

City of Madelia & Madelia Economic Development Authority Business Assistance Program

Table of Contents

- I. Purpose
- II. Administrative Authority
- III. Statutory Limitations
- IV. Business Assistance Objectives
- V. Business Assistance Programs
- VI. Eligibility Criteria
- VII. Project Evaluation Criteria
- VIII. Application Process
- IX. Decisioning
- X. Disbursement
- XI. Servicing
- XII. Receipt of Funds
- XIII. Conflicts of Interest

Madelia Business Assistance Program

I. Policy

The City of Madelia (“City”) and the Madelia Economic Development Authority (“EDA”) have established a Business Assistance Program (“BAP”) to provide financial assistance to improve the economic condition of Madelia by focusing on appropriate commercial and industrial development, establishing a higher tax base, and creating additional job opportunities for the citizens of Madelia. The Business Assistance Program provides resources and tools, including loans and grants to support and attract businesses in the City of Madelia.

The fundamental purpose of the Business Assistance Program in Madelia is to encourage desirable development and/or redevelopment that would not otherwise occur “but for” assistance provided through the BAP.

II. Administrative Authority

The City of Madelia has an established Economic Development Authority which has all of the powers, duties and responsibilities of an Economic Development Authority created pursuant to Minnesota Statute sections 469.090 through 469.108. It shall be the role and responsibility of the Economic Development Authority to carry out economic and industrial development and redevelopment within the city in accordance with the general policies as may from time to time be established by the Council and pursuant to the by-laws as may be adopted by the authority with approval of the Council.

III. Statutory Limitations

Assistance requests made of the City of Madelia’s Business Assistance Program must comply with applicable Minnesota State Statutes, including sections 116J.993 through 116J.995 (governing business subsidies and financial assistance), sections 469.174-469.1791 (the Minnesota Tax Increment Financing Act), and sections 469.1812-469.1815 (governing tax abatements).

IV. Business Assistance Objectives

Financial assistance opportunities are provided to businesses in order to encourage the following:

- A. Encourage new technology*
- B. Create or retain jobs*

- C. Increase tax base*
- D. Elimination of slum or blight*
- E. Diversification of the overall industry base*
- F. Exportation of products and/or services outside the state*
- G. Provide job training and workforce development directed at retention of young people to the area*
- H. Increase health care service*

V. Business Assistance Programs

Funding can come from a variety of private, local, state and federal resources. The EDA may choose to seek funds with intentions to meet community needs that are immediate, related to short or long-term planning, or that support targeted uses on an ongoing basis.

Funds may come in the form of loans or grants. Each funding source may come with additional and often mandatory provisions for the use and management of the funds. Designated EDA staff can provide guidance as to application and reporting requirements.

VI. Eligibility Criteria

All business assistance programs, including business subsidies as defined in the Minnesota State Statutes sections 116J.993 through 116J.995, are subject to the following criteria. Meeting policy criteria does not guarantee the award of business assistance to the project.

A. “But-for” Test

The applicant must demonstrate that the project or development would not happen without business assistance.

B. Meets one or more business assistance objectives in section IV.

VII. Project Evaluation Criteria

In addition meeting the eligibility criteria, projects will be evaluated in accordance with the following:

- A. Madelia Comprehensive Plan
- B. Madelia Economic Resiliency Plan
- C. City Zoning Code
- D. Development projects in process
- E. State Statute Requirements as applicable

VIII. Application Process

A. Meeting with EDA Staff

The applicant meets with the appropriate EDA and City Staff to discuss the scope of the project, public participation being requested, and other information as may be necessary.

The intention of the inquiry process is to review prerequisites related to existing programs; limiting submissions that do not fall within the already approved program parameters. For example, if a program is established to only target start-up businesses it could be assumed that existing businesses need not apply. The initial inquiry process is not intended to provide any form of preliminary application, applicant, or project review or submission guidance.

