



AGENDA ITEM #12.2

REPORT TO CITY COUNCIL

Report Prepared by: Nancy Malecha

Date: June 2, 2020

Subject: Business Development Public Infrastructure (BDPI) Resolution

Report: Attached is the BDPI Grant Program Application Packet that will be completed as a part of Wiseth's grant writing services. Included in this packet is the Local Government Resolution for the Business Development Infrastructure Application (page 14) which needs to be adopted as a part of this application process. I am also requesting Council authorization for me to complete and submit this Application Packet on behalf of the City.

Council Action Requested: Council motion adopting the Local Government Resolution for the Business Development Infrastructure Application and further authorizes the City Administrator to complete and submit the BDPI Grant Program Application Packet on behalf of the City.



Greater Minnesota Business Development Public Infrastructure Grant Program (BDPI)

Minnesota Statute 116J.431

Application Packet *Revised 12/1/18*

AUTHORIZING LEGISLATION

Minnesota Statute 116J.436

BACKGROUND/PURPOSE

The Minnesota Department of Employment and Economic Development (DEED) has the authority to make grants to counties or cities to provide up to 50 percent of the capital costs of public infrastructure necessary for an eligible economic development project. The purpose of the grants is to keep or enhance jobs in the area, increase tax base, or to expand or create new economic development.

ELIGIBLE APPLICANTS

Eligible applicants are statutory or home rule cities or counties located outside the metropolitan area, as defined in section 473.121, subdivision 2.

ELIGIBLE PROJECTS

An eligible project is expected to result in or will attract substantial public and private capital investment and provide substantial economic benefit to the county or city in which the project would be located. The project is expected or will create or retain full-time jobs. An economic development project for which a county or city may be eligible to receive a grant includes:

1. Manufacturing
2. Technology
3. Warehousing and distribution
4. Research and development
5. Agricultural processing, defined as transforming, packaging, sorting, or grading livestock or livestock products into goods that are used for intermediate or final consumption, including goods for nonfood use
6. Industrial park development that would be used by any other business listed as an eligible business even if no business has committed to locate in the industrial park at the time the grant application was made

INELIGIBLE PROJECTS

Ineligible projects include:

1. Retail
2. Office space development, except as incidental to an eligible purpose

Projects cannot be relocating substantially the same operation from another location in the state, unless the DEED determines the project cannot be reasonably accommodated within the county or city in which the business is currently located, or the business would otherwise relocate to another state.

PUBLIC INFRASTRUCTURE

Public infrastructure is defined as publicly owned physical infrastructure necessary to support economic development projects, including, but not limited to, sewers, water supply systems, utility extensions, streets, wastewater treatment systems, storm water management systems, and facilities for pretreatment of wastewater to remove phosphorus.

A limited amount of funding is also available for site preparation of property owned and to be used by private entities.

MAXIMUM GRANT AMOUNT

A county or city may receive no more than \$2,000,000 in two years for one or more projects.

APPLICATION REQUIREMENTS/TIMETABLE

Applications will be accepted and awarded on an open application basis (pipeline) until all funds are committed. Please submit **one original and one copy** of the application to DEED at the address listed below. Electronic or fax submissions will not be accepted.

Minnesota Department of Employment and Economic Development/Community Finance
1st National Bank Building
332 Minnesota Street, Suite E200
St. Paul, Minnesota 55101-1351

Resolution

A resolution indicating applicant eligibility, approval of the project, and the commitment of matching and any other funds necessary to complete the project, must be completed and submitted with the application. (A sample resolution has been provided for your convenience). You may choose to re-format this resolution but make sure to include all of the statements that appear in the sample resolution.

Legal Description

A legal description of where the public infrastructure will be placed may be needed in the grant agreement and potentially a legal declaration recorded on the property. Do not prematurely record a declaration prior to being awarded the grant.

Conflict of Interest

The "Conflict of Interest Disclosure Form" provided must be completed, signed and submitted with the application.

OTHER IMPORTANT PROGRAM INFORMATION

The following information is not directly addressed in authorizing legislation, but are helpful tips and administrative guidance for applying and administering a BDPI grant.

