



# GOODHUE COUNTY MINNESOTA

TO EFFECTIVELY PROMOTE THE SAFETY, HEALTH, AND WELL-BEING OF OUR RESIDENTS

## ECONOMIC DEVELOPMENT AUTHORITY

County Board Room- Government Center  
509 West 5th St.  
Red Wing, MN 55066

Tuesday, April 7, 2020  
4:30 p.m.

### 1. Virtual Meeting Notice

“Due to concerns surrounding the spread of COVID-19, it has been determined that in-person meetings or meetings conducted under Minn. Stat. 13D.02 a are not practical or prudent. Therefore, meetings that are governed by the Open Meeting Law will temporarily be conducted by telephone or other electronic means pursuant to Minn. Stat. 13D.021.”

“The Goodhue County Board of Commissioners will be conducting an EDA board meeting pursuant to this section on April 7, 2020 at 4:30 p.m. in the County Board Room. The County Administrator and/or County Attorney will be present at the meeting location. All County Commissioners and lay board members attending will appear by telephone or other electronic means. The public may monitor the meeting from a remote site by logging into <HTTPS://GLOBAL.GOTOMEETING.COM/JOIN/771955469> or calling [1 866 899 4679](18668994679) beginning at 4:20 p.m. or any time during the meeting.” Access Code: <771-955-469>

### 2. Call To Order

### 3. Motion To Elect Chair

### 4. Motion To Elect Vice Chair

### 5. Motion To Appoint Members Of The County Board To The Board Of EDA

### 6. Motion To Appoint The County Attorney As The Attorney Of The EDA

### 7. Motion To Appoint Finance Director As The Treasurer Of The EDA

### 8. Review & Approve The EDA Board Meeting Agenda

### 9. Approve Previous Board Meeting Minutes November 19, 2019

Documents:

[11.19.2019.PDF](#)

### 10. DairiConcepts Tax Abatement Application

Documents:

[GOODHUE COUNTY - MEMORANDUM TO EDA FOR DAIRICONCEPTS.PDF](#)

### 11. Adjourn





**GOODHUE COUNTY  
ECONOMIC DEVELOPMENT AUTHORITY  
Tuesday, November 19, 2019  
Goodhue County Board Room  
Red Wing, MN 55066**

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Present: Commissioners: Brad Anderson, Jason Majerus, Barney Nesseth, Paul Drotos

Other members: Mary Reinhardt

Commissioner Nesseth called the meeting to order.

*Moved by C/Drotos, seconded by C/Majerus, carried to approve the EDA Board Agenda.*

*Moved by C/Anderson, seconded by C/Majerus, and carried to approve the November 19, 2019 EDA board minutes.*

**2020 CEDA Contract**

The CEDA Contract is an annual renewal for services provided by Ron Zeigler and the Community and Economic Development Associates. A. Benck indicated that this is included in the budget for 2020.

*C/Majerus moved, C/Anderson second and carried to approve the 2020 contract with CEDA*

**2019 EDA SUMMIT OVERVIEW**

Rebecca from CEDA summarized the overview of the summit that was held in Wanamingo earlier in the month. Overall consensus was that it was well attended and well engaged.

*Moved by C/Drotos, seconded by C/Anderson, carried to approve adjourn the November 19, 2019 EDA Board Meeting.*

Respectfully Submitted,  
Scott O. Arneson  
Executive Secretary



## Goodhue County Economic Development Authority

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Goodhue County Government Center  
509 W. 5th St.  
Red Wing, MN



Phone: Ron Zeigler – 651-764-4342

Email: [ron.zeigler@cedausa.com](mailto:ron.zeigler@cedausa.com)

March 29, 2020

To: Goodhue County EDA Board

From: Ron Zeigler, CEDA as staff to the Goodhue County EDA Committee  
(Commissioners Majerus and Nesseth, Scott Arneson, Stacy Lance, Steve O'Keefe, Brian Anderson)

RE: DairiConcepts, LP Business Subsidy/Tax Abatement Application

Attached please find a number of pieces of information including:

- A cover letter from DFA (Dairy Farmers of America) for the Application
- The Application
- A sheet of information entitled "City of Zumbrota Estimates for assistance for Business Expansion". I am anticipating to receive a further breakout of the County portion of what the City of Zumbrota's Financial Consultant is listing.
- A sheet of information from the Goodhue County Assessor.

