2000 per year per job created for jobs paying at least \$36,126 in cash wages
- \$3000 per year per job created for jobs paying at least \$46,448 in cash wages
- Up to a 5 percent rebate for real property improvements for businesses located in the Twin Cities Metro
- Up to a 7.5 percent rebate for real property improvements for business located in Greater Minnesota

For More Information

Contact [Tom Washa \(mailto:tom.washa@state.mn.us\)](mailto:tom.washa@state.mn.us) at 651-259-7483 or toll free at 800-657-3858. Or contact a [DEED Business Development Specialist \(/deed/business/help/location-assist/index.jsp\)](/deed/business/help/location-assist/index.jsp) in your area.

This [Job Creation Fund Fact Sheet \(/deed/assets/jcf-fact-sheet_tcm1045-131655.pdf\)](/deed/assets/jcf-fact-sheet_tcm1045-131655.pdf) explains the benefits of the program in greater detail.

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Job Creation Fund Frequently Asked Questions

- [General Questions](#)
- [Benefit Questions](#)
- [Job Creation and Retention Questions](#)
- [Capital Investment Questions](#)

General Questions

What is an eligible business type?

Eligible business types including manufacturing, warehouse, distribution and some information technology operations. Businesses that are not eligible for the program include: retail, health clinics, lobbying, gambling, sports facilities, hospitality services and businesses that serve a direct community area (for example, local veterinarians, roofing contractors, trash haulers, etc.).

How long does it take to be designated once an application is submitted?

If the application is complete, a project may be approved within a few weeks. For projects that are eligible to receive \$500,000 or more, a 10-day notice and public hearing and subsequent official approval by DEED is required and may factor into a project's timing.

What is the state's public hearing process?

A 10-day notice in the State Register is required along with a hearing to be held in Saint Paul. Hearing information will be available in the State Register and on DEED's website. If interested parties are unable to attend in-person, DEED will provide call-in options.

At what point in the process will the public hearing be held?

Every effort will be made to hold the public hearing prior to formal JCF designation and should therefore be factoring into application and project timing.

Can a business that received JOBZ benefits in the past also receive Job Creation Funds?

A business that received JOBZ benefits in the past may be eligible for JCF funds as long as the expansion area is not included in a JOBZ zone.

What does a business need do to become a participant in the Job Creation Fund Program?

Read and complete the application in partnership with the local government where the project will be located. Use the checklist to ensure all materials are complete. If DEED approves the application, a business subsidy agreement that details the award and performance commitments, will be completed and signed by the business and DEED officials.

What is considered local government support for the JCF Program?

A local government is a county, city or town where a business applying to the JCF program will be located. The local government must provide a resolution in support of a business applying to the program.

What is the role of the local government with the Job Creation Fund Program?

The local government is a point of contact for a business inquiring about the program and will work in consultation with DEED to determine if a business is a good fit for the program. The local government submits the program application to DEED on behalf of the business, provides a resolution supporting the project, and also assists the business with yearly reports and payment requests submitted to DEED.

Can a business get a JCF award and/or rebate and other DEED funding?

Yes, but DEED will determine how best to allocate funds from different state sources based on specific project information and program demand.

How does JCF work with phased projects?

Each facility can have only one JCF project open at any point in time. However, a JCF project may be amended one time if capital investment and job creation will be more than noted in the application. If the same facility has a subsequent expansion, the business may apply for JCF if the previous JCF goals were met. Each project "phase" application will be evaluated independently and must meet JCF requirements.

Can a project that started prior to designation receive JCF benefits?

No. Each application will require the business to certify that the project has not yet started and the business would not have the same project if not for JCF funds. Examples of a project commencement may include indicators such as building permits, construction bids, actual construction, etc.

Does prevailing wage apply to JCF projects?

If JCF benefits are \$200,000 or more, prevailing wage will apply to the construction project. The local government will be responsible for ensuring that the JCF business is aware of the prevailing wage requirements and/or forward prevailing wage contacts with the Minnesota Dept. of Labor and Industry. [See more about prevailing wage requirements \(https://www.dli.mn.gov/LS/PrevWage.asp\)](https://www.dli.mn.gov/LS/PrevWage.asp).