Cities or Counties considering an application are encouraged to contact DEED prior to completing the application. Interaction with DEED staff could provide valuable input regarding eligibility, selection, and availability of funds.

The Applicant must be the owner of the proposed public infrastructure.

Construction projects cannot be awarded to a contractor (by the city or county) or started prior to being awarded the grant.

Hospitals, medical clinics, housing, hotels, casinos and sports facilities and other type of development may be ineligible projects. If you have a project that is not a clear match with those listed under Eligible projects, please contact DEED staff prior to applying.

Funds cannot be used for privately owned infrastructure. A limited amount of funding may be available for site preparation of property owned and to be used by private entities.

The required 50 percent match must be used on grant eligible capital costs.

BDPI funds will be the last funds committed to a project. The match, and any other funds that are necessary to complete the project, will need to be committed and documented as full funding at the time of the application. Full funding documentation for the project will need to be approved by DEED and the Department of Management and Budget (MMB) prior to an award notice.

Examples of Full Funding Documentation
Cash in hand – bank statements for segregated accounts, copies of checks

Federal funds – line items in approved federal budgets, grant award letters from federal agencies
Local government match – line items in approved local government budgets, executed loan agreements with lenders
Private contributions – pledges which have been received in cash (see documentation for “Cash” above) or that are backed by a loan or irrevocable letter of credit; future pledges by themselves are not sufficient
In-kind contributions (acquisition and/or site prep) – documentation must be received with the name of the contributor, a description and the value of the contribution, and details of how the value was determined
Bonding - Bond sale resolutions and evidence of a bond purchase agreement

Projects should begin within one year of award and will be completed within 18 months of execution of a grant agreement, unless an extension is requested by the grantee in writing and approved by DEED. If the project is not proceeding in a timely manner as outlined in the project schedule, DEED has the authority to cancel the award.

Grant payments will be processed on a reimbursement basis for completed work. Supporting documentation, including invoices and proof of payment for completed work, including eligible match, must be included with each pay request in order for DEED to process payment request(s). Payments are made on a pro rata basis (with other sources) and will not be front loaded.

Grantees are required to complete annual reports to DEED while the grant is open and following completion of the grant to monitor how goals of the project are being met.

CONTACTS

Jeremy LaCroix
651-259-7457
Jeremy.lacroix@state.mn.us

**Greater Minnesota Business Development
Public Infrastructure Program (BDPI)**

Application Cover Sheet

The Cover Sheet must be completed by all applicants requesting financial assistance.

Project Name:

**Project Address
Or Location:**

BDPI Request		MN House District	
Total Public Infrastructure Costs		MN Congressional District	

Applicant:	
Application Contact Person:	
Title:	Email address:
Address:	Phone:
City:	MN, Zip Code:
Minnesota Tax Identification Number:	
Federal Tax Identification Number:	

Project Manager:	
Title:	Email address:
Address:	Phone:
City:	MN, Zip Code:

Eligibility Criteria

Type of Project. Check all that apply.

- | | | |
|---|---|---|
| <input type="checkbox"/> Manufacturing | <input type="checkbox"/> Technology | <input type="checkbox"/> Warehousing and distribution |
| <input type="checkbox"/> Research and development | <input type="checkbox"/> Agriculture processing | <input type="checkbox"/> No business identified |
| <input type="checkbox"/> Other: Provide details | | |

- | | | |
|---|------------------------------|-----------------------------|
| Applicant is a county or city located outside of metropolitan area | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Applicant has been awarded \$2 million of BDPI in the past 2 years | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Use of funds would be for an eligible public infrastructure project | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Request is 50% or less of capital costs of public infrastructure | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

Business Development Public Infrastructure (BDPI) Application

Project Summary

Provide a brief Project Summary that, at a minimum, includes answers to these questions. Please keep your summary divided by the questions provided.

