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## **2000 Business Assistance Report**

### **APPENDIX K**

**Summary of Business and Financial  
Assistance Reported by State and Local  
Government Agencies Provided between  
August 1, 1999 and December 31, 1999  
In Accordance to Minnesota Statutes § 116J.993  
through § 116J.995**

**(Attached criteria submitted by agencies in 2000  
for business subsidies per  
Minnesota Statutes § 116J.993 through § 116J.995)**

**VOLUME 2 OF 2**

**Prepared by:**

**Analysis and Evaluation Office  
Minnesota Department of Trade  
and Economic Development  
500 Metro Square Building  
121 7<sup>th</sup> Place East  
St. Paul, Minnesota 55101-2146**

HC107  
.M63  
E441  
2000  
v.2

**Agencies that Submitted Business Subsidy Criteria in 2000 Per M.S. 116J.993 - 116J.995**

1. Albany, City of
2. Albert Lea, City of
3. Albertville, City of
4. Alexandria, City of
5. Apple Valley, City of
6. Arrowhead Regional Development Commission
7. Austin, City of
8. Becker, City of
9. Belle Plaine, City of
10. Belview, City of
11. Benton County
12. Big Lake, City of
13. Blaine EDA
14. Blue Earth EDA
15. Brainerd, City of
16. Brooklyn Center, City of
17. Brooklyn Center EDA
18. Brooklyn Park, City of
19. Brooklyn Park, EDA
20. Brown County Economic Development Partners, Inc.
21. Burnsville EDA
22. Caledonia, City of
23. Caledonia EDA
24. Cambridge, City of
25. Centerville, City of
26. Champlin EDA
27. Chanhassen, City of
28. Chaska, City of
29. Chaska EDA
30. Chisago County HRA
31. Cottage Grove, City of
32. Dakota County Community Development Agency
33. Duluth Seaway Port Authority
34. Eagan, City of
35. Eden Prairie, City of
36. Eden Valley, City of
37. Fairmount, City of
38. Faribault County Local Redevelopment Agency
39. Faribault EDA
40. Farmington, City of
41. Farmington HRA
42. Fergus Falls, City of

**Agencies that Submitted Business Subsidy Criteria in 2000 Per M.S. 116J.993 - 116J.995**

43. Fridley HRA
44. Granite Falls EDA
45. Ham Lake, City of
46. Hastings, City of
47. Hopkins, City of
48. Hopkins HRA
49. Hugo, City of
50. Inver Grove Heights, City of
51. Jackson, City of
52. Jordon, City of
53. Keewatin, City of
54. Kiester EDA
55. La Crescent, City of
56. Lakeville, City of
57. Le Sueur EDA
58. Lino Lakes EDA
59. Litchfield, City of
60. Little Falls, City of
61. Luverne, City of
62. Luverne EDA
63. Luverne HRA
64. Madison Lake, City of
65. Mahtomedi, City of
66. Maple Grove, City of
67. Marshall, City of
68. Marshall EDA
69. Marshall HRA
70. Meeker County
71. Melrose Area Development Authority
72. Montevideo, City of
73. Montevideo Community Development Corporation
74. Monticello, City of
75. Monticello EDA
76. Monticello HRA
77. Moorhead, City of
78. Moose Lake, City of
79. Mounds View, City of
80. Mountain Iron, City of
81. Mountain Iron HRA
82. Mountain Iron EDA
83. Nobles County
84. North Branch
85. Northfield, City of

**Agencies that Submitted Business Subsidy Criteria in 2000 Per M.S. 116J.993 - 116J.995**

86. Northfield EDA
87. North Mankato, City of
88. North Mankato Port Authority
89. Oakdale, City of
90. Oak Park Heights, City of
91. Osakis, City of
92. Owantonna, City of
93. Owantonna EDA
94. Parkers Prairie, City of
95. Pequot Lakes, City of
96. Pierz, City of
97. Pipestone, City of
98. Pipestone EDA
99. Princeton, City of
100. Prior Lake, City of
101. Red Wing, City of
102. Red Wing Port Authority
103. Redwood Falls, City of
104. Richfield, City of
105. Richfield HRA
106. Rochester, City of
107. Rockford, City of
108. Saint Charles, City of
109. Saint Cloud HRA
110. Saint Joseph, City of
111. Saint Louis Park, City of
112. Saint Louis Park EDA
113. Saint Paul Planning and Economic Development
114. Saint Paul Port Authority
115. Sartell, City of
116. Sauk Centre, City of
117. Sauk Rapids, City of
118. Sauk Rapids HRA
119. Savage, City of
120. Shoreview, City of
121. South Saint Paul, City of
122. South Saint Paul, HRA
123. Southwest Regional Development Commission
124. Spicer, City of
125. Spring Valley, City of
126. Spring Valley EDA
127. Staples, City of
128. Staples EDA



**Agencies that Submitted Business Subsidy Criteria in 2000 Per M.S. 116J.993 - 116J.995**

129. Stearns County
130. Stillwater, City of
131. Two Harbors, City of
132. Two Harbors Development Commission
133. Wabasha, City of
134. Watkins, City of
135. Wells, City of
136. Wells EDA
137. Wilkin County
138. Windom, City of
139. Windom EDA
140. Winnebago, City of
141. Winona, City of
142. Winona Port Authority
143. Woodbury, City of
144. Woodbury EDA
145. Worthington, City of
146. Zumbrota, City of
147. Zumbrota EDA

**CITY OF ALBANY**  
**BUSINESS SUBSIDY CRITERIA & PROCEDURES**

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# Business Subsidy Requirements

## I. Definitions

- A. **Benefit Date** – “Benefit Date” means the date that the recipient receives the business subsidy. If the business subsidy involves the purchase, lease or donation of physical equipment, then the benefit date begins when the recipient put the equipment into service. If the business subsidy is for improvements to property, then the benefit date refers to the earliest date of either:
1. when the improvements are finished for the entire project; or
  2. when a business occupies the property. If a business occupies the property and the subsidy grantor expects that other businesses will also occupy the same property, the grantor may assign a separate benefit date for each business when it first occupies the property.
- B. **Business Subsidy** – “Business Subsidy” or “Subsidy” means a state or local government agency assistance including any:
1. grant,
  2. contribution of personal property, real property or infrastructure,
  3. the principal amount of a loan at rates below those commercially available to the recipient,
  4. any reduction or deferral of any tax or any fee,
  5. any guarantee of any payment under any loan, lease, or other obligation, or
  6. any preferential use of government facilities given to a business.

**Business Subsidy Exceptions:** The following forms of financial assistance are NOT a business subsidy:

1. Assistance less than \$25,000 in value,
2. Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria,
3. Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
4. \*Redevelopment property polluted by contaminants as defined in State Statutes 116J.552, subdivision 3.
5. \*Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code, provided that the assistance is equal to or less than 50 percent of the total cost.
6. Assistance provided to organizations whose primary mission is to provide job readiness and training services if the sole purpose of the assistance is to provide those services.
7. Assistance for housing.
8. \*Assistance for pollution control or abatement.
9. Assistance for energy conservation.
10. Tax reductions resulting from conformity with federal tax law.
11. Workers' compensation and unemployment compensation.
12. Benefits derived from regulation.
13. Indirect benefits from assistance to educational institutions.
14. Funds from bonds allocated under State Statute Chapter 474A;
15. Assistance from a collaboration between a Minnesota higher education institution and a business.
16. \*Assistance for a business subsidy finance soils condition district as defined under section 469.174, subdivision 19.
17. Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70% or more of the assessor's current year's estimated market value; and
18. General changes in business subsidy financing law and other general tax law changes of a principally technical nature.

\*These exceptions to “business subsidy” still require annual reports. See Section VII, D.

- C. **Criteria for Business Subsidy** – “Criteria for Business Subsidy” means standards for granting business subsidies which are adopted by the local government agency following a public hearing and which comply with State Statute 116J.991 to 116J.995. The criteria must include a policy regarding the wages to be paid for the jobs created.

- D. **Grantor** – “Grantor” means any state or local government agency with the authority to grant a business subsidy.
- E. **Local Government Agency** – “Local Government Agency” includes a statutory or home rule charter city, housing and redevelopment authority, town, county, port authority, economic development authority, community development agency, nonprofit entity created by a local government agency, or any other entity created by a local government agency with authority to provide business subsidies.
- F. **Public Purpose** – “Public Purpose” means the criteria for the business subsidy that benefits the public. A business subsidy must meet a public purpose other than increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable.
- G. **Recipient** – “Recipient” means any for-profit or nonprofit business entity that receives a business subsidy. Only nonprofit entities with at least 100 full-time equivalent positions and with a ratio of highest to lowest paid employees, that exceeds ten to one, determined on the basis of full-time equivalent positions, are included in this definition.
- H. **State Government Agency** – “State Government Agency” means any state agency that has the authority to award business subsidies.
- I. **Subsidy Agreement** – “Subsidy Agreement” is an agreement which is entered into between the grantor of the subsidy and the recipient. Required contents of the Subsidy Agreement are outlined in Section VI.

## **II. Public Hearing Requirements**

As per state statutes approved by the Minnesota Legislature governing the provisions of business assistance as defined in Section 1, there will be occasions when the City will need to conduct a public hearing. Actions requiring a public hearing include:

### **A. Public Hearing to Approve Business Subsidy Criteria**

For any assistance, "business subsidy", provided after August 1, 1999, and in excess of \$25,000, the City must adopt criteria for awarding business subsidies following a public hearing, along with the following action:

1. Notice must be published in the local newspaper at least 10 days and no more than 30 days prior to the public hearing date.
2. The criteria must be presented and discussed at the public hearing and must be made available for public review.
3. Copies of the criteria should be available at City Hall.

Sample criteria which meets state requirements can be found in Section III.

### **B. Public Hearing to Approve Assistance of \$100,000 or Greater**

Before Granting a business subsidy that exceeds \$500,000 of State Funds or \$100,000 of local government funds, the local agency must provide notice of and conduct a public hearing on the subsidy. A public hearing and notice pursuant to this state statute is not required if a hearing and notice on the subsidy is otherwise required by law. The following apply:

1. Public notice of the proposed subsidy must be published in a local newspaper of general circulation and must identify the location at which information about the business subsidy, including a copy of the subsidy agreement, is available.
2. Published notice should be sufficiently conspicuous in size and placement to distinguish the notice from the surrounding text.
3. The local agency must make the information available in printed paper copies and, if possible on the Internet.
4. The local agency must provide at least a 10 day notice including the date, time and place of the hearing.
5. The public hearing by a state government grantor must be held in St. Paul, MN.

\*See Section VIII. A. for sample public hearing notices.

### III. Criteria for Business Subsidies

The City hereby expresses its support for the use of business subsidies which meet the below listed criteria. However, the City reserves the right to approve or reject the use of business subsidies for new commercial or industrial projects and or the rehabilitation and/or expansion of businesses already within the City on an individual basis. The criteria or goals to be taken into consideration by the City are as follows:

1. If a redevelopment project, the project will remove, prevent or reduce slums and/or blight, thereby protecting property values and the general public health, safety, and welfare.
2. The use of business subsidy is necessary to retain and/or attract competitive and financially sound and healthy commercial and industrial companies which provide significant employment potential and opportunity to broaden the tax base.
3. The project must be generally consistent with the City's Comprehensive Plan.
4. The use of the business subsidy should encourage quality construction and promote the highest and best use of land.
5. The project will promote completion of major public improvement projects within the community with special emphasis given to the installation of trunk sewer and water lines and major transportation projects.
6. The project will not significantly and adversely increase the impacts on existing service needs in the City.
7. The project will not proceed in its present design and time table without the business subsidy.
8. The project proposed is generally compatible with the City's overall development plans and objectives and with those of the area for which the project is to be located.
9. The project meets all requirements outlined in Minnesota Statutes, as may be amended from time to time.
10. The business subsidy for commercial projects should encourage substantial redevelopment of substandard properties or should provide a service which is currently not offered in the community.
11. The project should result in the creation or retention of jobs which pay a livable wage in the area. The City will consider granting subsidies to businesses that pay \$8 per hour, including \$1 in benefits.

The City, when considering projects which request assistance, will base their decision on the merits of the project and its economic benefit to the community (i.e., the increased tax base and the jobs which will result from the project). The City will also consider the contributions that the project makes to the community's overall development plan and how it complements existing services and businesses.

#### **IV. Failure to Comply with Business Subsidy Agreement**

- A. **Specifying Recipient's Obligations:** As a part of the Subsidy or Development Agreement, the local government must specify the recipient's obligation if the recipient does not fulfill the agreement.
- B. **Repayment of Business Assistance:** At a minimum, the agreement must require a recipient failing to meet the subsidy agreement requirements to pay back the assistance, plus interest, to the grantor provided that repayment must be prorated to reflect partial fulfillment of goals.

Example #1:	Job Goal:	10 Jobs
	Assistance:	\$100,000
	Assistance to Job Ratio:	\$10,000

Number of jobs actually created: 7 (within a 2 year timeframe)  
 Amount of repayment required: \$30,000 plus interest  
 (10-7=3 X \$10,000 = \$30,000)

Example #2:	Required years to remain at site:	5
	Amount of assistance:	\$100,000
	Assistance to years ratio:	\$20,000 per year
	Actual years at site:	3
	Amount of repayment required:	\$40,000 plus interest (5-3=2 x \$20,000 = \$40,000)

- C. **Interest Rate for Repayment Obligation:** The interest rate must be set at the implicit price deflator defined under state statute 275.70, subdivision 2.
- D. **Extensions to Meet Business Subsidy Criteria:** The grantor, after a public hearing, may extend for up to one year the period for meeting the goals provided in the subsidy agreement.
- E. **Five Year Penalty:** A recipient that fails to meet the terms of a subsidy agreement may not receive a business subsidy from any grantor for a period of five years from the date of failure or until a recipient satisfies its repayment obligation under this subdivision, whichever occurs first.
- F. **Compliance Check:** Before a grantor signs a business subsidy agreement, the grantor must check with the compilation and summary report required by the Business Subsidy section of the state statute (See Section VII) to determine if the recipient is eligible to receive a business subsidy.

## V. Business Subsidy Agreement

- A. **Agreement Contents:** A Recipient must enter into a Subsidy Agreement with the Grantor of the subsidy which includes at a minimum:
1. A description of the subsidy, including the amount and type of subsidy, and type of district if the subsidy is tax increment financing.
  2. A statement of public purpose for the subsidy
  3. Goals for the subsidy, including job and wage goals.
  4. A description of the financial obligation of the recipient if the goals are not met.
  5. A statement of why the subsidy is needed.
  6. A commitment from the recipient to continue operations at the site where the subsidy is used for at least five years after the benefit date.
  7. The name and address of the parent corporation of the recipient, if any; and
  8. A list of all financial assistance by all grantors for the project.
- B. **Grant Subsidies:** Business subsidies in the form of grants must be structured as forgivable loans. If a business subsidy is not structured as a forgivable loan, the agreement must state the fair market value of the subsidy to the recipient, including the value of conveying the property at less than a fair market price, or other in-kind benefits.
- C. **Multiple Recipients:** If a business subsidy benefits more than one recipient, the grantor must assign a proportion of the business subsidy to each recipient that signs a subsidy agreement. The proportion assessed to each recipient must reflect a reasonable estimate of the recipient's share of the total benefits of the project.
- D. **Local Government Agency Approval:** The state or local government agency and the recipient must both sign the subsidy agreement and, if the grantor is a local government agency, the agreement must be approved by the local elected government body (e.g. City Council), except for the St. Paul Port Authority and a seaway port authority.
- E. **Wage and Job Goals:** The subsidy agreement, in addition to any other goals, must include:
1. Goals for the number of jobs to be created – This may include separate goals for the number of part-time or full-time jobs, or in cases where job loss is imminent and demonstrable, goals for the number of jobs retained; and
  2. Wage goals for the jobs created or retained.

In addition to other specific goals time frames, the wage and job goals must contain specific goals to be attained within two years of the benefit date.



## VI. Reporting Requirements

- A. Monitoring Requirements:** A business subsidy grantor must monitor the progress by the recipient in achieving agreement goals.
- B. Recipient Reporting Requirements:** A recipient must provide information regarding goals and results for two years after the benefit date or until the goals are met, whichever is later. If the goals are not met, the recipient must continue to provide information on the subsidy until the subsidy is repaid.

The information must be filed on forms developed by the commissioner of DTED, in cooperation with representatives of the local government. Copies of the completed forms must be sent to the commissioner and the local government agency that provided the business subsidy.

**Penalties:** If the recipient does not submit its report, the local government agency must mail the recipient a warning within one week of the required filing date. If, after 14 days of the postmarked date of the warning, the recipient fails to provide a report, the recipient must pay to the grantor a penalty of \$100 for each subsequent day until the report is filed. The maximum penalty shall not exceed \$1000.

- C. Recipient Report Contents for "Business Subsidy" Projects:** The business subsidy report must contain the following:
1. The type, public purpose, and amount of subsidies and type of district, if the subsidy is tax increment financing.
  2. The hourly wage of each job created with separate bands of wages (see attached sample form).
  3. The sum of the hourly wages and cost of health insurance provided by the employer with separate bands of wages.
  4. The date the job and wage goals will be reached.
  5. A statement of goals identified in the subsidy agreement and an update on achievement of those goals.
  6. The location of the recipient prior to receiving the business subsidy.
  7. Why the recipient did not complete the project outlined in the subsidy agreement at their previous location, if the recipient was previously located at another site in Minnesota.
  8. The name and address of the parent corporation of the recipient, if any.
  9. A list of all financial assistance by all grantors for the project; and
  10. Any other information the commissioner may request.
- D. Recipient Report Contents for Projects with Financial Assistance not defined as "Business Subsidy".**

Financial assistance that is excluded from the definition of business subsidy by state statute 116J993, Subdivision 3, include:

1. Clause 4- Redevelopment property polluted by contaminants as defined in state statute 116J.552, subdivision 3,
2. Clause 5 – Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code, provided that the assistance is equal to or less than 50% of the total cost,
3. Clause 8 – Assistance for pollution control or abatement or
4. Clause 16 – Assistance for a tax increment financing soils condition district as defined under state statutes 469.174, subdivision 19;

and are subject to reporting requirements, except that the report of the recipient must include the following:

1. The type, public purpose, and amount of subsidies and type of district, if the subsidy is tax increment financing.
2. The progress toward meeting goals stated in the subsidy agreement and the public purpose of the assistance.

3. The hourly wage of each job created with separate bands of wages.
4. The sum of the hourly wages and cost of health insurance provided by the employer with separate bands of wages.
5. The location of the recipient prior to receiving the assistance; and
6. Other information the grantor requests.

**E. Reports by Grantors:**

1. **Required Grantor Report Submittal:** Local government agencies of a local government with a population of more than 2,500 and state government agencies, regardless of whether or not they have awarded any business subsidies, must file a report by April 1 of each year with the commissioner of DTED.

**Exemptions:** Local government agencies of a local government with a population of 2,500 or less are exempt from filing the report if they have not awarded a business subsidy in the past five years.

2. **Grantor Report Contents:** The local government agency must include
  - a. a list of recipients that did not complete the report and
  - b. a list of recipients that have not met their job and wage goals within two years and the steps being taken to bring them into compliance or to recoup the subsidy.
3. **Penalty for Grantor Failure to Report:** If the commissioner has not received the report by April 1 from an entity required to report, the commissioner shall issue a warning to the government agency. If the commissioner has still not received the report by June 1 of the same year then that government may not award any business subsidies until the report has been filed.

**F. DTED Report Requirements:**

1. The commissioner of the Department of Trade and Economic Development must provide information on reporting requirements to state and local government agencies.
2. DTED must publish a compilation and summary of the results of the reports for the previous calendar year by July 1 of each year. The reports of the government agencies and the summary report of DTED must be made available to the public. Contents for DTED's summary report are included in state statute 116J.994, Subdivision 9.

## RESOLUTION 99-156

Introduced by Councilor Sorenson

Seconded by Councilor Brooks

## A RESOLUTION TO ESTABLISH A BUSINESS SUBSIDY POLICY

WHEREAS, the City Council conducted a public hearing at its meeting of August 9, 1999 for the establishment of a business subsidy policy required by State law to continue tax increment activity in the City of Albert Lea; now, therefore

## THE CITY OF ALBERT LEA RESOLVES:

Sec. 1. That the following Business Subsidy Policy is hereby established in the City of Albert Lea:

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counterproductive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

A. Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.

B. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.

C. In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.

D. The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.

E. Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Sec. 2. That reading of this resolution is waived by Council consent.

Sec. 3. That publication of this resolution shall be dispensed with under provisions of Section 3.08 of the Charter of the City of Albert Lea.

Introduced, read and passed August 9, 1999.

  
Mayor

Filed and attested August 10, 1999.

  
Secretary of the Council

## **CITY OF ALBERTVILLE**

### **RESOLUTION #99-45**

#### **BUSINESS SUBSIDY POLICY**

WHEREAS, the City of Albertville is a developing community and pursues development and redevelopment as a way to maintain and increase tax base, create new job opportunities, remove blighted structures and maximize underutilized sites; and

WHEREAS, the State of Minnesota requires local governments to adopt business subsidy policies as specified in Minnesota Statutes, Sections 116J.993 through 116J.994; and

WHEREAS, Minnesota Statutes 116J.993, Subdivision 3 defines business subsidy as "...local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business", subject to various exceptions; and

WHEREAS, the Albertville City Council recognizes that it undertakes development and redevelopment projects to achieve public purposes, including the creation or retention of new jobs that pay living wages; and

WHEREAS, the Albertville City Council also recognizes that job creation may not be a primary purpose for some redevelopment projects which are intended to eliminate blight, increase community vitality and serve broad public purposes.

NOW, THEREFORE, BE IT RESOLVED, by the Albertville City Council as follows:

1. That each business subsidy will be evaluated on a case by case basis, recognizing each project's importance and benefit to the community;
2. That the City Council will determine job goals for each business subsidy (excluding the assistance described in Section 3) which goals will be sensitive to local market and economic conditions, economic and market forces over which neither the community or developer have control, the financial resources of the developer and

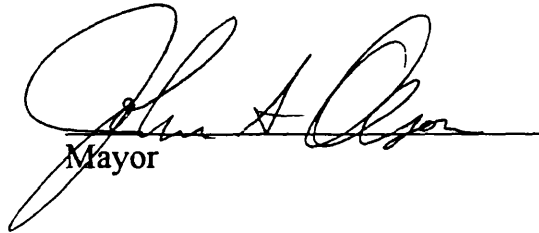
the competitive environment of the market. Wages for any jobs which the City requires to be established shall not be less than \$ 10.00 per hour. The City may require a higher wage rate on any particular project if it deems the wage rate stated in this paragraph to be inadequate in light of the proposed business subsidy.

3. That consistent with Minnesota Statutes 116J.993, Subdivision 3, the following forms of financial assistance are not a business subsidy, and recipients will not typically be required to meet specific job and wage goals:

- A. Business subsidy of less than \$25,000;
- B. Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
- C. Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
- D. Redevelopment property polluted by contaminants as defined in Minnesota Statutes, Section 116J.552, Subdivision 3;
- E. Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code, provided that the assistance is equal to or less than 50 percent of the total cost;
- F. Assistance provided to organizations whose primary mission is to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
- G. Assistance for housing;
- H. Assistance for pollution control or abatement;
- I. Assistance for energy conservation;
- J. Tax reductions resulting from conformity with federal tax law;
- K. Worker's compensation and unemployment compensation;
- L. Benefits derived from regulation;
- M. Indirect benefits derived from assistance to educational institutions;
- N. Funds from bonds allocated under Minnesota Statutes, Chapter 474A;
- O. Assistance for a collaboration between a Minnesota higher education institution and a business;

- P. Assistance for a tax increment financing soils condition district as defined under Minnesota Statutes, Section 469.174, Subdivision 19;
- Q. Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;
- R. General changes in tax increment financing law and other general tax law changes of a principally technical nature; and
- S. Any other forms of assistance that may be defined by law as not constituting a business subsidy under Minnesota Statutes, Section 116J.993, Subdivision 3.

Approved this 4<sup>th</sup> day of October, 1999.

  
Mayor

ATTEST:

  
\_\_\_\_\_

## City of Alexandria Policy on Business Subsidies

Business subsidies are an important economic development tool. The City of Alexandria utilizes such subsidies as Tax Increment Financing and below-market direct matching loans to encourage private investment in the community. The State of Minnesota has promulgated guidelines regulating such subsidies, and the City has therefore established the following criteria to be utilized as guidelines when considering awarding business subsidies:

1. Business subsidies as defined in Minnesota Statutes 116J.993 through 116J.995 are subject to business subsidy agreements. The agreement must contain a statement of public purpose (in addition to expanded tax base) such as:
  - Enhanced Economic Diversity. (Does the project improve the mix of businesses in the area?)
  - Creation of High Quality Job Growth (How many new jobs will be created, in what period of time, what will they pay?)
  - Job Retention, if job loss is imminent and demonstrable.
  - Stabilization of the community.
  - Increased or expanded tax base.
2. The agreement shall spell out a description of the subsidy to be awarded, the amount and type of subsidy and the type of district if the subsidy is TIF; a statement of the public purpose for the subsidy; goals for the subsidy (employment, wage, etc.); a description of the financial obligation of the recipient if the goals are not met; a statement of why the subsidy is needed; a commitment on the part of the recipient to continue operations at the site where the subsidy is used for five years; the name and address of the parent corporation of the recipient, if any; and a list of all financial assistance by all grantors for the project.
3. All business subsidy agreements must include job and wage goals with specific goals to be attained within two years of the benefit date.
4. All other provisions of Minnesota Statutes 116J.993 through 116J.995 are fully incorporated by reference as though stated word-for-word.

These guidelines may be modified by the Alexandria City Council on a case-by-case basis in instances demanding appropriate action to address unusual circumstances or unanticipated conditions, provided the provisions of Minnesota Statutes 116J.993 through 116J. 995 are followed.

Eff: 11/22/99



## CITY OF APPLE VALLEY BUSINESS SUBSIDY POLICY

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient, and the competitive environment in which the recipient's business exists.
- Because it is not possible to anticipate every type of project which may, in its context and time, present desirable community building or preservation goals and objectives; the governing body must retain the right, in its discretion, to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by:

APPLE VALLEY ECONOMIC  
DEVELOPMENT AUTHORITY

February 10, 2000

Date of public hearing: February 10, 2000

APPLE VALLEY CITY COUNCIL

February 10, 2000

Date of public hearing: February 10, 2000

**NOTICE OF PUBLIC HEARING  
ON PROPOSED ADOPTION OF CRITERIA  
FOR AWARDING BUSINESS SUBSIDIES  
BY THE ARROWHEAD REGIONAL DEVELOPMENT COMMISSION (ARDC)**

NOTICE IS HEREBY GIVEN that the Arrowhead Regional Development Commission (ARDC) will hold a public hearing pursuant to Minnesota Statutes, §116J.994, Subdivision 2, relative to the proposed adoption of criteria for awarding business subsidies. The hearing will be held on October 21, 1999 at 10:00 a.m. at the Holiday Inn – Duluth. The purpose of the meeting is to consider proposed criteria to be applied by the Authority in determining whether to make loans or provide other assistance to a business.

A draft copy of the proposed criteria is available for public inspection at the office of the Arrowhead Regional Development Commission (ARDC), at 221 West First Street, Duluth, Minnesota 55802 during regular business hours.

At the public hearing, all interested parties may express their comments for consideration by the Arrowhead Regional Development Commission (ARDC).

ARROWHEAD REGIONAL DEVELOPMENT COMMISSION

By: \_\_\_\_\_

## **BUSINESS SUBSIDY CRITERIA**

The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes §116J.993 through 116J.995 (the "Act"). The term "project" means the property with respect to which the business subsidy is provided.

### **A. PROJECT REVIEW AND EVALUATION POLICY**

1. The Arrowhead Regional Development Commission (ARDC) recognizes that the creation of good paying jobs is a desirable goal which benefits the community. Nevertheless, not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage level requirements may be unrealistic and counter-productive in the face of larger economic forces influencing and the financial and competitive circumstances of an individual business. In determining the requirements for a project under consideration for a business subsidy, the determination of the number of jobs to be created and the wage levels therefor will be guided by the following principles and criteria:

a. Each project will be evaluated on a case by case basis. The evaluation will take into consideration the project's importance in and benefit to the community from all perspectives, including created or retained jobs.

b. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, assistance may be approved without any specific job or wage goals if permitted by applicable law.

c. In cases where the objective is the retention of existing jobs, the recipient of the subsidy will be required to provide evidence which demonstrates that the loss of those jobs is imminent.

d. The setting of wage and job goals will be informed by (i) prevailing wage rates, (ii) local economic conditions, (iii) external economic forces over which neither the Arrowhead Regional Development Commission (ARDC) nor the recipient of the subsidy has control, (iv) the financial resources of the recipient and (v) the competitive environment in which the recipient's business exists.

2. Because it is not possible to anticipate all the needs and requirements of every type of project and the ever-changing needs of the community and in order to retain the flexibility necessary to respond to all proposed projects, the Arrowhead Regional Development Commission (ARDC) retains the right to approve projects and business subsidies which may vary from the principles and criteria set forth herein.

## **B. PROJECT REVIEW AND EVALUATION PROCEDURE**

The Arrowhead Regional Development Commission (ARDC) will consider one or more of the criteria listed in Section C. below in determining whether to provide financial or other assistance to a project as a business subsidy. In applying the criteria to a specific project, the following will apply:

1. The Arrowhead Regional Development Commission (ARDC) may consider the requirements of any other business subsidy received, or to be received, from a grantor other than the Arrowhead Regional Development Commission (ARDC).
2. If the business subsidy is a guaranty, the amount of the business subsidy may be valued at the principal amount of the guaranteed payment obligation.
3. If the business subsidy is real or personal property, the amount of the subsidy will be the fair market value of the property as determined by the Arrowhead Regional Development Commission (ARDC).
4. If the business subsidy is received over time, the Arrowhead Regional Development Commission (ARDC) may value the subsidy at its present value using a discount rate equal to an interest rate which the Arrowhead Regional Development Commission (ARDC) determines is fair and reasonable under the circumstances.

As used herein "benefit date" means the date the business subsidy is received. If the business subsidy involves the purchase, lease, or donation of physical equipment, then the benefit date occurs when the recipient puts the equipment into service. If the business subsidy is for improvements to property, then the benefit date refers to the earliest date of either: when the improvements are finished for the entire project; or when a business occupies the property.

## **C. PROJECT REVIEW AND EVALUATION CRITERIA**

The project review and evaluation criteria are the following:

### **1. Jobs and Wages.**

- a. New Jobs. The minimum net number of direct full time equivalent jobs to be created or retained by the proposed project for a period of at least two years from the estimated benefit date.
- b. Payroll. The minimum annual net payroll (including employer contributions for health benefits) to be generated at the end of the third anniversary date of the estimated benefit date.

## 2. Tax Base.

a. Increase in Tax Base. The net increase in property taxes estimated to be generated by the project in the first full year of operation.

## 3. Land Use.

a. Compliance with Comprehensive or Other Plans. Whether, apart from any needed services to the community described in section 5 below, the project is more compatible with the comprehensive plan than other permitted uses for the property. For example, the project may involve a "clean" industry such as a technology or service business which is preferred over other permitted uses.

b. Marginal Property. Whether the project is located on property which needs, but is not likely, to be developed or redeveloped because of blight or other adverse conditions of the property. For example, property may be so blighted that the cost of making land ready for redevelopment exceeds the property's fair market value.

c. Design and/or Other Amenities. Whether, as a result of the business subsidy, the project will include design and/or amenity features not otherwise required by law. For example, the project may, at the request of the Arrowhead Regional Development Commission (ARDC), include landscaping, open space, public trails, employee work out facilities or day care facilities which serve a public purpose but are not required by law.

## 4. Impact on Existing and Future Public Investment.

a. Utilization of Existing Infrastructure Investment. Whether and to what extent (a) the project will utilize existing public infrastructure capacity and (b) the project will require additional publicly funded infrastructure investments.

b. Direct Monetary Return on Public Investment. Arrangements made or to be made for the Arrowhead Regional Development Commission (ARDC) to receive a direct monetary return on its investment in the project. For example, the business subsidy may be in the form of an interest bearing loan or may involve a project sharing arrangement.

## 5. Economic Development.

a. Leveraged Funds. For every dollar of business subsidy to be provided for the project, the minimum amount of private funds which will be applied towards the capital cost of the project.

b. Spin Off Development. The dollar amount of non-subsidized development the project is expected to generate in the surrounding area and the need for and likelihood of such spin off development.

c. Growth Potential. Based on recipient's market studies and plans for expansion, whether and to what extent the project is expected within five years of its completion, be expanded to produce a net increase of full time equivalent jobs and of payroll, over and above the minimum net increase in jobs and payroll described in section 1 above.

6. Quality of Life.

a. Community Services. Whether the project will provide services in the community and the need for such services. For example, the project may provide health services, retain convenience services such as a nearby grocery, store, or social services needed in the community.

7. Other.

a. Other Factors. Depending on the nature of the project, such other factors as the Arrowhead Regional Development Commission (ARDC) may deem relevant in the evaluating the project and the business subsidy proposed for it.

**D. CRITERIA REQUIRED FOR ALL PROJECTS**

All projects must comply with the following criteria:

1) Wage Policy. If the project results in the creation or retention of any jobs, the wage for each part-time and full-time job created must be within two years of the date of assistance is received (as defined in the Act), equal to the federal minimum wage standards or such great amount as the Arrowhead Regional Development Commission (ARDC) may require for a specific project.

2) Compliance with Act. The business subsidy from the Arrowhead Regional Development Commission must satisfy all requirements of the Act.

3) Compliance with RLF Plan. Compliance with the ARDC Revolving Loan Fund Plan. The plan has been created consistent with the Economic Development Administration's Title IX guidelines and procedures.

Adopted by: ARDC

Date of adoption: 10-21-99

Date of public hearing: 10-21-99

RESOLUTION NO. 11527

RESOLUTION ESTABLISHING  
BUSINESS SUBSIDY CRITERIA

WHEREAS, Minnesota Statutes, Sections 116J.993 through 116J.995 require that local units of government adopt criteria for business subsidies before awarding such subsidies to grant recipients, and

WHEREAS, after public hearing the Common Council of the City of Austin, Minnesota, has determined that it is advisable to adopt the following criteria for business subsidies.

NOW THEREFORE, BE IT RESOLVED by the Common Council of the City of Austin, Minnesota that the Business Subsidy criteria attached hereto as Exhibit A and made a part hereof is hereby adopted.

Passed by a vote of Yeas and Nays this 20 day of March, 2000.

Yeas 7

Nays 0

APPROVED:

Bonnie Bass R. et al  
Mayor

ATTEST:

Tom Hall  
City Recorder

EXHIBIT A  
RESOLUTION NO. \_\_\_\_\_

CITY OF AUSTIN, MINNESOTA CRITERIA  
FOR AWARDING BUSINESS SUBSIDIES

The following criteria adopted are for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this criteria policy statement are intended to have the same meanings as used in the Act, and these criteria shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

A subsidy is defined as "state or local government agency grant, contributions of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to these recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of governmental facilities given to a business." To be subject to these requirements a subsidy must be \$25,000 or more. Eighteen exceptions to these requirements are set out in the legislation and are attached hereto as Appendix A.

A. Job Creation and Wage Requirements:

- ➡ *Because recipients of assistance may be new business start-ups or existing businesses of various type and size, specific employment and wage goals shall be determined on a case-by-case basis and enumerated in the development agreement and business subsidy agreement.*
- ➡ *The setting of job and wage goals in the development and the business subsidy agreement must be sensitive to prevailing wage rates, local economic conditions, external economic forces - over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.*

While the creation of good paying jobs is a desirable goal, which benefits the community, it must be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business. In instances where a worthwhile project does not involve job creation, it may be approved for a subsidy, as may be permitted by applicable law, with consideration given to some or all of the following criteria.



B. Enhancing Economic Diversity:

- ➡ *The project's potential to improve the mix of businesses in the area so as to allow it to participate in fast-growing industries and protect it from adverse economic consequences caused by slow growth or declining industries that are dominant in the area.*
- ➡ *The possibility of the project generating a high level of secondary spin-off economic effects through purchases and/or subcontracts offered to local vendors.*

C. Retaining Jobs Where Loss Is Imminent and Demonstrable:

- ➡ *Where there is substantial evidence that the company will have to shut down involuntarily.*
- ➡ *In cases where substantial evidence is provided that - unless there is some intervention - the business will move to another state or community.*

D. Stabilizing the Community:

- ➡ *The project will constitute a significant investment in an area that is economically depressed.*
- ➡ *The project addresses slum and blight conditions in an area.*
- ➡ *The project's potential to stimulate additional capital investment in real property, equipment and/or public infrastructure in an area.*

E. The Project's "Risk - Reward" Ratio:

- ➡ *Examination of the type of assistance requested and the current status of that specific tool or program.*
- ➡ *The other forms of financing, the private versus public finance ratio (high levels of private capital leverage are preferred) and the potential of the full financing package being realized.*
- ➡ *The project's potential for any negative effect on competitive businesses.*

Because it is not possible to anticipate every type of project which may in its context and time present desirable community development and/or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

## APPENDIX A

- 1.) a business subsidy of less than \$25,000;
- 2.) assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
- 3.) public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
- 4.) redevelopment property polluted by contaminants as defined in section 116J.552, subdivision 3;
- 5.) assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code, provided that the assistance is equal to or less than 50 percent of the total cost;
- 6.) assistance provided to organizations whose primary mission is to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
- 7.) assistance for housing;
- 8.) assistance for pollution control or abatement;
- 9.) assistance for energy conservation;
- 10.) tax reductions resulting from conformity with federal tax law;
- 11.) workers' compensation and unemployment compensation;
- 12.) benefits derived from regulation;
- 13.) indirect benefits derived from assistance to educational institutions;
- 14.) funds from bonds allocated under chapter 474A;
- 15.) assistance for a collaboration between a Minnesota higher education institution and a business;
- 16.) assistance for a tax increment financing soils condition district as defined under section 469.174, subdivision 19;

- 17.) redevelopment when the recipient's investment in the purchase of the site and in site preparations is 70 percent or more of the assessor's current year's estimated market value; and
- 18.) general changes in tax increment financing law and other general tax law changes of a principally technical nature.

## City of Becker Business Subsidy Policy

### *Introduction*

Minnesota Laws, Chapter 243, Article 12, to be codified as Minnesota Statutes, Sections 116J.993 to 116J.995 (the "Act"), requires that the City of Becker, as a local governmental agency within the meaning of the Act, adopt criteria, following notice and a public hearing, for the awarding of business subsidies. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

### *Public Purpose*

Business Subsidies granted to recipients must serve a public purpose as determined by the City of Becker in light of the enabling legislation or authority authorizing the Business Subsidy to be made. A Business Subsidy must meet a public purpose other than or in addition to increasing the tax base of the City of Becker and other taxing jurisdictions.

### *Compliance*

The Business Subsidy from the City of Becker must satisfy all requirements of the Act. The City shall require the recipient to certify that it is eligible to receive a Business Subsidy.

For purposes of the City of Becker a subsidy is "a local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business."

Except as provided for refinancing below, the recipient must agree to provide to the City and other governmental agencies and departments the information required by the Act and such other information as the City may, at its discretion, require. The recipient shall also be required to provide information, which will be reported to the State of Minnesota until all obligations have been met under the subsidy agreement.

### *Jobs and Wages*

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counterproductive in the face of larger economic forces and financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- A. Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- B. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support or subsidy, it may be approved without specific wage goals, as may be permitted by applicable law.
- C. In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of these jobs is imminent.
- D. The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.

#### *Refinancing*

If a Business Subsidy consists in whole or in part of the refinancing of tax-exempt financing previously issued by the City or other grantor, it shall not be necessary to have an additional public purpose for the refinancing. The refinancing shall be deemed to have the same public purpose that prompted the original tax-exempt financing.

If a Business subsidy consists entirely of the refinancing of tax-exempt financing issued by the City before the effective date of the Act (August 1, 1999), the City may, at its discretion, determine, if it finds the public benefit received as a result of the original tax-exempt financing to have been substantial (including the creation of employment opportunities), that such benefits are sufficient, without additional job and wage goals or a requirement for continued operations of the recipient in the City, to meet the requirements of the Act and that none of the reporting or other requirements of the Act will be applicable to such Business Subsidy.

#### *Other Evaluation Criteria*

The following evaluative criteria although not an exhaustive list recognizes that the award of a Business Subsidy may serve a variety of public purposes of varying importance depending upon the specific project facilitated by the subsidy. The degree of importance to be attached to various public purposes that may be served by a particular project must therefore involve the exercise of sound judgement after weighing all relevant criteria.

1. Tax Base. The net increase in property taxes estimated to be generated by the project in the first full year of operation per \$25,000 of the Business Subsidy, except in circumstances defined for refinancing noted above.
2. Services to the Community. Whether the project will provide services in the community and the need for such services. For example, the project may provide health services, retail convenience services such as a grocery store, or welfare services needed in the community.
3. Non-Developable Property. Whether the project is located on property which needs but is not likely to be developed or redeveloped because of blight or other adverse conditions of the property. For example property may require remediation due to pollution and the cost of making the land available for redevelopment exceeds the fair market value.
4. Design and/or Other Amenity Concessions. Whether, as a result of the business subsidy, the project will include design and/or amenity features not otherwise required by law. For example, the project may, at the request of the City, include landscaping, open space, public trails, employee work out or day care facilities, which serve a public purpose but aren't required by law.
5. Preferred Business. Whether, apart from any needed services to the community, the project is more compatible with the comprehensive plan than other permitted uses of the property. For example, the project may involve a "clean" industry such as a technology or service business, which is preferred over other permitted uses.
6. Utilization of Existing Infrastructure Investment. Whether and to what extent the project will utilize existing public infrastructure capacity OR the project will require additional public funded infrastructure investments.
7. Leveraged Public Funds. For every dollar of Business Subsidy to be provided for the project, the minimum amount of private funds which will be applied towards the capital cost of the project.
8. Spin Off Development. The dollar amount of non-subsidized development per \$25,000 of business subsidy the project is expected to generate in the surrounding area and the need for and likelihood of such spin off development.
9. Growth Potential. Based on recipient's market studies and plans for expansion, whether and to what extent the project is expected, within five years of its completion, to be expanded to produce a net increase of full time equivalent jobs and of payroll.

10. Direct Monetary Return on Public Investment. Arrangements made or to be made for the City to receive a direct monetary return on its investment in the project. For example, the Business Subsidy may be in the form of an investment-bearing loan or may involve a profit sharing arrangement.
11. Other Factors. Depending on the nature of the project, such other factors as the City may deem relevant in evaluating the project and the Business Subsidy proposed for it.

In applying the evaluative criterion for a project, the following shall apply:

- a) The City may include any other business subsidy received, or to be received from a grantor other than the City.
- b) If the Business Subsidy is a guaranty, the amount of the Business Subsidy may be valued at the principal amount of the guaranteed payment obligation.
- c) If the Business Subsidy is property, the amount of the subsidy shall be the fair market value of the property as determined by the City.
- d) If the Business Subsidy is received over time, the City may value the subsidy at its present value based on a discount rate equal to the interest rate which the City determines is fair and reasonable under the circumstances.

*Exceptions; These are not Business Subsidies*

1. A subsidy of less than \$25,000.
2. Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or other general criteria.
3. Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made.
4. Redevelopment property polluted by contaminants as defined in section 116J.552 subdivision 3 of the Act.
5. Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code, provided that the assistance is equal to or less than 50% of the total cost.
6. Assistance provided to organizations whose primary mission is to provide job readiness and training services if the sole purpose of the assistance is to provide those services.
7. Assistance for housing.
8. Assistance for pollution control or abatement.
9. Assistance for energy conservation.
10. Tax reductions resulting from conformity with federal tax law.
11. Workers' compensation and unemployment compensation.

12. Benefits derived from regulation.
13. Indirect benefits derived from assistance to educational institutions.
14. Funds from bonds allocated under chapter 474A.
15. Assistance for a collaboration between a Minnesota higher education institution and a business.
16. Assistance for a tax increment financing soils condition district as defined under section 469.174, subdivision 19.
17. Redevelopment when the recipients' investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current years estimated market value.
18. General changes in tax increment financing law and other general tax law changes of a principally technical nature.

### *Subsidy Agreement; Repayment*

Except in circumstances as described in refinancing above, the City will enter into a subsidy agreement as required by the Act. The subsidy agreement will specify the obligations of the recipient to repay the Business Subsidy, in whole or in part, if it fails to achieve the goals contained therein.

The subsidy agreement may be incorporated into a broader development agreement for a project. The recipient must commit to continuous operations at the site where the subsidy is used for at least five years after the benefit date. The agreement shall contain, at a minimum, all requirements imposed through the Act.

### *Public Hearings*

A public hearing is required for all Business Subsidies from a local grantor when it exceeds \$100,000. This hearing can be held in conjunction with other public hearings as may be required however notice and other requirements must be in accordance with the Act requirements. These include:

- A notice must be published in a local paper of general circulation at least ten days before the hearing.
- The notice must identify the location of information about the subsidy, including a copy of the subsidy agreement. (This means the subsidy agreement must be negotiated prior to the hearing).
- Published notice should be "sufficiently conspicuous in size and placement to distinguish the notice from surrounding text"
- The grantor must make the information available in "printed paper copies" and, if possible, on the Internet.



*Modifications; Applicability*

The foregoing Criteria for granting Business Subsidies may be amended or supplemented from time to time by the City Council of the City of Becker in accordance with the Act. Any subsidy agreement relating to a Business Subsidy awarded pursuant to the foregoing criteria may provide, to the extent permitted by the Act, that if the Act is amended, either prospectively or retroactively, to provide that it does not apply to the Business Subsidy, then the subsidy agreement or provisions thereof required by the Act shall no longer be in effect. The foregoing criteria are intended to apply when the City is itself awarding a Business Subsidy or when the City is acting on behalf of other local government agencies pursuant to a joint powers agreement or otherwise.

Adopted this 21st day of December 1999 by the Becker City Council.

## **City of Belle Plaine - Criteria for Business Incentives (Subsidies)**

The City hereby expresses its support for the use of business incentives which meet the below listed criteria. However, the City reserves the right to approve or reject the use of business incentives for new commercial or industrial projects and or the rehabilitation and/or expansion of businesses already within the City on an individual basis. The criteria or goals to be taken into consideration by the City are as follows:

1. If a redevelopment project, the project will remove, prevent or reduce slums and/or blight, thereby protecting property values and the general public health, safety, and welfare and/or add to the vitality of the commercial base in the area.
2. The use of business subsidy is necessary to retain and/or attract competitive and financially sound and healthy commercial and industrial companies which provide employment potential and an opportunity to broaden the tax base.
3. The project must be generally consistent with the City's Comprehensive Plan.
4. The use of the business incentive should encourage quality construction and promote the highest and best use of land.
5. The project will not significantly and adversely increase the impact on existing service needs in the City.
6. The project will not proceed in its present design and time table without the business incentive.
7. The project meets all requirements outlined in Minnesota Statutes, as may be amended from time to time.
8. The business incentive for commercial projects should encourage substantial redevelopment of substandard properties or should provide a service which is currently not offered in the community.
9. The project should result in the creation or retention of jobs which pay a livable wage in the area. The City will consider granting incentives to businesses that pay liveable wages for the metropolitan area.

The City, when considering projects which request assistance, will base their decision on the merits of the project and its economic benefit to the community (i.e., the increased tax base and the jobs which will result from the project). The City will also consider the contributions that the project makes to the community's overall development plan and how it complements existing services and businesses.

Adopted 10-04-99

City of Belview  
Business Subsidy Policy

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by: Belview City Council

Date of adoption: 10-6-99

Date of public hearing: 10-6-99

**EXHIBIT A**

**BENTON COUNTY  
ECONOMIC DEVELOPMENT AUTHORITY  
HOUSING AND REDEVELOPMENT AUTHORITY  
BUSINESS SUBSIDY CRITERIA**

**1. PURPOSE**

1.01 The purpose of the criteria is to establish Benton County's (County) and Benton County's Economic Development Authority (EDA) and Housing and Redevelopment Authority's (HRA) position related to the use of business subsidies, as defined in Minnesota Statutes § 116J.993, subdivision 3, for private development. These criteria shall be used as a guide in processing and reviewing applications requesting business subsidies.

1.02 The County/EDA/HRA reserves the right to amend or waive sections of these criteria when determined necessary or appropriate. Amendments to these criteria are subject to the public hearing requirements of Minnesota Statutes §§ 116J.993 through 116J.995.

**2. STATUTORY LIMITATIONS**

2.01 In accordance with the Business Subsidy Criteria, all business subsidy requests must comply with the applicable state statutes. The County/EDA/HRA ability to grant business subsidies is governed by the limitations established in Minnesota Statutes §§ 116J.993 through 116J.995, as amended.

**3. PUBLIC POLICY REQUIREMENTS**

3.01 All business subsidies must meet a public purpose in addition to increasing the property tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable. Public purposes include creation of new jobs, enhancing economic diversity and intervention to create jobs in Minnesota rather than another state.

3.02 The County/EDA/HRA may utilize Business Subsidies and Tax Increment Financing to support the community's long-term economic development and housing goals.

3.03 All business subsidy recipients must ensure that no person shall, on the grounds of race, color, religion, age sex, disability, marital status, public assistance status, sexual preference, creed or national origin be excluded from full employment rights or participation in, be denied the benefits of or be otherwise subjected to discrimination under any and all applicable federal and state laws against discrimination.

#### 4. BUSINESS SUBSIDY APPROVAL CRITERIA

4.01 All new projects approved by the County/EDA/HRA should meet the following mandatory minimum approval criteria. However, it should not be presumed that a project meeting these criteria will necessarily be approved. Meeting these criteria creates no contractual rights on the part of any potential applicant and the County/EDA/HRA.

4.02 The project must be in accord with the County's Comprehensive Plan and all County Ordinances. required changes to the plan and ordinances, conditional use permits or variances. must be under active consideration or approved, by the County at the time of approval of a Business Subsidy or Tax Increment Financing.

4.03 Business subsidies will be provided to projects that would not be created on the same scale and/or without the benefit of the subsidy.

4.04 Prior to approval of a business subsidy, when deemed appropriate by the County/EDA/HRA, the applicant shall provide any required market and financial feasibility studies, appraisals, soil

boring, information provided to private lenders for the project, and other information or data as requested.

- 4.05 A recipient of a business subsidy must make a commitment to continue operations at the site where the subsidy is used for at least five years after the date of occupancy.

## 5. TAX INCREMENT PROJECT EVALUATION CRITERIA

- 5.01 All tax increment financing requests must meet the "but for" test. The "but for" test means that the project would not develop solely on private investment in the reasonable future in Benton County. The applicant shall provide findings for the "but for" test.
- 5.02 The hourly wage to be paid for full-time jobs created as a result of receiving business subsidies cannot be less than \$8.00 per hour, not including benefits. The hourly wage to be paid for part-time jobs created as a result of receiving business subsidies cannot be less than the State/Federal minimum wage. Depending upon the type of job to be created, the County/EDA/HRA reserves the right to require higher wages. The wage standard established by this criterion is a minimum level.
- 5.03 All business subsidy requests should create higher property taxes paid after redevelopment.
- 5.04 Business subsidies should facilitate redevelopment and the elimination of "substandard" or "blighted" areas where deemed appropriate, or economic development and additional business within Benton County.
- 5.05 The applicant must demonstrate an ability to repay the subsidy through a Business Plan (including evidence of required equity and/or other project financing sources) in the event that

job and wage goals set forth in the Agreement are not met.

6. **DISCLAIMER**

- 6.01 A guarantee for County/EDA/HRA assistance is not provided to all applicants meeting the above criteria. Rather, these criteria are intended to guide County/EDA/HRA board members in determining the **minimum** standards required of those who receive subsidies.

**BENTON COUNTY BOARD OF COMMISSIONERS****RESOLUTION 1999 - # 45**

WHEREAS, Minnesota Statutes, Sections 116J.993 through 116J.995 require the adoption of criteria for the granting of business subsidies as defined therein; and,

WHEREAS, the Benton County Board of Commissioners (County), and its Economic Development Authority (EDA) and Housing and Redevelopment Authority (HRA) have determined that it is necessary and appropriate to adopt business subsidy criteria pursuant to the applicable statutes; and,

WHEREAS, the County/EDA/HRA have performed all actions required by law to be performed prior to the adoption and approval of the proposed business subsidies, including the holding of a public hearing upon published notice as required by law outside the hours of 6:00 p.m. and 8:00 p.m. on December 10, 1999; and,

NOW, THEREFORE, BE IT RESOLVED by the Benton County Board of Commissioners of Benton County, Minnesota, that the business subsidy criteria, contained in Exhibit A of this resolution, are hereby approved, ratified, established and adopted and shall be of official record in Benton County, Minnesota.

Approved and adopted December 10, 1999.

  
Ken Neeser, Chair  
Benton County Board of Commissioners

ATTEST:

  
Rick Speak, County Coordinator



## **Business Subsidy Policy City of Big Lake, Minnesota**

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal that benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely through job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage level thereof shall be guided by the following principles and criteria:

- 1) Each project shall be evaluated in a case-by-case basis, recognizing its importance and benefit to the community from all perspectives, including created and retained employment positions.
- 2) If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- 3) In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonable demonstrable evidence that the loss of those jobs is imminent.
- 4) The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- 5) Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of the Policy.

Adopted by: Big Lake Economic Development Authority

Date of Adoption: October 12, 1999

Date of Public Hearing: October 12, 1999

CITY OF BLAINE  
ANOKA COUNTY, MINNESOTA  
BLAINE ECONOMIC DEVELOPMENT AUTHORITY  
NOTICE OF MEETING NO. 99-10

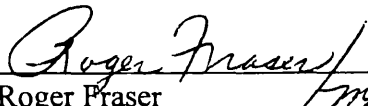
RECEIVED JUN 19 2000

Thursday, September 16, 1999  
7:25 P.M.

Blaine City Hall  
Council Chambers  
9150 Central Avenue NE

In accordance with the By-laws of the Blaine EDA, a meeting of the City of Blaine EDA has been scheduled for Thursday, September 16, 1999 at 7:25 P.M. in the Blaine City Hall Council Chambers. The agenda is as follows:

1. Call to Order/Roll Call
2. Approval of Minutes of September 2, 1999
3. **Public Hearing** - Resolution No. 99-16 Adopting a Policy and Criteria for Granting Business Subsidies under Minnesota Statutes, Sections 116J.993 through 116J.995
4. Other Business
5. Adjournment

  
\_\_\_\_\_  
Roger Fraser  
Executive Director

**Attachments**

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**BLAINE ECONOMIC DEVELOPMENT AUTHORITY  
RESOLUTION NO. 99-16**

**ADOPTING A POLICY AND CRITERIA FOR GRANTING BUSINESS  
SUBSIDIES UNDER MINNESOTA STATUTES, SECTIONS 116J.993  
THROUGH 116J.995**

**WHEREAS**, the State of Minnesota at its 1999 Legislative Session adopted the Business Subsidies Act; and

**WHEREAS**, as a result of this legislation, each local government authority must hold a public hearing and adopt its own policy; and

**WHEREAS**, no governing agency can grant a subsidy until a policy has been adopted.

**NOW, THEREFORE, BE IT RESOLVED** that the Blaine Economic Development Authority of the City of Blaine, Minnesota, hereby adopt the Business Subsidy Policy here attached.

**PASSED** by the Blaine Economic Development Authority this 16th day of September, 1999.

---

Tom Ryan  
President

**ATTEST:**

---

Roger W. Fraser  
Executive Director

# PRINTER'S AFFIDAVIT OF PUBLICATION

## NOTICE OF PUBLIC HEARING BEFORE THE BLAINE ECONOMIC DEVELOPMENT AUTHORITY ON THE ADOPTION OF A POLICY AND CRITERIA FOR GRANTING BUSINESS SUBSIDIES

NOTICE IS HEREBY GIVEN THAT THE Board of Commissioners (the "Board") of the Blaine Economic Development Authority (the "EDA") of the City of Blaine, Minnesota, will hold a public hearing on September 16, 1999, at a meeting of the EDA beginning at approximately 7:25 p.m., Central Time, at Blaine City Hall, 9150 Central Avenue NE, Blaine, Minnesota, on the proposed adoption of the City's Business Subsidy Policy under Minnesota Statutes, Sections 116J.993 through 116J.995.

All persons may appear at the public hearing and present their views orally or in writing. A copy of the proposed Business Subsidy Policy may be obtained at the City's offices.

Hearing impaired persons planning to attend who need an interpreter or other persons with disabilities who require auxiliary aids should contact Mary Petron at 785-6120 no later than September 10, 1999.

Joyce Twistol

CMC, City Clerk

DATED: August 31, 1999

abcdefghijklmnopqrstuvwxyz

Published in Blaine-Spring Lake Park Life  
September 3, 1999

STATE OF MINNESOTA ) SS  
County of Anoka )

Peter G. Bodley, being duly sworn, on oath says that he is the managing editor of the newspaper known as the Blaine-Spring Lake Park Life, and has full knowledge of the facts which are stated below:

(A) The newspaper has complied with all of the requirements constituting qualification as a qualified newspaper, as provided by Minnesota Statute 331A.02, 331A.07, and other applicable laws, as amended.

(B) The printed NOTICE OF PUBLIC HEARING, (EDA Business Subsidy Policy) which is attached was cut from the columns of said newspaper, and was printed and published once each week for one successive week; it was first published on Friday, the 3rd day of September, 1999, and was thereafter printed and published on every Friday to and including Friday, the ..... day of ..... 19.....; and printed below is a copy of the lower case alphabet from A to Z, both inclusive, which is hereby acknowledged as being the size and kind of type used in the composition and publication of the notice:

abcdefghijklmnopqrstuvwxyz

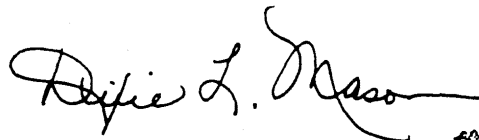
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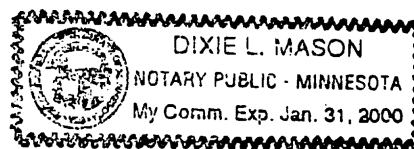
Managing Editor

Subscribed and sworn to before me on

this 3rd day of September, 1999



Notary Public



## RATE INFORMATION

- |  |   |
|--|---|
| (1) Lowest classified rate paid by commercial users for comparable space | <u>\$9.75</u><br>(Line, word, or inch rate) |
| (2) Maximum rate allowed by law for the above matter                     | <u>\$9.75</u><br>(Line, word, or inch rate) |
| (3) Rate actually charged for the above matter                           | <u>\$6.90</u><br>(Line, word, or inch rate) |



# CITY OF BLAINE

**TO:** Board of Commissioners  
Economic Development Authority

**REVIEWED:** *[Signature]*

**FROM:** Ron Henrickson, Assistant Executive Director *[Signature]*

**DATE:** September 16, 1999

**NO.:** 3

**ITEM:** **PUBLIC HEARING:** Resolution No. 99-16 Adopting a Policy and Criteria for Granting Business Subsidies under Minnesota Statutes, Sections 116J.993 through 116J.995

**SCHEDULE OF ACTIONS:**

- Economic Development Authority (Public Hearing).....09/16/99

**BACKGROUND:**

The 1999 Minnesota State Legislature adopted the Business Subsidies Act, Minnesota Statutes, Sections 116J.993 through 116J.995. As a result of this action, each local government authority must hold a public hearing and adopt its own policy. No subsidy to any business can be granted by the local governing agency until a policy has been adopted.

**RECOMMENDED EDA ACTION:**

By motion, approve Resolution No. 99-16.

**ATTACHMENTS:**

Resolution No. 99-16  
Business Subsidy Policy

**BLAINE ECONOMIC DEVELOPMENT AUTHORITY  
RESOLUTION NO. 99-16**

**ADOPTING A POLICY AND CRITERIA FOR GRANTING BUSINESS  
SUBSIDIES UNDER MINNESOTA STATUTES, SECTIONS 116J.993  
THROUGH 116J.995**

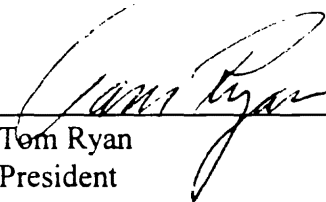
**WHEREAS**, the State of Minnesota at its 1999 Legislative Session adopted the Business Subsidies Act; and

**WHEREAS**, as a result of this legislation, each local government authority must hold a public hearing and adopt its own policy; and

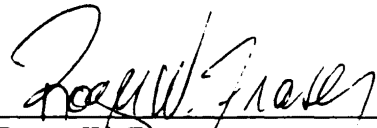
**WHEREAS**, no governing agency can grant a subsidy until a policy has been adopted.

**NOW, THEREFORE, BE IT RESOLVED** that the Blaine Economic Development Authority of the City of Blaine, Minnesota, hereby adopt the Business Subsidy Policy here attached.

**PASSED** by the Blaine Economic Development Authority this 7th day of October, 1999.

  
\_\_\_\_\_  
Tom Ryan  
President

ATTEST:

  
\_\_\_\_\_  
Roger W. Fraser  
Executive Director

Action- 99-31

EDA Resolution No. 99-16  
Business Subsidy Policy

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonable demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by: Blaine Economic Development Authority

Date of adoption: October 7, 1999

Date of public hearing: September 16, 1999 and October 7, 1999

**Business Subsidy Policy for the Economic Development Authority**

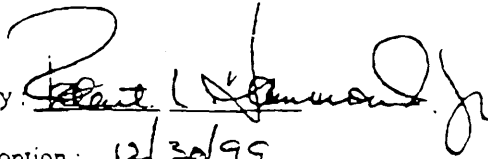
This Policy is adopted for the purposes of the business subsidies act ( the "Act"), which is Minnesota Statutes, Sections 116J.991 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria :

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- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the Economic Development Authority must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by:



MAYOR Robert L. Hammond, Jr.

Date of adoption :

12/30/99

Date of public hearing : 30 December, 1999



## **CITY OF BRAINERD**

### **BUSINESS SUBSIDY CRITERIA**

#### **I. Purpose**

This document includes the criteria to be considered by the City of Brainerd ("City") to evaluate requests for business subsidies. It is the intent of the City in adopting these criteria to comply with Minnesota Statutes, Sections 116J.993-116J.995 (the "Act"). The City hereby adopts the definitions contained in the Act for application in the criteria.

#### **II. Goals and Objectives**

It is the City's intent to advance the following goals and objectives in granting business subsidies:

- a) All projects must be consistent with Brainerd's comprehensive plan, zoning ordinance and any other similar plan or guide for development of the community.
- b) Business subsidies must be justified by evidence that the project cannot proceed without the benefit of the subsidy. If tax increment financing is used to grant a subsidy, the grantee must demonstrate compliance with all statutory requirements of the TIF Act, including the "but for" test. The grantee will be required to provide all documentation necessary for the City to make the requisite findings under the TIF Act and the Act.
- c) Grantees will be required to enter into an agreement with the City that is consistent with statutory requirements, including a commitment to remain in business at the site for a minimum of five years after the benefit date and compliance with the specific jobs and wages goals established for the project.

#### **III. Business Subsidy Criteria**

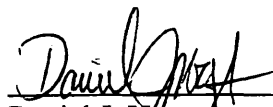
The City recognizes that every proposal is unique. Nothing in these criteria shall be deemed to be an entitlement or shall establish a contractual right to a subsidy. The City reserves the right to modify these criteria from time to time and to evaluate each project as a whole. The following criteria shall be utilized in evaluating a request for a business subsidy:

- a. Increase in tax base. While an increase in the tax base cannot be the sole grounds for granting a subsidy, the City believes it is a necessary condition for any subsidy.
- b. Jobs and Wages. It is City's intent that the grantee create the maximum number of livable wage jobs at the site. This may include jobs to be retained but only if job retention is imminent and demonstrable.
- c. Economic Development. Projects should promote one or more of the following:
  - 1. Encourage economic and commercial diversity within the community;
  - 2. Contribute to the establishment of a critical mass of commercial development within an area;
  - 3. Provide basic goods and services, increase the range of goods and services available or encourage fast-growing businesses;
  - 4. Promote redevelopment objectives and removal of blight, including pollution cleanup;
  - 5. Promote the retention or adaptive reuse of buildings of historical or architectural significance;
  - 6. Promote additional or spin-off development within the community;
  - 7. Encourage full utilization of existing or planned infrastructure improvements.

#### **IV. Compliance and Reporting Requirements.**

- a) Any subsidy granted by the City will be subject to the requirement of a public hearing, if necessary, and must be approved by the Brainerd City Council.
- b) It will be necessary for both the grantee and the City to comply with the reporting and monitoring requirements of the Act.

**Adopted by the Brainerd City Council this 20th day of March, 2000.**

  
\_\_\_\_\_  
Daniel J. Vogt  
City Administrator

### III. Criteria for Business Subsidies

The City hereby expresses its support for the use of business subsidies which meet the below listed criteria. However, the City reserves the right to approve or reject the use of business subsidies for new commercial or industrial projects and or the rehabilitation and/or expansion of businesses already within the City on an individual basis. The criteria or goals to be taken into consideration by the City are as follows:

1. If a redevelopment project, the project will remove, prevent or reduce slums and/or blight, thereby protecting property values and the general public health, safety, and welfare.
2. The use of business subsidy is necessary to retain and/or attract competitive and financially sound and healthy commercial and industrial companies which provide significant employment potential and opportunity to broaden the tax base.
3. The project must be generally consistent with the City's Comprehensive Plan.
4. The use of the business subsidy should encourage quality construction and promote the highest and best use of land.
5. The project will promote completion of major public improvement projects within the community with special emphasis given to the installation of trunk sewer and water lines and major transportation projects.
6. The project will not significantly and adversely increase the impacts on existing service needs in the City.
7. The project will not proceed in its present design and time table without the business subsidy.
8. The project proposed is generally compatible with the City's overall development plans and objectives and with those of the area for which the project is to be located.
9. The project meets all requirements outlined in Minnesota Statutes, as may be amended from time to time.
10. The business subsidy for commercial projects should encourage substantial redevelopment of substandard properties or should provide a service which is currently not offered in the community.
11. The project should result in the creation or retention of jobs which pay a livable wage in the area. The City will consider granting subsidies to businesses that pay ~~\$xxxxx~~ per hour, including ~~\$xxxxx~~ in benefits. ~~xxxxxx~~ minimum wages plus benefits.

The City, when considering projects which request assistance, will base their decision on the merits of the project and its economic benefit to the community (i.e., the increased tax base and the jobs which will result from the project). The City will also consider the contributions that the project makes to the community's overall development plan and how it complements existing services and businesses.

Member Debra Hilstrom introduced the following resolution and moved its adoption:

RESOLUTION NO. 00-20

RESOLUTION ADOPTING BUSINESS SUBSIDY POLICY

WHEREAS, the City of Brooklyn Center is required by Minnesota Statutes, Sections 116J-993 through 116J.995, to adopt a business subsidy policy; and

WHEREAS, attached hereto and incorporated herein by reference is Exhibit A is a proposed Business Subsidy Policy with criteria; and

WHEREAS, the City Council conducted a public hearing on January 24, 2000, regarding the proposed Business Subsidy Policy and criteria; and

WHEREAS, it has been found and determined by the City Council of the City of Brooklyn Center that the proposed Business Subsidy Policy and criteria as set forth in Exhibit A are reasonable and proper.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Brooklyn Center that the Business Subsidy Policy and criteria as set forth in Exhibit A be and hereby are adopted by the City Council.

January 24, 2000

Date

Myrna Kragness  
Mayor

ATTEST:

Sharon Krutson  
City Clerk

The motion for the adoption of the foregoing resolution was duly seconded by member

Kay Lasman

and upon vote being taken thereon, the following voted in favor thereof:

Myrna Kragness, Debra Hilstrom, Kay Lasman, Ed Nelson, and Robert Peppe;

and the following voted against the same: none;

whereupon said resolution was declared duly passed and adopted.

## CITY OF BROOKLYN CENTER

## BUSINESS SUBSIDY POLICY

The following business subsidy policy is intended to satisfy the requirements of Minnesota Statutes, Sections 116J.993 and 116J.994 (the "Act"), in particular, Section 116J.994, subdivision 2, thereof. Terms used but not defined herein have the meaning given them in the Act. The term "City" shall mean the City of Brooklyn Center. The term "Project" means the property with respect to which the Business Subsidy is provided.

A. MANDATORY CRITERIA

All Projects must comply with the following criteria:

1. But For Test. There is a substantial likelihood that the Project would not go forward without the Business Subsidy. This criterion may be met based solely on representations of the recipient of the Business Subsidy.
2. Wage Policy. If the Project results in an obligation to create new jobs pursuant to a subsidy agreement, the wage for each part-time and full-time job required to be created pursuant to the subsidy agreement shall, within two years of the benefit date, pay at least \$7.00 per hour.
3. Feasibility. The recipient must demonstrate to the satisfaction of the City that the Project has been adequately financed and either has been or will be completed in a timely fashion.
4. Compliance with Act. The Business Subsidy must satisfy all requirements of the Act.

B. EVALUATIVE CRITERIA

The following criteria recognize that the award of a Business Subsidy may serve a variety of public purposes of varying importance depending upon the specific Project facilitated by the Business Subsidy. The degree of importance to be attached to various public purposes which may be served by a particular Project must therefore involve the exercise of sound judgment after weighing all relevant criteria. Not all evaluative criteria will be applicable to all projects.

In any event, the City may disregard any evaluative criterion it determines to be either irrelevant or unimportant in the case of the particular project, as permitted by the Act.

The evaluative criteria are as follows:

1. Jobs. The number of full-time equivalent jobs to be created or retained by the proposed
2. Tax Base. The net increase in property taxes estimated to be generated by the Project in the first full year of operation.

3. Services to the Community. Whether the Project will provide services or facilities needed in the community. For example, the Project may provide needed health care services, commercial facilities, or other services or facilities needed in the community.
4. Blighted Property. Whether the Project is located on property which is, or is likely to become blighted, and is not likely to be developed or redeveloped because of the blight or other adverse conditions.
5. Design and/or Other Amenity Concessions. Whether, as a result of the Business Subsidy, the Project will include design and/or amenity features not otherwise required by law.
6. Compatibility. Whether the Project is compatible with the comprehensive plan.
7. Utilization of Existing Infrastructure Investment. Whether and to what extent the Project will utilize existing public infrastructure capacity or will require additional publicly funded infrastructure.
8. Leveraged Public Funds. The ratio of private funds which will be applied towards the capital cost of the project compared to the Business Subsidy.
9. Other Factors. Depending on the nature of the Project, such other factors as the City may deem relevant in evaluating the Project and the Business Subsidy proposed for it.

Commissioner Kay Lasman  
moved its adoption:

introduced the following resolution and

EDA RESOLUTION NO. 00-04

**RESOLUTION ADOPTING BUSINESS SUBSIDY POLICY**

WHEREAS, the City of Brooklyn Center and the EDA are required by Minnesota Statutes, Sections 116J-993 through 116J.995, to adopt a business subsidy policy; and

WHEREAS, attached hereto and incorporated herein by reference is **Exhibit A** is a proposed Business Subsidy Policy with criteria; and

WHEREAS, the City Council conducted a public hearing on January 24, 2000, regarding the proposed Business Subsidy Policy and criteria; and

WHEREAS, it has been found and determined by the City Council of the City of Brooklyn Center and the EDA that the proposed Business Subsidy Policy and criteria as set forth in **Exhibit A** are reasonable and proper.

NOW, THEREFORE, BE IT RESOLVED by the EDA that the Business Subsidy Policy and criteria as set forth in **Exhibit A** be and hereby are adopted by the EDA.

January 24, 2000

Date

Myrna Kragness  
President

The motion for the adoption of the foregoing resolution was duly seconded by commissioner

Ed Nelson  
and upon vote being taken thereon, the following voted in favor thereof:

Myrna Kragness, Debra Hilstrom, Kay Lasman, Ed Nelson, and Robert Peppe;  
and the following voted against the same: none;  
whereupon said resolution was declared duly passed and adopted.

## CITY OF BROOKLYN CENTER

## BUSINESS SUBSIDY POLICY

The following business subsidy policy is intended to satisfy the requirements of Minnesota Statutes, Sections 116J.993 and 116J.994 (the "Act"), in particular, Section 116J.994, subdivision 2, thereof. Terms used but not defined herein have the meaning given them in the Act. The term "City" shall mean the City of Brooklyn Center. The term "Project" means the property with respect to which the Business Subsidy is provided.

A. MANDATORY CRITERIA

All Projects must comply with the following criteria:

1. But For Test. There is a substantial likelihood that the Project would not go forward without the Business Subsidy. This criterion may be met based solely on representations of the recipient of the Business Subsidy.
2. Wage Policy. If the Project results in an obligation to create new jobs pursuant to a subsidy agreement, the wage for each part-time and full-time job required to be created pursuant to the subsidy agreement shall, within two years of the benefit date, pay at least \$7.00 per hour.
3. Feasibility. The recipient must demonstrate to the satisfaction of the City that the Project has been adequately financed and either has been or will be completed in a timely fashion.
4. Compliance with Act. The Business Subsidy must satisfy all requirements of the Act.

B. EVALUATIVE CRITERIA

The following criteria recognize that the award of a Business Subsidy may serve a variety of public purposes of varying importance depending upon the specific Project facilitated by the Business Subsidy. The degree of importance to be attached to various public purposes which may be served by a particular Project must therefore involve the exercise of sound judgment after weighing all relevant criteria. Not all evaluative criteria will be applicable to all projects.

In any event, the City may disregard any evaluative criterion it determines to be either irrelevant or unimportant in the case of the particular project, as permitted by the Act.

The evaluative criteria are as follows:

1. Jobs. The number of full-time equivalent jobs to be created or retained by the proposed Project for a period of at least two years from the estimated benefit date.



2. Tax Base. The net increase in property taxes estimated to be generated by the Project in the first full year of operation.
3. Services to the Community. Whether the Project will provide services or facilities needed in the community. For example, the Project may provide needed health care services, commercial facilities, or other services or facilities needed in the community.
4. Blighted Property. Whether the Project is located on property which is, or is likely to become blighted, and is not likely to be developed or redeveloped because of the blight or other adverse conditions.
5. Design and/or Other Amenity Concessions. Whether, as a result of the Business Subsidy, the Project will include design and/or amenity features not otherwise required by law.
6. Compatibility. Whether the Project is compatible with the comprehensive plan.
7. Utilization of Existing Infrastructure Investment. Whether and to what extent the Project will utilize existing public infrastructure capacity or will require additional publicly funded infrastructure.
8. Leveraged Public Funds. The ratio of private funds which will be applied towards the capital cost of the project compared to the Business Subsidy.
9. Other Factors. Depending on the nature of the Project, such other factors as the City may deem relevant in evaluating the Project and the Business Subsidy proposed for it.

THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY  
OF THE CITY OF BROOKLYN PARK  
RESOLUTION #1999-38

RESOLUTION OF THE BROOKLYN PARK ECONOMIC DEVELOPMENT  
AUTHORITY ADOPTING A BUSINESS SUBSIDIES POLICY IN  
ACCORDANCE WITH MINN. STAT. §§ 116J.993 TO 116J.995.

BE IT RESOLVED, by the Brooklyn Park Economic Development Authority Board of Commissioners (the "Board") that the following Business Subsidies Policy (the "Policy") is hereby adopted pursuant to Minn. Stat. §§ 116J.993 to 116J.995 (the "Business Subsidies Act" or "Act"):

Terms used in this Policy are intended to have the same meanings as prescribed in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

A. Definitions. The following definitions shall apply to this Policy:

1. "City" means the City of Brooklyn Park.
2. "EDA" means the Brooklyn Park Economic Development Authority.
3. "Policy" means this policy setting forth the requirements and criteria for awarding a Subsidy, as approved by the Board and as the same may be amended from time-to-time at the discretion of the Board.
4. "Recipient" means any for-profit or non-profit business entity that receives a Subsidy. Only non-profit entities with at least 100 full-time equivalent positions and with a ratio of highest to lowest paid employee that exceeds ten to one, determined on the basis of full-time equivalent positions, are included in this definition.
5. "Subsidy" means a state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, other obligation, or any preferential use of government facilities given to a business. A subsidy of less than \$25,000 is not subject to the requirements in this policy; further exemptions are defined in Section 116J.993, Subd. 3 of the Act.

B. Requirements. The following requirements shall apply to all Recipients of a Subsidy provided by the EDA:

1. The Recipient must be located in or moving into the City.

2. Recipients shall enter into a subsidy agreement with the EDA that, at a minimum, complies with the provisions of Section 116J.994, Subd. 3 of the Act. The subsidy agreement shall be approved by the City Council for the City.
3. Subsidies in the form of grants shall, to the greatest extent possible, be structured as deferred or forgivable loans from the EDA to the Recipient, or shall be withheld until the goals set forth in the subsidy agreement have been satisfied.
4. A Subsidy must have a defined public purpose other than increasing the tax base of the City. Job retention may only be used as a public purpose in cases where the Recipient can certify to the satisfaction of the EDA that job loss is imminent and demonstrable.
5. A public hearing shall be required before the EDA Board for any Subsidy that exceeds \$100,000.
6. In the event a Recipient fails to meet the goals established in the subsidy agreement, the Recipient must pay back all or a portion of the Subsidy in accordance with the terms of the subsidy agreement and Section 116J.994, Subd. 6 of the Act.
7. A Recipient shall provide to the EDA such reports concerning the Subsidy as are required by Section 116J.994, Subd. 7 of the Act.

C. Criteria.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

1. Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
2. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
3. In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs to the City is imminent.
4. The wage and job goals for each specific Subsidy shall be set at the maximum level feasible, taking into account the following factors: (i) prevailing wage rates, local


economic conditions, and external economic forces over which neither the EDA nor the Recipient of the Subsidy has control; (ii) the individual financial resources of the recipient; (iii) and the competitive environment in which the Recipient's business exists.

5. Because it is not possible to anticipate every type of project which may, in its context and time, present desirable community building or preservation goals and objectives, the EDA retains the right, in its discretion, to approve projects and Subsidies which may vary from the principles and criteria of this Policy.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with Subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

The foregoing resolution was introduced by EDA Commissioner Draeger and duly seconded by EDA Commissioner Feess. The following voted in favor of the resolution: Arbogast, Draeger, Erge, Feess, Meyer and Trepanier. The following voted against: None. The following were absent: Eder. Whereupon the resolution was adopted.

ADOPTED: November 4, 1999


  
GRACE ARBOGAST, PRESIDENT

  
DAVID A. SEBOK  
EXECUTIVE DIRECTOR

STATE OF MINNESOTA  
COUNTY OF HENNEPIN  
CITY OF BROOKLYN PARK

I, the undersigned, being the duly qualified Secretary of the Brooklyn Park Economic Development Authority, hereby certify that the above resolution is a true and correct copy of the resolution as adopted by the Brooklyn Park Economic Development Authority of the City of Brooklyn Park on November 4, 1999.

