



WRIGHT COUNTY
Economic
Development
Authority

ECONOMIC DEVELOPMENT AUTHORITY (EDA) AGENDA

DATE: July 18, 2022

TIME: 8:30 AM

MEETING LOCATION: County Board Room & Teams

Darek Vetsch, President
Christine Husom, Vice-President
Mark Daleiden
Mary Wetter
Michael Kaczmarek
Phil Kern
Josh Gehlen

AGENDA ITEMS

- I. **Approve previous meeting minutes**
 - a. **June 20, 2022 / June 29, 2022**
- II. **Approve Claims**
- III. **Reschedule September 19th Meeting**
- IV. **Approve letter of support for the City of South Haven's Border to Border Broadband Grant Application**
- V. **Government Center RFP updates**
- VI. **2023 Budget**
- VII. **Tax Abatement Policy**
- VIII. **Human Services Center Update**
- IX. **Closed Session to Develop and Consider Offers and Counteroffers for the Sale of Real Property, Minn. Stat. 13D.05 Subd. 3. PIDs: 103026002011, 103026001061, 103026002010, 103026001050, 103026001040, and 103026001010.**
- X. **Action items / agenda for next meeting – August 15, 2022**
 - a. **City/Township updates**

cc: County Board
Lee Kelly
Clay Wilfahrt
Elizabeth Karels
Greg Kryzer
Heather Lemieux
Jolene Foss
David Kelly
Laureen Bodin
Stephen Gritman
Phil Kern
Josh Gehlen
Frank Petitta

Minutes: Laine Stephan
POST



MEETING MINUTES
ECONOMIC DEVELOPMENT AUTHORITY

JUNE 20, 2022

DATE APPROVED: []

Darek Vetsch, President
Christine Husom, Vice-President
Mark Daleiden
Mary Wetter
Michael Kaczmarek
Phil Kern
Josh Gehlen

Members Present: Darek Vetsch, Christine Husom, Mark Daleiden, Mary Wetter, Mike Kaczmarek, Josh Gehlen, and Phil Kern

Others Present: Clay Wilfahrt, Elizabeth Karels, Andi Gayner, Greg Kryzer, Erin Walsh

THESE MINUTES ARE IN DRAFT FORMAT AND REQUIRE APPROVAL BY THE EDA

* Agenda Items held for the meeting continuation Wednesday, June 29.

I. Approve Previous Meeting Minutes

The meeting was called to order at 8:30 a.m. Monday, June 20 by Economic Development Authority (EDA) President Darek Vetsch. Vetsch introduced the Monday, May 16, 2022, EDA meeting minutes. Commissioner Michael Kaczmarek requested that Item III be removed, and the recommendation be voted on separate from the vote to approve the minutes. Commissioner Mark Daleiden agreed and said he too wanted this vote separated out. Vetsch clarified that recommendation from Item III was already approved and the recommendation was not up for a vote. EDA Vice President Christine Husom clarified her remarks on Page 4. She said since people might be pressed for time, it would be good to have food. Vetsch wanted to ensure Kaczmarek was comfortable with the loan approval discussed in Item III of the minutes. Kaczmarek stated he was comfortable moving forward with the approval of the minutes as the votes were clearly stated and showed his opposition.

Husom moved to approve the minutes from the Monday, May 16, 2022, EDA meeting with her suggested edit. Daleiden seconded the motion. The motion carried 7-0.

Daleiden moved to approve the minutes from the Wednesday, June 8, 2022, EDA Annual meeting. The motion was seconded by Commissioner Mary Wetter. The motion carried 7-0.

II. Review of Annual Meeting

Vetsch said the Annual EDA meeting was well attended with approximately 30 in attendance. He said the attendees were a good cross section of the cities and townships in the county. There was a good discussion had about different projects the county could partner with cities and townships. The consensus for the small cities and townships would be for the county to continue to provide education for its staff and residents on economic development and giving cities and townships the tools to continue economic growth on their own. The larger cities and townships were looking for help with grant writing and creating programs, or developing a tax abatement policy, and to help guide the growth of their city or township when projects were presented to them.

III. Tax Abatement and TIF Overview

Ehlers Public Finance Advisors Senior Municipal Advisor Bruce Kimmel gave a presentation on Tax Increment Financing (TIF) and tax abatement. The presentation was in part a response to one the EDA's directives in 2022 which was to develop a tax abatement policy that spelled out some of the EDA's priorities and goals for using abatement. Kimmel explained that this would make it clear to local entities what projects the EDA would be more likely to take on as a partner. Kimmel said he came away from the Annual EDA meeting with a good idea of the achievable items for the board to take on that would also match the capacity of the EDA. These goals would also enable staff to have a measurable effect in the coming year.

Kimmel said that TIF and tax abatement were two of the most used tools in Minnesota for advancing economic development or redevelopment. He said many in the industry believed the free market should do everything itself. While this independency may be right at times, Kimmel said the free market failed occasionally or had financing gaps where a developer needed assistance with projects or developments in specific areas. Kimmel said incentives were a key part in the overall economic development strategy, especially when it came to job creation and retention. Incentives were also key for redeveloping blighted areas, remediating polluted sites, constructing affordable housing, increasing the tax base and changing market conditions. All incentives were presented with the intention of attracting projects to local communities. Kimmel said the biggest aspect of looking at the need for cash assistance was whether there was a financing gap. There should be a demonstrable need or a reasonable basis for TIF, abatement or some other income mechanism. To determine the need, Kimmel used the “but for” test, notably “but for some level of EDA assistance would this project happen?” Kimmel said financing gaps occurred not only because developers decided they needed to make a higher rate of return. Fundamentally, financial gaps were barriers preventing the private market from developing a site in accordance with the local governing body’s vision. This would be caused by contaminated land and/or the existence of blighted buildings, high development fees, low market rents, high infrastructure costs, cheaper alternatives elsewhere, and at times the local governing body’s plans being incompatible with the market.