A few items to note as you look at this Application for the proposed expansion:

- County staff has signed an NDA (Non-disclosure Agreement) at the request of the Applicant. This is not out of the ordinary for a Company of this nature and a project of this size. As you can imagine, as a Company is looking at doing an expansion, they do not wish to have their future plans or trade secrets be in the public realm until needed.
- The Applicant has submitted the required \$1,000 application fee.
- The total project expansion is proposed to be \$87.3 million.
- The "but/for" aspect resides in Exhibit D where discussion is listed in regards to the partnership with the local governments as an important indicator for them to move forward.

- The project will not create new jobs but will retain 50 jobs that could be at risk if the Company were to determine that no further investment in the Zumbrota location were to be made.
- The project will provide capacity for this plant and will be replacing dated equipment that will be removed at a future time.
- The project will assist with City public infrastructure including odor mitigation and will reduce pressure on public wastewater infrastructure
- The project will have spin off benefits including that the investment in this plant is a good thing for future investments in Zumbrota and Goodhue County.
- The Company is looking at starting construction in July, 2020 with completion in December, 2021
- In answer #2 of the Application the Company lists that is asking for Abatement dollars from the City and School in addition to the County. To be clear, they are not seeking Abatement from the school. They are seeking City and County only. The writing on the copy of the Application is from me to help clarify.
- The Company is proposing to spend \$87 million on the project.
- The Application does not list the requested dollar amount of Abatement from the County or the City. In discussions with the Company representative the amount that was discussed with management to get everyone to this phase was that the Company wants to achieve an Abatement from the County and the City (but not school district) of roughly \$1 million over and above the amount needed to build/finance the water tower/City public infrastructure. It is my understanding that there is an internal competition for capital and one of the factors to be considered by the Company Board is looking at ways to reduce operating costs and one of the ways to do that is through the proposed Abatement. As we all know, all public bodies have a fiduciary responsibility to invest public dollars wisely. The fiduciary responsibility for all of us is to do the minimum incentive that is needed to make a project move forward but we do want the project to move forward.

The Committee did review and discuss the Application noting:

- The value of the land may not increase just because of different ownership.
- The County should look at the value of the new construction – that being \$5,960,000 not including the land value as that is already being taxed.
- Precedence in previous Abatement awards has been for ten years of Abatement of the new construction, 90% returned to developer and 10% retained by County for administrative work.
- No new jobs but is retaining 50
- The County should be investing less than the City.

These items were agreed upon as a recommendation to the Goodhue County EDA to move forward with the Abatement Application and for the Goodhue County EDA to recommend to the Goodhue County Commissioners to set a public hearing on the Abatement Application for May 5<sup>th</sup>.

Next Steps:

- The process is for this Committee recommendation to move forward to the Goodhue County EDA
- The EDA then reviews, asks questions, gets answers and when comfortable moves this forward to the Goodhue County Commissioners at their April 7 meeting asking them to set a public hearing date for May 5<sup>th</sup>.
- The Commissioners review the Application and EDA recommendation and if they are comfortable they set a public hearing date recommended for May 5<sup>th</sup>. The public hearing is held and the County Commissioners can then determine if they wish to move forward and if so, what level of assistance the County should provide.

Please let me know if you have any questions or if there is additional information that I can provide to you.

Thanks!

March 5, 2020

Scott Arneson  
County Administrator  
Goodhue County, MN

Dear Mr. Arneson,

Please find enclosed the Application for Tax Rebate Financing from Dairy Farmers of America (“DFA”) related to the potential, substantial capital investment in the DairiConcepts facility located in Zumbrota. The partnership represented by the potential abatement is an important indicator to our management team and board of the viability of the project.

As you are aware, we have met extensively with county staff and representatives to detail the plans and the business case for this project. We believe the investment represented by this project will sustain this part of the plant’s operations for many years to come.

DFA estimates to begin the project that will add a new dryer, related process equipment, office and welfare areas, along with a new wastewater treatment facility in Q3 of 2020. Construction is estimated to be complete in late Q4 of 2021.

The project is critical for business continuity and will ensure DFA can continue to service our customers and grow our business.

