



**ECONOMIC DEVELOPMENT AUTHORITY
SPECIAL MEETING
Tuesday, February 14, 2012
Immediately Following the City Council Special Meeting
Coon Rapids City Center
Council Chambers**

Call to Order

Approval of Minutes of Previous Meeting

January 3, 2012, EDA Meeting

Public Hearing

1. American Preclinical Services, LLC, 8945/8960 Evergreen Boulevard:
 - a. Public Hearing
 - b. Cons. Resolution EDA 12-1 Authorizing the Expenditure of Excess Tax Increments from Tax Increment District 1-6
 - c. Authorize the Chair and Secretary to Execute a Business Subsidy Agreement
 - d. Authorize the Chair and Secretary to Execute a Grant Agreement

Other Business

Adjourn



AI-188

EDA Special Meeting

Meeting Date: 02/14/2012

SUBJECT: Approval of Minutes from Previous Meeting(s)

Attachments

1-3-12 EDA Minutes

UNAPPROVED

ECONOMIC DEVELOPMENT AUTHORITY MEETING OF JANUARY 3, 2012

A meeting of the Coon Rapids Economic Development Authority was called to order by President Tim Howe at 8:13 p.m. on January 3, 2012 in the Council Chambers.

Members Present: President Tim Howe, Commissioners Denise Klint, Melissa Larson, Paul Johnson, Jerry Koch, Bruce Sanders, and Scott Schulte

Members Absent: None

CALL TO ORDER

President Howe called the meeting to order at 8:13 p.m.

ROLL CALL

All members were present.

APPROVE MINUTES OF DECEMBER 20, 2011

MOTION BY COMMISSIONER SANDERS, SECONDED BY COMMISSIONER SCHULTE, TO APPROVE THE DECEMBER 20, 2011, MINUTES AS PRESENTED. THE MOTION PASSED 6-0-1, COMMISSIONER LARSON ABSTAINED.

1. CONS. SELECTION OF OFFICERS FOR 2012

City Manager Fulton presented a memo to the EDA requesting they select officers for 2012.

MOTION BY COMMISSIONER SCHULTE, SECONDED BY COMMISSIONER KOCH, TO APPOINT THE FOLLOWING OFFICERS FOR 2012:

PRESIDENT: TIM HOWE
VICE PRESIDENT: SCOTT SCHULTE
SECRETARY: DENISE KLINT
ASST. SECRETARY: MELISSA LARSON
TREASURER: PAUL JOHNSON

THE MOTION PASSED UNANIMOUSLY.

OTHER BUSINESS

There was no other business to come before the EDA.

ADJOURN

MOTION BY COMMISSIONER SANDERS, SECONDED BY COMMISSIONER JOHNSON, TO ADJOURN THE JANUARY 3, 2012, MEETING OF THE EDA AT 8:14 P.M. THE MOTION PASSED UNANIMOUSLY.

Respectfully submitted,
Cathy Sorensen, City Clerk



AI-180

1.

EDA Special Meeting

Meeting Date: 02/14/2012

Subject: Economic Development Assistance for American Preclinical Services, LLC, 8945/8960
Evergreen Boulevard

From: Matt Brown, Community Development
Specialist

INTRODUCTION

The EDA is asked to consider an economic development assistance package for American Preclinical Services, LLC.

DISCUSSION

Company Background

American Preclinical Services (APS), which currently has approximately 75 employees in Coon Rapids, proposes an expansion project. APS performs preclinical research for companies developing medical devices. APS currently owns its 44,000 square foot facility at 8945 Evergreen Boulevard.

Project Summary

APS' proposed expansion project involves substantially rehabilitating 18,000 square feet of space in a currently vacant building at 8960 Evergreen Boulevard, across the street from the existing facility. The total project cost is approximately \$2.6 million, including about \$1.5 million for building construction and \$1.1 million for equipment. APS plans to create at least 40 new jobs within two years of completing the project. New employees would fill management, research, and technical positions. The new positions would pay an average wage of \$19.00 per hour excluding benefits. The business subsidy agreement requires that the company create these jobs as part of receiving assistance from the EDA.