Kimmel said there were two ways to look at a financing gap. First, there was the situation where debt, equity, and cash were a funding source and the total development costs outweighed these. The second situation would be when the projected revenues were less than the loan costs of the developer. In that case there would not be enough cash flow. Kimmel said that Minnesota had the most convoluted TIF laws in the country. TIF is financing that gives a governmental entity the ability to capture and use most of the increases in local property tax revenues from new developments within a defined geographic area. This would then provide a defined period without the approval of the other taxing jurisdictions. Within a TIF district the baseline property value or existing value would go to the taxing jurisdictions as per normal. When development started to create new property value, this additional and incremental tax would be captured by the TIF district for its stated purpose. After the TIF district expired, the taxing jurisdictions would receive the base tax money and the increased amount previously captured by the TIF district.

With abatement, entities could choose to abate down to zero to include the taxes from the existing value. However, very few entities would do this in part because publicly the agency would want to show it was capturing only incremental value. Kimmel said if the project was larger abating to zero would not work since the original tax capacity would need to be remunerated, the project would still need to be adjusted as it may not be a value to abate to zero. Kimmel presented a fictional scenario that showed how the process of incremental tax value was captured and the various deductions and percentages that could come from it. When figuring in the tax increment to be captured, it was important to note that the state taxes, roughly 40 percent, were not included in the tax increment to be captured as it went only to the state. Additionally, the state auditor received .36 percent of the captured tax value to cover its cost in auditing the TIF. There was 10 percent that the EDA board could take to cover costs in setting up and administering the TIF district provided the EDA had proof of its expenses. Kimmel said market value taxes, fiscal disparity adjustments and base value taxes were also not captured.

Daleiden asked if Kimmel could define market value taxes. Kimmel said there were taxes levied based on Referendum Market Value (RMV) as opposed to Net Tax Capacity (NTC). Vetsch said an RMV was a snapshot freezing the value of the building at the time of referendum. Kimmel said the market value was a smaller piece of the total tax bill. Kimmel addressed how the TIF could be translated into money for a future project. He said there were three different ways that cities, counties and EDA translate TIF into money. The most common, Kimmel said, was a pay as you go note (Paygo), which was a placeholder stating that the EDA would reimburse the developer for up to a maximum of a specific number of dollars with or without an interest rate on that note. This was also the least expensive route to take. Kimmel gave the example of a Paygo note for \$1 million reaching its set term of 15 years without hitting the \$1 million principal payment. The developer and the government entity shake hands and shut down the TIF district. With Paygo, the developer was assuming the risk and upfront payment for the project, while the EDA could provide reimbursement up to the amount or length of the note.

Kimmel explained that the second form available would be a revenue bond. With this second option the developer would monetize through an underwriter and the city would issue a tax-exempt or taxable bond. With a revenue bond, the EDA would be pledging on the TIF to fund the project. The buyers would have a much higher interest rate and the EDA

would have more market risk. The revenue bond would incentivize the EDA to become more engaged in the development to ensure a positive financial outcome. The third form was a General Obligation (GO) bond. This was the least common and only leveraged when there was a major issue to address. The GO bond would be secured by the issuing agency's pledge to use all available resources to repay the holders of the bond. Vetsch said that revenue bonds were often seen with high value projects, due in part to the promise of a large return on investment but a large overhead cost. Kimmel said it was important to ensure the correct type of assistance was pursued, he mentioned the "but for" test as a useful tool in determining if the assistance was right for the project. While a developer may insist on a TIF, it was important to do the market research to see if a TIF would be an option.

Kimmel said there may be other forms of assistance that would be appropriate to pursue. Daleiden asked if the EDA was able to create a TIF district. Kimmel confirmed the EDA was able to create TIF districts while stipulating that the county board must approve any TIF district. Kimmel said it was important to look at the proposal and maximum terms of a TIF before selecting one for a project. Kimmel saw five different scenarios where a TIF may be the right tool for a project. Substandard or obsolete buildings may be eligible for a redevelopment TIF with a 26-year maximum term. A renovation and renewal TIF with a 16-year maximum term or a tax abatement with an eight-year to 20-year maximum term were also available for this scenario. Affordable housing projects could use a housing TIF with a 26-year maximum term, an economic development-workforce housing TIF with a nine-year maximum term or a tax abatement. A project for job and tax base creation could utilize either an economic development TIF with a nine-year maximum term, or a tax abatement. The last two possible purposes, business retention and public facilities and parks, could only utilize a tax abatement. Kimmel said it was important to not necessarily inform a developer the maximum terms of a TIF depending on the project as the EDA may choose to vary the term. Vetsch said this was where the discussion could get political.

