

**AGENDA**  
**CITY OF DAYTON, MINNESOTA**  
**12260 S. Diamond Lake Road, Dayton, MN 55327**  
**Tuesday, October 29, 2024**

**SPECIAL MEETING OF THE CITY COUNCIL - 7:00 A.M.**

**The invite for Zoom for this meeting can be found on the City's website community calendar**

7:00           **CALL TO ORDER**  
7:00           **PLEDGE OF ALLEGIANCE**  
7:00           **APPROVAL OF AGENDA**

7:00           **OPEN FORUM**    *Is limited to Three minutes for non-agenda items; state your name and address; No Council Action will be taken and items will be referred back to staff*

**COUNCIL BUSINESS**

**Action Items**

7:00           **A. PUBLIC HEARING:** Approve Resolutions, Supporting States Manufacturing applications for the Job Creation Fund, and Minnesota Investment Fund programs

7:15           **ADJOURNMENT**

The City of Dayton's mission is to promote a thriving community and to provide residents with a safe and pleasant place to live while preserving our rural character, creating connections to our natural resources, and providing customer service that is efficient, fiscally responsible, and responsive.

**ITEM:**

Approval of Support of States Manufacturing applications for Minnesota Investment Fund and Job Creation Fund programs

**APPLICANT:**

Wyatt Shallbetter, States Manufacturing  
Jessica Tocco, A10 Associates

**PREPARED BY:**

Jon Sevald, Community Development Director

**POLICY DECISION / ACTION TO BE CONSIDERED:**

Motion to Approve Resolutions, Supporting States Manufacturing applications for the Job Creation Fund, and Minnesota Investment Fund programs.

**BACKGROUND:**

States Manufacturing intends to lease 500,000 sq ft of The Cubes (east half of the building), pending an award by Minnesota Department of Employment and Economic Development (DEED) through DEED's Minnesota Investment Fund (MIF), and Job Creation Fund (JCF).

States Manufacturing is a manufacturer of electrical power distribution equipment (cabinets and shelters), based in Champlin (95,000 sq ft building, 130 employees). Dayton will be an additional location and will allow for manufacturing of large equipment shelters. Pending the DEED awards, States will sign a 12-year lease and begin operations in 2025. States will invest \$23 million into equipment and site improvements and create 340 jobs (2025-2027).

**CRITICAL ISSUES:**

**Minnesota Investment Fund (MIF)**

The DEED MIF program provides loans for creation and retention of high paying jobs and investment in machinery, property, and improvements that would not occur otherwise, but for MIF. MIF funding requires a 1:1 state/private funding match.

States Manufacturing is requesting a \$1,450,000 forgivable loan from DEED for the buildout of the facility, including equipment, building improvements and operational expenses. Two-year (2025-2026) capital investment will be \$22.5 million. DEED (Grantor) will provide funds to the city (Grantee), and the city will reimburse States Manufacturing (Borrower) for qualifying expenses, which includes machinery and modifications to the building. The city will provide annual reports to DEED. This is a forgivable loan.

**Job Creation Fund (JCF)**

The DEED JCF program provides grants, loans, and tax incentives to businesses which could locate outside of Minnesota but choose to locate in-state. The program may reimburse companies for capital investment, property improvements, and job creation for manufacturing, distribution, warehousing, and other eligible business activities. Prevailing wages are required.

## CITY COUNCIL REGULAR MEETING

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States Manufacturing is requesting a \$1,350,000 subsidy from DEED. Jobs created will be 68 (2025), 136 (2026), and 136 (2027), totaling 340. Eventually 400 employees operating 24 hours per day. Production and Operation staff annual wages will be \$66,300 and \$84,800 (2025). States Manufacturing will provide annual reports to the city regarding job creation and wages, and the city will submit annual reports to DEED. This is a grant.