WITNESS my hand officially as Economic Development Authority Secretary this 22 day of November, 1999.

  
THERESA FREUND  
EDA SECRETARY

CERTIFICATE

STATE OF MINNESOTA  
COUNTY OF HENNEPIN  
CITY OF BROOKLYN PARK

I, the undersigned, being the duly qualified City Clerk of the City of Brooklyn Park, Minnesota, hereby certify that the above resolution is a true and correct copy of the resolution as adopted by the City Council of the City of Brooklyn Park on October 25, 1999.

WITNESS my hand officially as such Clerk and the corporate seal of the City this 26th day of October, 1999.

(SEAL)

  
\_\_\_\_\_  
JOAN SCHMIDT, CITY CLERK

THE BROOKLYN PARK ECONOMIC DEVELOPMENT AUTHORITY  
OF THE CITY OF BROOKLYN PARK  
RESOLUTION #1999-38

RESOLUTION OF THE BROOKLYN PARK ECONOMIC DEVELOPMENT  
AUTHORITY ADOPTING A BUSINESS SUBSIDIES POLICY IN  
ACCORDANCE WITH MINN. STAT. §§ 116J.993 TO 116J.995.

BE IT RESOLVED, by the Brooklyn Park Economic Development Authority Board of Commissioners (the "Board") that the following Business Subsidies Policy (the "Policy") is hereby adopted pursuant to Minn. Stat. §§ 116J.993 to 116J.995 (the "Business Subsidies Act" or "Act"):

Terms used in this Policy are intended to have the same meanings as prescribed in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

**A. Definitions.** The following definitions shall apply to this Policy:

1. "City" means the City of Brooklyn Park.
2. "EDA" means the Brooklyn Park Economic Development Authority.
3. "Policy" means this policy setting forth the requirements and criteria for awarding a Subsidy, as approved by the Board and as the same may be amended from time-to-time at the discretion of the Board.
4. "Recipient" means any for-profit or non-profit business entity that receives a Subsidy. Only non-profit entities with at least 100 full-time equivalent positions and with a ratio of highest to lowest paid employee that exceeds ten to one, determined on the basis of full-time equivalent positions, are included in this definition.
5. "Subsidy" means a state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, other obligation, or any preferential use of government facilities given to a business. A subsidy of less than \$25,000 is not subject to the requirements in this policy; further exemptions are defined in Section 116J.993, Subd. 3 of the Act.

**B. Requirements.** The following requirements shall apply to all Recipients of a Subsidy provided by the EDA:

1. The Recipient must be located in or moving into the City.

2. Recipients shall enter into a subsidy agreement with the EDA that, at a minimum, complies with the provisions of Section 116J.994, Subd. 3 of the Act. The subsidy agreement shall be approved by the City Council for the City.
3. Subsidies in the form of grants shall, to the greatest extent possible, be structured as deferred or forgivable loans from the EDA to the Recipient, or shall be withheld until the goals set forth in the subsidy agreement have been satisfied.
4. A Subsidy must have a defined public purpose other than increasing the tax base of the City. Job retention may only be used as a public purpose in cases where the Recipient can certify to the satisfaction of the EDA that job loss is imminent and demonstrable.
5. A public hearing shall be required before the EDA Board for any Subsidy that exceeds \$100,000.
6. In the event a Recipient fails to meet the goals established in the subsidy agreement, the Recipient must pay back all or a portion of the Subsidy in accordance with the terms of the subsidy agreement and Section 116J.994, Subd. 6 of the Act.
7. A Recipient shall provide to the EDA such reports concerning the Subsidy as are required by Section 116J.994, Subd. 7 of the Act.

C. Criteria.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

1. Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
2. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
3. In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs to the City is imminent.
4. The wage and job goals for each specific Subsidy shall be set at the maximum level feasible, taking into account the following factors: (i) prevailing wage rates, local


economic conditions, and external economic forces over which neither the EDA nor the Recipient of the Subsidy has control; (ii) the individual financial resources of the recipient; (iii) and the competitive environment in which the Recipient's business exists.

5. Because it is not possible to anticipate every type of project which may, in its context and time, present desirable community building or preservation goals and objectives, the EDA retains the right, in its discretion, to approve projects and Subsidies which may vary from the principles and criteria of this Policy.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with Subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

The foregoing resolution was introduced by EDA Commissioner Draeger and duly seconded by EDA Commissioner Feess. The following voted in favor of the resolution: Arbogast, Draeger, Enge, Feess, Meyer and Trepanier. The following voted against: None. The following were absent: Eder. Whereupon the resolution was adopted.

ADOPTED: November 4, 1999

  
GRACE ARBOGAST, PRESIDENT

  
DAVID A. SEBOK  
EXECUTIVE DIRECTOR

STATE OF MINNESOTA  
COUNTY OF HENNEPIN  
CITY OF BROOKLYN PARK

I, the undersigned, being the duly qualified Secretary of the Brooklyn Park Economic Development Authority, hereby certify that the above resolution is a true and correct copy of the resolution as adopted by the Brooklyn Park Economic Development Authority of the City of Brooklyn Park on November 4, 1999.

WITNESS my hand officially as Economic Development Authority Secretary this 12 day of November, 1999.

  
THERESA FREUND  
EDA SECRETARY



RESOLUTION #1999-221

RESOLUTION REGARDING DUAL APPROVALS OF CITY COUNCIL AND  
ECONOMIC DEVELOPMENT AUTHORITY

WHEREAS, the new enacted Business Subsidies Act, *Minnesota Statutes*, §§116J.993 to 116J.995 (the "Act"), provides that certain agreements providing for financial assistance to profit or non profit entities must be approved by both the Brooklyn Park Economic Development Authority ("Authority") and the Brooklyn Park City Council ("Council"); and

WHEREAS, pursuant to the Council enabling resolution creating the Authority the Authority board of commissioners shall at all times consist of all members of the Council; and

WHEREAS, the Council and Authority wish to avoid the time and workload involved in reviewing and approving such items twice.

NOW, THEREFORE, BE IT RESOLVED by the City Council Brooklyn Park as follows:

1. That for purposes of the Act, approval by the board of commissioners of the Authority of any agreement providing a business subsidy, as defined in the Act, shall constitute and be deemed for all purposes approval of this Council.
2. That this Resolution may be attached to all documents requiring certification of Council approval of business subsidy agreements under the Act, and shall constitute irrefutable evidence thereof.
3. That the Mayor and City Clerk are authorized and directed to execute such other documents as may from time to time be necessary in order to carry out the purpose and intent of this Resolution.

The foregoing resolution was introduced by Council Member Fees and duly seconded by Council Member Eder.

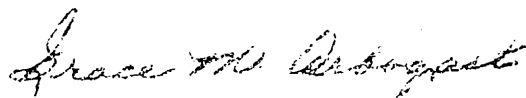
The following voted in favor of the resolution: Arbogast, Draeger, Eder, Enge, Feess, Meyer and Trepanier.

The following voted against: None.

The following were absent: None.

Whereupon the resolution was adopted.

ADOPTED: October 25, 1999

  
GRACE ARBOGAST, MAYOR

#1999-221

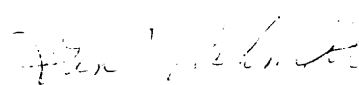
CERTIFICATE

STATE OF MINNESOTA  
COUNTY OF HENNEPIN  
CITY OF BROOKLYN PARK

I, the undersigned, being the duly qualified City Clerk of the City of Brooklyn Park, Minnesota, hereby certify that the above resolution is a true and correct copy of the resolution as adopted by the City Council of the City of Brooklyn Park on October 25, 1999.

WITNESS my hand officially as such Clerk and the corporate seal of the City this 26th day of October, 1999.

(SEAL)

  
\_\_\_\_\_  
JOAN SCHMIDT, CITY CLERK

**Brown County Economic Development Partners, Inc. (BCEPD)  
Proposal for Revolving Loan Fund (RLF) Criteria  
Pursuant to M.S. 116J.993 through M.S. 116J.995**

**The Following criteria applies for Loan Agreements in Excess of \$25,000:**

1. The Agreement must clearly define job and wage goals (including bands of wages), for newly created jobs, to be attained within two (2) years of the loan closing date.
  2. The Agreement must clearly define loan amount and type, and type of district if the loan is in Tax Increment Financing.
  3. The Agreement must clearly define the public purpose of the loan. Public Purpose is defined as a) Enhancing Economic Diversity b) Creating High-Quality Job Growth c) Providing for Job Retention, Where Loss is Imminent and Demonstrable d) Stabilizing the Community, and e) Increasing Tax Base in Junction with another Public Purpose.
  4. The Agreement must clearly define the goals for the use of the funds.
  5. The Agreement must clearly define the penalties, subject to rate of interest adjustment to comply with the Implicit Price Deflator as defined in M.S. 275.70, Subd. 2, imposed in the event that the goals are not achieved.
  6. The Agreement must clearly state the need for the loan.
  7. The Agreement must clearly disclose the guaranteed continuance of operations of the business when the loan covers a period of five (5) years or more.
  8. The Agreement must include name & address of a parent corporation, if any.
  9. The Agreement must disclose all financial assistance by all grantors for the project.
  10. The Agreement must disclose if purpose of loan is to retain jobs if job loss is imminent and demonstrable.
  11. The Agreement must disclose whether recipient is eligible to receive loan proceeds by reviewing DTED's list of past recipients who were ineligible to receive loan proceeds due to failure of meeting terms of another loan and/or subsidy agreement. (This becomes effective when DTED makes first list available after receiving 1999 reports in 2000)
  12. The Agreement must disclose whether more than one business benefits from the loan, and in that case, the loan must be apportioned to each business that signs the agreement. The Board of Brown County Commissioners must approve a multiple beneficiary loan agreement.
  13. The Agreement must clearly define that loan recipients may not receive any business subsidy, in the event that they failed to fulfill any subsidy agreement, for a period of five (5) years or until they have satisfied their repayment obligation, whichever occurs first.
- 
- A. Criteria will be established on a case by case basis, and may vary from case to case dependent on the merits of each loan.
  - B. Criteria become effective with enactment by the BCEPD Board of Directors and apply to all RLF loans of \$25,000 or more awarded after August 1, 1999.
  - C. Other Current Existing Loan Proceeds Criteria, as recorded in the BCEPD minutes of March 17, 1997, and the provisions of M.S. 465.715, Section 1, Subd. 1a, and Sections 2 and 3, remains in effect in conjunction with the above stated criteria.

## Business Subsidy Policy

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by: \_\_\_\_\_

Date of adoption: \_\_\_\_\_

Date of public hearing: \_\_\_\_\_

**CITY OF BURNSVILLE**

**BURNSVILLE ECONOMIC DEVELOPMENT  
AUTHORITY**

**BUSINESS SUBSIDY POLICY**

**RESOLUTION NO. 4852**

**CITY OF BURNSVILLE  
DAKOTA COUNTY, MINNESOTA**

**RESOLUTION ADOPTING  
BUSINESS SUBSIDY POLICY**

WHEREAS, the 1999 Minnesota Legislature enacted Statute 116J.993-995 setting requirements for subsidies allocated to businesses by state or local government agencies; and

WHEREAS, the new statute requires that a municipality and/or its agencies providing business subsidies to private and non-profit organizations must adopt the municipality's criteria for wage and job goals prior to granting future business subsidies; and

WHEREAS, the Burnsville Economic Development Authority (EDA) has had a Tax Increment Financing Policy for the City of Burnsville, including wage and job goals criteria, since 1992 and has an established history of providing financial assistance to private enterprises to accomplish the economic development and redevelopment goals and objectives of the city; and

WHEREAS, the Burnsville Economic Development Authority has received inquiries and requests for consideration of business subsidies;

NOW, THEREFORE, BE IT RESOLVED by the Burnsville Economic Development Authority that the following principles and criteria shall continue to serve as a guideline for providing business subsidies in the City of Burnsville:

**GENERAL POLICY**

- A. Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- B. If a particular project meets the definition of a business subsidy, the recipient must establish specific wage and job creation goals.
- C. In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.

## BUSINESS SUBSIDY RESOLUTION

### Page 2

- D. The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- E. The Burnsville Economic Development Authority must hold a public hearing, after notice is published in the local newspaper, for all requests for business subsidies of \$100,000 or more.
- F. Any development agreement or contract for public assistance as defined in the Minnesota Statutes shall contain, at a minimum, the following provisions:
  - 1. A description of the subsidy, including the amount and type of subsidy and type of district if the subsidy is tax increment financing;
  - 2. A statement of the public purposes for the subsidy;
  - 3. Job and wage goals for the subsidy;
  - 4. A description of the financial obligation of the recipient if the goals are not met;
  - 5. A statement of why the subsidy is needed;
  - 6. A commitment to continue operations at the site where the subsidy is used for five years;
  - 7. The name and address of the parent corporation of the recipient;
  - 8. A list of all financial assistance by all grantors for the project; and annual reporting requirements.
- G. While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must be recognized that not all projects assisted with subsidies derive their public purpose and importance solely by virtue of job creations. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counterproductive in the face of larger economic forces and the financial and competitive circumstances of an individual business.
- H. Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or development or redevelopment goals and objectives, the Burnsville Economic Development Authority may retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this policy.

## BUSINESS SUBSIDY POLICY

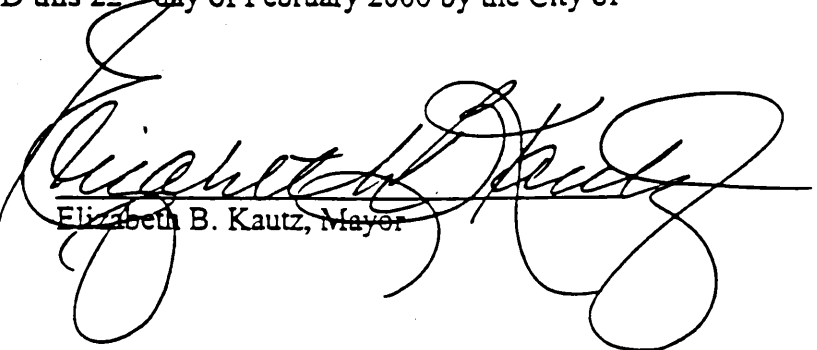
Page 3

The following supplemental policies are attached hereto and made part of the Business Subsidy Policy:

### ATTACHMENTS

1. Tax Increment Financing Policy for TIF Districts No. 1 and 2
2. Tax Increment Financing Policy for Soils District No. 3
3. Project Area Financial Assistance Policy

PASSED AND DULY ADOPTED this 22<sup>nd</sup> day of February 2000 by the City of Burnsville.



Elizabeth B. Kautz, Mayor

ATTEST:



Susan P. Olesen, City Clerk

ATTACHMENTS



**RESOLUTION 2000- 3**

**BURNSVILLE ECONOMIC DEVELOPMENT AUTHORITY**

**RESOLUTION ADOPTING  
BUSINESS SUBSIDY POLICY**

WHEREAS, the 1999 Minnesota Legislature enacted Statute 116J.993-995 setting requirements for subsidies allocated to businesses by state or local government agencies; and

WHEREAS, the new statute requires that a municipality and/or its agencies providing business subsidies to private and non-profit organizations must adopt the municipality's criteria for wage and job goals prior to granting future business subsidies; and

WHEREAS, the Burnsville Economic Development Authority (EDA) has had a Tax Increment Financing Policy for the City of Burnsville, including wage and job goals criteria, since 1992 and has an established history of providing financial assistance to private enterprises to accomplish the economic development and redevelopment goals and objectives of the city; and

WHEREAS, the Burnsville Economic Development Authority has received inquiries and requests for consideration of business subsidies;

NOW, THEREFORE, BE IT RESOLVED by the Burnsville Economic Development Authority that the following principles and criteria shall continue to serve as a guideline for providing business subsidies in the City of Burnsville:

**GENERAL POLICY**

- A. Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- B. If a particular project meets the definition of a business subsidy, the recipient must establish specific wage and job creation goals.
- C. In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.

## BUSINESS SUBSIDY RESOLUTION

### Page 2

- D. The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- E. The Burnsville Economic Development Authority must hold a public hearing, after notice is published in the local newspaper, for all requests for business subsidies of \$100,000 or more.
- F. Any development agreement or contract for public assistance as defined in the Minnesota Statutes shall contain, at a minimum, the following provisions:
  - 1. A description of the subsidy, including the amount and type of subsidy and type of district if the subsidy is tax increment financing;
  - 2. A statement of the public purposes for the subsidy;
  - 3. Job and wage goals for the subsidy;
  - 4. A description of the financial obligation of the recipient if the goals are not met;
  - 5. A statement of why the subsidy is needed;
  - 6. A commitment to continue operations at the site where the subsidy is used for five years;
  - 7. The name and address of the parent corporation of the recipient;
  - 8. A list of all financial assistance by all grantors for the project; and annual reporting requirements.
- G. While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must be recognized that not all projects assisted with subsidies derive their public purpose and importance solely by virtue of job creations. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counterproductive in the face of larger economic forces and the financial and competitive circumstances of an individual business.
- H. Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or development or redevelopment goals and objectives, the Burnsville Economic Development Authority may retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this policy.

## BUSINESS SUBSIDY POLICY

Page 3

The following supplemental policies are attached hereto and made part of the Business Subsidy Policy:

### ATTACHMENTS

1. Tax Increment Financing Policy for TIF Districts No. 1 and 2
2. Tax Increment Financing Policy for Soils District No. 3
3. Project Area Financial Assistance Policy

PASSED AND DULY ADOPTED this 22<sup>nd</sup> day of February 2000 by the City of Burnsville.

  
\_\_\_\_\_  
Liz Workman, President

ATTEST:

  
\_\_\_\_\_  
Susan P. Olesen, Secretary

ATTACHMENTS

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## **ATTACHMENT 3**

### **CITY OF BURNSVILLE ECONOMIC DEVELOPMENT AUTHORITY**

#### **PROJECT AREA FINANCIAL ASSISTANCE POLICY**

The Economic Development Authority currently administers its Development District No. 1 (Project Area) under Minnesota Statutes, Sections 469.124 to 469.134. Within the Project Area, the Economic Development Authority and the City of Burnsville have created five Tax Increment Financing Districts: Development District Nos. 1 and 2, Soils District No. 3, Economic Development District No. 4, and Soils Condition District No. 5 (Amphitheater). The Project Area is coterminous with the boundaries of the City of Burnsville.

The Economic Development Authority and City will consider additional business subsidies financed with tax increment from existing districts (to the extent permitted by law), new districts, tax abatements under Minnesota Statutes, Sections 469.1812 to 469.1815, and any other revenues available.

The following policy statements will serve as a guideline for use of various types of financial assistance within the City's Project Area.

#### **I. GENERAL POLICY**

The City of Burnsville and Economic Development Authority recognize that local government plays a critical role in enhancing the vitality of our business community. This is particularly true as the city reaches full development. Although it is ideal for private development to be funded without government assistance, the costs of redevelopment are often greater than business construction on undeveloped land. Therefore, it is the stated goal of the Economic Development Authority that all reasonable means will be utilized to leverage private business development and redevelopment with the city consistent with the policies described below and the City Council's *Ends and Outcomes*.

#### **II. AVAILABLE FUNDING FOR PROJECT AREA ASSISTANCE**

The general guidelines for Project Area assistance will include tax increment financing as the primary funding source and in all cases shall meet all state statute requirements. In addition, the TIF Budget Plan for Districts 1 and 2 (Attachment "D") provides an indication of the priority uses for tax increment financing. Only projects that meet the "but for" test are eligible for consideration for tax increment financing (i.e. but for this assistance the project would not be possible).

## **PROJECT AREA POLICY**

Page 2

### **II. AVAILABLE FUNDING FOR PROJECT AREA ASSISTANCE (cont'd)**

In addition to the use of tax increment financing, there are a variety of other potential funding resources available for providing business assistance as outlined in the attached matrix (Attachment "E"). To the maximum extent possible, the use of these resources shall follow the priorities established within the policy guidelines herein and subject to the policy guidelines of the City Council.

### **III. PROJECTS ELIGIBLE FOR PROJECT AREA ASSISTANCE**

#### **A. Heart of the City (HOC)**

The HOC is the highest priority project for the City of Burnsville and shall be provided highest priority of assistance based upon a range of desirable attributes, including but not limited to:

- Maximized use of other financial resources.
- Providing for mixed-used development (retail, entertainment, commercial, office, housing, and other appropriate mixed uses).
- Funding for appropriate public improvements that may benefit numerous development projects.
- Low percentage of public investment; high percentage of private investment.
- Analysis of detailed business proforma with reasonable timeline for completion and occupancy.
- Project has the potential to enhance spin-off development and redevelopment.
- Exceeds minimum design standards established for HOC districts.
- Presents minimal risk to the City of Burnsville.
- Maximizes increased tax base and contributes to higher market values.
- Number of jobs and pay level of positions will be a consideration but will not be the main criteria.
- Analysis of Fundability Guideline Report (appropriate for specific project), Request for Financial Assistance Application and Submittal of Eligible Costs.
- Consistent with budget outlined in Attachment "D".

## **PROJECT AREA POLICY**

Page 3

### **III. PROJECTS ELIGIBLE FOR PROJECT AREA ASSISTANCE (cont'd)**

#### **B. Minnesota River Quadrant and Black Dog Theater**

As the cornerstone to the redevelopment of the Minnesota River Quadrant, this area shall be the second highest priority area for assistance. In addition to utilizing funds generated from the newly created Amphitheater TIF District No. 5, as provided by state statute, funding from TIF Districts 1 and 2 shall be allocated to supplement other funding sources for redevelopment and public infrastructure improvements in the area. Consideration for funding of projects in the Minnesota River Quadrant shall include but not be limited to the following objectives:

- Maximized use of other financial resources.
- Funding appropriate public improvements that may benefit numerous development projects.
- Type of project consistent with development and redevelopment goals of the city.
- Low percentage of public investment; high percentage of private investment.
- Analysis of detailed business proforma with reasonable timeline for completion and occupancy.
- Project has potential to enhance spin-off development and redevelopment.
- Exceeds minimum design standards per ordinance.
- Presents minimal risk to the City of Burnsville.
- Number of jobs and pay level of positions.
- Maximizes increased tax base and contributes to higher market values.
- Analysis of Fundability Guideline Report, Request for Assistance Application and Submittal of Eligible Costs.
- Consistent with budget outlined in Attachment "D".

#### **C. Other Project Area**

Consideration for business assistance in the rest of the Project Area shall be the third priority. Business subsidies within the rest of the Project Area shall be considered on a case by case basis and, to the maximum extent possible, will follow the objectives listed below:

- Maximized use of other financial resources.
- Funding appropriate public improvements that may benefit numerous development projects.
- Low percentage of public investment; high percentage of private investment.
- Preference will be given to owner-occupied buildings.

## **PROJECT AREA ASSISTANCE**

Page 4

### **III. PROJECTS ELIGIBLE FOR PROJECT AREA ASSISTANCE (cont'd)**

#### **C. Other Project Area (cont'd)**

- Type of project will be consistent with development and redevelopment goals of city.
- Analysis of detailed business proforma with reasonable timeline for completion and occupancy.
- Project has the potential to enhance spin-off development and redevelopment.
- Exceeds minimal design standards per ordinance.
- Presents minimal risk to the City of Burnsville.
- Maximizes increased tax base and contributes to higher market value.
- Number of jobs and pay level of positions.
- Analysis of Fundability Guideline Report, Request for Financial Assistance Application and Submittal of Eligible Costs.
- Consistent with budget outlined in Attachment "D".

### **IV. COSTS ELIGIBLE FOR FINANCIAL ASSISTANCE**

Eligible costs qualifying for assistance include: Utilities design, landscape design, architectural and engineering fees directly attributable to site work, site related permits, earthwork/excavation, soils correction, landscaping, utilities (sanitary sewer, storm sewer and water), streets and roads, street/parking lot paving, street/parking lot lights, curb and gutter, sidewalks, land acquisition, special assessments, legal (acquisition, financing and closing fees), soils test and environmental studies, surveys, park dedication fee, SAC and WAC charges, title insurance and application for assistance fee.

### **V. CREATION OF NEW TAX INCREMENT FINANCING DISTRICTS**

If the project being proposed is not within an existing tax increment financing district and the creation of a new district is necessary, the applicant shall be required to make a deposit to the Economic Development Authority in the amount of \$10,000. This deposit shall be used for the city's consultants to investigate the feasibility of creating a new district. If the Economic Development Authority incurs additional expense beyond the \$10,000, prior to the execution of the Developer's Agreement, the Economic Development Authority shall notify the applicant in writing and the applicant will be required to deposit additional funds.

If a new district is created and the project proceeds, the Economic Development Authority shall reimburse the applicant's deposit to the extent permissible under the TIF Act. If the applicant does not proceed with the project, the Economic Development authority will reimburse the applicant for the unused portion of the deposit.

## PROJECT AREA ASSISTANCE

Page 5

### VI. APPLICATION FOR ASSISTANCE PROCESS

The Burnsville Economic Development Authority will require a deposit in the amount of \$5,000 from the applicant for the city's consultants to investigate the feasibility of providing assistance to the applicant. If the Economic Development Authority incurs additional expense beyond the \$5,000 prior to execution of the Developer's Agreement, the Economic Development Authority shall notify the applicant in writing and the applicant will be required to deposit additional funds.

If the project is approved and the applicant proceeds with the project, the Economic Development Authority will reimburse the applicant's deposit to the extent permissible under state statutes. If the applicant does not proceed with the project, the Economic Development Authority will reimburse the applicant for the unused portion of the deposit.

In addition to the deposit fee the applicant will be required to submit the following:

1. Fundability Guidelines for Financial Assistance
2. Request for Financial Assistance
3. Itemization of Eligible Project Costs
4. Project Proforma Documentation

#### ATTACHMENTS:

- A. Fundability Guidelines For Financial Assistance
- B. Request for Financial Assistance
- C. Listing of Eligible Costs
- D. TIF Districts No.1 and 2 Budget
- E. Project Area Business Assistance Matrix



**ATTACHMENT A**

**CITY OF BURNSVILLE  
ECONOMIC DEVELOPMENT AUTHORITY**

**FUNDABILITY GUIDELINES  
FOR  
FINANCIAL ASSISTANCE  
FOR**

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**NAME OF APPLICANT**

Public versus Private Investment

\$ \_\_\_\_\_

Private Investment

\$ \_\_\_\_\_

EDA/Public Investment

\$ \_\_\_\_\_

Total Investment

Ratio

\_\_\_\_\_

Point  
Value

Private

Public

+ 1

Less than \$3

To

\$1

+ 2

Over \$3

To

\$1

+ 3

Over \$4

To

\$1

+ 4

Over \$6

To

\$1

+5

Over \$8

To

\$1

Number of Current and Estimated New Employees

Point  
Value

Number

+1

1 – 15

+2

> 16 – 30

+ 3

> 31 – 45

+ 4

> 46 – 75

+5

> 75 Plus

\_\_\_\_\_

\* Current Number of Employees

\_\_\_\_\_

\*Estimated New Employees (within next 2 years)

\_\_\_\_\_

Total Number of Current and Estimated New Employees

\*Employees should be computed as full-time equivalent positions

Public Investment Per Current Employee

Point Value	INVESTMENT
0	\$12,500+
+ 1	\$10,000 -- \$12,500
+ 2	\$ 7,500 -- \$10,000
+ 3	\$ 5,000 -- \$ 7,500
+ 4	\$ 2,500 -- \$ 5, 000
+ 5	\$     0 -- \$ 2,500

TIF/Public Investment                      \$ \_\_\_\_\_

\* Current Number of Employees                      \$ \_\_\_\_\_

Investment Per Employee                      =                      \$ \_\_\_\_\_

\*Employees should be computed as full-time equivalent positions.

Pay Level of Positions

	<u>Point Value</u>	<u>Dollar Weighting</u>	<u>Total No. Of Employees</u>	<u>Weighted Dollar Amount</u>	<u>Weighted Average – Employee Benefits</u>
0	\$ 0 – 14,999	\$10,000	_____ (No.)	\$ _____	_____
+1	\$15,000 – 24,999	\$20,000	_____ (No.)	\$ _____	_____
+2	\$25,000 – 29,999	\$27,500	_____ (No.)	\$ _____	_____
+3	\$30,000 – 44,999	\$37,500	_____ (No.)	\$ _____	_____
+4	\$45,000 – 59,999	\$52,000	_____ (No.)	\$ _____	_____
+5	\$60,000 and Over	\$60,000	_____ (No.)	\$ _____	_____
		*TOTAL	_____	\$ _____	_____
		Weighted Average =		\$ _____	

\*Employees should be computed as full-time equivalent positions. The total number on this page should equal the total on page 2.

Real Estate/Property Taxes Generated

<u>Point Value</u>	<u>*Projected Tax Revenues</u>
+ 1	Below \$25,000
+ 2	\$ 25,000 -- \$49,999
+ 3	\$ 50,000 -- \$99,999
+ 4	\$100,000 -- \$249,999
+ 5	\$250,000 and Over

\*Projected Tax Revenues should be based on the existing property tax system and rates plus legislative future changes if subject to estimation.

Significant Impact Multiplier

Point  
Value

Type of Development

0

Retail

+2

Office

+3

Office/Service (50/50)

+3

Value Added (Retail with Significant Service Component)

+4

Industrial

+1

Company/Corporate Headquarters – Location of upper management where strategic management decisions are made (add 1 point to above value).

\_\_\_\_\_ TOTAL POINT VALUE

If specific type of development is not listed above (i.e. mixed-use or other) please describe below:

Service Impact

<u>Point Value</u>	<u>Type of Development</u>
- 4.0	Retail
- 3.5	Office/Warehouse Service
- 3.0	Hi-Tech
- 2.0	Office

If specific development not listed above,  
please describe:



**(INTENTIONALLY LEFT BLANK FOR  
PROJECT AREA  
QUESTIONNAIRE)**

### WORKSHEET SUMMARY

<u>Page</u>		<u>Point Value</u>
1	Public Versus Private	_____
2	Number of Employees	_____
3	Public Investment Per Employee	_____
4	Pay Level of Positions	_____
5	Real Estate/Property Taxes Generated	_____
6	Significant Impact Multiplier	_____
7	Service Impact	_____
8	Form of T.I.F. Assistance Requested	_____
TOTAL		_____

The information provided herein is true and accurate to the best of my knowledge:

\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_

**ATTACHMENT B**

**REQUEST FOR**

**FOR**

**FINANCIAL ASSISTANCE**

ATTACHMENT B

REQUEST FOR FINANCIAL ASSISTANCE

PROJECT:

1. Business Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

Contact: \_\_\_\_\_

2. Brief description of the business: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. Present ownership of the site: \_\_\_\_\_  
\_\_\_\_\_

4. Proposed project: Building square footage, size of property, description of buildings  
– materials, etc. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. Total Estimated Project Costs:

a. Land Acquisition	\$ _____
b. Site Development	\$ _____
c. Building Cost	\$ _____
d. Equipment	\$ _____
e. Architectural & Engineering Fees	\$ _____
f. Legal Fees	\$ _____
g. Financing Costs	\$ _____
h. Broker Costs	\$ _____
i. Contingencies	\$ _____
j. Other (please specify)	\$ _____
TOTAL	\$ _____

6. SUBMIT AN ITEMIZED LIST OF PROJECT COSTS ELIGIBLE FOR ASSISTANCE (SEE ATTACHMENT C).

7. PLEASE SUBMIT PROJECT PROFORMAS SHOWING NEED FOR ASSISTANCE (I.E., WITH ASSISTANCE AND WITHOUT).

8. Total Estimated Market Value at completion: \$ \_\_\_\_\_

9. Estimated real estate taxes of project upon: \$ \_\_\_\_\_  
completion of project. (Show calculation)

10. Source of Financing

a.	Equity	\$ _____
b.	Bank Loan	\$ _____
c.	EDA Assistance	\$ _____
d.	Revenue Bonds	\$ _____
e.	Other	\$ _____

11. Type of Assistance Requested: \_\_\_\_\_

12. Name & Address of architect, engineer, and general contractor.

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13. Project construction schedule:

a. Construction Start Date: \_\_\_\_\_

b. Construction Completion Date \_\_\_\_\_

c. If phased project: \_\_\_\_\_ Year \_\_\_\_\_ % Complete

\_\_\_\_\_ Year \_\_\_\_\_ % Complete

14. Describe amount and purpose for which financing is required.

15. State specific reasons why the use of EDA assistance is necessary for the project (the "but for" test).

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16. Please indicate how the project would meet one or more of the following Burnsville Economic Development goals; creation of jobs that pay wages adequate to support households, job retention, tax base expansion, development of the Southcross Corporate Center. Redevelopment within Heart of City, Minnesota River Quadrant, Class A office or corporate headquarters.

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17. Municipal Reference (if applicable). Please name any other municipalities wherein the applicant, or other corporations the applicant has been involved with, has completed developments within the last five years.

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### Subjective Analysis

In addition to the other data requested, the following information will be considered as part of the application approval process:

1. Number of years in business: \_\_\_\_\_
2. Number of years in Burnsville: \_\_\_\_\_
3. Potential for growth: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
4. Will building be owner-occupied? \_\_\_\_\_ Yes \_\_\_\_\_ No
5. If rental space, what are targeted rental rates: \_\_\_\_\_
6. If building is non-owner occupied, will the lessee be required to capitalize this lease?: \_\_\_\_\_
7. Land costs per acre or square foot: \_\_\_\_\_
8. Location of proposed facility within Burnsville: \_\_\_\_\_
9. Quality of development: \_\_\_\_\_
10. Size of parcel being developed: \_\_\_\_\_
11. Square foot size of building: \_\_\_\_\_
12. What is the projected building cost per square foot: \_\_\_\_\_

Additional Comments:

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Submit this form along with the application.

**ATTACHMENT C**

**LISTING OF**

**ELIGIBLE COSTS FOR**

**FINANCIAL ASSISTANCE**



## ATTACHMENT C

### PROJECT AREA

#### ELIGIBLE COSTS FOR ASSISTANCE

- Utilities Design
- Landscape Design
- Architectural and Engineering Fees Directly Attributable to Site Work
- Site Related Permits
- Earthwork/Excavation
- Soil Corrections
- Landscaping
- Utilities – Sanitary Sewer, Storm Sewer and Water
- Streets and Roads
- Street/Parking Lot Paving and Parking Lot Lights
- Curb and Gutter
- Sidewalks
- Land Acquisition
- Special Assessments
- Legal costs Associated with Acquisition/Financing/Closing Attributable to Site
- Soil Tests and Environmental Studies
- Surveys
- City – Park Dedication Fee
- City/MWCC - SAC and WAC Charges
- Title Insurance
- TIF Application Deposit

**ATTACHMENT D**

**TIF DISTRICT NOS. 1 AND 2**

**ESTIMATED BUDGET**

**FOR**

**PROJECT AREA COSTS**

## ATTACHMENT D

### Estimate of Future Project Costs

Activity	Estimated Cost	Primary TIF Source	Estimated Timing
<b>Minnesota River Quadrant</b>		<b>TIF No. 2</b>	
<i>Public Improvements</i>			
Cliff Road (Dupont to TH 13)	\$ 215,000		2002
Cliff to CSAH 5 Connect	500,000		2002
Lady Bird Lane Upgrade	530,000		2005+
<i>Subtotal</i>	1,245,000		
<i>Property Acquisition</i>			
Commercial Asphalt Site	500,000		2001
Knox Lumber Site	500,000		2001
<i>Subtotal</i>	\$1,000,000		
<b>TOTAL</b>	\$2,245,000		
<b>Southcross Improvements</b>		<b>TIF No. 1</b>	
<i>All Public Improvements</i>			
Burnhaven/Southcross Signal	110,000		2002
CSAH 42 Upgrade	1,600,000		2002
Newton Avenue Extension	758,720		2005+
Southcross/42 Signal	150,000		2001
Judicial/Southcross Signal	200,000		2002
CSAH 5/143 <sup>rd</sup> Signal and Turn Lane	190,000		2000
Burnsville Parkway/CSAH 42 Turn Lane	150,000		2000
Parkway/Judicial/Southcross Intersect	1,000,000		2005+
CSAH 42 (Judicial to Pkwy)	2,000,000		2005+
<b>TOTAL</b>	<b>\$6,158,720</b>		
<b>Heart of the City</b>		<b>TIF No. 2</b>	
<i>Public Improvements</i>			
2 Parking Structures	2,210,000		2007+
7 Surface Parking lots	418,723		2002-2006
ROW acquisition—West	2,161,136		2001-2005
ROW acquisition—East	1,598,294		2000
Infrastructure assistance to developers—West	994,412		2001-2007

Infrastructure assistance to developers—East	1,026,200		2000
<i>Subtotal</i>	<i>\$8,408,765</i>		
<b><i>Land Acquisition (Write-down assistance)</i></b>			
West Area	919,481		2001-2005
East Area	1,359,654		2000
<i>Subtotal</i>	<i>\$2,279,135</i>		
<b><i>Site Improvements</i></b>			2001-2006
West Area	701,355		2000
East Area	446,628		
<i>Subtotal</i>	<i>\$1,147,983</i>		
<b>TOTAL</b>	<b>\$11,835,883</b>		
<b>Redevelopment/ General</b>		<b>TIF No. 1</b>	
<i>Site Improvements</i>	2,500,000		2000-2010
<i>Infrastructure (Future)</i>	2,500,000		2000-2010
<i>Infrastructure (Existing)<sup>1</sup></i>	4,000,000		
<b>TOTAL</b>	<b>\$9,000,000</b>		
<b>Administration, Legal, Fiscal, Internal</b>	2,760,397		
<b>GRAND TOTAL</b>	<b>\$32,000,000</b>		

**ATTACHMENT E**

**PROJECT AREA**

**BUSINESS ASSISTANCE MATRIX**

# ATTACHMENT E

## PROJECT AREA BUSINESS ASSISTANCE MATRIX POSSIBLE AVAILABLE FUNDING SOURCES

FUNDING SOURCE	C & I DEVELOPMENT IN PROJECT AREA			Amphitheater Infrastructure	Housing	Transportation
	Heart of the City	NW River Quadrant	Other Project Area			
TIF 1 & 2	1st Priority	2nd Priority	3rd Priority	X		X
Amphitheater TIF				X		
Special Assessments	X	X	X	X	X	X
Waiving Devel. Fees	X				X	
Storm Utility	X	X	X	X	X	X
Wtr/Swr Utility	X	X	X		X	
Tax Abatement	X					
Revolving Loan Fund					X	
CDBG & DCCDA	X				X	
Burnsville CDA	X				X	
Grants	X	X	X	X	X	

**City of Caledonia  
&  
Caledonia Economic Development Authority**

**BUSINESS SUBSIDY CRITERIA  
&  
Business Assistance Policies**

**Effective March 27, 2000**

**Community Development Director's Office  
231 E. Main Street, PO Box 232  
Caledonia, MN 55921  
(507) 725-3632**

**City of Caledonia**  
**BUSINESS SUBSIDY CRITERIA**  
**&**  
**Business Assistance Policies**

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**Caledonia Economic Development Authority**  
**BUSINESS SUBSIDY CRITERIA**  
**&**  
**Business Assistance Policies**

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**City of Caledonia  
&  
Caledonia Economic Development Authority  
BUSINESS SUBSIDY CRITERIA  
&  
Business Assistance Policies**

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**XIII. ATTACHMENTS:**

**Exhibit A: Business Subsidy Application Form**

**Exhibit B: Release Authorization Form**

**Exhibit C: Letter of Agreement Form**

**Exhibit D: Business Plan Outline**

**XIV. APPENDICES: Other Policies**

**Appendix A: Tax Increment Financing Policy**

**Appendix B: Tax Abatement Policy**

**[Note: Revolving Loan Fund Policies / Revisions are pending for**

- 1. USDA Intermediary Relending Fund Program**
- 2. DTED-Small Cities Development Program**
- 3. DTED-Minnesota Investment Revolving Loan Funds]**

# **BUSINESS SUBSIDIES CRITERIA**

## **City of Caledonia, Minnesota**

### **I. Public Purpose**

Determining whether to grant a business subsidy is an inherently inexact process that greatly depends on individual situations. This policy is a general statement of guidelines. The City in adopting this policy retains the sole and absolute discretion to deny or grant any subsidy request for any reason. The City shall have the option, by action of the City Council, to amend or waive sections of this Policy when determined necessary, appropriate, and in keeping with the best interests of the City.

This Policy is adopted by the City of Caledonia ("City") in accordance with the Minnesota Business Subsidy Law ("Act"), Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act. Subd.1 of the Act states: "A business subsidy must meet a public purpose other than increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable."

### **II. Business Subsidy / Community & Economic Development Tools:**

The City of Caledonia shall continue its support of community and economic development projects by utilizing any and all available economic development financing tools it deems appropriate, including, but not limited to revolving loan fund gap financing, Tax Increment Financing, and Tax Abatement. This policy shall apply to Revenue Bonds issued by the City only to the extent required by law.

This policy with its Exhibits supercedes and replaces all prior City and EDA policies concerning the use of public financing tools. Compliance with the General Business Subsidy Policy shall not automatically mean compliance with such separate policies. Federal or State funding sources may have additional requirements or benefits.

### **III. Community & Economic Development Goals & Objectives:**

The City may grant business subsidies to projects that would not otherwise occur "but for" the assistance being requested, by using the available economic development financing tools to assist the City in satisfying its community and economic development goals and objectives. These specifically include broadening and diversifying the tax base, and one or more of the following:

- A. To further develop an enhanced employment base.
- B. To encourage strong, viable growth and development for the commercial and industrial areas of the community.
- C. To stimulate the redevelopment of underutilized, blighted or obsolete land uses.
- D. To insure that publicly assisted economic development projects meet established criteria that guarantee public benefit.
- E. To promote and encourage a high quality of construction.
- F. To provide more and better services to the City residents.

#### **IV. Definitions**

*Administrator-* Administrator of the Business Subsidies Policy shall be the EDA Staff.

*Applicant-* Any person(s) who applies for a business subsidy.

*City-* City of Caledonia.

*City Attorney or other Professional-* Individual, firm or governmental agency contracted with the City for the provision of legal or other professional services.

*City Engineer-* Individual or firm contracted with the City for the provision of engineering services.

*Developer-* Sole proprietor, partnership, corporation, or company, franchiser, franchisee, or utility company developing or improving property within the City of Caledonia.

*Development Costs-* Costs, expenses and fees directly related to a specific development or improvement within City limits.

*EDA or Authority-* EDA or Authority shall mean the Caledonia Economic Development Authority.

*Full-time Equivalent (FTE) Job-* A Full-time Equivalent (FTE) job shall mean one or more positions, that separately or when combined, represent an average forty-hour work week.

*Owner-* Sole proprietor, partnership, corporation, or company which owns property in fee simple or as a contract for deed purchaser or lessee.

*Review Committee-* Review Committee means two (2) EDA members and the Caledonia Community/Economic Development Director, established to recommend approval or denial of individual business subsidies.

#### **V. Administrative Authority for Caledonia Business Subsidies Policy**

On August 3, 1993, the City established an Economic Development Authority (EDA) which is responsible, contingent upon City Council approval, for the administration and issuance of all business subsidies. The EDA will consider business subsidy requests that meet one or more of the City's stated development goals and objectives. The EDA is responsible for ensuring that the project would not otherwise occur "but for" the assistance being requested.

#### **VI. Job and Wage Goals**

While it is recognized that the creation of well paying jobs is a desirable goal which benefits the community, the City of Caledonia also recognizes that not all projects that may be assisted with subsidies will derive their public purposes and importance solely by virtue of job creation.

Whereas job creation is highly sought after as a traditional measure of a subsidy's public benefit, it is also recognized that job creation is by no means the only measurable benefit. In addition, the

imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

Therefore, where no other criteria apply, job and wage goals under this policy shall be required of Applicants on the basis of reasonable projections for comparable businesses, industries, or other organizations. The job and wage goals subsequently required under this policy shall be fulfilled by the end of the second full year of operation. "Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable." (The Act, Subd.1)

## **VII. Eligibility Requirements for all Business Subsidies**

To be eligible for a Business Subsidy in the City of Caledonia:

- A. Applicants must have the authority to incur debt and carry out the proposed project purpose within the City of Caledonia.
- B. Applicants must have the legal right to own and operate the project for which a Business Subsidy is requested.
- C. Applicants must be unable to finance the proposed project from their own resources or through commercial credit or other federal or state programs at reasonable rates and terms.
- D. Business subsidy must not result in any conflict of interest prohibited by law.
- E. Any delinquent debt to the federal, state or local government, by the Applicant or any of its principals, shall cause the Applicant to be ineligible to receive Business Subsidies in the City of Caledonia.

## **VIII. General Limitations & Criteria for all Business Subsidy Projects**

- A. Business Subsidies shall be generally limited to projects within the City of Caledonia, in which:
  1. The overall level of public financing necessary, as a percent of the total project cost, is no more than fifteen percent (15%) for economic development projects or twenty-five (25%) for redevelopment projects.
  2. The City shall require at least as much Applicant/owner cash or private equity in the project as the level of public financing. The balance of the project cost may be funded privately or through a private lender.

B. The following criteria will be considered for each Business Subsidy application:

1. Is the proposed development in compliance with State law?
2. Will the project increase the tax base, and if so, to what extent?
3. Will new jobs be created and if so:
  - a. Are these reasonable projections for comparable businesses, industries, or other organizations?
  - b. Will these jobs constitute "head of household" opportunities?
4. What level of quality will the facility reflect with respect to the materials used, size, landscaping and general aesthetics?
5. Do project projections show that the proposed project will be financially feasible?
6. Are the proposed use(s) compatible with the City's comprehensive guide plan, zoning ordinance, and other local regulations?
7. What will the impact be on City public services?

C. Criteria: "But For" Test

A key indicator for the use of all business subsidies shall be the "but for" analysis that says the proposed development project would not occur "but for" the business subsidy assistance, i.e., does it pass the "but for" test set forth in this Section? Therefore, the City and Authority will review each business subsidy application based on the following criteria:

1. Whether development obstacles exist on the site (e.g., deteriorated/obsolete buildings; poor soil conditions).
2. Whether the site has been targeted by the City and/or Authority for redevelopment or development based on specified needs and policy.
3. Whether the development project will locate or relocate to a different city and/or state without local public financing.
4. Whether public infrastructure is necessary in order to serve a large area or targeted site.
5. Whether land acquisition assistance is required in order to address a specified public strategy or need.
6. Whether public financing fills an identifiable financing "gap" for the project due to such factors as inadequate lender financing or below-market return on investments.

## **IX. Minimum Standards & Costs for All Business Subsidy Projects**

- A. A building or zoning permit shall not be obtained and construction shall not begin until the Council and the Authority have approved the applicable business subsidy documents, and executed with the Applicant, a corresponding development agreement / contract for private development, or other appropriate agreements.
- B. The City and Authority shall be reimbursed by the Applicant for costs associated with contract professionals for reviewing the business subsidy application, preparing and approving required documents, and executing the agreements. The Applicant will deposit with the City an administrative fee equal to 100% of the projected costs which will be applied to costs incurred by the City in conjunction with the proposed project. In the event such costs exceed the deposit, the Applicant may be required to pay the additional costs as billed by the City or Authority.
- C. At all times, policies and procedures related to the proposed or actual approval of the Business Subsidy Project shall comply with applicable laws.
- D. All applications and supporting documents shall become the property of the City, and the classification of the data shall be governed by the Data Practices Act.
- E. The Council and Authority reserve the right to select and retain, at the expense of the Applicant, a third party to assist in the evaluation of the proposed development project and corresponding documents and agreements.
- F. The Applicant shall pay all permits and fees normally charged by the City as part of the approval process unless otherwise approved by the City.

## **X. Business Subsidy Application Procedure**

### **A. Preapplication**

- 1. Prior to any consideration by the EDA and City Council, the Applicant must deliver to the EDA:
  - a. Completed Business Subsidy Application (*Exhibit A*).
  - b. Release Authorization(s) (*Exhibit B*).
  - c. Letter of Agreement substantially in the form attached (*Exhibit C*).
  - d. Minimum fee deposit of \$500 for preliminary consultant review.
- 2. City Staff and/or a third party will review the application and provide a recommendation to the Authority and Council, based on consideration of the proposed project with the City's community and economic development goals, whether a full application should be considered.

## **B. Full Application**

The Applicant must provide all supplementary information and attachments as required for the business subsidy being requested; **and**:

1. A "but for" letter as set forth in *Section VIII* of this Policy and financial analysis demonstrating need for public financing assistance.
2. Letter of feasibility from a bank, lender, or financial advisor, including the following (where applicable):
  - Letter of commitment for bank / private financing
  - Retail or office market analysis;
  - Property appraisal for the proposed project;
  - Pro forma analysis.
3. A statement addressing environmental review requirements and evidence of compliance with applicable requirements.
4. Balance of fee deposit as prescribed for the projected costs of the subsidy being requested according to the guidelines applicable to that subsidy.
5. Building and site plans.
6. Property information, including legal description, tax parcel ID number, size of parcel(s), current market value and estimated market value upon completion (land and improvements), and map showing exact boundaries of proposed development.
7. Statement of property ownership or control (e.g., purchase agreements and contracts).
8. Historic information on the Applicant and a copy of the Applicant's Business Plan.
9. Business financial statements including past three years of profit/loss statements and balance sheets. (See IX.D.)
10. Resumes and personal financial statements of all principals with 20% or more ownership in the business. (See IX.D.)
11. List of other development projects the Applicant has completed. List the value, debt load, and lender(s) of each project and note if the Applicant has ever defaulted on any loan commitment, development or redevelopment agreement, or other subsidy for any of the projects listed.
12. Any other information deemed necessary or desirable by the City or the EDA.



## **XI. Application Review and Project Approval**

### **A. Preliminary Approval**

City Staff and/or a third party will review the full application and provide a recommendation for preliminary approval to the Authority and Council. Other required project approvals may proceed simultaneously with the business subsidy approval process.

The City will make a finding based upon information presented as to whether the proposed project is consistent with this Policy. If deemed appropriate, the City may direct staff and consultants to prepare the required documents and agreements.

### **B. Final Approval**

Final Approval of a business subsidy shall occur with the approval and signing of all required documents and agreements.

## **XII. Follow-up Reporting Requirements**

The Act requires follow-up reporting on the part of the business to the City of Caledonia and from the City to the State of Minnesota or other funding entity. The City shall provide a description of the information required and the forms / format for such reporting.

DATE OF POLICY ADOPTION: MARCH 27, 2000

BY: Robert L. Nelson  
(Title) Clerk Administrator

DATE OF PUBLIC HEARING: MARCH 27, 2000

## **EXHIBITS**

**Exhibit A: Business Subsidy Application**

**Exhibit B: Release Authorization**

**Exhibit C: Letter of Agreement**

**Exhibit D: Business Plan Outline**

**City of Caledonia**  
**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION ADOPTING BUSINESS SUBSIDY CRITERIA**

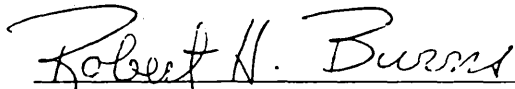
WHEREAS, Minnesota Statutes, Sections 116J.993 through 116J.995 (the "Statutes") require the adoption of criteria for the granting of business subsidies as defined in the Statutes; and

WHEREAS, the Caledonia City Council of the City of Caledonia has determined that it is necessary and appropriate to adopt business subsidy criteria pursuant to the Statutes; and

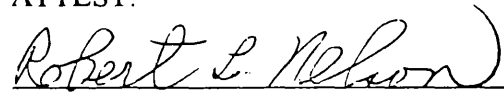
WHEREAS, the Caledonia City Council has performed all actions required by law to be performed prior to the adoption and approval of the proposed business subsidies, including the holding of a public hearing upon published notice as required by law on March 27, 2000.

NOW, THEREFORE, BE IT RESOLVED by the Caledonia City Council of the City of Caledonia, Minnesota, that the business subsidy criteria, contained in Exhibit A of this resolution are hereby approved, ratified, established, and adopted and shall be placed on file at the Caledonia City Offices in Caledonia.

Dated: March 27, 2000

  
\_\_\_\_\_  
Robert H. Burns, Mayor

ATTEST:

  
\_\_\_\_\_  
Robert L. Nelson, City Clerk-Administrator

**BUSINESS SUBSIDIES CRITERIA**  
**City of Caledonia, Minnesota**  
***Economic Development Authority (EDA)***

**I. Public Purpose**

Determining whether to grant a business subsidy is an inherently inexact process that greatly depends on individual situations. This policy is a general statement of guidelines. The *EDA* in adopting this policy retains the sole and absolute discretion to deny or grant any subsidy request for any reason. The *EDA* shall have the option, by action of the *EDA Commissioners* to *recommend* or waive sections of this Policy when determined necessary, appropriate, and in keeping with the best interests of the City.

This Policy is adopted by the Caledonia *EDA* ("*EDA*") in accordance with the Minnesota Business Subsidy Law ("Act"), Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act. Subd.1 of the Act states: "A business subsidy must meet a public purpose other than increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable."

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The *EDA* and City of Caledonia shall continue its support of community and economic development projects by utilizing any and all available economic development financing tools it deems appropriate, including, but not limited to revolving loan fund gap financing, Tax Increment Financing, and Tax Abatement. This policy shall apply to Revenue Bonds issued by the City only to the extent required by law.

This policy with its Exhibits supercedes and replaces all prior City and *EDA* policies concerning the use of public financing tools. Compliance with the General Business Subsidy Policy shall not automatically mean compliance with such separate policies. Federal or State funding sources may have additional requirements or benefits.

**III. Community & Economic Development Goals & Objectives:**

The *EDA* may *recommend* business subsidies to projects that would not otherwise occur "but for" the assistance being requested, by using the available economic development financing tools to assist the City in satisfying its community and economic development goals and objectives. These specifically include broadening and diversifying the tax base, and one or more of the following:

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Therefore, where no other criteria apply, job and wage goals under this policy shall be required of Applicants on the basis of reasonable projections for comparable businesses, industries, or other organizations. The job and wage goals subsequently required under this policy shall be fulfilled by the end of the second full year of operation. "Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable." (The Act, Subd.1)

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A key indicator for the use of all business subsidies shall be the "but for" analysis that says the proposed development project would not occur "but for" the business subsidy assistance, i.e., does it pass the "but for" test set forth in this Section? Therefore, the City and Authority will review each business subsidy application based on the following criteria:

1. Whether development obstacles exist on the site (e.g., deteriorated/obsolete buildings; poor soil conditions).
2. Whether the site has been targeted by the City and/or Authority for redevelopment or development based on specified needs and policy.
3. Whether the development project will locate or relocate to a different city and/or state without local public financing.
4. Whether public infrastructure is necessary in order to serve a large area or targeted site.
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- A. A building or zoning permit shall not be obtained and Construction of the project shall not begin until the Council and the Authority have approved the applicable business subsidy documents, and executed with the Applicant, a corresponding development agreement / contract for private development, or other appropriate agreements.
- B. The City and Authority shall be reimbursed by the Applicant for costs associated with contract professionals for reviewing the business subsidy application, preparing and approving required documents, and executing the agreements. The Applicant will deposit with the City an administrative fee equal to 100% of the projected costs which will be applied to costs incurred by the City in conjunction with the proposed project. In the event such costs exceed the deposit, the Applicant may be required to pay the additional costs as billed by the City or Authority.
- C. At all times, policies and procedures related to the proposed or actual approval of the Business Subsidy Project shall comply with applicable laws.
- D. All applications and supporting documents shall become the property of the City, and the classification of the data shall be governed by the Data Practices Act.
- E. The Council and Authority reserve the right to select and retain, at the expense of the Applicant, a third party to assist in the evaluation of the proposed development project and corresponding documents and agreements.
- F. The Applicant shall pay all permits and fees normally charged by the City as part of the approval process unless otherwise approved by the City.

## **X. Business Subsidy Application Procedure**

### **A. Preapplication**

- 1. Prior to any consideration by the EDA and City Council, the Applicant must deliver to the EDA:
  - a. Completed Business Subsidy Application (*Exhibit A*).
  - b. Release Authorization(s) (*Exhibit B*).
  - c. Letter of Agreement substantially in the form attached (*Exhibit C*).
  - d. Minimum fee deposit of \$500 for preliminary consultant review.
- 2. City Staff and/or a third party will review the application and provide a recommendation to the Authority and Council, based on consideration of the proposed project with the City's community and economic development goals, whether a full application should be considered.

## B. Full Application

The Applicant must provide all supplementary information and attachments as required for the business subsidy being requested; **and**:

1. A "but for" letter as set forth in *Section VIII* of this Policy and financial analysis demonstrating need for public financing assistance.
2. Letter of feasibility from a bank, lender, or financial advisor, including the following (where applicable):
  - Letter of commitment for bank / private financing
  - Retail or office market analysis;
  - Property appraisal for the proposed project;
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3. A statement addressing environmental review requirements and evidence of compliance with applicable requirements.
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9. Business financial statements including past three years of profit/loss statements and balance sheets. (See IX.D.)
10. Resumes and personal financial statements of all principals with 20% or more ownership in the business. (See IX.D.)
11. List of other development projects the Applicant has completed. List the value, debt load, and lender(s) of each project and note if the Applicant has ever defaulted on any loan commitment, development or redevelopment agreement, or other subsidy for any of the projects listed.
12. Any other information deemed necessary or desirable by the City or the EDA.



## **XI. Application Review and Project Approval**

### **A. Preliminary Approval**

City Staff and/or a third party will review the full application and provide a recommendation for preliminary approval to the Authority and Council. Other required project approvals may proceed simultaneously with the business subsidy approval process.

The City will make a finding based upon information presented as to whether the proposed project is consistent with this Policy. If deemed appropriate, the City may direct staff and consultants to prepare the required documents and agreements.

### **B. Final Approval**

Final Approval of a business subsidy shall occur with the approval and signing of all required documents and agreements.

## **XII. Follow-up Reporting Requirements**

The Act requires follow-up reporting on the part of the business to the City of Caledonia and from the City to the State of Minnesota or other funding entity. The City shall provide a description of the information required and the forms / format for such reporting.

DATE OF POLICY ADOPTION: MARCH 27, 2000

BY: Kathy Nelson, Pres.  
(Title)

DATE OF PUBLIC HEARING: MARCH 27, 2000

## **EXHIBITS**

**Exhibit A: Business Subsidy Application**

**Exhibit B: Release Authorization**

**Exhibit C: Letter of Agreement**

**Exhibit D: Business Plan Outline**

**Caledonia Economic Development Authority**  
**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION ADOPTING BUSINESS SUBSIDY CRITERIA**

WHEREAS, Minnesota Statutes, Sections 116J.993 through 116J.995 (the "Statutes") require the adoption of criteria for the granting of business subsidies as defined in the Statutes; and

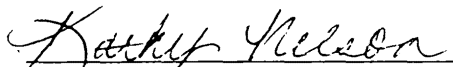
WHEREAS, the Caledonia Economic Development Authority (EDA) of the City of Caledonia has determined that it is necessary and appropriate to adopt business subsidy criteria pursuant to the Statutes; and

WHEREAS, the Caledonia Economic Development Authority (EDA) has performed all actions required by law to be performed prior to the adoption and approval of the proposed business subsidies, including the holding of a public hearing upon published notice as required by law on March 27, 2000.

NOW, THEREFORE, BE IT RESOLVED by the Caledonia City Council of the City of Caledonia, Minnesota, that the business subsidy criteria, contained in Exhibit A of this resolution are hereby approved, ratified, established, and adopted and shall be placed on file at the Caledonia City Offices in Caledonia.

Dated: March 27, 2000

ATTEST:

  
Kathy Nelson, President, Caledonia EDA

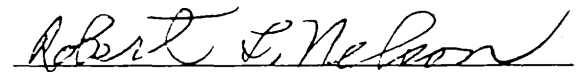
  
Robert L. Nelson, City Clerk-Administrator

Exhibit A  
**BUSINESS SUBSIDY APPLICATION**  
City of Caledonia

**TYPE OF SUBSIDY:**

EDA / IRP Loan: \_\_\_\_\_

Tax Abatement: \_\_\_\_\_

Date: \_\_\_\_\_

Tax Increment Financing(TIF): \_\_\_\_\_

Request: \$ \_\_\_\_\_ Total Project: \$ \_\_\_\_\_ Parcel#: \_\_\_\_\_

**Name of Business:** \_\_\_\_\_

**Business Address:** \_\_\_\_\_

**City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Zip:** \_\_\_\_\_ **Phone:** \_\_\_\_\_

**Contact Person:** \_\_\_\_\_ **Phone:** \_\_\_\_\_

**Type of Business:** Sole Proprietor \_\_\_\_\_ Partnership \_\_\_\_\_ Corporation \_\_\_\_\_

**Nature of Business:** \_\_\_\_\_ **Date Established:** \_\_\_\_\_ **SIC Code:** \_\_\_\_\_

**Employer's Federal Identification Number:** \_\_\_\_\_

**Employer's State Identification Number:** \_\_\_\_\_

**Name of Owner #1:**

Percentage Owned: \_\_\_\_\_%

Home

Address: \_\_\_\_\_

City, \_\_\_\_\_

State, Zip: \_\_\_\_\_

Home Phone: \_\_\_\_\_

**Name of Owner #2:**

Percentage Owned: \_\_\_\_\_%

Home

Address: \_\_\_\_\_

City, \_\_\_\_\_

State, Zip: \_\_\_\_\_

Home Phone: \_\_\_\_\_

**Professional Services / References**

**Name of Bank:** \_\_\_\_\_

**Bank Address:** \_\_\_\_\_

**City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Zip:** \_\_\_\_\_ **Phone:** \_\_\_\_\_

**Contact Person:** \_\_\_\_\_ **Account#:** \_\_\_\_\_

**Name of Attorney:** \_\_\_\_\_

**Attorney Address:** \_\_\_\_\_

**City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Zip:** \_\_\_\_\_ **Phone:** \_\_\_\_\_

**Name of Accountant:** \_\_\_\_\_

**Accountant Address:** \_\_\_\_\_

**City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Zip:** \_\_\_\_\_ **Phone:** \_\_\_\_\_

### SOURCES & USES OF FUNDS

	<u>BANK</u>	<u>EQUITY</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>TOTAL</u>
PROPERTY ACQUISITION	_____	_____	_____	_____	_____	_____
IMPROVE/RENOVATE EXISTING BUILDING	_____	_____	_____	_____	_____	_____
NEW CONSTRUCTION	_____	_____	_____	_____	_____	_____
PURCHASE/REPAIR MACHINERY/EQUIPMENT	_____	_____	_____	_____	_____	_____
INVENTORY	_____	_____	_____	_____	_____	_____
WORKING CAPITAL	_____	_____	_____	_____	_____	_____
PROFESSIONAL FEES	_____	_____	_____	_____	_____	_____
OTHER	_____	_____	_____	_____	_____	_____
TOTAL PROJECT:	_____	_____	_____	_____	_____	_____
	<u>BANK</u>	<u>EQUITY</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>TOTAL</u>
SOURCE AMOUNTS	_____	_____	_____	_____	_____	_____
% PROJECT COST	_____	_____	_____	_____	_____	_____
TERM YEARS	_____	_____	_____	_____	_____	_____
INTEREST RATE	_____	_____	_____	_____	_____	_____
MONTHLY DEBT SERVICE	_____	_____	_____	_____	_____	_____
LIEN POSITION	_____	_____	_____	_____	_____	_____
Status of Financing Source: (Note if secured or pending)						

**General Description of Principal Business or Product** \_\_\_\_\_

Annual Sales:

Present: \$ \_\_\_\_\_ Future: \$ \_\_\_\_\_

**General Description of Proposed Project, Building and Site** (Attach site and building plans)

Building size: \_\_\_\_\_ Materials: \_\_\_\_\_

Estimated Market Value upon completion (land & improvements): \$ \_\_\_\_\_

Expected Start Date: \_\_\_\_\_ Expected Completion Date: \_\_\_\_\_

**Other Potential Use(s) of Proposed Facility:** \_\_\_\_\_

**Potential to Attract other Related Business / Industry:** \_\_\_\_\_

**Current and Projected Employment**

<u>Type of Employment</u>	<u>Existing Jobs</u>	<u>Employment Projections</u>	
		<u>First Year</u>	<u>Second Year</u>
Professional/Managerial/Technical	____ FT ____ PT	____ FT ____ PT	____ FT ____ PT
Wage Rate: _____			
Skilled	____ FT ____ PT	____ FT ____ PT	____ FT ____ PT
Wage Rate: _____			
Semi-skilled/Unskilled	____ FT ____ PT	____ FT ____ PT	____ FT ____ PT
Wage Rate: _____			
TOTALS:	____ FT ____ PT	____ FT ____ PT	____ FT ____ PT

**Public Benefit**

State how the project will benefit the community and impact the local tax base:

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**Declarations:**

A. Have there ever been judgments or injunctions against the company or owners? Yes\_\_\_ No\_\_\_

B. Is there any pending, anticipated or final regulatory or legal (civil or criminal) litigation involving the business, principals, officers, or shareholders? (If Yes, Give Details) Yes\_\_\_ No\_\_\_

C. Has the company, or the owners of the company, ever filed bankruptcy? Yes\_\_\_ No\_\_\_

D. Has the company, or the owners ever been or currently are delinquent on State or Federal taxes? Yes\_\_\_ No\_\_\_

E. Has the company or the owners ever defaulted on any loan commitment, development or redevelopment agreement, or other business subsidy? Yes\_\_\_ No\_\_\_

F. Note any potential conflicts that may be encountered should a business subsidy be approved:

---

G. The undersigned specifically acknowledge(s) and agree(s) that:

1. All statements made in the application are made for the purpose of obtaining the business subsidy indicated herein;
2. Verification or reverification of any information contained in the application may be made at any time by the Grantor / Lender, its agents, successors, and assigns, either directly or through a credit reporting agency, from any source named in this application, and the original copy of this application will be retained by the Grantor / Lender, even if the business subsidy is not approved;
3. The Grantor / Lender, its agents, successors and assigns will rely on the information contained in the application and I/we have continuing obligation to amend and/or supplement the information provided in this application if any of the material fact which I/we have represented herein should change prior to closing;
4. In the event my/our payments or obligations for the business subsidy indicated in this application become delinquent or otherwise in default, the Grantor / Lender, its agents, successors and assigns, may, in addition to all their other rights and remedies, report my/our name(s) and account information to a credit reporting agency;
5. Ownership of the business subsidy / loan may be transferred to successors or assigns of the Grantor / Lender without notice to me/us and/or the administration of the business subsidy / loan account may be transferred to an agent, successor or assign of the Lender without notice to me/us.

**Attachments:**

Exhibits B, C, and see Full Application Checklist for business subsidy requested.

**CERTIFICATION:** I/we certify that the information provided in this application is true and correct as of the date set forth opposite my/our signature(s) on this application and acknowledge my/our understanding that any intentional or negligent misrepresentation(s) of the information contained in this application may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both and liability for monetary damages to the Grantor / Lender, its agents, successors and assigns, insurers and any other person who may suffer any loss due to reliance upon any misrepresentation which I/we have made on this application.

**Name of Business:** \_\_\_\_\_

Borrower: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

Co-Borrower: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

Co-Borrower: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

Co-Borrower: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

Exhibit B  
**CITY OF CALEDONIA**  
**Business Subsidy Application**  
**WAIVER AND RELEASE OF INFORMATION**

The undersigned (the "Applicant") hereby authorizes the City of Caledonia, the Caledonia Economic Development Authority, or their duly authorized employees, officers, and agents (collectively, the "Grantor"), to obtain personal, financial, business, and other records, reports, and other information, from any or all sources (collectively, the "Data"), pertaining to the Applicant and to any entity owned or under the control of the Applicant, for the purpose of evaluating the Applicant's application for a business subsidy. The Applicant further authorizes any individual, corporation, partnership, financial institution, and any other person to release the Data to the Grantor and agrees to execute any other form necessary to effectuate such release.

The Applicant makes this authorization voluntarily with full knowledge of the purposes thereof, and hereby agrees, to the full extent permitted by law, to release, protect, defend, indemnify, and hold harmless the Grantor from any and all damages, costs, attorneys and other fees, and other liability resulting from the Grantor's collection, review, distribution, disposal, and any other use of the Data. The Applicant acknowledges that the Data may be governed by state and federal laws, rules, and regulations, including but not limited to the Minnesota Government Data Practices Act (the "Laws") and warrants that the Applicant has reviewed and understands the Laws and grants this waiver and release with the intention of providing all authorizations required by the Laws. Nothing herein shall limit or waive any immunity from or limitation on liability to which the Grantor is entitled under law.

The Applicant further warrants that all Data provided to the Grantor by or at the direction of the Applicant is true and correct as of the date it was provided and that the Grantor will immediately notify the Grantor upon any material change to the Data.

This Waiver and Release shall be governed by and construed in accordance with the laws of the state of Minnesota and any dispute arising out of it shall be heard in the state or federal courts of the state of Minnesota, the Applicant hereby waiving any objection to such jurisdiction, whether based on convenience or otherwise.

This Waiver and Release may not be modified, waived, or otherwise amended except by a writing signed by the City and the Authority.

A copy of this authorization will be treated in the same manner as the original.

\_\_\_\_\_  
Print Name of Applicant

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Dated

[A separate form must be signed by Applicant and  
each of Applicant's partners, officers, owners, and shareholders]

Exhibit C  
**CITY OF CALEDONIA  
ECONOMIC DEVELOPMENT AUTHORITY  
Business Subsidy Application  
LETTER OF AGREEMENT**

Honorable President and Commissioners of  
the Caledonia Economic Development Authority  
231 E. Main Street, PO Box 232  
Caledonia, MN 55921

**RE:** Application of \_\_\_\_\_ for a Business Subsidy for  
a Development Project in the City of Caledonia

President and Commissioner of the Caledonia EDA:

This Letter of Agreement (the "Agreement") is given by \_\_\_\_\_  
as (a) (the) (general partner) (president-vice president) of \_\_\_\_\_,  
a \_\_\_\_\_ organized under the laws of the State of Minnesota  
(the "Applicant") in connection with the review and consideration of a Business Subsidy for  
the \_\_\_\_\_ (the "Project"). In consideration, the Applicant hereby  
covenants and agrees as follows:

1.) Consulting Services

The City shall have the right to employ legal counsel, bond counsel, accounting, real estate, financial, engineering, architectural and other consultants to review the proposed Project and all proposed financing therefor in accordance with the policy statement (the "Policy Statement") attached to this letter.

2.) Other Costs and Expenses

The City shall also have the right to allocate and charge to the proposed Project costs and expenses for photocopies, publications, postage and other similar items rendered for incurred with respect thereto.

3.) Payment of Costs

The Applicant shall pay all costs, expenses and consulting services incurred by the City with respect to the Project and the issuance of Business Subsidy Obligations to finance all or part of the cost thereof, including but not limited to costs and expenses of the types enumerated in Paragraphs 1 and 2, whether or not the Project is approved and constructed or the City issues



Obligations therefor. The Applicant submits therewith a check in the amount of \$ \_\_\_\_\_, the proceeds of which may be deposited in a savings account by the City and used and disbursed by the City to pay such costs, expenses and consulting services when due. Upon completion of consideration of the Project or the issuance of Business Subsidy Obligations therefor, all such costs, expenses and consulting services not otherwise paid shall be paid from such deposit shall be returned to the Applicant. The fees advanced by the Applicant and expended for costs, expenses and consulting services may be reimbursed in accordance with the Policy Statement.

4.) Termination of Consideration

Notwithstanding anything to the contrary herein, if the City, the EDA, or both, have not, by no later than \_\_\_\_\_, 20\_\_\_\_, entered into one or more final development agreements with the Applicant that expressly supercede this Agreement, this Agreement shall automatically terminate. In addition to the foregoing, the Applicant acknowledges that neither the City nor the EDA shall have any obligation pursuant to this Agreement, including but not limited to any obligation to enter into a final development agreement with the Applicant or provide any financial or other assistance to the Project, and that the City, the EDA, or both will evaluate the Project in their respective sole discretions.

5.) Indemnification

(a) Except for any willful misrepresentation or any willful or wanton misconduct or negligence of the following named parties, the Applicant agrees to protect, defend, and indemnify the City, the EDA, and their governing body members, officers, agents, servants, and employees, now or forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action, damages, costs, attorneys and other fees, and other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from this Agreement, or the transactions contemplated hereby, or the acquisition, construction, installation, ownership, and operation of the Project.

(b) All covenants, stipulations, promises, agreements, and obligations of the City or the Authority contained herein shall be deemed to be the covenants, stipulations, promises, agreements, and obligations of the City and the Authority, respectively, and not of any governing body member, officer, agent, servant, or employee of the City or the Authority in the individual capacity thereof.

(c) The provisions of this Section 5 shall survive termination of this Agreement.

6.) Assignment

The Applicant acknowledges and agrees that neither the Applicant's obligations, nor its rights, if any, pursuant to this Agreement may be assigned, sold, hypothecated, pledged, or otherwise transferred.

7) Counterparts; Modifications.

This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument. This Applicant's obligations under this Agreement may not be modified, waived, or otherwise amended except by a writing signed by the City and the EDA.

8.) Governing Law; Venue.

This Agreement shall be construed in accordance with the laws of the State of Minnesota. Any dispute arising from this Agreement shall be heard in the state or federal courts of Minnesota, and the Applicant waives any objection to the jurisdiction thereof, whether based on convenience or otherwise.

9.) Effective Date

The effective date of this Agreement is \_\_\_\_\_, \_\_\_\_\_.

Applicant:

By \_\_\_\_\_

Its \_\_\_\_\_

Date \_\_\_\_\_

# **BUSINESS PLAN OUTLINE**

## **I. Executive Summary**

- A. Name of location of business
- B. Brief discussion of product, market, and competition
- C. Expertise of management team
- D. Summary of financial projections
- E. Amount of financial assistance requested and proposed purpose
- F. Business goals and reasons for undertaking the project

## **II. Description of the Company**

- A. Date and state of incorporation or formation
- B. History of the company
- C. Background of the principals and their roles

## **III. Market Analysis**

- A. Description of current industry and industry trends
- B. Description of the total market and its participants
- C. Discussion of the target market and the competition

## **IV. Description of the Product or Service**

- A. List of patents, copyrights, licenses or proprietary interests
- B. Discussion of technical and legal considerations
- C. Comparisons to competitors' products or services
- D. Description of current and future research and development

### **Marketing Strategy**

- A. Overall strategy
- B. Pricing policy and sale terms
- C. Method of selling, distributing and servicing
- D. Current and estimated sales and market share
- E. Advertising, public relations, and promotion

## **VI. Management Plan**

- A. Form of business organization
- B. Composition of board of directors, officers organization chart and responsibilities
- C. Resumes of key personnel and listing of key advisors

## **VII. Operating Plan**

- A. Schedule of upcoming work and key completion dates for next two years
- B. Planned facilities or capital improvements for next three years
- C. Staffing plan

## **VIII. Financial Data**

- A. Funding request indicating the desired financing, capitalization, use of funds, and future financing
- B. Past three years, year-end financial statements (balance sheet, income and cash flow statements)
- C. Current interim financial statements
- D. Pro forma cash flow projections, including the proposed financing, for two years
- E. Projected balance sheets, income statement, and statement of changes in financial position, including the proposed financing for two years
- F. Description of all assumptions behind the financial projections

**BUSINESS SUBSIDIES CRITERIA**  
**City of Caledonia, Minnesota**  
**Appendix A:**  
**TAX INCREMENT FINANCING POLICY**

**TIF I. PURPOSE**

The purpose of this policy is to establish the position of the City of Caledonia with respect to the use of Tax Increment Financing (TIF) for private development within the City. This policy shall be used as a guide in the application for, review and consideration of any requests for Tax Increment assistance.

**TIF II. LIMITATION ON USE of TAX INCREMENT FINANCING for PROJECTS**

The City Council will not favorably consider a new tax increment project if the current total captured tax capacity of all existing and certified projects exceeds 20% of the total tax capacity of the City. (Total TIF District Tax Capacity divided by Total City Tax Capacity).

**TIF III. PROJECTS AND USES ELIGIBLE for TIF ASSISTANCE**

In order to meet the stated goals and objectives of the City, the Authority may consider using TIF to assist private development only in those circumstances where the proposed project includes one or more of the following targeted uses that qualify in accordance with the TIF Plan:

- A. Office, Office/Showroom
- B. Office/Service/Warehouse
- C. Office/Industrial/Corporate Headquarters
- D. Industrial/Manufacturing/Warehouse
- E. Senior Citizen Housing
- F. Commercial and Retail uses of a general municipal benefit where:
  - 1. The project is a part of a redevelopment plan; **or**  
otherwise meets the criteria for a redevelopment TIF district; and
  - 2. The project has a net gain of two (2) or more new full-time jobs; **and/or**
  - 3. The project will significantly enhance the overall appearance, character and/or quality of the Zoning District.
- G. Other uses for which TIF may be expended under State law

#### **TIF IV. ELIGIBLE TIF EXPENDITURES**

Project costs qualifying for TIF assistance are defined by state statute, including land acquisition, site preparation, soils correction, utilities, parking lots, landscaping, lighting, and associated design and utility fees. The City and Authority prefer to use TIF to address the following prioritized list of expenditures:

- A. Soils correction
- B. Deteriorated/obsolete building removal
- C. Public streets and utilities improvements
- D. Site improvements (grading)
- E. Site improvements (parking, lighting, landscaping)
- F. Land acquisition

Projects that have already obtained a building or zoning permit, and/or commenced construction at the time of signing of the final development agreement are not eligible for TIF assistance.

#### **TIF V. FINANCING STRUCTURE**

The City shall require that the project to be financed in part by tax increment bonds or revenues must demonstrate that the tax increments to be generated solely by the project are sufficient to amortize the tax increment bonds or revenues for the project. The City and Authority have two general options regarding the use of TIF relating to the type of financing structure: (A) bonding/other debt; and (B) pay-as-you-go.

- A. Bonding is the most advantageous to the developer due to the City obtaining and releasing funds at the beginning of the project; however, this type of financing is also the most risky for the City.
- B. Pay-as-you-go is safe from the City's perspective since tax increments are paid only to the extent that is available.
- C. Loans could be structured under bonding or pay-as-you-go, but the business is required to pay back the proceeds to the City or the Authority rather than treating the tax increment as a grant. For purposes of the policy, the following guidelines are established:
  - 1. Loans will be used when financing "gaps" are identified, provided that loan proceeds must be used to pay eligible TIF expenditures as described in Section III above.
  - 2. Pay-as-you-go financing is preferred over bonding or other debt instrument; therefore, bonding will be used only if a significant public benefit is demonstrated.
  - 3. If public financing needs exceed the level of tax increments generated from within the corresponding TIF District, then the City and Authority may evaluate other sources of financing.

## **TIF VI. LOCAL CONTRIBUTION**

This section addresses the LGA/HACA TIF Penalty versus Alternate Local Contribution.

- A. In the approved Tax Increment Plan the City can elect the alternate Local Contribution in lieu of the LGA/HACA TIF Penalty. The Local Contribution is a matching grant to aid the project, and must be made with non-TIF dollars. The amount of Local Contribution, the source of Local Contribution funds and the use of Local Contribution funds must follow the rules determined by Minnesota Statutes 273.1399.
- B. The City Council will determine the type of Local Contribution appropriate for each tax increment project on an individual basis.

## **TIF VII. APPLICATION PROCEDURES for a NEW /AMENDED TIF DISTRICT:**

In addition to the Business Subsidy application procedures, the following procedures shall apply to establish a new / amended TIF District, except that, MN Statutes shall supersede these procedures whenever they are applicable and more restrictive.

- A. A completed application with the required deposit shall be submitted to the EDA Director. The City or Authority may also initiate a proposed TIF District / Plan without application, based upon a determination on the suitability of a particular area for inclusion in a TIF District (i.e. type of district; legal criteria; and future use of the area).
- B. The proposed development or redevelopment project is presented to the Authority. If the Authority desires to proceed, it authorizes its staff and / or consultants to draft a new or amended TIF Plan for a District, or draft a development agreement if the project is within an existing district (Step F). The Authority approves a preliminary plan and requests a public hearing; the Council orders a public hearing on the proposed TIF District/Plan.
- C. The Planning & Zoning Commission adopts a resolution that the proposed use(s) are consistent with the City's Comprehensive Guide Plan / Zoning Ordinance.
- D. The County Commissioner representing the area of the TIF District is notified in writing of the proposed district's creation (if required by state law). The notice of public hearing is published; and information on the proposed TIF District/Plan is sent to the County and School District at least thirty (30) days prior to the public hearing.
- E. The City Council holds a public hearing; where it approves or disapproves the TIF Plan/District. If approved, the district is certified with Houston County and the State of Minnesota.

- F. City Staff and/or consultants prepare a Contract for Private Development or ReDevelopment that identifies the responsibilities and obligations of all parties associated with the proposed project; the Authority approves a resolution recommending this Contract to the Council for final adoption. The Contract (final, signed agreement) shall expressly state that any Preliminary Agreements are obsolete, or, shall explicitly state what sections are continuing to be in force, in addition to the final contract.)
- G. In addition to the Development Agreement and Contract with the developer, if the risk is on the City or the EDA, an assessment agreement will also be included that sets forth a minimum market value and a guarantee by the developer of debt service on the tax increment bonds if the tax increments are insufficient for such purposes. To secure the developer's guarantee, the developer will be required to deliver a letter of credit, in a form and from a bank satisfactory to the Authority, in an amount equal to one year's taxes in the completed project.
- H. The City Council authorizes final approval for the Contract for Private (Re)Development.
- I. City Staff executes Assessment Agreement as appropriate if required with the Houston County Assessor.
- J. Record Assessment Agreement and Development Agreement as appropriate if required with the Houston County Recorder.

DATE OF TIF POLICY ADOPTION: March 27, 2000

BY: Kathy Nelson Pres  
(Title)

ATTEST: Robert L. Nelson  
(Title) Clerk-Administrator

## **BUSINESS SUBSIDIES CRITERIA**

### **City of Caledonia, Minnesota**

#### **Appendix B:**

#### **TAX ABATEMENT POLICY for ECONOMIC DEVELOPMENT**

##### **Abate I. PURPOSE**

The purpose of this policy is to establish guidelines for the City of Caledonia with respect to the use of Tax Abatements for private development within the City. This policy shall be used as a guide in the application for, review and consideration of any requests for Economic Development Tax Abatement Assistance.

- A. The City of Caledonia will grant Economic Development Tax Abatements only where extraordinary or special circumstances exist and the abatement of taxes would be in the demonstrated interest of the tax-paying public.
- B. The primary purpose of the City of Caledonia Economic Development Tax Abatements shall be for the creation or preservation of private sector, livable wage jobs in the community or for the redevelopment or renewal of blighted areas.
- C. Tax Abatement Assistance will be considered on a case-by-case basis. The City Council may change or modify these guidelines as it deems necessary.
- D. An Economic Development Tax Abatement Agreement may not be entered into if the property is located in an existing Tax Increment Financing (TIF) District.

##### **Abate II. PROCEDURE for ECONOMIC DEVELOPMENT TAX ABATEMENTS**

In addition to the Business Subsidy application procedures, the following procedures shall apply to establish Tax Abatement Assistance, except that, MN Statutes shall supersede these procedures whenever they are applicable and more restrictive. Projects that have already obtained a building or zoning permit, and/or commenced construction at the time of signing of the final development agreement are not eligible for TIF assistance.

- A. A completed application with the required deposit shall be submitted to the EDA Director.
- B. The Authority, with staff input will determine whether the application for Tax Abatement Assistance meets statutory criteria and these guidelines.
- C. A vote of the Authority to recommend or not to recommend the Tax Abatement Assistance request will be forwarded to the City Council.



D. The City Council will develop a proposed resolution that will specify:

1. The nature and extent of the public benefit or detriment resulting from the abatement.
2. The terms of the abatement
  - a. Amount (New construction not to exceed 75% of City abatable amount)
  - b. Duration
  - c. Other: The City Council may limit and condition the abatement in any other manner it deems appropriate.

E. The City Council will hold a public hearing on the abatement.

F. Following the public hearing, the City Council may consider adoption of a resolution for abatement.

G. The City will pay the abatement to the property owner, lessee, or representative as provided in the abatement resolution and development agreement.

H. The Economic Development Tax Abatements will not be transferable to another party, should the property change ownership without Council approval.

DATE OF TAX ABATEMENT POLICY ADOPTION: March 27, 2000

BY: Kathy Nelson Pres.  
(Title)

ATTEST: Robert L. Nelson  
(Title) Clerk, Administrator

CITY OF CAMBRIDGE, MINNESOTA

RESOLUTION NO. R99-78

**RESOLUTION ADOPTING BUSINESS SUBSIDY CRITERIA**

WHEREAS, Minnesota Statutes, Sections 116J.993 through 116J.995 (the "Statutes") require the adoption of criteria for the granting of business subsidies as defined in the Statutes; and,

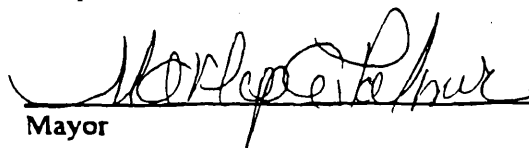
WHEREAS, the City of Cambridge (the "City") has determined that it is necessary and appropriate to adopt business subsidy criteria pursuant to the Statutes; and,

WHEREAS, the City has performed all actions required by law to be performed prior to the adoption and approval of the proposed business subsidies, including the holding of a public hearing upon published notice as required by law on September 20, 1999.

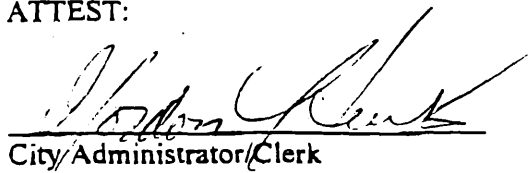
NOW, THEREFORE, BE IT RESOLVED by the City Council (the "Council") of the City of Cambridge, Minnesota, that the business subsidy criteria, contained in Exhibit A of this resolution are hereby approved, ratified, established, and adopted and shall be placed on file at the City.

Dated: September 20, 1999

Adopted:

  
Mayor

ATTEST:

  
City Administrator/Clerk

# **THE CITY OF CAMBRIDGE, MINNESOTA**

## **Business Subsidy Criteria**

**Public Hearing and Adoption the 20 day of SEPTEMBER, 1999.**

### **1. PURPOSE**

- 1.01 The purpose of this criteria is to establish the City's position as it relates to the use of business subsidies, as defined in Minnesota Statutes 116J.993, Subdivision 3, for private development. This criteria shall be used as a guide in processing and reviewing applications requesting business subsidies.
- 1.02 The City shall have the option of amending or waiving sections of this criteria when determined necessary or appropriate. Amendments to these criteria are subject to public hearing requirements pursuant to Minnesota Statutes, Sections 116J.993 through 116J.995.

### **2. STATUTORY LIMITATIONS**

- 2.01 In accordance with the Business Subsidy Criteria, Business Subsidy requests must comply with applicable State Statutes. The City ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.995.

### **3. PUBLIC POLICY REQUIREMENT**

- 3.01 All business subsidies must meet a public purpose other than increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable.

### **4. BUSINESS SUBSIDY APPROVAL CRITERIA**

- 4.01 All new projects approved by the City should meet the following mandatory minimum approval criteria. However, it should not be presumed that a project meeting these criteria will automatically be approved. Meeting these criteria creates no contractual rights on the part of any potential developer or the City.
- 4.02 The project must be in accord with the Comprehensive Plan and Zoning Ordinances, or required changes to the plan and ordinances must be under active consideration by the City at the time of approval.

## City Business Subsidy Criteria

- 4.03 Business subsidies will not be provided to projects that have the financial feasibility to proceed without the benefit of the subsidy. In effect, business subsidies will not be provided solely to broaden a developer's profit margins on a project.
- 4.04 Prior to approval of a business subsidies financing plan and when deemed appropriate by the City, the developer shall provide any required market and financial feasibility studies, appraisals, soil boring, information provided to private lenders for the project, and other information or data as requested.
- 4.05 A recipient of a business subsidy must make a commitment to continue operations at the site where the subsidy is used for at least five years after date of occupancy.

## 5. TAX INCREMENT PROJECT EVALUATION CRITERIA.

- 5.01 The City will utilize Tax Increment Financing to support the community's long-term economic development goals.
- 5.02 Each Tax Increment Financing subsidy will be analyzed and evaluated by the City. Each project shall be measured against the criteria and the value of the project shall be determined, based upon meeting the criteria.
- 5.03 Following are the evaluation criteria that will be used by the City
  - 1. All business subsidy requests shall meet the "but for" test. The "but for" test means that the project would not develop solely on private investments in the reasonable future. The developer shall provide findings for the "but for" test.
  - 2. All business subsidy requests should create the highest feasible number of jobs on site from date of occupancy where deemed appropriate.
  - 3. For manufacturing and warehousing business subsidy requests, jobs must pay a wages of at least 110% of federal minimum wage plus benefits. Annual written report is required until termination date. Failure to meet the job and wage level goals require partial or full repayment of the assistance with interest.
  - 4. For other business subsidy requests, jobs created must meet as a minimum the federal minimum wage requirement. Annual written reports are required until termination date. Failure to meet the job and wage level goals require partial or full repayment of the assistance with interest.
  - 5. All business subsidy requests should create the highest possible ratio of property taxes paid before and after development.

6. Business subsidy requests should facilitate the "clean-up" of environmentally unsound property where deemed appropriate.
- All business subsidy applicants are encouraged to promote additional desired "spin-off" development.
8. All business subsidy applicants are encouraged to demonstrate involvement in the community.



1880 Main Street • Centerville, MN 55038

(651) 429-3232 • Fax (651) 429-8629

**STATE OF MINNESOTA  
COUNTY OF ANOKA  
CITY OF CENTERVILLE**

**RESOLUTION 00 - 09**

**BUSINESS SUBSIDY POLICY**

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal, which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

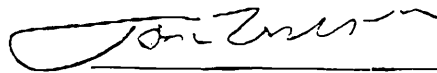
With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on a case-by-case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonable demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.

- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

PASSED AND ADOPTED by the City Council this 26<sup>th</sup> day of April, 2000.

Approved by the Centerville City Council on April 26, 2000.



Tom Wilharber, Mayor



Jim March, City Administrator

## **CHAMPLIN ECONOMIC DEVELOPMENT AUTHORITY BUSINESS SUBSIDY CRITERIA**

### **I. PURPOSE**

- 1.01 The purpose of this document is to establish the criteria of the Champlin EDA (the GRANTOR) for granting of business subsidies, as defined in Minnesota Statutes 116J.993, Subdivision 3, for private development. These criteria shall be used as a guide in processing and reviewing applications requesting business subsidies.
- 1.02 GRANTOR shall have the option of amending or waiving sections of these criteria when determined necessary or appropriate. Amendments to these criteria are subject to public hearing requirements pursuant to Minnesota Statutes, Sections 116J.993 through 116J.995. GRANTOR may waive any provision(s) of these criteria without holding a public hearing.
- 1.03 Existing City programs that provide business subsidies are hereby revised to reflect the following business subsidy criteria as deemed necessary and appropriate.

### **II. STATUTORY LIMITATIONS**

- 2.01 In accordance with the business subsidy criteria, business subsidy requests must comply with applicable Minnesota statutes. GRANTOR's ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116.993 through 116J.995.

### **III. PUBLIC POLICY REQUIREMENT**

- 3.01 All business subsidies must meet a public purpose other than increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable.

### **IV. BUSINESS SUBSIDY APPROVAL CRITERIA**

- 4.01 All new projects approved by GRANTOR shall meet the goals, criteria, or guidelines for the specific business subsidy program for which the application is being considered.
- 4.02 The business subsidy shall be provided within applicable state legislative restrictions, debt limit guidelines, and other appropriate financial requirements and policies.



- 4.03 The project must be in accordance with the City's Comprehensive Plan and Zoning Ordinances, or required changes to the plan and Ordinances must be under active consideration by the City of Champlin at the time of approval.
- 4.04 Business subsidies shall enhance the economic diversity of the community by creating a mix of business types. Whenever possible, efforts shall be made to invest in an area which is blighted or historically has not received similar investments.
- 4.05 All business subsidy requests should maximize the amount of private development investment in a site.
- 4.06 Recipients of business subsidies in instances where creation of jobs is the sole or primary public purpose will be encouraged to create the highest number of jobs at the highest feasible wage. However, the establishment of wage and job goals will take into account prevailing wage rates, local economic conditions, the individual financial resources of the recipient and wages paid by the recipient's competitors.

#### V. SUBSIDY AGREEMENT

- 5.01 A recipient must enter into a subsidy agreement with GRANTOR which will include, but will not be limited to, the following:
- A. Description of the subsidy;
  - B. Statement of the public purpose;
  - C. Goals for the subsidy;
  - D. Description of the financial obligation of the recipient if the goals are not met;
  - E. Statement of the reason why the subsidy is needed;
  - F. Commitment to continue operations at the site where the subsidy is used for a minimum of five (5) years after the benefit date, as defined in the state statute;
  - G. Goals for the jobs created, or where job loss is imminent, goals for jobs retained; and
  - H. Reporting requirement to the City as detailed in MS116J.994, Subd. 7

Adopted: December 14, 1999

***CITY OF CHANHASSEN  
BUSINESS SUBSIDY CRITERIA***

***Approved October 11, 1999***

**CITY OF CHANHASSEN  
BUSINESS SUBSIDY CRITERIA**

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**Policy and Criteria for Business Subsidy**

**GENERAL POLICY**

The City Council of the City of Chanhassen has the power, should it deem necessary, to grant business subsidies. The fundamental purpose of Business Subsidy Criteria in Chanhassen is to encourage desirable and affordable housing, senior housing, and assisted living that would not otherwise occur "but for" the assistance provided by the City of Chanhassen Business Subsidy Criteria. This Business Subsidy Criteria shall be used as a guide in processing and reviewing applications requesting business subsidy.

**PROJECT SELECTION CRITERIA**

Business Subsidies can benefit the community by providing a broad range of housing opportunities such as affordable housing, senior housing and assisted living. The Council reserves the right to approve or reject business subsidies on an individual basis.

**Highest Priority Shall Be Given to Projects Which Include:**

1. Compatibility of the proposed project with the City's overall development plans and objectives.
2. Broad range of housing opportunities such as affordable housing, senior housing and assisted living.
3. Minimal impact on City service needs.
4. High quality of the facility to be built.
5. Increase in Tax Base: While an increase in the tax base cannot be the sole grounds for granting a subsidy, the EDA believes it is a necessary condition for any subsidy.
6. Jobs and Wages: It is the EDA's intent that the grantee create the maximum number of livable wage jobs at the site. This may include jobs to be retained but only if job retention is imminent and demonstrable.
7. Economic Development: Projects should promote one or more of the following:
  - a. Encourage economic and commercial diversity within the community;
  - b. Contribute to the establishment of a critical mass of commercial development within an area;
  - c. Provide basic goods and services, increase the range of goods and services available, or encourage fast-growing businesses;
  - d. Promote redevelopment objectives and removal of blight, including pollution cleanup;
  - e. Promote the retention or adaptive reuse of buildings of historical or architectural significance;
  - f. Promote additional or spin-off development within the community;
  - g. Encourage full utilization of existing or planned infrastructure improvements.

**PROJECT REQUIREMENTS**

1. Applicant at all times should retain and be assisted by qualified financial consultants and/or underwriters, and legal counsel.
2. Construction of the project shall not be commenced until the City has given preliminary approval to the application for financing.
3. The City reserves the right to deny any application for financing at any stage of the proceedings prior to adoption of the final approval authorizing issuance of the bonds.
4. The City reserves the right to select a third party administrator to assist in the management of the process.
5. The City will only consider a "pay as you go" plan for high quality industrial developments in existing TIF districts (National Weather, 2-2; Hennepin County, 3-1; Gateway, 6-1; and Entertainment District, 4).
6. Development must be of the highest quality with high quality building materials and landscaping as agreed between the City and the Developer.

7. Developer must pay all costs of establishing the district unless the City agrees to allow costs to come out of the district.
8. Local requirements may be more stringent than State statute as applies to TIF.
9. Project meets "but for" analysis and statutory qualifications (Exhibit A).
10. All projects must be consistent with Chanhassen's Comprehensive Plan and any other similar plan or guide for development of the community.

#### **ACTIVITIES TO BE CONSIDERED FOR FINANCING**

1. Any subsidy granted by the city will be subject to the requirement of a public hearing, if necessary, and must be approved by the Chanhassen City Council.
2. It will be necessary for both the grantee and the EDA (City of Chanhassen) to comply with the reporting and monitoring requirements of the Act.
3. Land write down
4. Costs of streets and utilities
5. Demolition and relocation costs
6. City costs such as trunk utility costs, street costs, and MSA reimbursement
7. Extraordinary landscaping and lighting
8. Soil corrections

#### **APPLICATION PROCESS**

1. The application process must be completed in accordance with TIF application procedures (Exhibit B).
2. Applicant shall make an application for TIF usage on forms available from the City.
3. The application will include (if appropriate):
  - A. Statement of Public Purposes
  - B. Description of Project
  - C. Plans and Drawings of Project
  - D. Description of Company
  - E. Legal Opinions
  - F. Investment Bank Letter of Feasibility
  - G. Market Analysis
  - H. Pro Forma Analysis
  - I. Financial Statements
  - J. Zoning and Planning Analysis
  - K. Application Fee
  - L. Demonstration of past successful general development capability as well as specific capability in the type and size of development proposed.
  - M. Other Documentation Requested by the City
3. The City's Business Subsidy program will be administered by the City of Chanhassen's Economic Development Authority (EDA). The applicant shall submit a completed application and a \$2,000 non-refundable application fee. The application fee shall be paid to the City of Chanhassen at the time a final Business Subsidy application is submitted.

At the time a final Business Subsidy application is submitted, the applicant shall also deliver to the City a deposit in the amount of \$10,000. The purpose of this deposit is to reimburse the City for costs and expenses incurred in connection with preparation of the development agreement and the carrying out of all actions necessary in the fulfillment of the City's obligations. Any part of the deposit not needed for those purposes shall be promptly returned to the Redeveloper not later than the date of issuance of the Certificate of Completion, or within 15 days following the termination of the Development Agreement for failure to close. It is understood the deposit is not a limitation on the

Redeveloper's obligation to reimburse the City for such costs; and the Redeveloper shall pay the City for any such costs in excess of the deposit within 30 days following a written request to do so.

4. City staff will review the data and make preliminary recommendations to the City Council as to compliance of the application and proposed project with City objectives and criteria/Strategic Plan.
5. Formal evaluation of the application will include, in addition to items subject to preliminary review, review of applicable credit analysis, credit enhancement and legal compliance. Formal recommendation will then be made to the City Council.
6. After evaluation of the formal recommendation, the City Council will consider final approval of the establishment of the Business Subsidy and hold the appropriate hearings.
7. All applications and supporting materials and documents shall become the property of the City.

**CITY OF CHANHASSEN  
APPLICATION FOR BUSINESS SUBSIDY**

---

Business Name: \_\_\_\_\_

Address: \_\_\_\_\_

Location of Proposed Development: \_\_\_\_\_  
\_\_\_\_\_

Type(Partnership, etc.): \_\_\_\_\_

Telephone: \_\_\_\_\_

Nature of Business: \_\_\_\_\_

**Project Cost Breakdown:**

\$ \_\_\_\_\_

\$ \_\_\_\_\_

\$ \_\_\_\_\_

\$ \_\_\_\_\_

Total: \$ \_\_\_\_\_

Date: \_\_\_\_\_

---

**HISTORY OF APPLICANT**

1. Have you ever filed bankruptcy? Yes \_\_\_ No \_\_\_  
If yes, provide details on separate sheet.

2. Have you ever defaulted on any loan commitment? Yes \_\_\_ No \_\_\_  
If yes, provide details on separate sheet.

3. Have you ever applied for conventional financing for the project? Yes \_\_\_ No \_\_\_  
If yes, provide details on separate sheet. If no, why not?

4. List financial references: Name/Address/Contact

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

5. Other information pertinent to your application: \_\_\_\_\_  
\_\_\_\_\_

6. Name of Counsel: \_\_\_\_\_

**INFORMATION CONCERNING APPLICANT'S PROPOSED PROJECT FOR EXISTING  
INDUSTRIAL DEVELOPMENT LOCATED IN TIF DISTRICTS(National Weather, 2-2; Hennepin  
County, 3-1; Gateway, 6-1; Entertainment District, 4); AND Eden Trace, 4-1.**

1. Is the proposed project a new facility or rehabilitation and/or expansion of existing facility?

\_\_\_\_\_

2. Industrial/Commercial:\_\_\_\_\_

3. What is the present employment of your firm?\_\_\_\_\_

4. What will the employment be at completion of project?\_\_\_\_\_

5. Estimated Project Cost?\_\_\_\_\_

6. What is the principal business or product of the company?\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

7. Potential other use of proposed development?\_\_\_\_\_

\_\_\_\_\_

8. Will this development attract other related industries? Yes\_\_\_\_ No\_\_\_\_

How?\_\_\_\_\_

\_\_\_\_\_

9. What are the proposed financing arrangements?\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**INFORMATION CONCERNING APPLICANT'S PROPOSED HOUSING PROJECT**

1. Is the proposed housing project a new facility or rehabilitation and/or expansion of existing facility?  
\_\_\_\_\_
2. Housing Type(single family, multi-family, apartments, condominiums, etc.): \_\_\_\_\_  
\_\_\_\_\_
3. Number of units: \_\_\_\_\_
4. Number of bedrooms in each unit: \_\_\_\_\_
5. Sale price of the units: \_\_\_\_\_  
or
6. Rental price of the units: \_\_\_\_\_
7. Estimated total project cost and breakdown of overall development costs? \_\_\_\_\_  
\_\_\_\_\_
8. Who are you principally marketing your product to? \_\_\_\_\_  
\_\_\_\_\_
9. How long do you think it will take to sell or rent your product? \_\_\_\_\_  
\_\_\_\_\_
11. Do you have linkages/contacts with Chanhassen businesses? Please explain(Reason: To see if you are meeting the local business needs.) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
12. What are the proposed financing arrangements? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
13. How are you proposing to meet alternate transportation needs? \_\_\_\_\_  
\_\_\_\_\_



**EXHIBIT A**

**SAMPLE "BUT-FOR" ANALYSIS**

	WITH NO BUSINESS SUBSIDY	WITH BUSINESS SUBSIDY
	Sources and Uses	Sources and Uses
	SOURCES	SOURCES
Mortgage	9,600,000	8,667,000
Equity	2,400,000	2,400,000
Tax Increment	0	933,000
<b>TOTAL SOURCES</b>	<b>12,000,000</b>	<b>12,000,000</b>

	USES	USES
Land	1,500,000	1,500,000
Sitework	300,000	300,000
Soil Correction	468,000	468,000
Demolition	100,000	100,000
Relocation	65,000	65,000
Subtotal Land Costs	2,433,000	2,433,000
Construction	6,750,000	6,750,000
Finish Manufacturing	250,000	250,000
Subtotal Construction Costs	7,000,000	7,000,000
Soft Costs	350,000	350,000
Taxes	35,000	35,000
Finance Fees	850,000	850,000
Project Manager	542,000	542,000
Developer Fee	540,000	540,000
Contingency	250,000	250,000
Subtotal Soft Costs	2,567,000	2,567,000

<b>TOTAL USES</b>	<b>12,000,000</b>	<b>12,000,000</b>
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	Income Statement			Income Statement		
	Sq. Ft.	Per Sq. Ft.		Sq. Ft.	Per Sq. Ft.	
Rent-Space 1	100,000	\$8.00	800,000	100,000	\$8.00	800,000
Rent-Space 2	25,000	\$8.00	212,000	25,000	\$8.00	212,000
Rent-Space 3	25,000	\$9.00	225,000	25,000	\$9.00	225,000
Other	0	\$0.00	0	0	\$0.00	0
			1,237,500			1,237,500

Mortgage	20 Term 9.00% Interest 9,600,000	1,051,646	20 Term 9.00% 8,667,000	949,439
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Net Income	185,854	288,061
<b>Total Return on Equity</b>	<b>7.74%</b>	<b>12.00%</b>

**"BUT-FOR" ANALYSIS WORKSHEET**

	<b>WITH NO BUSINESS SUBSIDY</b>	<b>WITH BUSINESS SUBSIDY</b>
	Sources and Uses	Sources and Uses
	<b>SOURCES</b>	<b>SOURCES</b>
Mortgage Equity Tax Increment		
<b>TOTAL SOURCES</b>		

	<b>USES</b>	<b>USES</b>
Land Sitework Soil Correction Demolition Relocation		
Subtotal Land Costs		
Construction Finish Manufacturing		
Subtotal Construction Costs		
Soft Costs Taxes Finance Fees Project Manager Developer Fee Contingency		
Subtotal Soft Costs		

<b>TOTAL USES</b>		
-------------------	--	--

	<b>Income Statement</b>		<b>Income Statement</b>	
	Sq. Ft.	Per Sq. Ft.	Sq. Ft.	Per Sq. Ft.
Rent-Space 1				
Rent-Space 2				
Rent-Space 3				
Other				

Mortgage		
----------	--	--

Net Income		
<b>Total Return on Equity</b>		

**I hereby certify the above financial information is true and accurate.**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

## **EXHIBIT B**

### **CITY OF CHANHASSEN APPLICATION PROCEDURES FOR BUSINESS SUBSIDY**

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1. Applicant shall meet with City staff to discuss the scope of the project, public assistance being requested, time schedule and other information as may be necessary.
2. Following an initial meeting, applicant shall complete a Business Subsidy application. The completed application shall be submitted to the Executive Director of the Economic Development Authority.
3. The application shall be reviewed by City staff on a preliminary basis as to the feasibility of the project. City staff shall prepare a report on the project.
4. The application shall be placed on an EDA agenda for concept review. The applicant may make a presentation of the project at that time. City staff will present its preliminary findings.
5. The following items must accompany the application:
  - a. \$2,000 application fee
  - b. Completed "but-for" worksheet
  - c. \$10,000 application deposit
  - d. Statement of Public Purpose
  - e. Description of Project
  - f. Plans and Drawing of Project
  - g. Company Background Material
  - h. Letter of Feasibility
  - i. Market Analysis
  - j. Pro Forma Analysis
  - k. Financial Statements
  - l. Zoning and Comprehensive Plan Analysis
  - m. Other Pertinent Information
6. Following the necessary analysis of the application by City staff, a report shall be prepared and presented to the EDA for formal action. If the application is approved, City staff will be directed to undertake the following steps:
  - a. Prepare a redevelopment agreement between the City of Chanhassen and the Developer;
  - b. Prepare or modify the redevelopment plan and TIF plan if required.
7. If zoning amendments or Planning Commission action is required as part of the project, the appropriate actions shall be taken prior to final consideration of the redevelopment agreement.
8. Applicant must follow all city development review processes (e.g. site plan, platting, rezoning, PUD, etc.) before final Business Subsidy application may be approved.

If you have any questions concerning the Business Subsidy application process, please contact:

City of Chanhassen  
EDA Executive Director  
690 City Center Drive  
PO Box 147  
Chanhassen, MN 55317  
(612)937-1900 ext. 119

**CITY OF CHASKA  
CARVER COUNTY, MINNESOTA**

**RESOLUTION**

DATE APRIL 3, 2000 RESOLUTION NO. 00-25  
MOTION BY COUNCILMEMBER VAN EYLL SECOND BY COUNCILMEMBER WINDSCHITL

Resolution Adopting Business Subsidy Criteria

BE IT RESOLVED, by the City Council (the "Council") of the City of Chaska, Minnesota (the "City"), as follows:

Section 1. Recitals.

1.01. It has been proposed that the Council adopt business subsidy criteria, pursuant to Minnesota Statutes, Sections 116J.993 through 116J.995 as reflected in the attached Exhibit for the Council's consideration.

1.02. The Council has reviewed the City's goals and policies, and has caused the business subsidies criteria to be prepared.

1.03. The City has performed all actions required by law to be performed prior to the adoption and approval of the proposed business subsidies, including the holding of a public hearing upon published notice as required by law.

Section 2. Approval and Adoption of the Business Subsidy Criteria.

2.01 The business subsidy criteria, as presented to the Council on this date, including without limitation the findings and statements of objectives contained therein, are hereby approved, ratified, established, and adopted, and shall be placed on file at the City.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Chaska, Minnesota does hereby adopt business subsidy criteria, pursuant to Minnesota Statutes, Sections 116J.993 through 116J.995.

Passed and adopted by the City Council of the City of Chaska, Minnesota, this 3<sup>rd</sup> day of April, 2000.

Attest:

Jeanette M. Simoneau  
Jeanette M. Simoneau, Deputy Clerk

Robert P. Roepke  
Robert P. Roepke, Mayor

## **CITY OF CHASKA BUSINESS SUBSIDY CRITERIA**

### **I. PURPOSE**

- 1.01 The purpose of this criteria is to establish the City of Chaska's ("City") position as it relates to the use of business subsidies, as defined in Minnesota Statutes 116J.993, Subdivision 3, for private development. These criteria shall be used as a guide in processing and reviewing applications requesting business subsidies.
- 1.02 City shall have the option of amending or waiving sections of these criteria when determined necessary or appropriate. Amendments to this criteria are subject to public hearing requirements pursuant to Minnesota Statutes, Section 116J.993 through 116J.995. City may waive any provisions of these criteria without holding a public hearing.
- 1.03 Existing City programs that provide business subsidies are hereby revised to reflect the following Business Subsidy Criteria as deemed necessary and appropriate.

### **II. STATUTORY LIMITATIONS**

- 2.01 In accordance with the Business Subsidy Criteria, Business Subsidy requests must comply with applicable State Statutes. The City's ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.995.

### **III. PUBLIC POLICY REQUIREMENT**

- 3.01 All business subsidies must meet a public purpose other than increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable.

### **IV. BUSINESS SUBSIDY APPROVAL CRITERIA**

- 4.01 All new projects approved by the City shall meet the goals, criteria, or guidelines for the specific business subsidy program for which the application is being considered.
- 4.02 The business subsidy shall be provided within applicable state legislative restrictions, debt limit guidelines, and other appropriate financial requirements and policies.
- 4.03 The project must be in accordance with the City of Chaska Comprehensive Plan and Zoning Ordinances, or required changes to the plan and Ordinances must be under active consideration by the City at the time of approval.

- 4.04 Business subsidies shall enhance the economic diversity of the community by creating a mix of business types. Whenever possible, efforts shall be made to invest in an area which is blighted or historically has not received similar investments.
- 4.05 All business subsidy requests should maximize the amount of private development investment in a site.
- 4.06 Recipients of business subsidies in instances where creation of jobs is the sole or primary public purpose will be encouraged to create the highest number of jobs at the highest feasible wage. However, the establishment of wage and job goals will take into account prevailing wage rates, local economic conditions, the individual financial resources of the recipient and wages paid by the recipient's competitors.

## **V. SUBSIDY AGREEMENT**

- 5.01 A recipient must enter into a subsidy agreement with the City which includes, but is not limited to, the following:
- Description of the subsidy
  - Statement of the public purpose
  - Goals for the subsidy
  - Description of the financial obligation of the recipient if the goals are not met
  - Statement of the reason why the subsidy is needed
  - Commitment to continue operations at the site where the subsidy is used for a minimum of five (5) years after receipt of all financial assistance
  - Goals for the jobs created, or where job loss is imminent, goals for jobs retained
  - Reporting requirements to the City as detailed in MS116J.994, Subd. 7

## **CHASKA ECONOMIC DEVELOPMENT AUTHORITY BUSINESS SUBSIDY CRITERIA**

### **I. PURPOSE**

- 1.01 The purpose of this criteria is to establish the Chaska Economic Development Authority's (CEDA's) position as it relates to the use of business subsidies, as defined in Minnesota Statutes 116J.993, Subdivision 3, for private development. This criteria shall be used as a guide in processing and reviewing applications requesting business subsidies.
- 1.02 CEDA shall have the option of amending or waiving sections of this criteria when determined necessary or appropriate. Amendments to this criteria are subject to public hearing requirements pursuant to Minnesota Statutes, Section 116J.993 through 116J.995. CEDA may waive any provisions of this criteria without holding a public hearing.
- 1.03 Existing City programs that provide business subsidies are hereby revised to reflect the following Business Subsidy Criteria as deemed necessary and appropriate.

### **II. STATUTORY LIMITATIONS**

- 2.01 In accordance with the Business Subsidy Criteria, Business Subsidy requests must comply with applicable State Statutes. CEDA's ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.995.

### **III. PUBLIC POLICY REQUIREMENT**

- 3.01 All business subsidies must meet a public purpose other than increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable.

### **IV. BUSINESS SUBSIDY APPROVAL CRITERIA**

- 4.01 All new projects approved by CEDA shall meet the goals, criteria, or guidelines for the specific business subsidy program for which the application is being considered.
- 4.02 The business subsidy shall be provided within applicable state legislative restrictions, debt limit guidelines, and other appropriate financial requirements and policies.
- 4.03 The project must be in accordance with the City of Chaska Comprehensive Plan and Zoning Ordinances, or required changes to the plan and Ordinances must be under active consideration by the City at the time of approval.

- 4.04 Business subsidies shall enhance the economic diversity of the community by creating a mix of business types. Whenever possible, efforts shall be made to invest in an area which is blighted or historically has not received similar investments.
- 4.05 All business subsidy requests should maximize the amount of private development investment in a site.
- 4.06 Recipients of business subsidies in instances where creation of jobs is the sole or primary public purpose will be encouraged to create the highest number of jobs at the highest feasible wage. However, the establishment of wage and job goals will take into account prevailing wage rates, local economic conditions, the individual financial resources of the recipient and wages paid by the recipient's competitors.

## **V. SUBSIDY AGREEMENT**

- 5.01 A recipient must enter into a subsidy agreement with CEDA which includes, but is not limited to, the following:
- Description of the subsidy
  - Statement of the public purpose
  - Goals for the subsidy
  - Description of the financial obligation of the recipient if the goals are not met
  - Statement of the reason why the subsidy is needed
  - Commitment to continue operations at the site where the subsidy is used for a minimum of five (5) years after receipt of all financial assistance
  - Goals for the jobs created, or where job loss is imminent, goals for jobs retained
  - Reporting requirements to the City as detailed in MS116J.994, Subd. 7



# CHISAGO COUNTY

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MINNESOTA'S GROWTH CORRIDOR

## BUSINESS SUBSIDY CRITERIA

### 1. PURPOSE

- 1.01 The purpose of this criteria is to establish Chisago County's (including Chisago County Housing & Redevelopment Authority) position as it relates to the use of business subsidies, as defined in Minnesota Statutes 116J.993, Subdivision 3, for private development. This criteria shall be used as a guide in processing and reviewing applications requesting business subsidies.
- 1.02 The County shall have the option of amending or waiving sections of this criteria when determined necessary or appropriate. Amendments to these criteria are subject to public hearing requirements pursuant to Minnesota Statutes, Section 116J.993 through 116J.995.

### 2. STATUTORY LIMITATIONS

- 2.01 In accordance with these criteria, Business Subsidy requests must comply with applicable State Statutes. The County's ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.995.

### 3. PUBLIC POLICY REQUIREMENT

- 3.01 All business subsidies must meet a public purpose other than increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable.

### 4. BUSINESS SUBSIDY APPROVAL CRITERIA

- 4.01 The following requirements and policies will be considered by Chisago County when reviewing applications for business subsidies, in accordance with Minnesota Statutes. The benefits to the county must be at least equal to the costs of the business subsidy. However, it should not be presumed that a project meeting these criteria will automatically be approved. Meeting these criteria creates no contractual rights on the part of any potential developer.



- 4.02 The business subsidy shall be provided within debt limit guidelines, and other appropriate financial requirements and policies. The project must meet one or more of the following :
- a) increase or preserve tax base (must provide at least one other benefit)
  - b) create or retain jobs (retention considered only when job loss is imminent)
  - c) provide or help acquire or construct public facilities
  - d) help develop or renew blighted areas
  - e) help provide access to services for residents of the county
  - f) retain the business if it is at risk of relocating outside of the county
- 4.03 The project must comply with any applicable Comprehensive Plan and Zoning Ordinances, or required changes to the plan and Ordinances must be under active consideration at the time of approval.
- 4.04 Business subsidies may not be provided to projects that have the financial feasibility to proceed without the benefit of the subsidy. Prior to consideration of a business subsidy request, the County may undertake an independent underwriting of the project to help ensure that the request for assistance is valid.
- 4.05 Any developer requesting a business subsidy should be able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed.
- 4.06 The developer must retain ownership of the project at least long enough to complete it, to stabilize its occupancy, to establish the project management, and if applicable, to initiate repayment of the business subsidy.
- 4.07 A recipient of business subsidy must make a commitment to continue operations at the site where the subsidy is used for at least five years after the benefit begins.
- 4.08 The level of business subsidy funding should be the lowest amount feasible and shortest period of time by maximizing the use of private debt and equity financing first, and then using other funding sources or income producing vehicles that can be structured into the project financing, prior to using additional business subsidy funding.
- 4.09 Retail or service businesses will not be considered for business subsidies unless the project creates substantial quality employment, substantial tax base, provides a necessary service not already provided in the community or redevelops blighted areas.
- 4.10 The impact of the project on surrounding areas will be taken into consideration. Impacts include but not limited to: pollution, traffic, sewer and water, parks, and need for additional law enforcement.

- 4.11 Equal consideration will be given to both existing business expansion and new businesses locating in the county.

## **5.0 OTHER REQUIREMENTS**

- 5.01 A resolution of support from the city or township where the proposed project is located.
- 5.02 Generally, the maximum term of business subsidy is ten years.
- 5.03 The county may limit the amount of the abatement to the following:
- a) to a specific dollar amount per year or in total
  - b) to the increase in property taxes resulting from improvement of the property
  - c) to the increases in property taxes resulting from increases in the market value or tax capacity of the property
  - d) in any other manner the governing body of the subdivision determines is appropriate.
  - e) The political subdivision may not abate tax attributable to the value of the land or the area wide tax under chapter 276A or 473F.
- 5.04 A written application on a form provided by the HRA shall be completed for each request. The HRA Board shall review each project and make a decision on the granting of a business subsidy. The County Board will make the final decision on granting tax abatements.
- 5.05 Prior to approval of a business subsidies financing plan, the developer shall provide any required market and financial feasibility studies, appraisals, soil boring, information provided to private lenders for the project, and other information or data that the County or its financial consultants may require in order to proceed with an independent underwriting.

## **6.0 PROPOSED DEVELOPMENTS WILL RECEIVE ADDITIONAL PRIORITY FOR:**

- 6.01 Developments that create quality jobs. A minimum wage threshold of \$2.00 per hour above the minimum for new jobs created.
- 6.02 Manufacturing, distribution, high tech, and firms which employ a majority of professional or skilled labor.
- 6.03 If business is at risk of locating out of state.
- 6.04 Projects constructed of block, engineered concrete, brick or quality metal buildings (not pole) which contain decorative accessory materials (brick).

**RESOLUTION NO. 99-204.1****RESOLUTION TO ESTABLISH CRITERIA  
FOR GRANTING BUSINESS SUBSIDIES**

WHEREAS, the City of Cottage Grove is required by Minnesota Statutes, Sections 116J.993 – 116J.995 to adopt criteria for awarding business subsidies; and

WHEREAS, the City Council conducted a public hearing at its meeting of December 1, 1999 for the establishment of a business subsidy policy required by state law to continue tax increment activity and other business subsidies offered by the City; and

WHEREAS, the City of Cottage Grove has an established history of providing financial assistance and other business subsidies to private enterprises meeting certain public goals and objectives;

NOW THEREFORE BE IT RESOLVED, that the following Business Subsidy Policy is hereby established in the City of Cottage Grove:

Section 1. This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 – 116J.995. The terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under this Act.

Section 2. With respect to granting subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

A. Each project shall be evaluated on a case-by-case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.

B. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by state law.

C. In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.

D. The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.

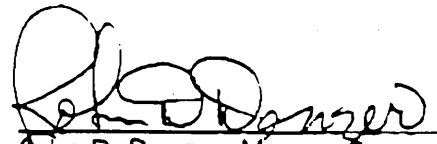
E. While the creation of jobs is a desirable goal, which benefits the community, it must be recognized that not all projects assisted with subsidies derive their

public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counterproductive in the face of larger economic forces and the financial and competitive circumstances of an individual business. In instances where a worthwhile project does not involve job creation, it may be approved for a subsidy, as may be permitted by law, with consideration given to the following:

1. Enhancing economic diversity by improving the mix of businesses in the area, providing essential customer services to the area, or generating a high level of secondary spin-off economic effects.
2. Stabilizing the community by investing in an area that is economically depressed, investing in an area with slum and blight conditions, or stimulating additional capital investment in real property, equipment, and/or infrastructure in the area.
3. Increasing the tax base by providing a positive impact on the short and long term tax base, or providing a positive impact on other local business and individual property tax bills.
4. The projects risk-reward ratio, with special consideration of the type of assistance requested and the current status of that specific tool or program.

Section 3. Because it is not possible to anticipate every type of project which may in its context and time present desirable community development and/or preservation goals and objectives, the City must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Passed this 1st day of December 1999.

  
John D. Denzer, Mayor

Attest:

  
Caron M. Stransky, City Clerk

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FOR GRANTING BUSINESS SUBSIDIES**

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WHEREAS, the City Council conducted a public hearing at its meeting of December 1, 1999 for the establishment of a business subsidy policy required by state law to continue tax increment activity and other business subsidies offered by the City; and

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Section 2. With respect to granting subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

A. Each project shall be evaluated on a case-by-case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.

B. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by state law.

C. In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.

D. The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.


E. While the creation of jobs is a desirable goal, which benefits the community, it must be recognized that not all projects assisted with subsidies derive their

public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counterproductive in the face of larger economic forces and the financial and competitive circumstances of an individual business. In instances where a worthwhile project does not involve job creation, it may be approved for a subsidy, as may be permitted by law, with consideration given to the following:

1. Enhancing economic diversity by improving the mix of businesses in the area, providing essential customer services to the area, or generating a high level of secondary spin-off economic effects.
2. Stabilizing the community by investing in an area that is economically depressed, investing in an area with slum and blight conditions, or stimulating additional capital investment in real property, equipment, and/or infrastructure in the area.
3. Increasing the tax base by providing a positive impact on the short and long term tax base, or providing a positive impact on other local business and individual property tax bills.
4. The projects risk-reward ratio, with special consideration of the type of assistance requested and the current status of that specific tool or program.

Section 3. Because it is not possible to anticipate every type of project which may in its context and time present desirable community development and/or preservation goals and objectives, the City must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Passed this 1st day of December 1999.

  
John D. Denzer, Mayor

Attest:

  
Caron M. Stransky, City Clerk

# CRITERIA FOR AWARDING BUSINESS SUBSIDIES

## Dakota County Housing & Redevelopment Authority

**A. Definitions.** The following definitions shall apply to this policy:

1. "Act" means Minnesota Statutes, Section 116J.993 through 116J.995 (Article 12, Business Subsidies).
2. "HRA" means the Dakota County Housing & Redevelopment Authority.
3. "Policy" means this policy as approved by the Dakota County Housing & Redevelopment Authority for business subsidies.
4. "Recipient" means any for-profit or nonprofit business entity that receives a business subsidy. Only nonprofit entities with at least 100 full-time equivalent (FTE) positions and with a ratio of highest to lowest paid employee that exceeds ten to one, determined on the basis of FTE positions, are included in this definition.
5. "Subsidy" means a state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, other obligation, or any preferential use of government facilities given to a business. A subsidy of less than \$25,000 is not subject to the requirements in this policy; further exemptions are defined in Minnesota Statute 116J.993-995 (Section 1, Sub. 3 of Article 12, Business Subsidies).

**B. Requirements.** The following requirements shall apply to all recipients of a business subsidy from the HRA:

1. The recipient must be located in or moving into Dakota County, Minnesota.
2. Proposals from a potential recipient can be for any business purpose except refinancing of existing debt (other than HRA debt that will improve its collateral position or loan repayment ability).
3. Proposals that utilize tax increment financing (TIF) must be for eligible uses as defined in Minnesota Statutes, Section 469.174 through 469.179.
4. Recipients shall enter into a subsidy agreement with the HRA that includes, at a minimum, information as defined in Section 2, Subd. 3 of the Act; this agreement shall also be approved by any other participating governing body.
5. Subsidies in the form of grants shall, to the greatest extent possible, be structured as deferred or forgivable loans from the HRA to the recipient.
6. A subsidy must have a defined public purpose other than increasing the tax base of Dakota County; job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable.
7. For subsidies targeted to job creation, the HRA will establish wage and job goals in each subsidy agreement based on such factors as the type of jobs, local economic conditions, and the overall public purpose(s).



**Criteria for Awarding Business Subsidies**  
**Dakota County HRA**  
**Page 2 of 2**

8. A public hearing shall be required before the HRA for any subsidy that exceeds \$100,000.
9. A recipient must pay back all or a portion of a subsidy that fails to meet goals as established in the subsidy agreement as required in Section 2, Subd. 6 of the Act.
10. A recipient shall provide reports to the HRA as required in Section 2, Subd. 7 of the Act.

**C. Criteria.** The following criteria shall be used to determine whether or not a qualified public purpose has been met for a proposed recipient. In awarding a subsidy, the HRA will consider each application on a case-by-case basis in relationship to one or more of the following:

1. Subsidies will help achieve economic diversity in Dakota County, including an appropriate mix of businesses as defined by a local governing body.
2. Subsidies will result in high-quality job growth within Dakota County based on a reasonable public investment per FTE position.
3. Subsidies will result in job retention, provided the recipient demonstrates that job loss is imminent.
4. Subsidies will create a stabilizing influence within a community, including development and redevelopment opportunities that stimulate further economic investment.
5. Subsidies will improve the long-term tax base of an area by investing public dollars into identified needs (e.g., infrastructure).
6. Subsidies will provide housing opportunities to low- and moderate-income households and to those persons that work in Dakota County.
7. Subsidies may vary from this Policy as the HRA retains the right to make decisions based on unique project conditions and/or objectives of corresponding governing bodies.



# Duluth Seaway Port Authority

1200 Port Terminal Drive • P.O. Box 16877  
Duluth, Minnesota 55816-0877 U.S.A.  
218-727-8525 • Fax 218-727-6888  
E-Mail: admin@duluthport.com • www.duluthport.com

Resolution No. 77-99

## Minnesota Business Subsidies

Resolved, the Duluth Seaway Port Authority (the "Authority") adopts the following criteria for granting business subsidies in the form of new tax-exempt financing and re-financing:

### *Introduction*

Minnesota Laws, Chapter 243, Article 12, to be codified as Minnesota Statutes, Sections 116J.993 to 116J.995 (the "Act"), requires that the Authority, as a local government agency within the meaning of the Act, adopt criteria, following notice and a public hearing, for awarding business subsidies. Business subsidies appear to include, among other things, the issuance of revenue bonds by the Authority under Minnesota Statutes, Sections 469.048 to 469.068, as amended, for which allocation of volume cap is required and also for which no allocation of volume cap is required under Minnesota Statutes, Chapter 474A, as amended.

The Authority, at a meeting held on December 15, 1999, following a public hearing after duly published notice as required by the Act, has adopted the following criteria for granting Business Subsidies in the form of Tax-Exempt Refunding. The Board of Commissioners found that Business Subsidies granted to corporations that are simply refinancing existing debt serve substantially different purposes than business subsidies granted to other recipients for other purposes and thus the formulation of separate criteria for Business Subsidies for refinancing is warranted. It is noteworthy that Tax-Exempt Financing is principally a federal subsidy (the federal income tax exemption) and only partially a state subsidy (the Minnesota income tax exemption to the extent the Bonds are held by Minnesota residents) and does not involve any funds or assets of the Authority and the amount of the subsidy (the Act refers to the principal amount of the loan as a business subsidy) is only incidentally related if the project involves no new money, is exempt from the state volume cap and is pre-existing and continuing debt already in place.

As used in these criteria, (i) "Business Subsidy" means a "business subsidy" as defined in the Act that is in the form of Tax-Exempt Refinancing<sup>1</sup> and (ii) "Tax-Exempt Financing or Refinancing" means the issuance of revenue bonds, notes or other obligations of the Authority the interest on which is not includable in gross income for federal income tax purposes and as to which the liability of the Authority is limited to the assets, revenues or funds provided or pledged by the project benefited, and to which no other funds, revenues or assets of the Authority are pledged.

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<sup>1</sup> 116J.993, subd. 3 "subsidy means ... the principal amount of a loan at rates below those commercially available ..."

*Criteria      Adopted 12-15-99*

1.    Public Purpose. Business Subsidies must serve a public purpose as determined by the Authority in light of the legislation. A Business Subsidy "must meet a public purpose other than or in addition to increasing the tax base."<sup>2</sup>

If a Business Subsidy consists in whole or in part of refinancing tax-exempt financing previously issued by the Authority, it shall not be necessary to have an additional public purpose for the refinancing if the principal amount of the debt is not increased and no other funds or assets of the Authority are involved. The refinancing shall be deemed to have the same public purpose that prompted the original tax-exempt financing.

If a Business Subsidy consists of new issue tax-exempt financing, the number of jobs produced shall be analyzed.

2.    Policy Regarding Jobs and Wages.

a)    Refinancing. Under the Act, the Authority is to set goals for the creation or retention of a specified number of jobs and wage goals for the jobs created or retained for each Business Subsidy and include such goals in the subsidy agreement. A public purpose to be furthered by refinancing relates primarily to a purpose other than the creation or retention of employment opportunities, and the Authority finds job and wage goals are a minor consideration in the granting of a Business Subsidy for refinancing. Notwithstanding the amount of the Business Subsidy, none or only a nominal number of jobs may be required if the Board of Commissioners finds that the Business Subsidy will serve a substantial public purpose other than the creation or retention of employment opportunities such as retention of an active trading company in the public port.

b)    Financing. If the public purpose to be furthered by the Business Subsidy is not a refinancing, then job and wage goals shall be a major consideration in the granting of the Business Subsidy. The Authority will consider the impact in providing new quality jobs for the area. The Authority will consider the following factors in assessing job creation:

- (i)    Consideration will be given to the number of new jobs created.
- (ii)   Consideration will be given to the potential for a business to increase the number of new jobs over the next two to five years.
- (iii)   Consideration will be given to the wage levels proposed for the new jobs.

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<sup>2</sup> 116J.994, subd. 1.

(iv) Consideration will be given for job retention.

3. Subsidy Agreement; Repayment. The Authority will enter into a subsidy agreement with the recipient of the Business Subsidy as required by the Act. The subsidy agreement will specify the obligations to repay the Business Subsidy, in whole or in part, if the recipient fails to achieve the goals contained therein.

4. Eligibility of Recipient. The Authority will not grant a Business Subsidy to an entity that is not eligible to receive a business subsidy under the Act, and will require the entity to certify that it is eligible to receive the Business Subsidy.

5. Information from Recipients. The entity must agree to provide to the Authority and other governmental agencies and departments the information required by the Act and such other information as the Authority may, in its discretion, require.

6. Exceptions. These criteria do not apply to the granting of a Business Subsidy that is exempt under the Act.

*Modifications; Applicability*


The foregoing Criteria for granting Business Subsidies may be amended or supplemented from time to time by the Board of Commissioners of the Authority in accordance with the Act. Any subsidy agreement relating to a Business Subsidy awarded pursuant to the foregoing Criteria may provide, to the extent permitted by the Act, that if the Act is amended, either prospectively or retroactively, to provide that it does not apply to the Business Subsidy, then the subsidy agreement or provisions thereof required by the Act shall no longer be of effect.

ADOPTED: December 15, 1999

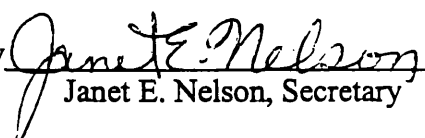
DULUTH SEAWAY PORT AUTHORITY

(SEAL)

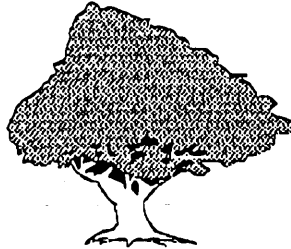
By

  
Thomas E. Grosser, President

ATTEST:

By   
Janet E. Nelson, Secretary

*city of eagan*



**BUSINESS SUBSIDY  
POLICY & AGREEMENT**

*Adopted 01/04/00*

## BUSINESS SUBSIDY CRITERIA

The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes §§116J.993 through 116J.995. The term "city" means the City of Eagan. The term "project" means the property with respect to which business subsidy is provided.

### A. Project Review and Evaluation Policy

1. The City recognizes that the creation of good paying jobs is a desirable goal that benefits the community. Nevertheless, not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage level requirements may be unrealistic and counter-productive in the face of larger economic forces influencing, and the financial and competitive circumstances of, an individual business. In determining the requirements for a project under consideration for a business subsidy, the determination of the number of jobs to be created and the wage levels therefore will be guided by the following principles and criteria:
  - a. Each project will be evaluated on a case by case basis. The evaluation will take into consideration the project's importance in and benefit to the community from all perspectives, including created or retained jobs.
  - b. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, assistance may be approved without any specific job or wage goals if permitted by applicable law.
  - c. In cases where the objective is the retention of existing jobs, the recipient of the subsidy will be required to provide evidence that demonstrates that the loss of those jobs is imminent.
  - d. The setting of wages and job goals will be informed by (i) prevailing wage rates, (ii) local economic conditions, (iii) external economic forces over which neither the City nor the recipient of the subsidy has control, (iv) the financial resources of the recipient and (v) the competitive environment in which the recipient's business exists.
2. The City retains the right to approve the projects and business subsidies which may vary from the principles and criteria set forth herein in order to retain the flexibility necessary to respond to all proposed projects because it is not possible to anticipate all the needs and requirements of every type of project and the ever-changing needs of the community.

## **B. Project Review and Evaluation Procedure**

The City will consider one or more of the criteria listed in Section C below in determining whether to provide financial or other assistance to a project as a business subsidy. In applying the criteria to a specific project, the following will apply:

1. The City may consider the requirements of any other business subsidy received, or to be received, from a grantor other than the City.
2. If the business subsidy is a guaranty, the amount of the business subsidy may be valued at the principal amount of the guaranteed payment obligation.
3. If the business subsidy is real or personal property, the amount of the subsidy will be the fair market value of the property as determined by the City.
4. If the business subsidy is received over time, the City may value the subsidy at its present value using a discount rate equal to an interest rate that the City determines is fair and reasonable under the circumstances.

As used herein, "benefit date" means the date the business subsidy is received. If the business subsidy involves the purchase, lease, or donation of physical equipment, then the benefit date occurs when the recipient puts the equipment into service. If the business subsidy is for improvements to property, then the benefit date refers to the earliest date of either: when the improvements finished for the entire project; or when a business occupies the property.

### C. Project Review and Evaluation Criteria

The project review and evaluation criteria are the following:

#### 1. Jobs and Wages

- a. New Jobs. The minimum net number of direct full time equivalent jobs to be created or retained by the proposed project for a period of at least two years from the estimated benefit date.
- b. Payroll. The minimum annual net payroll (including employer contributions for health benefits) to be generated at the end of the third anniversary date of the estimated benefit date.

#### 2. Tax Base

- a. Increase in Tax Base. The net increase in property taxes estimated to be generated by the project in the first full year of operation.

#### 3. Land Use

- a. Compliance with Comprehensive or Other Plans. Whether, apart from any needed services to the community described in section 5 below, the project is more compatible with the comprehensive plan than other permitted uses for the property. For example, the project may involve a "clean" industry such as a technology or service business that is preferred over other permitted uses.
- b. Marginal Property. Whether the project is located on property which needs but is not likely to be developed or redeveloped because of blight or other adverse conditions of the property. For example, property may be so blighted that the cost of making land ready for redevelopment exceeds the property's fair market value.
- c. Design and/or Other Amenities. Whether, as a result of the business subsidy, the project will include design and/or amenity features not otherwise required by law. For example, the project may, at the request of the City, include landscaping, open space, public trails, employees' work out facilities or day care facilities that serve a public purpose but are not required by law.

#### 4. Impact on Existing and Future Public Investment

- a. Utilization of Existing Infrastructure Investment. Whether and to what extent (a) the project will utilize existent public infrastructure capacity and (b) the project will require additional publicly funded infrastructure investments.
- b. Direct Monetary Return on Public Investment. Arrangements made or to be made for the City to receive a direct monetary return on its investment in the project. For example, the business subsidy may be in the form of an interest-bearing loan or may involve a project sharing arrangement.



5. Economic Development

- a. Leveraged Funds. For every dollar of business subsidy to be provided for the project, the minimum amount of private funds which will be applied towards the capital cost of the project.
- b. Spin Off Development. The dollar amount of non-subsidized development the project is expected to generate in the surrounding area and the need for and likelihood of such spin off development.
- c. Growth Potential. Based on recipient's market studies and plans for expansion, whether and to what extent the project is expected within five years of its completion, be expanded to produce a net increase of full time equivalent jobs and of payroll, over and above the minimum net increase in jobs and payroll described in section 1 above.

6. Quality of Life

- a. Community Services. Whether the project will provide services in the community and the need for such services. For example, the project may provide health services, retail convenience services such as a nearby grocery store, or social services needed in the community.

7. Other

- a. Other Factors. Depending on the nature of the project, such other factors as the City may deem relevant in evaluating the project and the business subsidy proposed for it.

**D. Criteria Required For All Projects**

All projects must comply with the following criteria:

1. But For Test. There is a substantial likelihood that the project would not go forward without the business subsidy. This criterion may be met based solely on representations of the recipient of the business subsidy.
- \*2. Wage Policy. If the project results in the creation of any jobs, the wage for each part-time and full-time job created must be, within two years of the date assistance is received (as defined in the Act), at least equal to the prevailing wage for like or similar jobs within the area or such greater amount as the City may require for a specific project.
3. Economic Feasibility. The recipient must demonstrate to the satisfaction of the City that it has adequate financing for the project and that the project will be completed in a timely fashion.
- \*4. Compliance with Act. The business subsidy from the City must satisfy all requirements of the Act.

\* These are the only provisions in this business subsidy criteria document which are required by law.

Adopted by: \_\_\_\_\_

Date of Adoption: 1/4/00

Date of Public Hearing: 1/4/00

## BUSINESS SUBSIDY AGREEMENT

This Business Subsidy Agreement (this "Agreement") is made as of the \_\_\_\_ day of \_\_\_\_\_, 2000, between the City of Eagan, Dakota County, Minnesota (the "Grantor") and [name of business], a Minnesota corporation (the "Recipient"). In order to satisfy the provisions of Minnesota Statutes, §§116J.993 through 116J.995 (the "Act"), the Recipient acknowledges and agrees as follows:

1. Description of the Business Subsidy

- (a) *The Project.* The Recipient will be undertaking the following project within the area of the Grantor: [Insert project description] (the "Project").
- (b) *Type of Business Subsidy.* The Business Subsidy consists of the following assistance to the Recipient for the Project: [Grant, contribution of property or infrastructure, low-interest loan, reduction or deferral of a tax or fee, guarantee, or preferential use of governmental facilities, etc.] (the "Business Subsidy").
- (c) *Amount of the Business Subsidy.* The amount of the Business Subsidy granted to the Recipient under this Agreement is \$ \_\_\_\_\_ [which is the difference between \$ \_\_\_\_\_, the fair market value of the property to be sold to the Recipient (the "Development Property") and \$ \_\_\_\_\_, the purchase price paid by the Recipient for the Development Property]. [Bracketed language to be used if subsidy is not a forgivable loan]
- (d) *Type of Tax Increment Financing District.* The Tax Increment District in which the Project is located is a [type of district; e.g., "redevelopment district"] within the meaning of the Tax Increment Financing Act, Minnesota Statutes, §§469.174 through 469.179. [Section to be deleted if assistance is not TIF]

2. Public Purpose for the Business Subsidy. The public purpose of the Business Subsidy is to encourage the construction of necessary improvements and to redevelop blighted areas and replace structurally substandard buildings. [This section should reflect the public purpose of the actual project]

3. Why the Business Subsidy is Needed. The Business Subsidy is needed because the Project is not economically feasible for the Recipient to undertake without the Business Subsidy.

4. Goals for the Business Subsidy.

(a) The Recipient agrees that it will meet the following goals (the "Goals"):

- (i) it will create at least \_\_\_\_ jobs in connection with the Project, of which \_\_\_\_ will be full-time jobs and \_\_\_\_ will be part-time jobs;
- (ii) it will retain at least \_\_\_\_ jobs in connection with the Project, of which \_\_\_\_ will be full-time jobs and \_\_\_\_ will be part-time jobs;
- (iii) the hourly wage of the new jobs will be at least \$ \_\_\_\_\_ per hour;

within two years from the date the Business Subsidy is received by the Recipient (the "Benefit Date").

- (b) As used herein "Benefit Date" means the date the Business Subsidy is received. If the Business Subsidy involves the purchase, lease, or donation of physical equipment, then the Benefit Date occurs when the Recipient puts the equipment into service. If the Business Subsidy is for improvements to property, then the Benefit Date refers to the earliest date of either: when the improvements are finished for the entire Project; or when the Recipient occupies the property.

5. Continued Operations. The Recipient agrees to continue its operations at the location of the Project for at least five years after the Benefit Date.

6. Financial Obligation of the Recipient if Goals Not Met.

- (a) The Recipient agrees that if the Goals are not met in their entirety, the Recipient will repay all of the Business Subsidy to the Grantor plus interest ("Interest") set at the implicit price deflator defined in Minnesota Statutes, §275.70, Subdivision 2, accruing from and after the Benefit Date, compounded semiannually.
- (b) If the Goals are only met in part, the Recipient agrees to repay a portion of the Business Subsidy (plus the Interest) determined by multiplying the Business Subsidy by a fraction, the numerator of which is the number of jobs in the Goals which were not created at the wage level set forth above and the denominator of which is \_\_\_\_\_. [Insert the number of jobs set forth in the goals.]

7. Reporting Requirements.

- (a) The Recipient agrees to:

- (i) report its progress on achieving the Goals to the Grantor until the Goals are met, or the Business Subsidy is repaid, whichever occurs earlier;
- (ii) include in the report the information required in §116J.994, subdivision 7 of the Act on forms developed by the Minnesota Department of Trade and Economic Development; and
- (iii) send completed reports to the Commissioner of the Department of Trade and Economic Development and the to the Grantor no later than March 1 of each year commencing March 1, 2000, and within 30 days after the deadline for meeting the Goals.

- (b) If the Grantor does not receive the reports, it will mail the Recipient a warning within one week of the required filing date. If within 14 days of the post marked date of the warning the reports are not made, the Recipient agrees to pay to the Grantor a penalty of \$100 for each subsequent day until the report is filed up to a maximum of \$1,000.

The Grantor and Recipient have executed this Agreement as of the date written above.

Grantor:

City of Eagan

By \_\_\_\_\_

Its \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

Recipient:

[Name of Recipient]

By \_\_\_\_\_

Its \_\_\_\_\_

8. Forgivable Loan. The Recipient acknowledges that the Business Subsidy is a loan and that it must repay the Business Subsidy; provided, however the Recipient's obligation to repay the Business Subsidy will be forgiven upon and to the extent of its successful compliance with the Goals. [Use with Grants]
9. Parent Corporation. The name and address of the Recipient's parent corporation is as follows: \_\_\_\_\_
10. Multiple Recipients. The Grantor acknowledges that the Business Subsidy benefits more than one recipient. Recipient's proportionate share of the Business Subsidy is \_\_\_\_%, which represents a reasonable estimate of Recipient's share of the total benefits. [Use if multiple recipients]
11. Other Grantors. The following is a list of all financial assistance to be provided by all grantors for the Project: [Insert List]
12. Term of Agreement. This Agreement will be in full force and effect until the earlier of the Recipient meeting all of its obligations hereunder or the provisions of the Act no longer apply to the Grantor, the Recipient or the Project, in which case this Agreement will be terminated.

## **Business Subsidy Policy**

### **City of Eden Prairie, Minnesota**

This policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal that benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely through job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage level thereof shall be guided by the following principles and criteria:

1. Each project shall be evaluated in a case-by-case basis, recognizing its importance and benefit to the community from all perspectives, including created and retained employment positions.
2. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
3. In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonable demonstrable evidence that the loss of those jobs is imminent.
4. The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
5. Because it is not possible to anticipate every type of project which may be in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of the policy.

This policy was adopted by the City Council of the City Eden Prairie February 1, 2000 at a public hearing held on the same date.

**CITY OF EDEN PRAIRIE  
HENNEPIN COUNTY, MINNESOTA**

**RESOLUTION NO. 2000-28**

**A RESOLUTION TO ESTABLISH  
A BUSINESS SUBSIDY POLICY**

**BE IT RESOLVED** by the City Council of the City of Eden Prairie, Minnesota (the "City"), as follows:

WHEREAS, pursuant to the Minnesota Business Subsidies Act (the "Act"), Minnesota Statutes, Sections 116J.993 through 116J.995 the City is required to adopt criteria for awarding business subsidies. This policy is intended to comply with the Act. Terms used in this policy are intended to have the same meanings as used in the Act, and this policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

WHEREAS, while it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counterproductive in the face of larger economic force and the financial and competitive circumstances of an individual business.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF EDEN PRAIRIE, MINNESOTA THAT:

The City Council of the City of Eden Prairie hereby adopts and establishes the following Business Subsidy Policy.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

A. Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.

B. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.

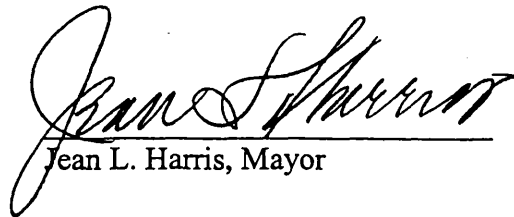
C. In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.




D. The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.

E. Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this policy.

**ADOPTED** by the City Council of the City of Eden Prairie this 1st day of February 2000.

  
Jean L. Harris, Mayor

**ATTEST:**

  
Kathleen A. Porta, City Clerk

## Business Subsidy Policy

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.

If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.

In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.

The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.

Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by: Neil M. J. J. J.

Date of adoption: 12/22/99

Date of public hearing: 12/22/99

## FAIRMONT ECONOMIC DEVELOPMENT POLICY

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meaning as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

The City of Fairmont established the Fairmont Economic Development Authority (FEDA) to promote investment, job creation, redevelopment of blighted areas, and diversify the areas industrial, commercial, and retail base to insure Fairmont's and surrounding area's long term viability.

The City further believes that each economic development opportunity offers its own unique benefit to the community whether it be retail, service or industrial based. The benefit may be in added tax base, overall dollar investment in the area, job creation, or through industry diversification.

To stimulate economic development, FEDA must be competitive and have the use of all necessary tools to meet the needs of business and industry. Therefore, FEDA should have at its disposal all those resources allowable under state law to provide business incentives that foster investment, development, redevelopment, job creation or industry diversification. These incentives and tools shall not be judged or provided by a single measure, but on a case by case basis in terms of community need, market trends; job creation, investment, capital outlay or technology.

The limitations on these incentives shall be state law, and specific program criteria governing individual revolving loan funds currently in existence or created in the future.

Criteria for providing a business incentive or subsidy include the following:

1. The subsidy or incentive must meet a public purpose such as encouraging new technology, job creation or retention, increased tax base, elimination of slum or blight, contribution to the diversification of the overall industry base, exportation of products and/or services outside the state, provide job training and workforce development directed at retention of young people to the area or increase health care service. Each is viewed as an important public purpose for FEDA. On a case by case basis each public purpose could stand alone or in combination to meet a minimum requirement.

2. While recognizing the value of job creation and living wages, there are no minimum job creation or retention requirements to qualify for an incentive or subsidy. FEDA believes jobs to be only one of the economic benefits of capital investment.
3. Wages and benefits for jobs that are created or retained should, where possible, be equal to or exceed the countywide average based on the latest data available from the local workforce center. At the same time, low skill jobs provide opportunity for individuals entering the workforce to gain experience to move on to higher skill level jobs. Fairmont's target industry program shall take into account prevailing area wage levels and available workforce and skill level. Jobs created that have very high skill levels or very high wages and benefits or bring new type skills to the area are of particular benefit to the community.
4. Each applicant for an incentive or a subsidy shall stay in operation for an extended period of time, as may be required by the Act.
5. Each applicant will be required to meet performance standards for its business within a time frame set by FEDA. Failure to meet such standards may require repayment of any assistance provided in a ratio equal to the amount of performance achieved.
6. Each applicant or collection of applicants shall enter into an agreement that outlines the terms and conditions and performance standards set forth by FEDA that shall be binding as a contractual obligation of the benefitting entity or entities.

FEDA shall provide the State written reports as outlined in State Statute \_\_\_\_\_.

Incentives/subsidies under this policy may include but are not limited to: land; land write downs; forgivable loans; free rent; waiver of sewer and water and other utility connection fees; equity positions; incentivized utility rates; long term financing through allowable bonds; partnerships with local lending institutions; tax increment financing; lease purchase agreements; equipment acquisition and lease; marketing; or job training.

Final approval of all incentives or subsidy rests with FEDA and/or the City Council.

## Business Subsidy Policy

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by: Paribault County Local Redevelopment Agency

Date of adoption: 12/16/99

Date of public hearing: 12/16/99

RESOLUTION NO. 180

RESOLUTION ESTABLISHING A  
BUSINESS SUBSIDY POLICY

WHWHEREAS, the Housing and Redevelopment Authority of Luverne's Board of Commissioners hereby complies to recently adopted Minnesota State Law as it appears in Article 12 of the 1999 Tax Bill; and,

WHEREAS, the Housing and Redevelopment Authority's Board of Commissioners desires to grant subsidies and form Tax Increment Finance districts as allowed by law.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS that the attached Business Subsidy Policy be adopted this 11th day of November, 1999.

/s/ Jim Boeve  
\_\_\_\_\_  
Jim Boeve, Chairman

ATTEST: /s/ Virginia McNeil  
\_\_\_\_\_  
Virginia McNeil, Secretary

Policy: 6862671-10

User: PA0

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HOUSING AND REDEVELOPMENT AUTHORITY OF LUVERNE, MN

BUSINESS SUBSIDY POLICY

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.

If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.

In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.

The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.

Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by: HRA of Luverne, MN's Board of Commissioners

Date of adoption: November 11, 1999

Date of public hearing: November 11, 1999

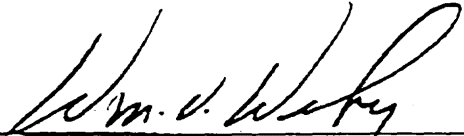


**RESOLUTION #6-99****A RESOLUTION ESTABLISHING A  
BUSINESS SUBSIDY POLICY**

WHEREAS, the Luverne Economic Development Authority's Board of Commissioners hereby complies to recently adopted Minnesota State Law as it appears in Article 12 of the 1999 Tax Bill; and,

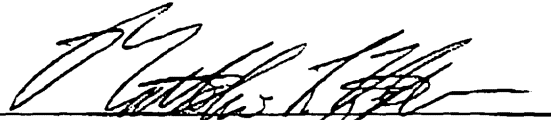
WHEREAS, the Luverne Economic Development Authority's Board of Commissioners desires to continue granting subsidies and forming Tax Increment Finance districts.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS THAT the attached Business Subsidy Policy be adopted this 14th day of September, 1999



William V. Weber, President

ATTEST:



Matthew L. Hylen, Secretary

## ***BUSINESS SUBSIDY POLICY***

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

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The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.

Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

## RESOLUTION NO. 33-99

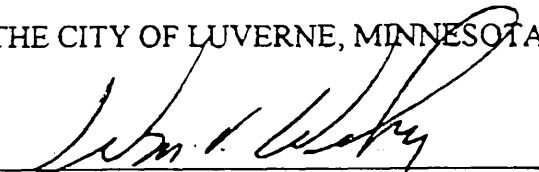
## A RESOLUTION ESTABLISHING A BUSINESS SUBSIDY POLICY

WHEREAS, prior to considering certain economic development activity, Article 12 of the 1999 Tax Bill (Laws 1999, Chapter 243) requires each local government agency to adopt principles and criteria for awarding business subsidies (M.S. Sections 116J.993 through 116J.995) as defined in said law; and


WHEREAS, said principles and criteria for awarding business subsidies must include a policy regarding the wages to be paid for the jobs created and penalties for not meeting such job criteria.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LUVERNE, MINNESOTA, that the attached Business Subsidy Policy as required by the Minnesota Legislature in Laws 1999, Chapter 243 (Article 12 of the 1999 Tax Bill), is hereby adopted.

ADOPTED BY THE CITY COUNCIL OF THE CITY OF LUVERNE, MINNESOTA, this 13th day of September, 1999.

  
William V. Weber, Mayor

ATTEST:

  
Matthew L. Hyle, City Administrator

## ***BUSINESS SUBSIDY POLICY***

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

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In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.

The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.

Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

- 6 Business that do not meet the goals of their business subsidy plan may have to required to return all or part of the assistance with interest.

CITY OF LITTLE FALLS  
POLICY

Number 27

Subject: Business Subsidy Policy

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Date Council Approved: 12/20/99

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Location in Minutes: Resolution 1999-131

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Introduction

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

Policy

With respect to subsidies of \$25,000 or more, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

1. Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment position.
2. If a particular project does not involve the creation of jobs, (i.e. historic facade renovation, etc.) But is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
3. In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
4. The setting of wage and job goals must be sensitive to local prevailing wage rates, economic conditions, external economic forces over which is neither the City nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
5. Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the

10. Business subsidies will not be used in projects that would give a significant, competitive financial advantage over similar projects in the area due to the use of business subsidies.
11. Business subsidies will not be used when the developer's credentials, in the sole judgement of the City, are inadequate due to past track record relating to: completion of projects, general reputation and/or bankruptcy, or other problems or issues considered relevant by the City.
12. Business subsidies will not be used to support projects that place demands on City services, or other capital or operating expenditures, that exceed the average city expenditures for similar facilities. Consideration will be given to the total public costs that are required to support the project, including offsite facilities costs that are required.
13. Business subsidies will not normally be used for projects that would generate significant environmental problems in the opinion of the local, state, or federal governments.
14. Business subsidies will not be used when the schedule for development has exceeded the schedule established in the development agreement, and where the City has not agreed to extensions of that schedule.
15. Business subsidies should not be provided to those projects that fail to meet good public policy criteria as determined by the Council, including: poor project quality; projects that are not in accord with the comprehensive plan, zoning, redevelopment plans, and city policies; projects that provide no significant improvement to surrounding land uses, the neighborhood, and/or the City; projects that do not provide a significant increase in tax base; projects that do not have significant new, or retained, employment; projects that do not meet financial feasibility criteria established by the City; and projects that do not provide the highest and best desired use for the property.

2. All business subsidy requests should obtain the highest possible private to public financial investment ratio. The Council establishes a benchmark ratio of 3 parts private to 1 part public funding for projects. Housing and retail/commercial projects shall be reviewed on an individual basis.
3. All business subsidy requests should create the highest feasible number of jobs on the site. The Council establishes a benchmark of one newly created FTE job per \$6,000 of public assistance or one retained FTE job per \$3,000 of public assistance provided to projects and establishes a benchmark of one newly created FTE job per \$10,000 of public assistance or one retained FTE job per \$3,000 of public assistance provided to the Industrial Park Project Area. All jobs will be "Living wage jobs" as determined by the Department of Labor.
4. All business subsidy requests should create the highest possible ratio of property taxes paid before and after redevelopment. Given the different assessment circumstances in the City, this ratio will vary widely. However, under normal circumstances, the Council will expect at least a 1:2 ratio of taxes paid before and after redevelopment.
5. Business subsidy requests should normally not be used to support speculative industrial, commercial, and office projects. In general, speculative projects are defined as those projects which have letters of intent or pre-leasing for less than 50% of the available leasable space.
6. All business subsidy requests will be reviewed to determine the feasibility to provide the City with equity participation in new developments (through a share of the profits), or to treat the business subsidy as a second mortgage with fixed payments.
7. All business subsidy requests involving displacement of low and moderate income residents should give specific attention to the re-housing needs of those residents. Normally, this should be done as a part of the business subsidy. Adequate solutions to these re-housing needs will be required as a matter of public policy.
8. Business subsidy requests will normally not be used in a project that involves an excessive land and/or property price. This will normally be where the acquisition price is more than 10% in excess of market value.
9. All business subsidy requests will need to meet the "but for" test. Business subsidies will not be granted unless the need for the City's economic participation is sufficient that, without that assistance the project could not proceed in the manner as proposed.



- J. The level of assistance should be reduced to the lowest possible level and least amount of time by maximizing the use of private debt and equity financing first, and then using other funding sources or income producing vehicles that can be structured into the project financing, prior to using additional public funding.
- K. A recipient of a business subsidy must enter into a subsidy agreement with the Grantor as described in Section 4.
- L. Recipients of any business subsidy will be required to meet wage and job goals determined by the Grantor on a case-by-case basis, giving consideration to the nature of the development, the purpose of the subsidy, local economic conditions and similar factors.

V. SUBSIDY AGREEMENT

- A. In granting a business subsidy, the Grantor shall enter into a subsidy agreement with the recipient that provides all information required by Statute, wage and job goals, commitments to provide necessary reporting data and recourse for fail to meet goals required by the Statutes.
- B. The subsidy agreement may be incorporated into a broader development agreement for a project.