Kimmel warned that TIF districts could be seen negatively by the public. The agency that created the TIF could be seen as unfairly providing revenues to the developer. Kimmel said that TIF funds could only financially cover development of the ground and down. The building cost could be used with the "but for" test. Abatement could be used for buildings but there were self-imposed restrictions. Kimmel said that a good policy should have priorities and guidance and be appropriately permissive looking to future projects. While redevelopment TIFs were based on the property as was, prior to any work being done, housing TIFs were based on what developers were proposing. Housing TIFs require either 20 percent of the units be rented to low to moderate income families under 50 percent of area median income (AMI), or 40 percent be rented to low to moderate income families who were 60 percent under AMI. Owner occupied housing TIFs had much higher requirements for first time homeowners only. Economic development TIFs sought to create tax bases and jobs over a nine-year term. Examples would be new manufacturing, warehouses, distribution and telemarketing. Kimmel said there was a new economic development TIF designed to create more workforce housing. This change was a result of trying to bridge the gap between luxury housing and low to medium income housing. The requirement was 3 percent or lower vacancy rate and employers documenting need for housing.

Abatements were used to encourage development, retain business, and develop public facilities and parks. Abatements were more flexible than tax increment and simpler to establish. However, abatements did require approval from each participating taxing jurisdiction. Abatements would be ideal for public facilities and parks. Daleiden asked who made up the financial difference in what was abated. Kimmel said the abatement would be spread out to the city or township. EDA Board Member Phil Kern said there were different types of TIFs directly tied to a specific project. There was another type that would generate new taxes in a community. Civic projects that asked for assistance would utilize a TIF to incrementally pay back the loan.

Wetter asked Kimmel if a new business needed a special road built specifically for the business, would that be a TIF or abatement. Kimmel said there were three aspects of the project to look at. First, the county would look at the project from a land use or planning perspective. Second, the county would look at the project from the EDA perspective, and then finally the "but for" question. Kimmel said that in the case where all three perspectives seemed to agree the project fit, ultimately it was the EDA that would decide. Wetter asked Kimmel what the county could do to reclaim money after the completion of the TIF if the company were to abandon the location. Kimmel said many cities built in a claw back mechanism where, if a company were to abandon the property, the community would have a legal right to recuperate a portion of the investment back.

Kimmel said the process of approving abatement or TIF was similar with developing a business assistance policy and application process. Kimmel said after the applicant completed the application and provided escrow, the agency would

conduct a gap analysis. Based on this, a development agreement would be drafted and agreed upon by all parties. Only once the agreement had been agreed to by the agency would the TIF district be established and approved. Kimmel said the public process for TIF and abatement started with gathering project information, values, and tax rates. Kimmel said Ehlers would work with the county to gather the information needed to draft documents, resolutions, and notices. Next, a hearing notice would be published, and a public hearing would be held to consider the resolution to establish the assistance. Daleiden said in the scenario Wetter brought up the building would still be there so there could still be revenue to be made. The process of tax abatement was to first develop a business assistance policy and application process. The developer then will complete the application and provide escrow. Next, the city would conduct a gap analysis and draft the terms sheet and development agreement. Finally, with the TIF district created, all parties would approve the agreement.

Husom asked how many cities had TIF districts. Kern said Delano had 14 active or recently expired TIF districts. He said it was important for the EDA to get ahead of city requests. If TIF was available to use, cities would go ahead and create them on their own. Abatement required all tax entities to get involved. Kimmel said TIFs were more complicated. Many cities and school districts have used abatement to help raise needed funds. Daleiden asked to clarify if a county could issue an abatement without the approval of the school district or city. Kimmel said that the county could go alone on an abatement, but the county had to ask the city and applicable school district if they wanted to participate in the abatement. If neither city nor school district wanted to be involved the county could go solo with a maximum of a 20-year term. Either the city or school district could agree to join the abatement and the length of term could still be 20 years. If all taxing entities participated, then the maximum length would only be 15 years. Kimmel said the agency that would create the abatement must get rejection letters from taxing entities not participating. Kern said a city or township could request a tax abatement from the county to upgrade a road needed to help new local business. New development taxes could easily have been used to pay for upgrading county roads to support new business without having the rest of the county pay for the project. Instead of using GO reconstruction bonds or GO state aid bonds, the city or township could use GO abatement bonds and base it off new value. Assistant County Attorney Greg Kryzer asked what the benefit would be. Kimmel said, in part, perception. Kern said GO bonds were limited in what they could pay for. Kimmel said any improvements to a road, for example, would have to need those improvements.

Assistant County Administrator Clay Wilfahrt said due to time crunch and the upcoming Committee of the Whole meeting, he recommended moving Items III, IV, and V to a future EDA meeting. He requested the EDA review claims that needed approval that were inadvertently left off the agenda. Kaczmarek asked if the claim being paid was the last invoice from that professional service, Project Administrator Elizabeth Karels said there would be one more invoice.

Daleiden moved to add the approval of claims to the current agenda and remove Items III, IV, and V from the agenda to be discussed at a future meeting. Husom seconded the motion. The motion carried 7-0.