Both the MIF and JCF applications have been drafted by A10 Associates and Staff. The applications include a financial performance reviewed by Ehlers (city's financial advisor). The applications will be submitted to DEED for review. The intent is for DEED to provide awards prior to December 31, 2024, to allow the applicant to sign a lease to begin January 1<sup>st</sup>.

If States Manufacturing fails to meet annual requirements, DEED (Grantor) will not provide funds to the city (Grantee), and the city will have no funds to provide to the applicant (Borrower). All costs incurred by the city for administering the program will be invoiced to States Manufacturing. This includes staff's hourly rate (\$85) and consultant's actual costs (Ehlers).

### **COMMISSION REVIEW / ACTION (IF APPLICABLE):**

The EDA reviewed the project at its October 15, 2024 meeting, recommending Approval.

### **60/120-DAY RULE (IF APPLICABLE):**

	60-Days	120-Days
N/A		

### **RELATIONSHIP TO COUNCIL GOALS:**

*Create a Sought After Community*

### **BUDGET IMPACT:**

None. All costs incurred by the city will be invoiced to States Manufacturing. Costs may include staff time and consultants to administer the loan program.

### **RECOMMENDATION:**

Staff recommends the Council conduct a Public Hearing and Approve the MIF and JCF applications.

A Public Hearing notice was published by THE PRESS on October 17, 2024 (required for the Minnesota Investment Fund).

The reasoning for the October 29<sup>th</sup> Special Council meeting (Public Hearing) is to expedite the applications to DEED, which requires 6-8 weeks to review prior to granting awards (mid-late December). The award is needed prior to States leasing the building, January 1<sup>st</sup>.

### **ATTACHMENT(S):**

Resolution 58-2024 Minnesota Investment Fund application  
Resolution 59-2024 Job Creation Fund Application

**CITY OF DAYTON  
HENNEPIN AND WRITH COUNTIES, MINNESOTA**

**RESOLUTION 58-2024**

**A RESOLUTION REGARDING THE SUPPORT OF A MINNESOTA INVESTMENT FUND  
APPLICATION IN CONNECTION WITH STATES MANUFACTURING**

**WHEREAS**, the City of Dayton, shall act as the legal sponsor for the project contained in the Minnesota Investment Fund Application to be submitted on or about October 29, 2024 and that Denis Fisher (Mayor) and Zach Doud (City Administrator) are hereby authorized to apply to the Department of Employment and Economic Development for funding of this project on behalf of the City of Dayton; and,

**WHEREAS**, the City of Dayton has the legal authority to apply for financial assistance, and the institutional managerial, and financial capability to administer the proposed project; and,

**WHEREAS**, the City of Dayton has not violated any Federal, State, or local laws pertaining to fraud, bribery, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice; and,

**WHEREAS**, that upon approval of its application by the State, the City of Dayton may enter into a Grant Contract with the State of Minnesota for the approved project, and that the City of Dayton certifies that it will comply with all applicable laws, statutes, regulations and rules as stated in the Grant Contract and described in the Project Compliance Certification of the Application; and,

**WHEREAS**, that the City of Dayton has obtained credit reports and credit information on States Manufacturing and Joe Shallbetter, Wyatt Shallbetter, and Neos Partners (owners). Upon review by the City of Dayton and LeVander, Gillen, & Miller P.A., no adverse findings or concerns regarding, but not limited to, tax liens, judgments, court actions, and filings with state, federal and other regulatory agencies were identified. Failure to disclose any such adverse information could result in revocation or other legal action; and,

**NOW, THEREFORE, BE IT RESOLVED**, Dennis Fisher (Mayor) and Zach Doud (City Administrator), or their successors in office, are hereby authorized to execute the Grant Contract and amendments, thereto, as are necessary to implement the project on behalf of the City of Dayton.

**ADOPTED** this 29<sup>th</sup> day of October, 2024 by the City Council of the City of Dayton, Minnesota,

Motion made by Councilmember \_\_\_\_\_, seconded by Councilmember \_\_\_\_\_.  
Motion carried.