DFA intends to self-fund this project, therefore we are not including a letter of commitment from other funding sources.

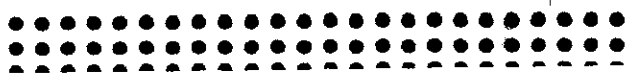
If there is any additional information required at this time, please reach out directly.

Best Regards,



Kevin Cody  
Vice President, Accounting and Taxation

- Enclosures:  
Economic Development Abatement Goodhue County, MN Application  
Exhibits A-F  
Check for Application Fee  
2018 Financial Report  
2019 Financial Report



## **APPLICATION FOR TAX REBATE FINANCING**

### **APPLICANT INFORMATION**

Name of Corporation/Partnership DairiConcepts, LP

Address 1313 Northstar Drive, Zumbrota MN 55982

Primary Contact Bill Taylor, Director of Operations

Address 1313 Northstar Drive, Zumbrota MN 55982

Phone (717) 713-0368 Fax N/A Email BTaylor@dfamilk.com

On a separate sheet, please provide the following:

- Brief description of the corporation/partnership's business, including history, principal product or service, etc. Attach as **Exhibit A**.
- Brief description of the proposed project. Attach as **Exhibit B**.
- List names of officers and shareholders/partners with more than five percent (5%) interest in the corporation/partnership. (both current and planned owners in the project) **Attach as Exhibit C**.
- A *but-for* analysis and narrative. **Attach as Exhibit D**.

Attorney Name Andrew Brummel

Address 1405 North 98th Street, Kansas City, KS 66111  
Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email ABrummel@dfamilk.com

Accountant Name Kevin Cody

Address 1405 North 98th Street, Kansas City, KS 66111  
Phone (816) 801-6516 Fax N/A Email KCody@dfamilk.com

Contractor Name Miron Construction - Bill Schaller

Address 1471 McMahon Drive, P.O. Box 509, Neenah, WI 54957  
Phone (920) 969-7358 Fax (920) 969-7397 Email bill.schaller@miron-construction.com

Engineer Name Excel Engineering - Tim Tolley

Address 100 Camelot Drive, Fond du Lac, WI 54935  
Phone 920.322.1749 Fax \_\_\_\_\_ Email Tim.Tolley@Excelengineer.com

Architect Name Excel Engineering - David Koenes

Address 100 Camelot Drive, Fond du Lac, WI 54935  
Phone (920) 322-1673 Fax \_\_\_\_\_ Email david.k@ExcelEngineer.com



**PROJECT INFORMATION**

1. The project will be:

- Industrial:  New Construction  Expansion  Redevelopment / Rehab.
- Office/research facility that conforms to business park standards
- Commercial Redevelopment/Rehabilitation/Development
- Retail
- Other

2. In addition to Goodhue County, applicant is requesting Economic Development Abatement funds from:

City of: Zumbrota  
 School District: School District 2805 *\*Not correct -> City and County only*

3. The project will be:  Owner Occupied  Leased Space  
 • If leased space, please attach a list names and addresses of future lessees and indicate the status of commitments or lease agreements. Include rental rates, terms, and length of lease. **Attach as Exhibit E.**

4. Project Address 1313 Northstar Drive, Zumbrota MN 55992  
 • Include Legal Description and PID Number. **Attach as Exhibit F**

5. Site Plan and Floor Plan ( foot print) Attached:  Yes  No

6. Total Amount of ECONOMIC DEVELOPMENT ABATEMENTS Requested:

\$ \_\_\_\_\_ over \_\_\_\_\_ years.

City Portion of Economic Development Abatements: Annual \$ \_\_\_\_\_ Total \$ \_\_\_\_\_

County Portion of Economic Development Abatements: Annual \$ \_\_\_\_\_ Total \$ \_\_\_\_\_

ISD \_\_\_\_\_ Portion of Economic Development Abatements: Annual \$ \_\_\_\_\_ Total \$ \_\_\_\_\_

Township Portion of Economic Development Abatements: Annual \$ \_\_\_\_\_ Total \$ \_\_\_\_\_

7. Current Real Estate Taxes on Project Site: City: \$19,882.05  
County: \$14,467.28  
Total 2019: \$59,296.28

Estimated Real Estate Taxes upon Completion: Phase I \$ \_\_\_\_\_  
 Phase II \$ \_\_\_\_\_