***III. EDA Bylaws**

***IV. Central MN Manufacturing Month**

***V. Human Services Center Update**

VII. Government Center Steering Committee Update

Vetsch said there was a final meeting of the Steering Committee resulting in bringing forth a Request for Proposal (RFP) to put a bid out for the development of the downtown Government Center in Buffalo. He said it was a collaborative effort between the Steering Committee and the City of Buffalo and that both agencies agreed on the potential usages and verbiage for the RFP. Gehlen asked if there was a developer in mind. Vetsch said the committee did not have any developer in mind as it would go out to the general public. Gehlen said with only six weeks for developers to be able to review the site, do their due diligence, come up with a plan including renderings, and several more items he was concerned there would not be enough time. Vetsch said this was discussed when looking at the pros and cons of moving the process quickly to see what the market could produce. He said there was a good chance it would get sent out for a second round if the initial developer requests were not satisfactory. Gehlen said he understood the sense of urgency this RFP would create. Wilfahrt said a concept level plan for what a company could bring to the table would be considered. Vetsch said this would be a first step in the larger process. Daleiden asked about the property on the proposed map that was not currently owned by the county. Wilfahrt said these properties were not owned by the county and were the subject

of the closed portion of the meeting. He said it was mentioned in the RFP that there were properties that were not owned by the county but could potentially be owned by the county when the project began. Vetsch said the county did not want to bumper developers out. Daleiden asked for clarification on the map. He wanted to see lines defining the county's currently owned properties versus possible future owned properties. Daleiden asked if CSAH 35 would be moved. Vetsch said the current property was lined out in the map given to the commissioners and if the properties were to be secured as proposed than County Road 35 would be moved. Kern asked if the City of Buffalo was involved in the decision that would designate what the land would be used for or if the Steering Committee made the decision. Vetsch said the Steering Committee deciding how the land in question would be designated was considered ensuring the City of Buffalo's vision was honored. Kern said the city should have had the discussion on designating the type of development, not the county. Kern said the county should help make the site available while it was protecting the economic interests of the county. Vetsch said the hope was to not get caught up in a red tape battle with the city over what the land was used for. He said it was in the county's best interest to work with the city to get the property liquified quickly. Vetsch said the Steering Committee's concern was whatever was in the best interest of the county.

Kaczmarek brought up that not everyone was on the steering committee to know what was happening. He added that on Page Four there was a narrative under "Vision" that addressed supporting Buffalo's Downtown 2040 Plan's vision statement which would create jobs in downtown Buffalo. He also said that the City of Buffalo was well represented in the Steering Committee, and he did not hear any protests to the county's plans. Kaczmarek asked how soon the board would get a clean copy if this was approved. Karels said a clean copy would go out by Wednesday, June 22. Kern said he was concerned with the six-week deadline. Gehlen said a 60-day deadline seemed to make more sense. Daleiden and Vetsch agreed this was a reasonable request. Wilfahrt said the RFP would be sent out to developers.

Daleiden moved to approve staff to send out the RFP with the 60-day deadline. The motion was seconded by Husom. The motion carried-0.

***VIII. Closed Session to Develop and Consider Offers and Counteroffers for the Sale of Real Property, MINN Stat. 13D.05 Subd. 3. PIDs: 103026002011, 103026001061, 103026002010, 103026001050, 103026001040, 103026001010.**

***IX. Action Items/Agenda for Next Meeting**

Wilfahrt requested the meeting be continued at a future date. Daleiden moved to set the continued EDA meeting for 8:30 a.m. Wednesday, June 29. Kaczmarek seconded the motion. The motion carried 7-0.

Meeting put on hold Tuesday, June 20 at 10:16 a.m.
Meeting continued Wednesday, June 29 at 8:30 a.m.
Economic Development Authority Minutes submitted by Phil Hodges, Administrative Specialist.



MEETING MINUTES
ECONOMIC DEVELOPMENT AUTHORITY

JUNE 29, 2022

DATE APPROVED: []

Darek Vetsch, President
Christine Husom, Vice-President
Mark Daleiden
Mary Wetter
Michael Kaczmarek
Phil Kern
Josh Gehlen

Members Present: Darek Vetsch, Christine Husom, Mark Daleiden, Mary Wetter, Mike Kaczmarek, Josh Gehlen, and Phil Kern

Others Present: Clay Wilfahrt, Elizabeth Karels, Andi Gayner, Greg Kryzer, Erin Walsh, David Kelly, Jolene Foss (Remote)

THESE MINUTES ARE IN DRAFT FORMAT AND REQUIRE APPROVAL BY THE EDA

EDA President Darek Vetsch called the meeting to continue at 8:30 a.m.

***IV. EDA Bylaws**

Assistant County Administrator Clay Wilfahrt said this item was requested by Commissioner Michael Kaczmarek to discuss the current Economic Development Authority (EDA) members and the number of them that were appointed from different municipalities. Wilfahrt wanted to discuss the lack of specifications addressing the geographic area that EDA board members represented or where they resided. Kaczmarek asked how the EDA board members were selected and where the number of members had come from. Vetsch said that, statutorily, in order to create an EDA board, there must be a Steering Committee from across the county that would make recommendations on the makeup of the board. The Steering Committee went to the board with the recommendation for creating the EDA board with seven or more members. The board wanted to keep the five county commissioners on the EDA and followed the recommendations of the Steering Committee by adding two members.

Kaczmarek said that, when the EDA started, it was in part to look at what to do with the old Government Center and Human Services Center. He said that since than other initiatives had come forward, such as loan programs, TIFs, and tax abatements, that had brought into the picture specific municipalities. When those projects came before the EDA for a vote there would potentially be uneven representation because of the where the members of the board resided. Kaczmarek said if the vote involved a project in Delano there would automatically be two votes for Delano as there were two members of the EDA board who resided in Delano. He said in District 5 there were four cities with no representation and the one city, Delano, with two members. He recommended the board amend the bylaws to give each municipality one representative maximum. Kaczmarek said another issue was the recent redistricting where the board had two commissioners representing one city, creating an unfair advantage. Commissioner Mary Wetter noted that she was against the redistricting but was outvoted.