B. Request for Application

Program application packets may be picked up at the City of Madelia City Hall.

Packets will include the general application, standard acknowledgements, release of information, closing fees, and a list of required supporting documentation. The information provided at the time of application submission is utilized to approve funding requests.

Detailed application instructions and provided forms are to serve as a guide to support the timely submission of completed applications.

To avoid conflicts the staff, authority related committees, and authorized approvers may not provide application submission support that constitutes approval guidance. Designated staff may, however, provide an explanation related to the published program parameters.

Applicants requiring accommodations must request accessibility documents or application support as needed. Upon request for accommodations, approved and designated support will be provided.

C. Application submitted to City Hall

The business seeking business assistance must complete and submit an application to Madelia City Hall.

All submitted applications will receive a time and date received stamp. Once an application has been submitted, no changes may be made and no additional

documentation may be provided. The submission of an application does not guarantee an approval.

D. Initial Application Review

Applications will be reviewed for completion by designated EDA administrative staff. Only completed applications will move forward, which must include all required forms, signatures, and complete sets of required support documents in the form and format requested. Any changes to the format or language of the forms provided by the authority will be considered an incomplete application.

Applicants that are denied due to incomplete applications may resubmit new applications, but must include all supporting documentation. Documentation received for any prior requests will not be transferred to new application requests for review, regardless of retention practices.

E. Application reviewed by Business Assistance Commission (“BAC”)

Applications are reviewed by the Business Assistance Commission on a first-come, first-served basis. The application review will take place within no less than 10 business days from the official application submission date. The BAC views the applications based on their totality, and considers all aspects in making a recommendation. No single factor is weighed exclusively, and each application is reviewed on its own merits.

This commission consists of members appointed by the EDA and the City Council of Madelia. This Commission shall consist of the Madelia City Administrator, two members of the Madelia City Council, one representative from the Madelia Area Redevelopment Corporation, one representative from a local bank, and whomever else the Council deems appropriate. There are no term limits for commission members, and members do not receive any monetary compensation.

This application review establishes whether the details of the information received reflect that the request meets all required program parameters and approval standards.

Applications that meet program parameters will be recommended for conditional approval by majority vote and submitted to the EDA. Submissions to the authority must include written review details that reflect the application met all program and approval parameters. In addition, the recommendation should include outline terms and conditions and detail all existing and known participating project funding partner terms, conditions and contingencies.

Applications that do not meet program parameters will be denied. Adverse actions will be provided in writing no less than 10 business days from the date of the denial by the subcommittee.

If the subcommittee deems the documentation provided is unclear or requires further explanation, a designated committee member may request additional information be provided by the applicant. This may only take place on an exception basis to clarify information that was received. It may not be used to request missing information.

The subcommittee may elect to move a recommendation forward with a contingency, basing it on the assumption of a positive outcome to the clarification. By doing so, a decision must be made on if or when to allocate funding if the details are not received prior to the scheduled authority review.

The recommendation for conditional approval by the subcommittee does not guarantee an approval by the city council, designate available funds, or guarantee funding availability for a future approval.

F. Application and BAC recommendation reviewed by EDA

Recommendations for conditional approval will be reviewed by the EDA during the next scheduled EDA meeting following the review and recommendation. Review requests must be placed on the EDA agenda with the attached write up and recommendation from the BAC.

Requests for review should be made in accordance with standard material submission guidelines and corresponding timelines. Files for EDA members should be made available at the City of Madelia City Hall leading up to the scheduled review meeting.

The EDA review committee will consider the subcommittees' written recommendation, and also conduct their own individual reviews. The committee will also review the existing funding balances with the designated Treasurer to establish availability and confirm authorized use.

Upon the final confirmation that funding sources are available and align with the request, in addition to the application project aligning with all program parameters and approval requirements, the EDA may vote to proceed. Applications should not proceed to city council with the assumption that additional funds will become available due to transfer options or new funds approvals.