8. Construction Start Date: Est. July, 2020  
 Construction Completion Date: Est. December, 2021  
 If Phased Project: \_\_\_\_\_ Year \_\_\_\_\_ % Completed  
 \_\_\_\_\_ Year \_\_\_\_\_ % Completed

**PUBLIC PURPOSE**

*It is the policy of Goodhue County that the use of Economic Development abatements should result in a benefit to the public. Please indicate how this project will serve a public purpose.*

     Job Creation:      Number of existing jobs \_\_\_\_\_  
                             Number of FTE jobs created by project \_\_\_\_\_  
                             Average hourly wage of jobs created\* \_\_\_\_\_  
                             \* attach a position specific hourly wage  
                             Minimum hourly wage of jobs created \_\_\_\_\_  
                             Minimum benefits provided to all employees \_\_\_\_\_

     New industrial or, commercial, which will result in additional private investment in the area.

     Enhancement and/or diversification of the County's economic base.

  X   The project contributes to the fulfillment of Goodhue County's Economic Development Strategic Plan Comprehensive Plan, Transportation Plan and Land Use Ordinance.

     Removal of blight.

  X   Rehabilitation of a high profile or priority site.

     Finance or improve public infrastructure; or

  X   Other:     Job retention

**SOURCES & USES**

<u>SOURCES</u>	<u>NAME</u>	<u>AMOUNT</u>
Bank Loan	_____	\$ _____
Other Private Funds	Dairy Farmers of America	\$ 87,300,000
Equity	_____	_____
Fed Grant/Loan	_____	\$ _____
State Grant/Loan	_____	\$ _____
EDA Micro Loan	_____	\$ _____
Tax Abatement Financing	_____	\$ _____
ID Bonds	_____	\$ _____
Other	_____	\$ _____
<b>TOTAL</b>		<b>\$ _____</b>

\*\*\*Please include loan terms also, including interest rates, payment and amortization schedule, etc.

<u>USES</u>	<u>AMOUNT</u>
Land Acquisition	\$ 159,500
Site Development	\$ _____
Construction	\$ 22,000,000
Machinery & Equipment	\$ 41,900,000
Architectural & Engineering Fees	\$ 8,994,000
Legal Fees	\$ 900,000
Interest During Construction	\$ _____
Debt Service Reserve	\$ _____
Contingencies	\$ 7,900,000
Other	\$ 5,606,000
<b>TOTAL</b>	<b>\$ 87,300,000</b>

**ADDITIONAL DOCUMENTATION**

Applicants may be required to provide the following documentation.

- A) Written business plan, including a description of the business, ownership/management, date established, products and services, and future plans Please see introductory letter
- B) Financial Statements for Past Two Years
  - \_\_\_\_\_ Profit & Loss Statement
  - \_\_\_\_\_ Balance Sheet
- C) Current Financial Statements
  - \_\_\_\_\_ Profit & Loss Statement to Date
  - \_\_\_\_\_ Balance Sheet to Date
- D) Future Financial Projections
- E) Personal Financial Statements of all Major Shareholders
  - N/A   Profit & Loss
  - \_\_\_\_\_ Current Tax Return

- F) Letter of Commitment from Applicant Pledging to Complete During the Proposed Project Duration Please see introductory letter
- G) Letter of Commitment from the Other Sources of Financing Stating Terms and Conditions of their Participation in Project DFA plans to fund this project
- H) Debt schedules for all loans applicable to the project. N/A

The undersigned certifies that all information provided in this application is true and correct to the best of the undersigned's knowledge. The undersigned authorizes Goodhue County to check credit references and verify financial and other information. The undersigned also agrees to provide any additional information as may be requested by the County after the filing of this application.

Applicant Name DAIRY FARMERS OF MARIETTA, INC. Date 3/5/20  
 By KEVIN J. BOYD  
 Its VICE PRESIDENT, ACCOUNTING & TAXATION

**EXHIBIT A**  
**Description of the corporation or partnership**

**EXHIBIT B**                                      **Description of the proposed project**

**EXHIBIT C**  
***Names of officers and shareholders/partners with more than five percent (5%) interest in the corporation/partnership.***

**EXHIBIT D**                                      ***But-for analysis***

**EXHIBIT E**                                      **Prospective Lessees**

**EXHIBIT F**                                      **Legal Description and PID Number**

3/2/2020  
Economic Development Abatement  
Goodhue County, MN

**Exhibit A**

Brief description of the corporation/partnership's business, including history, principal product or service, etc.