- Briefly describe the proposed project and justification for the need for funding. Please indicate how your project meets program purpose and eligibility requirements.
- Will the applicant own and maintain the public infrastructure? If not, explain.
- Does the applicant have site control of the Public infrastructure project area? If not, explain.
- Has the project been awarded to a contractor or started construction? If yes, explain.
- The BDPI portion of the project cannot be assessed. Will the project be assessed? If portions of the project not being paid for by BDPI funding are being assessed, please explain the structure of those assessments.
- Describe the status of permitting necessary for the project being secured. Include permit expectations and timeframes for approval.

Capital Investment and Economic Development

Part 1

For this section please remember “Eligible project” includes buildings and equipment for business(es), not just the “Public infrastructure” project.

- How much private capital investment is committed to the Eligible project? Please provide a brief explanation.
- How much public capital investment is committed to the Eligible project? Please provide a brief explanation.

Complete Table A and provide documentation of committed capital.

TABLE A – Immediate Committed Capital Investment

Sources	Public Infrastructure	Other Capital Investments	TOTALS
Committed Private Capital			
Committed Public Capital			
TOTALS			

- How much private capital investment is expected to be attracted to the Eligible project within 5 years of grant closeout? Please provide brief explanation.
- How much public capital investment is expected to be attracted to the Eligible project within 5 years of grant closeout? Please provide brief explanation.

Complete Table B and provide detail and timing of projected capital investment.

TABLE B – Expected 5 Year Capital Investment

Sources	Public Infrastructure	Other Capital Investments	TOTALS
Committed Private Capital			
Committed Public Capital			
TOTALS			

Part 2

- What is the current taxable value of the area proposed for development?
- What is the expected taxable value of the Project with committed business(es)?
- What is the expected taxable value of the project 5 years after grant closeout?

Complete Table C to calculate increase in taxable property value. On the table, list business(es) that are identified and speculated and what the projected taxable values of their developed property(s) will be after one year and five years. List the current taxable value of what the project area is now (usually undeveloped land). Subtract the current taxable value from the total projected new (developed) property values to calculate projected increased in taxable value. Add additional rows to the table if necessary.

TABLE C – Increase in Taxable Value of Property

Businesses (include unidentified projections)	First Year – Estimated Taxable Value of Property	Five Year – Estimated Taxable Value of Property
TOTALS		
- Current Taxable Value		
= Increased Taxable Value		

- Provide A letter from the county auditor’s office documenting the current and projected estimated market values.
- Is there any additional substantial economic benefit provided to the county or city from the Eligible project not explained in Part 1 or Part 2?

Not Relocating a Minnesota Business

- Is the project relocating substantially the same operation from another location in the state? If yes, please explain why the project cannot be reasonably accommodated within the county or city in which the business is currently located.

Creating or Retaining Full-time Jobs

- How many full-time jobs will be created and retained by identified business(es)?
- How many full-time jobs will be created and retained within 5 years by identified and unidentified business(es)?

Please complete Table A. Add additional rows to the table if necessary.

TABLE D – Created and Retained Jobs

Business(es)	First Year	After 5 Years
	Jobs	Jobs
TOTALS		

Project Financial Information

Use the following example format for the Public infrastructure project sources and uses budget. Add rows or columns as necessary. A final sources and uses outline will be provided to awarded projects by DEED with a grant agreement.

TABLE E – Public Infrastructure Sources and Uses

Project Activities	DEED	City/County	Federal EDA	Private	Total
Sanitary Sewer	\$250,000				\$250,000
Storm Sewer		\$75,000			\$75,000
Water	\$250,000				\$250,000
Streets		\$50,000	\$200,000		\$250,000
Engineering* (construction-related, inspection, etc.)		\$75,000			\$75,000
Engineering and Admin (Design, legal, etc.) *		\$35,000			\$35,000
Total Costs	\$500,000	\$235,000	\$200,000	\$100,000	\$1,035,000

Engineering incurred during construction; such as inspections and observation, is eligible for match. Administration, legal and engineering incurred before construction, such as design preparation, are not eligible for BDPI nor the match.

Project Timetable

Please provide a projected timetable to complete the road and infrastructure project in a format similar to TABLE F.