The duty of the EDA in the review process is to make recommendations based on existing approvals, using funds immediately available at the time of review. If the EDA review establishes funds are not available, the application should be denied and a notice will be sent to the applicant.

A majority vote to proceed should include the recommendation to the city council. This should also include the request to restrict and designate the identified available funding source; details regarding the approval including the recommended approval terms and conditions; and the preliminary approval structure and conditions. All references to sources and including details provided from all other funding partners should be included in the recommendation.

Any recommendations that include any deterrence from published and approved program parameters must be included in the recommendation, detailing the deterrence with explicit justifications for how the added risk is outweighed by the benefits of an approval.

Recommendations made by the EDA to the city council do not guarantee a final approval by the council, designate available funds, or guarantee funding availability for approval.

G. City Council Review of EDA determination

A notice to the council for review of a pending application should be provided at the first meeting following the EDA recommendation.

The city council may pass a majority vote to restrict or designate funds. This should be done on a first come, first serve basis when multiple applications are presented. The vote to do so does not transfer funds to the applicant or guarantee final application approval.

A request to schedule a public hearing should take place as necessary, ensuring it is published in accordance with statutory requirements. The city council's conditional approval decisioning should always follow the public hearing.

Application decisioning announcements should also take place no sooner than the next regularly scheduled meeting, following the date the application review notification was received by the council. This enables the council sufficient time for application file review and to complete related discovery.

IX. Decisioning

Council has the authority to deny, approve, or request changes to the application.

X. Disbursement

Following city council approval, business assistance funding is disbursed as follows:

A. Disbursement Request by Designated Staff

Designated EDA staff provide the assistant City administrator with a disbursement request. The request outlines requested amount, program fund(s) to remove requested funds from, and supporting documentation.

B. Check Preparation

The assistant city administrator reviews the disbursement request to ensure funding availability and alignment with program fund policies. If the review is satisfactory, the assistant city administrator prepares a check and requests signatures from the mayor and city administrator.

If the review is unsatisfactory, notification is provided to the EDA to review the business assistance request for future action, including denial of assistance or review of alignment with other assistance opportunities.

C. Check Signature

Signatures are provided by the city administrator and mayor. Both individuals are required to ensure the check matches the amount approved by the City Council.

D. Signed Business Assistance Agreement

Business assistance recipients will meet with designated EDA staff to sign a Business Assistance Agreement outlined terms and conditions approved by City Council, and provide the required closing fees to cover recording, processing, and attorney fees. At that time, the recipient will be provided with the signed check.

XI. Servicing

The recipient business shall comply with all reasonable information requests made by the Madelia Economic Development Authority and/or the City of Madelia to insure compliance with any terms, conditions, covenants, obligations, agreements, observances or program requirements within the established time parameters set forth herein or in the signed program application.

Minnesota business subsidy reporting requirements may apply.

XII. Receipt of Funds

In the case of funds received from recipient businesses for loan repayments or defaults, receipt of funds by the City will proceed as follows:

A. Payment Provided by Recipient

Payment is provided to the City by the recipient.

B. Fund Allocation

The assistant City administrator reviews the payment and allocates funds accordingly. They are responsible for updating the financial records.

C. Fund Review by EDA Staff

The designated EDA staff reviews the records prior to each regularly scheduled EDA meeting to verify that the funds have been received and allocated appropriately.

XIII. Conflicts of Interest

No member of the governing body or other official of the City shall have any financial interest, direct or indirect, in the Development Property or the Project, or any contract, agreement or other transaction contemplated to occur or be undertaken thereunder or with respect thereto, nor shall any such member of the governing body or other official participate in any decision relating to the business assistance request which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No member, official or employee of the City shall be personally liable to the City in the event of any default or breach by the Developer or successor on any obligations under the terms of a signed business assistance agreement.

This Business Assistance Program policy was adopted on October 9, 2023.