

**ECONOMIC DEVELOPMENT AUTHORITY
MEETING AGENDA
February 15, 2018
8:30 A.M.**

- 1) Call to Order
- 2) Roll Call
- 3) Approval of the January 25th County EDA meeting minutes
- 4) The Garage Guys/Lupulin County Tax Abatement Application
- 5) Next Meeting Date – March 15 (Maple Room)
- 6) Adjourn

The meeting will be held in the Maple Room at the Sherburne County Government Center, 13880 Business Center Dr., NW, Elk River, MN 55330.

Sherburne County Economic Development Authority
Meeting Minutes
Annual Meeting January 25, 2018

1. At 8:33 a.m. the meeting was called to order by Ewald Petersen.
2. Roll Call – those present introduced themselves

Members Present:

Ewald Petersen
Sheldon Pool
Amanda Othoudt
Marie Pflipsen
Steve Pflighaar
Jared Johnson

Alternates Present:

Felix Schmiesing
Colleen Eddy
Hanna Klimmek

3. Confirmation and recognition of new Commissioners:
No reappointments
4. Election of Officers and establishment of terms:

Motion by Sheldon Pool to reappoint Ewald Petersen as EDA Chair. Amanda Othoudt seconded the motion. There were no other nominations. Motion carried unanimously.

Motion by Marie Pflipsen to reappoint Bill LaVigne as EDA Vice-Chair. Jared Johnson seconded the motion. There were no other nominations. Motion carried unanimously.

Motion by Marie Pflipsen to reappoint Amanda Othoudt as EDA secretary. Sheldon Pool seconded the motion. There were no other nominations. Motion carried unanimously.

Motion by Felix Schmiesing to reappoint Tom Hammer as EDA Treasurer. Marie Pflipsen seconded the motion. There were no other nominations. Motion carried unanimously.

Motion by Amanda Othoudt to reappoint Jared Johnson as Assistant EDA Treasurer. Sheldon Pool seconded the motion. There were no other nominations. Motion carried unanimously.

5. Designation of Alternates: Ewald Petersen designated Lisa Fobbe as the alternate; Sheldon Pool designated Todd Malolney as an alternate; Amanda Othoudt designated Colleen Eddy as an alternate; Marie Pflipsen designated Greg Pruszinske as an alternate; Steve Pflighaar designated Bob Hofer as an alternate; Jared Johnson designated Hanna Klimmek as an alternate; Felix Schmiesing, Randy Piasecki and Pat Arnold were also designated as alternates. Motion by Jared Johnson, seconded by Steve Pflighaar. Motion carried unanimously.
6. Appointment of Executive Director: Motion by Amanda to reappoint Dan Weber as EDA Executive Director. Marie Pflipsen seconded the motion. Motion carried unanimously.
7. Motion by Felix Schmiesing to approve the EDA Meeting Agenda as presented. Motion seconded by Amanda Othoudt. Motion carried unanimously.
8. Motion by Jared Johnson to approve the Sherburne County Economic Development Authority Meeting Minutes of December 20th, 2017 as presented. Steve Pflighaar seconded the motion. Motion carried unanimously.
9. Designation of committee assignments:
No new Committees
10. Determination of new committees and assignments:
No new committees
11. Consideration of staff assignments:
No Staff assignments
12. Official Newspapers: Motion by Steve Pflighaar to approve the Elk River Star News as the official Newspaper for EDA Publications. Marie Pflipsen seconded the motion. Motion carried unanimously.
13. Official Depository: Motion by Steve Pflighaar to use the same Official Depository as Sherburne County. Jared Johnson seconded the motion. Motion carried unanimously.
14. Reports by various officers and subcommittees:
No reports
15. Designation of Meeting dates and locations for 2018:
Motion by Marie Pflipsen to approve meeting dates and location as designated on schedule below, seconded by Amanda Othoudt. Motion carried unanimously.

All meetings will begin at 8:30 a.m.

February 15 – Maple Room, Sherburne County Government Center

March 15 – Maple Room, Sherburne County Government Center

April 19 – Board Room, Sherburne County Government Center

May 17 – Elk River City Hall

June 21 – Board Room, Sherburne County Government Center

July 18 – Board Room, Sherburne County Government Center

August 16 – Board Room, Sherburne County Government Center

September 20 – Board Room, Sherburne County Government Center

October 18 – Location to be determined

November 15 – Location to be determined

December 20 – Location to be determined

16. Modifications or amendments to the Statute or the Enabling Resolution:
No recommended changes.

17. Revolving Loan Financial and Project Update:

Dan Weber gave the following update:

2017 RLF Summary: Over \$154,000 in loans to three loan commitments, retained 37 jobs and 26 new full time jobs over the next two years. \$2,513,675 in total project costs. \$540,000 increase in taxable value. Approximately an addition \$21,600 in property taxes generated annually from these projects.

Total RLF Impact: \$352,600 in committed loans. \$7,540,475 in total project costs. Expected to create 54 new full time jobs and 24 part time jobs. \$952,300 increase in taxable value.
Remaining RLF balance = \$115,000.

All payments have been on time.