EDA President Darek Vetsch said if there were five members from the same municipality, he might agree with Kaczmarek that this could pose an issue. Vetsch said with seven members it would be difficult to find members who did not live in the same municipality. In addition, when looking for EDA board members the board would most likely get applicants from larger cities. The idea would be to not ignore good candidates simply because they were from the same city. He also said because there were seven members, having two votes of seven was not the same as two votes of five. EDA Vice President Christine Husom said the board was looking for the most qualified candidates and she represented three cities and five townships with no other representation which was the same situation the other three commissioners have. She said the EDA could have looked further, but the goal was to do right by the county and, as in her case, she was the lone representative for District 1. She said Districts 2, 3 and 4 also only had one representative. Husom said the board could have done more of a search but chose to go with what was best for the county. Daleiden said there were only two applicants last time the position was posted, and the board had interviewed and selected the best candidate. Kaczmarek

said since the original application process there were more initiatives that had come forward with different cities involved in EDA projects so it would be a good time to revisit the board makeup. EDA Board Member Phil Kern said when the EDA was set up to guide the redevelopment of county-owned properties, partner with local communities, and come up with opportunities for the county to help support efforts to achieve projects and broader initiatives. Kern said the EDA also wanted to access state and federal resources to help assist with development. Kern said the scope of what the EDA could accomplish or discuss was not expressly conveyed when the EDA was set up. The EDA could add different restrictions into the bylaws regarding who the EDA wanted to appoint. However, Kern felt the EDA had the ability to select the best candidate and adding too many restrictions in the bylaws could be detrimental. Wright County Economic Development Partnership (WCEDP) President Jolene Foss noted that Kern represented the WCEDP which in turn represented all 16 cities. Foss said she felt the board member post should remain held by a board member for the WCEDP. Vetsch said he did not believe more restrictions would be appropriate. He said it was the makeup of the board that would vote on the appointment.

Kaczmarek said Wetter was more affected by the extra representation of a city that caused redistricting and asked if she had any comments. Wetter said she was against that vote because previously three county commissioners resided in Buffalo. She noted that while some thought Buffalo received more representation, she had no problem with it herself. She said the multiple representation had been done in the past and other counties found themselves in a similar situation. She said the difference between districts was still within the 10 percent difference. She said there was no way to know which city would be larger in the future. Husom said one of the main considerations was the population difference of 4,000 residents between Districts 3 and 4. By redistricting, the board was able to adjust the represented population by 1,800 residents. Wetter said that at the time of this vote it was not looked at.

Vetsch said he was concerned about going down a rabbit hole regarding what constituted representation. He said the nuances were too complex and thought it appropriate to deal with the appointments as they came up. Kaczmarek said he thought the timing was right to bring up the discussion to address concerns from his constituents. He wanted to be on the record for questioning the EDA member make up and representation.

Kaczmarek thought the WCEDP should be designated as a commissioner as there would always be a commissioner on the WCEDP and the EDA. He said he wanted the WCEDP to come to the EDA to request project partnerships and not rely on the EDA members who were also a part of the WCEDP to do it. Vetsch said this had already been addressed and if it came up in the next five years the EDA could revisit it. Vetsch said there was no guaranteed seat for the WCEDP on the EDA board per the bylaws. Kaczmarek said that the EDA board seat was a six-year guaranteed seat. Vetsch said that was the statutory rule that the EDA or County Board cannot change. Commissioner Mark Daleiden said that Kaczmarek could tell District 5 that there were three commissioners who were on the EDA board from their District. Kaczmarek said that there would not be any other city in District 5 with three votes, which seemed unfair. Daleiden said that no city in the county would have three votes, not just District 5. EDA Board Member Josh Gehlen said he was not selected to represent Delano, he just resides in Delano. He said his qualifications would not differ if he lived in Buffalo, Monticello, or anywhere else. Gehlen said he went through the application process and appreciated everyone having confidence in his abilities. He believed that he was on the board to represent Wright County, not Delano. He said his approach was what he believed would be best for the county and taxpayers as a whole.

***V. Central MN Manufacturing Month**

Vetsch said the Central MN Manufacturing month is coming in October. Last year the board visited TylöHelo, a sauna manufacturing company in Cokato. Vetsch asked the board if it would be appropriate to do another tour of a manufacturing plant in the county. Vetsch said it would be good to visit Landscape Structures in Delano and Daleiden agreed. Kaczmarek asked if a visit would substitute for a meeting. Vetsch said the board worked with the company for a time and date and it was a posted gathering, not a meeting. Daleiden thought it was advantageous to tour the sites. Foss recommended also touring Craft Pattern and Mold located in Montrose. Vetsch said he would work on the timing of the visit and see which companies would work best. Husom asked if the board could visit two manufacturing plants. Vetsch said the possibility of visiting two would be considered. Project Administrator Elizabeth Karels asked if the board wanted October declared Minnesota Manufacturing Month. Vetsch said yes and requested a resolution be drawn up and presented at the following meeting to designate October as Central Minnesota Manufacturing Month.

***VI. Human Services Center Update**

Karels said the county team was still going through its due diligence period working to secure an anchor tenant. The due diligence period was 180 days and the plan for closing was scheduled for November. Some of the cubicles had been moved out of the building and Wright County Community Action had removed everything it wanted. Kaczmarek asked if there were any other usable items that department heads may want. Daleiden said that the department heads had already gone through the building. He said it would be good for cities who may want anything to have a chance to go through as well. Daleiden asked Assistant County Attorney Greg Kryzer if the closing would be earlier than the 180 days. Kryzer said the due diligence dictated 180 days.