Can a business opt out of JCF designation before their agreement is complete?

Yes.

Can a business that received JOBZ benefits in the past receive JCF designation?

Yes, although the requirements outlined in the JOBZ or other business subsidy agreements and/or business subsidy law must be met before designation as a JCF business.

Can a business that is consolidating operations receive JCF designation?

Yes, as long as the cities from where the business is moving their operations provide a written note not objecting to the move and other JCF program rules are followed.

If a business is expanding at various locations, can they combine expansion jobs at different sites to and combine capital investment at different sites to count toward the requirements to be eligible for JCF designation?

No. Each expansion at each location must meet the requirements of the JCF program.

What happens if a business does not meet its goals?

If the business does not make reasonable progress on the project within six months (e.g. building permits, construction contracts, etc.), meet the one-year capital investment goals or the two-year job creation goals will be removed from the program but may apply for future designation. If these initial goals are met but not in subsequent years, the only penalty is no JCF award and/or rebate for that year.

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When can a business request an award and/or rebate?

A business may request payment of an award and/or rebate as soon as one year from date of designation so long as the minimum capital investment and job creation requirements outlined in their agreement have been met.

How will funds be provided to a JCF business?

Once a project has been designated, the business will provide reports through the local government to DEED documenting performance. Once the goals as stated in the business subsidy agreement are met, additional documentation is submitted including payroll reports, invoices, sworn construction statements, among other documents. Once DEED has verified the performance, an award and/or rebate will be provided to the business.

How does DEED verify performance?

DEED will review documents submitted by the local government and business. To verify performance, additional information sometimes may need to be submitted to DEED prior to payment authorization. DEED may also conduct on-site monitoring and examine documents relevant to the project.

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Benefit Questions

Are the award and rebate levels the same throughout the state?

Each business generally will receive the same JCF award and/or rebate level regardless where the project is located. However, projects located in Greater Minnesota will receive up to a 7.5 percent rebate on eligible capital investment expenditures (versus 5 percent for Twin Cities metropolitan area projects).

What is considered the Twin Cities metropolitan area?

For this program, the "metropolitan area" means the counties of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright.

Does a business have to take both the job creation award and capital investment rebate?

No. However, the business will need to create at least 10 new permanent full-time jobs in two years and invest at least \$500,000 within one year. These levels may be higher as outlined in the business subsidy agreement. The program benefits are capped at \$1 million for most projects, with \$500,000 representing the maximum job creation award and capital investment rebate. Regardless of whether a business chooses one benefit or another, prevailing wage requirements apply.

May some projects receive more than \$1 million?

Yes. Projects that involve at least 200 new jobs and \$25 million in capital investment may receive up to \$2 million (\$1 million job creation award and \$1 million capital investment rebate). Although personal property like equipment and fixtures may be included as part of the \$25 million, the capital investment rebate only applies to real property improvements.

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Job Creation and Retention Questions

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All jobs created through the program must be new permanent full-time jobs. What is a new permanent full-time job?

A new permanent full-time job is a permanent position that requires an employee to work an expected 2,080 hours annually. The position may not be vacant (after being filled during the 12-month period) for more than 90 days to be counted toward the full-time job goal.

Are projects that retain jobs eligible to participate in JCF?

Yes, but project must retain at least 200 permanent full-time jobs in the seven-county Twin Cities metropolitan area and at least 75 permanent full-time jobs in Greater Minnesota; and have \$25 million in capital expenditures. Although personal property like equipment and fixtures may be included as part of the \$25 million, the capital investment rebate only applies to real property improvements. Although there are no job creation awards for retention projects, JCF may provide up to \$1 million in capital investment rebates.

What types of work are eligible for a job creation award?

Any type of work created by the business are eligible for a job creation award. The workers must be new permanent full-time workers expected to work 2,080 hours annually and earn specified levels to earn the rebates of \$1,000- \$3,000 per job, per year. All workers counted toward the new permanent full-time jobs goal must earn at least \$12.85 per hour in total compensation (earned wages and voluntary benefits).

Does a business qualify for a job creation award if it pays its workers \$12.85 wages and benefits?