3/2/2020

Economic Development Abatement  
Goodhue County, MN

**Exhibit B**

**Brief description of the proposed project.**

The Zumbrota facility operates a cheese spray-dry operation where cheese powder is manufactured for application on consumer snack products. The current cheese dryer is at the end of its useful life and therefore will need to be replaced to maintain the current business.

Tax abatement proceeds will be used to invest in real property and equipment for the project. It is anticipated that the project will retain 50 existing jobs in the dryer operation, provide capacity for potential future expansion at the site, assist with odor mitigation, reduce pressure on public infrastructure for wastewater treatment, and have spin-off benefits resulting from construction.

3/2/2020  
Economic Development Abatement  
Goodhue County, MN

**Exhibit D**

An important factor in securing final management and Board approval for the proposed capital expenditure is a strong partnership with the host community as evidenced by the proposed property tax abatement. Dairy Farmers of America, the parent company of DairiConcepts, routinely works with state and local economic development organizations to secure similar incentives related to other investments around the country.



3/2/2020  
Economic Development Abatement  
Goodhue County, MN

**Exhibit E**

If leased space, please attach a list names and addresses of future lessees and indicate the status of commitments or lease agreements. Include rental rates, terms, and length of lease

Not applicable.

3/2/2020  
Economic Development Abatement  
Goodhue County, MN

**Exhibit F**

Include Legal Description and PID Number

**Parcel ID 72.700.0520**

UNPLATTED LAND 17.67 AC  
DOC#628434 PT OF SW1/4 SEC  
25-110-16 COM AT NW CR S89DG  
50MN E1157.54FT S17DG11MNE  
594.57FT FOR BEG S17DG11MN  
E565.26FT THEN ALNG CURVE TO  
LFT 461FT N87DG47MN E391.31FT

**Parcel ID 72.700.0660**

Sect-25 Twp-110 Range-016 13.05 AC  
THAT PT OF SW1/4 SEC 25 110 16  
LYING SLY OF C.M. & ST PAUL  
RR & ELY OF ELY R/W HWY 52  
DOC# 491831

**Parcel ID 72.700.0650**

UNPLATTED LAND 3.55 AC  
DOC#628433 ABANDONED RR R/W  
OVER & ACROSS SW1/4 SEC 25  
110 16 LYING ELY OF ELY R/W  
HWY 52

From the Goodhue County Assessor

**Tax Estimate**

2/24/2020

<b>\$5,960,000 Value</b>	<b>Assesment 2019</b>
	<b>Payable 2020</b>
Land	\$0
Building	\$5,960,000
<b>Total TMV</b>	<b>\$5,960,000</b>

proposed rates

Rough tax estimate based on a preliminary value from limited drawings received from taxpayer.

<b>Tax Capacity Calculation</b>	
TMV	\$5,960,000
x 1.5% Class Rate	1.50%
= Tax Capacity	2,250
x 2% Class Rate	2.00%
= Tax Capacity	116,200
<b>Total Tax Capacity</b>	<b>118,450</b>
X Local Tax Rate	<u>122.8463%</u>
= Base Tax	\$145,511

\* county portion  
\* city portion

<b>Referendum Market Value Tax</b>	
TMV	\$5,960,000
Tax Rate	0.30020%
<b>RMV Tax</b>	<b>\$17,892</b>

<b>State General Tax</b>	
Total Tax Capacity	\$116,950
Tax Rate	39.000%
<b>RMV Tax</b>	<b>\$45,611</b>

<b>Net Tax Payable</b>	
<b>Net Tax</b>	<b>\$209,014</b>

<b>Net Tax Capacity Tax (Breakdown by Authority)</b>	
County	\$ 53,374
City	68,403
School District	22,757
SEMMCHRA	978
<b>Total</b>	<b>\$ 145,511</b>

\*  
\*

<b>Percent</b>
45.0600%
57.7480%
19.2123%
0.8260%
<u>122.8463%</u>