TABLE F – Project Timetable

Activity	Start mm/yy	Finish mm/yy
Property Annexed	1/19	1/19
Property Rezoned	1/19	1/19
Initial Engineering	1/19	1/19
Easements Acquired	1/19	1/19
Resolution Approved	1/19	1/19
Declaration for public property	1/19	1/19
Permits Acquired	1/19	1/19
Project Specifications	1/19	1/19
Project Fully funded (if bonding, bonds sold)	1/19	1/19
Out for Bid	1/19	1/19
Bid Close	1/19	1/19
Award Contract/Notice to Proceed	1/19	1/19
Project Construction	1/19	1/19

Project Maps

Attach color maps that illustrate:

- City boundaries and where the project is located within the city
- Proper zoning to accommodate the project. If zoning changes are pending, please explain how proper zoning for the project will be in place by project completion.
- Where current and proposed infrastructure are and will be in the proposed project area

Application and Attachments Checklist

- Application Cover Page (Do not include the first four pages of instructions)
- Completed Application (with Tables A-F completed)
- Project Maps (color)
- Conflict of Interest Disclosure
- Unrecorded Declaration (with legal description)
- Pre-engineering and/or an engineering report that corresponds with the project. The documents will include an engineer's estimate of project costs.
- Letter from county auditor's office with current estimated market value property and projected property values after development.
- Documentation of full project funding that coincides with the Public infrastructure project's sources and uses of funds (Table E); or a bond sale resolution adopted by the applicant if the applicant intends to bond for any portion of the match and/or remaining costs.
- Attach commitment letters (can be from parent company) from the business(es) (if any) that are a partner with the application or intend to locate in any industrial park.
- Local Government Resolution (see sample)
- Permits – if available at this time

Required BDPI Application Attachments

- **Property Declaration with legal description (do not record until awarded a grant)**
- **Local Government Resolution**
- **Conflict of Interest Disclosure Form**

Attachment I to Grant Agreement

**State of Minnesota
Greater Minnesota Business Development Public Infrastructure Program
General Obligation Bond Financed
DECLARATION**

The undersigned has the following interest in the real property located in the County of _____, State of Minnesota that is legally described in **Exhibit A** attached and all facilities situated thereon (collectively referred to as the “Restricted Property”):

(Check the appropriate box.)

a fee simple title,

a lease, or

an easement,

and as owner of such fee title, lease or easement, does hereby declare that such interest in the Restricted Property is hereby made subject to the following restrictions and encumbrances:

- A. The Restricted Property is bond financed property within the meaning of Minn. Stat. § 16A.695 that exists as of the effective date of the grant agreement identified in paragraph B below, is subject to the encumbrance created and requirements imposed by such statutory provision, and cannot be sold, mortgaged, encumbered or otherwise disposed of without the approval of the Commissioner of Minnesota Management and Budget, or its successor, which approval must be evidenced by a written statement signed by said commissioner and attached to DEED, mortgage, encumbrance or instrument used to sell or otherwise dispose of the Restricted Property; and
- B. The Restricted Property is subject to all of the terms, conditions, provisions, and limitations contained in that certain _____ Project between the City of _____ and the Minnesota Department of Employment and Economic Development (DEED), dated _____ (the “G.O. Grant Agreement”).

The Restricted Property shall remain subject to this State of Minnesota General Obligation Bond Financed Declaration for as long as the G.O. Grant Agreement is in force and effect; at which time it shall be released therefrom by way of a written release in recordable form signed by both the Commissioner of Minnesota Department of Employment and Economic Development and the

Commissioner of Minnesota of Management and Budget, or their successors, and such written release is recorded in the real estate records relating to the Restricted Property. This Declaration may not be terminated, amended, or in any way modified without the specific written consent of the Commissioner of Minnesota of Management and Budget, or its successor.

PUBLIC ENTITY:

City of _____,
a statutory city

By: _____

Its: _____

Dated: _____, 2____

And: _____

Its: _____

Executed on the ____ day of _____, 2____

STATE OF MINNESOTA)

) ss.

COUNTY OF _____)

This Department of Employment and Economic Development Declaration was executed and acknowledged before me on the ____ day of _____, 2____, by _____ the _____, and _____ the _____, of _____ a _____, on behalf of said _____.