***VIII. Closed Session to Develop and Consider Offers and Counteroffers for the Sale of Real Property, MINN Stat. 13D.05 Subd. 3. PIDs: 103026002011, 103026001061, 103026002010, 103026001050, 103026001040, 103026001010.**

Meeting recordings and minutes stopped at 8:56 a.m. for the closed session.

At 9:23 a.m. a consensus regarding the closed session topic was reached by those present. Present were Vetsch, Husom, Daleiden, Wetter, Kaczmarek, Kern, Gehlen, Wilfahrt, Kryzer, County Administrator Lee Kelly, Karels and Intern Andi Gayner.

The session reconvened and resumed recordings at 9:29 a.m.

***IX. Action Items/Agenda for Next Meeting**

Vetsch hoped there would be more information to discuss regarding the closed session topic. He said there would be another Health and Human Services (HHS) update and the resolution declaring October Central Minnesota Manufacturing Month. Kryzer recommended a closed meeting session as well. Karels said staff would like to have city and township updates discussed and noted that Clearwater discussion was earmarked for a later date. She said a discussion on the tax abatement policy should occur as Wilfahrt would be working on developing one. She said the EDA board should talk about setting a budget for 2023 for the EDA. Kaczmarek asked about a joint ditch meeting scheduled for Monday, September 19, and asked if it would be the regular EDA meeting. Vetsch said action could be retaken in July or August as there were more than one member of the EDA who had conflicts with the September date and the Monday, September 19 EDA meeting would need to be rescheduled. It was noted that McLeod County had asked for confirmation on the joint ditch meeting. Kaczmarek said he would reach back out to McLeod County to confirm the EDA's attendance at the meeting. Kaczmarek asked for an EDA General Ledger balance, Karels said the balance as of Wednesday, June 29, was \$28,742.32. Karels confirmed that the balance, at the beginning of the fiscal was \$100,000. Gehlen said he would be absent for the Monday, July 18 meeting.

Meeting adjourned Wednesday, June 29 at 9:34 a.m.

Economic Development Authority Minutes submitted by Phil Hodges, Administrative Specialist.



Board Meeting Date:	07/18/2022
Requester's Name	Heather Lemieux
Board Action Requested: Authorization to ratify the attached claims in the amount of \$7,228.50 that was paid according to the County's Financial Policy Manual. Authorization to ratify the attached revenue in the amount of \$1,834.56.	
Background/Justification: The account activity needs to be approved by the EDA Board.	

*** WRIGHT COUNTY ***



ACCOUNT ACTIVITY REPORT

Page Break Option: 1 1 - Page Break by FUND
2 - Page Break by DEPT Print Service Dates: No

Sort: 1st: 2nd: 3rd 4th 5th 6th F - G/L OBJECT WITHIN FUND NUMBER
G D T N M W G - G/L ACCOUNT NUMBER
P - G/L OBJECT WITHIN DEPT NUMBER
D - TRANSACTION DATE
M - G/L MONTH & YEAR
N - VENDOR/PAYER NAME
T - TYPE OF TRANSACTION
W - RECEIPT/WARRANT NUMBER

Range Subtotals: 1 1 - No Subtotals
2 - Detail and Subtotals by OBJECT Range
3 - Subtotals only by OBJECT Range
4 - Account Totals and Subtotals by OBJECT Range
5 - Account Totals and Subtotals by PROGRAM
Range

Report Basis: 1 CASH Only This Basis?: No

Print YTD Totals: No Type of Report: 1 1 - DETAIL
2 - ABBREVIATED

Specific Dates: From: 06/19/2022 Thru: 07/13/2022

Comment:
FUND Range From 1 Thru 1
DEPT Range From 724 Thru 724

*** WRIGHT COUNTY ***



Fund 01 - GENERAL REVENUE FUND

ACCOUNT ACTIVITY REPORT

From: 06/19/2022 Thru: 07/13/2022

Report Basis: 1

Tran	G/L	Receipt/Warrant	Invoice	Accr								
SC	Type	Vendor	Month	Number	Date	Seq	Amount	Description / Service Dates	Number	Cd	Basis	R1R2
DEPT 724 - ECONOMIC DEVELOPMENT												
PROGRAM 000												
01-724-000-0000-5830 - MISCELLANEOUS REVENUE												
RE	RE	EDA	06/2022	205265	06/29/2022	222	1,834.56-	EDA CREDIT MISC REVENUE				1
						Total	1,834.56-					
01-724-000-0000-6261 - PROFESSIONAL SERVICES												
DI	DI	6187-FIRST AMERICAN TITLE	06/2022	274373	06/30/2022	333	935.00	SEARCH & EXAM 1004 COMMER. DR	1724-172413			1
DI	DI	3365-WSB & ASSOCIATES INC	06/2022	809252	06/30/2022	333	5,219.00	PROF SVCS 2022-05 GC REDEVELOP	R-018323-00			1
DI	DI	3817-RUPP,ANDERSON,SQUIRES,	07/2022	274524	07/12/2022	333	235.00	ECONOMIC DEVELOPMENT AUTHORITY	14238			1
DI	DI	3817-RUPP,ANDERSON,SQUIRES,	07/2022	274524	07/12/2022	333	839.50	ECONOMIC DEVELOPMENT AUTHORITY	14602			1
						Total	7,228.50					
PROGRAM 000 Total							5,393.94					
DEPT 724 - ECONOMIC DEVELOPMENT Total							5,393.94					
Fund 1 - GENERAL REVENUE FUND Total							5,393.94					
5 Transactions			2 Accounts			Final Total		5,393.94				