Proposed Financial Assistance

In an effort to provide cities with an economic development stimulus tool, the 2010 Legislature approved a temporary provision to TIF law allowing for the use of cash balances in TIF districts to be used for loans and assistance for any project that creates jobs, including construction jobs. At its August 16, 2011 meeting, the City Council adopted Resolution 11-51 modifying the budget of TIF district 1-6 to allow for such expenditures. Projects receiving this assistance must begin by July 1, 2012 and funds must be expended by December 31, 2012. Using this cash balance, staff proposes a grant in the amount of \$350,000.

At its February 14 meeting, the City Council will hold a public hearing and consider Resolution 12-38 approving a spending plan and authorizing the EDA to make a grant to APS. Assuming the Council adopts the resolution, the EDA is asked to hold a public hearing and consider a business subsidy agreement. The EDA is also asked to consider a grant agreement stipulating the terms of the grant. No funds will be disbursed until APS submits a sworn construction statement and invoices for the completed work.

ALIGNMENT WITH STRATEGIC VISION

This item relates to the **Community Development and Redevelopment** section of the 2030 Strategic Vision in the following way:

Support the City’s *Economic Development Strategy* by retaining and expanding businesses in the life science industry.

RECOMMENDATION

Staff recommends that the EDA:

- a. Conduct a public hearing on the business subsidy;
- b. Adopt Resolution EDA 12-1 authorizing expenditure of excess tax increments from Tax Increment District 1-6; and
- c. Authorize the Chair and Secretary to execute a business subsidy agreement between the EDA and American Preclinical Services, LLC.
- d. Authorize the Chair and Secretary to execute a grant agreement between the EDA and American Preclinical Services, LLC.