Notary Public

This Declaration was drafted by:

Office of Attorney General
Suite 300
400 Sibley Street
St. Paul, MN 55101-1996

Attachment II

LEGAL DESCRIPTION

(only the public land in which the infrastructure is located)

**CITY OF PEQUOT LAKES
RESOLUTION 20-__**

**LOCAL GOVERNMENT RESOLUTION
BUSINESS DEVELOPMENT INFRASTRUCTURE APPLICATION**

BE IT RESOLVED that the City of Pequot Lakes (Applicant) act as the legal sponsor for project(s) contained in the Business Development Infrastructure Application to be submitted on June 15, 2020 and the City Administrator (Title of First Authorized Official) and the Mayor (Title of Second Authorized Official) are hereby authorized to apply to the Department of Employment and Economic Development for funding of this project on behalf of the City of Pequot Lakes (Applicant).

BE IT FURTHER RESOLVED that the City of Pequot Lakes (Applicant) has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure matching funds, adequate construction, operation, maintenance and replacement of the proposed project for its design life.

BE IT FURTHER RESOLVED that the City of Pequot Lakes (Applicant) has not violated any Federal, State, or local laws pertaining to fraud, bribery, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice.

BE IT FURTHER RESOLVED that upon approval of its application by the state, the City of Pequot Lakes (Applicant) may enter into an agreement with the State of Minnesota for the above-referenced project(s), and that it will comply with all applicable laws and regulations as stated in all contract agreements.

BE IT FURTHER RESOLVED that the non-BDPI source(s) of funds identified in the sources and uses outline in the application in the total amount of \$164,700 are committed and adequate to fully fund the project identified in the application.

BE IT FURTHER RESOLVED that per MN Statute 116J.431 Subd 7, the City of Pequot Lakes (Applicant) understands the grant may be cancelled if the project identified in the Application is not proceeding within 18 months of the execution of a grant agreement, or if not complete after five years of any grant award.

The City of Pequot Lakes (Applicant) certifies that it will comply with all applicable laws, regulations, and rules of the Business Development Infrastructure Application.

NOW, THEREFORE BE IT RESOLVED that the City Administrator (Title of First Authorized Official) and the Mayor (Second Authorized Official), or their successors in office, are hereby authorized to execute such agreements, and amendments thereto, as are necessary to implement the project(s) on behalf of the applicant.

I CERTIFY THAT the above resolution was adopted by the City Council of the City of Pequot Lakes (Applicant) on June 2, 2020 (Date).

SIGNED:

(First Authorized Official)

City Administrator, Date

Nancy Malecha, City Administrator

WITNESSED:

(Signature)

City Clerk, Date

Angie Duus, City Clerk/Treasurer

SIGNED:

(Second Authorized Official)

Mayor, Date

James Tayloe, Mayor

WITNESSED:

(Signature)

City Clerk, Date

Angie Duus, City Clerk/Treasurer

Conflict of Interest Disclosure Form

This form gives grantees an opportunity to disclose any actual, potential or perceived conflicts of interest that may exist when receiving a grant. It is the grantee's obligation to be familiar with the Office of Grants Management (OGM) Policy 08-01, Conflict of Interest Policy for State Grant-Making and to disclose any conflicts of interest accordingly.

All grant applicants must complete and sign a conflict of interest disclosure form.

- I or my grant organization do NOT have an ACTUAL, POTENTIAL, or PERCEIVED conflict of interest.

If at any time after submission of this form, I or my grant organization discover any conflict of interest(s), I or my grant organization will disclose that conflict immediately to the appropriate agency or grant program personnel.

- I or my grant organization have an ACTUAL, POTENTIAL, or PERCEIVED conflict of interest. *(Please describe below):*

If at any time after submission of this form, I or my grant organization discover any additional conflict of interest(s), I or my grant organization will disclose that conflict immediately to the appropriate agency or grant program personnel.

Printed Name of Mayor or County Board Chair:

Signature:

Name of City/County:

Date: