

City Council Agenda Item Memo

From: Tim Reed, CEO Brookings Economic Development Corporation (BEDC)

Council Meeting: April 16, 2024

Subject: Tax Increment Financing (TIF) Memorandum of Understanding (MOU) with Solventum/ Previously 3M

Presenter: Tim Reed, CEO BEDC

Summary:

The Memorandum of Understanding defines the roles and responsibilities of the City of Brookings and Solventum regarding a Tax Increment Financing (TIF) application. The MOU is necessary because the full scope of the plant's expansion has not been finalized and those details are required for the TIF application. The goal is to maximize the increment for the betterment of both the City and Solventum. The TIF Application will be ready for Council approval in July.

Background:

The 3M Brookings Plant first broke ground in 1969. The manufacturing facility has grown to 667,000 square feet and employs more than 1,000 people. For more than 50 years 3M has provided good paying jobs and benefits to the Brookings community. In July of 2023, 3M announced a large expansion. 3M plans to invest up to \$468 million in the expansion. As of April 1st of 2024, 3M has spun out its Health Care Business into a new company, Solventum. A Tax Increment District will be created to capture Tax Increment to be used by the Company and the City Brookings.

Item Details:

Solventum, the Brookings Economic Development Corporation, and City Staff developed an MOU that states we will develop a TIF application that optimizes the amount of TIF available as the project details are finalized. Solventum has agreed to the MOU.

Legal Consideration:

City Attorney Steve Britzman has reviewed the MOU

Strategic Plan Consideration:

The Solventum plant expansion aligns with the economic growth strategy from the 2021-2026 City Strategic Plan and Goal 1 of the City Economic Development Master Plan. Solventum is investing more than \$220 million in the plant expansion. The

expansion construction is substantial to the economy of Brookings. The expansion also retains and increases good paying jobs in the community.

Financial Consideration:

The MOU has no financial considerations.

Options and Recommendation:

The City Council has the following options:

1. Approve as presented
2. Amend
3. Deny
4. Move the item to a Study Session
5. Discuss / take no action / table

Staff recommends approval of the MOU as presented.

Supporting Documentation:

Memorandum of Understanding