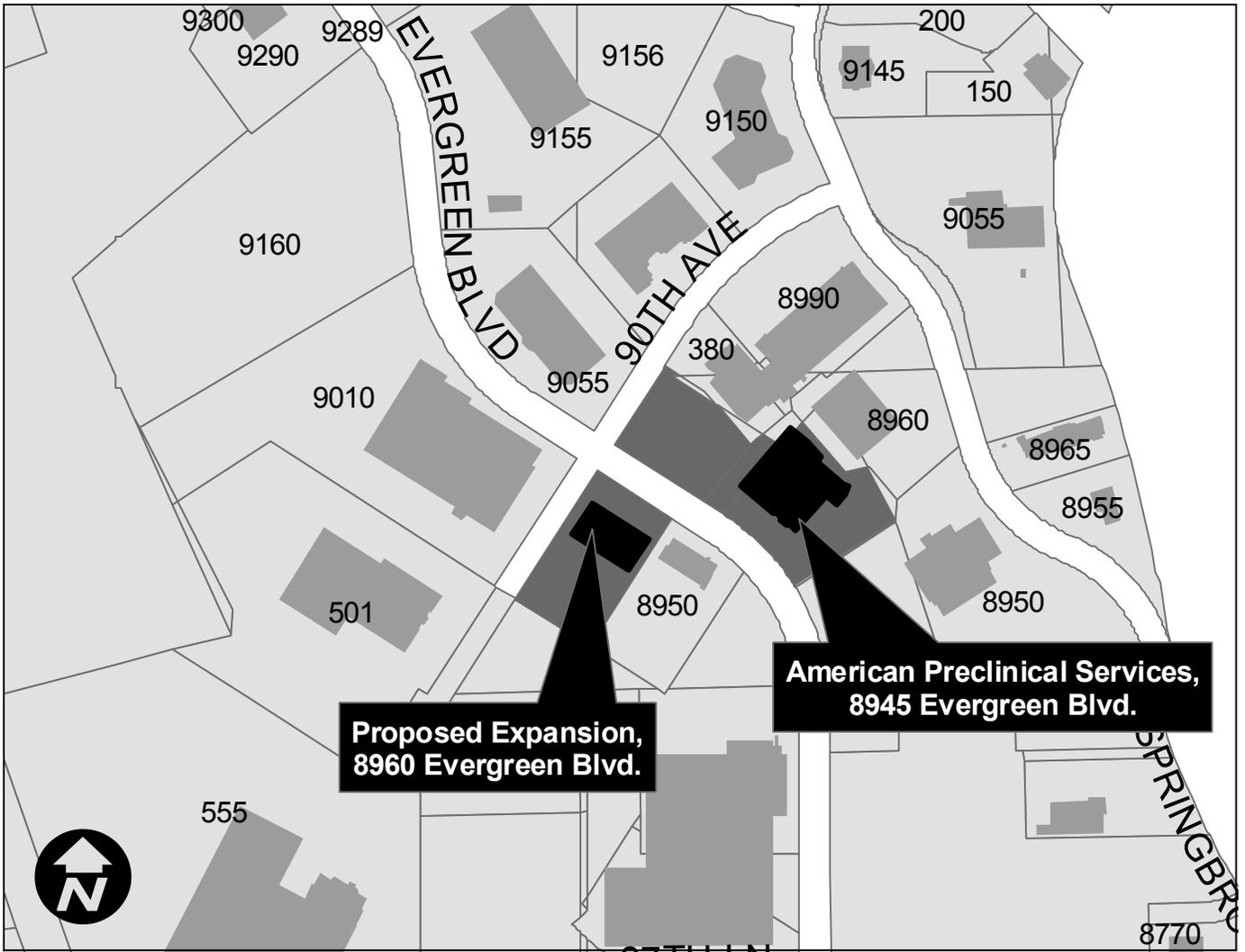
Fiscal Impact

BUDGET IMPACT:

Funding for the assistance will come from TIF District 1-6. These funds have limited uses. There is no budget impact to City’s the general fund.

Attachments

- Location Map
 - Resolution EDA 12-1
 - Business Subsidy Agreement
 - Grant Agreement
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RESOLUTION EDA 12-1

RESOLUTION AUTHORIZING THE EXPENDITURE OF EXCESS TAX INCREMENTS FROM TAX INCREMENT FINANCING DISTRICT 1-6 FOR AMERICAN PRECLINICAL SERVICES, LLC

WHEREAS, the 2010 Minnesota Legislature provided municipalities temporary authority under the 2010 Jobs bill to utilize tax increments from an existing tax increment district for the purposes of providing improvements, loans, interest rate subsidies or assistance in any form to private development consisting of the construction or substantial rehabilitation of buildings and ancillary facilities, if doing so will create or retain jobs in the state, including construction jobs, and construction commences before July 1, 2012; and

WHEREAS, the Coon Rapids City Council has modified the budget of tax increment financing district 1-6 by Resolution 11-51 to allow for eligible expenditures of tax increments under the 2010 Jobs bill; and

WHEREAS, American Preclinical Services, LLC (APS), a company that performs preclinical research for companies developing medical devices, proposes to substantially rehabilitate 18,000 square foot of space at 8960 Evergreen Boulevard, retain at least 75 full time positions, and create at least 40 new positions paying an average wage of \$19.00 per hour, excluding benefits; and

WHEREAS, the expansion by APS aligns with the objectives and goals of City's economic development strategy to promote the growth and expansion of companies and jobs in Coon Rapids in the bioscience industry; and

WHEREAS, APS is financing \$2,300,000 of the project; and

WHEREAS, additional assistance from the City is necessary to fully fund the required improvements; and

WHEREAS, the City gave notice of a public hearing before the City Council regarding the expenditure of the tax increment on January 27, 2012 and held the public hearing at its meeting on February 14, 2012; and

WHEREAS, following said public hearing, the Coon Rapids City Council authorized the Economic Development Authority in and for the City of Coon Rapids by Resolution 11-51 to expend excess tax increments in the form of loans and grants in the amount of up to \$3,000,000 from Tax Increment Financing District 1-6.

NOW THEREFORE, BE IT RESOLVED by the Coon Rapids City Council that the Economic Development Authority in and for the City of Coon Rapids is authorized to expend excess tax increments in the form of a grant in the amount of \$350,000 from Tax Increment Financing District 1-6 for the purpose of substantially rehabilitating 18,000 square feet of space at 8960 Evergreen Boulevard in Coon Rapids, Minnesota, retaining 75 existing positions and creating at least 40 new positions in the City of Coon Rapids.

Adopted this 14th day of February, 2012.

Tim Howe, President

ATTEST:

Denise Klint, Secretary

BUSINESS SUBSIDY AGREEMENT

THIS BUSINESS SUBSIDY AGREEMENT is made and entered into as of the ____ day of _____, 2012, by and between the Economic Development Authority in and for the City of Coon Rapids (the "City") and American Preclinical Services LLC, a Minnesota Corporation (the "Company"). The provisions herein constitute the "business subsidy agreement" for purposes of the Minnesota Business Subsidy Act (Minnesota Statutes Sections 116J.993-995 and its successor statute.)

Section 1. Definitions. In this Agreement, unless a different meaning clearly appears from the context:

(a) "Benefit Date" means the date when the Company occupies the Project, but shall be no later than December 31, 2012.

(b) "City" means the Economic Development Authority in and for the City of Coon Rapids.

(c) "Compliance Date" means the date that is three (3) years after the Benefit Date.

(d) "Company" means American Preclinical Services, a Minnesota corporation.

(e) "Development Property" means the real property and improvements thereon located at 8960 Evergreen Boulevard in Coon Rapids, Minnesota.

(f) "Initial Disbursement Date" means the date of the first disbursement of any Grant Proceeds by the City to the Company.

(g) "Jurisdiction" means a city or township.

(h) "Grant" means the funds Granted by the City to the Company pursuant to the Grant Agreement.

(i) "Grant Agreement" means the agreement and documents stating the terms and conditions of the Grant.

(j) "Grant Proceeds" means the funds disbursed to the Company pursuant to this Agreement and any proceeds thereof.

(k) "Project" means the Company's substantial rehabilitation of 20,000 square feet of space at the building located at 8960 Evergreen Boulevard, Coon Rapids, MN 55433.

Section 2. Agreement. In accordance with Minnesota's Business Subsidy Act, the Company is receiving under the terms of this Agreement government assistance under the following terms.

(a) The subsidy provided to the Company includes a \$350,000 grant made hereunder which will be used for construction of the Project.

- (b) The public purposes and goals of the subsidy are to retain and create high paying jobs in the bioscience sector within Coon Rapids.
- (c) The goals for the subsidy are to retain 75 jobs and create 40 new jobs, on or before December 31, 2013.
- (d) The 56 new jobs must have an average wage of \$19.00 per hour, which excludes the cost of benefits.
- (e) If the goals are not satisfied, the Company shall make payment to the City as required by the Grant Agreement.
- (f) The subsidy is needed because the current economic conditions make the Project unfeasible without the Grant.
- (g) The Company must continue operations in the jurisdiction for at least five years following the Benefit Date.

Section 3. Reporting. On or before March 1 of each year, the Company shall provide to the City information regarding goals and results for three years after the benefit date or until the goals are met, whichever is later. This reporting requirement will expire if the goals are met by the Compliance Date. If the goals are not met, the Company must continue to provide information on the Grant until the Grant is repaid. If the report is not submitted by March 1, the City shall mail the Company a warning within one week of the required filing date. If, after 14 days of the postmarked date of the warning, the Company fails to provide a report, the Company must pay to the City a penalty of \$100 for each subsequent day until the report is filed. The maximum penalty shall not exceed \$1,000. The Company shall document the following information in reports to the City:

- (a) The type, public purpose, and amount of the subsidy;
- (b) A statement of goals identified in the subsidy agreement and an update on achievement of those goals;
- (c) The location of the recipient prior to receiving the business subsidy;
- (d) If the company has a parent corporation, the name and address;
- (e) A list of all financial assistance by all grantors for the project; and
- (f) Other information the City may request.

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and behalf and the Company has caused this Agreement to be duly executed in its name and behalf as of the date first written above.