Board Meeting Date:	07/18/2022
Requester's Name	Elizabeth Karels
Board Action Requested: Sign letter of support for City of South Haven's Border to Border Broadband Grant Application.	
Background/Justification:	



WRIGHT COUNTY

Economic
Development
Authority

Board Members

Darek Vetsch, President
Christine Husom, Vice-President
Mark Daleiden, Board Member
Mary Wetter, Board Member
Michael Kaczmarek, Board Member
Phil Kern, Board Member
Josh Gehlen, Board Member
Lee Kelly, Executive Director

3650 Braddock Ave NE
Buffalo, MN 55313

Ph: (763) 682-7378
Fax: (763) 682-6178

www.co.wright.mn.us

July 14, 2022

Angie Dickison, Director
Office of Broadband Development – MN DEED
332 Minnesota Street, Suite E-200
St. Paul, MN 55101

RE: Letter of Support for Charter/Spectrum application for the City of South Haven
Broadband

Dear Director Dickison,

This letter offers support for broadband expansion in the City of South Haven through an application with Charter/Spectrum for a Minnesota Border to Border Broadband Grant. South Haven has been an active participant with the Wright County EDA and demonstrated that it is in dire need of broadband upgrades.

This project will upgrade approximately 110 unserved property owners in South Haven, bringing speeds more than 100 Mbps. These residents currently struggle with slow internet speed and poor connectivity – some residents have reported download speeds as low as 10 Mbps – which adversely impacts school, work, and healthcare for these families.

This grant opportunity would greatly improve the quality of life for South Haven residents and, as the pandemic has taught us, the unserved and underserved suffer the most in difficult times. This grant help would go a long way in addressing the discrepancies rural Minnesotans face on a daily basis.

The Wright County EDA strongly supports this project and appreciates your consideration of this grant application.

Sincerely,

Darek Vetsch, President

Christine Husom, Vice-President



Board Meeting Date:	07/18/2022
Requester's Name	Elizabeth Karels
<p>Board Action Requested:</p> <p>Discuss and determine 2023 EDA budget. The attached budget worksheet is in draft form and requires discussion. The following should be considered during the discussion:</p> <ul style="list-style-type: none">- The EDA was initially funded with \$100,000 via a transfer from the County in 2021. No funds were added in 2022.- The EDA board approved a contract for WSB on 5/31/21 for \$29,700. Two change orders were approved by the EDA Board on 12/9/21, bringing the total contract amount to \$97,200. The total amount of this contract is assumed as an expense for 2021-2022, since all invoices have not yet been received and paid.- Current forecasts for 2021-2022 (\$119,516) exceed the initial funding amount (\$100,000).- The budget worksheet shows the proceeds of the HSC sale remaining with the EDA, but does not assume that they will be used to cover EDA expenses.- Due to unknown direction related to the proceeds of the HSC sale, staff has shown a transfer from the County of \$25,000 to fund \$25,000 of professional services expenses. This expense could vary widely depending on EDA Board direction / initiatives. This transfer does not directly address the expected gap in funding for 2021-2022.- Due to unknowns, no expenses were estimated related to the redevelopment of the Government Center.- The budget worksheet includes the RLF funds. The County Board will need to approve the transfer of funds from the County to the EDA to fund the RLF program.	
<p>Background/Justification:</p> <p>Article V, Section 5 of the EDA Bylaws state: "Annually, at a time and in a form fixed by the County Board, the Authority shall send its budget to the County Board. The budget must include a detailed written estimate of the amount of money that the Authority needed by the Authority from the County in order for the Authority to conduct business during the next fiscal year. The County Board may approve, reject or modify the budget submitted by the Authority".</p>	

WRIGHT COUNTY EDA
2023 BUDGET WORKSHEET

**DRAFT - FOR DISCUSSION
PURPOSES ONLY**

		2021-2022 Actuals through 7/12/2022	2021-2022 Remaining Forecast	2021-2022 Total	2023 Request	Notes
ECONOMIC DEVELOPMENT AUTHORITY						
01-724-000-0000-5830	MISCELLANEOUS REVENUE	(1,835)	0	(1,835)	0	
01-724-000-0000-5832	SALE OF CAPITAL ASSETS	(5,000)	(1,630,000)	(1,635,000)	0	2022 - Sale of HSC less \$5K earnest money
01-724-000-0000-5910	TRANSFERS IN	(100,000)	(2,500,000)	(2,600,000)	(25,000)	2022 - General Fund, RLF Program, 2023- Transfer from the County
TOTAL REVENUES		(106,835)	(4,130,000)	(4,236,835)	(25,000)	
01-724-000-0000-6235	PUBLICATIONS & BROCHURES	10	0	10	10	
01-724-000-0000-6261	PROFESSIONAL SERVICES	81,922	36,000	117,922	25,000	2022 - Final Payments to WSB/IAG (GC redevelopment), Ehlers (Annual meeting), Rupp, Anderson, Squires (Drafting options agreements)
01-724-000-0000-6353	LIABILITY INSURANCE	1,524	0	1,524	1,600	2023 - General support for EDA initiatives
01-724-000-0000-6859	MISCELLANEOUS EXPENSES	30	30	60	2,510,000	2023 - MCIT
TOTAL EXPENSES		83,486	36,030	119,516	2,536,610	2023 - RLF loans (\$2.5M), Payments related to Options Agreements (\$10K)



Board Meeting Date:	07/18/2022
Requester's Name	Clay Wilfahrt
Board Action Requested: Approve Tax Abatement Policy.	
Background/Justification: Staff was directed to develop a tax abatement policy for consideration.	