VI. PROJECT EVALUATION CRITERIA

- A. All business subsidy requests will be evaluated on the following criteria for comparison with other proposed business subsidy requests reviewed by the City, and for comparison with other subsidy standards (where appropriate). It is realized that changes in local markets, costs of construction, and interest rates may cause changes in the amounts of subsidies that a given project may require at any given time.
- B. Some criteria, by their very nature, must remain subjective. However, wherever possible "benchmark" criteria have been established for review purposes. The fact that a given proposal meets one or more "benchmark" criteria does not mean that it is entitled to funding under this policy, but rather that the City is in a position to proceed with evaluations of (and comparisons between) various business subsidy requests, using uniform standards whenever possible.
- C. Following are the evaluation criteria that will be used by the City of Litchfield.
  - 1. All business subsidy requests should optimize the private development potential of a site.

#### IV. BUSINESS SUBSIDY APPROVAL CRITERIA

- A. Unless specifically excluded by the Statutes, business subsidies include grants by state or local government agencies, contributions of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient of the subsidy, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.
- B. All new projects approved by the City of Litchfield should meet the following mandatory minimum approval criteria. However, it should not be presumed that a project meeting these criteria will automatically be approved. Meeting these criteria creates no contractual rights on the part of any potential developer.
- C. The business subsidy shall be provided within applicable state legislative restrictions, debt limit guidelines, and other appropriate financial requirements and policies.
- D. The project must be in accord with the Comprehensive Plan and Zoning Ordinances, or required changes to the plan and Ordinances must be under active consideration by the City at the time of approval.
- E. Business subsidies will not be provided to projects that have the financial feasibility to proceed without the benefit of the subsidy. In effect, business subsidies will not be provided solely to broaden a developer's profit margins on a project. Prior to consideration of a business subsidy request, the City may undertake an independent investigation of the project to help ensure that the request for assistance is valid.
- F. Prior to approval of a business subsidies financing plan, the developer shall provide any required market and financial feasibility studies, appraisals, soil boring, information provided to private lenders for the project, and other information or data that the City or its financial consultants may require in order to proceed with an independent underwriting.
- G. Any developer requesting a business subsidy should be able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed.
- H. The developer must retain ownership of the project at least long enough to complete it, to stabilize its occupancy, to establish the project management, and to initiate repayment of the business subsidy.
- I. The recipient of a business subsidy must make a commitment to continue operations at the site where the subsidy is used for at least five years after the benefit date.

## **BUSINESS SUBSIDY CRITERIA**

### **City of Litchfield**

#### **I. PURPOSE**

- A. The purpose of this document is to establish the criteria for the City of Litchfield (the "Grantor") for granting of business subsidies for private development.
- B. This criteria shall be used as a guide in processing and reviewing applications requesting business subsidies.
- C. The City of Litchfield's ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.994 (the "Statutes").
- D. These criteria are to be used in conjunction with other relevant policies of the Grantor.
- E. The criteria set forth in this document are guidelines only. The Grantor reserves the right in its discretion to approve business subsidies that vary from the criteria stated herein if the Grantor determines that the subsidy nevertheless serves a public purpose.
- F. The City shall have the option of amending or waiving sections of this criteria when determined necessary or appropriate. Amendments to these criteria are subject to public hearing requirements pursuant to Minnesota Statutes, Sections 116J.993 through 116J.995.

#### **II. STATUTORY LIMITATIONS**

- A. In accordance with the Business Subsidy Criteria, Business Subsidy requests must comply with applicable State Statutes. The City of Litchfield's ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.995.

#### **III. PUBLIC POLICY REQUIREMENT**

- A. All business subsidies must meet a public purpose other than increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable.

2. Contribute to the establishment of a critical mass of commercial development within an area;
3. Provide basic goods and services, increase the range of goods and services available or encourage fast-growing businesses;
4. Promote redevelopment objectives and removal of blight, including pollution cleanup;
5. Promote the retention or adaptive use of buildings of historical or architectural significance;
6. Promote additional or spin-off development within the community;
7. Encourage full utilization of existing or planned infrastructure improvements.

#### **IV. Compliance and Reporting Requirements**

- a) Any subsidy granted by the EDA will be subject to the requirement of a public hearing, if necessary, and must be approved by the Lino Lakes City Council.
- b) It will be necessary for both the grantee and the EDA to comply with reporting and monitoring requirements of the Act.

remain in business at the site for a minimum of five years after the benefit date and compliance with the specific jobs and wages goals established for the project.

### **III. Business Subsidy Criteria**

The EDA recognizes that every proposal is unique. Nothing in these criteria shall be deemed to be an entitlement or shall establish a contractual right to a subsidy.

The EDA reserves the right to modify these criteria from time to time and to evaluate each project as a whole. The following criteria shall be utilized in evaluating a request for a business subsidy:

- a. Increase in tax base. While an increase in the tax base cannot be the sole grounds for granting a subsidy, the EDA believes it is a necessary condition for any subsidy.
- b. Jobs and Wages. It is the EDA's intent that the grantee creates the maximum number of livable wage jobs at the site. Guaranteed jobs created must meet, as a minimum, 110 percent of the federal minimum wage requirements plus benefits. This may include jobs to be retained but only if job retention is imminent and demonstrable.
- c. Economic Development. Projects should promote one or more of the following:
  1. Encourage economic and commercial diversity within the community;

## ATTACHMENT A

### LINO LAKES ECONOMIC DEVELOPMENT AUTHORITY BUSINESS SUBSIDY CRITERIA

#### **I. Purpose**

This document includes the criteria to be considered by the Lino Lakes Economic Development Authority (EDA) to evaluate requests for business subsidies. It is the intent of the EDA in adopting these criteria to comply with Minnesota Statutes, Sections 116J.993-116J.995 (the "Act."). The EDA hereby adopts the definitions contained in the Act for application in the criteria.

#### **II. Goals and Objectives**

It is the EDA's intent to advance the following goals and objectives in granting business subsidies:

- a) All projects must be consistent with Lino Lakes' comprehensive plan and any other similar plan or guide for development of the community.
- b) Business subsidies must be justified by evidence that the project cannot proceed without the benefit of the subsidy. If tax increment financing is used to grant a subsidy, the grantee must demonstrate compliance with all statutory requirements of the TIF Act, including the "but for" test, and any TIF policy adopted by the EDA. The grantee will be required to provide all documentation necessary for the EDA to make the requisite fundings under the TIF and the Act.
- c) Grantees will be required to enter into an agreement with the EDA which is consistent with statutory requirements, including a commitment to

*RESOLUTION 99-009*

At a special meeting of the Le Sueur Economic Development Authority held pursuant to due notice given October 11, 1999, at which meeting Commissioners Kress, Klacan, LaBelle and Olness were present and Commissioner Gisvold was absent. Commissioner LaBelle offered the following Resolution and moved its adoption.

WHEREAS, A form of Business Assistance Criteria Policy for the Le Sueur Economic Development Authority has been promulgated and submitted to the Authority for appropriate action. A copy of the proposed policy is hereto attached, incorporated herein and made a part hereof, and

WHEREAS, it is appropriate that Le Sueur Economic Development Authority take action with reference thereto.

NOW THEREFORE, BE IT RESOLVED that the Le Sueur Economic Development Authority does approve and adopt the Business Assistance Criteria Policy submitted to the Authority for action.

Said Resolution was duly seconded by Commissioner Klacan and on being put to a vote, all of the Commissioners present voted in favor thereof and said Resolution was duly adopted and so declared.

Dated this 11<sup>th</sup> day of October, 1999.

/s/ Henry Kress  
President Kress

ATTEST:

/s/ Bruce Olness  
Secretary Olness

## Business Subsidy Policy

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonable demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions; external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by: Le Sueur Economic Development Authority

Date of adoption: October 11, 1999

Date of public hearing: October 11, 1999



- Each project shall not only be evaluated against the Business Subsidy Policy but also against other applicable City or Economic Development Commission policies, including the Comprehensive Guide Plan, current Strategic Plan for Economic Development and the Tax Increment Financing Policy.
- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

## **CITY OF LAKEVILLE BUSINESS SUBSIDY POLICY**

This Policy is adopted for purposes of the Business Subsidies Act (the "Act"). Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as if used in the Act, and this Policy shall apply only with respect to "subsidies" as defined by the Act if and to the extent required thereby.

The City of Lakeville and the Lakeville Economic Development Commission maintain several policy documents which speak to the general goals and objectives for the provision of public assistance for private development or redevelopment activities. These documents include, but are not limited to the current Strategic Plan for Economic Development and the Tax Increment Financing Policy.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. Worthwhile projects may provide value to the community in the forms of infrastructure improvements, stabilization of business districts or neighborhoods, or enhancement of economic diversity. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on a case-by-case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions and other policy objectives of the City of Lakeville.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions and/or external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job wage goals, as may be permitted by applicable law.

10. All business subsidy requests should demonstrate "community involvement" including demonstrated degrees of the various factors:

- A. Local residency of the company's owners and employees, or
- B. Local residency of the contractors involved in the project, or
- C. Membership in local business organizations, or
- D. Other similar factors.

ECONOMIC DEVELOPMENT/SUBSIDIES/CITY OF LA CRESCENT.DOC

E. The Council and Authority reserve the right to select and retain, at the expense of the applicant, a third party to assist in the evaluation of the proposed development project and corresponding documents and agreements.

F. The applicant shall pay all permits and fees normally charged by the City as part of the approval process unless otherwise approved by the City.

#### 10. TAX INCREMENT PROJECT EVALUATION CRITERIA

A. The City/EDA will utilize Tax Increment Financing to support the community's long-term economic redevelopment and housing goals.

B. Each Tax Increment Financing subsidy will be analyzed and evaluated by the City/EDA. Each project shall be measured against the criteria and the value of the project shall be determined, based upon meeting the criteria.

C. Following are the evaluation criteria that will be used by the City/EDA:

1. All business subsidy requests shall meet the "but for" test. The "but for" test means that the project would not develop solely on private investments in the reasonable future. The developer shall provide findings for the "but for" test.

2. Business subsidy requests should create the highest feasible number of jobs on site from date of occupancy where deemed appropriate.

3. For manufacturing and warehousing business subsidy requests, at least-% of the jobs created must pay a wage of at least -% of the federal minimum wage requirement. Annual written report is required until termination date. Failure to meet the job and wage level goals require partial or full repayment of the assistance with interest.

4. For other business subsidy requests, jobs created must meet as a minimum the federal minimum wage requirement. Annual written report is required until termination date. Failure to meet the job and wage level goals require partial or full repayment of the assistance with interest.

5. All business subsidy requests should create the highest possible ratio of property taxes paid before and after redevelopment.

6. Business subsidy requests should facilitate redevelopment or elimination of "substandard" or "blighted" areas where deemed appropriate.

7. Business subsidy requests should facilitate the "clean-up" of environmentally unsound property where deemed appropriate.

8. Business subsidy requests should increase moderate priced housing options for area residents where deemed appropriate.

9. All business subsidy requests should be deemed to promote additional desired "spin- off" development.

6. Are the proposed use(s) compatible with the City's comprehensive guide and zoning ordinance?

7. What will the impact be on City public services?

C. Criteria: "But For" Test

A key indicator for the use of all business subsidies shall be the "but for" analysis that says the proposed development project would not occur "but for" the business subsidy assistance, i.e., Does it pass the "but for" test set forth in this Section? Therefore, the City and Authority will review each business subsidy application based on the following criteria:

1. Development obstacles (e.g., deteriorated/obsolete buildings; poor soil conditions).
2. Whether the site has been targeted by the City and/or Authority for redevelopment or development based on specified needs and policy.
3. Whether the development project will locate or relocate to a different city and/or state without local public financing.
4. Whether public infrastructure is necessary in order to serve a large area or targeted site.
5. Whether land acquisition assistance is required in order to address a specified public strategy or need.
6. Whether public financing fills an identifiable financing "gap" for the project due to such factors as inadequate lender financing or below-market return on investments.

9. Minimum Standards for All Business Subsidy Projects

- A. Construction of the project shall not begin until the Council and the Authority have approved the applicable business subsidy documents, and executed with the applicant, a corresponding development agreement/contract for private development, or other appropriate agreements.
- B. The City and Authority shall be reimbursed by the applicant for costs associated with contract professionals for reviewing the business subsidy application, preparing and approving required documents, and executing the agreements. The applicant will deposit with the City an administrative fee equal to 100% of the projected costs which will be applied to costs incurred by the City in conjunction with the proposed project. In the event such costs exceed the deposit, the applicant may be required to pay the additional costs as billed by the City or Authority.
- C. At all times, policies and procedures related to the proposed or actual approval of the Business Subsidy Project shall comply with applicable laws.
- D. All applications and supporting documents shall become the property of the City, and the classification of the data shall be governed by the Data Practices Act.

the second full year of operation. "Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable." (The Act, Subd.1)

#### 7. Eligibility Requirements for all Business Subsidies

To be eligible for a Business Subsidy in the City of La Crescent:

A. Applicants must have the authority to incur debt and carry out the proposed project purpose within the City of La Crescent.

B. Applicants must be citizens of the United States or reside in the United States after being (IRP) legally admitted for permanent residence. In the case of an organization, at least 51% of the outstanding membership or ownership must be either citizens of the United States or reside in the United States after being legally admitted for permanent residence.

C. Applicants must be unable to finance the proposed project from their own resources or through commercial credit or other federal or state programs at reasonable rates and terms.

D. Business subsidy must not result in any conflict of interest prohibited by law.

E. Any delinquent debt to the federal, state or local government, by the applicant or any of its principals, shall cause the applicant to be ineligible to receive Business Subsidies in the City of La Crescent.

#### 8. General Limitations & Criteria for all Business Subsidy Projects

A. Business Subsidies shall be generally limited to projects within the City of La Crescent, in which:

1. The overall level of public financing necessary, as a percent of the total project cost, is no more than fifteen percent (15%) for economic development projects or twenty-five (25%) for redevelopment projects.

2. The City shall require at least as much private equity in the project as the level of public financing.

B. The following criteria will be considered for each Business Subsidy application:

1. Is the proposed development in compliance with State law?

2. Will the project increase the tax base, and if so, to what extent?

3. Will new jobs be created and if so, will these jobs constitute "head of household" opportunities?

4. What level of quality will the facility reflect with respect to the materials used, size, and landscaping and general aesthetics?

5. Do project projections show that the proposed project will be financially feasible?

City- City of La Crescent.

City Attorney or other Professional- Individual, firm or governmental agency contracted with the City for the provision of legal or other professional services.

City Engineer- Individual or firm contracted with the City for the provision of engineering services.

Developer- Sole proprietor, partnership, corporation, or company, franchiser, franchisee, or utility company developing or improving property within the City of La Crescent.

Development Costs- Costs, expenses and fees directly related to a specific development or improvement within City limits.

EDA or Authority- EDA or Authority shall mean the La Crescent Economic Development Authority.

Full-time Equivalent (FTE) Job- A Full-time Equivalent (FTE) job shall mean one or more positions, that separately or when combined, represent an average forty-hour work week.

Owner- Sole proprietor, partnership, corporation, or company which owns property in fee simple or as a contract for deed purchaser or lessee.

Review Committee- Review Committee means two (2) EDA members and the La Crescent Community/Economic Development Director, established to recommend approval or denial of individual business subsidies.

#### 5. Administrative Authority for La Crescent Business Subsidies Policy

On ?, the City established an Economic Development Authority (EDA) which is responsible, contingent upon following City Council approval, for the administration and issuance of all business subsidies. The EDA will consider business subsidy requests that meet one or more of the City's stated development goals and objectives. The EDA is responsible for ensuring that the project would not otherwise occur "but for" the assistance being requested.

#### 6. Job and Wage Goals

While it is recognized that the creation of well paying jobs is a desirable goal which benefits the community, the City of La Crescent also recognizes that not all projects that may be assisted with subsidies will derive their public purposes and importance solely by virtue of job creation.

Whereas job creation is highly sought after as a traditional measure of a subsidy's public benefit, it is also recognized that job creation is by no means the only measurable benefit. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

Therefore, where no other criteria apply, job and wage goals under this policy shall be required of applicants on the basis of reasonable projections for comparable businesses, industries, or other organizations. The job and wage goals subsequently required under this policy shall be fulfilled by the end of

City of La Crescent, Minnesota  
Business Subsidies Policy

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1. Public Purpose

Determining whether to grant a business subsidy is an inherently inexact process that greatly depends on individual situations. This policy is a general statement of guidelines. The City in adopting this policy retains the sole and absolute discretion to deny or grant any subsidy request for any reason.

This Policy is adopted by the City of La Crescent ("City") in accordance with the Minnesota Business Subsidy Law ("Act"), Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act. Subd.1 of the Act states: "A business subsidy must meet a public purpose other than increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable."

2. Business Subsidy I Community & Economic Development Tools:

The City of La Crescent shall continue its support of community and economic development projects by utilizing any and all available economic development financing tools it deems appropriate, including, but not limited to revolving loan fund gap financing, Tax Increment Financing, and Tax Abatement. Policies that have been previously adopted for the City's financing tools shall be incorporated herein as a part of this Business Subsidies Policy. Compliance with the General Business Subsidy Policy shall not automatically mean compliance with such separate policies. Business Subsidies may be granted to projects that would not otherwise occur "but for" the assistance being requested.

3. Community & Economic Development Goals & Objectives:

The City may use the available economic development financing tools to assist the City in satisfying its community and economic development goals and objectives. This specifically includes broadening and diversifying the tax base, and one or more of the following:

- A. To further develop an enhanced employment base.
- B. To encourage strong, viable growth and development for the commercial and industrial areas of the community.
- C. To stimulate the redevelopment of underutilized, blighted or obsolete land uses.
- D. To insure that publicly assisted economic development projects meet established criteria that guarantee public benefit.
- E. To promote and encourage a high quality of construction.
- F. To provide more and better services to the City residents.

4. Definitions

**Administrator-** Administrator of the Business Subsidies Policy shall be the EDA Staff.

**Applicant-** Any person(s) who applies for a business subsidy.



## Business Subsidy Policy

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by: Kiester City Council

Date of adoption: 05/22/2000

Date of public hearing: 05/22/2000

## Business Subsidy Policy

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by: Kiester Economic Development Authority

Date of adoption: 05/22/2000

Date of public hearing: 05/22/2000

**Section 2. Public Policy.** A business subsidy must meet a public purpose which may include, but may not be limited to, increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is specific and demonstrable.

- 2.1 A Business Subsidy must have a defined public purpose. Public purposes that could apply to the project, among others, are listed in *Appendix C*.
- 2.2 A statement of the public purpose must be given in the Subsidy Agreement.

**Section 3. Business Subsidy Criteria.** The City reserves the right to approve a Business Subsidy that varies from the Criteria if the City determines a valid public purpose will be served. Criteria may be amended at any time, subject to a public hearing, the notice of which shall be published ten days prior to the hearing.

- 3.1 The criteria may not be adopted on a case-by-case basis.
- 3.2 Any Business Subsidy approved by the City shall be in compliance with the requirements of State and local law, including conformance with the comprehensive plan of the City.
- 3.3 The City can approve a request for a Business Subsidy if changes in the comprehensive plan, the zoning ordinance or other local laws or policies are under active consideration by the City.
- 3.4 The applicant must demonstrate that "but for" the assistance of the City, the project would not go forward.
- 3.5 The City may require demonstration of financial ability to pursue the project. The City may also rely on data provided by an applicant to financial institution.
- 3.6 A specific wage floor of \$\_\_\_\_\_ per hour (the "Wage Floor") [Council can use a formula rather than a dollar amount if the Council prefers] for the wages to be paid for the jobs created. The Council may deviate from the Wage Floor by documenting in writing the reason for the deviation and attaching a copy of the written documentation to its next annual report to the Department of Trade and Economic Development (DTED).
- 3.7 The setting of wage and job goals will be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the City nor the Recipient has control, the

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**BUSINESS SUBSIDY POLICY AND CRITERIA**

**THE CITY OF KEEWATIN, MINNESOTA**

**ADOPTED \_\_\_\_\_, 2000**

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**Section 1. Definitions**

- 1.1 **Act** means Minnesota Statutes, sections 116J.993 to 116J.995, inclusive as amended, also referred to as the Business Subsidy Act.
- 1.2 **Business Subsidy** means a grant, contribution of personal property, real estate, infrastructure, the principal amount of a loan at rates below those commercially available to the Recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any Forms of financial assistance listed in Appendix A re not a Business Subsidy under the Act.
- 1.3 **City** means the City of Keewatin.
- 1.4 **Criteria** means those elements considered by the City as a guide in the processing and reviewing of applications requesting a Business Subsidy. Meeting the Criteria does not presume that a project will automatically be approved nor does it create any contractual rights on the part of any applicant.
- 1.5 **Grantor** means the City of Keewatin which has the authority to provide Business Subsidies.
- 1.6 **Recipient** means any for-profit business entity that receives a Business Subsidy or any nonprofit business entity meeting the requirements of section 116J.993, subd. 6 of the Act.
- 1.7 **Subsidy Agreement** means an agreement between the Grantor and the Recipient that meets the requirements of section 116J.994, subd. 3 of the Act. The Subsidy Agreement may be incorporated into a broader development agreement for a project. The terms listed under Appendix B are required under the Act.

**7. Other**

- a. Other Factors. Depending on the nature of the project, such other factors as the City may deem relevant in evaluating the project and the business subsidy proposed for it.

Adopted by:

 Ronald L. Subo Mayor

Date of Adoption: 12/6/99

Date of Public Hearing: 12/6/99

- c. Design and/or Other Amenities. Whether, as a result of the business subsidy, the project will include design and/or amenity features not otherwise required by law. For example, the project may, at the request of the City, include landscaping, open space, public trails, employee work out facilities or day care facilities which serve a public purpose but are not required by law.

#### **4. Impact on Existing and Future Public Investment**

- a. Utilization of existing infrastructure investment. Whether and to what extent ( a) the project will utilize existing public infrastructure capacity and (b) the project will require additional publicly funded infrastructure investments.
- b. Direct Monetary Return on Public Investment. Arrangements made or to be made for the City to receive a direct monetary return on its investment in the project. For example, the business subsidy may be in the form of an interest bearing loan or may involve a project sharing arrangement.

#### **5. Economic Development**

- a. Leveraged Funds. For every dollar of business subsidy to be provided for the project, the minimum amount of private funds which will be applied towards the capital cost of the project.
- b. Spin Off Development. The dollar amount of non-subsidized development the project is expected to generate in the surrounding area and the need for and likelihood of such spin off development.
- c. Growth Potential. Based on the recipient's market studies and plans for expansion, whether and to what extent the project is expected within five years of its completion, be expanded to produce a net increase of full time equivalent jobs and of payroll, over and above the minimum net increase in jobs and payroll described in section 1 above.

#### **6. Quality of Life**

- a. Community Services. Whether the project will provide services in the community and the need for such services. For example, the project may provide health services, retail convenience services such as a nearby grocery store, or social services needed in the community.

4. If the business subsidy is received over time, the City may value the subsidy at its present value using a discount rate equal to an interest rate which the City determines is fair and reasonable under the circumstances.

As used herein "benefit date" means the date the business subsidy is received. If the business subsidy involves the purchase, lease, or donation of physical equipment, then the benefit date occurs when the recipient puts the equipment into service. If the business subsidy is for improvements to property, then the benefit date refers to the earliest date of either: when the improvements are finished for the entire project, or when a business occupies the property.

#### **D. PROJECT REVIEW AND EVALUATION CRITERIA**

The project review and evaluation criteria are the following:

##### **1. Jobs and Wages**

- a. New Jobs. The minimum net number of direct full time equivalent jobs to be created or retained by the proposed project for a period of at least two years from the estimated benefit date.
- b. Payroll. The minimum annual net payroll (including employer contributions for health benefits) to be generated at the end of the third anniversary date of the estimated benefit date.

##### **2. Tax Base**

- a. Increase in Tax Base. The net increase in property taxes estimated to be generated by the project in the first full year of operation.

##### **3. Land Use**

- a. Compliance with Comprehensive or Other Plans. Whether, apart from any needed services to the community described in section 5 below, the project is more compatible with the comprehensive plan than other permitted uses for the property. For example, the project may involve a "clean" industry such as a technology or service business which is preferred over other permitted uses.
- b. Marginal Property. Whether the project is located on property which needs but is not likely to be developed or redeveloped because of blight or other adverse conditions of the property. For example property may be so blighted that the cost of making land ready for redevelopment exceeds the property's fair market value.

- a. Each project will be evaluated on a case by case basis. The evaluation will take into consideration the project's importance in and benefit to the community from all perspectives, including created or retained jobs.
  - b. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, assistance may be approved without any specific job or wage goals if permitted by applicable law.
  - c. In cases where the objective is the retention of existing jobs, the recipient of the subsidy will be required to provide evidence which demonstrates that the loss of those jobs is imminent.
  - d. The setting of wage and job goals will be informed by (i) prevailing wage rates, (ii) local economic conditions, (iii) external forces over which neither the City nor the recipient of the subsidy has control, (iv) the financial resources of the recipient and (v) the competitive environment in which the recipient's business exists.
2. Because it is not possible to anticipate all the needs and requirements of every type of project and the ever-changing needs of the community and in order to retain the flexibility necessary to respond to all proposed projects, the City retains the right to approve projects and business subsidies which may vary from the principles and criteria set forth herein.

### **C. PROJECT REVIEW AND EVALUATION PROCEDURE**

The City will consider one or more of the criteria listed in Section C. below in determining whether to provide financial or other assistance to a project as a business subsidy. In applying the criteria to a specific project, the following will apply:

1. The City may consider the requirements of any other business subsidy received, or to be received, from a grantor other than the City.
2. If the business subsidy is a guaranty, the amount of the business subsidy may be valued at the principal amount of the guaranteed payment obligation.
3. If the business subsidy is real or personal property, the amount of the subsidy will be the fair market value of the property as determined by the City.



## **JORDAN BUSINESS SUBSIDY POLICY**

The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes, §116J.993 through 116J.995 (the "Act"). The term "City" means collectively the City of Jordan and the Jordan Economic Development Authority. The term "project" means the property with respect to which the business subsidy is provided.

### **A. MANDATORY CRITERIA**

All projects must comply with the following criteria:

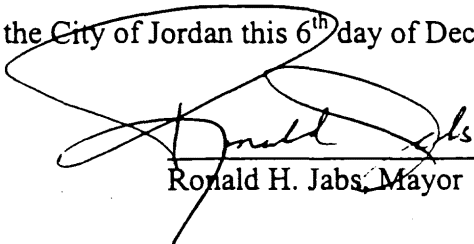
1. *But For Test.* There is a substantial likelihood that the project would not go forward without the business subsidy. This criterion may be met based solely on representation of the recipient of the business subsidy.
2. *Wage Policy.* If the project results in the creation of any jobs, the wage for each part-time and full time job created must be, within two years of the date assistance is received (as defined in the Act), at least equal to the prevailing wage for like or similar jobs within the area or such greater amount as the City may require for a specific project.
3. *Economic Feasibility.* The recipient must demonstrate to the satisfaction of the City that it has adequate financing for the project and that the project will be completed in a timely fashion.
4. *Compliance With Act.* The business subsidy from the City must satisfy all requirements of the Act.

### **B. PROJECT REVIEW AND EVALUATION POLICY**

1. The City recognizes that the creation of good paying jobs is a desirable goal which benefits the community. Nevertheless, not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage level requirements may be unrealistic and counter-productive in the face of larger economic forces influencing, and the financial and competitive circumstances of an individual business. In determining the requirements for a project under consideration for a business subsidy, the determination of the number of jobs to be created and the wage levels therefor will be guided by the following principles and criteria:

- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.


Adopted by the City Council of the City of Jordan this 6<sup>th</sup> day of December, 1999.



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Ronald H. Jabs, Mayor

ATTEST:



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Douglas Sell, City Administrator

**RESOLUTION 12-75-99**  
**A RESOLUTION ADOPTING A BUSINESS SUBSIDY POLICY FOR**  
**THE CITY OF JORDAN**

WHEREAS, Minnesota State Statute, Sections 116J.993 through 116J.995 (the "Act") requires municipalities to adopt criteria for the evaluation of requests for business incentives for "subsidies", following a public hearing; and

WHEREAS, terms used in this policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby; and

WHEREAS, while it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purpose and importance solely by virtue of job creation. In addition, imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of large economic forces and the financial and competitive circumstances of an individual business,

NOW, THEREFORE, BE IT RESOLVED BY THE JORDAN CITY COUNCIL, that with respect to business subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on a case by case basis, recognizing its Importance and benefit to the community from all perspectives, including created or retained employment positions.
- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.

## Business Subsidy Policy

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by: Jackson City Council

Date of adoption: 9/21/99

Date of public hearing: 9/21/99

The following forms of financial assistance are not a business subsidy per section 116J.993, subdivision 3:

1. a business subsidy of less than \$25,000;
2. assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
3. public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
4. redevelopment property polluted by contaminants as defined in section 116J.552, subdivision 3;
5. assistance provided for the sole purpose of renovating old or decaying building stock or brining it up to code, provided that the assistance is equal to or less than 50% of the total cost;
6. assistance provided to organizations whose primary mission is to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
7. assistance for housing;
8. assistance for pollution control or abatement;
9. assistance for energy conservation;
10. tax reductions resulting from conformity with federal tax law;
11. workers' compensation and unemployment compensation;
12. benefits derived from regulation;
13. indirect benefits derived from assistance to educational institutions;
14. funds from bonds allocated under chapter 474A;
15. assistance for a collaboration between a Minnesota higher education institution and a business;
16. assistance for a tax increment financing soils condition district as defined under section 469.174, subdivision 19;
17. redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value; and
18. general changes in tax increment financing law and other general tax law changes of a principally technical nature.

- 3.03 The business subsidy shall be provided within applicable state legislative restrictions, debt limit guidelines, and other appropriate financial requirements and policies.
- 3.04 The project must be in accord with the Comprehensive Plan and Zoning Ordinances, or required changes to the Plan and Ordinances must be under active consideration by the Grantor at the time of approval.
- 3.05 Business subsidies will not be provided to projects that have the financial feasibility to proceed without the benefit of the subsidy. In effect, business subsidies will not be provided solely to broaden a developer's profit margins on a project. Prior to consideration of a business subsidy request. The Grantor may undertake an independent underwriting of the project to help ensure that the request for assistance is valid.
- 3.06 Prior to approval of a business subsidy, the developer shall provide any required market and financial feasibility studies, appraisals, soil borings, information provided to private lenders for the project, and other information or data that the Grantor or its financial consultants may require in order to proceed with an independent underwriting.
- 3.07 Any developer requesting a business subsidy should be able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed.
- 3.08 The developer must retain ownership of the project at least long enough to complete it, to stabilize its occupancy, to establish the project management, and to initiate repayment of the business subsidy, if applicable.
- 3.09 A recipient of a business subsidy must enter into a subsidy agreement with the Grantor as described in Section 4.
- 3.10 A recipient of a business subsidy must make a commitment to continue operations at the site where the subsidy is used for at least five years after the benefit date.
- 3.11 Any business subsidy will be at the lowest possible level and for the least length of time necessary, after the recipient first maximizes the use of private debt and equity financing.
- 3.12 Recipients of any business subsidy will be required to meet wage and job goals determined by the Grantor on a case-by-case basis, giving consideration to the nature of the development, the purpose of the subsidy, local economic conditions and similar factors.

#### **4. SUBSIDY AGREEMENT**

- 4.01 In granting a business subsidy, the Grantor shall enter into a subsidy agreement with the recipient that provides the information, wage and job goals, commitments to provide necessary reporting data and recourse for failure to meet goals required by the Statutes.
- 4.02 The subsidy agreement may be incorporated into a broader development agreement for a project.

**CITY OF INVER GROVE HEIGHTS**  
**BUSINESS SUBSIDY CRITERIA**  
**Adopted December 13, 1999**

**1. PURPOSE AND AUTHORITY**

- 1.01 The purpose of the document is to establish the criteria for the City of Inver Grove Heights the ("Grantor") for granting of business subsidies for private development. These criteria shall be used as a guide in the processing and reviewing applications requesting business subsidies.
- 1.02 The Grantor's ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.994 (the "Statutes"). Terms used in this document are intended to have the same meanings as used in the Statutes, and these criteria shall apply only with respect to subsidies granted under the Statutes if and to the extend required thereby.
- 1.03 These criteria are to be used in conjunction with other relevant policies of the Grantor.
- 1.04 The criteria set forth in this document are guidelines only. The Grantor reserves the right in its discretion to approve business subsidies that vary from the criteria stated herein if the Grantor determines that the subsidy nevertheless serves a public purpose.
- 1.05 The Grantor may amend this document at any time. Amendments to these criteria are subject to public hearing requirements contained in the Statutes.

**2. PUBLIC POLICY REQUIREMENT**

- 2.01 All business subsidies must meet a public purposes other than increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable.

**3. BUSINESS SUBSIDY APPROVAL CRITERIA**

- 3.01 Unless specifically excluded by the Statutes, business subsidies include grants by state or local government agencies, contributions of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient of the subsidy, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business
- 3.02 All new projects approved by the Grantor should meet the following minimum approval criteria. However, it should not be presumed that a project meeting these criteria will automatically be approved. Meeting these criteria creates no contractual rights on the part of any potential developer.

**CITY OF INVER GROVE HEIGHTS  
DAKOTA COUNTY, MINNESOTA**

**RESOLUTION NO. 99-202**

**RESOLUTION ADOPTING BUSINESS SUBSIDY CRITERIA**

**WHEREAS**, Minnesota Statutes, Section 116J.993 through 116J.995 (the "Statutes") require the adoption of criteria for the granting of business subsidies as defined in the Statutes; and

**WHEREAS**, the City of Inver Grove Heights (the "City") has determined that it is necessary and appropriate to adopt business subsidy criteria pursuant to the Statutes; and


**WHEREAS**, the City has performed all actions required by law to be performed prior to the adoption and approval of the proposed business subsidies, including the holding of a public hearing upon published notice as required by law on December 13, 1999.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council (the "Council") of the City of Inver Grove Heights, Minnesota, that the business subsidy criteria, contained in Exhibit A of this resolution are hereby approved, ratified, established, and adopted and shall be placed on file at the City.

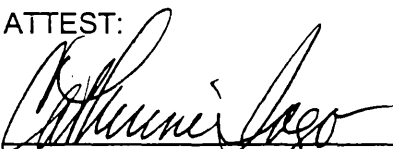
Adopted by the City Council of Inver Grove Heights this 13th day of December, 1999.

Ayes: 5

Nays: 0

  
\_\_\_\_\_  
Joseph E. Atkins, Mayor

ATTEST:

  
\_\_\_\_\_  
Catherine Iago, City Clerk



City of Hugo

October , 1999

4.02 The subsidy agreement may be incorporated into a broader development agreement for a project.

City of HugoOctober , 1999

- 3.04 The project must be in accord with the Comprehensive Plan and Zoning Ordinances, or required changes to the plan and Ordinances must be under active consideration by the City at the time of approval.
- 3.05 Business subsidies will not be provided to projects that have the financial feasibility to proceed without the benefit of the subsidy. In effect, business subsidies will not be provided solely to broaden a developer's profit margins on a project. Prior to consideration of a business subsidy request, the Grantor may undertake an independent underwriting of the project to help ensure that the request for assistance is valid.
- 3.06 Prior to approval of a business subsidy, the developer shall provide any required market and financial feasibility studies, appraisals, soil boring, information provided to private lenders for the project, and other information or data that the Grantor or its financial consultants may require in order to proceed with an independent underwriting.
- 3.07 Any developer requesting a business subsidy should be able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed.
- 3.08 The developer must retain ownership of the project at least long enough to complete it, to stabilize its occupancy, to establish the project management, and to initiate repayment of the business subsidy, if applicable.
- 3.09 A recipient of a business subsidy must enter into a subsidy agreement with the Grantor as described in Section 4.
- 3.10 A recipient of a business subsidy must make a commitment to continue operations at the site where the subsidy is used for at least five years after the benefit date.
- 3.11 Any business subsidy will be the lowest possible level and least amount of time necessary, after the recipient maximizes the use of private debt and equity financing first.
- 3.12 Recipients of any business subsidy will be required to meet wage and job goals determined by the Grantor on a case-by-case basis, giving consideration to the nature of the development, the purpose of the subsidy, local economic conditions and similar factors.

#### **4 Subsidy Agreement**

- 4.01 In granting a business subsidy, the Grantor shall enter into a subsidy agreement with the recipient that provides the information, wage and job goals, commitments to provide necessary reporting data and recourse for fail to meet goals required by the Statutes.

**City of Hugo  
Business Subsidy Criteria  
October 4, 1999**

**1 PURPOSE AND AUTHORITY**

- 1.01 The purpose of this document is to establish the criteria for the City of Hugo (the "Grantor") for granting of business subsidies for private development. These criteria shall be used as a guide in the processing and reviewing applications requesting business subsidies.
- 1.02 The City of Hugo's ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.994 (the "Statutes").
- 1.03 These criteria are to be used in conjunction with other relevant policies of the Grantor.
- 1.04 The criteria set forth in this document are guidelines only. The Grantor reserves the right in its discretion to approve business subsidies that vary from the criteria stated herein if the Grantor determines that the subsidy nevertheless serves a public purpose.
- 1.05 The Grantor may amend this document at any time. Amendments to these criteria are subject to public hearing requirements contained in the Statutes.

**2 PUBLIC POLICY REQUIREMENT**

- 2.01 All business subsidies must meet a public purpose other than increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable

**3 BUSINESS SUBSIDY APPROVAL CRITERIA**

- 3.01 Unless specifically excluded by the Statutes, business subsidies include grants by state or local government agencies, contributions of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient of the subsidy, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.
- 3.02 All new projects approved by the City of Hugo should meet the following minimum approval criteria. However, it should not be presumed that a project meeting these criteria will automatically be approved. Meeting these criteria creates no contractual rights on the part of any potential developer.
- 3.03 The business subsidy shall be provided within applicable state legislative restrictions, debt limit guidelines, and other appropriate financial requirements and policies.

**RESOLUTION 1999-16**

**A RESOLUTION ADOPTING BUSINESS SUBSIDY CRITERIA**

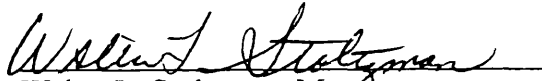
WHEREAS, Minnesota Statutes, Sections 116J.993 through 116J.995 (the "Statutes") require the adoption of criteria for the granting of business subsidies as defined in the Statutes; and,

WHEREAS, the City of Hugo (the "City") has determined that it is necessary and appropriate to adopt business subsidy criteria pursuant to the Statutes; and,

WHEREAS, the City has performed all actions required by law to be performed prior to the adoption and approval of the proposed business subsidies, including the holding of a public hearing upon published notice as required by law on October 4, 1999.

NOW, THEREFORE, BE IT RESOLVED by the City Council (the "Council") of the City of Hugo, Minnesota, that the business subsidy criteria, contained in Exhibit A of this resolution are hereby approved, ratified, established, and adopted, and shall be placed on file at the City.

Dated: October 4, 1999

  
Walter L. Stoltzman, Mayor

ATTEST:

  
Mary Ann Creager, City Clerk

- Statement of the reason the subsidy is needed
- Commitment to continue operations at the site where the subsidy is used for at least five years after the receipt of all financial assistance
- Goals for jobs created, or where job loss is imminent, goals for jobs retained
- Reporting requirements to the City/HRA as detailed in MS116J.994, Subd. 7

## 7. EXCEPTIONS TO REQUIREMENTS

- 7.01 Recipients of business subsidies are not required to meet criteria for job creation or enter into a subsidy agreement if the financial assistance is a form as defined in Minnesota Statutes Sec. 116J.993, Subd. 3.

## CITY OF HOPKINS/HRA

### Business Subsidy Criteria

#### 1. PURPOSE

- 1.01 The purpose of these criteria is to establish the City/HRA's position as relates to the use of business subsidies, as defined in Minnesota Statutes 116J.993, Subdivision 3, for private development. These criteria shall be used as a guide in processing and reviewing applications requesting business subsidies.
- 1.02 The City/HRA shall have the option of amending or waiving sections of these criteria when determined necessary or appropriate. Amendments to the criteria are subject to public hearing requirements pursuant to Minnesota Statutes, Section 116J.993 through 116J.995. No public hearing shall be required to waive any provision of these criteria.
- 1.03 Existing City/HRA programs that provide business subsidies are hereby revised to reflect the following Business Subsidy Criteria as deemed necessary and appropriate.

#### 2. STATUTORY LIMITATIONS

- 2.01 In accordance with the Business Subsidy Criteria, business subsidy requests must comply with applicable State Statutes. The City of Hopkins/HRA's ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.995.

#### 3. PUBLIC POLICY REQUIREMENT

- 3.01 All business subsidies must meet a public purpose other than increasing the tax base. Job retention may be used as a public purpose only in cases where job loss is imminent and demonstrable.

#### 4. BUSINESS SUBSIDY CRITERIA

- 4.01 Meet all goals, criteria, or guidelines for the specific business subsidy program for which application is being considered.

#### 5. BUSINESS SUBSIDY CRITERIA--JOBS

- 5.01 Recipients of business subsidies in instances where creation of jobs is the sole or primary public purpose will be encouraged to create the highest number of jobs at the highest feasible wage. However, the establishment of wage and job goals will take into account prevailing wage rates, local economic conditions, the individual financial resources of the recipient and wages paid by the recipient's competitors.

#### 6. SUBSIDY AGREEMENT

- 6.01 A recipient must enter into a subsidy agreement with the City/HRA, which includes but is not limited to the following:
  - Description of the subsidy
  - Statement of public purpose
  - Goals for the Subsidy

- Statement of the reason the subsidy is needed
- Commitment to continue operations at the site where the subsidy is used for at least five years after the receipt of all financial assistance
- Goals for jobs created, or where job loss is imminent, goals for jobs retained
- Reporting requirements to the City/HRA as detailed in MS116J.994, Subd. 7

## 7. EXCEPTIONS TO REQUIREMENTS

- 7.01 Recipients of business subsidies are not required to meet criteria for job creation or enter into a subsidy agreement if the financial assistance is a form as defined in Minnesota Statutes Sec. 116J.993, Subd. 3.

## CITY OF HOPKINS/HRA

### Business Subsidy Criteria

#### 1. PURPOSE

- 1.01 The purpose of these criteria is to establish the City/HRA's position as relates to the use of business subsidies, as defined in Minnesota Statutes 116J.993, Subdivision 3, for private development. These criteria shall be used as a guide in processing and reviewing applications requesting business subsidies.
- 1.02 The City/HRA shall have the option of amending or waiving sections of these criteria when determined necessary or appropriate. Amendments to the criteria are subject to public hearing requirements pursuant to Minnesota Statutes, Section 116J.993 through 116J.995. No public hearing shall be required to waive any provision of these criteria.
- 1.03 Existing City/HRA programs that provide business subsidies are hereby revised to reflect the following Business Subsidy Criteria as deemed necessary and appropriate.

#### 2. STATUTORY LIMITATIONS

- 2.01 In accordance with the Business Subsidy Criteria, business subsidy requests must comply with applicable State Statutes. The City of Hopkins/HRA's ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.995.

#### 3. PUBLIC POLICY REQUIREMENT

- 3.01 All business subsidies must meet a public purpose other than increasing the tax base. Job retention may be used as a public purpose only in cases where job loss is imminent and demonstrable.

#### 4. BUSINESS SUBSIDY CRITERIA

- 4.01 Meet all goals, criteria, or guidelines for the specific business subsidy program for which application is being considered.

#### 5. BUSINESS SUBSIDY CRITERIA--JOBS

- 5.01 Recipients of business subsidies in instances where creation of jobs is the sole or primary public purpose will be encouraged to create the highest number of jobs at the highest feasible wage. However, the establishment of wage and job goals will take into account prevailing wage rates, local economic conditions, the individual financial resources of the recipient and wages paid by the recipient's competitors.

#### 6. SUBSIDY AGREEMENT

- 6.01 A recipient must enter into a subsidy agreement with the City/HRA, which includes but is not limited to the following:
  - Description of the subsidy
  - Statement of public purpose
  - Goals for the Subsidy



findings and the recommendations of appropriate commissions.

5. If the Council's concept review is positive, the staff will prepare a development or redevelopment contract, business subsidy agreement based upon the terms approved, a financial analysis or tax increment financing plan if required, and other documents required to complete the transactions. The applicant will provide a deposit (cash or letter of credit) in an amount estimated to defray City costs involved with steps which need to be taken before a redevelopment contract is signed.
6. If Planning Commission action is required, it will be necessary for the applicant, at this time, to make formal application to the commission.
7. Following the necessary financial analysis, preparation of detailed plans, completion of the development/redevelopment contract and business subsidy agreement, the City Council shall hold a public hearing if necessary and take action on the project.
8. If a site plan or zoning action is required, the Planning Commission and City Council shall take the appropriate action at the same time that the development or redevelopment and subsidy agreements are considered for final approval.
9. The developer reports to the City and the State for two years or until the goals are met, whichever is later, providing the information required, and no later than the time required, by the statute.

environmental problems in the opinion of the local, state, or federal governments.

- 7) Business subsidies will not be used for projects involving heritage preservation sites without the approval of the Heritage Preservation Commission.
- 8) Business subsidies should normally not be used for projects which are likely to create a situation in other areas of the community which would require additional public assistance, unless the resources are made available for the remedy.

## 5. SUBSIDY AGREEMENT

5.01 A recipient must enter into a business subsidy agreement with the City which will include, but will not be limited to the following:

- 1) Description of the subsidy
- 2) Statement of the public purpose
- 3) Statement of the reason why the subsidy is needed
- 4) Goals for subsidy including the number of jobs created or retained and the wages paid
- 5) Description of the financial obligation of the recipient if the goals are not met and conditions under which the subsidy must be repaid in all or part
- 6) Commitment to continue operations at the site where the subsidy is used for a minimum of five years after the benefit date, as defined in the statute
- 7) Provisions securing repayment of the subsidy in the event of default or failure to meet goals.
- 8) Reporting requirements to the City and/or State as detailed in MS116J.994, Subd. 7.

## 6. PROCEDURES

1. Meet with appropriate City Staff to discuss the scope of the project in which public participation is being requested.
2. Completion of Business Subsidy, Tax Increment or program application form. This form shall be submitted to the City staff or a designated independent feasibility consultant.
3. The request shall be reviewed by city staff on a preliminary basis as to the feasibility of the project. The staff shall prepare a report on the project and present the project and request to the appropriate commissions for review and recommendation to Council
4. The application shall be placed on the City Council agenda for concept review. The applicant may make a formal presentation of the project. The Staff will present its

- 4.06 Business subsidies will not normally be provided to projects that have the financial feasibility to proceed without the benefit of the subsidy unless the public purpose of the project and the subsidy is clear and compensating. Prior to approval of a business subsidy request, the City may undertake an independent underwriting of the project to help ensure that the request for assistance is valid. The developer shall provide market and financial feasibility studies, appraisals, site and building plans, regulatory reports, business records and information provided to private lenders for the project, and other information required by the City.
- 4.07. The level of subsidy should be reduced to the lowest possible level and least amount of time by first maximizing the use of private debt and equity financing, other funding sources and income producing vehicles that can be structured into the project.
- 4.08. Each project shall be evaluated against the following community benefit criteria and the risk and reward of the project to the community considered before approval. The developer shall provide any information or data that the City or its financial consultants may require in order to proceed with evaluation.
- 1) All business subsidy requests should optimize the development potential of a site. The amount of land provided as a subsidy will be appropriate for the size of the proposed building and reasonable needs of the business.
  - 2) Business subsidies should normally not be used for projects which reduce the property taxes, over the long term, for the site below the amount paid before the project. Consideration will be given to redevelopment, rehabilitation and historic preservation projects which may not increase property taxes.
  - 3) Business subsidies should normally not be used to support speculative industrial, commercial, and office projects. In general, speculative projects are defined as those projects which do not have letters of intent or pre-leasing agreements for an acceptable amount of the available leasable space.
  - 4) Business subsidies will not be used when the developer's credentials, in the sole judgement of the City, are inadequate due to past track record relating to: completion of projects, general reputation and/or bankruptcy, or other problems or issues considered relevant by the City.
  - 5) Business subsidies will not be used to support projects that place unusual or excessive demands on City services, capital or operating expenditures such as reducing the capacity of existing services or exceed the average city expenditures in comparison to similar facilities. Consideration will be given to the total public costs that are required to support the project, including offsite facilities costs and infrastructure requirements.
  - 6) Business subsidies will not be used for projects that would generate significant

businesses;

- 5) Encourage investment in geographic areas which need redevelopment;
- 6) Facilitate the re-use of historic properties and sound, attractive buildings;
- 7) Facilitate the cleanup of environmental problems;
- 8) Facilitate the elimination of substandard buildings or blight;
- 9) Facilitate the relocation of uses which are non-conforming with the comprehensive plan, zoning ordinance, Shorelands and Critical Areas ordinances, or contribute to unsafe conditions in their present location.

- 3.02. Not all projects assisted with subsidies must derive their public purpose and importance solely by virtue of job creation. Worthwhile projects which do not involve job creation may be approved for a subsidy, if permitted by applicable law, with consideration given to the compensating weight of other public purposes.

#### 4. BUSINESS SUBSIDY CRITERIA

- 4.01 All new projects approved by the City of Hastings should meet the following minimum criteria. However, it should not be presumed that a project meeting these criteria will automatically be approved. Meeting these criteria creates no contractual rights on the part of any potential developer. Tenants, if any, are not responsible to the City for meeting the goals and conditions of the subsidy unless they are a party to the agreements. The City reserves the right to waive any provision of these criteria.
- 4.02 The project must meet the goals, criteria, guidelines and applicable state legislative restrictions of the specific program for which the applicant is being considered.
- 4.03 When creation of jobs is the sole or primary public purpose of the project, the recipient should create the highest realistic number of jobs on the site at competitive wages. The City will establish wages and jobs goals for each project, taking into consideration the regional prevailing wage rates, wages paid for the types of jobs by competitors, regional and local economic and employment conditions, external economic forces beyond local control and the individual financial resources of the recipient.
- 4.04 A recipient of a business subsidy must make a commitment to continue operations at the site where the subsidy is used for at least five years after the benefit date unless an exception is approved by the City. The recipient must retain ownership of the project at least long enough to complete it, to stabilize its occupancy, to establish the project management, and to guarantee repayment of the business subsidy as required by law.
- 4.05 The project must conform to Hastings' Comprehensive Plan, Land Use, Subdivision and other applicable ordinances; approval of required amendments, variances or special use permits must be under consideration by the City at the time of project approval.

## CITY OF HASTINGS

### Business Subsidy Criteria

Adopted after a public hearing by The City Council on the 20<sup>th</sup> day of December, 1999.

#### 1 PURPOSE

- 1.01 The purpose of this criteria is to establish the policy of the City of Hastings (City) as it relates to the use of business subsidies, as defined in Minnesota Statutes 116J.993, Subdivision 3, (Business Subsidy Law) for private development. This criteria shall be used as a guide in processing and reviewing applications requesting business subsidies.
- 1.02 The City shall have the option of amending, or waiving sections of this criteria when determined necessary or appropriate. Amendments to these criteria are subject to public hearing requirements pursuant to Minnesota Statutes, Sections 116J.993 through 116J.995. Waivers of criteria are not subject to a public hearing.
- 1.03 Existing City programs that provide business subsidies are hereby revised to reflect the following Business Subsidy Criteria as deemed necessary and appropriate.

#### 2. STATUTORY LIMITATIONS

- 2.01 In accordance with the Business Subsidy Criteria, Business Subsidy requests must comply with applicable State Statutes. The ability of the City to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.995, and as the law may be amended.
- 2.02. The definition of a subsidy and exceptions to the law are defined in MS116J.993 - 116J.995 and as the law may be amended. Terms used in this criteria policy statement are intended to have the same meanings as used in the law, and these criteria shall apply only with respect to subsidies granted under the law if and to the extent required thereby.

#### 3. PUBLIC PURPOSE REQUIREMENT

- 3.01 All business subsidies must meet a public purpose, including but not limited to the following:
  - 1) Increase the tax base. This is not a sufficient public purpose by itself; a subsidized project must have an additional public purpose;
  - 2) Provide for job retention, provided that loss is imminent and demonstrable;
  - 3) Create high quality jobs. In general, subsidized projects are expected to add new jobs at competitive wages;
  - 4) Enhance economic diversity. This relates to adjusting to change in the economy by replacing declining types of businesses and facilitating development of new types of

- G) Enables the completion of connecting links to partially completed municipal or private infrastructures, such as roads or utilities;
- H) Creates a customer base for other local businesses;
- I) Provides a needed service to the community.

#### V. Adoption by Reference of Other Statutory Requirements

##### A) Business Subsidy Agreement

A Business Subsidy Agreement meeting the requirements of Minnesota Statutes Chapter 116J.994, subdivisions 3, 4 and 7 shall be prepared and executed prior to the granting of any Business Subsidy.

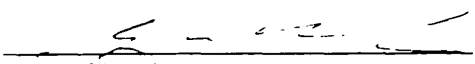
##### B) Public Hearing Requirement

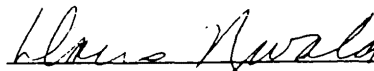
All Business Subsidies in excess of \$100,000.00 shall require the conducting of a Public Hearing prior to their implementation, in accord with Minnesota Statutes Chapter 116J.994, subdivision 5, and must be approved by the City Council by Resolution following the Public Hearing, which may occur immediately after the Public Hearing, or which may occur at a later date as a printed Agenda item at any regular or special City Council Meeting. Business Subsidies in amounts of \$25,000.00 to \$100,000.00 shall not require a public hearing, but shall be approved by Resolution of the City Council, after being scheduled as a printed Agenda item at any regular or special City Council meeting.

##### C) Time Limit for Approval

Any Business Subsidy approved by resolution of the Ham Lake City Council shall be null and void, if the Benefit Date has not occurred within one year of the date of approval of the resolution.

Presented to the Ham Lake City Council on October 4, 1999 and adopted by a unanimous vote this 18th day of October, 1999.

  
\_\_\_\_\_  
Gary Kirkeide, Mayor

  
\_\_\_\_\_  
Doris Nivala, Administrator

## ORDINANCE NO. 99-21

An Ordinance relating to Business Subsidies, adopting criteria for their usage, implementing the provisions of Minnesota Statutes Chapter 116J.993 to 116J.995.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HAM LAKE, ANOKA COUNTY, MINNESOTA, AS FOLLOWS:

### I. Non-Codified Ordinance

This Ordinance shall be included in Article 12 of the Ham Lake City Code, which is a compilation of otherwise non-codified ordinances, and shall be referred to as Ordinance 99-21, to be commonly referred to as the "Business Subsidy Ordinance".

### II. Definitions

Except as modified by this ordinance, the terms "Benefit Date", "Business Subsidy" and "Recipient" shall have the same meanings ascribed to those terms by Minnesota Statutes Chapter 116.993, subdivisions 2, 3 and 6, respectively. In addition, the term "Project" shall be defined to be a single transaction involving an investment of capital in real property or tangible personal property (specifically excluding capital invested for operating needs), having a logical beginning and ending point, capable of quantification.

### III. Applicability

This ordinance shall not apply to any Business Subsidy of less than \$25,000.00, unless the Recipient has received multiple Business Subsidies aggregating in excess of \$25,000.00 over any period of thirty-six months, in which case the Business Subsidy which brings the aggregate of the Business Subsidies over \$25,000.00 shall be deemed to be a Business Subsidy requiring compliance with this ordinance.

### IV. Criteria for Granting of Business Subsidies

The City may grant a Business Subsidy to any qualified entity if the Project meets two or more of the criteria listed below, which are deemed to be public purposes.

The project:

- A) Enhances the municipal tax base;
- B) Creates at least five new jobs at any wage level, or creates at least two new jobs at an hourly rate (or its salaried equivalent) of at least three times the prevailing federal minimum wage.
- C) Enhances Economic Diversity by generating a business which complements other local businesses, or which provides for a degree of job security by being sufficiently diverse from other local businesses as to be affected differently by local or regional economic trends.
- D) Stabilizes the community for the same reasons as listed in (C) above;
- E) Implements a portion of the City's Comprehensive Plan by realizing a desired land use for currently vacant or underused land;
- F) Provides infrastructure usable by other businesses or dwellings;

**6. Procedures**

- 6.01 Meet with appropriate City Staff to discuss the scope of the project, public participation being requested, and other information as may be necessary.
- 6.02 Completion of Preliminary Tax Increment Financing Assistance Application form. This form shall be submitted to the EDA Director.
- 6.03 Once a signed application is received, the EDA Director shall continuously communicate with the City Manager and City Council.
- 6.04 The request shall be reviewed by the EDA Director on a preliminary basis as to the feasibility of the project. The EDA Director shall prepare a report on the project.
- 6.05 The application shall be placed on the EDA agenda for concept review. The applicant may make a formal presentation of the project. The EDA Director will present preliminary findings. An Applicant should normally expect concept review to be completed at regular EDA meetings.
- 6.06 If the EDA Preliminary Concept Review is positive, the applicant may elect to file a formal application.
- 6.07 If Zoning and/or Planning Commission action is required, it will be necessary for the applicant, at this time, to make application for zoning and/or Planning Commission review.
- 6.08 Following the necessary financial analysis and preparation of detailed plans, the EDA shall take action on the project. If approved, the EDA Director is directed to undertake the following:
  - a. prepare a redevelopment agreement based upon the terms approved,
  - b. prepare, or have prepared, a redevelopment plan and tax increment financing plan, if required

At this time a deposit (cash or letter of credit) shall be required to defray costs involved with these steps which shall also be refunded at the time a redevelopment contract is signed should the project be approved.

- 6.09 If a redevelopment plan or zoning action is required, the Planning Commission, City Council and EDA shall take the appropriate action by the time that the redevelopment agreement is considered for approval.



- E. Business subsidy requests should normally not be used to support speculative industrial, commercial, and office projects. In general, speculative projects are defined as those projects which have letters of intent.
- F. All business subsidy requests will be reviewed to determine the feasibility to provide the City with equity participation in new developments (through a share of the profits), or to treat the business subsidy as a second mortgage with fixed payments.
- G. All business subsidy requests involving displacement of low and moderate income residents should give specific attention to the re-housing needs of those residents. Normally, this should be done as a part of the business subsidy. Adequate solutions to these re-housing needs will be required as a matter of public policy.
- H. Business subsidy requests will normally not be used in a project that involves an excessive land and/or property price. This will normally be where the acquisition price is more than 10% in excess of market value.
- I. All business subsidy requests will need to meet the "but for" test. Business subsidies will not be granted unless the need for the City and EDA's economic participation is sufficient that, without that assistance the project could not proceed in the manner as proposed.
- J. Business subsidies will not be used in projects that would give a significant, competitive financial advantage over similar projects in the area due to the use of business subsidies.
- K. Business subsidies will not be used when the developer's credentials, in the sole judgment of the EDA, are inadequate due to past track record relating to: completion of projects, general reputation and/or bankruptcy, or other problems or issues considered relevant by the City.
- L. Business subsidies will not be used to support projects that place demands on City services, or other capital or operating expenditures, that exceed the average city expenditures for similar facilities. Consideration will be given to the total public costs that are required to support the project, including offsite facilities costs that are required.
- M. Business subsidies will not normally be used for projects that would generate significant environmental problems.
- N. Business subsidies will not be used when the schedule for development has exceeded the schedule established in the development agreement, and where the City has not agreed to extensions of that schedule.
- O. Business subsidies may not be provided to those projects that fail to meet good public policy criteria as determined by the City, including but not limited to: poor project quality; projects that are not in accord with the comprehensive plan, zoning, redevelopment plans, and city policies; projects that provide no significant improvement to surrounding land uses, the neighborhood, and/or the City; projects that do not provide a significant increase in tax base; projects that do not have significant new, or retained, employment; projects that do not meet financial feasibility criteria established by the City; and projects that do not provide the highest and best desired use for the property.

- 4.05 Prior to approval of a business subsidies financing plan, the developer may be requested to provide any required market and financial feasibility studies, appraisals, soil boring information Provided to private lenders for the project, and other information or data that the City or its Financial consultants may require in order to proceed with an independent underwriting.
- 4.06 Any developer requesting a business subsidy should able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed.
- 4.07 The developer must retain ownership of the project at least long enough to complete it, to stabilize its occupancy, to establish the project management, and to initiate repayment of the business subsidy.
- 4.08. A recipient of a business subsidy must make a commitment to continue operations at the site where the business subsidy is used for a period of time as determined by the development agreement.
- 4.09 The level of TIF funding should be reduced to the lowest possible level and least amount of time by maximizing the use of private debt and equity financing first, and then using other funding sources or income producing vehicles that can be structured into the project financing, prior to using additional TIF funding.

**5. Tax Increment Project Evaluation Criteria**

- 5.01 All business subsidy requests will be evaluated on the following criteria for comparison with other proposed business subsidy requests reviewed by the EDA, and for comparison with other subsidy standards (if appropriate). It is realized that changes in local markets, costs of construction, and interest rates may cause changes in the amounts of business (Tax Increment ) subsidies that a given project may require at any given time.
- 5.02 Some criteria, by their very nature, must remain subjective. However, wherever possible "benchmark" criteria have been established for review purposes. The fact that a given proposal meets one or more "benchmark" criteria does not mean that it is entitled to funding under this policy, but rather that the City is in a position to proceed with evaluations of (and comparisons between) various business subsidy requests, using uniform standards whenever possible.
- 5.03 The Following are the evaluation criteria that will be used by the Economic Development Authority:
  - A. All business subsidy requests should optimize the private development potential of a site.
  - B. All business subsidy requests should obtain the highest possible private to public financial investment ratio. Retail/commercial, manufacturing and housing projects shall be reviewed on an individual basis.
  - C. All business subsidy requests should create the highest feasible number of jobs on the site.
  - D. All business subsidy requests should create the highest possible ratio of property taxes paid before and after redevelopment. Given the different assessment circumstances in the City, this ratio may vary widely.

**Granite Falls  
Economic Development Authority**

**Business Subsidy Criteria**

**1. Purpose**

- 1.01 The purpose of this criteria is to establish the City's position as relates to the use of business subsidies, as defined in Minnesota Statutes 116J.993, Subdivision 3, for private development. This criteria shall be used as a guide in processing and reviewing applications requesting business subsidies.
- 1.02 The City shall have the option of amending or waiving sections of this criteria when determined necessary or appropriate. Amendments to these criteria are subject to public hearing requirements pursuant to Minnesota Statutes, Sections 116J.993 through 116J.995.

**2. Statutory Limitations**

- 2.01 In accordance with the Business Subsidy Criteria, Business Subsidy requests must comply with applicable State Statutes. The City of Granite Falls's ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.995.

**3. Public Policy Requirement**

- 3.01 All business subsidies must meet a public purpose other than increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable

**4. Business Subsidy Approval Criteria**

- 4.01 All new projects approved by the Granite Falls Economic Development Authority should meet the following minimum approval criteria. However, it should not be presumed that a project meeting these criteria will automatically be approved. Meeting these criteria creates no contractual rights on the part of any potential developer.
- 4.02 The business subsidy shall be provided within applicable state legislative restrictions, debt limit guidelines, and other appropriate financial requirements and policies.
- 4.03 The project must be in accord with the Comprehensive Plan and Zoning Ordinances, or required changes to the plan and Ordinances must be under active consideration by the City at the time of approval.
- 4.04 Business subsidies will not be provided to projects that have the financial feasibility to proceed without the benefit of the subsidy. In effect, business subsidies will not be provided solely to broaden a developer's profit margins on a project. Prior to consideration of a business subsidy request, the City may undertake an independent underwriting of the project to help ensure that the request for assistance is valid.

**HOUSING AND REDEVELOPMENT AUTHORITY  
IN AND FOR THE CITY OF FRIDLEY**

**Business Subsidy Policy**

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Section 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on a case-by-case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by: Housing and Redevelopment Authority in and for the City of Fridley

Date of Adoption: October 14, 1999

Date of Public Hearing: October 14, 1999

### III. Conclusion

A "necessary or appropriate" analysis was conducted by the grantee or a subrecipient which appears to support the conclusion that the amount of CDBG assistance provided was reasonable, taking into account both the actual needs of the business in making the project financially feasible and the extent of public benefit reasonably anticipated?

YES NO

If "no," explain:

## II. Review of Public Benefit Analysis

1. Describe the nature and amount of the public benefit (e.g., jobs, taxes, other development, etc.) claimed as justification for the project:

2. Was the amount of public benefit claimed for the project evaluated against external standard(s) to determine the reasonableness of the claim? (For example, if the claimed benefit is new jobs, was the number of jobs expected to be created compared with industry standards regarding job creation?) YES NO

If "yes," describe the external standard(s):

If "no," describe how it was determined that the amount of claimed public benefit was reasonable:

- (5) If "no" to (3) or "yes" to (4), describe how it was determined that the size and terms of the CDBG assistance were reasonable:

d. If the justification for CDBG assistance was location,

- (1) Were the projected project and operating costs at the alternative sites evaluated for reasonableness and then compared to identify cost differentials?

YES NO

If "yes," what was the total cost differential?

\_\_\_\_\_

If "no," describe how cost differentials were identified:

- (2) Was the projected rate of return at the non-assisted site identified?

YES NO

If "yes," what was that rate?

\_\_\_\_\_ %

- (3) As shown in the project's operating pro forma, what is the projected average annual rate of return over the life of the pro forma?

\_\_\_\_\_ %

- (4) Is the projected rate of return shown in (3) significantly higher than the rate identified in (2)?

YES NO

- (5) If "no" to (2) or "yes" to (4), describe how it was determined that the size and terms of the CDBG assistance were reasonable:

(3) User project by a new business:

- (a) Was the industry average rate of return for this type of product or service identified? YES NO  
If "yes," what is that rate? \_\_\_\_\_ %  
What source was used for determining the rate?
- (b) As shown in the project's operating pro forma, what is the projected average annual rate of return over the life of the pro forma? \_\_\_\_\_ %
- (c) Is the projected rate of return shown in (b) significantly higher than the industry average rate of return shown in (a)? YES NO
- (d) If "no" to (a) or "yes" to (c), describe how it was determined that the size and terms of the CDBG assistance were reasonable:

c. If the justification for the CDBG assistance was a financing gap,

- (1) What was the size of the gap? (NOTE: Step 4 above on maximizing private funds is crucial to evaluating the size of the gap.) \$ \_\_\_\_\_
- (2) What is the amount of CDBG assistance to the project? \$ \_\_\_\_\_
- (3) Was the amount of CDBG assistance limited to the amount needed to fill the gap? YES NO
- (4) Is the project's projected average annual rate of return (as shown in the operating pro forma) significantly higher than a baseline rate of return (i.e., the going rate in the market, or the company's historical rate, or the industry average rate, as applicable)? YES NO



- (d) If "no" to (a) or "yes" to (c), describe how it was determined that the size and terms of the CDBG assistance were reasonable:

(2) User project by an existing business:

- (a) Was the company's historical rate of return identified? YES NO

If "yes," what is that rate?

Over what time period? \_\_\_\_\_

- (b) As shown in the project's operating pro forma, what is the projected average annual rate of return over the life of the pro forma? \_\_\_\_\_%

- (c) Is the projected rate of return shown in (b) significantly higher than the company's historical rate of return shown in (a)? YES NO

- (d) If "yes" to (c), was the industry average rate of return for this type of product or service identified? YES NO

If "yes," what is that rate?

- (e) Is the projected rate of return shown in (b) significantly higher than the industry average rate of return shown in (d)? YES NO

- (f) If "no" to (a) or (e) is "yes" or "not applicable", describe how it was determined that the size and terms of the CDBG assistance were reasonable:

4. Maximizing and Verifying Debt Financing

- a. Was each source of debt financing asked whether its loan represented the maximum amount it was willing to lend to the project? YES NO
- b. Was all debt financing verified through letter(s) of commitment from the source(s)? YES NO
- c. If "no" to either 4.a. or 4.b., how was it determined that non-CDBG sources of financing were maximized? Describe:

5. Size and Terms of CDBG Assistance

- a. Which of the following reasons was given to justify CDBG assistance to the project:

Inadequate rate of return\_\_\_; Financing gap\_\_\_; Location\_\_\_.

- b. If the justification for CDBG assistance was an inadequate rate of return, complete (1), (2), or (3) below depending upon whether this is a real estate project, a user project by an existing business, or a user project by a new business.

(1) Real estate project:

- (a) Was the going rate of return on equity for this type of investment in this market determined; for example, if the project is a retail strip, were local real estate professionals consulted to determine what local investors were receiving as a rate of return on equity for similar projects? YES NO

If "yes," what is that rate? \_\_\_\_\_%

Who was consulted?

- (b) As shown in the project's operating pro forma, what is the projected average annual rate of return over the life of the pro forma? \_\_\_\_\_%

- (c) Is the projected rate of return shown in (b) significantly higher than the going rate shown in (a)? YES NO

### 3. Evaluation of Operating Income and Expenses

- a. Was an evaluation performed of projected operating income and expenses to determine if any of the projections were unreasonable?

YES NO

If "yes," provide the following information as applicable:

- (1) If this is a real estate project, were the following projections in the operating pro forma evaluated for reasonableness by someone familiar with the market area?

YES NO

Gross rent per sq. ft.

\_\_\_\_

Vacancy contingency

\_\_\_\_

Expenses: Operating expenses

\_\_\_\_

Property taxes

\_\_\_\_

Insurance

\_\_\_\_

Maintenance/Repair

\_\_\_\_

Debt service

\_\_\_\_

List who evaluated these projections:

- (2) If this is a user project by an existing business, were the projections in the operating pro forma compared with figures in the business' profit and loss (P&L) statements for prior years to evaluate the reasonableness of the projections? (For example, was a comparison made to determine if the ratio of the cost of goods sold to sales was approximately the same in the pro forma and the P&L statements?)

YES NO

- (3) If this is a user project by a new (i.e., start-up) business, were projections in the operating pro forma compared with industry standards to evaluate reasonableness? (For example, was the cost of goods sold as shown in the pro forma compared with industry standards?)

YES NO

What source was used for the standard(s)?

- b. If any answer in 3.a. was "no," describe how it was determined that the projections in the operating pro forma were reasonable:

SUGGESTED GUIDE FOR REVIEW OF  
"NECESSARY OR APPROPRIATE" DETERMINATIONS

Grantee/Subrecipient \_\_\_\_\_

Reviewer \_\_\_\_\_ Date \_\_\_\_\_

Activity \_\_\_\_\_

Staff Consulted \_\_\_\_\_

I. Review of Financial Analysis

1. Project Description

- a. Project type:  
Real estate  
User \_\_\_\_\_ (New business \_\_\_\_\_ or Existing business \_\_\_\_\_).
- b. Brief description:

2. Evaluation of Proposed Project Costs

- a. Was an evaluation performed of proposed project costs to determine if any costs were unreasonable? YES NO

If "yes," provide the following information as applicable:

- (1) If grantee or subrecipient staff compared costs with industry standards, identify the publication(s) (or other source) used in the comparison:
- (2) If a third-party (e.g., a bank or an independent architect or engineer) was relied upon to evaluate cost reasonableness, identify the third-party:
- (3) If another method was used in making cost comparisons, describe it:

- b. If the answer in 2a. was "no," determine if this is a pattern for the grantee. If so, advise the grantee to implement a method for analyzing project costs for reasonableness.

This form "Suggested Guide for Review of Necessary or Appropriate Determinations" must be completed by the grantee each time a loan is approved. This Department uses the form to make Necessary or Appropriate determinations each time an Economic Development Grant is approved. Upon completion, it must be maintained in your project files.

ER.GEN/III195-1

B. AVAILABLE TO:

To be completed by company only:

This available job meets that of the general LMI population based on the following criteria:

- Skill Level
- Education and experience
- Training provided by the employer
- Advertising, recruitment or other outreach efforts

C. WAGES AND BENEFITS

Total annual hours for this position are: \_\_\_\_\_

Hourly wages is: \$ \_\_\_\_\_

Benefits: (circle yes or no)

- |                  |     |    |
|------------------|-----|----|
| - Health         | yes | no |
| - Dental         | yes | no |
| - Life Insurance | yes | no |
| - Retirement     | yes | no |

D. COMPANY CERTIFICATION

To be completed by the company:

I certify to the following:

\_\_\_\_ That \_\_\_\_\_ was hired for \_\_\_\_\_ on \_\_\_\_\_  
(Employee) (Job Title) (Date)

\_\_\_\_ That this position meets the LMI criteria as outlined in Sections A or B.

\_\_\_\_ That this position does not meet the LMI criteria.

\_\_\_\_\_  
Company Officer

\_\_\_\_\_  
Date

E. GRANTEE CERTIFICATION

To be completed by the grantee:

I acknowledge that I have reviewed the above information and it meets the following criteria:

- \_\_\_\_ "Taken By" an LMI person ( See Section A)
- \_\_\_\_ "Available To" an LMI person (See Section B)
- \_\_\_\_ Non-LMI

\_\_\_\_\_  
Project Director

\_\_\_\_\_  
Date

**For retained positions, complete Sections A and C.**

## NOTICE TO EMPLOYEE

COMPANY NAME \_\_\_\_\_

The development of this project and the creation of these jobs are being assisted with Community Development Block Grant (CDG) funds provided to us from the City of Fergus Falls, which it receives from the Minnesota Department of Trade and Economic Development (DTED). A requirement of this assistance is that we collect data on employees. Therefore, we ask that you answer the questions below. This information will not be disclosed by this office without your consent, except to the City of Fergus Falls and to DTED.

Are you... \_\_\_\_\_ Male \_\_\_\_\_ Female \_\_\_\_\_ Female Head of Household \_\_\_\_\_ Handicapped

Are you..... \_\_\_\_\_ White  
\_\_\_\_\_ Black  
\_\_\_\_\_ American Indian or Alaskan Native  
\_\_\_\_\_ Hispanic  
\_\_\_\_\_ Asian or Pacific Islander

**A. TAKEN BY:**

What is the number of adults and children living in your household, including yourself? \_\_\_\_\_

Please check the appropriate response across from the family size you listed above. Family income includes gross wages generated from all persons living in the household.

1 Member	_____ \$ 14,550 or less	_____ \$ 23,300 or more
2 Members	_____ \$ 16,650 or less	_____ \$ 26,600 or more
3 Members	_____ \$ 18,700 or less	_____ \$ 29,950 or more
4 Members	_____ \$ 20,800 or less	_____ \$ 33,300 or more
5 Members	_____ \$ 22,450 or less	_____ \$ 35,950 or more
6 Members	_____ \$ 24,150 or less	_____ \$ 38,600 or more
7 Members	_____ \$ 25,800 or less	_____ \$ 41,250 or more
8 Members	_____ \$ 27,450 or less	_____ \$ 43,950 or more

If requested, I would agree to make my financial records available to the City of Fergus Falls or DTED for verification of the above information.

I certify that the information above is, to the best of my knowledge and belief, a true, correct and complete statement of my financial condition as of the date stated herein.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Warning: Section 1001 of Title 18 of the United States Code, 1996, (Crimes and Criminal Procedure, shall apply to the foregoing certification. Section 1001 provides, among other things, that whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both.

**EMPLOYEES STOP HERE**

**BACK PAGE TO BE COMPLETED BY COMPANY AND GRANTEE**

## State Requirements

### 1. Municipal Rights, Powers, Duties (MS 471.87-471.88)

An officer of the City may not have a personal financial interest or personally benefit financially from the business to be assisted.

### 2. Business Subsidies Awarded by State and Local Unites of Government (MS 116J.993 to 116J.995)

For all projects, where the assistance exceeds \$25,000 from the RLF, the City must establish wage level and job creation goals which is to be met by the business receiving the assistance. The business must create a net increase in jobs in Minnesota within two years of receiving the assistance. If the business fails to meet the wage and job goals, it must repay the assistance. The law also covers: what information must be contained in Business Subsidy Agreements; reporting requirements for grantors of business subsidies as well as the recipients of business subsidies; penalties for not reporting.

### 3. First Source Agreements (MS.268.66)

A business that receives grants or loans in an amount greater than \$200,000 must agree to list any vacant or new positions with the job services of the Department of Economic Security.

### 4. Surety Deposits Required for Construction Contracts (MS 290.9705)

In the situation that the contract exceeds \$100,000 and a non-Minnesota construction contractor has been hired to perform the work, the City must do the one of the following:

- a. Deposit with the Department of Revenue 8 percent of every payment made to the contractor; or
- b. Have in its possession a Waiver of Withholding from the Department of Revenue.

### 5. Government Data Practices (MS13)

Information contained in the application for assistance will become a matter of public record with the exception of those items protected under the Minnesota Government Data Practices Act.



- c. An organization that employs or is about to employ an employee, agent or officer of the grantee or subrecipient.

In cases not covered by the above, the CDBG regulations at 24 CFR 570.611 governing conflict-of-interest apply. These provisions cover employees, agents, consultants, officers and elected or appointed officials of the City or subrecipient. The regulations state that no person covered who exercises or has exercised any functions or responsibilities with respect to CDBG activities or who is in a position to participate in decisions or gain inside information:

- a. May obtain a financial interest or benefit from CDBG activity;
- b. Have an interest in any contract, subcontract or agreement for themselves or for persons with business or family ties.

This requirement applies to covered persons during their tenure and for one year after leaving the City or subrecipient entity.

Upon written request, exceptions to these provisions may be granted by HUD on a case-by-case basis only after the City has:

- a. Disclosed the full nature of the conflict and submitted proof that the disclosure has been made public, and
- b. Provided a legal opinion from the City stating that there would be no violation of state or local law if the exception were granted.

#### 6. Environmental Review

The City is responsible for undertaking environmental reviews in accordance with the Environmental Manual. The ER must be completed before funds are committed.

#### 7. Flood Insurance

##### Section 202 of the Flood Disaster Protection Act of 1973 (42 USC 4106)

Requires that CDBG funds shall not be provided to an area that has been identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards unless:

- a. The community is participating in the National Flood Insurance Program, or it has been less than a year since the community was designated as having special flood hazards; and
- b. Flood insurance is obtained.

#### 8. Displacement, Relocation, Acquisition and Replacement of Housing

Projects involving acquisition, rehabilitation or demolition may be subject to the provisions of the Uniform Relocation Act.

- c. Copeland (Anti-Kickback) Act (40 USC 276c). Governs the deductions from paychecks that are allowable. Makes it a criminal offense to induce anyone employed on a Federally assisted project to relinquish any compensation to which he/she is entitled, and requires all contractors to submit weekly payrolls and statements of compliance.
- d. Fair Housing Standards Act of 1938, As Amended (29 USC 201, et.seq.). Establishes the basic minimum wage for all work and requires the payment of overtime at the rate of time and one-half. It also requires the payment of wages for the entire time that an employee is required or permitted to work, and establishes child labor standards.

In accordance with 24 CFR Part 5, CDBG funds may not be used to directly or indirectly employ, award contracts to or otherwise engage the services of any contractor or subrecipient during any period of debarment, suspension or placement of ineligibility status. Grantees should check all contractors, subcontractors, lower tier contractors and subrecipients against the Federal publication that lists debarred, suspended and ineligible contractors. See internet site at <http://www.arnet.gov/epl/>.

#### 4. Procurement

The procurement standards of 24 CFR 85.36 apply.

#### 5. Conflict-of-Interest

For the procurement of property and services, the conflict-of-interest provisions at 24 CFR 85.36 and 24 CFR 84.42 apply. This requires the City to maintain written standards governing the performance of their employees engaged in awarding and administering contracts. At a minimum, these standards must:

- a. Require that no employee, officer, agent of the City or its subrecipient shall participate in the selection, award or administration of a contract supported by CDBG if a conflict-of-interest, either real or apparent, would be involved;
- b. Require that grantee or subrecipient employees, officers and agents not accept gratuities, favors or anything of monetary value from contractors, potential contractors or parties to subagreements; and
- c. Stipulate provisions for penalties, sanctions or other disciplinary actions for violations of standards.

A conflict would arise when any of the following has a financial or other interest in a firm selected for award:

- a. Any member of an employee's, agent's or officer's immediate family;
- b. An employee's, agent's or officer's partner; or

- g. Section 504 of the Rehabilitation Act of 1973. Prohibits discrimination in Federally assisted program on the basis of handicap. It imposes requirements to ensure that "qualified individuals with handicaps" have access to programs and activities that receive Federal funds.
- h. Architectural Barriers Act of 1968 (942 U.S.C. 4151-4157). Requires certain Federally funded buildings and other facilities to be designed, constructed or altered in accordance with standards that ensure accessibility to, and use by, physically handicapped people.

## 2. Equal Opportunity

- a. Equal Employment Opportunity, Executive Order 11246, as amended (41 CFR part 60). Prohibits discrimination against any employee or applicant for employment because of race, color, religion, sex or national origin. Provisions to effectuate this prohibition must be included in all construction contracts exceeding \$10,000.
- b. Section 3 of the Housing and Urban Development Act of 1968. Requires that to the greatest extent feasible, opportunities for training and employment arising from CDBG will be provided to low-income persons residing in the program service area. Also, to the greatest extent feasible, contract for work (all types) to be performed in connection with CDBG will be awarded to business concerns that are located in or owned by persons residing in the program service area.
- c. Minority/Women's Business Enterprise (Executive Orders 11625, 12432, 12138) (24 CFR 85.36(e)). City must prescribe procedures for minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women, and entities owned by minorities and women, in all contracts.

## 3. Labor Requirements

All contracts for construction and installation of equipment must comply with the following:

- a. Davis-Bacon and Related Acts (40 USC 276 (A)-7). Ensures that mechanics and laborers employed in construction work under Federally assisted contracts are paid wages and fringe benefits equal to those that prevail in the locality where the work is performed.
- b. Contract Work Hours and Safety Standards Act, as amended (40 USC 327-333). Provides that mechanics and laborers employed on Federally assisted construction jobs are paid time and one-half for work in excess of 40 hours per week, and provides for the payment of liquidated damages where violations occur. It also addresses safe and healthy working conditions.

## Federal Requirements

The RLF policies and procedures must comply with the following Federal laws, executive orders and regulations:

### 1. Fair Housing and Equal Access

- a. Title VI of the Civil Rights Act of 1964, as Amended (42 U.S.C. 2000d et seq.) (24 CFR Part 1). No person may be excluded from participation in, denied the benefits of, or subjected to discrimination under any program or activity receiving Federal financial assistance on the basis of race, color or national origin.
- b. The Fair Housing Act (42 U.S.C.3601-3620)((24 CFR Part 100-115)  
Prohibits discrimination in the sale or rental of housing, the financing of housing or the provision of brokerage services against any person on the basis of race, color, religion, sex, national origin, handicap or familial status. Furthermore, section 104 (b) (2) of the Act requires that each grantee certify to the secretary of HUD that it is affirmatively furthering fair housing. The certification specifically requires grantees to conduct a fair housing analysis, develop a fair housing plan, take appropriate actions to overcome the effects of any impediments identified and maintain records on the analysis, plan and actions in this regard.
- c. Equal Opportunity in Housing (Executive Order 11063, as amended by Executive Order 12259) (24 CFR Part 107). Prohibits discrimination against individuals on the basis of race, color, religion, sex or national origin in the sale, rental, leasing or other disposition of residential property, or in the use or occupancy of housing assisted with Federal funds.
- d. Age Discrimination Act of 1975, As Amended (42 U.S.C. 6101) ( 24 DFR Part 146)  
Prohibits age discrimination in programs receiving Federal financial assistance.
- e. Section 109 of Title I of the Housing and Community Development Act of 1974. Requires that no person shall be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded with CDBG funds on the basis of race, religion, national origin or sex.
- f. Americans with Disabilities Act (ADA) (42 U.S.C. 12131;47 U.S.C. 155.201,218 and 225). Provided comprehensive civil rights to individuals with disabilities in the areas of employment, public accommodations, state and local government services and telecommunications. The Act also states that discrimination includes the failure to design and construct facilities that are accessible to and usable by persons with disabilities and requites the removal of architectural and communication barriers that are structural in nature in existing facilities.

- c. A description of activities to be taken by the to ensure that LMI persons receive first consideration for those jobs.

A listing by job title of the permanent jobs filled, and which jobs were available to LMI persons, as well as a description of how first consideration was given to such persons for those jobs. The description must contain the following:

- a. What type of hiring process was used; which LMI persons were interviewed for particular jobs; which LMI interviewees were hired.
2. Where the grantee chooses to document at least 51% of the jobs will be held by LMI persons, documentation for each assisted business will include a copy of a written agreement containing the following:
- a. A commitment by the business that at least 51% of the jobs on a full-time equivalent basis will be held by LMI persons and a listing by job title of the permanent jobs to be created will be submitted.
  - b. A listing by job title of the permanent jobs filled and which jobs were initially held by LMI persons; and
  - c. Information on the size and annual income of the person's immediate family prior to the person being hired for the job (completion of the Notice to Prospective Employee).

Where LMI benefit is based on job retention, the files will include the following documentation:

- a. Evidence that in the absence of CDBG assistance, the jobs would be lost; and
- b. For each business assisted, a listing by job title of permanent jobs retained, indicating which of those jobs are part-time and (where it is known) which are held by LMI persons at the time the assistance is provided; and,
- c. Where applicable, identification of any of the retained jobs (other than those known to be held by LMI persons) which are projected to become available to LMI persons through job turnover within two years of the time CDBG assistance is provided. (Information upon which the job turnover projections were based should also be included in the record); and,
- d. For each retained job claimed to be held by a LMI person, information on the size and annual income of the person's immediate family; and,
- e. For jobs claimed to be available to LMI persons based on job turnover, a description covering the items required for "available to" jobs in Section 1 on the previous page; and a listing of each job which has turned over to date, indicating which of those jobs were either taken by, or available to LMI persons. (For jobs made available, the record must include a description of how first consideration was given to such persons for those jobs).

- f. As a general rule, jobs from different businesses will not be aggregated. However, in certain cases such as where CDBG funds are used to acquire, develop, or improve real property, (i.e. a business incubator or an industrial park) jobs may be aggregated for all of the businesses which locate on the property, provided the businesses are not otherwise assisted with CDBG funds. Additionally, where CDGB funds are used to pay for the staff and overhead costs of a s507.204 recipient making loans to businesses from non-CDBG funds, jobs created by all of the businesses receiving loans during any one year may be aggregated.

### Slums/Blight

An economic development project, such as commercial rehab, which aid in the prevention or elimination of slums or blight in a designated area may qualify under the Slum/Blight National Objective.

To qualify, the economic development activity must take place in an area that:

1. Has been designated by the City as meeting a definition of a slum, blighted, deteriorated or deteriorating area under the state or local law; and
2. Has a substantial number of deteriorated or deteriorating buildings or the public improvements are in a general state of deterioration.

The assisted activity must address the conditions which contributed to the deterioration of the delineated area.

The City must maintain documentation on the boundaries of the area and the condition which qualified the area when it was designated under state or local law.

### Record Maintenance

When assistance is based on job creation, the files will include the documentation described in either 1 or 2 below:

1. If the assisted business chooses to document that at least 51% of the jobs will be available to LMI persons, documentation will include a written agreement containing the following:
  - a. A commitment by the business that it will make at least 51% of the jobs available to LMI persons and will provide training for any of those jobs requiring special skills or education; and
  - b. A listing by job title of the permanent jobs to be created, indicating which jobs will be available to LMI persons, which jobs require special skills or education, and which jobs are part-time; and

A position is "Available to" LMI persons if the following criteria applies to the position:

- a. The job does not require special skills that can only be acquired with substantial training, work experience or education beyond high school.
- b. The business agrees to hire unqualified persons and provide training; and
- c. The City or the assisted business take actions to ensure that LMI persons receive first consideration for filling such jobs.

A job that is "Taken by" an LMI person if his/her household income is within the Section 8 income guidelines. (See Notice to Employee form and SCDP HUD Section 8 income limits).

Principles involved in providing "first consideration" are:

- a. The business must use a hiring practice that in all likelihood will result in over 51% of persons hired being LMI persons.
- b. The business must seriously consider a sufficient number of LMI job applicants to meet this intent; and
- c. The distance from residence and availability of transportation to job site must be considered in determining whether a particular LMI person can be seriously considered an applicant for the job.

A "Notice to Employee" will be completed by each employee of a business receiving financial assistance using RLF federal funds. This form will be a certification signed by the applicant/employee of family income and size to establish LMI status and includes a statement that the applicant/employee agrees to provide verification of income to the City or the Minnesota Department of Trade and Economic Development. Upon completion by both the applicant/employee and the business, the business will forward the forms to the City, where the forms will be retained.

For created jobs, the benefit is intended for persons who are LMI prior to being hired. For retained jobs, the family must be LMI at the time job is retained. Thus, a high-paying unskilled job might count as a created job but might not be counted for retention except for turnover purposes.

In counting jobs, the following policies will apply:

- a. Part-time jobs will be converted to full-time equivalents.
- b. Only permanent jobs count-temporary jobs will not be included.
- c. Seasonal jobs will be counted only if the season is long enough for the job to be considered as the employee's principal occupation.
- d. All permanent jobs created by the activity will be counted even if the activity has multiple sources of funding.
- e. Jobs indirectly created by an assisted activity (i.e. trickle-down jobs) will not be counted: and,

8. RFL proceeds cannot be used to transfer ownership through acquisition of fixed assets unless the transfer results in job expansion and meets the other criteria of the guidelines.

### Requirements

1. Detailed business plan including financial projections for two (2) years into the future ( e.g. cash flow proforma, projected balance sheets and profit and loss statements, etc.).
2. Whether project costs are reasonable in comparison to similar projects or industry standards.
3. Whether pro-forma projections are reasonable when compared with historical data (if any) or with industry standards (i.e. RMA. etc.).
4. A market analysis demonstrating the opportunity for the product, or increased supply of product (if an expansion of an existing business).
5. Demonstration that a locational preference of Fergus Falls versus some other community (in state or out of state) exists and financial incentives are necessary to cause the project to remain in or be located to Fergus Falls.
6. A management plan and background of key management personnel.
7. The number and types of jobs to be retained and/or created, as well as pay levels and benefits for those jobs.
8. Estimated increases to the tax base of Fergus Falls.
9. Any other peripheral development which may occur as a result of the project.
10. Documentation of private and bank funds that are committed to the project.
11. Terms of any loan proceeds that are part of the project.
12. Businesses assisted with RLF funds must provide valid bids for construction work to be done or equipment to be acquired in whole or in part with RLF funds to verify costs effectiveness.

### National Objective

The project must meet at least one of two national objectives. These objectives are:  
Benefit to Low and Moderate Income (LMI) or Prevention or Elimination of Slums or Blight

#### Low and Moderate Income: Job Creation/Retention

The business to be assisted must commit to the creation and or retention of jobs with 51% of the jobs to be made available to or held by LMI persons. When jobs will be retained, the business must document in writing that the jobs would be lost without the RLF assistance and that one or both of the following applies to at least 51% of the jobs:

- a. The job is held by a LMI person; or
- b. The job can reasonably be expected to turn over within the following 2 years and steps will be taken to ensure that the job will be filled, or made available to, a LMI person.



### Necessary or Appropriate Determination

A necessary or appropriate determination will be made by the City when CDBG assistance of any form is provided directly to a private, for-profit entity for an economic development activity. If RLF dollars are to be used for publicly owned infrastructure, it is not necessary to make a necessary or appropriate determination.

The City's files will contain documentation of the financial analysis of the business' need for assistance, as well as public benefit factors that were considered in making the determination that the assistance is necessary or appropriate. The documentation will show that the level of funding for the activity is reasonable, considering the needs of the business and the amount and nature of the public benefit to be achieved.

The form "Suggested Guide for Review of Necessary or Appropriate Determinations" will be completed by the City each time a loan is approved (see Exhibit B attached).

### Wage Goals

The following wage levels must be paid by businesses receiving RLF assistance:

Effective August 1, 1999 – July 31, 2000	\$6.50 cash wages
Effective August 1, 2000 – July 31, 2001	\$7.25 cash wages
Effective August 1, 2001 and thereafter	\$8.00 cash wages plus \$.83 per hour for benefits*

\* As of July 1, 1999, \$8.83 is 110% of the federal poverty level for a family of four. The federal poverty level changes annually.

Benefits are defined as: health insurance, life insurance, dental insurance, retirement, profit sharing, output bonus, **plus other benefits not mandated by law**. Benefits mandated by law cannot be counted.

### Criteria

1. Loans may be in junior collateral position to the major source of project funding.
2. Term of the loan should coincide with the term of the private portion of the loan, but may be shorter depending upon the circumstances.
3. The interest rate of the RLF loan should be approximately three points below the going Ten-Year Treasury Note rate.
4. The applicant must meet the criteria of the private financial institution participating in the project.
5. The job/cost ratio for each project should be approximately 1:\$5,000.
6. **RLF loans will not exceed \$200,000.**
7. Assets pledged as collateral must be approved by both the City and the participating private financial institution(s).

6. Whether assistance is necessary to retain existing business; and
7. Whether assistance is necessary to attract out-of-state business.

The grant or loan cannot be based solely on a finding that the conditions in clause 6 or 7 exist. A finding must be made that a condition in clause 1 – 5 also exists.

#### Eligible Activities

RLF's may be used for the following activities:

1. Acquisition of land
2. Construction, reconstruction, and rehabilitation of commercial or industrial buildings
3. Site improvements
4. Utilities or infrastructure
5. Machinery and Equipment
6. Workforce development including job training and placement
7. Microenterprises
  - A. RLF assistance can be provided to persons owning or developing a microenterprise, which is defined as a commercial enterprise that has 5 or fewer employees, one or more of whom owns the enterprise.
  - B. Eligible microenterprise activities include the provision of:
    1. Grants, loans, loan guarantees and other forms of financial support, for the establishment, stabilization, and expansion of microenterprises.
    2. Technical assistance, advice, and business services to owners of microenterprises and persons developing microenterprises.
    3. General support to owner of microenterprises and persons developing microenterprises; and
    4. Training and technical assistance, or other support services to increase capacity of recipients or subrecipients to carry out microenterprise activities.

#### Ineligible Activities

RLF assistance may not be used for the following:

1. Operation or expansion of a casino.
2. For a project related to a sports facility. "Sports facility" means a building that has a professional sports team as a principal tenant.
3. General promotion of the community.
4. Professional sports teams.
5. Privately owned recreational facilities that serve a predominantly higher income clientele where the benefit to users clearly outweighs the benefit of jobs created or retained.
6. Acquisition of land for which a specific use has not been identified (i.e. land banking)
7. Assistance to a for-profit business that is, or its owner is, the subject of unresolved findings of noncompliance related to previous CDBG assistance.

## REVOLVING LOAN FUND GUIDELINES FEDERAL FUNDS

A local unit of government may establish a Revolving Loan Fund (RLF) with funds from a variety of sources. The City of Fergus Falls has established an RLF using Community Development Block Grant (CDBG) funds. This program is administered through the Department of Trade and Economic Development.

The recipient of CDBG funds is authorized to keep all the principal repayments and interest on the loan amount.

### Purpose and Goals

Revolving loan funds are to be used for business start-ups, expansions, and retentions where jobs are created or retained. This may be accomplished by the following means:

1. Creation or retention of permanent private-sector jobs in order to create above average economic growth;
2. Stimulation or leverage of private investment to ensure economic renewal and competitiveness;
3. Increase to the local tax base;
4. Improvement of employment and economic opportunity for citizens in the region to create a reasonable standard of living (i.e. upgrade of equipment or technology resulting in increased skill level and subsequently pay level of present employees); and
5. Stimulation of productivity growth through improved manufacturing or new technologies.

### Eligible Expenditures

RLF's may be used to provide assistance for infrastructure, loans, loan guarantees, interest buy-downs, and other forms of participations with private sources of financing. The RLF assistance can be for no more than one-half of the cost of the project.

### Eligible Projects

The grant or loan must be based on the following criteria:

1. Creation of new jobs or retention of existing jobs;
2. Increase in the tax base;
3. The project can demonstrate that investment of public dollars induces private funds;
4. The project can demonstrate an excessive public infrastructure or improvement cost beyond the means of the affected community and private participants in the project;
5. The project provides higher wage levels to the community or will add value to current workforce skills;

Municipal Rights, Powers, Duties (MS 471.87-471.88)

An officer of the City may not have a personal financial interest or personally benefit financially from the business to be assisted.

Business Subsidies Awarded by State and Local Units of Government (116J.993 to 116J.995)

For all projects, where the assistance exceeds \$25,000 from the RLF, the City must establish wage level and job creation goals which are to be met by the business receiving the assistance. The business must create a net increase in jobs in Minnesota within two years of receiving the assistance. If the business fails to meet the wage and job goals, it must repay the assistance. This law also covers: what information must be contained in Business Subsidy Agreements; reporting requirements for grantors of business subsidies as well as the recipients of business subsidies; penalties for not reporting.

First Source Agreements (MS.268.66)

A business that receives grants or loans in an amount greater than \$200,000 must agree to list any vacant or new positions with the job services of the Department of Economic Security.

Surety Deposits Required for Construction Contracts (MS 290.9705)

In the situation that the contract exceeds \$100,000 and a non-Minnesota construction contractor has been hired to perform the work, the City must do the one of the following:

- a. Deposit with the Department of Revenue 8 percent of every payment made to the contractor; or
- b. Have in its possession a Waiver of Withholding from the Department of Revenue.

Financial Assistance Limitations; Prevailing Wage MS 116J.871

Laborers and mechanics at the project site during construction, installation, remodeling, and repairs must be paid the state prevailing wage if the financial assistance is greater than \$200,000 for a grant or \$500,000 for a loan. All contracts for publicly owned infrastructure using the RLF must comply with the prevailing wage provisions.

Government Data Practices (MS13)

Information contained in the application for assistance will become a matter of public record with the exception of those items protected under the Minnesota Government Data Practices Act.

### Criteria

1. Loans may be in junior collateral position to the major source of project funding.
2. Term of the loan should coincide with the term of the private portion of the loan, but may be shorter depending on the circumstances.
3. The interest rate of the direct RLF loan should be approximately three points below the going Ten Year Treasury Note rate.
4. The applicant must meet the criteria of the private financial institution participating in the project.
5. The job/cost ratio for each project should be approximately 1:\$5,000.
6. **RLF loans will not exceed \$200,000.**
7. Assets pledged as collateral must be approved by both the City and the participating private financial institution(s).
8. RFL proceeds cannot be used to transfer ownership through acquisition of fixed assets unless the transfer results in job expansion and meets the other criteria of the guidelines.

### Requirements

1. Detailed business plan including financial projections for two (2) years into the future ( e.g cash flow proforma, projected balance sheets and profit and loss statements, etc.).
2. A market analysis demonstrating the opportunity for the product, or increased supply of product (if an expansion of an existing business).
3. A management plan and background of key management personnel.
4. The number and types of jobs to be retained and/or created, as well as pay levels and benefits for those jobs.
5. Estimated increases to the tax base of Fergus Falls.
6. Any other peripheral development which may occur as a result of the project.
7. Documentation of private and bank funds that are committed to the project.
8. Terms of any loan proceeds that are part of the project.
9. Demonstration that a locational preference of Fergus Falls versus some other community (in state or out of state) exists and financial incentives are necessary to cause the project to remain in or be located to Fergus Falls.
10. Businesses assisted with RLF funds must provide valid bids for construction work to be done or equipment to be acquired in whole or in part with RLF funds to verify cost effectiveness.

### State Requirements

#### Minnesota Investment Fund (MIF)(MS.116J.8731)

States the purpose and goals of MIF funds, as well as eligible expenditures, eligible and ineligible projects, grant limits and contractual obligations.

4. The project can demonstrate an excessive public infrastructure or improvement cost beyond the means of the affected community and private participants in the project;
5. The project provides higher wage levels to the community or will add value to current workforce skills;
6. Whether assistance is necessary to retain existing business; and
7. Whether assistance is necessary to attract out-of-state business.

The grant or loan cannot be made solely on a finding that the conditions in clause 6 or 7 exist. A finding must be made that a condition in clause 1 – 5 also exists.

#### Eligible Activities

RLF's may be used for the following activities:

1. Acquisition of land
2. Construction or rehabilitation of manufacturing facilities
3. Site improvements
4. Utilities or infrastructure
5. Machinery and Equipment
6. Workforce development

#### Ineligible Activities

RLF assistance may not be used for the following:

1. Operation or expansion of a casino.
2. Operation or expansion of a store that is used solely or principally for retail sales.
3. For a project related to a sports facility. "Sports facility" means a building that has a professional sports team as a principal tenant.

#### Wage Goals

The following wage levels must be paid by businesses receiving RLF assistance:

Effective August 1, 1999 – July 31, 2000	\$6.50 cash wages
Effective August 1, 2000 – July 31, 2001	\$7.25 cash wages
Effective August 1, 2001 and thereafter	\$8.00 cash wages plus \$.83 per hour for benefits*

\* As of July 1, 1999, \$8.83 is 110% of the federal poverty level for a family of four. The federal poverty level changes annually.

Benefits are defined as: health insurance, life insurance, dental insurance, retirement, profit sharing, output bonus, **plus other benefits not mandated by law**. Benefits mandated by law cannot be counted.

## REVOLVING LOAN FUND GUIDELINES STATE FUNDS

A local unit of government may establish a Revolving Loan Fund (RLF) with funds from a variety of sources. The City of Fergus Falls has established an RLF using Economic Recovery Funds. These programs are administered through the Department of Trade and Economic Development.

The recipient of Economic Recovery Funds is authorized to keep the first \$100,000 of principal repayments and all interest accrued on the total loan amount.

Policies and procedures of the RLF maintained by the City of Fergus Falls must adhere to the same requirements that are imposed on the state's Minnesota Investment Fund Program.

### Purpose and Goals

The purpose of the RLF is to provide financial assistance for the creation of new employment or to maintain existing employment and for business start-up, expansions, and retention. This may be accomplished by the following means:

1. Creation or retention of permanent private-sector jobs in order to create above-average economic growth;
2. Stimulation or leverage of private investment to ensure economic renewal and competitiveness;
3. Increasing the local tax base;
4. Improvement of employment and economic opportunity for citizens in the region to create a reasonable standard of living (i.e. upgrade of equipment or technology resulting in increased skill level and subsequently pay level of present employees); and
5. Stimulation of productivity growth through improved manufacturing or new technologies.

### Eligible Expenditures

RLF's may be used to provide assistance for infrastructure, loans, loan guarantees, interest buy-downs, and other forms of participations with private sources of financing. The RLF assistance can be for no more than one-half of the cost of the project.

### Eligible Projects

The grant or loan must be based on the following criteria:

1. Creation of new jobs or retention of existing jobs;
2. Increase in the tax base;
3. The project can demonstrate that investment of public dollars induces private funds;

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CITY OF FERGUS FALLS

SMALL CITY REVOLVING LOAN FUND  
GUIDELINES  
EFFECTIVE AUGUST 1, 1999

City of Farmington  
Business Subsidy Policy

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by: Farmington HRA

City of Farmington

Date of adoption: 12/13/99

2/7/00

Date of public hearing: 12/13/99

2/7/00

City of Farmington  
Business Subsidy Policy

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

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- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
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- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by: Farmington HRA

City of Farmington

Date of adoption: 12/13/99

2/7/00

Date of public hearing: 12/13/99

2/7/00

Resolution #99-17  
Economic Development Authority of Faribault  
**Business Subsidy Policy**

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- In the evaluation of each project, priority shall be given to the following commercial and industrial redevelopment and development activities. In stating said priorities, the EDA does not intend to limit itself to the described activities, but merely to identify its development and redevelopment goals for the community.
  - Commercial redevelopment projects intended to enhance the appearance and vitality of the community's primary transportation corridors;
  - Commercial rehabilitation activity occurring within the central business district which supports the historic and architectural character of the district;
  - Industrial development located within established industrial parks; and
  - Redevelopment activities along the Straight River Corridor.
- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

ATTEST

  
Timothy Madigan, Secretary

Adopted this 15<sup>th</sup> day of November 1999

  
Fran Miller, Vice Chairman

Policy: 3118470-24

User: PA0

Printed at: 9/9/99 9:39:04 PM

Maple Lake

## Business Subsidy Policy

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by: City Council

Date of adoption: Aug 11, 1999

Date of public hearing: Aug 11, 1999

## BUSINESS SUBSIDY CRITERIA

The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes, Section 116J.993 (the "Act"), in particular, Section 116J.994 2, thereof. Terms used but not defined herein have the meaning given them in the Act. The term "City" shall mean the City of Mahtomedi. The term "project" means the property with respect to which the business subsidy is provided.

### A. MANDATORY CRITERIA

All projects must comply with the following criteria:

1. But For Test. There is a substantial likelihood that the project would not go forward without the business subsidy. This criterion may be met based solely on representations of the recipient of the business subsidy.

2. Wage Policy. If the project results in the creation of any jobs, the wage for each part-time and full-time job thereby created shall be, within two years of the business assistance date, at least 150% of the federal poverty wage level per hour (in 2000 the wage level is \$8.20/hr x 1.5 = \$12.30/hr) or such greater amount as the City may require for the specific project. Any jobs that would be created at less than that wage level will not be counted in the business assistance calculations of this policy.

3. Feasibility. The recipient must demonstrate to the satisfaction of the City That the project has been adequately financed and either has been or will be completed in a timely fashion.

4. Compliance with Act. The business subsidy from the City must satisfy all requirements of the Act.

### B. EVALUATIVE CRITERIA

The following evaluative criteria recognize that the award of a business subsidy may serve a variety of public purposes of varying importance depending upon the specific project facilitated by the subsidy. The degree of importance to be attached to various public purposes which may be served by a particular project must therefore involve the exercise of sound judgment after weighing all relevant criteria.

To assist in the evaluation of a specific project, a numerical rating system may Accompany the criteria. In such a case, the maximum number of points attributable to each evaluative criterion and the minimum total points required before the time the project is submitted o the governing body of the City for consideration. The rating system would require that a minimum number of points be achieved before any business subsidy is awarded and would provide a basis for comparing the project with any other projects which may be competing for the same business subsidy.

In any event, the City may disregard any evaluative criterion it determines to be either irrelevant or unimportant in the case of a particular project, as permitted by the Act. Exceptions to the application of certain criteria may be considered in the case of redevelopment activities in which the removal of substandard conditions may be considered as a criterion instead of or in addition to those outlined below.

In applying the evaluative criteria for a project, the following shall apply:

- (i) The City may include any other business subsidy received, or to be received, from a grantor other than the City.
- (ii) If the business subsidy is a guaranty, the amount of the business subsidy may be valued at the principal amount of the guaranteed payment obligation.
- (iii) If the business subsidy is property, the amount of the subsidy shall be the fair market value of the property as determined by the City.
- (iv) If the business subsidy is received over time, the City may value the subsidy at its present value based on a discount rate equal to the interest rate that the City determines is fair and reasonable under the circumstances.

#### Primary Criteria

Up to ten points per criteria will be assigned to an application.

1. Jobs. The minimum net number of direct full time equivalent jobs to be created or retained by the proposed project for a period of at least two years from the estimated benefit date per \$25,000 of business subsidy. Part-time jobs may be aggregated to create one or more full time equivalent jobs for purposes of making the calculation.
2. Tax Base. The net increase in property taxes estimated to be generated by the project in the first full year of operation per \$25,000 of the business subsidy.
3. Services to the Community. Whether the project will provide services in the community and the need for such services. For example, the project may provide health services, retail convenience service such as a nearby grocery store, or welfare service needed in the community.
4. Utilization of Existing Infrastructure Investment. Whether and to what extent (i) the project will utilize existing public infrastructure capacity and (ii) the project will require additional publicly funded infrastructure investments.
5. Leveraged Public Funds. The ratio of private funds that will be applied toward the capital costs of the project for every dollar of business subsidy to be provided by public funds.
6. Direct Monetary Return on Public Investment. Arrangements made or to be made for the City to receive a direct monetary return on its investment in the project. For example, the business subsidy may be in the form of an interest-bearing loan or may involve a profit sharing arrangement.
7. Design and/or Other Amenity Concessions. Whether, as result of the business subsidy, the project will include design and/or amenity features not otherwise required by law. For example, the project may, at the request of the City, include landscaping, open space, public trails, employee work out facilities or day care facilities which serve a public purpose but are not required by law.



8. Preferred Business. Whether, apart from any needed services to the community described in paragraph 4 above, the project is more compatible with the comprehensive plan than other permitted uses for the property. For example, the project may involve a "clean" industry such as a technology or service business that is preferred over other permitted uses.

Secondary Criteria

Up to five points per criteria will be assigned to an application.

9. Payroll Generation. From the net jobs described in paragraph 1 above, the minimum annual net payroll (including employer contributions for health benefits) to be generated per \$25,000 of business subsidy at the end of the third anniversary date of the estimated benefit date.

10. Spin Off Development. The dollar amount of non-subsidized development per \$25,000 of business subsidy the project is expected to generate in the surrounding area and the need for and likelihood of such spin off development.

11. Growth Potential. Based on recipient's market studies and plans for expansion, whether and to what extent the project is expected, within five years of its completion, be expanded to produce a net increase of full time equivalent jobs, payroll and tax base, over and above the minimum net increase in jobs and tax base described in criteria 1-2 above.

12. Traffic Generation. The extent to which the project will place additional peak hour demand on the existing transportation infrastructure.

13. Other Factors. Depending on the nature of the project, such other factors as the City may deem relevant in evaluating the project and the business subsidy proposed for it.

Redevelopment Criteria

Up to twenty-five points per criteria will be assigned to an application.

14. Non-Developable Property and Redevelopment. Whether the project is located on property that needs but is not likely to be developed or redeveloped because of blight or other adverse conditions of the property. For example property may be so blighted that the cost of making land ready for redevelopment exceeds the property's fair market value.

Of the 130 points possible, an application must receive at least 65 points to be considered for business financing assistance. A rating above 65 should not be construed to guarantee assistance, but it is a minimum requirement for assistance to be considered.

Adopted by the City of Mahtomedi

Date of adoption: April 24, 2000

Adopted 9/20/99

### Proposed Policy for Business Subsidies

**Purpose:** The purpose of this policy is to set guidelines that would enable the City Of Maple Grove to comply with Minnesota Statutes 116J.993, et seq.

**Objective:** The objective of the City of Maple Grove is to attract and enhance commercial and industrial development thereby increasing opportunities for Maple Grove residents and the job base and tax base of the City.

**Definition Of Business Subsidy:** A business subsidy means a state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.

This policy will be used for business subsidies that exceed \$25,000.

A proposed subsidy shall be considered to offset land costs, site development costs, building costs and design specifications that exceed the City's minimum requirements.

#### Policy Guidelines:

The City shall evaluate each request for a business subsidy based on the best interest of the City and its residents. In determining whether to provide a subsidy, the City shall consider factors it deems appropriate, which may include the following:

- Proposed number and type of jobs created.
- Estimated taxable value of the proposed development.
- The commitment of the proposed development to continue operations at the site where the subsidy is used for at least five years after the benefit date.
- The ability of the proposed development to fulfil or provide a desired amenity, facility or service that is not provided by the City.

The City recognizes that each proposed development is unique and has specific characteristics that make the proposed development desirable to the City and in making its determination, the City may use some or all of the foregoing factors. The City Council will make a determination as to whether the proposed subsidy is in the best interests of the City; provided that if the subsidy is in excess of \$100,000 the determination shall be preceded by a public hearing.

# **BUSINESS SUBSIDY POLICY AND CRITERIA**

## **for THE CITY OF MARSHALL, MINNESOTA AND ITS LOCAL GOVERNMENT AGENCIES**

**ADOPTED** January 3, 2000

### **Section 1. Definitions**

- 1.1 Act** means Minnesota Statutes, sections 116J.993 to 116J.995, as hereinafter amended, also referred to as the Business Subsidy Act.
- 1.2 Business Subsidy** means a grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the Recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business. Forms of financial assistance listed in *Appendix A* are not a Business Subsidy under the Act.
- 1.3 City** means the City of Marshall.
- 1.4 Criteria** means those elements considered by the Grantors as a guide in the processing and reviewing of applications requesting a Business Subsidy. Meeting the Criteria does not presume that a project will automatically be approved nor does it create any contractual rights on the part of any applicant.
- 1.5 Grantor** means the City, the Economic Development Authority in and for the City and the Housing and Redevelopment Authority (HRA), or any combination thereof.
- 1.6 Recipient** means any for-profit business entity that receives a Business Subsidy or any nonprofit business entity meeting the requirements of section 116J.993, subd. 6 of the Act.
- 1.7 Subsidy Agreement** means an agreement between the Grantor and the Recipient that meets the requirements of section 116J.994, subd. 3 of the Act. The Subsidy Agreement may be incorporated into a broader development agreement for a project. The terms listed under *Appendix B* are required under the Act.

**Section 2. Public Policy.** Increasing the tax base may not be used as a public purpose, nor can job retention be used unless job loss is imminent and demonstrable.

**2.1** A Business Subsidy must have a defined public purpose. Public purposes that could apply to the project, among others, are listed in *Appendix C*.

**2.2** A statement of the public purpose must be given in the Subsidy Agreement.

**Section 3. Business Subsidy Criteria.** A Grantor reserves the right to approve a Business Subsidy that varies from the Criteria as listed in *Appendix D* if the Grantor determines a valid public purpose will be served. Criteria may be amended at any time, subject to a public hearing, the notice of which shall be published ten days prior to the hearing.

**3.1** Any Business Subsidy approved by a Grantor shall be in compliance with the requirements of State and local law, including conformance with the comprehensive plan of the City. A Grantor can approve a request for a Business Subsidy, however, if changes in the comprehensive plan, the zoning ordinance or other local laws or policies are under active consideration by the City.

**3.2** Prior to consideration or approval of a Business Subsidy, an applicant shall provide the following, if requested by a Grantor:

(i) Demonstrate general development capability and specific capability for the type and size of project proposed;

(ii) Provide requested market and financial feasibility studies, appraisals, soil borings, information provided to private lenders regarding the project, or other information or data that the Grantor, or its financial advisor, requests to independently determine the need for a Business Subsidy. A Grantor may also rely on data provided by an applicant to financial institution.

**3.3** A Grantor, with the assistance of its financial advisor, will award a responsible Business Subsidy within the shortest reasonable term of years.

**3.4** A Grantor shall require the following commitments of a Recipient, if applicable to the type of project under consideration:

(i) The Recipient must retain ownership of the project at least until the project is completed, its occupancy stabilized,

project management established, and Business Subsidy repayment is initiated.

- (ii) The Recipient must continue operations at the site where the Business Subsidy is used for at least five years from receipt of the benefit.

- 3.5 The Recipient of a Business Subsidy will be required to meet wage and job goals determined by the Grantor on a case by case basis. The setting of wage and job goals will be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the Grantor nor the Recipient has control, the financial resources of the Recipient, the competitive environment in which the Recipient's business exists, and the public purpose for which the Grantor is providing the Business Subsidy.

**Section 4. Subsidy Agreement.** A Recipient of a Business Subsidy is required by the Act to enter into a Subsidy Agreement with a Grantor.

- 4.1 The Subsidy Agreement between the Grantor and the Recipient must meet the requirements set forth in *Appendix B* but may be incorporated into the development agreement for the project.
- 4.2 For a subsidy exceeding \$100,000, an applicable Grantor must hold a public hearing unless a hearing is otherwise required, with public notice in the official newspaper at least ten-days before the public hearing. The notice must be sufficiently conspicuous in size and placement, make the information available in printed paper copies, and if possible, on the Internet
- 4.3 The Subsidy Agreement must be approved by the City Council and executed by both the Grantor and the Recipient.

## APPENDIX A

The Business Subsidy Act at section exempts the following forms of financial assistance from the limitations of the Act:

1. A Business subsidy of less than \$25,000;
2. Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
3. Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
4. Redevelopment property polluted by contaminants as defined in section 116J.662, subdivision 3;
5. Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code, provided that the assistance is equal to or less than 50 percent of the total cost;
6. Assistance provided to organizations whose primary mission is to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
7. Assistance for housing;
8. Assistance for pollution control or abatement;
9. Assistance for energy conservation;
10. Tax reductions resulting from conformity with federal tax law;
11. Workers' compensation and unemployment compensation;
12. Benefits derived from regulation;
13. Indirect benefits derived from assistance to educational institutions;
14. Funds from bonds allocated under chapter 474A [qualified tax exempt bonds];
15. Assistance for a collaboration between a Minnesota higher education institution and a business;
16. Assistance for a tax increment financing soils condition district as defined under section 469.174, subdivision 19 [pollution clean-up];
17. Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value; and
18. General changes in tax increment financing law and other general tax law changes of a principally technical nature.

*Although exempted under the Business Subsidy Act, the Grantors may, at their discretion, determine whether the above types of financial assistance should be subject to the Marshall Business Subsidy Policy and Criteria.*

## APPENDIX B

Section 116J.994, subdivision 3 of the Business Subsidy Act requires a Recipient must enter into a Subsidy Agreement with a Grantor that includes the following:

1. A description of the subsidy, including the amount and type of subsidy and type of district if the subsidy is tax increment financing;
2. A statement of the public purposes for the subsidy;
3. Goals for the subsidy;
4. A description of the financial obligation of the recipient if the goals are not met;
5. A statement of why the subsidy is needed;
6. A commitment to continue operations at the site where the subsidy is used for at least five years after the benefit date;
7. The name and address of the parent corporation of the recipient, if any;
8. A list of all financial assistance by all grantors for the project; and
9. Wage and job goals, including
  - a. Goals for the number of jobs created, which may include separate goals for the number of part-time and full-time jobs, or where job loss is imminent and demonstrable, goals for the number of jobs retained;
  - b. Wage goals for the jobs created or retained, including specific goals to be attained within two years of the date the benefit was received.

## APPENDIX C

Grantors may wish to consider any of the following public purposes, among others, when considering an applicant's request:

1. The project provides a service or meets a consumer need not currently addressed in the City.
2. The project represents a significant investment in an area of the City that is economically depressed.
3. The project will remove blighting influences or rehabilitate an area of the City in need of revitalization.
4. The project will stimulate additional capital investment in a geographic area of the City and act as a catalyst for future (re)development.
5. The project will cause surrounding property values to increase and will stabilize the area.
6. The project will anchor a needed commercial center for the City.
7. The project will enhance the viability of other businesses in the City.
8. The project will assist in the processing, packaging, distribution, or marketing of agricultural products grown in the region.
9. The project will assist in the orderly growth of the City and generate significant economic spin off.
10. The project will prevent the closure of business needed in the community due to merger, physical expansion, change in market or economic factors, downsizing, and other factors.
11. The project will employ a classification of people in the community at large who are not fully employed.
12. A business subsidy will permit the project to employ more people, pay higher wages, be of better quality, or in some way be of more value to the City.

***Increasing the tax base may not be used as a public purpose, nor can job retention be used unless job loss is imminent and demonstrable.***



## APPENDIX D

### Business Subsidy Criteria

The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes 116J.993 through 116J.995 (the "Act").

The City (Grantor) hereby expresses its support for the use of business subsidies that generally meet the criteria listed below.

1. But for Test. There is a substantial likelihood that the project may not go forward without the business subsidy requested. This criteria must be supported by representations of the applicant for business subsidy.
2. Redevelopment. The project will remove, prevent or reduce blight or other adverse conditions of the property, thereby protecting the City's property values and the general public health, safety, and welfare.
3. Attraction of New Business. The project will attract or retain competitive and financially strong commercial and industrial companies, which offer the potential for significant growth in employment and tax base.
4. Highest and Best Land Use. The use of the business subsidy will encourage quality construction and promote the highest and best use of land, consistent with the City's Comprehensive Plan.
5. Needed Services. The project will provide a needed service in the community, including health care, convenience and social services which are not currently available.
6. Unmet Housing Needs. The project will provide housing alternatives the community currently need but are not available.
7. Economic Feasibility. The recipient can demonstrate that it has experience and adequate financing for the project, and that the project can be completed in a timely manner.
8. Impact on City Services and Infrastructure. The project will not significantly and adversely increase the demands for service needs in the City.
9. Job Creation. The project will create or retain jobs which pay desirable wages and benefits in the area. The City may take into account the special needs of small or growth-phase businesses with potential to create high paying jobs in the future.
10. Tax Base. The project will increase the City's tax base and generate new property tax revenue.

# **BUSINESS SUBSIDY POLICY AND CRITERIA**

## **for THE CITY OF MARSHALL, MINNESOTA AND ITS LOCAL GOVERNMENT AGENCIES**

ADOPTED January 3, 2000

### **Section 1. Definitions**

- 1.1 Act** means Minnesota Statutes, sections 116J.993 to 116J.995, as hereinafter amended, also referred to as the Business Subsidy Act.
- 1.2 Business Subsidy** means a grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the Recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business. Forms of financial assistance listed in *Appendix A* are not a Business Subsidy under the Act.
- 1.3 City** means the City of Marshall.
- 1.4 Criteria** means those elements considered by the Grantors as a guide in the processing and reviewing of applications requesting a Business Subsidy. Meeting the Criteria does not presume that a project will automatically be approved nor does it create any contractual rights on the part of any applicant.
- 1.5 Grantor** means the City, the Economic Development Authority in and for the City and the Housing and Redevelopment Authority (HRA), or any combination thereof.
- 1.6 Recipient** means any for-profit business entity that receives a Business Subsidy or any nonprofit business entity meeting the requirements of section 116J.993, subd. 6 of the Act.
- 1.7 Subsidy Agreement** means an agreement between the Grantor and the Recipient that meets the requirements of section 116J.994, subd. 3 of the Act. The Subsidy Agreement may be incorporated into a broader development agreement for a project. The terms listed under *Appendix B* are required under the Act.

**Section 2. Public Policy.** Increasing the tax base may not be used as a public purpose, nor can job retention be used unless job loss is imminent and demonstrable.

**2.1** A Business Subsidy must have a defined public purpose. Public purposes that could apply to the project, among others, are listed in *Appendix C*.

**2.2** A statement of the public purpose must be given in the Subsidy Agreement.

**Section 3. Business Subsidy Criteria.** A Grantor reserves the right to approve a Business Subsidy that varies from the Criteria as listed in *Appendix D* if the Grantor determines a valid public purpose will be served. Criteria may be amended at any time, subject to a public hearing, the notice of which shall be published ten days prior to the hearing.

**3.1** Any Business Subsidy approved by a Grantor shall be in compliance with the requirements of State and local law, including conformance with the comprehensive plan of the City. A Grantor can approve a request for a Business Subsidy, however, if changes in the comprehensive plan, the zoning ordinance or other local laws or policies are under active consideration by the City.

**3.2** Prior to consideration or approval of a Business Subsidy, an applicant shall provide the following, if requested by a Grantor:

(i) Demonstrate general development capability and specific capability for the type and size of project proposed;

(ii) Provide requested market and financial feasibility studies, appraisals, soil borings, information provided to private lenders regarding the project, or other information or data that the Grantor, or its financial advisor, requests to independently determine the need for a Business Subsidy. A Grantor may also rely on data provided by an applicant to financial institution.

**3.3** A Grantor, with the assistance of its financial advisor, will award a responsible Business Subsidy within the shortest reasonable term of years.

**3.4** A Grantor shall require the following commitments of a Recipient, if applicable to the type of project under consideration:

(i) The Recipient must retain ownership of the project at least until the project is completed, its occupancy stabilized,

project management established, and Business Subsidy repayment is initiated.

- (ii) The Recipient must continue operations at the site where the Business Subsidy is used for at least five years from receipt of the benefit.

**3.5** The Recipient of a Business Subsidy will be required to meet wage and job goals determined by the Grantor on a case by case basis. The setting of wage and job goals will be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the Grantor nor the Recipient has control, the financial resources of the Recipient, the competitive environment in which the Recipient's business exists, and the public purpose for which the Grantor is providing the Business Subsidy.

**Section 4. Subsidy Agreement.** A Recipient of a Business Subsidy is required by the Act to enter into a Subsidy Agreement with a Grantor.

- 4.1** The Subsidy Agreement between the Grantor and the Recipient must meet the requirements set forth in *Appendix B* but may be incorporated into the development agreement for the project.
- 4.2** For a subsidy exceeding \$100,000, an applicable Grantor must hold a public hearing unless a hearing is otherwise required, with public notice in the official newspaper at least ten-days before the public hearing. The notice must be sufficiently conspicuous in size and placement, make the information available in printed paper copies, and if possible, on the Internet
- 4.3** The Subsidy Agreement must be approved by the City Council and executed by both the Grantor and the Recipient.

## APPENDIX A

The Business Subsidy Act at section exempts the following forms of financial assistance from the limitations of the Act:

1. A Business subsidy of less than \$25,000;
2. Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
3. Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
4. Redevelopment property polluted by contaminants as defined in section 116J.662, subdivision 3;
5. Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code, provided that the assistance is equal to or less than 50 percent of the total cost;
6. Assistance provided to organizations whose primary mission is to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
7. Assistance for housing;
8. Assistance for pollution control or abatement;
9. Assistance for energy conservation;
10. Tax reductions resulting from conformity with federal tax law;
11. Workers' compensation and unemployment compensation;
12. Benefits derived from regulation;
13. Indirect benefits derived from assistance to educational institutions;
14. Funds from bonds allocated under chapter 474A [qualified tax exempt bonds];
15. Assistance for a collaboration between a Minnesota higher education institution and a business;
16. Assistance for a tax increment financing soils condition district as defined under section 469.174, subdivision 19 [pollution clean-up];
17. Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value; and
18. General changes in tax increment financing law and other general tax law changes of a principally technical nature.

*Although exempted under the Business Subsidy Act, the Grantors may, at their discretion, determine whether the above types of financial assistance should be subject to the Marshall Business Subsidy Policy and Criteria.*

## APPENDIX B

Section 116J.994, subdivision 3 of the Business Subsidy Act requires a Recipient must enter into a Subsidy Agreement with a Grantor that includes the following:

1. A description of the subsidy, including the amount and type of subsidy and type of district if the subsidy is tax increment financing;
2. A statement of the public purposes for the subsidy;
3. Goals for the subsidy;
4. A description of the financial obligation of the recipient if the goals are not met;
5. A statement of why the subsidy is needed;
6. A commitment to continue operations at the site where the subsidy is used for at least five years after the benefit date;
7. The name and address of the parent corporation of the recipient, if any;
8. A list of all financial assistance by all grantors for the project; and
9. Wage and job goals, including
  - a. Goals for the number of jobs created, which may include separate goals for the number of part-time and full-time jobs, or where job loss is imminent and demonstrable, goals for the number of jobs retained;
  - b. Wage goals for the jobs created or retained, including specific goals to be attained within two years of the date the benefit was received.

## APPENDIX C

Grantors may wish to consider any of the following public purposes, among others, when considering an applicant's request:

1. The project provides a service or meets a consumer need not currently addressed in the City.
2. The project represents a significant investment in an area of the City that is economically depressed.
3. The project will remove blighting influences or rehabilitate an area of the City in need of revitalization.
4. The project will stimulate additional capital investment in a geographic area of the City and act as a catalyst for future (re)development.
5. The project will cause surrounding property values to increase and will stabilize the area.
6. The project will anchor a needed commercial center for the City.
7. The project will enhance the viability of other businesses in the City.
8. The project will assist in the processing, packaging, distribution, or marketing of agricultural products grown in the region.
9. The project will assist in the orderly growth of the City and generate significant economic spin off.
10. The project will prevent the closure of business needed in the community due to merger, physical expansion, change in market or economic factors, downsizing, and other factors.
11. The project will employ a classification of people in the community at large who are not fully employed.
12. A business subsidy will permit the project to employ more people, pay higher wages, be of better quality, or in some way be of more value to the City.

***Increasing the tax base may not be used as a public purpose, nor can job retention be used unless job loss is imminent and demonstrable.***

## APPENDIX D

### Business Subsidy Criteria

The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes 116J.993 through 116J.995 (the "Act").

The City (Grantor) hereby expresses its support for the use of business subsidies that generally meet the criteria listed below.

1. But for Test. There is a substantial likelihood that the project may not go forward without the business subsidy requested. This criteria must be supported by representations of the applicant for business subsidy.
2. Redevelopment. The project will remove, prevent or reduce blight or other adverse conditions of the property, thereby protecting the City's property values and the general public health, safety, and welfare.
3. Attraction of New Business. The project will attract or retain competitive and financially strong commercial and industrial companies, which offer the potential for significant growth in employment and tax base.
4. Highest and Best Land Use. The use of the business subsidy will encourage quality construction and promote the highest and best use of land, consistent with the City's Comprehensive Plan.
5. Needed Services. The project will provide a needed service in the community, including health care, convenience and social services which are not currently available.
6. Unmet Housing Needs. The project will provide housing alternatives the community currently need but are not available.
7. Economic Feasibility. The recipient can demonstrate that it has experience and adequate financing for the project, and that the project can be completed in a timely manner.
8. Impact on City Services and Infrastructure. The project will not significantly and adversely increase the demands for service needs in the City.
9. Job Creation. The project will create or retain jobs which pay desirable wages and benefits in the area. The City may take into account the special needs of small or growth-phase businesses with potential to create high paying jobs in the future.
10. Tax Base. The project will increase the City's tax base and generate new property tax revenue.



**BUSINESS SUBSIDY POLICY AND CRITERIA**  
**for**  
**THE CITY OF MARSHALL, MINNESOTA**  
**AND ITS LOCAL GOVERNMENT AGENCIES**

ADOPTED January 3, 2000

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## Business Subsidy Policy

This policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by: Meeker County Commissioners

Date of adoption: August 17, 1999

Date of Public Hearing: August 17, 1999



## **RESOLUTION ESTABLISHING BUSINESS SUBSIDY POLICY**

**WHEREAS**, the 1999 Minnesota Legislature enacted a new law to be codified as Minnesota Statutes, Sections 116J.993 to 116J.995.

**WHEREAS**, the new statutes require that a municipality and/or its agencies providing business subsidies to private and non-profit organizations must adopt the municipality's criteria for wage and job goals prior to granting future business subsidies.

**WHEREAS**, the City of Melrose and its agencies have an established history of providing public financial assistance or business subsidies to private enterprises meeting certain public goals and objectives.

**WHEREAS**, the creation of jobs and retention of the City's employment base have been long-standing goals which the City has and continues to aggressively pursue.

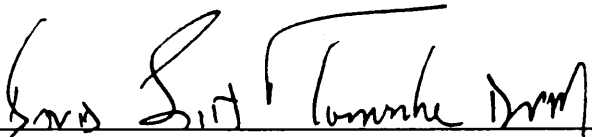
### **NOW, THEREFORE, BE IT RESOLVED:**

- A. In compliance with Minnesota Statutes, Sections 116J.993 to 116J.995, the following is the City of Melrose' job and wage criteria:
1. Business and non-profit organizations receiving a business subsidy as defined in Minnesota Statutes must pay the minimum wage as set forth by the applicable Federal Minimum Wage Standards.
  2. The minimum number of jobs to be used as a threshold created for any individual project shall be at the discretion of the granting agency, as all of the projects public goals and objectives are evaluated.
  3. Specific wage and job creation goals must be established for each individual project by the granting agency.
  4. The granting agency must hold a public hearing, after notice is published in the local newspaper, for all requests for business subsidies of \$100,000 or more.
  5. The granting agency must determine if the business recipient is eligible to receive assistance by reviewing Minnesota Department of Trade and Economic Development's ineligible list.
  6. Any development agreement or contract for public assistance as defined in the Minnesota Statutes must contain, at a minimum, the following provisions:

- a. a description of the subsidy, including the amount and type of subsidy, and type of district if the subsidy is tax increment financing;
- b. a statement of the public purposes for the subsidy;
- c. job and wage goals for the subsidy;
- d. a description of the financial obligation of the recipient if the goals are not met;
- e. a statement of why the subsidy is needed;
- f. a commitment to continue operations at the site where the subsidy is used for five years;
- g. the name and address of the parent corporation of the recipient;
- h. a list of all financial assistance by all grantors for the project; and
- i. annual reporting requirements.

- B. The Melrose Area Development Authority directs staff to continue to pursue its policy of economic growth and stabilization by enhancing economic diversity and creating high quality job growth.

Adopted by the Melrose Area Development Authority this 13th day of September, 1999.

  
\_\_\_\_\_  
DAVID TOMSCHE - PRESIDENT

ATTEST:   
\_\_\_\_\_  
RICHARD HORN - SECRETARY

OCT 04 1999

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## Business Subsidy Policy

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- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by: Montevideo City Council, Montevideo EDA & MCDC

Date of adoption: October 4, 1999

Date of public hearing: October 4, 1999

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## Business Subsidy Policy

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Adopted by: Montevideo City Council, Montevideo EDA & MCDC

Date of adoption: October 4, 1999

Date of public hearing: October 4, 1999



## CITY OF MONTICELLO, MINNESOTA

### Business Subsidy Criteria

Public Hearing and Adoption the 13TH day of SEPTEMBER, 1999.

#### 1. PURPOSE

- 1:01 The purpose of this document is to establish the criteria for the City of Monticello, Minnesota, for granting of business subsidies, as defined in Minnesota Statutes 116J.993, Subdivision 3. This criteria shall be used as a guide in processing and reviewing applications requesting business subsidies.
- 1:02 The criteria set forth in this document are guidelines only. The City of Monticello reserves the right in its discretion to approve business subsidies that vary from the criteria stated herein if the City of Monticello determines that the subsidy nevertheless serves a public purpose.
- 1:03 The City of Monticello may amend the business subsidy criteria at any time. Amendments to these criteria are subject to public hearing requirements pursuant to Minnesota Statutes, Sections 116J.993 through 116J.994.

#### 2. STATUTORY LIMITATIONS

- 2:01 In accordance with the Business Subsidy Criteria, Business Subsidy requests must comply with applicable State Statutes. The City of Monticello's ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.994.

#### 3. PUBLIC POLICY REQUIREMENT

- 3:01 All business subsidies must meet a public purpose other than increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable.

## City of Monticello Business Subsidy Criteria

### 4. BUSINESS SUBSIDY APPROVAL CRITERIA

- 4:01 All new projects involving a business subsidy agreement approved by the City of Monticello should meet the following minimum approval criteria. However, it should not be presumed that a project meeting these criteria will automatically be approved. Meeting these criteria creates no contractual right on the part of any potential developer, the City of Monticello, or any other person.
- 4:02 The project must be in accord with the Comprehensive Plan and Zoning Ordinance, or required changes to the plan and ordinances must be under active consideration by the City at the time of approval.
- 4:03 Prior to approval of a business subsidy financing plan and when deemed appropriate by the City of Monticello, the developer shall provide any required market and financial feasibility studies, appraisals, soil boring, information provided to private lenders for the project, and other information or data as requested.
- 4:04 A recipient of a business subsidy must make a commitment to continue operations at the site where the subsidy is used for a least five years after the benefit date.
- 4:05 Recipients of any business subsidy will be required to meet wage and job goals determined by the City of Monticello on a case-by-case basis, giving consideration to the nature of the development, the purpose of the subsidy, local economic conditions, and situational circumstances. In all cases, the wage and job goals will meet the requirements of Minnesota Statutes, Sections 116J.993 through 116J.994.
- 4:06 If the recipient of a business subsidy fails to meet the determined wage and job goals, at a minimum the recipient must pay back a portion of the subsidy in proportion to the goals not met. The City of Monticello retains the right in its sole discretion to include other developer obligations in any business subsidy agreement.
- 4:07 The recipient shall make annual job and wage reports to the City of Monticello until the termination date of the business subsidy agreement.
- 4:08 The business subsidy must in all other ways comply with the requirements set forth in Minnesota Statutes, Sections 116J.993 through 116J.994.



**ECONOMIC DEVELOPMENT AUTHORITY  
IN AND FOR THE CITY OF MONTICELLO, MINNESOTA**

**Business Subsidy Criteria**

**Public Hearing and Adoption the 31<sup>st</sup> day of August, 1999**

**1. PURPOSE**

- 1:01 The purpose of this document is to establish the Economic Development Authority's criteria for granting of business subsidies, as defined in Minnesota Statutes 116J.993, Subdivision 3, for private development. This criteria shall be used as a guide in processing and reviewing applications requesting business subsidies.
- 1:02 The criteria set forth in this document are guidelines only. The Economic Development Authority reserves the right in its discretion to approve business subsidies that vary from the criteria stated herein if the Economic Development Authority determines that the subsidy nevertheless serves a public purpose.
- 1:03 The Economic Development Authority may amend the business subsidy criteria at any time. Amendments to these criteria are subject to public hearing requirements pursuant to Minnesota Statutes, Sections 116J.993 through 116J.994.

**2. STATUTORY LIMITATIONS**

- 2:01 In accordance with the business Subsidy Criteria, Business Subsidy requests must comply with applicable State Statutes. The Economic Development Authority ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.994.

**3. PUBLIC POLICY REQUIREMENT**

- 3:01 All business subsidies must meet a public purpose other than increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable.

4. BUSINESS SUBSIDY APPROVAL CRITERIA

- 4:01 All new projects approved by the Economic Development Authority should meet the following minimum approval criteria. However, it should not be presumed that a project meeting these criteria will automatically be approved. Meeting these criteria creates no contractual right on the part of any potential developer or the Economic Development Authority.
- 4:02 The project must be in accord with the Comprehensive Plan and Zoning Ordinance, or required changes to the plan and ordinances must be under active consideration by the City at the time of approval.
- 4:03 Prior to approval of a business subsidies financing plan and when deemed appropriate by the Economic Development Authority, the developer shall provide any required market and financial feasibility studies, appraisals, soil boring information provided to private lenders for the project, and other information or data as requested.
- 4:04 A recipient of a business subsidy must make a commitment to continue operations at the site where the subsidy is used for at least five years after the benefit date.
- 4:05 Recipients of any business subsidy will be required to meet wage and job goals determined by the Economic Development Authority on a case-by-case basis, giving consideration to the nature of the development, the purpose of the subsidy, local economic conditions, and situational circumstances.

5. GREATER MONTICELLO ENTERPRISE FUND PROJECT EVALUATION CRITERIA

- 5:01 The Economic Development Authority will utilize the Greater Monticello Enterprise fund to support the community's long-term economic goals.
- 5:02 Each Greater Monticello Enterprise Fund subsidy will be analyzed and evaluated by the Economic Development authority. Each project shall be measured against the general criteria in Sections 1 through 4 and the specific criteria in this Section 5 applicable to the Greater Monticello Enterprise Fund subsidies.
- 5:03 Following are the evaluation criteria that will be used by the Economic Development Authority:



## **GREATER MONTICELLO ENTERPRISE FUND GUIDELINES**

**CITY OF MONTICELLO  
505 WALNUT STREET, SUITE #1  
MONTICELLO, MINNESOTA 55362  
(763) 271-3208**

### INTRODUCTION

The purpose of the Greater Monticello Enterprise Fund (GMEF) is to encourage economic development by supplementing conventional financing sources available to existing and new businesses. Through this program administered by the Economic Development Authority and participating lending institution(s), loans are made to businesses to help them meet a portion of their financing needs. All loans must serve a public purpose by complying with four or more of the criteria noted in the next section. In all cases, it is mandatory that criteria #1 be satisfied, which requires the creation of new jobs. It is the responsibility of the EDA to assure that loans meet the public purpose standard and comply with all other GMEF policies as defined in this document. Along with establishing the definition of public purpose, this document is designed to outline the process involved in obtaining GMEF financing.

### DEFINITION OF PUBLIC PURPOSE

1. To provide loans for credit worthy businesses that create new jobs.
  - (a) One job is equivalent to a total of 37.5 hours per week.
  - (b) At least 90% of the jobs to pay a rate equal to or greater than 160% of the federal minimum wage, exclusive of benefits, for individuals over the age of 20 during the term of the assistance. Annual written reports are required until termination date. Failure to meet the job and wage level goals require partial or full repayment of the assistance with interest.
2. To provide loans for credit worthy businesses that would increase the community tax base.
3. To assist new or existing industrial or commercial businesses to improve or expand their operations. Considerations for loans shall take into account factors including, but not limited to, the nature and extent of the business, the product or service involved, the present availability of the product or service within the city of Monticello, the compatibility of the proposed business as it relates to the comprehensive plan and existing zoning policies, and the potential for adverse environmental effects of the business, if any.
4. To provide loans to be used as a secondary source of financing that is intended to supplement conventional financing (bank financing).

THE GREATER MONTICELLO ENTERPRISES  
REVOLVING LOAN FUND POLICIES

I. BUSINESS ELIGIBILITY

- \* Industrial businesses
- \* Non-competitive commercial businesses which enhance the community
- \* Businesses located within the city of Monticello
- \* Credit worthy existing businesses
- \* Non-credit worthy start-up businesses with worthy feasibility studies (Deny all historical non-credit worthy businesses)
- \* \$10,000 loan per each job created, or \$5,000 per every \$20,000 increase in property market valuation, or \$5,000 per every \$20,000 increase in personal property used for business purposes, whichever is higher.

II. FINANCING METHOD

- \* COMPANION  
DIRECT LOAN - Example: Equity 20%, RLF 30%, and bank 50%.  
(All such loans may be subordinated to the primary lender(s) if requested by the primary lender(s). The RLF loan is leveraged and the lower interest rate of the RLF lowers the effective interest rate on the entire project.)
- \* PARTICIPATION LOAN - RLF buys a portion of the loan (the RLF is not in a subordinate position, no collateral is required by the RLF, and the loan provides a lower interest rate).
- \* GUARANTEE LOANS - RLF guarantees a portion of the bank loan. (Personal and real estate guarantees handled separately.)

III. USE OF PROCEEDS

- \* Real property acquisition and development
- \* Real property rehabilitation (expansion or improvements)
- \* Machinery and equipment

IV. TERMS AND CONDITIONS

- \* LOAN SIZE - Minimum of \$5,000 and maximum not to exceed 50% of the remaining revolving loan fund balance; for example, if the remaining revolving loan fund balance is \$50,000, the maximum loan issuance is \$25,000.
- \* LEVERAGING - Minimum 60% private/public non-GMEF  
Maximum 30% public (GMEF)  
Minimum 10% equity EDA loan
- \* LOAN TERM - Personal property term not to exceed life of equipment (generally 5-7 years). Real estate property maximum of 5-year maturity amortized up to 30 years. Balloon payment at 5 years.
- \* INTEREST RATE - Fixed rate not less than 2% below Minneapolis prime rate. Prime rate per National Bank of Minneapolis on date of EDA loan approval.
- \* LOAN FEE - Minimum fee of \$200 but not to exceed 1.5% of the total loan project.\* Fees are to be documented and no duplication of fees between the lending institution and the RLF. Loan fee may be incorporated into project cost. EDA retains the right to reduce or waive loan fee or portion of loan fee.  
  
\*Fee to be paid by applicant to the EDA within 5 working days after City Council approval of GMEF loan. Nonrefundable.
- \* PREPAYMENT POLICY - No penalty for prepayment.
- \* DEFERRAL OF PAYMENTS -
  1. Approval of the EDA membership by majority vote.
  2. Extend the balloon if unable to refinance, verification letter from two lending institutions subject to Board approval.
- \* LATE PAYMENT POLICY - Failure to pay principal or interest when due may result in the loan being immediately called.

## EDA Business Subsidy Criteria

- \* INTEREST  
LIMITATION ON  
GUARANTEED  
LOANS - Subject to security and/or reviewal by EDA.
- \* ASSUMABILITY  
OF LOAN - None.
- \* BUSINESS EQUITY  
REQUIREMENTS - Subject to type of loan; Board of Directors will determine case by case. analysis under normal lending guidelines.
- \* COLLATERAL -
  - \* Liens on real property in project (mortgage deed).
  - \* Liens on real property in business (mortgage deed).
  - \* Liens on real property held personally (subject to Board of Directors - homestead exempt).
  - \* Machinery and equipment liens (except equipment exempt from bankruptcy).
  - \* Personal and/or corporate guarantees (requires unlimited personal guarantees).
- \* NON-PERFORMANCE - An approved GMEF loan shall be null and void if funds are not drawn upon or disbursed within 180 days from date of EDA approval.
- \* NON-PERFORMANCE  
EXTENSION - The 180-day non-performance date can be extended up to an additional 120 days.
  - 1. A written request is received 30 days prior to expiration of the 180-day non-performance date.
  - 2. Approval of the EDA membership by majority vote.
- \* LEGAL FEE - Responsibility of the GMEF applicant.

The Greater Monticello Enterprise Fund is operated as an equal opportunity program. All applicants shall have equal access to GMEF funds regardless of race, sex, age, marital status, or other personal characteristics.

### ORGANIZATION

The Greater Monticello Enterprise Fund is administered by the City of Monticello Economic Development Authority (EDA), which is a seven-member board consisting of two Council members and five appointed members. EDA members are appointed by the Mayor and confirmed by the City Council. Formal meetings are held on a quarterly basis. Please see the by-laws of the EDA for more information on the structure of the organization that administers the Greater Monticello Enterprise Fund.

### PARTICIPATING LENDING INSTITUTION(S)

1. Participating lending institutions(s) shall be determined by the GMEF applicant.
2. Participating lending institution(s) shall cooperate with the EDA and assist in carrying out the policies of the GMEF as approved by the City Council.
3. Participating lending institution(s) shall analyze the formal application and indicate to the EDA the level at which the lending institution will participate in the finance package.

### LOAN APPLICATION/ADMINISTRATIVE PROCEDURES

The EDA desires to make the GMEF loan application process as simple as possible. However, certain procedures must be followed prior to EDA consideration of a loan request. Information regarding the program and procedures for obtaining a loan are as follows:

#### City Staff Duties:

The Economic Development Director, working in conjunction with the Assistant City Administrator, shall carry out GMEF operating procedures as approved by the EDA and Council. Staff is responsible for assisting businesses in the loan application process and will work closely with applicants in developing the necessary information.

#### Application Process:

1. Applicant shall complete a preliminary loan application. Staff will review application for consistency with the policies set forth in the Greater Monticello Fund Guidelines. Staff consideration of the preliminary loan application should take approximately one week.

Staff will ask applicant to contact a lending institution regarding financing needs and indicate to applicant that further action by the EDA on the potential loan will require indication of support from a lending institution.

2. If applicant gains initial support from lending institution and if the preliminary loan application is approved, applicant is then asked to complete a formal application. If the preliminary loan application is not approved by staff, the applicant may request that the EDA consider approval of the preliminary application at the next regularly scheduled meeting of the EDA.

## EDA Business Subsidy Criteria

3. If the preliminary loan application is approved, applicant shall complete a formal application. Formal application shall include a business plan which will include its management structure, market analysis, and financial statement. Like documentation necessary for obtaining the bank loan associated with the proposal is acceptable. Attached with each formal application is a written release of information executed by the loan applicant.
4. City staff will meet with applicant and other participating lender(s) to refine the plan for financing the proposed enterprise.
5. City staff shall analyze the formal application and financial statements contained therein to determine if the proposed business and finance plan is viable. Staff may, at its discretion, accept the findings of a banking institution regarding applicant credit and financial viability of the project. After analysis is complete, City staff shall submit a written recommendation to the EDA. A decision regarding the application shall be made by the EDA within 60 days of the submittal of a completed formal application.
6. The EDA shall have authority to approve or deny loans; however, within 21 days of EDA approval, the City Council may reverse a decision by the EDA to approve a loan if it is determined by Council that such loan was issued in violation of GMEF guidelines.
7. Prior to issuance of an approved loan, the City Attorney shall review and/or prepare all contracts, legal documents, and intercreditor agreements. After such review is complete, the City shall issue said loan.

### ORIGINAL REVOLVING LOAN FUNDING

"LETTER OF CREDIT" FROM MONTICELLO CITY COUNCIL - \$200,000

SOURCE - City Liquor Store Fund

City shall transfer needed loan amount from existing accounts at such time that individual loans are approved. Revenue created through this program shall be under the control of the EDA and shall not be transferred to City funds unless the City Council determines that reserves generated are not necessary for the successful operation of the Authority. If such is the case, such funds must be transferred to the debt service funds of the City to be used solely to reduce tax levies for bonded indebtedness of the City (see Section 5 B of the ordinance establishing the Monticello EDA).

### REPORTING

1. Staff shall submit quarterly summaries and/or annual report detailing the status of the Monticello Enterprise Fund.

### FUND GUIDELINES MODIFICATION

1. At a minimum, the EDA shall review the Fund Guidelines on an annual basis. No changes to the GMEF guidelines shall be instituted without prior approval of the City Council.

LOAN ADMINISTRATION

1. City staff shall service City loan, shall monitor City position with regard to the loan, and shall assure City compliance with intercreditor agreement.
2. All loan documents shall include an intercreditor agreement which must include the following:
  - A. Definition of loan default, agreements regarding notification of default.
  - B. Agreements between lending institution and City regarding reproduction of pertinent information regarding the loan.
3. All loan documentation shall include agreements between borrower and lenders regarding release of privacy regarding the status of the loan.



**HOUSING AND REDEVELOPMENT AUTHORITY  
IN AND FOR THE CITY OF MONTICELLO, MINNESOTA**

**Business Subsidy Criteria**

**Public Hearing and Adoption the 8th day of September, 1999.**

**1. PURPOSE**

- 1:01 The purpose of this document is to establish the Housing and Redevelopment Authority's criteria for granting of business subsidies, as defined in Minnesota Statutes 116J.993, Subdivision 3, for private development. This criteria shall be used as a guide in processing and reviewing applications requesting business subsidies.
- 1:02 The criteria set forth in this document are guidelines only. The Housing and Redevelopment Authority reserves the right in its discretion to approve business subsidies that vary from the criteria stated herein if the Housing and Redevelopment Authority determines that the subsidy nevertheless serves a public purpose.
- 1:03 The Housing and Redevelopment Authority may amend the business subsidy criteria at any time. Amendments to these criteria are subject to public hearing requirements pursuant to Minnesota Statutes, Sections 116J.993 through 116J.994.

**2. STATUTORY LIMITATIONS**

- 2:01 In accordance with the Business Subsidy Criteria, Business Subsidy requests must comply with applicable State Statutes. The Housing and Redevelopment Authority ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.994.

**3. PUBLIC POLICY REQUIREMENT**

- 3:01 All business subsidies must meet a public purpose other than increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable.



## HRA Business Subsidy Criteria

### 4. BUSINESS SUBSIDY APPROVAL CRITERIA

- 4:01 All new projects approved by the Housing and Redevelopment Authority should meet the following minimum approval criteria. However, it should not be presumed that a project meeting these criteria will automatically be approved. Meeting these criteria creates no contractual rights on the part of any potential developer or the Housing and Redevelopment Authority.
- 4:02 The project must be in accord with the Comprehensive Plan and Zoning Ordinances, or required changes to the plan and ordinances must be under active consideration by the City at the time of approval.
- 4:03 Business subsidies will not be provided to projects that have the financial feasibility to proceed without the benefit of the subsidy. In effect, business subsidies will not be provided solely to broaden a developer's profit margins on a project.
- 4:04 Prior to approval of a business subsidies financing plan and when deemed appropriate by the Housing and Redevelopment Authority, the developer shall provide any required market and financial feasibility studies, appraisals, soil boring, information provided to private lenders for the project, and other information or data as requested.
- 4:05 A recipient of a business subsidy must make a commitment to continue operations at the site where the subsidy is used for at least five years after the benefit date.
- 4:06 Recipients of any business subsidy will be required to meet wage and job goals determined by the Housing and Redevelopment Authority on a case-by-case basis, giving consideration to the nature of the development, the purpose of the subsidy, local economic conditions, and situational circumstances.

### 5. TAX INCREMENT PROJECT EVALUATION CRITERIA

- 5:01 The Housing and Redevelopment Authority will utilize Tax Increment Financing to support the community's long-term economic, redevelopment, and housing goals.
- 5:02 Each Tax Increment Financing subsidy will be analyzed and evaluated by the Housing and Redevelopment Authority. Each project shall be measured against the general criteria in Sections 1 through 6 and the specific criteria in this Section 5 applicable to tax increment financing business subsidies.
- 5:03 Following are the evaluation criteria that will be used by the Housing and Redevelopment Authority.

## HRA Business Subsidy Criteria

- A. All business subsidy requests shall meet the "but for" test. The "but for" test means that the project would not develop solely on private investment in the reasonable future. The developer shall provide findings for the "but for" test.
- B. Business subsidy requests should create the highest feasible number of jobs on site from date of occupancy where deemed appropriate.
- C. For manufacturing and warehousing business subsidy requests, at least 90% of the jobs created must pay a wage of at least 160% of the federal minimum wage requirement for individuals over the age of 20. Annual written reports are required until termination date. Failure to meet the job and wage level goals require partial or full repayment of the assistance with interest.
- D. For other business subsidy requests, jobs created must meet as a minimum the federal minimum wage requirement. Annual written reports are required until termination date. Failure to meet the job and wage level goals require partial or full repayment of the assistance with interest.
- E. All business subsidy requests should create the highest possible ratio of property taxes paid before and after redevelopment.
- F. Business subsidy requests should facilitate redevelopment or elimination of "substandard" or "blighted" areas where deemed appropriate.
- G. Business subsidy requests should facilitate the "clean-up" of environmentally unsound property where deemed appropriate.
- H. Business subsidy requests should increase moderate priced housing options for area residents where deemed appropriate.
- I. All business subsidy requests should be deemed to promote additional desired "spin-off" development.
- J. All business subsidy requests should demonstrate "community involvement" including demonstrated degrees of the various factors:
  - a) Local residency of the company's owners and employees, or
  - b) Local residency of the contractors involved in the project, or
  - c) Membership in local business organizations, or
  - d) Other similar factors.

## HRA Business Subsidy Criteria

### 6. PROCEDURES

- \* Meet with appropriate Staff to discuss the scope of the project, public participation being required, and other information as may be necessary.
- \* The request shall be reviewed by Staff on a preliminary basis as to the feasibility of the project.
- \* The project concept shall be placed on the Housing and Redevelopment Authority agenda for concept review. The applicant will make a presentation of the project. Staff will present its findings.
- \* If the Housing and Redevelopment Authority's concept review is positive, Staff will provide the City Council with an informational concept review.
- \* The applicant will execute and submit the Preliminary Development Agreement accompanied by a non-refundable fee of \$5,000.
- \* Building and site plans submitted to the Chief Building Official.
- \* If Planning and Zoning Commission action is required, it will be necessary for the applicant, at this time, to make application to the Commission.
- \* Staff will authorize the following steps:
  - Preparation for establishment of the Tax Increment Finance District and the Tax Increment Financing Plan if required.
  - Preparation of the Private Redevelopment Contract (Subsidy Agreement) based upon agreed terms.
- \* When action is required for the Tax Increment Finance Plan, Private Redevelopment Contract, or Zoning/Ordinance; the Housing and Redevelopment Authority, Commission, and City Council shall take appropriate action such as public hearings and consideration of approvals.
- \* Building permit issued after the Tax Increment Finance District and Plan is approved by City Council, the Private Redevelopment Contract is executed by the developer and the Housing and Redevelopment Authority, and the Building Permit Fees are paid.

## HRA Business Subsidy Criteria

*Eligible Tax Increment Finance expenditures: Land acquisition, site improvements, public improvements, and demolition and relocation costs.*

*Tax Increment Finance time: Generally six to eight weeks from time of authorization to begin drafting plan and contract.*

*Zoning/Ordinance time: Varies per project.*

**RESOLUTION ADOPTING CRITERIA FOR BUSINESS SUBSIDIES**

WHEREAS, the Minnesota Business Subsidies Law, Minnesota Statutes, Sections 116J.993 through 116J.995, was enacted in 1999; and

WHEREAS, it provides that a business subsidy may not be granted until the grantor has adopted criteria after a public hearing for awarding business subsidies that comply with Minnesota Statutes, Section 116J.994; and

WHEREAS, the Moorhead City Council, Minnesota (the "City Council"), has published ten (10) days notice in a local newspaper of general circulation of a public hearing on such criteria held on August 23, 1999;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Moorhead, Minnesota, that the "Criteria for Business Subsidies" attached to this resolution as Exhibit A is hereby adopted;

PASSED by the City Council of the City of Moorhead this 23<sup>rd</sup> day of August, 1999.

APPROVED BY:

\_\_\_\_\_  
MORRIS L. LANNING, Mayor

ATTEST:

\_\_\_\_\_  
KAYE E. BUCHHOLZ, City Clerk

(SEAL)  
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**#99-875**

## CRITERIA FOR BUSINESS SUBSIDIES

### MOORHEAD ECONOMIC DEVELOPMENT AUTHORITY

Adopted: August 23, 1999

The following criteria for business subsidies are intended to satisfy the requirements of the Minnesota Business Subsidies Law, Minnesota Statutes, Sections 116J.993 through 116J.995 (the "Act"), in particular Section 116J.994, Subdivision 2, thereof. Terms used but not defined herein have the meaning given them in the Act. The term "City" shall mean the City of Moorhead and the term "Authority" shall mean the Moorhead Economic Development Authority. The term "project" means the property with respect to which the business subsidy is provided.

#### A. MANDATORY CRITERIA

All projects must comply with the following criteria:

1. But-For Test or Enhancement. A subsidy shall not be made unless (1) there is a substantial likelihood that the project would not go forward without the business subsidy or (2) the business subsidy enhances the project, its likelihood of success, or its impact on the community. This criterion may be met based solely on representations of the recipient of the business subsidy.

2. Wage Policy. Section 116J.994, Subdivision 2, of the Act requires that these criteria include a policy regarding the wages to be paid for the jobs created. That policy is as follows:

A. Higher wages are preferred.

B. Business subsidy agreements may contain specific goals on wages for specific projects.

C. Where job creation is incidental to the Authority's public purposes for the business subsidy, recipients will not be required to set or meet rigorous job or wage requirements.

D. Projects that otherwise serve the Authority's public purposes will not be denied merely because they create few or no new jobs or involve relatively low wages for new or existing jobs.

E. Where the jobs and wages are incidental to the Authority's public purposes, the forfeiture of the business subsidy for not meeting incidental job or wage goals is counter-productive.

3. Feasibility. The recipient must demonstrate to the satisfaction of the Authority that the project has been adequately financed and either has been or will be completed in a timely fashion.

4. Compliance with Act. The business subsidy from the Authority must satisfy all requirements of the Act.

## B. EVALUATIVE CRITERIA

The following evaluative criteria recognize that the award of a business subsidy may serve a variety of public purposes of varying importance depending upon the specific project facilitated by the subsidy. The degree of importance to be attached to various public purposes which may be served by a particular project must therefore involve the exercise of sound judgment after weighing all relevant criteria. Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives.

--

Though it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with the subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic due to regional competitive disparities and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

The Authority may disregard any evaluative criterion it determines to be either irrelevant or unimportant in the case of a particular project, as permitted by the Act. Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the Authority must retain the right in its discretion to approve projects and subsidies based on criteria which may vary from this document.

The following evaluative criteria are for guidance and need not be quantified specifically or involve numerical ratings. The evaluative criteria are as follows:

1. Jobs. The minimum net number of direct full time equivalent jobs to be created or retained by the proposed project for a period of at least two years from the estimated benefit date. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law. In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.

2. Wages and Payroll Generation. From the net jobs described in paragraph 1 above, the minimum annual net payroll (including employer contributions for health benefits) at the end of the third anniversary date of the estimated benefit date. The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.

3. Tax Base. The net increase in property taxes estimated to be generated by the project.

4. Services to the Community. Whether the project will provide needed services in the community. For example, the project may provide health services, retail convenience service such as a nearby grocery store, or welfare services.

5. Redevelopment. Whether the project is located on property which needs to be, but without the subsidy is not likely to be, developed or redeveloped because of blight or other adverse conditions of the property. For example, property may be so blighted that the cost of making land ready for redevelopment exceeds the property's fair market value.

6. Design and/or Other Amenity Concessions. Whether, as a result of the business subsidy, the project will include design and/or amenity features not otherwise required by law. For example, the project may, at the request of the Authority, include landscaping, open space, public trails, employee work-out



facilities or day care facilities which serve a public purpose but are not required by law.

7. Preferred Business. Whether the project is more compatible with the comprehensive plan than other permitted uses for the property. For example, the project may involve a "clean" industry such as a technology or service business which is preferred over other permitted uses.

8. Economic Diversity. Whether the project improves the mix of businesses in the area so as to: (1) allow the area to participate in fast-growing industries; (2) protect the area from adverse economic consequences caused by slow growth or declining industries that are dominant in the area; and (3) provide essential consumer services, or develop a network of local suppliers to businesses within the community where they otherwise do not exist.

9. Utilization of Existing Infrastructure Investment. Whether and to what extent (i) the project will utilize existing public infrastructure capacity and (ii) the project will require additional publicly funded infrastructure investments.

10. Leveraged Public Funds. For every dollar of business subsidy to be provided for the project, the minimum amount of private funds which will be applied towards the capital cost of the project.

11. Spin-Off Development. The dollar amount of non-subsidized development per \$25,000 of business subsidy the project is expected to generate in the surrounding area and the need for and likelihood of such spin-off development.

12. Growth Potential. Based on recipient's market studies and plans for expansion, whether and to what extent the project is expected, within five years of its completion, to be expanded to produce a net increase of full time equivalent jobs and of payroll, over and above the initial direct increase in jobs and payroll described in paragraphs 1 and 2 above.

13. Direct Monetary Return on Public Investment. Arrangements made or to be made for the Authority to receive a direct monetary return on its investment in the project. For example, the business subsidy may be in the form of an interest bearing loan or may involve a profit sharing arrangement.

14. Other Factors. Depending on the nature of the project, such other factors as the Authority may deem relevant in evaluating the project and the business subsidy proposed for it. .

### C. APPLYING EVALUATIVE CRITERIA

In applying the evaluative criteria for a project, the following shall apply:

- (i) The Authority may include any other business subsidy received, or to be received, from a grantor other than the Authority.
  - (ii) If the business subsidy is a guaranty, the amount of the business subsidy may be valued at the principal amount of the guaranteed payment obligation.
  - (iii) If the business subsidy is property, the amount of the subsidy shall be the fair market value of the property as determined by the Authority.
  - (iv) If the business subsidy is received over time, the Authority may value the subsidy at its present value based on a discount rate equal to the interest rate which the Authority determines is fair and reasonable under the circumstances.
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## CITY OF MOOSE LAKE

### Business Subsidy Criteria

#### 1. PURPOSE

- 1.01 The purpose of this document is to establish the City's criteria for granting of business subsidies, as defined in Minnesota Statutes 116J.993, Subdivision 3, for private development. This criteria shall be used as a guide in processing and reviewing applications requesting business subsidies.
- 1.02 The criteria set forth in this document are guidelines only. The City reserves the right in its discretion to approve business subsidies that vary from the criteria stated herein if the City determines that the subsidy nevertheless serves a public purpose.
- 1.03 The City may amend this document at any time. Amendments to these criteria are subject to public hearing requirements pursuant to Minnesota Statutes, Sections 116J.993 through 116J.994.

#### 2. STATUTORY LIMITATIONS

- 2.01 In accordance with the Business Subsidy Criteria, Business Subsidy requests must comply with applicable State Statutes. The City of Moose Lake's ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.994.

#### 3. PUBLIC POLICY REQUIREMENT

- 3.01 All business subsidies must meet a public purpose other than increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable

#### 4. BUSINESS SUBSIDY APPROVAL CRITERIA

- 4.01 All new projects approved by the City of Moose Lake should meet the following minimum approval criteria. However, it should not be presumed that a project meeting these criteria will automatically be approved. Meeting these criteria creates no contractual rights on the part of any potential developer.
- 4.02 The business subsidy shall be provided within applicable state legislative restrictions, debt limit guidelines, and other appropriate financial requirements and policies.
- 4.03 The project must be in accord with the Comprehensive Plan and Zoning Ordinances, or required changes to the plan and Ordinances must be under active consideration by the City at the time of approval.
- 4.04 Business subsidies will not be provided to projects that have the financial feasibility to proceed without the benefit of the subsidy. In effect, business subsidies will not be provided solely to broaden a developer's profit margins on a project. Prior to consideration of a business subsidy request, the City may undertake an independent underwriting of the project to help ensure that the request for assistance is valid.
- 4.05 Prior to approval of a business subsidies financing plan, the developer shall provide any required market and financial feasibility studies, appraisals, soil boring, information provided to private

lenders for the project, and other information or data that the City or its financial consultants may require in order to proceed with an independent underwriting.

- 4.06 Any developer requesting a business subsidy should be able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed.
- 4.07 The developer must retain ownership of the project at least long enough to complete it, to stabilize its occupancy, to establish the project management, and to initiate repayment of the business subsidy, if applicable.
- 4.08. A recipient of a business subsidy must make a commitment to continue operations at the site where the subsidy is used for at least five years after the benefit date.
- 4.09 Any business subsidy will be the lowest possible level and least amount of time necessary, after the recipient maximizes the use of private debt and equity financing first.
- 4.10 Recipients of any business subsidy will be required to meet wage and job goals determined by the city on a case-by-case basis, giving consideration to the nature of the development, the purpose of the subsidy, local economic conditions and similar factors.

## 5. TAX INCREMENT PROJECT EVALUATION CRITERIA

- 5.01 All tax increment requests will be evaluated under the general criteria in Section 1 to 4 and the specific criteria in this Section.. Changes in local markets, costs of construction, and interest rates may cause changes in the amounts of Tax Increment subsidies that a given project may require at any given time.
- 5.02 Some criteria, by their very nature, must remain subjective. However, wherever possible "benchmark" criteria have been established for review purposes. The fact that a given proposal meets one or more "benchmark" criteria does not mean that it is entitled to funding under this policy, but rather that the City is in a position to proceed with evaluations of (and comparisons between) various business subsidy requests, using uniform standards whenever possible.
- 5.03 Following are the evaluation criteria that will be used by the City of Moose Lake
  - A. All business subsidy requests should optimize the private development potential of a site.
  - B. All business subsidy requests should obtain the highest possible private to public financial investment ratio. The Council establishes a benchmark ratio of 3 parts private to 1 part public funding for manufacturing/warehouse projects. Housing and retail/commercial projects shall be reviewed on an individual basis.
  - C. All business subsidy requests should create or retain the highest feasible number of jobs on the site at the highest feasible wages.
  - D. All business subsidy requests should create the highest possible ratio of property taxes paid before and after redevelopment. Given the different assessment circumstances in the City, this ratio will vary widely. However, under normal circumstances, the Council will expect at least a 1:2 ratio of taxes paid before and after redevelopment.

- E. Business subsidy requests should normally not be used to support speculative industrial, commercial, and office projects. In general, speculative projects are defined as those projects which have letters of intent or pre-leasing for less than 50% of the available leasable space.
- F. All business subsidy requests will be reviewed to determine the feasibility to provide the City with equity participation in new developments (through a share of the profits), or to treat the business subsidy as a second mortgage with fixed payments.
- G. All business subsidy requests involving displacement of low and moderate income residents should give specific attention to the re-housing needs of those residents. Normally, this should be done as a part of the business subsidy. Adequate solutions to these re-housing needs will be required as a matter of public policy.
- H. All business subsidy requests will need to meet the "but for" test. Business subsidies will not be granted unless the need for the City's economic participation is sufficient that, without that assistance the project could not proceed in the manner as proposed.
- I. Business subsidies will not be used when the developer's credentials, in the sole judgement of the City, are inadequate due to past track record relating to: completion of projects, general reputation and/or bankruptcy, or other problems or issues considered relevant by the City.
- J. Business subsidies will not be used to support projects that place demands on City services, or other capital or operating expenditures, that exceed the average city expenditures for similar facilities. Consideration will be given to the total public costs that are required to support the project, including offsite facilities costs that are required.
- K. Business subsidies will not normally be used for projects that would generate significant environmental problems in the opinion of the local, state, or federal governments.

## **Exhibit A: Mounds View's Business Subsidy Policy**

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.

If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.

In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.

The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.

Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by: Mounds View City Council

Date of adoption: March 13<sup>th</sup>, 2000

Date of public hearing: March 13<sup>th</sup>, 2000

## **EXHIBIT A**

### **BUSINESS SUBSIDY CRITERIA**

The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes, §§116J.993 through 116J.995 (the "Act"). The term "City" means collectively, the City of Mountain Iron and the Mountain Iron Housing and Redevelopment Authority. The term "project" means the property with respect to which the business subsidy is provided.

#### **A. PROJECT REVIEW AND EVALUATION POLICY.**

1. The City recognizes that the creation of good paying jobs is a desirable goal which benefits the community. Nevertheless, not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage level requirements may be unrealistic and counter-productive in the face of larger economic forces influencing, and the financial and competitive circumstances of, an individual business. In determining the requirements for a project under consideration for a business subsidy, the determination of the number of jobs to be created and the wage levels therefor will be guided by the following principles and criteria:

a. Each project will be evaluated on a case by case basis. The evaluation will take into consideration the project's importance in and benefit to the community from all perspectives, including created or retained jobs.

b. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, assistance may be approved without any specific job or wage goals if permitted by applicable law.

c. In cases where the objective is the retention of existing jobs, the recipient of the subsidy will be required to provide evidence which demonstrates that the loss of those jobs is imminent.

d. The setting of wage and job goals will be informed by (i) prevailing wage rates, (ii) local economic conditions, (iii) external economic forces over which neither the City nor the recipient of the subsidy has control, (iv) the financial resources of the recipient and (v) the competitive environment in which the recipient's business exists.

2. Because it is not possible to anticipate all the needs and requirements of every type of project and the ever-changing needs of the community and in order to retain the flexibility necessary to respond to all proposed projects, the City retains the right to approve projects and business subsidies which may vary from the principles and criteria set forth herein.

## **B. PROJECT REVIEW AND EVALUATION PROCEDURE.**

The City will consider one or more of the criteria listed in Section C. below in determining whether to provide financial or other assistance to a project as a business subsidy. In applying the criteria to a specific project, the following will apply:

1. The City may consider the requirements of any other business subsidy received, or to be received, from a grantor other than the City.
2. If the business subsidy is a guaranty, the amount of the business subsidy may be valued at the principal amount of the guaranteed payment obligation.
3. If the business subsidy is real or personal property, the amount of the subsidy will be the fair market value of the property as determined by the City.
4. If the business subsidy is received over time, the City may value the subsidy at its present value using a discount rate equal to an interest rate which the City determines is fair and reasonable under the circumstances.

As used herein "benefit date" means the date the business subsidy is received. If the business subsidy involves the purchase, lease, or donation of physical equipment, then the benefit date occurs when the recipient puts the equipment into service. If the business subsidy is for improvements to property, then the benefit date refers to the earliest date of either: when the improvements are finished for the entire project; or when a business occupies the property.

## **C. PROJECT REVIEW AND EVALUATION CRITERIA.**

The project review and evaluation criteria are the following:

1. Jobs and Wages.
  - a. New Jobs. The minimum net number of direct full time equivalent jobs to be created or retained by the proposed project for a period of at least two years from the estimated benefit date.
  - b. Payroll. The minimum annual net payroll (including employer contributions for health benefits) to be generated at the end of the third anniversary date of the estimated benefit date.
2. Tax Base.
  - a. Increase in Tax Base. The net increase in property taxes estimated to be generated by the project in the first full year of operation.



### 3. Land Use.

a. Compliance with Comprehensive or Other Plans. Whether, apart from any needed services to the community described in section 5 below, the project is more compatible with the comprehensive plan than other permitted uses for the property. For example, the project may involve a "clean" industry such as a technology or service business which is preferred over other permitted uses.

b. Marginal Property. Whether the project is located on property which needs but is not likely to be developed or redeveloped because of blight or other adverse conditions of the property. For example property may be so blighted that the cost of making land ready for redevelopment exceeds the property's fair market value.

c. Design and/or Other Amenities. Whether, as a result of the business subsidy, the project will include design and/or amenity features not otherwise required by law. For example, the project may, at the request of the City, include landscaping, open space, public trails, employee work out facilities or day care facilities which serve a public purpose but are not required by law.

### 3. Impact on Existing and Future Public Investment.

a. Utilization of Existing Infrastructure Investment. Whether and to what extent (a) the project will utilize existing public infrastructure capacity and (b) the project will require additional publicly funded infrastructure investments.

b. Direct Monetary Return on Public Investment. Arrangements made or to be made for the City to receive a direct monetary return on its investment in the project. For example, the business subsidy may be in the form of an interest bearing loan or may involve a project sharing arrangement.

### 4. Economic Development.

a.. Leveraged Funds. For every dollar of business subsidy to be provided for the project, the minimum amount of private funds which will be applied towards the capital cost of the project.

b. Spin Off Development. The dollar amount of non-subsidized development the project is expected to generate in the surrounding area and the need for and likelihood of such spin off development.

c. Growth Potential. Based on recipient's market studies and plans for expansion, whether and to what extent the project is expected within five years of its completion, be expanded to produce a net increase of full time equivalent jobs and of payroll, over and above the minimum net increase in jobs and payroll described in section 1 above.

5. Quality of Life.

a. Community Services. Whether the project will provide services in the community and the need for such services. For example, the project may provide health services, retail convenience services such as a nearby grocery store, or social services needed in the community.

6. Other.

a. Other Factors. Depending on the nature of the project, such other factors as the City may deem relevant in evaluating the project and the business subsidy proposed for it.

**D. CRITERIA REQUIRED FOR ALL PROJECTS.**

All projects must comply with the following criteria:

1. But For Test. There is a substantial likelihood that the project would not go forward without the business subsidy. This criterion may be met based solely on representations of the recipient of the business subsidy.

\*2. Wage Policy. If the project results in the creation of any jobs, the wage for each part-time and full-time job created must be, within two years of the date assistance is received (as defined in the Act), at least equal to the prevailing wage for like or similar jobs within the area or such greater amount as the City may require for a specific project.

3. Economic Feasibility. The recipient must demonstrate to the satisfaction of the City that it has adequate financing for the project and that the project will be completed in a timely fashion.

\*4. Compliance with Act. The business subsidy from the City must satisfy all requirements of the Act.

## BUSINESS SUBSIDY CRITERIA

The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes, §§116J.993 through 116J.995 (the "Act"). The term "HRA" means the Housing and Redevelopment Authority in and for the City of Mountain Iron, Minnesota. The term "project" means the property with respect to which the business subsidy is provided.

### A. PROJECT REVIEW AND EVALUATION POLICY.

1. The HRA recognizes that the creation of good paying jobs is a desirable goal which benefits the community. Nevertheless, not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage level requirements may be unrealistic and counter-productive in the face of larger economic forces influencing, and the financial and competitive circumstances of, an individual business. In determining the requirements for a project under consideration for a business subsidy, the determination of the number of jobs to be created and the wage levels therefor will be guided by the following principles and criteria:

a. Each project will be evaluated on a case by case basis. The evaluation will take into consideration the project's importance in and benefit to the community from all perspectives, including created or retained jobs.

b. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, assistance may be approved without any specific job or wage goals if permitted by applicable law.

c. In cases where the objective is the retention of existing jobs, the recipient of the subsidy will be required to provide evidence which demonstrates that the loss of those jobs is imminent.

d. The setting of wage and job goals will be informed by (i) prevailing wage rates, (ii) local economic conditions, (iii) external economic forces over which neither the HRA nor the recipient of the subsidy has control, (iv) the financial resources of the recipient and (v) the competitive environment in which the recipient's business exists.

2. Because it is not possible to anticipate all the needs and requirements of every type of project and the ever-changing needs of the community and in order to retain the flexibility necessary to respond to all proposed projects, the HRA retains the right to approve projects and business subsidies which may vary from the principles and criteria set forth herein.

### B. PROJECT REVIEW AND EVALUATION PROCEDURE.

The HRA will consider one or more of the criteria listed in Section C. below in determining whether to provide financial or other assistance to a project as a business subsidy. In applying the criteria to a specific project, the following will apply:

1. The HRA may consider the requirements of any other business subsidy received, or to be received, from a grantor other than the HRA.

2. If the business subsidy is a guaranty, the amount of the business subsidy may be valued at the principal amount of the guaranteed payment obligation.

3. If the business subsidy is real or personal property, the amount of the subsidy will be the fair market value of the property as determined by the HRA.

4. If the business subsidy is received over time, the HRA may value the subsidy at its present value using a discount rate equal to an interest rate which the HRA determines is fair and reasonable under the circumstances.

As used herein "benefit date" means the date the business subsidy is received. If the business subsidy involves the purchase, lease, or donation of physical equipment, then the benefit date occurs when the recipient puts the equipment into service. If the business subsidy is for improvements to property, then the benefit date refers to the earliest date of either: when the improvements are finished for the entire project; or when a business occupies the property.

### C. PROJECT REVIEW AND EVALUATION CRITERIA.

The project review and evaluation criteria are the following:

#### 1. Jobs and Wages.

a. New Jobs. The minimum net number of direct full time equivalent jobs to be created or retained by the proposed project for a period of at least two years from the estimated benefit date.

b. Payroll. The minimum annual net payroll (including employer contributions for health benefits) to be generated at the end of the third anniversary date of the estimated benefit date.

#### 2. Tax Base.

a. Increase in Tax Base. The net increase in property taxes estimated to be generated by the project in the first full year of operation.

#### 3. Land Use.

a. Compliance with Comprehensive or Other Plans. Whether, apart from any needed services to the community described in section 5 below, the project is more compatible with the

comprehensive plan than other permitted uses for the property. For example, the project may involve a "clean" industry such as a technology or service business which is preferred over other permitted uses.

b. Marginal Property. Whether the project is located on property which needs but is not likely to be developed or redeveloped because of blight or other adverse conditions of the property. For example property may be so blighted that the cost of making land ready for redevelopment exceeds the property's fair market value.

c. Design and/or Other Amenities. Whether, as a result of the business subsidy, the project will include design and/or amenity features not otherwise required by law. For example, the project may, at the request of the HRA, include landscaping, open space, public trails, employee work out facilities or day care facilities which serve a public purpose but are not required by law.

### 3. Impact on Existing and Future Public Investment.

a. Utilization of Existing Infrastructure Investment. Whether and to what extent (a) the project will utilize existing public infrastructure capacity and (b) the project will require additional publicly funded infrastructure investments.

b. Direct Monetary Return on Public Investment. Arrangements made or to be made for the HRA to receive a direct monetary return on its investment in the project. For example, the business subsidy may be in the form of an interest bearing loan or may involve a project sharing arrangement.

### 4. Economic Development.

a. Leveraged Funds. For every dollar of business subsidy to be provided for the project, the minimum amount of private funds which will be applied towards the capital cost of the project.

b. Spin Off Development. The dollar amount of non-subsidized development the project is expected to generate in the surrounding area and the need for and likelihood of such spin off development.

c. Growth Potential. Based on recipient's market studies and plans for expansion, whether and to what extent the project is expected within five years of its completion, be expanded to produce a net increase of full time equivalent jobs and of payroll, over and above the minimum net increase in jobs and payroll described in section 1 above.

5. Quality of Life.

a. Community Services. Whether the project will provide services in the community and the need for such services. For example, the project may provide health services, retail convenience services such as a nearby grocery store, or social services needed in the community.

6. Other.

a. Other Factors. Depending on the nature of the project, such other factors as the HRA may deem relevant in evaluating the project and the business subsidy proposed for it.

D. CRITERIA REQUIRED FOR ALL PROJECTS.

All projects must comply with the following criteria:

1. But For Test. There is a substantial likelihood that the project would not go forward without the business subsidy. This criterion may be met based solely on representations of the recipient of the business subsidy.

\*2. Wage Policy. If the project results in the creation of any jobs, the wage for each part-time and full-time job created must be, within two years of the date assistance is received (as defined in the Act), at least equal to the prevailing wage for like or similar jobs within the area or such greater amount as the HRA may require for a specific project.

3. Economic Feasibility. The recipient must demonstrate to the satisfaction of the HRA that it has adequate financing for the project and that the project will be completed in a timely fashion.

\*4. Compliance with Act. The business subsidy from the HRA must satisfy all requirements of the Act.

\*These are the only provisions in this business subsidy criteria document which are required by law.

Adopted by the Housing and Redevelopment Authority in and for the City of Mountain Iron.  
Duly adopted this 12<sup>th</sup> day of October, 1999  
The public hearing was held October 12, 1999.

**ECONOMIC DEVELOPMENT AUTHORITY  
OF THE CITY OF MOUNTAIN LAKE  
POLICY REGARDING BUSINESS SUBSIDY CRITERIA**

The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes 116J.993 through 116J.995 (the "Act"). The Term "City" means collectively the City of Mountain Lake and its Economic Development Authority.

**Criteria:**

The City hereby expresses its support for the use of business subsidies that meet the below listed criteria.

1. **But-for Test**. There is a substantial likelihood that the project would not go forward without the business subsidy requested. This criteria must be supported by representations of the applicant for business subsidy.
2. **Redevelopment**. The project will remove, prevent or reduce blight or other adverse conditions of the property, thereby protecting the City's property values and the general public health, safety, and welfare.
3. **Attraction of New Business**. The project will attract or retain competitive and financially strong commercial and industrial companies, which offer the potential for significant growth in employment and tax base.
4. **Highest and Best Land Use**. The use of the business subsidy will encourage quality construction and promote the highest and best use of land, consistent with the City's Comprehensive Plan.
5. **Needed Services**. The project will provide a needed service in the community, including health care, convenience and social services which are not currently available.
6. **Unmet Housing Needs**. The project will provide housing alternatives the community currently need but are not available.
7. **Economic Feasibility**. The recipient can demonstrate that it has experience and adequate financing for the project, and that the project can be completed in a timely manner.
8. **Impact on City Services and Infrastructure**. The project will not significantly and adversely increase the demands for service needs in the City.
9. **Job Creation**. The project will create or retain jobs which pay desirable wages and benefits in the area. The City may take into account the special needs of small or growth-phase businesses with potential to create high paying jobs in the future.

10. **Tax Base.** The project will increase the City's tax base and generate new property tax revenue.

### **Evaluation**

The City will evaluate each request for a business subsidy on a case by case basis. Applicants for assistance shall complete an application form and supply all additional information requested by the City. A decision to approve or reject a request for subsidy will be based of the merits project and the overall benefit to the community.

### **Valuation of a Business Subsidy**

The City will calculate the value of assistance provided to a business in the following manner.

1. If the subsidy is a contribution or sale of real or personal property, the amount of the subsidy will be the fair market value of the property as determined by the City, less any amount paid.
2. If the subsidy is a loan, the amount of the subsidy will be the principal amount of the loan.
3. If the subsidy is a loan guarantee, the amount of a subsidy will be principal amount of the loan guaranteed.
4. If the subsidy takes the form of payments over time (such as pay-as-you-go tax increment) the amount of the subsidy will be the sum of projected payments, discounted to a present value using a discount factor determined by the City which approximates the interest rate available to the business from a commercial lender.

Adopted by: Jan F. [Signature] Chairman EDA

Date of adoption: 1-18-00

Date of Public Hearing: 1-18-00



**Nobles County**  
**Business Subsidy Criteria**  
**March 7, 2000**

**1 PURPOSE AND AUTHORITY**

- 1.01 The purpose of this document is to establish the criteria for the Nobles County (the "Grantor") for granting of business subsidies for private development. These criteria shall be used as a guide in the processing and reviewing applications requesting business subsidies.
- 1.02 The County's ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.994 (the "Statutes").
- 1.03 These criteria are to be used in conjunction with other relevant policies of the Grantor.
- 1.04 The criteria set forth in this document are guidelines only. The Grantor reserves the right in its discretion to approve business subsidies that vary from the criteria stated herein if the Grantor determines that the subsidy nevertheless serves a public purpose.
- 1.05 The Grantor may amend this document at any time. Amendments to these criteria are subject to public hearing requirements contained in the Statutes.

**2 PUBLIC POLICY REQUIREMENT**

- 2.01 All business subsidies must meet a public purpose other than increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable

**3 BUSINESS SUBSIDY APPROVAL CRITERIA**

- 3.01 Unless specifically excluded by the Statutes, business subsidies include grants by state or local government agencies, contributions of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient of the subsidy, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.
- 3.02 All new projects approved by Nobles County should meet the following minimum approval criteria. However, it should not be presumed that a project meeting these criteria will automatically be approved. Meeting these criteria creates no contractual rights on the part of any potential developer.
- 3.03 The business subsidy shall be provided within applicable state legislative restrictions, debt limit guidelines, and other appropriate financial requirements and policies.

- 3.04 The project must be in accord with the Comprehensive Plan and Zoning Ordinances, or required changes to the plan and Ordinances must be under active consideration by the County at the time of approval.
- 3.05 Business subsidies will not be provided to projects that have the financial feasibility to proceed without the benefit of the subsidy. In effect, business subsidies will not be provided solely to broaden a developer's profit margins on a project. Prior to consideration of a business subsidy request, the Grantor may undertake an independent underwriting of the project to help ensure that the request for assistance is valid.
- 3.06 Prior to approval of a business subsidy, the developer shall provide any required market and financial feasibility studies, appraisals, soil boring, information provided to private lenders for the project, and other information or data that the Grantor or its financial consultants may require in order to proceed with an independent underwriting.
- 3.07 Any developer requesting a business subsidy should be able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed.
- 3.08 The developer must retain ownership of the project at least long enough to complete it, to stabilize its occupancy, to establish the project management, and to initiate repayment of the business subsidy, if applicable.
- 3.09 A recipient of a business subsidy must enter into a subsidy agreement with the Grantor as described in Section 4.
- 3.10 A recipient of a business subsidy must make a commitment to continue operations at the site where the subsidy is used for at least five years after the benefit date.
- 3.11 Any business subsidy will be the lowest possible level and least amount of time necessary, after the recipient maximizes the use of private debt and equity financing first.
- 3.12 Recipients of any business subsidy will be required to meet wage and job goals determined by the Grantor on a case-by-case basis, giving consideration to the nature of the development, the purpose of the subsidy, local economic conditions and similar factors.

#### **4 Subsidy Agreement**

- 4.01 In granting a business subsidy, the Grantor shall enter into a subsidy agreement with the recipient that provides the information, wage and job goals, commitments to provide necessary reporting data and recourse for fail to meet goals required by the Statutes.

- 4.02 The subsidy agreement may be incorporated into a broader development agreement for a project.
- 4.03 The subsidy agreement will describe the requirements for the recipient to provide the reporting information required by the Statutes.

# City of North Branch Business Subsidy Policy

## Purpose

This policy is adopted for the purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Section 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act.

## General Policy

This Policy is intended to create and serve as guidelines for the City of North Branch to use whenever a business subsidy is proposed to be given to a private entity. A business subsidy for the purposes of this Policy shall have the same meaning as used in the Act.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual.

Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the City of North Branch from all perspectives. If a particular project does not involve the creation of new jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.

It is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation of goals and objectives. Therefore, the City of North

Branch retains that right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

### Mandatory Eligibility Criteria

All projects asking for a business subsidy must comply with the following criteria. Failure to do so prevents the applicant from receiving a business subsidy from the City of North Branch:

1. But-For Test. The applicant must show that there is a substantial likelihood that the project will not go forward without the business subsidy. This criterion may be met based solely on the representations of the recipient of the business subsidy.
2. Feasibility. The recipient must demonstrate to the satisfaction of the City that the project has been adequately financed and either has been or will be completed in a timely fashion.
3. Compliance with Act. The business subsidy from the City must satisfy all requirements of the Act.

### Evaluative Criteria

The following items are evaluative criteria that the City of North Branch uses when determining whether or not an applicant receives a business subsidy. The City of North Branch, under their sole discretion and in accordance with this policy, will award business subsidies after reviewing the specific project and its ability to meet some or all of the evaluative criteria. The absence of any one of the below criteria within a project does not eliminate the applicant from receiving a business subsidy.

- ☞ Creation of new jobs in the North Branch economy.
- ☞ Retention of existing jobs in the North Branch economy.
- ☞ Increase in the tax base of North Branch.
- ☞ Providing of services that are needed or lacking in North Branch.

- ☐ Blighted or environmentally contaminated property will be redeveloped.
- ☐ Potential of spin-off development.
- ☐ Growth potential of proposed development.

ATTEST:   
Mayor Ellis Johnson

Date of Adoption: August 23, 1999  
Date of Public Hearing: August 23, 1999

**RESOLUTION NO. 2000-09**  
**JOINT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF**  
**NORTHFIELD AND THE NORTHFIELD ECONOMIC DEVELOPMENT**  
**AUTHORITY ON ADOPTING A BUSINESS SUBSIDY POLICY**

**WHEREAS**, the State of Minnesota repealed Minnesota Statutes 116J.991 ("corporate welfare" law) effective August 1, 1999; and

**WHEREAS**, the State of Minnesota adopted a new "corporate welfare" law, Minnesota Statutes 116J.993 through 116J.995) effective August 1, 1999, hereinafter referred to as the "State Law"; and

**WHEREAS**, this State Law requires that local governments, including Cities, Counties, Towns, EDA's, HRA's, Port Authorities are required to adopt criteria for awarding business subsidies; and

**WHEREAS**, until a local government adopts criteria for awarding business subsidies, it is not permitted to approve subsidies of more than \$25,000; and

**WHEREAS**, the City Council of the City of Northfield City of Northfield and the Northfield Economic Development Authority (EDA) has reviewed the attached Business Subsidy Policy; and

**WHEREAS**, the City Council of the City of Northfield City of Northfield and the Northfield Economic Development Authority (EDA) held a joint public hearing on January 3, 2000 to receive public comment on the proposed Business Subsidy Policy; and

**NOW THEREFORE BE IT RESOLVED** that the City Council of the City of Northfield and the Northfield Economic Development Authority jointly adopt the attached Business Subsidy Policy.

**NOW FUTHER BE IT RESOLVED** that the City Staff is directed to develop formal reporting requirements including performance in specific areas such as: job retention, job creation, and business growth, no later than June 30, 2000.

Passed by the City Council of the City of Northfield and the Northfield Economic Development Authority this the 3<sup>rd</sup> day of January 2000.

Resolution 2000-09

Page 2

## CITY OF NORTHFIELD

Peggy Prowe  
Mayor *Pro Tem*

DAVID R. GARWOOD-DELONG  
Council Member

ATTEST:

[Signature]  
City Clerk

O. G.  
Council Member

VOTE: A ROSSMAN Y KOENIG Y HANSEN Y PROWE  
Y GARWOOD-DELONG Y LINSTROTH Y MALECHA

## NORTHFIELD ECONOMIC DEVELOPMENT AUTHORITY

[Signature]  
Dixon Bond, President

[Signature]  
Dave Shumway, Secretary

VOTE: Y BOND Y RICHARDSON A HAGER Y SHUMWAY A MCWILLIAMS  
A ROSSMAN Y HANSEN



## **CITY OF NORTHFIELD, MINNESOTA**

### **Business Subsidy Policy**

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- A. Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- B. Each project shall meet all applicable City/EDA policies for any funding that is requested.
- C. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- D. In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- E. The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- F. Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by: City Council and Economic Development Authority

Date of adoption: January 3, 2000

Date of public hearing: January 3, 2000

(end)

**RESOLUTION NO. 2000-09**  
**JOINT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF**  
**NORTHFIELD AND THE NORTHFIELD ECONOMIC DEVELOPMENT**  
**AUTHORITY ON ADOPTING A BUSINESS SUBSIDY POLICY**

**WHEREAS**, the State of Minnesota repealed Minnesota Statutes 116J.991 ("corporate welfare" law) effective August 1, 1999; and

**WHEREAS**, the State of Minnesota adopted a new "corporate welfare" law, Minnesota Statutes 116J.993 through 116J.995) effective August 1, 1999, hereinafter referred to as the "State Law"; and

**WHEREAS**, this State Law requires that local governments, including Cities, Counties, Towns, EDA's, HRA's, Port Authorities are required to adopt criteria for awarding business subsidies; and

**WHEREAS**, until a local government adopts criteria for awarding business subsidies, it is not permitted to approve subsidies of more than \$25,000; and

**WHEREAS**, the City Council of the City of Northfield City of Northfield and the Northfield Economic Development Authority (EDA) has reviewed the attached Business Subsidy Policy; and

**WHEREAS**, the City Council of the City of Northfield City of Northfield and the Northfield Economic Development Authority (EDA) held a joint public hearing on January 3, 2000 to receive public comment on the proposed Business Subsidy Policy; and

**NOW THEREFORE BE IT RESOLVED** that the City Council of the City of Northfield and the Northfield Economic Development Authority jointly adopt the attached Business Subsidy Policy.

**NOW FUTHER BE IT RESOLVED** that the City Staff is directed to develop formal reporting requirements including performance in specific areas such as: job retention, job creation, and business growth, no later than June 30, 2000.

Passed by the City Council of the City of Northfield and the Northfield Economic Development Authority this the 3<sup>rd</sup> day of January 2000.

CITY OF NORTHFIELD

Peggy Prowe  
Mayor *Pro Tem*

DAVID R. GARWOOD-DELONG  
Council Member

ATTEST:

[Signature]  
City Clerk

[Signature]  
Council Member

VOTE: A ROSSMAN Y KOENIG Y HANSEN Y PROWE  
Y GARWOOD-DELONG Y LINSTROTH Y MALECHA

NORTHFIELD ECONOMIC DEVELOPMENT AUTHORITY

[Signature]  
Dixon Bond, President

[Signature]  
Dave Shumway, Secretary

VOTE: Y BOND Y RICHARDSON A HAGER Y SHUMWAY A MCWILLIAMS  
A ROSSMAN Y HANSEN

# **CITY OF NORTHFIELD, MINNESOTA**

## **Business Subsidy Policy**

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

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- E. The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- F. Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by: City Council and Economic Development Authority

Date of adoption: January 3, 2000

Date of public hearing: January 3, 2000

(end)



## Business Subsidy Policy

This policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

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- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by: City Council

Date of adoption: September 20, 1999

Date of public hearing: September 20, 1999

# AFFIDAVIT OF PUBLICATION

State of Minnesota, ss.  
County of Blue Earth

Samuel R. Gett, Jr., being duly sworn, on oath says that he is the publisher or authorized agent and employee of the publisher of the newspaper known as The Mankato Free Press and The Land, and has full knowledge of the facts which are stated below:

(A) The newspaper has complied with all of the requirements constituting qualification as a legal newspaper, as provided by Minnesota Statute 331.02, 331.06, and other applicable laws, as amended.

(B) The printed Notice

which is attached was cut from the columns of said newspaper, and was printed and published once each week, for 1 successive weeks; it was first published on Thursday, the 9 day of September, 1999, and was thereafter printed and published on every \_\_\_\_\_ to and including \_\_\_\_\_, the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_; and printed below is a copy of the lower case alphabet from A to Z, both inclusive, which is hereby acknowledged as being the size and kind of type used in the composition and publication of the notice:

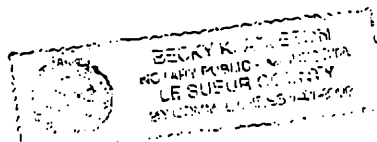
abcdefghijklmnopqrstuvwxyz

By: SDG

Publisher

Subscribed and sworn to before me on this 9 day of September, 1999

Becky K. Peterson  
Notary Public



September 9, 1999  
NOTICE OF PUBLIC HEARING  
ON THE ADOPTION OF  
A POLICY AND CRITERIA FOR  
GRANTING BUSINESS SUBSIDIES  
NOTICE IS HEREBY GIVEN that  
the City Council of the City of North Mankato, Minnesota, will meet in the Council Chamber of the Municipal Building, 1001 Blue Earth Avenue, North Mankato, Minnesota, on the 20th day of September, 1999, at 7:15 p.m., to hold a public hearing on the proposed adoption of the City's Business Subsidy Policy under Minnesota Statutes, Sections 116J.02 through 116J.06.  
All persons may appear at the public hearing and present their views orally or in writing.  
Dated this 7th day of September 1999.  
Nancy Gehrke  
City Clerk  
City of North Mankato

RESOLUTION NO. 75-99

RESOLUTION ADOPTING  
POLICY AND CRITERIA FOR GRANTING BUSINESS SUBSIDIES

WHEREAS, the Minnesota Legislature has adopted requirements for local units of government to have business subsidy policies; and

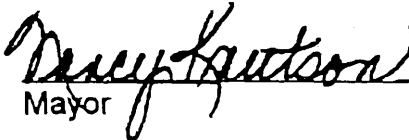
WHEREAS, Minnesota Statutes, Sections 116J.993 through 116J.995, the Business Subsidies Act became effective August 1, 1999; and

WHEREAS, the policy for granting business subsidies must meet the criteria as established in the Business Subsidies Act; and

WHEREAS, notice for the public hearing was published on September 9, 1999, and a public hearing was held on September 20, 1999;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTH MANKATO, MINNESOTA, that the attached Business Subsidy Policy is approved.

Adopted by the City Council this 20th day of September, 1999.

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
City Clerk





## Business Subsidy Policy

This policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.



- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by: North Mankato Port Authority

Date of adoption: September 22, 1999

Date of public hearing: September 22, 1999

# AFFIDAVIT OF PUBLICATION

State of Minnesota, ss.  
County of Blue Earth

September 10, 1999  
NOTICE OF PUBLIC HEARING  
ON THE ADOPTION OF  
A POLICY AND CRITERIA FOR  
GRANTING BUSINESS SUBSIDIES  
NOTICE IS HEREBY GIVEN that the  
Port Authority Commission of the City of  
North Mankato, Minnesota, will meet in the  
Council Chambers of the Municipal Building,  
1001 Belgrade Avenue, North Mankato,  
Minnesota, at 7:30 a.m. on the 22nd day of  
September, 1999, to hold a public hearing on  
the proposed adoption of the City's Business  
Subsidy Policy under Minnesota Statutes,  
Sections 116J.993 through 116J.995.  
All persons may appear at the public  
hearing and present their views orally or in  
writing.  
Dated this Tuesday of September 1999. Nancy Gehrke  
Secretary  
North Mankato Port Authority Commission

Samuel R. Gett, Jr., being duly sworn, on oath says that he is the publisher or authorized agent and employee of the publisher of the newspaper known as The Mankato Free Press and The Land, and has full knowledge of the facts which are stated below:

(A) The newspaper has complied with all of the requirements constituting qualification as a legal newspaper, as provided by Minnesota Statute 331.02, 331.06, and other applicable laws, as amended.

(B) The printed \_\_\_\_\_ Notice

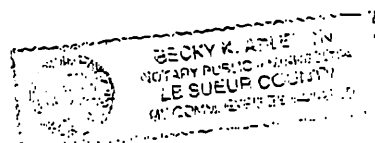
which is attached was cut from the columns of said newspaper, and was printed and published once each week, for \_\_\_\_\_ successive weeks; it was first published on \_\_\_\_\_ Friday \_\_\_\_\_, the \_\_\_\_\_ 10 \_\_\_\_\_ day of \_\_\_\_\_ September \_\_\_\_\_, 1999 \_\_\_\_\_, and was thereafter printed and published on every \_\_\_\_\_ to and including \_\_\_\_\_, the \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_; and printed below is a copy of the lower case alphabet from A to Z, both inclusive, which is hereby acknowledged as being the size and kind of type used in the composition and publication of the notice:

abcdefghijklmnopqrstuvwxyz

By: Samuel R. Gett, Jr.  
Publisher

Subscribed and sworn to before me on this \_\_\_\_\_ 10 \_\_\_\_\_ day of \_\_\_\_\_ September \_\_\_\_\_, 19 \_\_\_\_\_ 99.

Becky K. Ahlson  
Notary Public



## **EXHIBIT A**

### ***Business Subsidy Policy***

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- \* Each project shall be evaluated on a case-by-case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- \* If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- \* In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- \* The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- \* Because it is not possible to anticipate every type of project which may its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by:	the City Council of the City of Oakdale, Minnesota
Date of Adoption:	April 25, 2000
Date of Public Hearing:	April 25, 2000

RECEIVED JUL 6 2000

## Business Subsidy Policy

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995, as amended. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

The granting of subsidies shall be guided by the following principles and criteria:

- Each project shall be evaluated based on its perceived importance and benefit to the community from all perspectives deemed relevant, including created or retained employment positions, where applicable.
- The Act now provides that, after public hearing thereon, if the creation or retention of jobs is determined not to be a goal of a business subsidy, the wage and job goals may be set at zero. Where creation or retention of jobs is a goal, the specific number of jobs to be created or retained shall be stated in the subsidy agreement. Where creation of new jobs is required, those jobs shall have a wage floor of \$ 8.00 per hour.
- The specific minimum requirements under Section 116J.994, Subdivision 2, of the Act that a recipient must meet in return for the business subsidy shall be, where applicable:
  - The retention of existing jobs,
  - The creation of the specified number of new jobs at or exceeding the wage floor, and/or
  - Where the subsidy relates to the acquisition of personal property or the acquisition and/or physical development of real property, the substantial completion of the acquisition or development thereof.

Where applicable, the foregoing shall also be the stated measurable, specific and tangible goals for the subsidy under the related subsidy agreement, as provided in Section 116J.994, Subdivision 3(3), of the Act.

- It is recognized that a particular project which does not include as a goal the creation or retention of jobs may nonetheless be worthy of support and subsidy in respect of other perceived benefits.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably specific and demonstrable evidence of the job loss, absent the subsidy.
- Subject to the wage floor, where applicable, the setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy, as may be permitted by but subject to the procedural and other requirements of the Act.
- As provided in the Act, deviations from the criteria of this Policy are permitted by documenting in writing the reasons for the deviation and attaching a copy of the document to the next annual report to the Minnesota Department of Trade and Economic Development (DTED).

This Policy is intended to conform to the requirements of the Act, including the year 2000 amendments thereto. A copy of this Policy (and any amendments hereto) shall be submitted along with the first annual report to DTED following its adoption.

Adopted by: City of Oak Park Heights City Council

Date of adoption: June 27, 2000

Date of public hearing: June 27, 2000

*Osakis Business Subsidy Criteria Approved at 9/27/99 Public Hearing***CITY OF OSAKIS  
Criteria for Business Subsidies**

The City hereby expresses its support for the use of business subsidies that meet the below listed criteria. However, the City reserves the right to approve or reject the use of business subsidies for new commercial or industrial projects and or the rehabilitation and/or expansion of businesses already within the City on an individual basis. The criteria or goals to be taken into consideration by the City are as follows:

1. If a redevelopment project, the project will remove, prevent or reduce slums and/or blight, thereby protecting property values and the general public health, safety, and welfare.
2. The use of business subsidy is necessary to retain and/or attract competitive and financially sound and healthy commercial and industrial companies that provide significant employment potential and opportunity to broaden the tax base.
3. The project must be generally consistent with the City's Comprehensive Plan.
4. The use of the business subsidy should encourage quality construction and promote the highest and best use of land.
5. The project will promote completion of major public improvement projects within the community with special emphasis given to the installation of trunk sewer and water lines and major transportation projects.
6. The project will not significantly and adversely increase the impacts on existing service needs in the City.
7. The project will not proceed in its present design and time table without the business subsidy.
8. The project proposed is generally compatible with the City's overall development plans and objectives and with those of the area for which the project is to be located.
9. The project meets all requirements outlined in Minnesota Statutes, as may be amended from time to time.
10. The business subsidy for commercial projects should encourage substantial redevelopment of substandard properties or should provide a service, which is currently not offered in the community.
11. The project should result in the creation or retention of jobs, which pay a livable wage in the area. The City will consider granting subsidies to businesses that pay \$7.50 per hour plus benefits. The value of benefits will not be defined, as it is believed that this will vary depending upon the size and nature of the individual businesses receiving assistance.

The City, when considering projects that request assistance, will base their decision on the merits of the project and its economic benefit to the community (i.e., the increased tax base and the jobs that will result from the project). The City will also consider the contributions that the project makes to the community's overall development plan and how it complements existing services and businesses.

**Owatonna City Council  
Owatonna Economic Development Authority**

**Business Subsidy Policy**

September 21, 1999

This policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

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With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria.

1. Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
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5. Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, Local governing bodies and agencies must retain the right in their discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.



**EDA RESOLUTION NO. 4-99****A RESOLUTION ADOPTING A BUSINESS SUBSIDY POLICY**

**WHEREAS**, Minnesota Statutes, Section 116J.993 through 116J.995, "business subsidies act", requires that before a business subsidy, as defined in the act, can be granted by a local unit of government or local agency the grantor must adopt business subsidy criteria after public hearing. Such criteria must include a policy regarding the wages to be paid for the jobs created, and

**WHEREAS**, the Economic Development Authority is responsible for encouraging and assisting economic development projects that benefit the community and such assistance may involve the use of business subsidies as defined in the "business subsidies act".

**WHEREAS**, a joint public hearing with the Owatonna City Council was held on September 21, 1999 on adoption of the business subsidy policy.

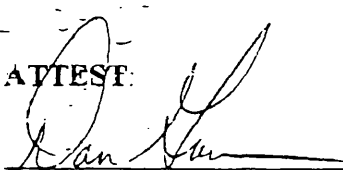
**NOW THEREFORE, BE IT RESOLVED** that the Owatonna Economic Development Authority hereby adopts the attached "Business Subsidy Policy" dated September 21, 1999.

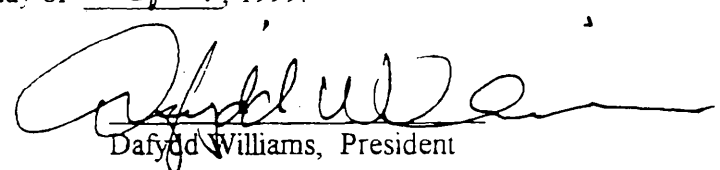
Passed and adopted this 21st day of September, 1999, with the following vote:

Aye 6; No 0; Absent 1

Approved and signed this 22<sup>nd</sup> day of Sept., 1999.

**ATTEST:**

  
Dan Gorman, Secretary

  
Dafydd Williams, President

RESOLUTION NO. 69-99

## A RESOLUTION ADOPTING A BUSINESS SUBSIDY POLICY

WHEREAS, Minnesota Statutes, Section 116J.993 through 116J.995, Business Subsidies Act", requires that before a business subsidy, as defined in the act, can be granted by a local unit of government or local agency, the grantor must adopt business subsidy criteria after public hearing. Such criteria must include a policy regarding the wages to be paid for the jobs created; and


WHEREAS, the Owatonna City Council encourages and assists economic development projects that benefit the community and such assistance may involve the use of business subsidies as defined in the "Business Subsidies Act"; and

WHEREAS, a joint public hearing with the Owatonna Economic Development Authority was held on September 21, 1999, on adoption of the Business Subsidy Policy.

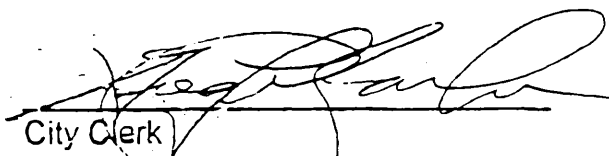
NOW THEREFORE, BE IT RESOLVED that the City Council of the City of Owatonna, Minnesota, hereby adopts the attached "Business Subsidy Policy" dated September 21, 1999.

Passed and adopted this 21st day of September, 1999, with the following vote: Aye 7; No 0; Absent 0.

Approved and signed this 21st day of September, 1999.

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Clerk

**Owatonna City Council  
Owatonna Economic Development Authority**

**Business Subsidy Policy**

September 21, 1999

This policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria.

1. Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
2. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
3. In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
4. The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
5. Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, Local governing bodies and agencies must retain the right in their discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

RESOLUTION NO. 69-99

A RESOLUTION ADOPTING A BUSINESS SUBSIDY POLICY

WHEREAS, Minnesota Statutes, Section 116J.993 through 116J.995, Business Subsidies Act", requires that before a business subsidy, as defined in the act, can be granted by a local unit of government or local agency, the grantor must adopt business subsidy criteria after public hearing. Such criteria must include a policy regarding the wages to be paid for the jobs created; and


WHEREAS, the Owatonna City Council encourages and assists economic development projects that benefit the community and such assistance may involve the use of business subsidies as defined in the "Business Subsidies Act"; and

WHEREAS, a joint public hearing with the Owatonna Economic Development Authority was held on September 21, 1999, on adoption of the Business Subsidy Policy.

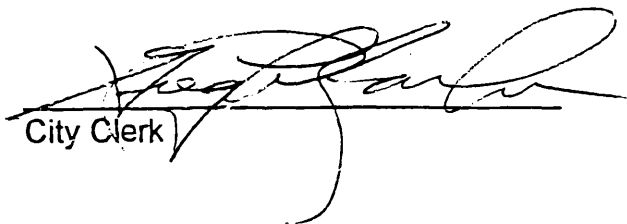
NOW THEREFORE, BE IT RESOLVED that the City Council of the City of Owatonna, Minnesota, hereby adopts the attached "Business Subsidy Policy" dated September 21, 1999.

Passed and adopted this 21st day of September, 1999, with the following vote: Aye 7; No 0; Absent 0.

Approved and signed this 21st day of September, 1999.

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Clerk

**EDA RESOLUTION NO. 4-99**

**A RESOLUTION ADOPTING A BUSINESS SUBSIDY POLICY**

**WHEREAS**, Minnesota Statutes, Section 116J.993 through 116J.995, "business subsidies act", requires that before a business subsidy, as defined in the act, can be granted by a local unit of government or local agency the grantor must adopt business subsidy criteria after public hearing. Such criteria must include a policy regarding the wages to be paid for the jobs created; and

**WHEREAS**, the Economic Development Authority is responsible for encouraging and assisting economic development projects that benefit the community and such assistance may involve the use of business subsidies as defined in the "business subsidies act".

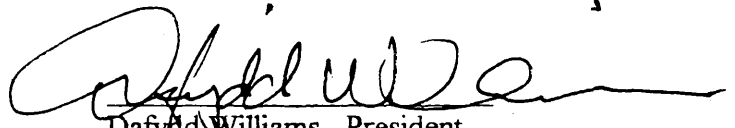
**WHEREAS**, a joint public hearing with the Owatonna City Council was held on September 21, 1999 on adoption of the business subsidy policy.

**NOW THEREFORE, BE IT RESOLVED** that the Owatonna Economic Development Authority hereby adopts the attached "Business Subsidy Policy" dated September 21, 1999.

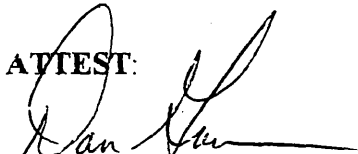
Passed and adopted this 21st day of September, 1999, with the following vote:

Aye 6; No 0; Absent 1.

Approved and signed this 22<sup>nd</sup> day of Sept., 1999.

  
Dafydd Williams, President

ATTEST:

  
Dan Gorman, Secretary

# **THE CITY OF PARKERS PRAIRIE, MINNESOTA**

## **Business Subsidy Criteria**

**Public Hearing and Adoption the 18<sup>th</sup> day of October, 1999.**

### **1. PURPOSE**

- 1:01 The purpose of this criteria is to establish the City's position as relates to the use of business subsidies, as defined in Minnesota Statutes 116J.993, Subdivision 3, for private development. This criteria shall be used as a guide in processing and reviewing applications requesting business subsidies.
- 1:02 The City shall have the option of amending or waiving sections of this criteria when determined necessary or appropriate. Amendments to these criteria are subject to public hearing requirements pursuant to Minnesota Statutes, Sections 116J.993 through 116J.995.

### **2. STATUTORY LIMITATIONS**

- 2:01 In accordance with the Business Subsidy Criteria, Business Subsidy requests must comply with applicable State Statutes. The City ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.995.

### **3. PUBLIC POLICY REQUIREMENT**

- 3:01 All business subsidies must meet a public purpose other than increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable.

### **4. BUSINESS SUBSIDY APPROVAL CRITERIA**

- 4:01 All new projects approved by the City should meet the following mandatory minimum approval criteria. However, it should not be presumed that a project meeting these criteria will automatically be approved. Meeting these criteria creates no contractual rights on the part of any potential developer or the City
- 4:02 The project must be in accord with the Comprehensive Plan and Zoning Ordinances, or required changes to the plan and ordinances must be under active consideration by the City at; the time of approval.

- 4:03 Business subsidies will not be provided to projects that have the financial feasibility to proceed without the benefit of the subsidy. In effect, business subsidies will not be provided solely to broaden a developer's profit margins on a project.
- 4:04 Prior to approval of a business subsidies financing plan and when deemed appropriate by the City, the developer shall provide any required market and financial feasibility studies, appraisals, soil boring, information provided to private lenders for the project, and other information or data as requested.
- 4:05 A recipient of a business subsidy must make a commitment to continue operations at the site where the subsidy is used for at least five years after date of occupancy.

## 5. BUSINESS SUBSIDY PROJECT EVALUATION CRITERIA

- 5:01 The City will utilize business subsidies to support the community's long-term economic redevelopment and housing goals
- 5:02 Each business subsidy will be analyzed and evaluated by the City. Each project shall be measured against the criteria and the value of the project shall be determined, based upon meeting the criteria.
- 5:03 Following are the evaluation criteria that will be used by the City:
  - A. All business subsidy requests shall meet the "but for" test. The "but for" test means that the project would not develop solely on private investments in the reasonable future. The developer shall provide findings for the "but for" test.
  - B. Business subsidy requests should create the highest feasible number of jobs on site from date of occupancy where deemed appropriate.
  - C. For manufacturing and warehousing business subsidy requests, all of the jobs created must pay a wage of at least 100% of the federal minimum wage requirement and may be subject to additional wage requirements as defined in an individual subsidy agreement. An annual written report on wages is required until termination date. Failure to meet the job and wage level goals require partial or full repayment of the assistance with interest.
  - D. For other business subsidy requests, jobs created must meet as a minimum the federal minimum wage requirement. Annual written reports are required until termination date. Failure to meet the job and wage level goals require partial or full repayment of the assistance with interest.

- E. All business subsidy requests should create the highest possible ratio of property taxes paid before and after redevelopment.
- F. Business subsidy requests should facilitate redevelopment or elimination of "substandard" or "blighted" areas where deemed appropriate.
- G. Business subsidy requests should facilitate the "clean-up" of environmentally unsound property where deemed appropriate.
- H. Business subsidy requests should increase moderate priced housing options for area residents where deemed appropriate.
- I. All business subsidy requests should be deemed to promote additional desired "spin-off" development.
- J. All business subsidy requests should demonstrate "community involvement" including demonstrated degrees of the various factors:
  - A. Local residency of the company's owners and employees, or
  - B. Local residency of the contractors involved in the project, or
  - C. Membership in local business organizations, or
  - D. Other similar factors.
- K. Business subsidy requests will normally not be used in a project that involves an excessive land and/or property price. This will normally be where the acquisition price is more than 10% in excess of market value.
- L. Business subsidies will not be used in projects that would give a significant, competitive financial advantage over similar projects in the area due to the use of business subsidies.
- M. Business subsidies will not be used when the developer's credentials, in the sole judgement of the City, are inadequate due to past track record relating to: completion of projects, general reputation and/or bankruptcy, or other problems or issues considered relevant by the City.
- N. Business subsidies will not be used to support projects that place demands on City services, or other capital or operating expenditures, that exceed the average city expenditures for similar facilities. Consideration will be given to the total public costs that are required to support the project, including offsite facilities costs that are required.



- O. Business subsidies will not normally be used for projects that would generate significant environmental problems in the opinion of the local, state, or federal governments.
- P. Business subsidies will not be used when the schedule for development has exceeded the schedule established in the development agreement, and where the City has not agreed to extensions of that schedule.
- Q. Business subsidies should not be provided to those projects that fail to meet good public policy criteria as determined by the Council, including: poor project quality; projects that are not in accord with the comprehensive plan, zoning, redevelopment plans, and city policies; projects that provide no significant improvement to surrounding land uses, the neighborhood, and/or the City; projects that do not provide a significant increase in tax base; projects that do not have significant new, or retained, employment; projects that do not meet financial feasibility criteria established by the City; and projects that do not provide the highest and best desired use for the property

CITY OF PEQUOT LAKES  
CROW WING COUNTY  
STATE OF MINNESOTA

Council member D. Good introduced the following resolution and moved its adoption:

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION ADOPTING BUSINESS SUBSIDY CRITERIA.**

BE IT RESOLVED by the City Council (the "Council") of the City of Pequot Lakes, Minnesota (the "City"), as follows:

Section 1. Recitals.

1.01. It has been proposed that the City adopt business subsidy criteria, pursuant to Minnesota Statutes, Sections 116J.993 through 116J.995 as reflected in attached Exhibit for the Council's consideration.

1.02. The Council has reviewed the City's goals and policies and has caused the business subsidies criteria to be prepared.

1.03. The City has performed all actions required by law to be performed prior to the adoption and approval of the proposed business subsidies, including the holding of a public hearing upon published notice as required by law.

Section 2. Approval and Adoption of the Business Subsidy Criteria.

2.01. The business subsidy criteria, as presented to the Council on this date, including without limitation the findings and statements of objectives contained therein, are hereby approved, ratified, established, and adopted and shall be placed on file at the City.

The motion for the adoption of the foregoing resolution was duly seconded by Council member J. Noren, and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Dated: September 7, 1999

ATTEST:

Jack Schmitt  
Mayor

Mary Fied  
City Clerk

(Seal)

- G. The developer must retain ownership of the project at least long enough to complete it, to stabilize its occupancy, to establish the project management, and to initiate repayment of the TIF.
- H. The level of TIF funding should be reduced to the lowest possible level and least amount of time by maximizing the use of private debt and equity financing first, and then using other funding sources or income producing vehicles that can be structured into the project financing, prior to using additional TIF funding.

## 5. TAX INCREMENT PROJECT EVALUATION CRITERIA

- 5.01 All projects will be evaluated on the following criteria for comparison with other proposed TIF projects reviewed by the City, and for comparison with other subsidy standards (where appropriate). It is realized that changes in local markets, costs of construction, and interest rates may cause changes in the amounts of Tax Increment subsidies that a given project may require at any given time.
- 5.02 Some criteria, by their very nature, must remain subjective. However, wherever possible "benchmark" criteria have been established for review purposes. The fact that a given proposal meets one or more "benchmark" criteria does not mean that it is entitled to funding under this policy, but rather that the City is in a position to proceed with evaluations of (and comparisons between) various TIF proposals, using uniform standards whenever possible.
- 5.03 Following are the evaluation criteria that will be used by the City of Pequot Lakes
  - A. All TIF proposals should optimize the private development potential of a site.
  - B. All TIF proposals should obtain the highest possible private to public financial investment ratio. The Council establishes a benchmark ratio of 3 parts private to 1 part public funding for projects. Housing and retail/commercial projects shall be reviewed on an individual basis.
  - C. All TIF proposals should create the highest feasible number of jobs on the site. The Council establishes a benchmark of one newly created FTE job per \$6,000 of TIF assistance or one retained FTE job per \$3,000 of TIF assistance provided to projects and establishes a benchmark of one newly created FTE job per \$10,000 of TIF assistance or one retained FTE job per \$3,000 of TIF assistance provided to the Industrial Park Project Area. All jobs will be "Living wage jobs" as determined by the Department of Labor
  - D. All TIF proposals should create the highest possible ratio of property taxes paid before and after redevelopment. Given the different assessment circumstances in the City, this ratio will vary widely. However, under normal circumstances, the Council will expect at least a 1:2 ratio of taxes paid before and after redevelopment.
  - E. A TIF incentive will be considered based on the market value of the new construction.
  - F. TIF proposals should normally not be used to support speculative industrial, commercial, and office projects. In general, speculative projects are defined as those projects which have letters of intent or pre-leasing for less than 50% of the available leasable space.

- G. All TIF proposals will be reviewed to determine the feasibility to provide the City with equity participation in new developments (through a share of the profits), or to treat the TIF assistance as a second mortgage with fixed payments.
- H. All TIF proposals involving displacement of low and moderate income residents should give specific attention to the re-housing needs of those residents. Normally, this should be done as a part of the TIF funding proposal. Adequate solutions to these re-housing needs will be required as a matter of public policy.
- I. TIF will normally not be used in a project that involves an excessive land and/or property price. This will normally be where the acquisition price is more than 10% in excess of market value.
- J. All TIF projects will need to meet the "but for" test. TIF will not be used unless the need for the City's economic participation is sufficient that, without that assistance the project could not proceed in the manner as proposed.
- K. TIF will not be used in projects that would give a significant, competitive financial advantage over similar projects in the area due to the use of tax increment subsidies.
- L. TIF will not be used when the developer's credentials, in the sole judgment of the City, are inadequate due to past track record relating to: completion of projects, general reputation and/or bankruptcy, or other problems or issues considered relevant by the City.
- M. A developer using TIF will need to provide a financial guarantee for the repayment of the TIF, within the constraints of existing tax law.
- N. TIF will not be used to support projects that place demands on City services, or other capital or operating expenditures, that exceed the average city expenditures for similar facilities. Consideration will be given to the total public costs that are required to support the project, including off-site facilities costs that are required.
- O. TIF will not normally be used for projects that would generate significant environmental problems in the opinion of the local, state, or federal governments.
- P. TIF will not be used when the schedule for development has exceeded the schedule established in the redevelopment agreement, and where the City has not agreed to extensions of that schedule.
- Q. TIF funding should not be provided to those projects that fail to meet good public policy criteria as determined by the Council, including: poor project quality; projects that are not in accord with the comprehensive plan, zoning, redevelopment plans, and city policies; projects that provide no significant improvement to surrounding land uses, the neighborhood, and/or the City; projects that do not provide a significant increase in tax base; projects that do not have significant new, or retained, employment; projects that do not meet financial feasibility criteria established by the City; and projects that do not provide the highest and best desired use for the property.

Resolution No. 2142000

A Resolution Establishing a Business Subsidy Policy for the City of Pierz

Introduction

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

Policy

With respect to subsidies of \$25,000 or more, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- 1 Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment position.
- 2 If a particular project does not involve the creation of jobs, (i.e. historic façade renovation, etc.), but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- 3 In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- 4 The setting of wage and job goals must be sensitive to local prevailing wage rates, economic conditions, external economic forces over which neither the City nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- 5 Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right, in its discretion, to approve projects and subsidies which may vary from the principles and criteria of this Policy.
- 6 Businesses that do not meet the goals of their business subsidy plan may be required to return all or part of the assistance with interest.

## BUSINESS SUBSIDY POLICY

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in the Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good-paying jobs is a desirable goal and a public purpose which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

It is imperative that all expenditures of public funds must be for a public purpose as defined by our courts. The governing body must determine if the proposed business subsidy will benefit the community as a whole, and at the same time, is directly related to the functions of government. Factors to be considered in determining "a public purpose" include the attraction and retention of industry and commerce, avoid the emerging of blighted or marginal lands, avoid unemployment, seek increase per capita income by additional job opportunities as well as to maintain and increase the tax base available for all general purposes of government.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on an individual basis, recognizing its importance and benefit to the community from all perspectives, including, but not limited to, created or retained employment positions.
- If a particular project does not involve the creation of jobs, but is nonetheless found to be for a public purpose and worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.

• Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted By:

PIPESTONE CITY COUNCIL

Date of Adoption:

SEPTEMBER 7, 1999

Date of Public Hearing:

SEPTEMBER 7, 1999

## BUSINESS SUBSIDY POLICY

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in the Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good-paying jobs is a desirable goal and a public purpose which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

It is imperative that all expenditures of public funds must be for a public purpose as defined by our courts. The governing body must determine if the proposed business subsidy will benefit the community as a whole, and at the same time, is directly related to the functions of government. Factors to be considered in determining "a public purpose" include the attraction and retention of industry and commerce, avoid the emerging of blighted or marginal lands, avoid unemployment, seek increase per capita income by additional job opportunities as well as to maintain and increase the tax base available for all general purposes of government.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on an individual basis, recognizing its importance and benefit to the community from all perspectives, including, but not limited to, created or retained employment positions.
- If a particular project does not involve the creation of jobs, but is nonetheless found to be for a public purpose and worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.



- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted By: Economic Development Authority

Date of Adoption: September 13, 1999

Date of Public Hearing: September 13, 1999

## **Exhibit A**

### **City of Princeton Business Subsidy Criteria September 9, 1999**

#### **1 PURPOSE AND AUTHORITY**

- 1.01 The purpose of this document is to establish the criteria for the City of Princeton (the "Grantor") for granting of business subsidies for private development. These criteria shall be used as a guide in the processing and reviewing applications requesting business subsidies.
- 1.02 The City of Princeton's ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.994 (the "Statutes").
- 1.03 These criteria are to be used in conjunction with other relevant policies of the Grantor.
- 1.04 The criteria set forth in this document are guidelines only. The Grantor reserves the right in its discretion to approve business subsidies that vary from the criteria stated herein if the Grantor determines that the subsidy nevertheless serves a public purpose.
- 1.05 The Grantor may amend this document at any time. Amendments to these criteria are subject to public hearing requirements contained in the Statutes.

#### **2 PUBLIC POLICY REQUIREMENT**

- 2.01 All business subsidies must meet a public purpose other than increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable

#### **3 BUSINESS SUBSIDY APPROVAL CRITERIA**

- 3.01 Unless specifically excluded by the Statutes, business subsidies include grants by state or local government agencies, contributions of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient of the subsidy, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.
- 3.02 All new projects approved by the City of Princeton should meet the following minimum approval criteria. However, it should not be presumed that a project meeting these criteria will automatically be approved. Meeting these criteria creates no contractual rights on the part of any potential developer.

- 3.03 The business subsidy shall be provided within applicable state legislative restrictions, debt limit guidelines, and other appropriate financial requirements and policies.
- 3.04 The project must be in accord with the Comprehensive Plan and Zoning Ordinances, or required changes to the plan and Ordinances must be under active consideration by the City at the time of approval.
- 3.05 Business subsidies will not be provided to projects that have the financial feasibility to proceed without the benefit of the subsidy. In effect, business subsidies will not be provided solely to broaden a developer's profit margins on a project. Prior to consideration of a business subsidy request, the Grantor may undertake an independent underwriting of the project to help ensure that the request for assistance is valid.
- 3.06 Prior to approval of a business subsidy, the developer shall provide any required market and financial feasibility studies, appraisals, soil boring, information provided to private lenders for the project, and other information or data that the Grantor or its financial consultants may require in order to proceed with an independent underwriting.
- 3.07 Any developer requesting a business subsidy should be able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed.
- 3.08 The developer must retain ownership of the project at least long enough to complete it, to stabilize its occupancy, to establish the project management, and to initiate repayment of the business subsidy, if applicable.
- 3.09 A recipient of a business subsidy must enter into a subsidy agreement with the Grantor as described in Section 4.
- 3.10 A recipient of a business subsidy must make a commitment to continue operations at the site where the subsidy is used for at least five years after the benefit date.
- 3.11 Any business subsidy will be the lowest possible level and least amount of time necessary, after the recipient maximizes the use of private debt and equity financing first.
- 3.12 Recipients of any business subsidy will be required to meet wage and job goals determined by the Grantor on a case-by-case basis, giving consideration to the nature of the development, the purpose of the subsidy, local economic conditions and similar factors.

**4 Subsidy Agreement**

- 4.01 In granting a business subsidy, the Grantor shall enter into a subsidy agreement with the recipient that provides the information, wage and job goals, commitments to provide necessary reporting data and recourse for fail to meet goals required by the Statutes.
- 4.02 The subsidy agreement may be incorporated into a broader development agreement for a project.

RESOLUTION #99-47

A RESOLUTION ADOPTING BUSINESS SUBSIDY CRITERIA

\*\*\*\*\*

**WHEREAS**, Minnesota Statutes, Section 116J.993 through 116J.995 (the "Statutes") require the adoption of criteria for the granting of business subsidies as defined in the Statutes; and

**WHEREAS**, the City of Princeton (the "City") has determined that it is necessary and appropriate to adopt business subsidy criteria pursuant to the Statutes; and

**WHEREAS**, the City has performed all actions required by law to be performed prior to the adoption and approval of the proposed business subsidies, including the holding of a public hearing upon published notice as required by law on September 8, 1999.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council (the "Council") of the City of Princeton, Minnesota, that the business subsidy criteria, contained in Exhibit A of this resolution, are hereby approved, ratified, established, and adopted and shall be placed on file at the City.

**ADOPTED** this 23<sup>rd</sup> day of September, 1999.



Russell Vance, Acting Mayor

ATTEST:



Steven L. Jackson  
Interim City Administrator



*Adopted February 22, 2000*

## **ECONOMIC DEVELOPMENT INCENTIVES POLICY**

### **Introduction**

This Policy is adopted for purposes of the Business Subsidies Act (the "Act"), which is Minnesota Statutes, Sections 116J.995 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act. A business subsidy, as defined in Minn. Stat. 116J.993(3), is herein referred to as an economic development incentive. This Policy shall apply only with respect to incentives granted under the Act if and to the extent required thereby.

The essence of this policy is to provide the legal and statutory framework for the City Council to utilize economic development incentives pursuant to requirements in law. The adoption of this policy is a prerequisite to determining the level of and extent of any participation by the City of Prior Lake in economic development incentives programs.

Economic development incentives seek to realize goals that benefit the community, such as the creation or retention of good paying jobs. Economic development projects may also achieve other worthwhile goals. For instance, some projects provide value to the community in the forms of infrastructure improvements, stabilization of business districts or neighborhoods, or concentration of selected industries. While job creation and retention goals will be required for any economic development project seeking incentives pursuant to this Policy, the City can require that a project seek to achieve additional goals.

The goals that economic development projects must pursue to receive incentives under this policy are as follows:

- Job creation/retention
- Livable wages
- Job training
- Public infrastructure investment, and
- Stable communities

Specific goal targets for individual projects will be determined and agreed to between the City and the requestor prior to approval of the economic development incentives by the City Council.

### **Policies and Procedures**

1. The applicant will complete the City's Economic Development Incentives application form (Exhibit 1) and submit a minimum deposit of \$1,000 which is non-refundable to cover City administrative costs.
2. The requestor and the City will draft an economic development incentive agreement for consideration by the City Council. When a tax abatement is requested, the economic development incentive agreement will serve as the abatement agreement.
3. The agreement will include target goals that coincide to the economic development goals identified in this policy. The recipient will report on the progress in achieving agreement goals as prescribed by the business subsidies act.

#### Determination of Goal Targets

With respect to incentives, the following principles and criteria shall guide the determination of goal targets:

- Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions, infrastructure improvements, stabilization of communities, and industry type.
- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the City or the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.

#### Fiscal Limitations

- Total City contribution will be limited to the minimum level of assistance needed to make the proposed project feasible and capable of achieving the agreed upon goals.
- If the incentive is a tax abatement, the abatement will be on the taxes collected on the value of the improvements (buildings) to the property; taxes collected on the value of the land will not be abated.

Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the City of Prior Lake retains the right in its sole discretion to approve projects and subsidies which may vary from the principals and criteria of the Policy.



**CITY OF RED WING  
RESOLUTION NO. 4393**

**RESOLUTION APPROVING AND ADOPTING THE CITY OF RED WING  
BUSINESS SUBSIDY POLICY**

**WHEREAS,** The City of Red Wing has a Port Authority agency to handle economic activity within the City of Red Wing, and

**WHEREAS,** the Red Wing Port Authority, in response to state law changes in 1999, adopted a Business Subsidy Policy (the "Act") cited in Minnesota Statutes, Sections, 116J.993 through 116J.995, and

**WHEREAS,** the terms of this policy are intended to have the same meanings as used in the Act and this policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby, and

**WHEREAS,** the State has clarified that the City must also hold a public hearing and adopt, by Resolution, a business subsidy policy,

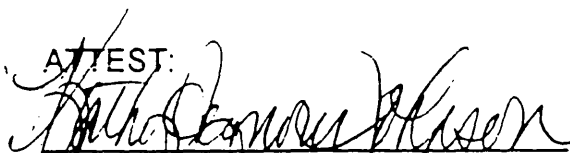
**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Red Wing as follows:

That the City Council of Red Wing shall adopt the attached Business Subsidy Policy and abide by its guidelines effective immediately.

Adopted this 14<sup>th</sup> day of February, 2000

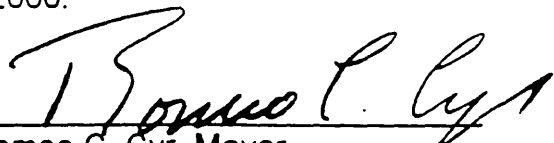
  
\_\_\_\_\_  
Michael E. Hall, Council President

ATTEST:

  
\_\_\_\_\_  
Kathy Seymour Johnson, City Clerk

Presented to the Mayor at 8:45 p.m. on this 14<sup>th</sup> day of February, 2000

Approved this 14<sup>th</sup> day of FEBRUARY, 2000.

  
\_\_\_\_\_  
Romeo C. Cyr, Mayor

CITY OF RED WING  
BUSINESS SUBSIDY POLICY

This policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.995 Through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

A subsidy is "a state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business."

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria

Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.

If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.

In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.

The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.

Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this policy.

Adopted by: \_\_\_\_\_

Date of adoption: \_\_\_\_\_

Date of public hearing: \_\_\_\_\_

1'18'00

**Notice of Public hearing on the Adoption of a Policy and  
Criteria for Granting Business Subsidies**

NOTICE IS HEREBY GIVEN that the City Council (the "Council") of the City of \_\_\_\_\_, Minnesota, will hold a public hearing on \_\_\_\_\_, \_\_\_\_\_, at a meeting of the Council beginning at approximately \_\_\_\_\_ .m, Central Time, In the \_\_\_\_\_, on the proposed adoption of the City's Business Subsidy Policy under Minnesota Statutes, Sections 116J.993 through 116J.995. All persons may appear at the public hearing and present their views orally or in writing. A copy of the proposed Business Subsidy Policy maybe obtained at the City's offices.

## APPENDIX A

The following forms of financial assistance are not a business subsidy:

- A business subsidy of less than \$25,000
- Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
- Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
- Redevelopment property polluted by contaminants as defined in section 116J.522, subdivision 3;
- Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code, provided that the assistance is equal to or less than 50 percent of the total cost;
- Assistance provided to organizations whose primary mission is to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
- Assistance for housing;
- Assistance for pollution control or abatement;
- Assistance for energy conservation;
- Tax reductions resulting from conformity with federal tax law;
- Workers' Compensation and unemployment compensation;
- Benefits derived from regulation;
- Indirect benefits derived from assistance to educational institutions;
- Funds from bonds allocated under chapter 474A;
- Assistance for a collaboration between a Minnesota higher education institution and a business;
- Assistance for a tax increment financing soils condition district as defined under section 469.174, subdivision 19;
- Redevelopment when the recipients investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value and
- General changes in tax increment financing law and other general tax law changes of a principally technical nature.

## **SUBSIDY AGREEMENT REQUIREMENTS**

- 1.) A statement of why the subsidy is needed;
- 2.) A statement of the public purpose for the subsidy;
- 3.) A list of all financial assistance by all grantors for the project;
- 4.) The name and address of the parent corporation of the business, if any;
- 5.) A description of the subsidy, including the amount of subsidy, and type of district if the subsidy is tax increment financing;
- 6.) A statement of the job and wage goals for the project;
- 7.) A description of the financial obligation of the business if the goals are not met;
- 8.) A commitment to continue operation at the site where the subsidy is used for at least five years after the benefit date;

**AGREEMENT ACKNOWLEDGING BUSINESS SUBSIDY**  
Appendix C

Report by \_\_\_\_\_, as Recipients of Business Subsidy

This report is required by that certain \_\_\_\_\_ Agreement, dated as of \_\_\_\_\_ (the "Agreement"), between the City of Red Wing Minnesota (the "City"),

and \_\_\_\_\_ (the "Company"), and as required by Minnesota Statutes, Section 116J.994, Subdivision 7. Capitalized terms which are used but not otherwise defined in this report have the meanings given to those terms under the Agreement.

The City has granted a certain business subsidy to the Company consisting of \_\_\_\_\_ for the \_\_\_\_\_ located at \_\_\_\_\_ in the City (the "Project").

Under the Agreement, the Company is required to file reports with the City of Red Wing (1) on March 1 of each year, beginning with the March 1 immediately following the date of \_\_\_\_\_ [the City's Certificate of Occupancy for the Project?], being referred to herein as the Benefit Date, (2) within 30 days after the Compliance Date, namely, the date which is two years after the Benefit Date, and (3) , if the "Job Goals" under the Agreement are not met by the Compliance Date, every subsequent anniversary thereof until the subsidy, is repaid. Each March 1 report is required to report on the prior calendar year, and each other report shall report on the period since the last reporting period.