No. Workers paid at least \$12.85 wages and benefits will count toward job goal minimums; however, at least \$26,837 in annual cash wages (to be adjusted annually) must be paid to workers to receive the minimum job creation award.

Are seasonal employees included in the full-time job creation goal?

No. Only new permanent full-time employees expected to work 2,080 hours annually can be counted toward a job creation award. All new workers must earn at least \$12.85 per hour in total compensation (earned wages and voluntary benefits).

Can a construction jobs for building improvements be counted toward JCF job goals?

No. Only new permanent full-time jobs created and employed by the JCF business are counted toward JCF job goals.

Do contract workers and/or workers who receive 1099s count toward JCF job goals?

No. Only new permanent full-time jobs created and employed by the JCF business are counted toward JCF job goals.

Do new or retained full-time employees count toward JCF award need to be based in Minnesota?

Since this is a program to benefit Minnesota, county and cities, the employees are expected to be based in Minnesota and work the majority of their hours at the JCF facility.

What types of jobs are counted toward a business' base employment?

New permanent full-time employees expected to work 2,080 hours annually are counted toward base employment.

What is considered a "retained" job for JCF purposes?

A retained job is a permanent full-time position that is currently present at the business' existing facility.

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Can a part-time worker that moves to full-time be counted as a new full-time job?

Yes, but only if the part-time worker was working 1,040 or fewer hours annually for the business prior to employment as a permanent full-time employee.

If a business drops below the 10-job requirement during their period of designation, are they in violation of their agreement?

Each business may have unique job creation requirements that must be met within two years of designation (10 new permanent full-time jobs is the minimum). Once the two year goals are met, a company may drop below their goals, with the consequence being that they would not receive any job creation award or capital investment rebate for that year.

How does a business demonstrate retained jobs?

A business is required at the time of application to submit quarterly payroll reports for the previous year to demonstrate retained that will be located at a JCF project site.

How does a business demonstrate new permanent full-time jobs?

A business will be asked to provide a payroll report annually and at the time of request for a job creation award. The payroll report should include all new permanent full-time jobs, hire dates, wages paid, voluntary benefits and any other information requested.

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Capital Investment Questions

What types of expenditures are eligible for the capital investment rebate?

Expenditures eligible for the capital investment rebate are expenditures used for the purpose of building or improving real fixed property where JCF employees will be located. They include construction materials, services and supplies. Land or property acquisition costs are not eligible.

What is the best way to identify real property?

Real property includes land, buildings and various items that are integrated into the land and/or building. Examples may include: utility systems incorporated into a building, items that are not free-standing (i.e., permanently held in place by gravity and not constrained from moving), ponderous machinery and equipment used in a business that would be considered real property under common law. Equipment and machinery that could be moved with minimal effort is not considered real property.

Do employees need to be located in Minnesota to count toward the JCF goals?

Employees should be based out of the JCF project facility and spend the majority of their time at the facility.

What happens if the JCF business doesn't directly make the capital expenditures?

If the JCF business and the developer/landlord can show capital expenditures on a lease or similar document, those may qualify once the JCF business reimburses the developer/landlord through monthly payments or similar periodic payment. The payments must be amortized over the life of a long-term lease.

What types of assistance are considered a local contribution?

TIF, low-interest loans, grants, tax abatement, and other sources of financing or in-kind contributions to a project are considered a local contribution for a project. Please contact DEED to inquire about the eligibility of other forms of assistance.

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How does a business demonstrate capital investment expenditures?

To demonstrate qualifying capital expenditures, a business may be asked to provide items such as sworn construction statements, A1A contractor forms, invoices for costs, etc.

How does a business get a capital investment rebate if they lease a building?

\$500,000 in real property improvements must be spent within one year of JCF designation to remain eligible for the program. A business may need to work with the building developer to provide proof of expenditures. JCF rebates are then provided yearly based on tenant improvement costs which must be shown in a lease or similar document and amortized equally over each year. Tenant improvement costs cannot be front-loaded into the lease. The lease must last for at least the term of the JCF business subsidy agreement.

Can a business be eligible for a capital investment rebate if they lease a building from a local government?