18. Trade Show Update:

Colleen Eddy gave the following update:

2017 Activities

- Los Angeles – Data Center World. Deed made a new display which attracted a lot more people. 5 good leads came out of that event.
- Chicago – Two market visits prior to summit with CBRE and Pilewski & Associates
- DC – IMN Conference
- Dallas – National Data Center Summit
- Critical Facilities Summit – Market visit with PlanNet
- IMN Chicago – Deloitte Market visit
- MN DEED Sponsered Shovel Ready Program

- EDAM Webinar
- Real Estate Journal Data Center Summit
- Revised Sherburne County Sell Sheet on state LOIS portal
- Market visit with Fagon Construction
- Site visit with Chirisa Investments – went very well
- 10-12 leads

2018 Proposed Activities:

- BisNow
- IMN
- Market Visits with MN Marketing Partnership

Next meeting will be held February 15, 2018 in the Sherburne County Boardroom.

Motion by Amanda Othoudt to adjourn the meeting, seconded by Steve Pflughaar.

Amanda Othoudt, EDA Secretary

2/15/18

The Garage Guys/Lupulin Brewing LLC
Proposed Tax Abatement Application
Application Review & Summary

Background

- Originally founded in 2014 and located in Big Lake.
- The business currently employs nine full time employees and 20 part time employees. Full-time employees average \$18.99/hr and \$24.26/hr (with benefits).
- Their business currently resides in a 22,500 sf facility located at 570 Humboldt Dr Suite 4 in Big Lake. A large portion of this facility is currently “shell” warehouse space that sits unfinished.
- Phase 1 of the expansion project will install a canning line, two fermenters, brite tanks, as well as power, plumbing and mechanical infrastructure improvements. Phase 2 of the project would add a 4,500 sf beer hall and an additional 8,500 sq feet of manufacturing space.
- Due to recent improvements already completed, the property is expected to pay approximately \$25,830 in 2019 property taxes. Upon completion of the project, this amount is expected to increase to \$59,232. The County taxes would increase from the expected 2019 amount of \$6,382 to \$14,447 upon completion.
- The project scores as “Above Average” on our Tax Abatement Policy Analysis scoring system which would allow the request to be eligible for up to 75% of the total abatement request.

Tax Abatement Request

- The Garage Guys/Lupulin Brewing have applied for tax abatement financing in the amount of \$8,065 per year over the next 15 years. The total request equates to \$120,975 over the life of the agreement.
- The project would create a minimum of additional 18 full time jobs.
- The City of Big Lake approved a 15-year \$284,000 tax abatement in January.

Lupulin Brewery Abatement Request

February 15, 2018





Location

570 Humboldt Dr Big Lake

The Building has been mostly vacant since 2011



Tax Abatement Request



- Upon completion, the expansion projects would increase the taxable value approximately \$816,000
- The total estimated property taxes would increase from \$25,830 to \$59,232
- The Sherburne County portion would increase from \$6,382 to \$14,447
- This results in an increase of \$8,062
- The tax abatement application request is to abate this amount for 15 years
- Total request: $15 * \$8,065 = \underline{\$120,975}$

Project Job Creation



- Currently have 9 FTE employees and this would increase to 27 FTE's within two years

<u>Position</u>	<u>Jobs Added</u>	<u>Wage</u>
Asst Brewer/Cellar	1	\$16.00
Sale Rep	2	\$15.00
Delivery Driver	2	\$15.00
Lead Production Brewer	1	\$24.00
Head Packaging Tech	1	\$18.00
Shipping and Receiving	2	\$14.00
Packaging Tech	2	\$14.00
QA/Lab	1	\$20.00
Sales Representatives	2	\$15.00
Accounting	1	\$18.00
Assistant Brewer/Cellar	2	\$16.00
Delivery Driver	1	\$15.00
Totals	18	\$16.05

IMPLAN Economic Impact of the Project



• Brewing = 11 Jobs

Beer Wholesale = 7 Jobs

Impact Type	Employment	Labor Income (\$)	Value Added (\$)	Output (\$)
Direct Effect	18.00	\$1,054,989	\$2,150,640	\$7,087,343
Indirect Effect	11.64	\$729,631	\$1,019,431	\$1,999,923
Induced Effect	8.74	\$327,094	\$583,984	\$1,061,353
Total Effect	38.38	\$2,111,714	\$3,754,056	\$10,148,620

Project Review Worksheet



1) Economic Impact score = 115	25	Points
2) 11.31 to Private to Public Ratio	5	Points
3) Job Creation = 18 Jobs	2	Points
4) Property Taxes = \$33,402 Increase	4	Points
5) Infrastructure Bonus	0	Points
6) <u>Relocation Project</u>	0	Points
Total Points	36	Points

Tax Abatement Policy Scoring

Overall Project Analysis:	<u>Score</u>	<u>Rating</u>	<u>Maximum Eligibility</u>
	42-60 points	High	100% of request
	33-41 points	Above Avg.	75% of request
	25-32 points	Moderate	50% of request
	17-24 points	Low	25% of request

**Based on current policy, the project would be eligible for 75% of their \$120,975 request or \$90,731