BACKGROUND

The Wright County Economic Development Authority (EDA) is committed to encouraging economic growth as a cornerstone of a strong community and will partner with local jurisdictions to help them achieve economic success. The EDA will also promote flourishing industries, entrepreneurial success, high local employment levels, and income opportunities. With a targeted and quantified approach that follows state laws, the EDA aims to use tax abatement as a tool to shepherd economic growth.

AUTHORIZATION AND STATUTORY REQUIREMENTS

Duration

Under state law, the EDA may grant tax abatements with a duration of 15 years with the exception of projects eligible for 20-year abatements pursuant to Minnesota Statutes Section 469.1813, subs. 6(b) and 6b. The duration of the tax abatement shall be the minimum amount necessary to meet the financial goals of the project.

Limits on amount of abatement

In any year, the total amount of property taxes abated may not exceed ten percent of the net tax capacity of Wright County for the taxes payable year to which the abatement applies, or \$200,000, whichever is greater. The limit under this subdivision does not apply to:

- an uncollected abatement from a prior year that is added to the abatement levy; or
- a taxpayer whose real and personal property is subject to valuation under Minnesota Rules, chapter 8100

The EDA may limit the amount of the abatement provided to:

- to a specific dollar amount per year or in total;
 - to the increase in property taxes resulting from improvement of the property;
 - to the increases in property taxes resulting from increases in the market value or tax capacity of the property;
 - in any other manner the governing body of the subdivision determines is appropriate; or
 - to the interest and penalty that would otherwise be due on taxes that are deferred.
- The EDA may not abate tax attributable to the areawide tax under chapter 276A or 473F, except as provided in this subdivision.



Public Interest

The EDA finds that the property tax abatement is in the public interest because it will accomplish one or more of the following objectives:

- increase or preserve tax base;
- provide employment opportunities in the political subdivision;
- provide or help acquire or construct public facilities;
- help redevelop or renew blighted areas;
- help provide access to services for residents of the political subdivision;
- finance or provide public infrastructure;
- phase in a property tax increase on the parcel resulting from an increase of 50 percent or more in one year on the estimated market value of the parcel, other than increase attributable to improvement of the parcel; or
- stabilize the tax base through equalization of property tax revenues for a specified period of time with respect to a taxpayer whose real and personal property is subject to valuation under Minnesota Rules, chapter 8100.

Other Requirements

- The County will not issue bonds to provide up-front abatement. Abatement will only be provided on a pay-as-you-go basis.
- Requests for abatement must be made in advance of any improvements being made to the property.

ELIGIBLE RECIPIENTS

Eligible recipients must be in a city or township that has opted into the EDA. Under state law, county EDAs may operate only in cities and townships that have adopted resolutions electing to participate in the EDA. A list of current participants is available online: [Cities and Townships Participating in Wright County EDA](#).



SCORING CRITERIA

The EDA will consider using tax abatement to achieve one or more of the following objectives.

- Creation of jobs and the wage level of those jobs
- Economic impact of development
- To create additional unsubsidized private investment in Wright County
- To facilitate site development that would not occur without a business subsidy
- To redevelop blighted sites or to aid in the costs of redevelopment above the costs normally incurred in development (e.g. contaminated site clean-up)
- To achieve another policy goal of the County

	Criteria	Max Points
1.	Creation of jobs and wage level of jobs	30 Points
2.	Creation of additional unsubsidized investment	20 points
3.	Ratio of public to private investment	20 points
4.	Costs of redevelopment of blighted property above and beyond costs normally incurred in development	10 points
5.	Property tax impact	20 Points
6.	Addition of infrastructure of value to areas outside of project area	5 points
	Maximum Points	105 points

Additional Considerations

The EDA will also consider the following factors when determining whether to grant the abatement.

- Whether or not the proposed project maximizes the use of the proposed site.
- The impact that the proposed project will have on infrastructure including pollution control, roads and traffic management, as well as government services such as law enforcement, human services, etc.
- The impact that the project will have on natural resources.
- Support of other local jurisdictions of the project.



APPLICATION AND REVIEW PROCESS

Applications are available on the Wright County EDA's website. Applications are received on an ongoing basis.

Applications will be received and reviewed by Wright County staff. A staff team of at least three members will score each application and develop a recommendation for the Wright County EDA. Recommendations will be presented at EDA board meetings, and the EDA board will vote whether to recommend each application. Recommended applications will move forward for a public hearing and consideration by the County Board.

Nothing in this policy shall require the EDA to provide abatement to for a project that is eligible under this program. Each application will be reviewed on a case-by-case basis.

SUBSIDY AGREEMENT

All tax abatement projects will be required to enter into a business subsidy agreement with the County. Subsidy agreement will lay out the responsibilities of the abatement recipient.

Abatement recipients shall comply with annual reporting requirements stipulated in Minnesota Statute 116J.993-116J.995.