\_\_\_\_\_  
Dennis Fisher, Mayor

Attested:

\_\_\_\_\_  
Amy Benting, Assistant City Administrator/City Clerk

**CITY OF DAYTON  
HENNEPIN AND WRITH COUNTIES, MINNESOTA**

**RESOLUTION 59-2024**

**A RESOLUTION REGARDING THE SUPPORT OF A JOB CREATION FUND APPLICATION  
IN CONNECTION WITH STATES MANUFACTURING**

**WHEREAS**, the City of Dayton desires to assist States Manufacturing, a Limited Liability Company which is proposing to improve a facility in the City; and,

**WHEREAS**, the City of Dayton understands that States Manufacturing, through and with the support of the City, intends to submit to the Minnesota Department of Employment and Economic Development an application for an award and/or rebate from the Job Creation Fund Program; and,

**WHEREAS**, the City of Dayton Economic Development Authority considered the matter at its October 15, 2024 meeting, recommending Approval; and,

**WHEREAS**, the City of Dayton held a City Council meeting on October 29, 2024, to consider this matter.

**NOW, THEREFORE, BE IT RESOLVED**, that after consideration, the Mayor and City Administrator of the City of Dayton, Minnesota, hereby adopts the following Findings of Fact related to the project proposed by States Manufacturing and its application for an award and rebate from the Job Creation Fund Program and express their approval.

The City Council hereby finds and adopts the reasons and facts supporting the following Findings of Fact for the approval of the Job Creation Fund Program application:

1. Finding that the project is in the public interest because it will encourage the growth of commerce and industry, prevent the movement of current or future operations to locations outside Minnesota, result in increased employment in Minnesota, and preserve or enhance the state and local tax base.

**FINDING:** *States Manufacturing proposes to occupy 500,000 sq ft of an existing building in Dayton, MN and is requesting funding from the JCF program for the creation of 340 new jobs within three years (2024-2026) with median annual wages of \$114,400. Without the JCF program, this project could be located outside of Minnesota. It is the City of Dayton's desire that States Manufacturing will attract suppliers to locate in Dayton or surrounding communities, creating a manufacturing hub along the I-94 corridor.*

2. Finding that the proposed project, in the opinion of the City Council, would not reasonably expected to occur solely through private within the reasonably foreseeable future.

**FINDING:** *States Manufacturing could not complete the project privately within the reasonable foreseeable future, but for assistance through the Job Creation Fund.*

- 3. Finding that the proposed project conforms to the general plan for the development or redevelopment of the City as a whole.

**FINDING:** *The property, Lot 1, Block 1, The Cubes At French Lake, is zoned (I-1) Light Industrial and (PUD) Planned Unit Development. The property is guided Industrial in the 2040 Comprehensive Plan (aka "General Plan"). Applicable Goals and Policies of the Comprehensive Plan, Chapter 6: Economic Development:*

*Goal 1: Increase economic growth and development to encourage services and job growth in the community.*

*Policy 1: Encourage new development and redevelopment within southwest Dayton around the Dayton Parkway Interchange.*

*Goal 2: Expand and diversify the City's tax base by encouraging new commercial/industrial development.*

*Policy 2: Support and promote existing businesses and new businesses that are viable and responsive to the need of the community. Create programs to provide financial assistance to retain existing business and attract new business.*

- 4. Finding that the proposed project will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the redevelopment or development of the project by private enterprise.

**FINDING:** *The needs of the City of Dayton includes manufacturing, and employers attracting skilled labor. States Manufacturing*

**ADOPTED** this 29<sup>th</sup> day of October, 2024 by the City Council of the City of Dayton, Minnesota,

Adopted by the Dayton City Council, October 29, 2024.

Motion made by Councilmember \_\_\_\_\_, seconded by Councilmember \_\_\_\_\_.  
Motion carried.

\_\_\_\_\_  
Dennis Fisher, Mayor

Attested:

\_\_\_\_\_  
Amy Benting, Assistant City Administrator/City Clerk