The Company's Jobs Goals under the Agreement are to create a net number of permanent full-time equivalent new jobs in the State of Minnesota (over and above the \_\_\_\_\_ number of such jobs which the Company had in existence on the date of the Agreement) within two years from the Benefit Date. These jobs are required to have a wage of at least \$ \_\_\_\_\_ per hour, exclusive [inclusive] of benefits.

Accordingly, the Company hereby certifies to the City the following:

(1) As provided in Section \_\_\_\_\_ of the Agreement, the amount of the subsidy is estimated to be \$ \_\_\_\_\_, the type of subsidy is \_\_\_\_\_, and the public purposes of the subsidy include \_\_\_\_\_.

(2) The hourly wage of each new permanent full-time equivalent job which has been created by the Company since the Benefit Date, with separate bands of wages, are as follows:

<u>Number of Jobs</u>	<u>Wage Levels per Hour</u>
_____	_____
_____	_____
_____	_____

(3) The cost of health insurance provided by the employer for the above referenced jobs, separated by bands of wages, is as follows:

<u>Wage Level per Hour</u>	<u>Cost of Health Insurance</u>
_____	_____
_____	_____
_____	_____

(4) If the Company has not already met the Job Goals, it reasonably expects that it will meet those goals on or before \_\_\_\_\_, 200 \_\_\_\_\_, and is taking the following steps to meet the Job Goals.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(5) The Company was previously located at \_\_\_\_\_  
and , as provided in the Agreement, the Company was not able to complete the Project in  
that location because \_\_\_\_\_.

(6) The Company has the following parent corporations: \_\_\_\_\_  
\_\_\_\_\_

(7) Other than the subsidy provided by the City under the Agreement, there are no  
other State of Minnesota or "local government agency" grants of subsidy to Company  
for the Project, except for:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(8) The Company hereby agrees to provide upon request such other information as  
the Commissioner of the Department of Trade and Economic Development of the State  
of Minnesota may request or as may be required by the Subsidy Law.

(9) The Company represents that it has continuously occupied the Project since its  
completions, has used the Project for its \_\_\_\_\_ operations and  
expects to do so for the foreseeable future.

(10) The Company is not in default on the date hereof of its obligations under any  
subsidy agreement under the subsidy Law.

\_\_\_\_\_, Company

By \_\_\_\_\_  
\_\_\_\_\_

This report is to be filed with:  
City of Red Wing

\_\_\_\_\_ City Hall  
\_\_\_\_\_ Minnesota \_\_\_\_\_



RED WING PORT AUTHORITY, AN ECONOMIC DEVELOPMENT AGENCY  
CITY OF RED WING, MINNESOTA

RESOLUTION NO. 136

RESOLUTION APPROVING AND ADOPTING THE RED WING PORT  
AUTHORITY BUSINESS SUBSIDY POLICY

WHEREAS, the City of Red Wing Port Authority, an Economic Development Agency ("the Authority") which was established by Enabling Resolution No. 2226 ("the Enabling Resolution") adopted July 8, 1985 and amended by Resolution No. 3643 on February 12, 1996 and amended by Resolution No. 4185 on March 8, 1999; and


WHEREAS, it is the intent of the Authority to present the Business Subsidies Policy for adoption of the Business Subsidies Act (the "Act") cited in Minnesota Statutes, Sections 116J.993 through 116J.995.

WHEREAS, the terms in this Policy are intended to have the same meanings as used in the Act and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

NOW THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Port Authority of the City of Red Wing as follows:

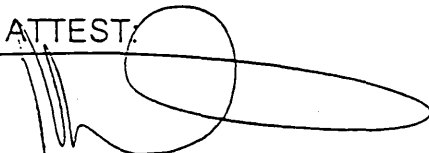
That the Red Wing Port authority shall adopt the Business Subsidy Policy and abide by all the Business Subsidy Policy Guidelines effective Monday, November 15, 1999.

RED WING PORT AUTHORITY



Len Kiecker, President

ATTEST:



Myron White, Executive Director

RED WING PORT AUTHORITY  
BUSINESS SUBSIDY POLICY

This policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 Through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

A subsidy is "a state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business."

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels maybe unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria

Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.

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In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.

The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.

Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this policy.

Adopted by: RED WING PORT AUTHORITY

Date of adoption: 11/15/99

Date of public hearing: 11/15/99

10/25/99

**Notice of Public hearing on the Adoption of a Policy and  
Criteria for Granting Business Subsidies**

NOTICE IS HEREBY GIVEN that the City Council (the "Council") of the City of \_\_\_\_\_, Minnesota, will hold a public hearing on \_\_\_\_\_, \_\_\_\_\_, at a meeting of the Council beginning at approximately \_\_\_\_\_ .m, Central Time, In the \_\_\_\_\_, on the proposed adoption of the City's Business Subsidy Policy under Minnesota Statutes, Sections 116J.993 through 116J.995. All persons may appear at the public hearing and present their views orally or in writing. A copy of the proposed Business Subsidy Policy maybe obtained at the City's offices.

## APPENDIX A

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- Assistance provided to organizations whose primary mission is to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
- Assistance for housing;
- Assistance for pollution control or abatement;
- Assistance for energy conservation;
- Tax reductions resulting from conformity with federal tax law;
- Workers' Compensation and unemployment compensation;
- Benefits derived from regulation;
- Indirect benefits derived from assistance to educational institutions;
- Funds from bonds allocated under chapter 474A;
- Assistance for a collaboration between a Minnesota higher education institution and a business;
- Assistance for a tax increment financing soils condition district as defined under section 469.174, subdivision 19;
- Redevelopment when the recipients investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value and
- General changes in tax increment financing law and other general tax law changes of a principally technical nature.

## **SUBSIDY AGREEMENT REQUIREMENTS**

- 1.) A statement of why the subsidy is needed;
- 2.) A statement of the public purpose for the subsidy;
- 3.) A list of all financial assistance by all grantors for the project;
- 4.) The name and address of the parent corporation of the business, if any;
- 5.) A description of the subsidy, including the amount of subsidy, and type of district if the subsidy is tax increment financing;
- 6.) A statement of the job and wage goals for the project;
- 7.) A description of the financial obligation of the business if the goals are not met;
- 8.) A commitment to continue operation at the site where the subsidy is used for at least five years after the benefit date;

**AGREEMENT ACKNOWLEDGING BUSINESS SUBSIDY**

Appendix C

Report by \_\_\_\_\_, as Recipients of Business Subsidy

This report is required by that certain \_\_\_\_\_ Agreement, dated as of \_\_\_\_\_ (the "Agreement"), between the City of Red Wing Port Authority, Minnesota (the "City"), and \_\_\_\_\_ (the "Company"), and as required by Minnesota Statutes, Section 116J.994, Subdivision 7. Capitalized terms which are used but not otherwise defined in this report have the meanings given to those terms under the Agreement.

The City has granted a certain business subsidy to the Company consisting of \_\_\_\_\_ for the \_\_\_\_\_ located at \_\_\_\_\_ in the City (the "Project").

Under the Agreement, the Company is required to file reports with the City's Port Authority (1) on March 1 of each year, beginning with the March 1 immediately following the date of \_\_\_\_\_ [the City's Certificate of Occupancy for the Project?], being referred to herein as the Benefit Date, (2) within 30 days after the Compliance Date, namely, the date which is two years after the Benefit Date, and (3) , if the "Job Goals" under the Agreement are not met by the Compliance Date, every subsequent anniversary thereof until the subsidy, is repaid. Each March 1 report is required to report on the prior calendar year, and each other report shall report on the period since the last reporting period.

The Company's Jobs Goals under the Agreement are to create a net number of permanent full-time equivalent new jobs in the State of Minnesota (over and above the \_\_\_\_\_ number of such jobs which the Company had in existence on the date of the Agreement) within two years from the Benefit Date. These jobs are required to have a wage of at least \$ \_\_\_\_\_ per hour, exclusive [inclusive] of benefits.

Accordingly, the Company hereby certifies to the City the following:

(1) As provided in Section \_\_\_\_\_ of the Agreement, the amount of the subsidy is estimated to be \$ \_\_\_\_\_, the type of subsidy is \_\_\_\_\_, and the public purposes of the subsidy include \_\_\_\_\_.

(2) The hourly wage of each new permanent full-time equivalent job which has been created by the Company since the Benefit Date, with separate bands of wages, are as follows:

<u>Number of Jobs</u>	<u>Wage Levels per Hour</u>
_____	_____
_____	_____
_____	_____

(3) The cost of health insurance provided by the employer for the above referenced jobs, separated by bands of wages, is as follows:

<u>Wage Level per Hour</u>	<u>Cost of Health Insurance</u>
_____	_____
_____	_____
_____	_____

(4) If the Company has not already met the Job Goals, it reasonably expects that it will meet those goals on or before \_\_\_\_\_, 200 \_\_\_\_\_, and is taking the following steps to meet the Job Goals.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(5) The Company was previously located at \_\_\_\_\_  
and , as provided in the Agreement, the Company was not able to complete the Project in  
that location because \_\_\_\_\_.

(6) The Company has the following parent corporations: \_\_\_\_\_  
\_\_\_\_\_

(7) Other than the subsidy provided by the City under the Agreement, there are no  
other State of Minnesota or "local government agency" grants of subsidy to Company  
for the Project, except for:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(8) The Company hereby agrees to provide upon request such other information as  
the Commissioner of the Department of Trade and Economic Development of the State  
of Minnesota may request or as may be required by the Subsidy Law.

(9) The Company represents that it has continuously occupied the Project since its  
completions, has used the Project for its \_\_\_\_\_ operations and  
expects to do so for the foreseeable future.

(10) The Company is not in default on the date hereof of its obligations under any  
subsidy agreement under the subsidy Law.

\_\_\_\_\_, Company

By \_\_\_\_\_  
\_\_\_\_\_

This report is to be filed with:  
Red Wing Port Authority

\_\_\_\_\_, City Hall  
\_\_\_\_\_, Minnesota \_\_\_\_\_



**CITY OF REDWOOD FALLS AND IT'S  
PORT AUTHORITY  
BUSINESS SUBSIDY POLICY**

This policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counterproductive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation of goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by: Redwood Falls City Council and Redwood Falls Port Authority

Date of adoption: 11-7-99 by COUNCIL; 11-30-99 by PORT AUTHORITY

Date of Public Hearing: 11-7-99

## **CITY OF RICHFIELD**

### **BUSINESS SUBSIDY CRITERIA**

#### **I. Purpose**

This document includes the criteria to be considered by the City of Richfield ("City") to evaluate requests for business subsidies. It is the intent of the City in adopting these criteria is to comply with Minnesota Statutes, Sections 116J.993-116J.995 (the "Act"). The City hereby adopts the definitions contained in the Act for application in the criteria.

#### **II. Goals and Objectives**

It is the City's intent to advance the following goals and objectives in granting business subsidies:

- a) All projects, by not later than the benefit date, must be consistent with Richfield's comprehensive plan and any other plan or guide for development of the community or a sub-area of the community.
- b) Business subsidies must be justified by evidence that the project cannot proceed without the benefit of the subsidy. If tax increment financing is used to grant a subsidy, the grantee must demonstrate compliance with all statutory requirements of the TIF Act, including the "but for" test. The grantee will be required to provide all documentation necessary to make the requisite findings under the TIF Act and the Act.
- c) Grantees will be required to enter into an agreement with the City that is consistent with statutory requirements, including a commitment to continue the business at the site for a minimum of five years after the benefit date and compliance with the specific jobs and wages goals established for the project.

#### **III. Business Subsidy Criteria**

The City recognizes that every proposal is unique. Nothing in these criteria shall be deemed to be an entitlement or shall establish a contractual right to a subsidy. The City reserves the right to modify these criteria from time to time and to evaluate each project as a whole. The following criteria shall be utilized in evaluating a request for a business subsidy:

- a) Increase in tax base. While an increase in the tax base cannot be the sole grounds for granting a subsidy, the City believes it is a preferred condition for any subsidy.
- b) Jobs and Wages. It is City's intent that the grantee create livable wage jobs at the site. This may include jobs to be retained but only if job loss is imminent and demonstrable.
- c) Economic Development. Projects should promote one or more of the following:
  - 1. Encourage economic and commercial diversity within the community;
  - 2. Contribute to the establishment of a critical mass of commercial development within an area;

3. Provide basic goods and services, increase the range of goods and services available or encourage fast-growing businesses;
4. Promote redevelopment objectives and removal of blight, including pollution cleanup;
5. Promote the retention or adaptive reuse of buildings of historical or architectural significance;
6. Promote additional or spin-off development within the community;
7. Encourage full utilization of existing or planned infrastructure improvements.

**IV. Compliance and Reporting Requirements.**

- a) Any subsidy granted by the City will be subject to the requirement of a public hearing, if necessary, and must be approved by the Richfield city council.
- b) It will be necessary for both the grantee and the City to comply with the reporting and monitoring requirements of the Act.

## **RICHFIELD HOUSING AND REDEVELOPMENT AUTHORITY**

### **BUSINESS SUBSIDY CRITERIA**

#### **I. Purpose**

This document includes the criteria to be considered by the Richfield Housing and Redevelopment Authority ("Authority") to evaluate requests for business subsidies. It is the intent of the Authority in adopting these criteria is to comply with Minnesota Statutes, Sections 116J.993-116J.995 (the "Act"). The Authority hereby adopts the definitions contained in the Act for application in the criteria.

#### **II. Goals and Objectives**

It is the Authority's intent to advance the following goals and objectives in granting business subsidies:

- a) All projects, by not later than the benefit date, must be consistent with Richfield's comprehensive plan and any other plan or guide for development of the community or a sub-area of the community.
- b) Business subsidies must be justified by evidence that the project cannot proceed without the benefit of the subsidy. If tax increment financing is used to grant a subsidy, the grantee must demonstrate compliance with all statutory requirements of the TIF Act, including the "but for" test. The grantee will be required to provide all documentation necessary for the Authority to make the requisite findings under the TIF Act and the Act.
- c) Grantees will be required to enter into an agreement with the Authority that is consistent with statutory requirements, including a commitment to continue the business at the site for a minimum of five years after the benefit date and compliance with the specific jobs and wages goals established for the project.

#### **III. Business Subsidy Criteria**

The Authority recognizes that every proposal is unique. Nothing in these criteria shall be deemed to be an entitlement or shall establish a contractual right to a subsidy. The Authority reserves the right to modify these criteria from time to time and to evaluate each project as a whole. The following criteria shall be utilized in evaluating a request for a business subsidy:

- a) Increase in tax base. While an increase in the tax base cannot be the sole grounds for granting a subsidy, the Authority believes it is a preferred condition for any subsidy.
- b) Jobs and Wages. It is Authority's intent that the grantee create livable wage jobs at the site. This may include jobs to be retained but only if job loss is imminent and demonstrable.

- c) **Economic Development.** Projects should promote one or more of the following:
  - 1) Encourage economic and commercial diversity within the community;
  - 2) Contribute to the establishment of a critical mass of commercial development within an area;
  - 3) Provide basic goods and services, increase the range of goods and services available or encourage fast-growing businesses;
  - 4) Promote redevelopment objectives and removal of blight, including pollution cleanup;
  - 5) Promote the retention or adaptive reuse of buildings of historical or architectural significance;
  - 6) Promote additional or spin-off development within the community;
  - 7) Encourage full utilization of existing or planned infrastructure improvements.

**IV. Compliance and Reporting Requirements.**

- a) Any subsidy granted by the Authority will be subject to the requirement of a public hearing, if necessary, and must be approved by the Richfield city council.
- b) It will be necessary for both the grantee and the Authority to comply with the reporting and monitoring requirements of the Act.

## City of Rochester Business Subsidy Policy

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent thereby required..

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purpose and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

- Prior to the City providing any business subsidy, evidence that a "public purpose" other than increasing the community tax base must be met. These could include high quality job growth or the providing of redevelopment in areas that are blighted.
- Prior to the City providing any business subsidy for job retention purposes, evidence indicating that job loss is "imminent and demonstrable" must be provided to the City.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the City must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

It should be noted that the City of Rochester has adopted separate specific wage and job level criteria when utilizing Tax Increment Financing for economic development purposes.

### **City of Rockford Criteria for Business Incentives (Subsidies)**

The City hereby expresses its support for the use of business incentives which meet the below listed criteria. However, the City reserves the right to approve or reject the use of business incentives for new commercial or industrial projects and or the rehabilitation and/or expansion of businesses already within the City on an individual basis. The criteria or goals to be taken into consideration by the City are as follows:

1. If a redevelopment project, the project will remove, prevent or reduce slums and/or blight, thereby protecting property values and the general public health, safety, and welfare and/or add to the vitality of the commercial base in the area.
2. The use of business subsidy is necessary to retain and/or attract competitive and financially sound and healthy commercial and industrial companies which provide employment potential and an opportunity to broaden the tax base.
3. The project must be generally consistent with the City's Comprehensive Plan.
4. The use of the business incentive should encourage quality construction and promote the highest and best use of the land.
5. The project will not significantly and adversely increase the impact on existing service needs in the City.
6. The project will not proceed in its present design and time table without the business incentive.
7. The project meets all requirements outlined in Minnesota Statutes, as may be amended from time to time.
8. The business incentive for commercial projects should encourage substantial redevelopment of substandard properties or should provide a service which is currently not offered in the community.
9. The project should result in the creation or retention of jobs that pay a minimum wage of \$9.00 per hour including benefits.

The City, when considering projects, which request assistance, will base their decision on the merits of the project and its economic benefit to the community (i.e., the increased tax base and the jobs which will result from the project). The city will also consider the contributions that the project makes to the community's overall development plan and how it complements existing services and businesses.

**St. Charles, Minnesota**

**Business Subsidy Policy**

**In Compliance with Minnesota State Statute 116J.993-995**

**Adoption Date: February 8, 2000**

**Definitions**

**“Business subsidy” or “subsidy” means a state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the business, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease or other obligation, or any preferential use of government facilities given to a business. These criteria only apply to subsidies when the cumulative assistance package is over \$25,000. (See exclusions in Attachment A.)**

**A living wage will be defined as 110% of the federal poverty level for a family of four. (\$8.80)  
Businesses that provide employer-paid comprehensive health insurance may pay a living wage defined as 100% of the federal poverty level for a family of four. (\$8.02)**

**Comprehensive health insurance is defined as:**

- Employer 100% premium payment for individual coverage or 80% premium payment for family coverage;**
- Employer minimum payment of 80% for office visits, emergency care, surgery and prescriptions;**
- A maximum yearly deduction of \$1,000; and**
- Maternity coverage.**

**St. Charles' Priorities**

**St. Charles will have an overall goal that 60% of the new jobs created each year under the business subsidy policy will be held by St. Charles residents. The staff will review the progress toward these goals and provide quarterly progress reports to the appropriate committees.**

**The City of St. Charles will focus its job creation and retention assistance at businesses that demonstrate a clear and ongoing commitment to the community by providing living wage jobs to their employees and to residents where applicable by giving priority to these businesses that have traditionally paid living wage.**

**Procedure**

**St. Charles will hold a public hearing about all proposed subsidies over \$100,000. Written comments submitted before the hearing will become part of the official considerations.**

**There will be a two week period prior to the public hearing for existing business owners,**



managers, and employees to comment on the impact the local government subsidizing the business is expected to have on them. If the subsidized business is expected to result in job loss in existing businesses, the local government must compare the numbers of and salaries of the jobs that will be created to the ones that are expected to be lost.

### **Requirements**

1. A business subsidy must have a defined public purpose. Increasing the tax base may not be used as a public purpose, nor can job retention be used as a public purpose unless job loss is imminent and demonstrable.
2. Business subsidies in the form of grants must be structured as forgivable loans. For other types of subsidies, the agreement must state the fair market value of the subsidy to the business, including the value of conveying property at less than a fair market price, or other-in-kind benefits to the business.
3. A business must set goals to be achieved within two years for the number of jobs that they will create (or retain when job loss is imminent and demonstrable) and the wages that these jobs will pay. Businesses must create (or retain) one full-time living wage job per \$35,000 of assistance. Jobs will only be considered created if they are in addition to the highest number of employees that the business has had in the 18 months prior to receiving the subsidy.
4. A business must have a goal for the percentage of new jobs that will be held by St. Charles residents.
5. Proposals for direct loans must be unable to obtain full private financing before applying for public financing.

The business must disclose any potential adverse impact on the environment that could result from this project.

### **Subsidy Agreement**

Businesses must be willing to enter into a subsidy agreement that includes;

- (1) a statement of why the subsidy is needed;
- (2) a statement of the public purpose for the subsidy;
- (3) a list of all financial assistance by all grantors for the project;
- (4) the name and address of the parent corporation of the business, if any;
- (5) a description of the subsidy, including the amount and type of subsidy, and type of district if the subsidy is tax increment financing;
- (6) a statement of the job and wage goals for the project;

- (7) a description of the financial obligation of the business if the goals are not met;
- (8) a commitment to continue operations at the site where the subsidy is used for at least five years after the benefit date.
- (9) A statement that the business has an affirmative action policy.

#### **Preferences**

All other things being equal and to the extent legally possible, preference will be given to applicants meeting the following criteria:

- (1) businesses that are locally owned;
- (2) the City will not issue loan guarantees;
- (3) businesses that have a goal that 60% or more of the new jobs will be held by St. Charles residents;
- (4) businesses must have participation by a private lender to assume a percentage of the risk. The higher the participation by a private lender, the higher the preference that will be given to the applicant;
- (5) businesses that have traditionally paid living wages.

#### **Attachment A:**

The following forms of financial assistance are not a business subsidy:

- (1) a business subsidy of less than \$25,000;
- (2) assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
- (3) public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
- (4) redevelopment property polluted by contaminants as defined in section 116J.662, subdivision 3;
- (5) assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code, provided that the assistance is to provide those services;
- (6) assistance provided to an organization whose primary mission is to provide job readiness and training services if the sole purpose of the assistance is to provide those services;

- (7) assistance for housing;
- (8) assistance for pollution control or abatement;
- (9) assistance for energy conservation;
- (10) tax reductions resulting from conformity with federal tax law;
- (11) worker's compensation and unemployment compensation;
- (12) benefits derived from regulation;
- (13) indirect benefits derived from assistance to educational institutions.

Commissioner Mareck introduced the following resolution and moved its adoption:

RESOLUTION NO. 99- 32

**RESOLUTION APPROVING BUSINESS SUBSIDY CRITERIA**

WHEREAS, the Housing and Redevelopment Authority in and for the City of St. Cloud, Minnesota (the "Authority") was created pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended, and is authorized to transact business and exercise its powers by a resolution of the City Council of the City of St. Cloud, Minnesota adopted on October 27, 1966; and

WHEREAS, the Minnesota State Legislature enacted in the 1999 legislative session the Business Subsidy Act, as set forth in Minnesota Statutes, Section 116J.993 to 116J.995 (the "Business Subsidy Act"); and

WHEREAS, pursuant to the Business Subsidy Act, a business subsidy is defined as a state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business; and

WHEREAS, pursuant to the Business Subsidy Act, a recipient is defined as any for-profit and certain nonprofit business entity that receives a business subsidy; and

WHEREAS, the Authority is subject to the requirements of the Business Subsidy Act for business subsidies granted or entered into on or after August 1, 1999; and

WHEREAS, the Authority may not grant a business subsidy until the Authority has adopted criteria, after a public hearing, for awarding business subsidies that comply with the Business Subsidy Act; and

WHEREAS, in accordance with the Business Subsidy Act, the Authority has caused due notice to be given and has held a public hearing on August 11, 1999, to consider proposed criteria to be applied by the Authority in determining whether to make grants, loans or provide other assistance to a business (the "Business Subsidy Criteria").

BE IT RESOLVED by the Board of Commissioners of the Authority as follows:

That the Business Subsidy Criteria, as set forth on Exhibit A hereto, is hereby approved.

Adopted: August 11, 1999.

Jeannette Bineham  
Chair

Attest:

Marshall Williams  
Executive Director

The motion of the adoption of the foregoing Resolution was duly seconded by Commissioner Baumgartner and, upon vote being taken, the following voted in favor thereof:

Baumgartner, Ellenbecker, Marek, Podawiltz

the following voted against the same:

the following were absent:

Bineham

whereupon, said Resolution was declared duly passed and adopted, and approved and signed by the Chair and attested by the Executive Director.

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**EXHIBIT A**  
**Business Subsidy Criteria**

## **BUSINESS SUBSIDIES CRITERIA**

### **PURPOSE**

In 1999, the Minnesota Legislature enacted Sections 116J.993-.995 to replace the existing law. The new law effective for business subsidies entered into our State appropriations authorized on or after August 1, 1999. One of the business subsidy criteria is to meet the requirements of this State law.

The business subsidies criteria may be modified as required or requested of the St. Cloud Housing and Redevelopment Authority. The granting of business subsidies shall conform these business subsidy criteria.

### **TYPES OF DISTRICTS**

There are five general types of tax increment financing districts, each having its own qualifications, duration, and purpose. The criteria for each of the districts is as follows:

#### **1. Redevelopment Districts:**

In determining the amount of business subsidy within a redevelopment district, the H.R.A. Board will grant the business subsidy based upon the area that is being improved and the type of improvement. Major emphasis is a redevelopment of an area and not on the wages or jobs that may result from the redevelopment district.

- Wages - Wages will be a minor consideration when determining the amount of business subsidy.
- Job Creation - Job creation will be a minor consideration when determining the amount of business subsidy.
- Job Retention - Job retention is only a factor where job loss is eminent and demonstrable.
- Annual Net TIF Revenue Available to Project - The maximum annual net TIF revenue available to the project is 85%. The maximum amount and percentage of net TIF revenue to be made available to the project will depend upon the type of activities undertaken, the amount of cost associated with redeveloping the district, and the projected increase of value of the district upon its redevelopment.
- Duration of TIF District - A redevelopment district has a maximum of 25 years of increment; however, the H.R.A. may choose to grant a shorter maximum increment if the project cost or the estimated value upon its redevelopment does not warrant a 25-year maximum redevelopment district life.

#### **2. Renovation and Renewal Districts:**

A Renovation and Renewal District is similar to a Redevelopment District except that the criteria for qualifications are less restrictive.

In determining the amount of business subsidy within a Renovation and Renewal District, the H.R.A. Board will grant the business subsidy based upon the area that is being improved and the type of improvement. Major emphasis is a redevelopment of an area and not on the wages or jobs that may result from the Renovation and Renewal District.

- Wages - Wages will be a minor consideration when determining the amount of business subsidy.
- Job Creation - Job creation will be a minor consideration when determining the amount of business subsidy.
- Job Retention - Job retention is only a factor where job loss is eminent and demonstrable.
- Annual Net TIF Revenue Available to Project - The maximum annual net TIF revenue available to the project is 85%. The maximum amount and percentage of net TIF revenue to be made available to the project will depend upon the type of activities undertaken, the amount of cost associated with redeveloping the district, and the projected increase of value of the district upon its redevelopment.
- Duration of TIF District - A Renovation and Renewal District has a maximum of 15 years of increment; however, the H.R.A. may choose to grant a shorter maximum increment if the project cost or the estimated value upon its renovation and renewal does not warrant a 15-year maximum Renovation and Renewal District life.

### 3. Soils Condition Districts:

In determining the amount of business subsidy within a Soils Condition District, the H.R.A. Board will grant the business subsidy based upon the area that is being improved or remediated. Major emphasis is a removal or remediation action which is necessary to correct soil conditions.

- Wages - Wages will be a minor consideration when determining the amount of business subsidy.
- Job Creation - Job creation will be a minor consideration when determining the amount of business subsidy.
- Job Retention - Job retention is only a factor where job loss is eminent and demonstrable.
- Annual Net TIF Revenue Available to Project - The maximum annual net TIF revenue available for the project is 85%. The maximum amount and percentage of the net TIF revenue to be made available to the project will depend upon the type of removal and remediation action and the cost associated with them.
- Duration of TIF District - A Soils Correction District has a maximum of 20 years of increment; however, the H.R.A. may choose to grant a shorter maximum increment if the project cost does not warrant a 20-year maximum Soils Condition District life.



#### **4. Housing Districts:**

In order to create a Housing District, the project must be a facility for occupancy, in part, by persons or families of low and moderate income as defined by various Federal legislative and regulatory definitions.

In determining the amount of business subsidy within a Housing District, the H.R.A. Board will grant the business subsidy based upon the type of housing created and the amount of housing available to persons or families of low and moderate income.

- Wages - Wages will be a minor consideration when determining the amount of business subsidy.
- Job Creation - Job creation will be a minor consideration when determining the amount of business subsidy.
- Job Retention - Job retention is only a factor where job loss is eminent and demonstrable.
- Annual Net TIF Revenue Available to Project - The maximum annual net TIF revenue available to the project is 90%. The maximum amount and percentage of the net TIF revenue to be made available to the project will depend upon the type of housing activities undertaken and the cost associated with those development and the projected increase in housing units in the District upon completion.
- Duration of TIF District - A Housing District has a maximum of 25 years of increment; however, the H.R.A. may choose to grant a shorter maximum increment if the project cost or the estimated number of housing units above completion does not warrant a 25-year maximum Housing District life.

#### **5. Economic Development Districts:**

In determining the amount of business subsidy within an Economic Development District, the H.R.A. Board will grant the business subsidy based upon the economic development activity that is to occur there. Major emphasis is placed on the increased employment opportunities in the City, the preservation and enhancement of the tax base of the City, and the retention of businesses within the City.

- Wages - Wages will be a major consideration for granting a subsidy. Wages can also include benefits, which are paid along with wages, to the employees. Higher wages and benefits will mean greater amounts of business subsidy to be granted.
- Job Creation - Job creation is a major factor in determining the amount of subsidy granted.
- Job Retention - Job retention is a factor where job loss is eminent and demonstrable. It is the responsibility of the business requesting the subsidy to document the potential of job loss to the H.R.A.

- Annual Net TIF Revenue Available to Project - The maximum amount and percentage of net TIF revenue to be made available to the project will depend upon the number of jobs created, wages paid for those jobs, and the jobs retained. The maximum amount of the net TIF revenue available to the project will not exceed \$20,000 per job created or \$10,000 per job retained. The maximum annual net TIF revenue available to the project is 90%.
- Duration of TIF District - An Economic Development District may collect increment for 9 years after the date of the receipt of the first increment or 11 years after the date of Plan approval, whichever date is first. The H.R.A. may choose to grant a shorter maximum increment duration if the project cost or the estimated value of the Economic Development District project does not warrant the maximum number of years or the project is delayed and reduces the number of years that increment can be collected.



# CITY OF ST. JOSEPH

21 First Avenue NW  
P.O. Box 668,  
St. Joseph, MN 56374  
(320) 363-7201  
Fax: 363-0342



MAYOR  
Kenneth J. Hiemenz

CLERK/  
ADMINISTRATOR  
Cari Schmidt

COUNCILORS  
Bob Loso  
Cory Ehler  
Twi  
Mary Niedenfuer

## Business Subsidy Policy *City of St. Joseph, Minnesota*

This Policy is adopted for purposes of the Business Subsidies Act (the "Act"), which is Minnesota Statutes, Section 116J.993 to 116J.995. Terms used in this Policy are intended to have the same meaning as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal that benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purpose and importance solely through job creation. In addition, the imposition of high job creation requirements and high wage level may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage level thereof shall be guided by the following principals and criteria:

- 1) Each project shall be evaluated in a case-by-case, recognizing its importance and benefit to the community from all perspectives, including created and retained employment positions.
- 2) If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- 3) In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonable demonstrable evidence that the loss of those jobs is imminent.
- 4) The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- 5) Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by:

St. Joseph City Council

Date of Adoption:

10-21-99

Date of Public Hearing:

10-21-99

**CITY OF ST. LOUIS PARK  
ST. LOUIS PARK ECONOMIC DEVELOPMENT AUTHORITY  
BUSINESS SUBSIDY POLICY**

This Policy is adopted for purposes of the business subsidies act (the "Act"), Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as if used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

The City of St. Louis Park and St. Louis Park Economic Development Authority maintain several policy documents which speak to the general goals and objectives for the provision of public assistance for private development or redevelopment activities. These documents include, but are not limited to: The Economic Development Strategic Plan for Housing and Business, the Development Fund Policy, and the Tax Increment Financing Policy. While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, the City of St. Louis Park recognizes that the redevelopment of polluted, blighted and/or underutilized property and the provision of access to goods, services and housing options are equally important public purposes.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions and other policy objectives of the City of St. Louis Park.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Each project shall not only be evaluated against the Business Subsidy Policy but also against other applicable City or Economic Development Authority policies. These policies are the Tax Increment Financing Policy, Development Fund Policy and the Economic Development Strategic Plan for Housing and Business.
- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.



STATE OF MINNESOTA     )  
COUNTY OF HENNEPIN    ) ss    "City of St. Louis Park Business Subsidy Policy"  
CITY OF ST. LOUIS PARK   )

The undersigned hereby certifies the following:

- 1)     The attached is a full, true and correct copy of the original City of St. Louis Park Business Subsidy Policy, approved October 18, 1999 and on file in the Office of the City Clerk.
  
- 2)     The City Council Meeting was held upon due call and notice.

WITNESS my hand and the Seal of the City of St. Louis Park.



Nancy J. Stroth  
Nancy J. Stroth  
Deputy City Clerk

Date: March 7, 2000

**CITY OF ST. LOUIS PARK  
ST. LOUIS PARK ECONOMIC DEVELOPMENT AUTHORITY  
BUSINESS SUBSIDY POLICY**

This Policy is adopted for purposes of the business subsidies act (the "Act"), Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as if used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

The City of St. Louis Park and St. Louis Park Economic Development Authority maintain several policy documents which speak to the general goals and objectives for the provision of public assistance for private development or redevelopment activities. These documents include, but are not limited to: The Economic Development Strategic Plan for Housing and Business, the Development Fund Policy, and the Tax Increment Financing Policy. While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, the City of St. Louis Park recognizes that the redevelopment of polluted, blighted and/or underutilized property and the provision of access to goods, services and housing options are equally important public purposes.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions and other policy objectives of the City of St. Louis Park.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Each project shall not only be evaluated against the Business Subsidy Policy but also against other applicable City or Economic Development Authority policies. These policies are the Tax Increment Financing Policy, Development Fund Policy and the Economic Development Strategic Plan for Housing and Business.
- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.



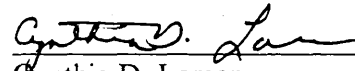
STATE OF MINNESOTA     )  
COUNTY OF HENNEPIN    ) ss  
CITY OF ST. LOUIS PARK   )

"Economic Development Authority"  
Business Subsidy Policy

The undersigned hereby certifies the following:

- 1)     The attached is a full, true and correct copy of the original Economic Development Authority Business Subsidy Policy, adopted November 1, 1999 and on file in the Office of the City Clerk.
  
- 2)     The Economic Development Authority Meeting was held upon due call and notice.

WITNESS my hand and the Seal of the Economic Development Authority of the City of St. Louis Park.

  
Cynthia D. Larsen  
City Clerk



Date: March 7, 2000

Substitute - Sept. 8, 1999

## RESOLUTION

CITY OF SAINT PAUL, MINNESOTA

Amended  
Version

Presented by \_\_\_\_\_

Referred To \_\_\_\_\_

Committee Date \_\_\_\_\_

**Resolution Authorizing a Public Hearing and  
Adopting Criteria for Awarding Business Subsidies  
that Comply with the 1999 Minnesota Business Subsidies Law**

**WHEREAS**, the 1999 Minnesota Legislature enacted Statute 116J.993-995 setting requirements for subsidies allocated to businesses by state or local government agencies; and

**WHEREAS**, local government agencies including the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (HRA) are charged with holding a public hearing and adopting a set of criteria for awarding business subsidies that comply with this statute; now therefore be it

**RESOLVED**, that the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota does hereby set a public hearing for Wednesday, August 11, 1999, on the following criteria; and be it

**FURTHER RESOLVED**, that the following criteria be adopted.

**CRITERIA FOR AWARDING SUBSIDIES TO BUSINESSES SUBJECT TO THE REGULATIONS  
AND REPORTING REQUIREMENTS OF THE  
MINNESOTA BUSINESS ASSISTANCE ACT**

A subsidy is defined as "state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business." To be subject to these requirements a subsidy must be \$25,000 or more. Small businesses, as defined by Council File #94-1512, are exempt from the living wage requirement. Eighteen exceptions to these requirements are set out in the legislation and are attached hereto as Appendix A.

1. A business subsidy must have a defined public purpose as shown in the Public Purpose Summary that accompanies projects going to PED Credit Committee, City Council, and the HRA. Increasing the tax base may not be used as a public purpose under MN Statute 116J.993-995 nor can job retention be used as a public purpose unless "job loss is imminent and demonstrable." The Public Purpose Summary (see Appendix B) must also show any job creation or retention goals established including the proposed wages and benefits broken down by wage level.
2. Applicant must be a business located in or moving into the city limits of the City of Saint Paul. This includes not-for-profit businesses with at least 100 full-time equivalent positions (FTEs) and with a ratio of highest to lowest paid employee that exceeds ten to one.

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Proposals for direct loans must first attempt and be unable to obtain private financing before applying for city funding.

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4. Proposals can be for any business purpose. Except refinancing of existing debt other than HRA/City debt is not done unless it will improve the City/HRA collateral position or the repayment ability of City/HRA loans.

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5. Loan guarantees must have participation by a private lender to assume at least 50% of risk.

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6. Any proposal to utilize STAR funds must be eligible under the City Council adopted STAR guidelines, and must be awarded the funds through the approved STAR processes.

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7. Proposals to utilize Tax Increment Financing must be for land acquisition, site preparation, and public improvements and must follow the tax increment approval process. (See Appendix C).

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8. Business subsidies in the form of grants must be structured as forgivable loans or else the agreement must state the fair market value of the subsidy to the recipient, including the value of conveying property at less than a fair market price, or other in-kind benefits to the recipient.

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9. Recipient must be willing to enter into a subsidy agreement that includes:

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(1) a description of the subsidy, including the amount and type of subsidy, and type of district if the subsidy is tax increment financing;

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(2) a statement of the public purposes for the subsidy;

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(3) goals for the subsidy to be achieved within two years of the benefit date, including goals for the number of full-time and/or part-time jobs created and wage and benefit goals that meet all City of Saint Paul ordinances and resolutions regarding business subsidy wage and job goals. In cases where job loss is imminent and demonstrable, goals for the number of jobs retained and wage goals for jobs created or retained must be included.

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(4) a statement that the recipient does not have an ongoing unresolved adverse action on their record with OSHA or the EPA;

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(5) a statement that the recipient has a company-wide standard Affirmative Action policy;

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(6) a description of the financial obligation of the recipient if the goals are not met;

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(7) a statement of why the subsidy is needed;

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(8) a commitment to continue operations at the site where the subsidy is used for at least five years after the benefit date;

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(9) the name and address of the parent corporation of the recipient, if any; and

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(10) a list of all financial assistance by all grantors for the project.

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10. Preference will be given to applicants meeting the following criteria:

(1) a demonstrated higher target percentage of hires for Saint Paul residents;

(2) demonstration of employer contributions made to employee child care and retirement accounts;

(3) participation in responsible labor relations. To the extent legally possible, preferential status for job creation and retention assistance will be given to businesses that engage in responsible labor relations.

Responsible labor relations are defined as neutrality on union organizing, providing a complete and accurate list of names and addresses of employees, reasonable access to employees and facilities during non-working periods, voluntary recognition based on a card check demonstrating that a union represents a majority of employees in a bargaining unit, and binding arbitration on the first contract.

(4) a requirement that if job creation/retention is the primary development objective, recipients are required to create (or, in cases where job loss is imminent and demonstrable, retain) at least one full-time living wage job per \$25,000 of subsidy;

(5) a requirement that recipients with at least 100 FTEs invest a portion equal to 5% of their loan

grant for training Saint Paul workers;  
(6) a requirement that employers with at least 75 FTEs offer employees the opportunity to participate in a health care program which includes an employer contribution;  
(7) a statement that recipients with at least 100 FTEs will dedicate a portion of their loan or grant to a program encouraging housing opportunities for their employees within the job creation period of the assistance.. This assistance may be in the form of advances for down payments or closing costs, grants for house or property acquisition, or partnerships with affordable housing agencies or lenders;

11. In awarding a business subsidy, City Council/HRA Board will consider:

A. In what ways the project improves the mix of businesses in the area so as to allow the area to participate in fast-growing industries; protect area from adverse economic consequences caused by slow growth or declining industries that are dominant in the area; and provides essential consumer services or develops a network for businesses of local suppliers that do not currently exist in the area.

B. How many new jobs will be created and at what pay? How do proposed wages compare to community wage levels? Will some jobs have opportunities for career advancement, education, or occupational training? Are there job growth projections for the project over the next 2-5 years? Are there fringe benefits available and what are they?

C. If job loss is imminent is there substantial evidence that the company will have to shut down involuntarily? Is there substantial evidence that the company has received an offer to move to another state or community that is attractive enough that a reasonable person would seriously consider a move for business reasons? What potential negative effect would the subsidy have on other competing businesses and overall area job quality?

D. Will the project uniquely affect the property tax base for all taxing jurisdictions, both short and long term, and both directly and indirectly? How will the project affect other local business and individual property tax bills?

12. Any subsidy agreement subject to MN Statute 116J.993-995 must be approved by the local elected governing body.

Project Name \_\_\_\_\_ Account # \_\_\_\_\_  
 Project Address \_\_\_\_\_  
 Contact \_\_\_\_\_ Today's Date \_\_\_\_\_

## PUBLIC COST ANALYSIS

Program Funding Source: _____		Amount: _____	
Interest Rate: _____	Subsidized Rate: <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A (Grant)		
Type: <input type="checkbox"/> Loan <input type="checkbox"/> Grant	Risk Rating: <input type="checkbox"/> Acceptable (5% res) <input type="checkbox"/> Substandard (10% res) <input type="checkbox"/> Loss (100% res)		
	<input type="checkbox"/> Doubtful (50% res) <input type="checkbox"/> Forgivable (100% res)		
Total Loan Subsidy*: _____		Total Project Cost: _____	

\* Total Loan Subsidy: Present value of the loan over its life, including expected loss of principal and interest rate subsidy.

## PUBLIC BENEFIT ANALYSIS

(Mark "1" for Primary Benefits and "2" for Secondary Benefits)

### I. Community Development Benefits

<input type="checkbox"/> Remove Blight/Pollution	<input type="checkbox"/> Improve Health/Safety/Security	<input type="checkbox"/> Increase/Maintain Tax Base
<input type="checkbox"/> Rehab. Vacant Structure	<input type="checkbox"/> Public Improvements	• current tax production:
<input type="checkbox"/> Remove Vacant Structure	<input type="checkbox"/> Goods & Services Availability	• est'd taxes as built:
<input type="checkbox"/> Heritage Preservation	<input type="checkbox"/> Maintain Tax Base	• net tax change + or -:

### II. Economic Development Benefits

<input type="checkbox"/> Support Vitality of Industry	<input type="checkbox"/> Create Local Businesses	<input type="checkbox"/> Generate Private Investment
<input type="checkbox"/> Stabilize Market Value	<input type="checkbox"/> Retain Local Businesses	<input type="checkbox"/> Support Commercial Activity
<input type="checkbox"/> Provide Self-Employment Opt's	<input type="checkbox"/> Encourage Entrep'ship	<input type="checkbox"/> Incr. Women/Minority Businesses

### III. Housing Development Benefits

<input type="checkbox"/> Increase Home Ownership Stock	<input type="checkbox"/> Address Special Housing Needs	<input type="checkbox"/> Maintain Housing
• # units new construction:	<input type="checkbox"/> Retain Home Owners in City	• # units rental:
• # units conversion:	<input type="checkbox"/> Affordable Housing	• # units owner-occ.:

### IV. Job Impacts

Living Wage applies ☐ Corporate Welfare Applies ☐

<input type="checkbox"/> Job Impact	<input type="checkbox"/> No Job Impact	Year 1	Year 2	Year 3	Year 4	Year 5
#JOBS CREATED (fulltime permanent)						
Average Wage						
#Construction/Temporary						
#JOBS RETAINED (fulltime permanent)						
#JOBS LOST (fulltime permanent)						

Year 1 Follow-Up

Date: \_\_\_\_\_

Public Purpose Objectives Met: ☐ Yes ☐ No ☐ In Part

Deficiencies: \_\_\_\_\_

Year 2 Follow-Up

Date: \_\_\_\_\_

Public Purpose Objectives Met: ☐ Yes ☐ No ☐ In Part ☐ No Longer Applicable/All Goals Achieved

Deficiencies: \_\_\_\_\_

Year 3 Follow-Up

Date: \_\_\_\_\_

Public Purpose Objectives Met: ☐ Yes ☐ No ☐ In Part ☐ No Longer Applicable/All Goals Achieved

Deficiencies: \_\_\_\_\_

Year 4 Follow-Up

Date: \_\_\_\_\_

Public Purpose Objectives Met: ☐ Yes ☐ No ☐ In Part ☐ No Longer Applicable/All Goals Achieved

Deficiencies: \_\_\_\_\_

Year 5 Follow-Up

Date: \_\_\_\_\_

Public Purpose Objectives Met: ☐ Yes ☐ No ☐ In Part ☐ No Longer Applicable/All Goals Achieved

Deficiencies: \_\_\_\_\_

## FOLLOW-UP ON JOB IMPACTS

<input type="checkbox"/> NO JOB IMPACT	End of Year Follow-Up Information (Actual Results)				
	Year 1	Year 2	Year 3	Year 4	Year 5
#JOBS CREATED (fulltime permanent)					
Average Wage					
#Construction/Temporary					
#JOBS RETAINED (fulltime permanent)					

PUBLIC PURPOSE STR Revised 5/22/96

*[Handwritten signature]*

## TAX INCREMENT FINANCING

- Program Purpose:* To defray site development and land preparation costs for real estate developments. Tax increment financing results in increased employment, decreased blight, and a higher tax base.
- How It Works:* The increase in real estate taxes generated by a specific development project is used to subsidize those improvements needed to begin a project. One way to provide the subsidy is for the City to issue bonds backed by the projected property tax increase that the improved property will yield.
- Minimum Requirements:* Project must be located in an approved Redevelopment Area and a designated tax increment district. The new construction of building rehabilitation must result in a significant increase in the property's tax base.
- Eligible Costs:* Land acquisition, site preparation, and public improvements.
- Fees:* Determined on a case by case basis.
- Approval Process:* The City Planning Commission, Capital Improvement Budget Committee, the appropriate District Planning Council, the School District, and Ramsey County must review proposals to establish a tax increment district. The establishment of such a district must be approved by the Saint Paul Housing and Redevelopment Authority (HRA) and the City council. Projects within a currently existing tax increment district are reviewed by the appropriate district planning council and the HRA.
- Contact:* Saint Paul Department of Planning and Economic Development (PED), 651-266-6674.

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	Yeas	Nays	Absent
Benanav	✓		
Blakey	✓		
Bostrom	✓		
Coleman	✓		
Harris	✓		
Lantry	✓		
Reiter		✓	
	6	1	0

Requested by Department of:

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

Form Approved by City Attorney

By: Philip B. Byrne 9-8-99

Adopted by Council: Date Sept 8, 1999

Adoption Certified by Council Secretary

By: [Signature]

Approved by Mayor: Date Sept 15, 1999

By: Swan Kinkeley

Approved by Mayor for Submission to Council

By: \_\_\_\_\_

RESOLUTION  
OF THE  
PORT AUTHORITY OF THE CITY OF SAINT PAUL

WHEREAS, the provision of technical and workplace behavior skills job readiness training and the opportunity to obtain a well-paying manufacturing job in Saint Paul is critical to the economic well-being of Saint Paul residents and their neighborhoods; and

WHEREAS, neighborhood revitalization and creation of job opportunities at living wage levels with benefits, is the cornerstone of job creation efforts in the City of Saint Paul; and

WHEREAS, the Port Authority of the City of Saint Paul ("Port Authority") undertakes activities which lead to the retention and creation of living wage jobs for Saint Paul residents; and

WHEREAS, the Port Authority intends to provide new business parks in the City that will especially benefit residents in a targeted neighborhood area near each newly created business park; and

WHEREAS, the Port Authority has required that its customers, in exchange for certain business subsidies, provide a minimum level of living wages plus benefits; and

WHEREAS, the provision of well-paying manufacturing jobs in Port Authority business parks in neighborhood areas, together with contractual provisions requiring Saint Paul resident hiring, provide opportunities for City residents to avail themselves of jobs close to home and accessible by walking and/or public transportation; and

WHEREAS, the Port Authority is currently requiring each of its business customers locating in its business parks to provide at least 70% of their new hire positions to Saint Paul residents; and

WHEREAS, the Port Authority wishes to strengthen its commitment to job opportunities for neighborhood residents in its manufacturing business parks, and is committed to continue to utilize its nationally-recognized customized job training service in order to maximize such opportunities.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL that the Saint Paul Port Authority hereby adopts a policy of Area-Based Incentive Hiring for current and future industrial parks in the City of Saint Paul which has received certain business subsidies. Such hiring requirements shall include provisions requiring a minimum level of living wage jobs, a majority percentage of which shall be filled by Saint Paul residents, with special emphasis on those residents in nearby neighborhoods.

BE IT FURTHER RESOLVED, that the Port Authority of the City of Saint Paul Board of Commissioners authorizes the implementation of this policy.

Adopted: November 23, 1999

PORT AUTHORITY OF THE CITY  
OF SAINT PAUL

By W. Andrew Bor  
Its Chair

Attest:

Kathy Hart  
Secretary

1825951



**Business Subsidy Policy  
City of Sartell, Minnesota**

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal that benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely through job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage level thereof shall be guided by the following principles and criteria:

- 1) Each project shall be evaluated in a case-by-case basis, recognizing its importance and benefit to the community from all perspectives, including created and retained employment positions.
- 2) If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- 3) In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonable demonstrable evidence that the loss of those jobs is imminent.
- 4) The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- 5) Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by: City of Sartell

Date of Adoption: 9/27/99

Date of Public Hearing: 9/27/99

### III. Criteria for Business Subsidies

The City hereby expresses its support for the use of business subsidies which meet the below listed criteria. However, the City reserves the right to approve or reject the use of business subsidies for new commercial or industrial projects and or the rehabilitation and/or expansion of businesses already within the City on an individual basis. The criteria or goals to be taken into consideration by the City are as follows:

1. If a redevelopment project, the project will remove, prevent or reduce slums and/or blight, thereby protecting property values and the general public health, safety, and welfare.
2. The use of business subsidy is necessary to retain and/or attract competitive and financially sound and healthy commercial and industrial companies which provide significant employment potential and opportunity to broaden the tax base.
3. The project must be generally consistent with the City's Comprehensive Plan.
4. The use of the business subsidy should encourage quality construction and promote the highest and best use of land.
5. The project will promote completion of major public improvement projects within the community with special emphasis given to the installation of trunk sewer and water lines and major transportation projects.
6. The project will not significantly and adversely increase the impacts on existing service needs in the City.
7. The project will not proceed in its present design and time table without the business subsidy.
8. The project proposed is generally compatible with the City's overall development plans and objectives and with those of the area for which the project is to be located.
9. The project meets all requirements outlined in Minnesota Statutes, as may be amended from time to time.
10. The business subsidy for commercial projects should encourage substantial redevelopment of substandard properties or should provide a service which is currently not offered in the community.
11. The project should result in the creation or retention of jobs which pay a livable wage in the area. The City will strive toward meeting or exceeding the wage goals prescribed by the Minnesota Department of Trade & Economic Development when considering the granting of subsidies to businesses. Currently, this wage goal is \$8.83 per hour, including benefits.

The City, when considering projects which request assistance, will base their decision on the merits of the project and its economic benefit to the community (i.e., the increased tax base and the jobs which will result from the project). The City will also consider the contributions that the project makes to the community's overall development plan and how it complements existing services and businesses.

**Exhibit A**  
**CITY OF SAUK RAPIDS AND**  
**SAUK RAPIDS HOUSING AND REDEVELOPMENT AUTHORITY**  
**CRITERIA FOR AWARDING BUSINESS SUBSIDIES**

**1. PURPOSE**

- 1.01 The purpose of this criteria is to establish the City's and City HRA's position as it relates to the use of business subsidies, as defined in Minnesota's Statutes 116J.993, Subdivision 3, for private development. This criteria shall be used as a guide in processing and reviewing applications requesting business subsidies.
- 1.02 The City/HRA shall have the option of amending or waiving sections of this criteria when determined necessary or appropriate. Amendments to these criteria are subject to public hearing requirements pursuant to Minnesota Statutes, Section 116J.993 through 116J.995.

**2. STATUTORY LIMITATIONS**

- 2.01 In accordance with the Business Subsidy Criteria, Business Subsidy requests must comply with applicable State Statutes. The City/HRA ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.995.

**3. PUBLIC POLICY REQUIREMENTS**

- 3.01 All business subsidies must meet a public purpose in addition to increasing the property tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable. Public purposes include the creation of new jobs, enhancing economic diversity and intervention to create jobs in Minnesota rather than another state.
- 3.02 The City / HRA will utilize Business Subsidies and Tax Increment Financing to support the community's long-term economic development and housing goals.

**4. BUSINESS SUBSIDY APPROVAL CRITERIA**

- 4.01 All new projects approved by the City/HRA should meet the following mandatory minimum approval criteria. However, it should not be presumed that a project meeting these criteria will automatically be approved. Meeting these criteria creates no contractual rights on the part of any potential developer or the City/HRA.
- 4.02 The project must be in accord with the Comprehensive Plan and Zoning Ordinances, or required changes to the plan and ordinances, conditional use permits or variances, must be under active consideration, or approved, by the City at the time of approval of a Business Subsidy or Tax Increment Financing.

- 4.03 Business subsidies will be provided to projects that would not be created on the same scale and/or without the benefit of the subsidy.
- 4.04 Prior to approval of a business subsidy, and when deemed appropriate by the City/HRA, the developer shall provide any required market and financial feasibility studies, appraisals, soil boring, information provided to private lenders for the project, and other information or data as requested.
- 4.05 A recipient of a business subsidy must make a commitment to continue operations at the site where the subsidy is used for at least five years after date of occupancy.

## 5. TAX INCREMENT PROJECT EVALUATION CRITERIA

- 5.01 All Tax Increment Financing requests shall meet the "but for" test. The "but for" test means that the project would not develop solely on private investment in the reasonable future in Sauk Rapids. The business shall provide findings for the "but for" test.
- 5.02 The business must demonstrate a proven track record in Sauk Rapids or another location.
- 5.03 The hourly wage to be paid for full-time jobs created as a result of receiving business subsidies cannot be less than \$8.00 per hour, not including benefits. The hourly wage to be paid for part-time jobs created as a result of receiving business subsidies cannot be less than the minimum wage as per State / Federal requirements. Depending upon the type of job to be created, the HRA maintains the right to require higher wages. This standard simply creates a minimum level.
- 5.04 All business subsidy requests should create higher property taxes paid after redevelopment.
- 5.05 Business subsidies should facilitate redevelopment and the elimination of "substandard" or "blighted" areas where deemed appropriate, or economic development and additional business within the City.
- 5.06 The applicant must demonstrate an ability to repay the subsidy through a Business Plan (including evidence of required equity and/or other project financing sources) in the event that job and wage goals set forth in the Agreement are not met.

## 6. DISCLAIMER

- 6.01 A guarantee for HRA assistance is not provided to all applicants meeting these Criteria. Rather, these criteria are intended to guide HRA Board Members in determining the *minimum* standards required of business who receive subsidies.

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**SAUK RAPIDS HOUSING AND REDEVELOPMENT AUTHORITY**  
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- 1.02 The City/HRA shall have the option of amending or waiving sections of this criteria when determined necessary or appropriate. Amendments to these criteria are subject to public hearing requirements pursuant to Minnesota Statutes, Section 116J.993 through 116J.995.

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- 2.01 In accordance with the Business Subsidy Criteria, Business Subsidy requests must comply with applicable State Statutes. The City/HRA ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.995.

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- 3.02 The City / HRA will utilize Business Subsidies and Tax Increment Financing to support the community's long-term economic development and housing goals.

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- 4.01 All new projects approved by the City/HRA should meet the following mandatory minimum approval criteria. However, it should not be presumed that a project meeting these criteria will automatically be approved. Meeting these criteria creates no contractual rights on the part of any potential developer or the City/HRA.
- 4.02 The project must be in accord with the Comprehensive Plan and Zoning Ordinances, or required changes to the plan and ordinances, conditional use permits or variances, must be under active consideration, or approved, by the City at the time of approval of a Business Subsidy or Tax Increment Financing.

- 4.03 Business subsidies will be provided to projects that would not be created on the same scale and/or without the benefit of the subsidy.
- 4.04 Prior to approval of a business subsidy, and when deemed appropriate by the City/HRA, the developer shall provide any required market and financial feasibility studies, appraisals, soil boring, information provided to private lenders for the project, and other information or data as requested.
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- 5.02 The business must demonstrate a proven track record in Sauk Rapids or another location.
- 5.03 The hourly wage to be paid for full-time jobs created as a result of receiving business subsidies cannot be less than \$8.00 per hour, not including benefits. The hourly wage to be paid for part-time jobs created as a result of receiving business subsidies cannot be less than the minimum wage as per State / Federal requirements. Depending upon the type of job to be created, the HRA maintains the right to require higher wages. This standard simply creates a minimum level.
- 5.04 All business subsidy requests should create higher property taxes paid after redevelopment.
- 5.05 Business subsidies should facilitate redevelopment and the elimination of "substandard" or "blighted" areas where deemed appropriate, or economic development and additional business within the City.
- 5.06 The applicant must demonstrate an ability to repay the subsidy through a Business Plan (including evidence of required equity and/or other project financing sources) in the event that job and wage goals set forth in the Agreement are not met.

## 6. DISCLAIMER

- 6.01 A guarantee for HRA assistance is not provided to all applicants meeting these Criteria. Rather, these criteria are intended to guide HRA Board Members in determining the *minimum* standards required of business who receive subsidies.

SAUK RAPIDS HOUSING AND REDEVELOPMENT AUTHORITY  
CITY OF SAUK RAPIDS  
BENTON COUNTY  
STATE OF MINNESOTA

RESOLUTION NO. 99- 3

RESOLUTION ADOPTING BUSINESS SUBSIDY CRITERIA.


WHEREAS, Minnesota Statutes, Sections 116J.993 through 116J.995 (the "Statutes") require the adoption of criteria for the granting of business subsidies as defined in the Statutes; and,

WHEREAS, the Housing and Redevelopment Authority of the City of Sauk Rapids (the "HRA") has determined that it is necessary and appropriate to adopt business subsidy criteria pursuant to the Statutes; and,

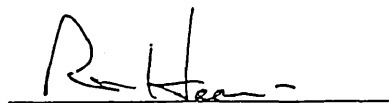
WHEREAS, the HRA has performed all actions required by law to be performed prior to the adoption and approval of the proposed business subsidies, including the holding of a public hearing upon published notice as required by law on September 27, 1999.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Housing and Redevelopment Authority, Minnesota, that the business subsidy criteria, contained in Exhibit A of this resolution are hereby approved, ratified, established, and adopted and shall be placed on file at the City.

Approved by the Board of Commissioners of the Sauk Rapids Housing and Redevelopment Authority this 27<sup>th</sup> day of September, 1999.

  
Chair

ATTEST:

  
Robert Haarman, Executive Director

## RESOLUTION ADOPTING BUSINESS SUBSIDY POLICY

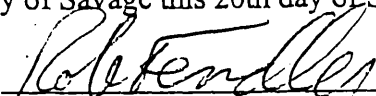
BE IT RESOLVED by the Mayor and Council of the City of Savage that this policy is hereby adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Section 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

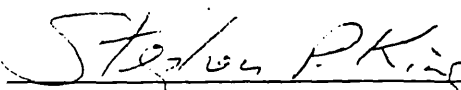
With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

1. Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
2. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
3. In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
4. The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipients's business exists.
5. Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principals and criteria of this Policy.

Adopted by the Mayor and Council of the City of Savage this 20th day of September, 1999.

  
Rob Fendler, Mayor

Attest:

  
Stephen King, City Administrator

Motion by Schneider

Second by Brennan  

Fendler	aye	Schneider	aye
Brennan	aye	Johnson	aye
Ulrich	aye		



Certification

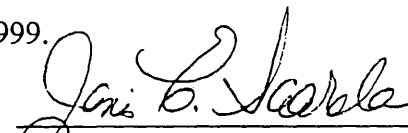
STATE OF MINNESOTA )

COUNTY OF SCOTT )

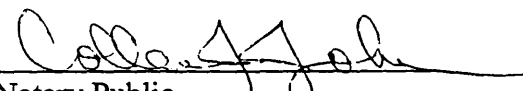
CITY OF SAVAGE )

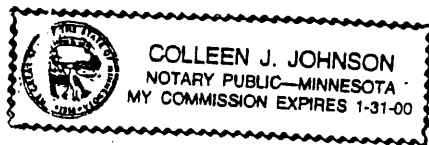
I, the undersigned, being the duly qualified and acting city clerk of the City of Savage, Minnesota, hereby certify that the attached and foregoing is a true and correct photocopy of Resolution No. R-99-153, the original copy of which is on file and of record at the Savage City Hall. Said resolution was duly passed by the Savage City Council during the regular meeting of September 20, 1999 of said Savage City Council.

Dated this 21st day of September, 1999.

  
\_\_\_\_\_  
Janis E. Saarela  
City Clerk

Attest:

  
\_\_\_\_\_  
Notary Public



## **BUSINESS SUBSIDY CRITERIA**

### **I. PURPOSE**

- 1.01 The purpose of this criteria is to establish the policy of the City of Shoreview (the "GRANTOR") as it relates to the granting of business subsidies, as defined in Minnesota Statutes 116J.993, Subdivision 3, for private development. This criteria shall be used as a guide in processing and reviewing applications requesting business subsidies.
- 1.02 GRANTOR shall have the option of amending or waiving sections of this criteria when determined necessary or appropriate. Amendments to this criteria are subject to public hearing requirements pursuant to Minnesota Statutes, Sections 116J.993 through 116J.995. GRANTOR may waive any provision(s) of this criteria without holding a public hearing.
- 1.03 Existing City programs that provide business subsidies are hereby revised to reflect the following Business Subsidy Criteria as deemed necessary and appropriate.

### **II. STATUTORY LIMITATIONS**

- 2.01 In accordance with the Business Subsidy Criteria. Business Subsidy requests must comply with applicable Minnesota statutes. GRANTOR's ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.995.

### **III. PUBLIC POLICY REQUIREMENT**

- 3.01 All business subsidies must meet a public purpose. Acceptable public purposes include, but are not limited to:
  1. Increase the tax base. Increasing the tax base is not a sufficient public purpose by itself and there must be another public purpose served.
  2. Job retention. Job retention is an acceptable public purpose only in cases where job loss is imminent and demonstrable.
  3. Job creation.
  4. Enhancement of economic diversity. Projects may be proposed that adjust to changes in the economy by replacing declining types of business and facilitating the development of new types of businesses.
  5. Encouraging investment in geographic areas in need of redevelopment.
  6. Facilitating the re-use of historic properties.

7. Facilitating the elimination of substandard buildings or blight.
8. Facilitating environmental clean-up.
9. Facilitating the relocation of uses that are not in conformity with the City's comprehensive plan or zoning ordinances.

#### **IV. BUSINESS SUBSIDY APPROVAL CRITERIA**

- 4.01 All new projects approved by GRANTOR shall meet the goals, criteria, or guidelines for the specific business subsidy program for which the application is being considered.
- 4.02 The business subsidy shall be provided within applicable state legislative restrictions, debt limit guidelines, and other appropriate financial requirements and policies.
- 4.03 The project must be in accordance with the City of Shoreview's Comprehensive Plan and Zoning Ordinances, or required changes to the plan and Ordinances must be under active consideration by the City of Shoreview at the time of approval.
- 4.04 Business subsidies shall enhance the economic diversity of the community by creating a mix of business types. Whenever possible, efforts shall be made to invest in an area which is blighted or historically has not received similar investments.
- 4.05 All business subsidy requests should maximize the amount of private development investment in a site.
- 4.06 Recipients of business subsidies in instances where creation of jobs is the sole or primary public purpose will be encouraged to create the highest number of jobs at the highest feasible wage. However, the establishment of wage and job goals will take into account prevailing wage rates, local economic conditions, the individual financial resources of the recipient and wages paid by the recipient's competitors.

#### **V. SUBSIDY AGREEMENT**

- 5.01 A recipient must enter into a subsidy agreement with GRANTOR which will include, but will not be limited to, the following:
  1. Description of the subsidy.
  2. Statement of the public purpose.
  3. Goals for the subsidy.
  4. Description of the financial obligation of the recipient if the goals are not met.
  5. Statement of the reason why the subsidy is needed.

6. Commitment to continue operations at the site where the subsidy is used for a minimum of five (5) years after the benefit date, as defined in the statute.
7. Goals for the jobs created, or where job loss is imminent, goals for jobs retained.
8. Reporting requirements to the City as detailed in Minnesota Statutes, section 116J.994, Subd. 7.

City of South St. Paul  
Dakota County, Minnesota

RESOLUTION NO. 99-255

BUSINESS SUBSIDY POLICY

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on a case by case basis, recognizing its importance and benefits to the community from all perspectives, including created or retained employment positions.
- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.

- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted this 1<sup>st</sup> day of November, 1999.

Mayor:

Approved: 11-1-99

Kathleen Gayford

South St. Paul Housing and Redevelopment Authority  
Business Subsidy Policy

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

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- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Moved by: Commissioner Regep

Seconded by: Commissioner Lanegran

Date: August 31, 1999

5 Ayes 0 Nays

## Business Subsidy Policy

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

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- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by: Southwest Regional Development  
Commission Board of Directors

Date of adoption: August 19, 1999

Date of public hearing: August 19, 1999



## **BUSINESS SUBSIDY CRITERIA**

### **I. PURPOSE**

- 1.01 The purpose of this criteria is to establish the position of the City of Spicer (the "GRANTOR") as it relates to the granting of business subsidies, as defined in Minnesota Statutes 116J.993, Subdivision 3, for private development. This criteria shall be used as a guide in processing and reviewing applications requesting business subsidies.
- 1.02 GRANTOR shall have the option of amending or waiving sections of this criteria when determined necessary or appropriate. Amendments to this criteria are subject to public hearing requirements pursuant to Minnesota Statutes, Sections 116J.993 through 116J.995. GRANTOR may waive any provision(s) of this criteria without holding a public hearing.
- 1.03 Existing City programs that provide business subsidies are hereby revised to reflect the following Business Subsidy Criteria as deemed necessary and appropriate.

### **II. STATUTORY LIMITATIONS**

- 2.01 In accordance with the Business Subsidy Criteria, Business Subsidy requests must comply with applicable Minnesota statutes. GRANTOR's ability to grant business subsidy is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.995.

### **III. PUBLIC POLICY REQUIREMENT**

- 3.01 All business subsidies must meet a public purpose other than increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable.

### **IV. BUSINESS SUBSIDY APPROVAL CRITERIA**

- 4.01 All new projects approved by GRANTOR shall meet the goals, criteria or guidelines for the specific business subsidy program for which the application is being considered.
- 4.02 The business subsidy shall be provided within applicable state legislative restrictions, debt limit guidelines, and other appropriate financial requirements and policies.
- 4.03 The project must be in accordance with the City of Spicer's Comprehensive Planning and Zoning Ordinances, or required changes to the plan and Ordinances must be under active consideration by the City of Spicer at the time of approval.

- 4.04 Business subsidies shall enhance the economic diversity of the community by creating a mix of business types. Whenever possible, efforts shall be made to invest in an area which is blighted or historically has not received similar investments.
- 4.05 All business subsidy requests should maximize the amount of private development investment in a site.
- 4.06 Recipients of business subsidies in instances where creation of jobs is the sole or primary public purpose will be encouraged to create the highest number of jobs at the highest feasible wage. However, the establishment of wage and job goals will take into account prevailing wage rates, local economic conditions, the individual financial resources of the recipient and wages paid by the recipient's competitors.

## **V. SUBSIDY AGREEMENT**

- 5.01 A recipient must enter into a subsidy agreement with GRANTOR which will include, but will not be limited to, the following
- Description of the subsidy
  - Statement of the public purpose
  - Goals for the subsidy
  - Description of the financial obligation of the recipient if the goals are not met
  - Statement of the reason why the subsidy is needed
  - Commitment to continue operations at the site where the subsidy is used for a minimum of five (5) years after the benefit date, as defined in the statute
  - Goals for the jobs created, or where job loss is imminent, goals for jobs retained
  - Wage level goals of jobs created or retained
  - Reporting requirements to the City as detailed in MS116J 994, Subd 7



**CITY OF SPRING VALLEY**  
**ECONOMIC DEVELOPMENT AUTHORITY**  
**112 WEST COURTLAND**  
**SPRING VALLEY, MN 55975**

## **Criteria for Granting Business Subsidies in Excess of \$25,000**

### **Legal Purpose:**

Under Minn. Stat. § 116J.993 through § 116J.995, all granting agencies must develop criteria for awarding business subsidies after a public hearing. All business subsidy agreements must indicate a public purpose for issuing the assistance. Increasing the tax base shall not be allowed as the sole reason as serving a public purpose.

### **Exemptions:**

1. For amounts less than \$25,000;
2. For Loans and Loan Guarantees less than \$75,000;
3. For housing projects of any type;
4. For projects involving pollution control/abatement;
5. For renovating old/decaying buildings (if assistance is less than 50% of costs);
6. For redeveloping contaminated land;
7. For businesses specializing in employment training;
8. For energy conservation;
9. For educational institutions;
10. For Industrial Revenue Bonds;
11. For Soils Conditions Tax Increment Districts; and
12. For redevelopment when land acquisition and site improvements paid by the developer exceed 70% of the property's current assessor's market value.

### **Process for Application:**

1. Applicant must fill out application form in its entirety, sign it and submit it to the Economic Development Authority for review.
2. If the request is for an amount over \$100,000, the EDA must hold a public hearing which has been posted and published for at least ten days.
3. All applicants will be required to enter into a "subsidy agreement" with the EDA, laying out the goals of the assistance. All such agreements shall be available for public inspection.
4. All applicants will be given two years to meet the goals set forth in the subsidy agreement.
5. City Council must give final approval for all business subsidies over \$25,000 and are not one of the listed exemptions above.

**Economic Development Assistance Guidelines:**

1. The Spring Valley EDA will require applicant to invest equity of 15% of the total cost to ensure "ownership" and to deter benefactors from leaving a project at a later date.
2. Any Revolving Loan money provided will be done so at a loan to collateral ratio of 1:1. The EDA will assume a first position on items used for collateral purposes. In situations where there are several funding sources, the EDA may take a second position on the appropriate collateral. The typical rate for all loans made by the EDA will be one half percent higher than the average prime interest rate for Spring Valley financial institutions at the time of the application. The rate may be negotiable if it can be demonstrated that a lower rate is required to make the proposed project work.
3. When the total balance of the Revolving Loan Fund contains a balance of \$20,000 or less, the maximum amount loaned for any single business venture will be 20% of the current fund balance or 10% of all financing involved, whichever is lesser. When the RLF balance is greater than \$20,000, the amount available for each loan will be 30% of the available balance. This guideline may be deviated from if the circumstances of the business venture so warrant and the EDA approves.

**Criteria:****I. Job Growth**

Increasing the number of jobs within the city limits of Spring Valley definitely serves as a public purpose. However, the number of jobs created must be in proportion with the amount of assistance to be given according to the following schedule (each new full time position, or its equivalent, must be created within two years after the assistance is given) :

<u>Assistance Amount</u>	<u>Wage Required</u>
\$16,000 per full time (or equivalent) job created	\$7 per hour
\$18,000 per full time (or equivalent) job created	\$8 per hour
\$20,000 per full time (or equivalent) job created	\$9 per hour
\$22,000 per full time (or equivalent) job created	\$10 per hour
\$25,000 per full time (or equivalent) job created	\$11 per hour and up

Although not required, applicants which show that there is opportunity for new employees to further their careers with education and training shall be given higher regard. Also, applicants which demonstrate that fringe benefits will be offered to new employees (such as child care, health care, and pensions) shall also be given more consideration for assistance.

**II. Providing Job Retention, Where Loss is Imminent and Demonstrable**

If a company is facing involuntary closure, or if a company has received an offer from another location which is attractive enough to expect that a reasonable person would

move the business for financial reasons, then providing assistance to that firm shall be considered serving a public purpose.

If a company is facing a possible shut down, documentation will need to be provided to adequately demonstrate that the closure is imminent. Such documentation may include financial statements, a profit/loss statement prepared by a qualified person, or other paperwork as may be required by the Spring Valley Economic Development Authority. The applicant will be required to submit a plan that is intended to prevent such possible shut downs in the future.

If a company has received an offer to relocate from another location, then the details of that offer must be provided to the Spring Valley Economic Development Authority. The Spring Valley EDA shall confirm the veracity of the offer before awarding assistance to provide job retention.

In serving the purpose of job retention, one full time job at \$7/hour, or its equivalent, must be demonstrated to be retained for every \$5,000 in assistance.

### **III. Stabilizing the Community**

Business assistance in an amount of \$25,000 or greater will be considered serving a public purpose if the assistance constitutes an investment in an area that (1) historically has not received similar investments; (2) is a blighted area (determined by resolution of the Spring Valley EDA Board); or (3) is an economically depressed area (also determined by resolution of the Spring Valley EDA Board). Also, if it can be demonstrated that the assistance shall stimulate further investment or spin-off businesses and jobs in the area, the assistance shall be deemed as a stabilizing factor.

### **IV. Enhancing Economic Diversity**

By enhancing economic diversity, a community is protecting itself from the loss of a dominating industry. Much like a diversified investment portfolio, an economically diverse community is in better position to sustain itself than one that relies on the continued existence of one dominant industry.

Higher consideration will be given to applicants which will;

1. allow the area to participate in fast-growing industries;
2. protect the area from adverse economic consequences caused by slow growth or declining areas that are dominant in the area; and
3. provide essential consumer services or develop a network of local suppliers to businesses within the community where they would not otherwise exist.



**CITY OF SPRING VALLEY**  
**ECONOMIC DEVELOPMENT AUTHORITY**  
**112 WEST COURTLAND**  
**SPRING VALLEY, MN 55975**

## **Criteria for Granting Business Subsidies in Excess of \$25,000**

### **Legal Purpose:**

- Under Minn. Stat. § 116J.993 through § 116J.995, all granting agencies must develop criteria for awarding business subsidies after a public hearing. All business subsidy agreements must indicate a public purpose for issuing the assistance. Increasing the tax base shall not be allowed as the sole reason as serving a public purpose.

### **Exemptions:**

1. For amounts less than \$25,000;
2. For housing projects of any type;
3. For projects involving pollution control/abatement;
4. For renovating old/decaying buildings (if assistance is less than 50% of costs);
5. Generally available to all businesses or similar business (based on location, size, type of business);
6. For public improvements to areas owned by governmental entities that don't benefit a single business or group of businesses solely;
7. For redeveloping contaminated land;
8. For businesses specializing in employment training;
9. For energy conservation;
10. For tax reductions for conformity with federal law;
11. For worker's compensation and unemployment;
12. For benefits derived from regulation;
13. For educational institutions;
14. For collaborations between a MN higher education facility and a business;
15. For Industrial Revenue Bonds;
16. For general changes in business subsidy law and other laws that are purely technical;
17. For Soils Conditions Tax Increment Districts; and
18. For redevelopment when land acquisition and site improvements paid by the developer exceed 70% of the property's current assessor's market value.

### **Process for Application:**

1. Applicant must fill out application form in its entirety, sign it and submit it to the Economic Development Authority for review.
2. If the request is for an amount over \$100,000, the EDA must hold a public hearing which has been posted and published for at least ten days.
3. All applicants will be required to enter into a "subsidy agreement" with the EDA, laying out the goals of the assistance. All such agreements shall be available for public inspection.

4. All applicants will be given two years to meet the goals set forth in the subsidy agreement.
5. City Council must give final approval for all business subsidies over \$25,000 and are not one of the listed exemptions above.

**Economic Development Assistance Guidelines:**

1. The Spring Valley EDA will require applicant to invest equity of 15% of the total cost to ensure "ownership" and to deter benefactors from leaving a project at a later date.
2. Any Revolving Loan money provided will be done so at a loan to collateral ratio of 1:1. The EDA will assume a first position on items used for collateral purposes. In situations where there are several funding sources, the EDA may take a second position on the appropriate collateral. The typical rate for all loans made by the EDA will be one half percent higher than the average prime interest rate for Spring Valley financial institutions at the time of the application. The rate may be negotiable if it can be demonstrated that a lower rate is required to make the proposed project work.
3. When the total balance of the Revolving Loan Fund contains a balance of \$20,000 or less, the maximum amount loaned for any single business venture will be 20% of the current fund balance or 10% of all financing involved, whichever is lesser. When the RLF balance is greater than \$20,000, the amount available for each loan will be 30% of the available balance. This guideline may be deviated from if the circumstances of the business venture so warrant and the EDA approves.

**Criteria:**

**I. Job Growth**

Increasing the number of jobs within the city limits of Spring Valley definitely serves as a public purpose. However, the number of jobs created must be in proportion with the amount of assistance to be given. One new full time position, or its equivalent, must be created for every \$15,000 in assistance given within two years after the assistance is given. Further, the wages paid for these new positions should be what is generally considered "livable" pay by the average reasonable person. For the purposes of these criteria, "livable" pay shall be defined as pay not to be less than \$7 per hour.

Although not required, applicants which show that there is opportunity for new employees to further their careers with education and training shall be given higher regard. Also, applicants which demonstrate that fringe benefits will be offered to new employees (such as child care, health care, and pensions) shall also be given more consideration for assistance.

**II. Providing Job Retention, Where Loss is Imminent and Demonstrable**

If a company is facing involuntary closure, or if a company has received an offer from another location which is attractive enough to expect that a reasonable person would move the business for financial reasons, then providing assistance to that firm shall be considered serving a public purpose.

If a company is facing a possible shut down, documentation will need to be provided to adequately demonstrate that the closure is imminent. Such documentation may include financial statements, a profit/loss statement prepared by a qualified person, or other paperwork as may be required by the Spring Valley Economic Development Authority. The applicant will be required to submit a plan that is intended to prevent such possible shut downs in the future.

If a company has received an offer to relocate from another location, then the details of that offer must be provided to the Spring Valley Economic Development Authority. The Spring Valley EDA shall confirm the veracity of the offer before awarding assistance to provide job retention.

In serving the purpose of job retention, one full time job at \$7/hour, or its equivalent, must be demonstrated to be retained for every \$5,000 in assistance.