Yes. The business must work with the local government to demonstrate that at least \$500,000 in real property improvements were made within one year of JCF designation. JCF rebates are then provided yearly based on tenant improvement costs which must be shown in a lease or similar document and amortized equally over each year. Tenant improvement costs cannot be front-loaded into the lease the lease must last for at least the term of the JCF business subsidy agreement.

If a developer is constructing a building where a JCF business will be located, does the developer receive the capital investment rebate?

No. Only the JCF business can receive a rebate; however, a developer may be asked by a JCF business to provide proof of real property improvements.

In a lease scenario, how does a business leasing a facility prove \$500,000 in real property improvements if the developer is building a new building?

The developer and JCF business must work together to compile proof of expenditures. Rebates are then provided to the JCF business based on tenant improvement costs outlined in the lease.

Can a JCF business assign proceeds received from the program to a third party or lender?

DEED's business subsidy agreement will not address these scenarios. It will be up to the business and third party to make their own agreement. In these cases, it is important to understand that JCF funds are not guaranteed and are based on actual performance.

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CITY OF PAYNESVILLE, MINNESOTA

**RESOLUTION 2017- 13
REGARDING THE SUPPORT OF A JOB CREATION FUND APPLICATION
IN CONNECTION WITH STANG PRECISION**

WHEREAS, the City of Paynesville, Minnesota (the "City"), desires to assist Stang Precision, a manufacturer, which is proposing to construct a facility in the City; and,

WHEREAS, the City of Paynesville understands that Stang Precision, through and with the support of the City, intends to submit to the Minnesota Department of Employment and Economic Development an application for an award and/or rebate from the Job Creation Fund Program; and,

WHEREAS, the City of Paynesville held a city council meeting on April 24, 2017 to consider this matter.

NOW, THEREFORE, BE IT RESOLVED that, after due consideration, the Mayor and City Administrator of the City of Paynesville, Minnesota, hereby express their approval of the project proposed by Stang Precision and its application for an award and/or rebate from the Job Creation Fund Program.

Sworn and Executed Under My Hand this 24th day of April, 2014.

Jeff Thompson, Mayor

ATTEST:

Renee Eckerly, City Administrator

REVOLVING LOAN STATUS REPORT

Date of Update: **4/13/2017**

Business Name	Outstanding Balance	Date of last Payment	Amount of Last Payment	Current/Next Due Date
Blomgren, Karl	\$ 1,819.56	4/7/2017	\$ 60.03	6/2/2017
Eats & Treats	\$ 12,873.35	4/5/2017	\$ 180.00	4/3/2017
William Fuchs	\$ 8,606.11	4/10/2017	\$ 98.89	6/13/2017
Koronis Lanes	\$ 3,267.69	2/21/2017	\$ 197.79	9/1/2017
Koronis Living LLC	\$ 18,597.83	4/3/2017	\$ 284.63	4/13/2017
Lamb Labor Services	\$ 8,492.09	3/31/2017	\$ 98.89	5/1/2017
Lamb Labor Services #2	\$ 853.64	3/31/2017	\$ 108.16	5/1/2017
Queen Bee's Bar & Grill	\$ 72,960.14	3/28/2017	\$ 509.82	4/20/2017
Skinz #4	\$ 83,170.31	3/24/2017	\$ 637.96	4/15/2017
Skinz #5	\$ 60,433.75	3/24/2017	\$ 969.08	4/15/2017
Savage Land Partnership	\$ 292,045.12	3/3/2017	\$ 1,957.36	5/3/2017
<u>Sweet Nook Bakery</u>	<u>\$ 4,286.61</u>	<u>3/31/2017</u>	<u>\$ 272.88</u>	<u>3/17/2017</u>

Joint Loans w/Township

Joint Loans w/State

TOTAL OUTSTANDING

BALANCE \$ 567,406.20

LATE PAYMENTS:

Sweet Nook Bakery \$ 272.88 Due: 3/17/17

Eats & Treats \$ 177.99 Due: 4/3/17

TOTAL DELINQUENT \$ 450.87

CITY REVOLVING LOAN BALANCE (available)	\$488,558.61	3/31/2017	<i>(unaudited)</i>
CITY EDAP BALANCE	\$ 50,592.05	3/31/2017	<i>(unaudited)</i>
TOWNSHIP LOAN BALANCE (available)			