

Brookings City Council
October 3, 2014

The Brookings City Council held a special meeting on Friday, October 3, 2014 at 8:00 a.m., at City Hall with the following members present: Mayor Tim Reed, Council Members Dan Hansen, Ope Niemeyer, Keith Corbett, John Kubal, Tom Bezdichok and Jael Thorpe. City Attorney Steve Britzman, City Manager Jeffrey Weldon and City Clerk Shari Thornes were also present.

Executive Session. A motion was made by Kubal, seconded by Hansen, to enter into executive session at 8:00 a.m., pursuant to SDCL 1-25-2 for purposes of consulting with legal counsel about contractual matters with the City Manager, City Attorney, City Clerk and Al Heuton present. Deputy Mayor Corbett presided during executive session. A motion was made by Corbett, seconded by Hansen, to exit executive session at 8:35 a.m. All present voted yes; motion carried.

Resolution No. 82-14. A motion was made by Corbett, seconded by Hansen, to approve Resolution No. 82-14, a Resolution authorizing the execution of a Development Agreement by the City of Brookings, SD, which is an Agreement for Economic Development of and in the City of Brookings; authorizing economic development rebates, all as to be set forth in an Development Agreement, and authorizing the documents to effectuate the terms of this Resolution. All present voted yes; motion carried.

Resolution No. 82-14 - Resolution Authorizing The Execution Of A Development Agreement By And Between The City Of Brookings, South Dakota And 3m Company, Which Is An Agreement For Economic Development Of And In The City Of Brookings; Authorizing An Economic Development Grant And The Expenditure Of Funds For Economic Development Purposes, All As Set Forth In The Development Agreement Between The City Of Brookings And 3m Company, And Authorizing The Documents To Effectuate The Terms Of This Resolution

BE IT RESOLVED by the City Council of the City of Brookings, South Dakota (the "City"), as follows:

The City of Brookings (referred to herein as the "City") has determined that it is essential to the economic vitality of the City to promote economic and industrial development in the City through, in part, the expansion of quality manufacturing companies; and

3M Company (hereafter "3M"), a diversified, innovation and manufacturing company whose products are sold worldwide, identified the City of Brookings as a potential site for a facility expansion and the manufacturing of new product lines; and

The City recognizes 3M Company as a quality manufacturing company whose products are recognized and sold worldwide; and

The expansion of the 3M Facility is an excellent economic development opportunity for Brookings, particularly because of 3M Company's long history in the community as a key employer; and

The Governor's Office of Economic Development (GOED), the Brookings Economic Development Corporation (BEDC) and the City have worked cooperatively to develop economic development incentives necessary to induce 3M to select Brookings as the site for its expanded facility and production capabilities ; and

Based upon the recruitment efforts of GOED, the BEDC and the City, and the offer of economic incentives by the City and GOED necessary to induce and assist 3M to select Brookings as the site for its expanded facility and production capabilities, the City of Brookings has been selected as the proposed site of 3M's expanded Facility and production capabilities, with construction to begin in 2015; and

3M Company's expansion will consist of two phases, with the first phase ("Phase I") including various plant modifications, the acquisition of an estimated \$11.7 Million Dollars in new equipment, and the creation of 29 additional FTE positions; and

The second phase of the Project ("Phase II") includes the construction of an estimated \$16.5 Million Dollar, forty-four thousand (44,000) square foot building addition, the acquisition of an estimated \$40 Million Dollars in equipment over a five year (2014-18) time period, and the creation of 60 additional FTE positions; and

The City has the authority, pursuant to South Dakota Codified Laws, particularly SDCL 9-12-11, SDCL 9-54-1 and SDCL 10-52A-2, to promote the City and to provide through economic development grants the incentives which are necessary to cause economic development projects such as the 3M Company Facility expansion to choose to locate and expand its facilities, equipment and workforce in Brookings; and

Because of the significant benefits the City of Brookings will receive if the 3M expansion is completed in Brookings, the City of Brookings has offered economic development incentives, described as follows: An economic development grant to 3M Company in an amount equal to three-fourths (3/4) of the municipal sales tax paid to add production equipment for Phase I and Phase II of the expansion, which grant shall be an amount which is equivalent to a reimbursement of three-fourths (3/4) of actual municipal sales tax paid on equipment purchases for Phase I and Phase II paid by 3M Company, with the grant amount not to exceed \$775,500.

The economic incentive described above to be provided by the City of Brookings: (i) is set forth in the Development Agreement referenced above, (ii) is subject to detailed requirements and milestones set forth in the Development Agreement, and (iii) is determined by the City to assure the location of both Phases of the 3M expansion in Brookings, and (iv) will lead to

substantial economic benefits and increased employment in the City of Brookings and surrounding region; and

The City of Brookings, hereby finds that the agreement to provide economic incentives as stated in this Resolution and set forth in detail in the Development Agreement, a copy of which is available at City Hall for public inspection, are consistent with the substantial benefits to be received by the City of Brookings if the 3M expansion is completed in Brookings, and

The City of Brookings intends to complete the transactions set forth herein pursuant to the agreements and documents consistent with this Resolution, which are or will be incorporated in a Development Agreement between 3M Company and the City of Brookings.

The transactions, grant and incentives set forth herein and in the Development Agreement between the parties hereto are hereby authorized.

The Mayor, the City Manager, the City Clerk and the City Attorney are hereby authorized to execute on behalf of the City the documents and grant payments required to complete the transactions described herein, including the Development Agreement, and such other documents and Agreements which are consistent with the terms of this Resolution and the Development Agreement.

Adjourn. A motion was made by Hansen, seconded by Corbett, to adjourn. All present voted yes; motion carried. Meeting adjourned 8:44 a.m.

CITY OF BROOKINGS

Tim Reed, Mayor

ATTEST:

Shari Thornes, City Clerk