**ECONOMIC DEVELOPMENT
AUTHORITY IN AND FOR
THE CITY OF COON RAPIDS**

By _____
Tim Howe, Chair

By _____
Denise Klint, Secretary

Approved By:

**AMERICAN PRECLINICAL
SERVICES LLC, a Minnesota Corporation**

By _____

Name _____

Its _____

GRANT AGREEMENT

THIS GRANT AGREEMENT is made and entered into as of the ___ day of _____, 2012, by and between the Economic Development Authority in and for the City of Coon Rapids (the "EDA") and American Preclinical Services, a Minnesota Corporation (the "Grantee");

ARTICLE 1

Definitions

Section 1.1. Definitions. In this Agreement, unless a different meaning clearly appears from the context:

"**City**" means the City of Coon Rapids, Minnesota.

"**Development Property**" means the real property and improvements thereon located at 8960 Evergreen Boulevard in Coon Rapids, Minnesota.

"**EDA**" means The Economic Development Authority in and for the City of Coon Rapids.

"**Grant**" means the funds granted by the EDA to the Grantee pursuant to this Agreement.

"**Grant Proceeds**" means the funds disbursed to the Grantee pursuant to this Agreement and any proceeds thereof.

"**Grantee**" means American Preclinical Services LLC ("APS"), a Minnesota Corporation.

"**Project**" "Project" means the Grantee's substantial rehabilitation of 20,000 square feet of space at the building located at 8960 Evergreen Boulevard, Coon Rapids, MN 55433.

ARTICLE 2

Agreement

Section 2.1. Project Cost. The estimated cost of the project is \$2,650,000. This includes \$1,500,000 for interior construction and \$1,150,000 for equipment.

Section 2.2. Grant Amount. The Grant amount is \$350,000.

Section 2.3. Disbursement of Funds. Grant Proceeds will be disbursed upon execution of this agreement and receipt of invoices for the expenses to be reimbursed by the proceeds. The Grantee will provide an accounting of all costs incurred for the Project after the Project is

completed.

Section 2.4. Project Time Frame. Construction of the Project must begin by July 1, 2012 and be completed by December 31, 2012. Grant Proceeds must be expended by December 31, 2012.

Section 2.5. Uses of Funds. Grant Proceeds must be used to offset the cost of construction of the Project, as follows:

	APS	EDA	Total Cost
Building	\$1,150,000	\$350,000	\$1,500,000
Equipment	\$1,150,000	\$0	\$1,150,000
Total	\$2,300,000	\$350,000	\$2,650,000

Section 2.6. Job Creation Requirements. The Company must create at least 40 new jobs at 8960 Evergreen Boulevard in Coon Rapids, Minnesota and retain at least 75 additional jobs at various locations within Coon Rapids. The 40 new jobs must be created by December 31, 2013. The 40 new jobs must have an average wage of at least \$19.00 per hour, excluding benefits.

Section 2.7. Company Operations. The Company must continue operations as they exist at the time of completion of the project in the City for at least five years following December 31, 2012.

Section 2.8. Remedies. The sole remedy for failure of the Company to comply with this Grant Agreement shall be a return of the Grant Proceeds. If the Project is not completed by December 31, 2012, all Grant Proceeds will be treated as a loan and must be returned to the EDA. If the Company fails to satisfy the requirements for job creation and retention described in Section 2.6, Grant Proceeds must be returned on a pro rata basis based on the number of jobs actually created compared to the goal of 40 new jobs. For the purposes of this Section each job is assigned a subsidy value of \$8,750.

Section 2.9. Counterparts. This Agreement may be executed in counterpart.

IN WITNESS WHEREOF, the EDA has caused this Agreement to be duly executed in its name and behalf and the Grantee has caused this Agreement to be duly executed in its name and behalf as of the date first above written.

**ECONOMIC DEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF COON RAPIDS**

By _____

Tim Howe, Chair

By _____

Denise Klint, Secretary

APPROVED AS TO FORM

By _____

Stoney Hiljus, City Attorney

AMERICAN PERCLINICAL SERVICES LLC, a Minnesota Corporation

By _____

Name _____

Its _____