### **III. Stabilizing the Community**

Business assistance in an amount of \$25,000 or greater will be considered serving a public purpose if the assistance constitutes an investment in an area that (1) historically has not received similar investments; (2) is a blighted area (determined by resolution of the Spring Valley EDA Board); or (3) is an economically depressed area (also determined by resolution of the Spring Valley EDA Board). Also, if it can be demonstrated that the assistance shall stimulate further investment or spin-off businesses and jobs in the area, the assistance shall be deemed as a stabilizing factor.

### **IV. Enhancing Economic Diversity**

By enhancing economic diversity, a community is protecting itself from the loss of a dominating industry. Much like a diversified investment portfolio, an economically diverse community is in better position to sustain itself than one that relies on the continued existence of one dominant industry.

Higher consideration will be given to applicants which will;

1. allow the area to participate in fast-growing industries;
2. protect the area from adverse economic consequences caused by slow growth or declining areas that are dominant in the area; and
3. provide essential consumer services or develop a network of local suppliers to businesses within the community where they would not otherwise exist.



CITY OF SPRING VALLEY, MINNESOTA

Business Subsidy Application

Business Name: \_\_\_\_\_

Business Address: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Phone #: \_\_\_\_\_ Fax #: \_\_\_\_\_

Type of assistance requested:

\_\_\_\_\_ Tax Increment

\_\_\_\_\_ Tax Abatement

\_\_\_\_\_ Loan

\_\_\_\_\_ Other (please specify)

\_\_\_\_\_

Amount of assistance requested: \$ \_\_\_\_\_

Projected start date: \_\_\_\_\_ Projected completion date: \_\_\_\_\_

PROJECT INFORMATION

*(please attach a description of the proposed project  
and explain why the assistance is needed. Be specific)*

Estimated Costs (please itemize)

Financing Sources (please itemize)

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

TOTAL COSTS \$ \_\_\_\_\_ TOTAL FUNDS \$ \_\_\_\_\_

*\* Financial statements for the past three years are to be submitted with this application. Businesses without financial statements will be required to submit personal tax returns for all principals of the business for the previous three years. The applicant must submit information on all current business related installment debts, contracts, notes, or mortgage payables.*

Banker's information:

Name of Bank: \_\_\_\_\_ Contact Name: \_\_\_\_\_

Address: \_\_\_\_\_ Phone Number: \_\_\_\_\_

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If the assistance is for a building project:

Estimated value *after* project completion: \$ \_\_\_\_\_

Size of Building \_\_\_\_\_ sq. ft. Building Type \_\_\_\_\_

Function of Building: \_\_\_\_\_

*Provide a sketch plan and/or site plan for the project*

---

### PUBLIC PURPOSE & JOB CREATION INFORMATION

What benefits will the City and its residents gain if assistance is provided?

\_\_\_\_\_ Job Creation\* \_\_\_\_\_ Job Retention \_\_\_\_\_ Job Training \_\_\_\_\_ Land Clean Up

\_\_\_\_\_ Tax Base \_\_\_\_\_ Blight Removal \_\_\_\_\_ Redevelopment \_\_\_\_\_ Other (please list)

*\*If job creation is part of your proposal, please list:*

# of full-time jobs created \_\_\_\_\_ # of part-time jobs created \_\_\_\_\_

Avg. full-time salary \$ \_\_\_\_\_ Avg. part-time salary \$ \_\_\_\_\_

---

### OWNERSHIP / COMPANY INFORMATION

Type of company (corporation, etc.): \_\_\_\_\_

Owner(s) name(s): \_\_\_\_\_ Address: \_\_\_\_\_

Phone #: \_\_\_\_\_ Is there a parent company? \_\_\_\_\_

*If there is a parent company, please describe the relationship in detail.*

Has the business, owners or parent company ever declared bankruptcy? Yes or No

*If yes, you must include information about the bankruptcy.*

Has your business or parent company received a business subsidy, for this or any other project, from another Minnesota unit of government during the past 5 years? Yes or No

*If yes is checked, please attach a description of the subsidy and by whom it was provided.*

This application must be accompanied by a \$\_\_\_\_\_ application fee. Depending upon the type of assistance requested, you may also be required to provide the City with a deposit to cover administration and consulting expenses associated with your project. Unused funds will be returned upon completion of this process. The applicant agrees to provide additional information if requested by the City.

The undersigned does hereby certify that the information provided within and attached to this application is true and correct to the best of his/her knowledge.

\_\_\_\_\_  
Applicant

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

CITY OF STAPLES/STAPLES EDA  
COUNTIES OF TODD AND WADENA  
STATE OF MINNESOTA

Resolution No. 1105/EDA-3

BE IT RESOLVED by the City Council of the City of Staples, Minnesota, sitting in joint session and acting as both the City Council and the Board of Commissioners of the Staples Economic Development Authority, as follows:

Business Subsidy Policy

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this policy.

Adopted on August 24, 1999, by the Staples City Council and the Board of Commissioners of the Staples Economic Development Authority.

\_\_\_\_\_  
Mike Goff, Mayor & President of the  
Staples EDA

Attest: \_\_\_\_\_  
Phil Lindaman, City Clerk and  
Secretary of the Staples EDA

CITY OF STAPLES/STAPLES EDA  
COUNTIES OF TODD AND WADENA  
STATE OF MINNESOTA

Resolution No. 1105/EDA-3

BE IT RESOLVED by the City Council of the City of Staples, Minnesota, sitting in joint session and acting as both the City Council and the Board of Commissioners of the Staples Economic Development Authority, as follows:

Business Subsidy Policy

This Policy is adopted for purposes of the business subsidies act (the, "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business

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- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this policy.

Adopted on August 24, 1999, by the Staples City Council and the Board of Commissioners of the Staples Economic Development Authority.

\_\_\_\_\_  
Mike Goff, Mayor & President of the  
Staples EDA

Attest: \_\_\_\_\_  
Phil Lindaman, City Clerk and  
Secretary of the Staples EDA

## **STEARNS COUNTY BUSINESS SUBSIDY REVIEW CRITERIA**

**A. Enhancing Economic Diversity: Stearns County will consider the business' impact in further diversifying the economic base. Such criteria strengthen the economy and help protect it from an economic downturn.**

1. Consideration will be given to businesses that utilize a high level of technology in its production processes or those who seek to add technological processes to enhance their productivity.
2. Consideration will be given to businesses that offer the possibility of generating a high level of secondary or spin-off economic effect through purchases and subcontracts offered to local vendors.
3. Consideration will be given to businesses that provide essential consumer services not presently available in the immediate area.

**B. Creating High Quality Jobs: Stearns County will consider a business' impact in providing new quality jobs for the area. The County will consider the following factors in assessing job creation.**

1. Consideration will be given to the number of new jobs created by a business assistance project.
2. Consideration will be given to new jobs that create opportunities for career advancement or provide educational or occupational training.
3. Consideration will be given to the potential for a business to increase the number of new jobs over the next two to five years.
4. Consideration will be given to the wage levels and the benefit packages that are proposed for the new jobs. A comparison with present community wage levels and benefit packages will be used to assess the project's merits.

**C. Retaining Jobs Where Loss Is Imminent and Demonstrable: The County will consider the impact of lost jobs from business relocations or closings.**

1. Consideration will be given to businesses in instances where there is substantial evidence that they must shut down involuntarily.
2. Consideration will be given to businesses where they have provided substantial evidence that - unless there is some intervention - they will move to another state or community.

**D. Stabilizing the Community: Stearns County will consider assisting projects that help to enhance property values, or improve the community's sustainability.**

1. Consideration will be given to assisting projects that occur in areas that are under-invested in.
2. Consideration will be given to projects that address slum and blight conditions in an area.
3. Consideration will be given to projects that occur in areas that are economically depressed.

4. Consideration will be given to projects that stimulate additional spin-off capital investment in real property, equipment and/or public infrastructure.

**E. Increasing the Tax Base:** Stearns County will consider projects that have a positive effect on the tax base.

1. Consideration will be given to a business project based on the tax base for both the short and long term as well as directly and indirectly.
2. Consideration will be given to how a project effects other local businesses' and individual property tax bills.

**F. Assessing A Project's "Risk - Reward" Ratio:** Stearns County will consider the general risk factors associated with a project to determine whether public assistance can offer a positive impact and as best as possible determine if the project can succeed as it is proposed.

1. Consideration will be given to the private versus public finance ratio with projects that offer a high level of private capital leverage being preferred.
2. Consideration will be given to the current status of the assistance tools and/or packages that the County can offer to businesses.
3. Consideration will be given to the location of a particular business.
4. Consideration will be given to the specific type of assistance being requested by a business.
5. Consideration will be given to the potential negative effect a business assistance package may have on competing businesses.

STEARNS COUNTY

RESOLUTION NO. 99-75

RESOLUTION RELATING TO BUSINESS SUBSIDIES;  
ADOPTING CRITERIA FOR THE GRANTING OF BUSINESS  
SUBSIDIES IN THE FORM OF TAX-EXEMPT FINANCING TO  
NONPROFIT ENTITIES

BE IT RESOLVED by the Board of Commissioners of Stearns County, Minnesota (the "County"), as follows:

SECTION 1

Recitals

1.1. Minnesota Laws, Chapter 243, Article 12, to be codified as Minnesota Statutes, Sections 116J.993 to 116J.995 (the "Act"), requires that the County, as a local government agency within the meaning of the Act, adopt criteria, following notice and a public hearing, for awarding business subsidies on or after August 1, 1999. Business subsidies appear to include, among other things, the issuance of revenue bonds by the County under the Municipal Industrial Development Act, Minnesota Statutes, Sections 469.152 to 469.165, as amended, for which no allocation of volume cap is granted under Minnesota Statutes, Chapter 474A, as amended.

1.2. The County has received an inquiry from one or more nonprofit organizations regarding a proposal that the County issue tax-exempt revenue bonds to finance a project on behalf of the organization. Since a business subsidy in the form of tax-exempt financing granted to a nonprofit entity serves substantially different purposes than business subsidies granted to other recipients and for other purposes, the formulation of separate criteria for business subsidies in the form of tax-exempt financing to nonprofit entities is warranted.

1.3. This Board on November 23, 1999, conducted a public hearing on the adoption of proposed criteria for the granting of business subsidies in the form of tax-exempt financing to nonprofit entities.

1.4. There has been presented to this Board at this meeting proposed Criteria for Granting Business Subsidies in the Form of Tax-exempt Financing to Nonprofit Corporations (the "Criteria").

SECTION 2

Adoption of Criteria

2.1. Based on comments, if any, received at the public hearing referenced in Section



1.3 and other information available to this Board, this Board hereby finds, determines and declares, as follows:

(a) Business subsidies in the form of tax-exempt financing granted to nonprofit entities generally serve substantially different public purposes than business subsidies granted to other recipients and for other purposes and thus the formulation of separate criteria for business subsidies in the form of tax-exempt financing to nonprofit entities is warranted.

(b) A business subsidy in the form of tax-exempt financing is principally a federal subsidy (the federal income tax exemption) and only partially a state subsidy (the Minnesota income tax exemption), and, as defined in the Criteria, does not involve any funds or assets of the County, and the amount of the subsidy (the difference between tax-exempt and taxable interest rates) may be only incidentally related to the proposed project to be benefitted.

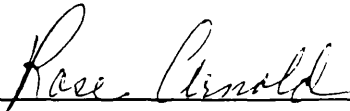
(c) A business subsidy granted to nonprofit entities must serve a public purpose as determined by the County in light of the enabling legislation or authority authorizing the business subsidy to be made, as required by the Criteria.

(d) If business subsidies serve a public purpose other than the creation or retention of employment opportunities, then job and wage goals shall be a minor consideration in the granting of the business subsidy, and if such public purpose is substantial, none or only a nominal number of jobs may be required, as further provided in the Criteria.

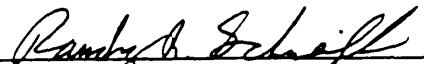
(e) The adoption of the Criteria for the granting of business subsidies under the Act in the form of tax-exempt financing to nonprofit entities would further the policies and purposes of the Act.

2.2. Pursuant to the Act, this Board hereby adopts the Criteria for the granting of business subsidies under the Act in the form of tax-exempt financing to nonprofit entities, as further provided therein. This Board reserves the right to adopt other criteria under the Act for other kinds of business subsidies. The County also reserves the right to amend the Criteria from time to time in accordance with the Act.

Adopted by the Board of Commissioners of Stearns County, Minnesota, this 23rd day of November, 1999.

  
\_\_\_\_\_  
Rose Arnold, Chair

Attest:

  
\_\_\_\_\_  
Randy Schreifels, County Auditor

(SEAL)

# CITY OF STILLWATER

## Business Subsidy Policy

### Definitions

"Business subsidy" or "subsidy" means a state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the business, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease or other obligation, or any preferential use of government facilities given to a business. These criteria only apply to subsidies when the cumulative assistance package is over \$25,000. (See Exclusions below.)

A "living wage" will be defined as 150% of the federal poverty level for a family of four. Businesses that provide employer-paid comprehensive health insurance may pay a living wage defined as 130% of the federal poverty level for a family of four. The federal poverty level for a family of four is \$8.02 per hour for 1999 or \$16,000 per year.

"Comprehensive health insurance" is defined as:

- (1) Employer 100% premium payment for individual coverage or 80% premium payment for family coverage;
- (2) Employer minimum payment of 80% for office visits, emergency care, surgery and prescriptions;
- (3) A maximum yearly deduction of \$1,000; and
- (4) Maternity coverage.

### Stillwater's Priorities

Stillwater will focus its job creation and retention assistance at businesses that demonstrate a clear and ongoing commitment to the community by providing living wage jobs to their employees and to residents where applicable by giving priority to these businesses over businesses that have not traditionally paid living wages; however,

- (1) Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- (2) If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- (3) In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- (4) The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the

recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.

- (5) Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

### Procedure

Stillwater will hold a public hearing about all proposed subsidies over \$100,000. Written comments submitted before the hearing will become part of the official considerations.

There will be a two-week period prior to the public hearing for existing business owners, managers and employees to comment on the impact the City subsidizing the business is expected to have on them. If the subsidized business is expected to result in job loss in existing businesses, the City must compare the numbers of and salaries of the jobs that will be created to the ones that are expected to be lost.

- (1) The business subsidy will only be provided within applicable state legislative restrictions, debt limit guidelines, and other appropriate financial requirements and policies.
- (2) The project must be in accordance with the Comprehensive Plan and Zoning Ordinances, or required changes to the plan and Ordinances must be under active consideration by the City at the time of approval.
- (3) Business subsidies will not be provided to projects that have the financial feasibility to proceed without the benefit of the subsidy. In effect, business subsidies will not be provided solely to broaden a developer's profit margins on a project. Prior to consideration of a business subsidy request, the City may undertake an independent underwriting of the project to help ensure that the request for assistance is valid.
- (4) Prior to approval of a business subsidy, the developer must provide any required market and financial feasibility studies, appraisals, soil boring, information provided to private lenders for the project, and other information or data that the City or its financial consultants may require in order to proceed with an independent underwriting.
- (5) A recipient of a business subsidy must enter into a subsidy agreement with the City.

### Requirements

- (1) A business subsidy must have a defined public purpose. Increasing the tax base may not be used as a public purpose, nor can job retention be used as public purpose unless job loss is imminent and demonstrable.
- (2) Loan guarantees must have participation by a private lender to assume at least 50% of the risk.
- (3) Business subsidies in the form of grants must be structured as forgivable loans. For other types of subsidies, the agreement must state the fair market value of the subsidy.

to the business, including the value of conveying property at less than a fair market price, or other in-kind benefits the business.

- (4) A business must set goals to be achieved within two years for the number of jobs that they will create (or retain when job loss is imminent and demonstrable) and the wages that these jobs will pay.
- (5) A business must have a goal for the percentage of new jobs that will be held by City residents.
- (6) The business must disclose if the subsidy is expected to result in job loss (within the business) elsewhere and/or how this will impact job levels of the business in Minnesota.
- (7) The business must disclose any potential adverse impact on the environment that could result from this project.

### Subsidy Agreement

Businesses must be willing to enter into a subsidy agreement that includes:

- (1) A statement of why the subsidy is needed;
- (2) A statement of the public purpose for the subsidy;
- (3) A list of all financial assistance by all grantors for the project;
- (4) The name and address of the parent corporation of the business, if any;
- (5) A description of the subsidy, including the amount and type of subsidy, and type of district if the subsidy is tax increment financing;
- (6) A statement of the job and wage goals for the project;
- (7) A description of the financial obligation of the business if the goals are not met;
- (8) A commitment to continue operations at the site where the subsidy is used for at least five years after the benefit date;
- (9) A statement that the business does not have an ongoing unresolved adverse action on their record with the Occupational Safety and Health Administration (OSHA), the Environmental Protection Agency (EPA), or the National Labor Relations Board (NLRB);
- (10) A statement that the business has a business-wide affirmative action policy; and
- (11) A requirement that the business offer employees the opportunity to participate in a health care program which includes an employer contribution.

### Preferences

All other things being equal and to the extent legally possible, preference will be given to applicants meeting the following criteria:

- (1) Businesses that contribute to employee childcare and retirement accounts.

- (2) Businesses that are locally owned;
- (3) Businesses that have a goal that 60% or more of the new jobs will be held by City residents; and
- (4) Businesses that have traditionally paid living wages.

### Exclusions

The following forms of financial assistance are not a business subsidy:

- (1) A business subsidy of less than \$25,000;
- (2) Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
- (3) Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
- (4) Redevelopment property polluted by contaminants as defined in Minn. Stat. § 116J.662, subd. 3;
- (5) Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code, provided that the assistance is equal to or less than 50% of the total cost;
- (6) Assistance provided to organizations whose primary mission is to provide job readiness and training service if the sole purpose of the assistance is to provide those services;
- (7) Assistance for housing;
- (8) Assistance for pollution control or abatement;
- (9) Assistance for energy conservation;
- (10) Tax reductions resulting from conformity with federal tax law;
- (11) Workers' compensation and unemployment compensation;
- (12) Benefits derived from regulation;
- (13) Indirect benefits derived from assistance to education institutions.

Adopted by the City Council of the City of Stillwater

Date of adoption: December 7, 1999

Date of public hearing: December 7, 1999

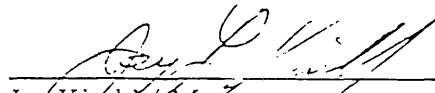
RESOLUTION NO. 351

A RESOLUTION APPROVING A BUSINESS SUBSIDY POLICY  
FOR THE CITY OF STILLWATER

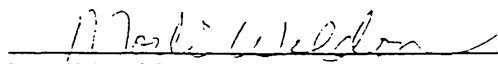
WHEREAS, the City of Stillwater desires to adopt a Business Subsidy Policy as required by law, and to encourage job creation and retention by providing assistance to businesses that demonstrate a clear and ongoing commitment to the community by providing living wage jobs to their employees and to residents where applicable by giving priority to these businesses over businesses that have not traditionally paid living wages.

NOW, THEREFORE, BE IT RESOLVED that the City adopt Business Subsidy Policy in the form attached to this Resolution as Exhibit A.

Enacted by the City Council of the City of Stillwater this 7th day of December, 1999.

  
Jay Kimble, Mayor

ATTEST:

  
Morli Weldon, City Clerk

## **BUSINESS SUBSIDY CRITERIA**

The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes, 116J.993 through 116J.995 (the "Act"). The term "City" means collectively, the City of Two Harbors and the Two Harbors Development Commission. The term "project" means the property with respect to which the business subsidy is provided.

### **A. PROJECT REVIEW AND EVALUATION POLICY.**

1. The City recognizes that the creation of good paying jobs is a desirable goal which benefits the community. Nevertheless, not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage level requirements may be unrealistic and counter-productive in the face of larger economic forces influencing, and the financial and competitive circumstances of, an individual business. In determining the requirements for a project under consideration for a business subsidy, the determination of the number of jobs to be created and the wage levels therefore will be guided by the following principles and criteria:
  - a. Each project will be evaluated on a case by case basis. The evaluation will take into consideration the project's importance in and benefit to the community from all perspectives, including created or retained jobs.
  - b. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, assistance may be approved without any specific job or wage goals if permitted by applicable law.
  - c. In cases where the objective is the retention of existing jobs, the recipient of the subsidy will be required to provide evidence which demonstrates that the loss of those jobs is imminent.
  - d. The setting of wage and job goals will be informed by (i) prevailing wage rates, (ii) local economic conditions, (iii) external economic forces which neither the City nor the recipient of the subsidy has control, (iv) the financial resources of the recipient and (v) the competitive environment in which the recipient's business exists.
2. Because it is not possible to anticipate all the needs and requirements of every type of project and the ever-changing needs of the community and in order to retain the flexibility necessary to respond to all proposed projects, the City



retains the right to approve projects and business subsidies which may vary from the principles and criteria set forth herein.

#### **B. PROJECT TO REVIEW AND EVALUATION PROCEDURE.**

The City will consider one or more of the criteria listed in Section C. below in determining whether to provide financial or other assistance to a project as a business subsidy. In applying the criteria to a specific project, the following will apply:

1. The City may consider the requirements of any other business subsidy received, or to be received, from a grantor other than the City.
2. If the business subsidy is a guaranty, the amount of the business subsidy may be valued at the principal amount of the guaranteed payment obligation.
3. If the business subsidy is real or personal property, the amount of the subsidy will be the fair market value of the property as determined by the City.
4. If the business subsidy is received over time, the City may value the subsidy at its present value using a discount rate equal to an interest rate which the City determines is fair and reasonable under the circumstances.

As used herein "benefit date" means the date business subsidy is received. If the business subsidy involves the purchase, lease, or donation of physical equipment, then the benefit date occurs when the recipient puts the equipment into service. If the business subsidy is for improvements to property, then the benefit date refers to the earliest date of either: when the improvements are finished for the entire project; or when a business occupies the property.

#### **C. PROJECT REVIEW AND EVALUATION CRITERIA.**

The project review and evaluation criteria are the following:

1. Jobs and Wages.
  - a. New Jobs. The minimum net number of direct full time equivalent jobs to be created or retained by the proposed project for a period of at least two years from the estimated benefit date.
  - b. Payroll. The minimum annual net payroll (including employer contributions for health benefits) to be generated at the end of the third anniversary date of the estimated benefit date.

## 2. Tax Base.

- a. Increase in Tax Base. The net increase in property taxes estimated to be generated by the project in the first full year of operation.

## 3. Land Use.

- a. Compliance with Comprehensive or Other Plans. Whether, apart from any needed services to the community described in section 5 below, the project is more compatible with the comprehensive plan than other permitted uses for the property. For example, the project may involve a "clean" industry such as a technology or service business which is preferred over other permitted uses.
- b. Marginal Property. Whether the project is located on property which needs but is not likely to be developed or redeveloped because of blight or other adverse conditions of the property. For example property may be so blighted that the cost of making land ready for redevelopment exceeds the property's fair market value.
- c. Design and/or Other Amenities. Whether, as a result of the business subsidy, the project will include design and/or amenity features not otherwise required by law. For example, the project may, at the request of the City, include landscaping, open space, public trails, employee work out facilities or day care facilities which serve a public purpose but are not required by law.

## 4. Impact on Existing and Future Public Investment.

- a. Utilization of Existing Infrastructure Investment. Whether and to what extent (a) the project will utilize existing public infrastructure capacity and (b) the project will require additional publicly funded infrastructure investments.
- b. Direct Monetary Return on Public Investment. Arrangements made or to be made for the City to receive a direct monetary on its investment in the project. For example, the business subsidy may be in the form of an interest bearing loan or may involve a project sharing arrangement.

## 5. Economic Development.

- a. Leveraged Funds. For every dollar of business subsidy to be provided for the project, the minimum amount of private funds which will be applied towards the capital cost of the project.
- b. Spin Off Development. The dollar amount of non-subsidized development the project is expected to generate in the surrounding area and the need for and

likelihood of such spin off development.

- c. Growth Potential. Based on recipient's market studies and plans for expansion, whether and to what extent the project is expected within five years of its completion, be expanded to produce a net increase of full time equivalent jobs and of payroll, over and above the minimum net increase in jobs and payroll described in section 1 above.

#### 6. Quality of Life.

- a. Community Services. Whether the project will provide services in the community and the need for such services. For example, the project may provide health services, retail convenience services such as a nearby grocery store, or social services needed in the community.

#### 7. Other.

- a. Other Factors. Depending on the nature of the project, such other factors as the City may deem relevant in evaluating the project and the business subsidy proposed for it.

### D. CRITERIA REQUIRED FOR ALL PROJECTS.

All projects must comply with the following criteria:

- 1. But For Test. There is a substantial likelihood that the project would not go forward without the business subsidy. This criterion may be met based solely on representations of the business subsidy.
- \*2. Wage Policy. If the project results in the creation of any jobs, the wage for each part-time and full-time job created must be, within two years of the date assistance is received (as defined in the Act), at least equal to the prevailing wage for like or similar jobs within the area or such greater amount as the City may require for a specific project.
- 3. Economic Feasibility. The recipient must demonstrate to the satisfaction of the City that it has adequate financing for the project and that the project will be completed in a timely fashion.
- \*4. Compliance with Act. The business subsidy from the City must satisfy all requirements of the Act.

\*These are the only provisions in this business subsidy criteria document which are required by law.

Adopted by: \_\_\_\_\_

Date of adoption: \_\_\_\_\_

Date of public hearing: \_\_\_\_\_

RESOLUTION NO. 11-153-99

APPROVING THE PROPOSED BUSINESS SUBSIDY CRITERIA  
FOR DETERMINING WHETHER TO MAKE GRANTS, LOANS OR  
TO PROVIDE OTHER ASSISTANCE TO A BUSINESS

WHEREAS, the Two Harbors City Council and Development Commission have conducted a public hearing regarding the proposed Business Subsidy Criteria for determining whether to make grants, loans or to provide other assistance to a business, and

WHEREAS, the City Council believes it to be in the City's best interest to adopt said Business Subsidy Criteria, now therefore

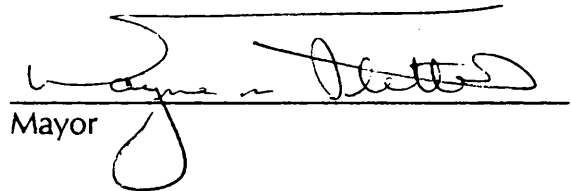
BE IT RESOLVED, by the City Council of the City of Two Harbors, that as required by Minnesota Statutes, 116J.993 through 116J.995, the attached Business Subsidy Criteria for determining whether to make grants, loans or to provide other assistance to a business, are hereby approved and adopted.

ADOPTED, this 8<sup>th</sup> day of November, A.D., 1999.

  
President, City Council

ATTEST:   
Administrator

APPROVED, by the Mayor of the City of Two Harbors this 9th day of November, 1999.

  
Mayor

## **BUSINESS SUBSIDY CRITERIA**

The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes, 116J.993 through 116J.995 (the "Act"). The term "City" means collectively, the City of Two Harbors and the Two Harbors Development Commission. The term "project" means the property with respect to which the business subsidy is provided.

### **A. PROJECT REVIEW AND EVALUATION POLICY.**

1. The City recognizes that the creation of good paying jobs is a desirable goal which benefits the community. Nevertheless, not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage level requirements may be unrealistic and counter-productive in the face of larger economic forces influencing, and the financial and competitive circumstances of, an individual business. In determining the requirements for a project under consideration for a business subsidy, the determination of the number of jobs to be created and the wage levels therefore will be guided by the following principles and criteria:
  - a. Each project will be evaluated on a case by case basis. The evaluation will take into consideration the project's importance in and benefit to the community from all perspectives, including created or retained jobs.
  - b. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, assistance may be approved without any specific job or wage goals if permitted by applicable law.
  - c. In cases where the objective is the retention of existing jobs, the recipient of the subsidy will be required to provide evidence which demonstrates that the loss of those jobs is imminent.
  - d. The setting of wage and job goals will be informed by (i) prevailing wage rates, (ii) local economic conditions, (iii) external economic forces which neither the City nor the recipient of the subsidy has control, (iv) the financial resources of the recipient and (v) the competitive environment in which the recipient's business exists.
2. Because it is not possible to anticipate all the needs and requirements of every type of project and the ever-changing needs of the community and in order to retain the flexibility necessary to respond to all proposed projects, the City

retains the right to approve projects and business subsidies which may vary from the principles and criteria set forth herein.

#### **B. PROJECT TO REVIEW AND EVALUATION PROCEDURE.**

The City will consider one or more of the criteria listed in Section C. below in determining whether to provide financial or other assistance to a project as a business subsidy. In applying the criteria to a specific project, the following will apply:

1. The City may consider the requirements of any other business subsidy received, or to be received, from a grantor other than the City.
2. If the business subsidy is a guaranty, the amount of the business subsidy may be valued at the principal amount of the guaranteed payment obligation.
3. If the business subsidy is real or personal property, the amount of the subsidy will be the fair market value of the property as determined by the City.
4. If the business subsidy is received over time, the City may value the subsidy at its present value using a discount rate equal to an interest rate which the City determines is fair and reasonable under the circumstances.

As used herein "benefit date" means the date business subsidy is received. If the business subsidy involves the purchase, lease, or donation of physical equipment, then the benefit date occurs when the recipient puts the equipment into service. If the business subsidy is for improvements to property, then the benefit date refers to the earliest date of either: when the improvements are finished for the entire project; or when a business occupies the property.

#### **C. PROJECT REVIEW AND EVALUATION CRITERIA.**

The project review and evaluation criteria are the following:

1. Jobs and Wages.
  - a. New Jobs. The minimum net number of direct full time equivalent jobs to be created or retained by the proposed project for a period of at least two years from the estimated benefit date.
  - b. Payroll. The minimum annual net payroll (including employer contributions for health benefits) to be generated at the end of the third anniversary date of the estimated benefit date.

## 2. Tax Base.

- a. Increase in Tax Base. The net increase in property taxes estimated to be generated by the project in the first full year of operation.

## 3. Land Use.

- a. Compliance with Comprehensive or Other Plans. Whether, apart from any needed services to the community described in section 5 below, the project is more compatible with the comprehensive plan than other permitted uses for the property. For example, the project may involve a "clean" industry such as a technology or service business which is preferred over other permitted uses.
- b. Marginal Property. Whether the project is located on property which needs but is not likely to be developed or redeveloped because of blight or other adverse conditions of the property. For example property may be so blighted that the cost of making land ready for redevelopment exceeds the property's fair market value.
- c. Design and/or Other Amenities. Whether, as a result of the business subsidy, the project will include design and/or amenity features not otherwise required by law. For example, the project may, at the request of the City, include landscaping, open space, public trails, employee work out facilities or day care facilities which serve a public purpose but are not required by law.

## 4. Impact on Existing and Future Public Investment.

- a. Utilization of Existing Infrastructure Investment. Whether and to what extent (a) the project will utilize existing public infrastructure capacity and (b) the project will require additional publicly funded infrastructure investments.
- b. Direct Monetary Return on Public Investment. Arrangements made or to be made for the City to receive a direct monetary on its investment in the project. For example, the business subsidy may be in the form of an interest bearing loan or may involve a project sharing arrangement.

## 5. Economic Development.

- a. Leveraged Funds. For every dollar of business subsidy to be provided for the project, the minimum amount of private funds which will be applied towards the capital cost of the project.
- b. Spin Off Development. The dollar amount of non-subsidized development the project is expected to generate in the surrounding area and the need for and



likelihood of such spin off development.

- c. Growth Potential. Based on recipient's market studies and plans for expansion, whether and to what extent the project is expected within five years of its completion, be expanded to produce a net increase of full time equivalent jobs and of payroll, over and above the minimum net increase in jobs and payroll described in section 1 above.

6. Quality of Life.

- a. Community Services. Whether the project will provide services in the community and the need for such services. For example, the project may provide health services, retail convenience services such as a nearby grocery store, or social services needed in the community.

7. Other.

- a. Other Factors. Depending on the nature of the project, such other factors as the City may deem relevant in evaluating the project and the business subsidy proposed for it.

**D. CRITERIA REQUIRED FOR ALL PROJECTS.**

All projects must comply with the following criteria:

1. But For Test. There is a substantial likelihood that the project would not go forward without the business subsidy. This criterion may be met based solely on representations of the business subsidy.
- \*2. Wage Policy. If the project results in the creation of any jobs, the wage for each part-time and full-time job created must be, within two years of the date assistance is received (as defined in the Act), at least equal to the prevailing wage for like or similar jobs within the area or such greater amount as the City may require for a specific project.
3. Economic Feasibility. The recipient must demonstrate to the satisfaction of the City that it has adequate financing for the project and that the project will be completed in a timely fashion.
- \*4. Compliance with Act. The business subsidy from the City must satisfy all requirements of the Act.

\*These are the only provisions in this business subsidy criteria document which are required by law.

Adopted by: Two Harbors Development Commission

Date of adoption: November 16, 1999

Date of public hearing: November 8, 1999

## TWO HARBORS DEVELOPMENT COMMISSION

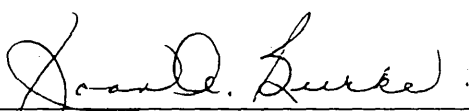
Approving the Proposed Business Subsidy Criteria  
for Determining Whether to Make Grants, Loans or  
to Provide Other Assistance to a Business


**Whereas**, the Two Harbors City Council and Two Harbors Development Commission have conducted a public hearing regarding the proposed Business Subsidy Criteria for determining whether to make grants, loans or to provide other assistance to a business, and

**Whereas**, the Two Harbors Development Commission believes it to be in the City's best interest to adopt said Business Subsidy Criteria, now therefore

**Be It Resolved**, by the Board of Directors of the Two Harbors Development Commission, that as required by Minnesota Statutes, 116j.993 through 116j.995, the attached Business Subsidy Criteria for determining whether to make grants, loans or to provide other assistance to a business, are hereby approved and adopted.

**Adopted**, this 16th day of November, A.D., 1999.

  
\_\_\_\_\_  
President, THDC

Attest:   
\_\_\_\_\_  
Executive Director

## **CITY OF WABASHA BUSINESS SUBSIDY CRITERIA**

### **I PURPOSE**

- 1.01 The purpose of this criteria is to establish the City of Wabasha's position as it relates to the use of business subsidies, as defined in Minnesota Statutes 116J.993, Subdivision 3, for private development. This criteria shall be used as a guide in processing and reviewing applications requesting business subsidies.
- 1.02 The City shall have the option of amending or waiving sections of this criteria when determined necessary or appropriate. Amendments to this criteria are subject to public hearing requirements pursuant to Minnesota Statutes, Section 116J.993 through 116J.995. The City may waive any provision of this criteria without holding a public hearing.
- 1.03 Existing City programs that provide business subsidies revised to reflect the following Business Subsidy Criteria as deemed necessary and appropriate.

### **II STATUTORY LIMITATIONS**

- 2.01 In accordance with the Business Subsidy Criteria, Business Subsidy requests must comply with applicable State Statutes. The City's ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.995.

### **III PUBLIC POLICE REQUIREMENT**

- 3.01 All business subsidies must meet a public purpose other than increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable.

### **IV BUSINESS SUBSIDY APPROVAL CRITERIA**

- 4.01 All new projects approved by the City shall meet the goals, criteria, or guidelines for the specific business subsidy program for which the application is being considered.
- 4.02 The business subsidy shall be provided within applicable state legislative restrictions, debt limit guidelines, and other appropriate financial requirements and policies.
- 4.03 The project must be in accordance with the City of Wabasha Comprehensive Plan and Zoning Ordinances, or required changes to the plan and Ordinances must be under active consideration by the City at the time of approval.
- 4.04 Business subsidies shall enhance the economic diversity of the community by creating a mix of business types. Whenever possible, efforts shall be made to invest in an area which is blighted or historically has not received similar investments.

- 4.05 All business subsidy requests should maximize the amount of private development investment in a site.
- 4.06 Recipients of business subsidies in instances where creation of jobs is the sole or primary public purpose will be encouraged to create the highest number of jobs at the highest feasible wage. However, the establishment of wage and job goals will take into account prevailing wage rates, local economic conditions, the individual financial resources of the recipient and wages paid by the recipient's competitors.

## **V SUBSIDY AGREEMENT**

- 5.01 A recipient must enter into a subsidy agreement with the City which includes, but is not limited to, the following:

- Description of the subsidy.
- Statement of the public purpose.
- Goals for the subsidy.
- Description of the financial obligation of the recipient if the goals are not met.
- Statement of the reason why the subsidy is needed.
- Commitment to continue operations at the site where the subsidy is used for a minimum of five (5) years after receipt of all financial assistance.
- Goals for the jobs created, or where job loss is imminent, goals for jobs retained.
- Reporting requirements to the City as detailed in MS116J.994, Subd. 7.

## BUSINESS SUBSIDY POLICY

The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes 116J.993 through 116J.995 (the "Act"). The term "City" means collectively the City of Watkins and its Economic Development Authority.

### Criteria

The City hereby expresses its support for the use of business subsidies that meet the below listed criteria.

1. But-for Test. There is a substantial likelihood that the project would not go forward without the business subsidy requested. These criteria must be supported by representations of the applicant for business subsidy.
2. Redevelopment. The project will remove, prevent or reduce blight or other adverse conditions of the property, thereby protecting the City's property values and the general public health, safety, and welfare.
3. Attraction of New Business. The project will attract or retain competitive and financially strong commercial and industrial companies, which offer the potential for significant growth in employment and tax base.
4. Highest and Best Land Use. The use of the business subsidy will encourage quality construction and promote the highest and best use of land, consistent with the City's Comprehensive Plan.
5. Unmet Housing Needs. The project may provide housing alternatives the community currently needs but are not available.
6. Economic Feasibility. The recipient can demonstrate that it has experience and adequate financing for the project, and that the project can be completed in a timely manner.
7. Impact on City Services and Infrastructure. The project will not significantly and adversely increase the demands for service needs in the City.
8. Job Creation. The project will create or retain jobs which pay desirable wages and benefits in the area. The City may take into account the special needs of small or growth-phase businesses with potential to create high paying jobs in the future.
9. Tax Base. The project will increase the City's tax base and generate new property tax revenue.

## **Evaluation**

The City will evaluate each request for a business subsidy on a case-by-case basis. Applicants for assistance shall complete an application form and supply all additional information requested by the City. Because it is not possible to anticipate every type of project, which may in its context and time present desirable community building or preservation goals and objective, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

## **Valuation of a Business Subsidy**

The City will calculate the value of assistance provided to a business in the following manner.

1. If the subsidy is a contribution or sale of real or personal property, the amount of the subsidy will be the fair market value of the property as determined by the City, less any amount paid.
2. If the subsidy is a loan, the amount of the subsidy will be the principal amount of the loan.
3. If the subsidy is a loan guarantee, the amount of the subsidy will be the principal amount of the loan guaranteed.
4. If the subsidy takes the form of payments over time (such as pay-as-you-go tax increment), the amount of the subsidy will be the sum of projected payments, discounted to a present value using a discount factor determined by the City, which approximates the interest rate available to the business from a commercial lender.

Adopted by: Watkins City Council

Date of adoption: 3-9-00

Date of public hearing: 2-10-00

Resolution 2000-01  
Introduced by Councilor Corbin  
Seconded by Councilor Gaines

A RESOLUTION TO ESTABLISH A BUSINESS SUBSIDY POLICY

WHEREAS, the City Council conducted a public hearing at its meeting of January 24, 2000, ~~1999~~ for the establishment of a business subsidy policy required by State law to continue tax increment activity in the City of Wells; now, therefore

THE CITY OF WELLS RESOLVES:

Sec. 1 That the following Business Subsidy Policy is hereby established in the City of Wells:

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counterproductive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- A. Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- B. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- C. In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- D. The setting of wage and job goals must be sensitive to prevailing wage rates local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.

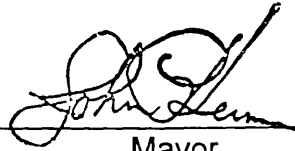


- E. Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.


Sec. 2 That reading of this resolution is waived by Council consent.

Sec. 3. That publication of this resolution shall be dispensed under provisions of the Charter of the City of Wells.

Introduced, read and passed on 1/24/00

  
\_\_\_\_\_  
Mayor

Filed and attested on 1/25/00

  
\_\_\_\_\_  
City Clerk

Resolution  
Introduced by James Heckman  
Seconded by Ann Schuster

## A RESOLUTION TO ESTABLISH A BUSINESS SUBSIDY POLICY

WHEREAS, the Wells Economic Development Authority conducted a public hearing at its meeting of February 8, 2000 for the establishment of a business subsidy policy, required by State law to continue tax increment activity in the City of Wells; now, therefore

### THE CITY OF WELLS RESOLVES:

Sec. 1 That the following Business Subsidy Policy is hereby established in the City of Wells:

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counterproductive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

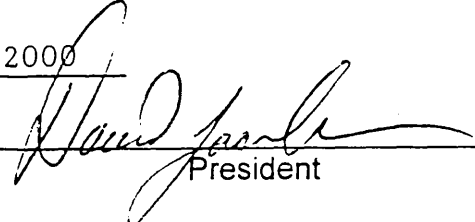
With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- A. Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- B. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- C. In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- D. The setting of wage and job goals must be sensitive to prevailing wage rates local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.

- E. Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Introduced, read and passed on February 8, 2000.

Date of Public Hearing: February 8, 2000

  
\_\_\_\_\_  
President

Filed and attested on Feb. 18, 2000

  
\_\_\_\_\_  
City Clerk

**CRITERIA FOR BUSINESS SUBSIDIES  
WILKIN COUNTY  
Breckenridge, Minnesota**

Wilkin County hereby expresses its support for the use of business subsidies which meet the below listed criteria. However, the County reserves the right to approve or reject the use of business subsidies of new commercial or industrial rehabilitation and/or expansion projects already within the County on an individual basis. The criteria of goals to be taken into consideration by the County are as follows:

1. If a redevelopment project will remove, prevent or reduce slums and/or blight, thereby protecting property values and the general public health, safety, and welfare.
2. The use of business subsidy is necessary to retain and/or attract competitive and financially sound and healthy commercial and industrial companies that provide significant employment potential an opportunity to broaden the tax base.
3. The project must be generally consistent with the County's Comprehensive Plan.
4. The use of the business subsidy should encourage quality construction and promote the highest and best use of land.
5. The project will promote completion of major public improvement projects within the County.
6. The project will not significantly and adversely increase the impacts on existing service needs in the County.
7. The project will not proceed in its present design and time table without the business subsidy.
8. The project proposed is generally compatible with the County's overall development plans and objectives and with those of the area for which the project is to be located.
9. The project meets all requirements outlined in Minnesota Statutes, as may be amended from time to time.
10. The business subsidy for commercial projects encourage substantial redevelopment of substandard properties of should provide a service that is currently not offered in the trade area of the proposed project.
11. The project should result in the creation or retention of jobs that pay a livable wage in the area. The County will consider granting subsidies to businesses that pay minimum wage per hour, including benefits.

The County, when considering projects that request assistance, will base their decision on the merits of the project and its economic benefit to the County (i.e., the increased tax base and the jobs which will result from the project). The County will also consider the contributions that the project makes to the County's overall development plan and how it complements existing services and businesses.

The above listed criteria were reviewed during a public hearing held on January 24, 2000, at the Courthouse, Breckenridge, Minnesota. The criteria were subsequently adopted at the County Commission Meeting held on January 24, 2000, at the Courthouse, Breckenridge, Minnesota, on motion by Audrey Krebs, seconded by James Braton Sr., and carried unanimously.

**BUSINESS SUBSIDY POLICY  
OF  
THE CITY OF WINDOM  
AND THE  
ECONOMIC DEVELOPMENT AUTHORITY  
OF WINDOM**

This policy is adopted for the purposes of the business subsidies act ( the "Act"), which is Minnesota Statutes, Sections 116J.933 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

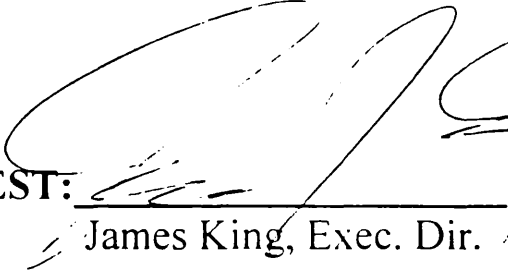
With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.

- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this policy.

**ADOPTED THIS 8TH DAY OF NOVEMBER, 1999 BY THE  
WINDOM ECONOMIC DEVELOPMENT AUTHORITY.**

**ATTEST:**

  
James King, Exec. Dir.

  
James Johnson, Chairman

# Printer's Affidavit of Publication

## STATE OF MINNESOTA COUNTY OF COTTONWOOD, SS.

K.M. Anderson, being duly sworn, on oath says that he is the publisher or authorized agent and employee of the publisher of the newspaper known as Cottonwood County Citizen, and has full knowledge of the facts which are stated below:

(A) The newspaper has complied with all of the requirements constituting qualification as a qualified newspaper, as provided by Minnesota Statute 331 A.02, 331A.07, and other applicable laws, as amended.

(B) The printed Public Hearing Notice

which is attached was cut from the columns of said newspaper, and was printed and published once each week, for 1 successive week(s); It was first published on Wed the 27th day of Oct. 19 99; and was thereafter printed and published on every \_\_\_\_\_ to and including \_\_\_\_\_ the \_\_\_\_\_ day of \_\_\_\_\_ 19 \_\_\_\_ and printed below is a copy of the lower case alphabet from A to Z, both inclusive, which is hereby acknowledged as being the size and kind of type used in the composition and publication of the notice:

abcdefghijklmnopqrstuvwxyz

BY: Kim M. Anderson PUBLISHER

Subscribed and sworn to before me on  
this 27th day of Oct. 1999

NOTARY PUBLIC:

Susan Herding



SUSAN HERDING  
NOTARY PUBLIC—MINNESOTA  
MY COMMISSION EXPIRES 1-31-2000

### PUBLIC HEARING NOTICE

Notice of Public Hearing on the Adoption of a Policy and Criteria for Granting Business Subsidies

NOTICE IS HEREBY GIVEN that the Economic Development Authority of Windom (the "Authority") of the City of Windom, Minnesota, will hold a public hearing on November 8th, 1999, at a meeting of the Authority, beginning at approximately 12:15 p.m. in the City Council Chambers, on the proposed adoption of the Authority's Business Subsidy Policy under Minnesota Statutes, Sections 116J.993 through 116J.995.

All persons may appear at the public hearing and present their views orally or in writing. A copy of the proposed Business Subsidy Policy may be obtained at the Authority's offices at 444 9th Street, Windom, Minnesota.

Windom Economic Development Authority

James King

Executive Director

(172 — Oct. 27, 1999)

### RATE INFORMATION

- (1) Lowest classified rate paid by commercial users for comparable space ..... **\$6.20**  
(Column inch rate)
- (2) Maximum rate allowed by law for the above matter ..... **\$6.20**  
(Column inch rate)
- (3) Rate actually charged for the above matter ..... **\$6.20**  
(Column inch rate)



## COUNCIL PROCEEDINGS

CITY OF WINNEBAGO, MINNESOTA

### CITY OF WINNEBAGO BUSINESS SUBSIDY POLICY

This Policy is adopted for the purposes of the business subsidies act (hereafter referred to as "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meaning as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- \* Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- \* If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- \* In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- \* The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- \* Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

Adopted by the City of Winnebago, Minnesota on December 8, 1999.  
Public Hearing was held on December 8, 1999.





# CITY OF WINNEBAGO

A MINNESOTA ALL STAR CITY

MAYOR  
Robert Whiting, Sr.

COUNCIL MEMBERS  
Maryann McClain  
John Newville  
Robert Perryman  
Holly Stauffer

CITY OF WINNEBAGO, MINNESOTA

## REVOLVING LOAN FUND GUIDELINES

ADMINISTRATOR - CLERK  
TREASURER  
Daniel L. Mundahl  
(507) 893-3217  
FAX: 893-3473

The City of Winnebago has establish a Revolving Loan Fund (RLF) with funds from a variety of sources. The guidelines outlined in this handout must be adhere. As a applicant/recipient of a loan from the City of Winnebago, the following criteria and information is needed in order to complete the loan. The guidelines contained herein are in compliance with the State of Minnesota's Department of Trade and Economic Development, as required by law.

### PURPOSE AND GOALS

The purpose of the City of Winnebago's revolving loan fund is to create new employment or to maintain existing employment, and for business start-up, expansions and retention. This may be accomplished by the following means:

1. Creation or retention of permanent private-sector jobs in order to create above-average economic growth;
2. Stimulation or leverage of private investment to ensure economic renewal and competitiveness;
3. Increasing the local tax base;
4. Improvement of employment and economic opportunity for citizens in the region to create a reasonable standard living; and
5. Stimulation of productivity growth through improved manufacturing or new technologies.

### ELIGIBLE EXPENDITURES

RLF's may be used to provide assistance for infrastructure, loans, loan guarantees, interest buy-downs, and other forms of participation with private sources of financing. The RLF assistance can be for no more than one-half of the cost of the project.

### ELIGIBLE PROJECTS

The grant or loan must be based on the following criteria:

- 1.) Creation of new jobs or retention of existing jobs;
- 2.) Increase in the tax base;
- 3.) The project can demonstrate that investment of public dollars induces private funds;
- 4.) The project can demonstrate an excessive public infrastructure or improvement cost beyond the means of the affected community and private participants in the project;
- 5.) The project provides higher wage levels to the community or will add value to current workforce skills;

- 6.) Whether assistance is necessary to retain existing business;
- 7.) Whether assistance is necessary to attract out-of-state business;  
and,
- 8.) Removal of blighted buildings to enhance economic development.

The City of Winnebago will not make a grant or loan based solely on a finding that the conditions in clause 6.) or 7.). A finding must be made that a condition in clause 1.), 2.), 3.), 4), or 5.) as well.

#### ELIGIBLE ACTIVITIES

1. Acquisition of Land
2. Construction or rehabilitation of manufacturing facilities
3. Site Improvements
4. Utilities or Infrastructure
5. Machinery and Equipment
6. Workforce Development
7. Housing Development

#### INELIGIBLE ACTIVITIES

1. Operation or expansion of a Casino
2. Operation or expansion of a store which is used solely or principally for RETAIL SALES.
3. For a project related to a sports facility. "Sports facility" means a building that has a professional sports team as a principal tenant.

#### WAGE GOALS

Businesses receiving RLF assistance must pay each employee total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 110% of the federal poverty level for a family of four (4), which as of July 1, 1998 was \$8.71 per hour. The federal poverty level changes annually.

#### OTHER ELIGIBLE USES OF THE FUNDS

A recipient of a RLF may enter into a Joint Powers Agreement with any MIF eligible applicant (home rule charter or statutory city, county, township, or recognized Indian tribe) for the establishment of an regional revolving loan fund. The RLF would be administered by a designated entity named by the Joint Powers Board.

The City of Winnebago has the authority to grant RLF funds to a regional development commission to provide the local match required for capitalization of a regional revolving loan fund. However, the City of Winnebago DOES NOT have the authority to turn over to another entity, such as Port Authority, Economic Development Authority, Housing Authority, etc., revolving loan funds for any purpose.

#### MUNICIPAL RIGHTS, POWERS AND DUTIES (MS 471.87-471.88)

No Officer of the City of Winnebago may not have a personal financial interest or personally benefit financially from the business to be assisted. Officers include the Mayor, City Council, City Staff, members of the Economic Development Commission and other listed in MS 471.87-471.88.

#### PUBLIC ASSISTANCE TO BUSINESS: WAGE AND JOB REQUIREMENTS (MS 116J.991)

For all projects, where the assistance exceeds \$25,000 from the RLF, the City of Winnebago must establish wage level and job creation goals which is to be met by the business receiving the assistance. At a minimum, the business must create a net increase in jobs in Minnesota within two (2) years of receiving the assistance. If the business fails to meet the wage and job goals, it must repay the assistance.

#### FIRST SOURCE AGREEMENT (MS 268.66)

A business that receives grant or loans in an amount greater than \$200,000 must agree to list any vacant or new positions with the job services of the Department of Economic Security at the Fairmont office.

#### SURETY DEPOSITS REQUIRED FOR CONSTRUCTION CONTRACTS (MS 290.9705)

In the situation that the contract exceeds \$100,000 and a non-Minnesota construction contractors has been hired to perform the work, the City of Winnebago requires the business's contractor to do one of the following:

1. Deposit with the Department of Revenue, eight (8) of every payment made to the contractor; or
2. Have in its possession, a Waiver of Withholding from the Department of Revenue.

#### FINANCIAL ASSISTANCE LIMITATIONS; PREVAILING WAGE (MS 116J.871)

Laborers and mechanics at the project site during construction, installation, remodeling and repairs must be paid the state prevailing wage if the financial assistance is greater than \$200,000 for a grant or \$500,000 for a loan.

All contracts for publicly owned infrastructure using the RLF must comply with the prevailing wage provisions.

#### GOVERNMENT DATA PRACTICES (MS 13)

Information contained in the application for assistance will become a matter of public record with the exception of those items protected under the Minnesota Government Data Practices Act.



# CITY OF WINNEBAGO

A MINNESOTA ALL STAR CITY

MAYOR  
Robert Whiting, Sr.

COUNCIL MEMBERS  
Maryann McClain  
John Newville  
Robert Perryman  
Holly Stauffer

ADMINISTRATOR - CLERK  
TREASURER  
Daniel L. Mundahl  
(507) 893-3217  
FAX: 893-3473

Section A. Business Subsidy Agreement. The City and the Company recognize and agree that the assistance under this Agreement is a "business subsidy" under Minnesota Statutes, Sections 116J.993 through 116J.995 (the "Subsidy Law"), and is subject to the provisions thereof, including without limitation job creation goals, reporting requirements, five year commitment by the Company, and repayment of the subsidy if the Company is in default under this Agreement, including this Section hereof.

Accordingly, it is agreed:

(a) The amount of the subsidy is currently estimated to be \$ \_\_\_\_\_.  
The type of the subsidy is \_\_\_\_\_.  
The subsidy relates to the Company's \_\_\_\_\_  
(the "Project").

(b) The public purposes of the subsidy include \_\_\_\_\_  
\_\_\_\_\_.

(c) The goals of the subsidy include the above public purposes, the completion of the Project and the retention of the Project for at least five years after the "Benefit Date" of the Project, as defined in the Subsidy Law, which is hereby determined to be the date upon which \_\_\_\_\_ [the City issues the Certificate of Occupancy for the Project?].

(d) The subsidy [if a grant] is a forgivable loan to the Company from the City, and if the Company fails to meet its obligations under this Agreement, the Company shall repay all amounts of the subsidy theretofore paid to the Company by the City, together with interest accruing at the annual rate per annum equal to the implicit price deflator of Minnesota Statutes, Section 275.70, Subdivision 2, with all such interest accruing on each subsidy payment made to the Company hereunder from the date of said payment. If the Company meets some but not all of its Job Goals hereinafter defined, the Company may request in writing, and City may agree in the absolute discretion of the City Council, that the subsidy be repaid by the Company pro rata, e.g., if the Company created only \_\_\_\_\_ of the \_\_\_\_\_ new jobs, the Company would repay \_\_\_\_\_% of the assistance paid to the Company, plus accrued interest thereon. The subsidy is needed in order to induce the Company to complete

the Project in the City. The Company covenants that it will continue its operations at the Project for at least five years after the Benefit Date.

(e) The Company represents that it has the following parent corporations:

\_\_\_\_\_.

(f) The Company represents that the following are all of the State of Minnesota and "local government agency" grants to the Project: this Agreement and

\_\_\_\_\_.

(g) The Company represents that it is not in default on the date hereof on any subsidy agreement entered into by the Company under the Subsidy Law.

[(h) The Company represents that it is not able to complete this Project in its current location, which is \_\_\_\_\_,  
because \_\_\_\_\_.]

(i) The Company represents that it currently has in the State of Minnesota \_\_\_\_\_ full-time equivalent permanent employees and, for its "Job Goals" hereunder, will create due to the Project an additional \_\_\_\_\_ full-time equivalent permanent employee positions within two years of the Benefit Date, with these jobs having wage levels of at least \$\_\_\_\_\_ per hour, exclusive [inclusive?] of benefits.

(j) The Company shall complete and file with the City the report in the form of the attached Exhibit A. The Subsidy Law provides that if the Company does not make such reports, when due, the City must mail the Company a warning within one week of the required filing date, and if, after 14 days after the postmark date of that warning, the Company continues to fail to report, then the Company is required to and shall pay the City a penalty of \$100 for each subsequent day until the report is filed, up to a maximum of \$1,000. The Company shall file these reports with the City, in care of its \_\_\_\_\_, (1) on March 1 of each year, beginning with the March 1 immediately following the Benefit Date, (2) within 30 days after the "Compliance Date," hereby defined to be the date which is two years after the Benefit Date, and (3), if the Job Goals aren't met by the Compliance Date, every subsequent anniversary thereof until the subsidy is repaid, as may be required hereunder. Each March 1 report shall report on the prior calendar year, and each other report shall report on the period since the last reporting period.

(k) If the Company fails to meet the Job Goals by the Benefit Date, upon written request by the Company to the City indicating the reasons why the Job Goals have not been met and the Company's reasonable assurance that the goals will be met, the City Council may in its absolute discretion grant a one year extension of the Compliance Date.

(l) This Section of this Agreement is intended to be the "subsidy agreement" required by Section 116J.994, Subdivision 3, of the Subsidy Law. In the event that any provision of this Section is inconsistent or in conflict with any provision of the Subsidy Law, and in the event that any provision of the Subsidy Law provides additional requirements, the provisions of the Subsidy Law shall apply and govern.

In witness whereof, the City and the Company have duly executed this Agreement by their duly authorized representatives.

CITY OF \_\_\_\_\_,  
MINNESOTA

\_\_\_\_\_,  
COMPANY

By \_\_\_\_\_  
Its Mayor

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its City \_\_\_\_\_



# CITY OF WINNEBAGO

A MINNESOTA ALL STAR CITY

Report by \_\_\_\_\_, as Recipient of Business Subsidy

This report is required by that certain \_\_\_\_\_ Agreement, dated as of \_\_\_\_\_, \_\_\_\_\_ (the "Agreement"), between the City of \_\_\_\_\_, Minnesota (the "City"), and \_\_\_\_\_ (the "Company"), and as required by Minnesota Statutes, Section 116J.994, Subdivision 7. Capitalized terms which are used but not otherwise defined in this report have the meanings given to those terms under the Agreement.

The City has granted a certain business subsidy to the Company consisting of \_\_\_\_\_ for the \_\_\_\_\_ located at \_\_\_\_\_ in the City (the "Project").

Under the Agreement, the Company is required to file reports with the City's \_\_\_\_\_ (1) on March 1 of each year, beginning with the March 1 immediately following the date of \_\_\_\_\_ [the City's Certificate of Occupancy for the Project?], being referred to herein as the Benefit Date, (2) within 30 days after the Compliance Date, namely, the date which is two years after the Benefit Date, and (3), if the "Job Goals" under the Agreement are not met by the Compliance Date, every subsequent anniversary thereof until the subsidy, is repaid. Each March 1 report is required to report on the prior calendar year, and each other report shall report on the period since the last reporting period.

The Company's Jobs Goals under the Agreement are to create a net number of permanent full-time equivalent new jobs in the State of Minnesota (over and above the \_\_\_\_\_ number of such jobs which the Company had in existence on the date of the Agreement) within two years from the Benefit Date. These jobs are required to have a wage of at least \$ \_\_\_\_\_ per hour, exclusive [inclusive?] of benefits.

Accordingly, the Company hereby certifies to the City the following:

(1) As provided in Section A of the Agreement, the amount of the subsidy is estimated to be \$ \_\_\_\_\_, the type of subsidy is \_\_\_\_\_, and the public purposes of the subsidy include \_\_\_\_\_.

(2) The hourly wage of each new permanent full-time equivalent job which has been created by the Company since the Benefit Date, with separate bands of wages, are as follows:

<u>Number of Jobs</u>	<u>Wage Levels per Hour</u>
_____	_____
_____	_____
_____	_____

(3) The cost of health insurance provided by the employer for the above-referenced jobs, separated by bands of wages, is as follows:

<u>Wage Level per Hour</u>	<u>Cost of Health Insurance</u>
_____	_____
_____	_____
_____	_____

(4) If the Company has not already met the Job Goals, it reasonably expects that it will meet those goals on or before \_\_\_\_\_, 200\_\_\_\_\_, and is taking the following steps to meet the Job Goals:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[(5) The Company was previously located at \_\_\_\_\_ and, as provided in the Agreement, the Company was not able to complete the Project in that location because \_\_\_\_\_.]

(6) The Company has the following parent corporations: \_\_\_\_\_

\_\_\_\_\_



(7) Other than the subsidy provided by the City under the Agreement, there are no other State of Minnesota or "local government agency" grants of subsidy to Company for the Project, except for:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(8) The Company hereby agrees to provide upon request such other information as the Commissioner of the Department of Trade and Economic Development of the State of Minnesota may request or as may be required by the Subsidy Law.

(9) The Company represents that it has continuously occupied the Project since its completion, has used the Project for its \_\_\_\_\_ operations and expects to do so for the foreseeable future.

(10) The Company is not in default on the date hereof of its obligations under any subsidy agreement under the Subsidy Law.

\_\_\_\_\_  
\_\_\_\_\_, COMPANY

By \_\_\_\_\_  
\_\_\_\_\_

This report is to be filed with:

City of Winnebago  
P.O. Box 35 City Hall  
140 Main Street South

Winnebago, Minnesota 56098

On reporting by the recipient:

- Recipients must report until the job goals are met or the assistance is repaid.
- The forms are to be developed by DTED and copies of the completed reports must be sent to the Commissioner of DTED and to the local government agency that provided the subsidy.
- The reports must include the type, public purpose, and amount of subsidies and type of TIF district, if any (this was already required to be in the subsidy agreement). The reports must also include:
  - The hourly wage of each job created with separate bands of wages.
  - The sum of the hourly wages and cost of health insurance provided by the employer with separate bands of wages.
  - The date the job and wage goals will be reached.
  - A statement of goals identified in the subsidy agreement and an update of achievement of those goals.
  - The locations of the recipient prior to receiving the subsidy.
- Why the recipient did not complete the project outlined in the agreement at its previous location, if the recipient was previously located at another site in Minnesota.
- The name and address of the parent corporation of the recipient, if any.
- A list of all financial assistance by all grantors for the project.
- Other information the Commissioner may request.

- Reports must be filed no later than March 1 of each year for the previous year and within 30 days after the deadline for meeting the job and wage goals.
- Recipients of assistance which falls under certain pollution and redevelopment exceptions to the definition of business subsidy must nonetheless report based on a slightly shorter list of requirements.
- If the recipient doesn't make its reports, the local government agency must mail the recipient a warning within one week of the required filing date. If, after 14 days of the postmarked date (to be precise) of the warning, the recipient fails to provide the report, then the recipient must pay the grantor a penalty of \$100 for each subsequent day until the report is filed, up to a maximum of \$1,000.

RESOLUTION

WHEREAS, the City of Winona is required to comply with Minnesota State Statutes 116J.993 to 116J.995 regarding business assistance; and

WHEREAS, the Port Authority of Winona has reviewed the proposed Business Subsidy Policy and recommends approval; and

WHEREAS, the City of Winona has held a public hearing regarding the criteria;

NOW, THEREFORE, BE IT RESOLVED by the City of Winona that the following policy to comply with the State Statutes be adopted.

This policy is adopted by the City of Winona and Port Authority of Winona in accordance with Minnesota Subsidy Law, Minnesota Statutes 116J.993 to 116J.995. This policy shall apply only to those business subsidies granted under the above law.

The purpose of the criteria is to establish the use of assistance described under the aforementioned Statutes to comply with state law.

The City shall have the option of amending or waiving sections of these criteria when determined necessary or appropriate. Amendments are subject to public hearing requirements pursuant to Minnesota Statutes Sections 116J.993 to 116J.995.

In accordance with the Business Subsidy Policy, business subsidy requests must comply with State Statutes, the City of Winona, and the Port Authority; ability to grant assistance is governed by the limitations established in Minnesota State Statutes 116J.993 to 116J.995.

The criteria will guide the subsidy benefit analysis process. However, it should not be presumed that a project meeting these criteria would automatically be approved. The criteria creates no contractual rights on the part of any potential developer or the City and Port.

BUSINESS SUBSIDY CRITERIA

- Each project will be evaluated for public benefit.
- Projects will be evaluated BY taking into account primary and auxiliary benefits.
- Projects will be evaluated to determine job creation, wages, and job retention as defined by State Statute.
- Projects will be evaluated for their impact on the tax base. Another public purpose must be met in addition to the increase in tax base as required by Statute.

- Projects will be reviewed for their impact on stabilizing the community and enhancing economic diversity.
- Projects that are deemed to be in the public interest and are in compliance with State Statutes are eligible for assistance.

Dated this 15<sup>th</sup> day of May, 2000.

Jerome S. Miller  
Mayor

Attested by:

Monica Hennessy Mohan  
City Clerk

Publication Friday, April 28, 2000  
**NOTICE OF PUBLIC HEARING**  
**DATE OF HEARING:** Monday, May 15, 2000  
**PLACE OF HEARING:** Council Chambers - City Hall  
**CONTACT PERSON:** Lucy McMartin  
 Program Development Director  
**SUBJECT:** Business Subsidy Policy  
 A public hearing on the City's proposed Business Assistance Criteria will be held at the City Council meeting on Monday, May 15, 2000 at 7:30 p.m. in the Council Chambers at City Hall. The policy will affect business assistance given businesses by the Port Authority of Winona or City of Winona.  
 Interested persons will have an opportunity to be heard at the public hearing. Information on the criteria is available at the Community Development Office, Room 210, City Hall, 207 Lafayette Street, Winona, Minnesota 5672465

STATE OF MINNESOTA )  
 ) SS.  
 COUNTY OF WINONA )

Vicky Peterson, being duly sworn, on oath says that she is the publisher of the newspaper known as Winona Daily News which are stated below:

(A) The newspaper has complied with all the requirements constituting qualification as a qualified newspaper, as provided by Minnesota Statute 331A.02, 331A.07, and the applicable laws, as amended.

(B) The printed Business Subsidy Policy: Public Hearing which is attached was cut from the columns of said newspaper, and was printed and published Friday the 28<sup>th</sup> day of April, 2000; and printed below is a copy of the lower case alphabet from A to Z, both inclusive, which is hereby acknowledged as being the size and kind of type used in the composition and publication of the notice:

abcdefghijklmnopqrstuvwxyz

BY: Vicky Peterson  
 Classified Supervisor

Subscribed and sworn to before me on this

28<sup>th</sup> day of April, 2000.

Karen Domine  
 Notary Public



# RATE INFORMATION

(1) Lowest Classified rate paid by commercial users for comparable space	\$ 1.80 Line Rate
(2) Maximum rate allowed by law for the above matter	\$ .68 Line Rate
) Rate actually charged for the above matter	\$ .27 Line Rate

Mr. Kohner approached the Port Commissioners and explained that he thought all users of the dike area were going to be charged a fee for the unloading of commodities. Since he was the only one currently being charged, he was requesting the Port Authority cancel the tonnage fee. Assistant Executive Secretary Bodway reported that other users would be charged a fee if they unload materials over the dike. She further explained that those companies, owning private docks included in flood control dike construction, were grandfathered in. A motion to keep the fee was made by Commissioner Mielimonka, seconded by Commissioner Glubka. A call for the vote was made with Commissioners Mielimonka, Glubka, and Knight voting aye and President Schwab abstaining from the vote.

**4D. Bids for Mowing Port Authority Properties**

A motion was made by Commissioner Mielimonka, seconded by Commissioner Knight, to approve the low bid for mowing Port Authority property for the 2000 season. A motion to accept the low bid from Tri-State Sodding and Landscape of \$1,474 carried with all Commissioners voting aye.

**4E. Use of Port Property for Gardens**

A motion was made by Commissioner Glubka, seconded by Commissioner Mielimonka, to authorize staff to notify individuals concerning their use of the garden area located along West Third Street between Ewing and Sioux Streets. The motion carried with all Commissioners voting aye.

**4F. Business Subsidy Policy**

Minnesota State Statute requires the Port Authority establish a Business Subsidy Policy which will then be taken to the City Council for their approval. A motion was made by Commissioner Mielimonka, seconded by Commissioner Knight, to approve the following resolution regarding the Business Subsidy Policy. The motion carried with all voting aye.

**RESOLUTION**

WHEREAS, the City of Winona is required to comply with Minnesota State Statutes 116J.993 to 116J.995 regarding business assistance; and

WHEREAS, the Port Authority of Winona has reviewed the proposed Business Subsidy Policy; and

WHEREAS, the City of Winona before must hold a public hearing regarding the criteria the policy is official.

2000-90

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abcdefghijklmnopqrstuvwxyz

BY: Vicky Peterson  
Classified Supervisor

Subscribed and sworn to before me on this

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Karen Domine  
Notary Public



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**RESOLUTION**

WHEREAS, the City of Winona is required to comply with Minnesota State Statutes 116J.993 to 116J.995 regarding business assistance; and

WHEREAS, the Port Authority of Winona has reviewed the proposed Business Subsidy Policy; and

WHEREAS, the City of Winona before must hold a public hearing regarding the criteria the policy is official.

## **City of Woodbury Business Subsidy Policy**

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby. Other policies, rules and/or regulations in addition to this policy govern specific financing programs such as the Woodbury Growth Fund and Tax Increment Financing. Anyone reviewing this policy is also encouraged to review the policies for the specific program of interest.

The following forms of financial assistance are not considered a business subsidy and are therefore not regulated by this policy.

1. Financial assistance of less than \$25,000;
2. Assistance that is generally available to all businesses or to a general class of similar businesses;
3. Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
4. Redevelopment property polluted by contaminants as defined in Minnesota Statutes, Sections 116J.552;
5. Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code provided that the assistance is equal to or less than 50% of the total cost;
6. Assistance provided to organizations whose primary mission is to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
7. Assistance for housing;
8. Assistance for pollution control or abatement;
9. Assistance for energy conservation;
10. Tax reductions resulting from conformity to federal tax law;
11. Workers compensation and unemployment compensation;
12. Benefits derived from regulation;
13. Indirect benefits derived from assistance to educational institutions;
14. Funds from bonds allocated under Minnesota Statutes chapter 474A;
15. Assistance for a collaboration between a Minnesota higher education institution and a business;
16. Assistance for a tax increment financing soils condition district as defined under section 469.174 subdivision 19;
17. Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value; and,
18. General changes in tax increment financing law and other general tax law changes of a principally technical nature.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies

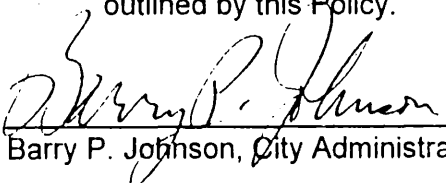
derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation and high wage level requirements may be unrealistic and counter-productive in the face of global economic forces and the financial and competitive circumstances of an individual business.

To receive a business subsidy, a business and the City of Woodbury must enter into a business subsidy agreement. The subsidy agreement, except as provided in the Act, must include;

1. Goals for the number of jobs to be created, which may include separate goals for the number of part-time and full-time jobs, or, in cases where job loss is imminent and demonstrable, goals for the number of jobs retained; and,
2. Wage goals for the jobs created or retained.

When considering requests for business subsidies, the City of Woodbury shall be guided by the following principles and criteria for establishing job creation and wage level goals:

- Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions and investment in the community.
- If a particular project does not involve the creation of jobs in the community, but is nonetheless found to meet the city's economic development goals, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the City of Woodbury nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Because it is not possible to anticipate every type of project which may be desirable to the community, the City of Woodbury may, in its discretion and in accordance with applicable law, approve projects and subsidies which may vary from the principles and criteria for establishing job creation and wage goals outlined by this Policy.

  
Barry P. Johnson, City Administrator

3/20/01  
Date

Effective Date: 01-12-00

Revision Date:

## **Woodbury EDA Business Subsidy Policy**

This Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby. Other policies, rules and/or regulations in addition to this policy govern specific financing programs such as the Woodbury Growth Fund and Tax Increment Financing. Anyone reviewing this policy is also encouraged to review the policies for the specific program of interest.

The following forms of financial assistance are not considered a business subsidy and are therefore not regulated by this policy.

1. Financial assistance of less than \$25,000;
2. Assistance that is generally available to all businesses or to a general class of similar businesses;
3. Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
4. Redevelopment property polluted by contaminants as defined in Minnesota Statutes, Sections 116J.552;
5. Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code provided that the assistance is equal to or less than 50% of the total cost;
6. Assistance provided to organizations whose primary mission is to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
7. Assistance for housing;
8. Assistance for pollution control or abatement;
9. Assistance for energy conservation;
10. Tax reductions resulting from conformity to federal tax law;
11. Workers compensation and unemployment compensation;
12. Benefits derived from regulation;
13. Indirect benefits derived from assistance to educational institutions;
14. Funds from bonds allocated under Minnesota Statutes chapter 474A;
15. Assistance for a collaboration between a Minnesota higher education institution and a business;
16. Assistance for a tax increment financing soils condition district as defined under section 469.174 subdivision 19;
17. Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value; and,
18. General changes in tax increment financing law and other general tax law changes of a principally technical nature.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation and high wage level requirements may be unrealistic and

counter-productive in the face of global economic forces and the financial and competitive circumstances of an individual business.

To receive a business subsidy, a business and the EDA must enter into a business subsidy agreement. The subsidy agreement, except as provided in the Act, must include;

1. Goals for the number of jobs to be created, which may include separate goals for the number of part-time and full-time jobs, or, in cases where job loss is imminent and demonstrable, goals for the number of jobs retained; and,
2. Wage goals for the jobs created or retained.

When considering requests for business subsidies, the Woodbury EDA shall be guided by the following principles and criteria for establishing job creation and wage level goals:

- Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions and investment in the community.
- If a particular project does not involve the creation of jobs in the community, but is nonetheless found to meet the city's economic development goals, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the Woodbury EDA nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
- Because it is not possible to anticipate every type of project which may be desirable to the community, the EDA may, in its discretion and in accordance with applicable law, approve projects and subsidies which may vary from the principles and criteria for establishing job creation and wage goals outlined by this Policy.

Adopted by: Woodbury Economic Development Authority

Date of adoption: December 16, 1999

Date of public hearing: December 16, 1999

Over many years, the City of Worthington has provided financial commitments to industries locating or expanding within the City. These financial commitments have come in the form of tax increment financing, revolving loan funds and/or below market land sales. Recently, in an effort to provide responsible economic participation statewide, the Minnesota Legislature adopted Minnesota Statute 116J.993 through 116J.995. The Statute calls for all Minnesota governmental agencies to clarify their goals and reasons for granting assistance to businesses by establishing criteria and requiring the business to enter into a subsidy agreement with the governmental agency. The following pages shall consist of the City of Worthington's policy establishing the criteria for eligibility on any financial assistance the City shall participate in.

**Definitions:**

**Business Subsidy** - a state or local government grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.

**Business Subsidy Policy:**

The following is a list of criteria to be considered in order for the City to award a business subsidy.

- All applications must illustrate that the approval of an assistance application will achieve a public purpose other than increasing the tax base. Examples include, but not limited to, enhancing economic diversity, creating high-quality jobs, providing job retention, stabilizing the community, etc...
- If a particular project does not involve the creation or retention of jobs, but is found to be worthy of support and assistance, it may be approved without specific job or wage goals, as may be permitted by applicable law.
- In cases where the assistance will be utilized for the retention of jobs, the applicant shall provide evidence that the loss of jobs is imminent.
- In cases where the approval of an application will assist in job creation, the job/cost ratio for each project should be 1 Full Time Equivalent (FTE) \$5,000 - \$20,000 (subject to availability). All jobs created with the assistance from the City shall meet State/Federal minimum wage requirements.
- Any additional requirements established for each of the business subsidy assistance programs in existence, if applicable.

**Exceptions:**

Business Subsidies described in Minnesota Statute 116J.993 Subd. 3 shall be exempt from the Business Subsidy Guidelines.

**Subsidy Agreement:**

All applicants must enter into a subsidy agreement with the City, as required under Minnesota Statute 116J.994, Subd. 3 & 4.

**Public Hearing:**

The City must provide public notice and hold a hearing for any business subsidy applications that exceeds \$100,000. Notice of the public hearing must be published in a local newspaper no less than 10 days prior to the scheduled hearing date.

**Final Approval:**

The Worthington City Council shall have final determination on all applications.



CITY OF WORTHINGTON  
COUNTY OF NOBLES  
STATE OF MINNESOTA  
NOTICE OF PUBLIC HEARING

# Affidavit of Public

NOTICE IS HEREBY GIVEN that the City Council (the "Council") of the City of Worthington, Nobles County, Minnesota, will hold public hearing on Monday, September 13, 1999, to consider the following items:

- The approval of Business subsidy Policy as required by Minnesota Statute 116J.993 through 116J.995
- The adoption of a resolution illustrating that the City will submit a Minnesota Investment Fund application to the Minnesota Department of Trade and Economic Development for funding of the Campbell's Restart Project on behalf of Awra Doro, Inc.

The public hearing will be held in the City Council Chambers, at City Hall, 303 Ninth St., Worthington, Minnesota, at 7:00 PM on Monday, September 13, 1999. All interested persons are invited to attend and be heard. Those unable to attend are invited to send written comments, prior to the hearings, to: Community Development Department, City of Worthington, P.O. Box 279, Worthington, Minnesota 56187

Date: September 1, 1999

Karen Buchman  
City Clerk

(September 1, 1999  
#2360

STATE OF MINNESOTA)  
) ss.  
COUNTY OF NOBLES)

KRIS WILDFEUER, being  
he/she is the publisher or authorized agent and employee of  
newspaper known as WORTHINGTON DAILY GLOBE, INC.,  
the facts which are stated below:

(A) The newspaper has complied with all of the requirements  
as a qualified newspaper, as provided by Minnesota Statute  
applicable laws, as amended.

(B) The printed PUBLIC HEARING

which is attached was cut from the columns of said newspaper, and was printed and  
published once each week, for 1 successive weeks; it was first published on  
WEDNESDAY, the 1ST day of SEPTEMBER, 1999, and was thereafter printed  
and published on every WEDNESDAY to and including WEDNESDAY, the 1ST  
day of SEPTEMBER, 1999; and printed below is a copy of the lower case alphabet  
from A to Z, both inclusive, which is hereby acknowledged as being the size and kind of  
type used in the composition and publication of the notice:

Souvenir Light 7 on 7.2 \*abcdefghijklmnopqrstuvwxyz 1234567890

BY: Kris Wildfeuer

TITLE: Authorized Legal Agent

Subscribed and sworn to before me on  
this 1ST day of SEPTEMBER, 1999

[Signature]  
Notary Public

\*Alphabet should be in same size as



ice.

## RATE INFORMATION

(1) Lowest classified rate paid by  
commercial users for  
comparable space

\$ 6.55  
(Line, word, or inch rate)

(2) Maximum rate allowed by law  
for the above matter

\$ 6.55  
(Line, word, or inch rate)

(3) Rate actually charged for the  
above matter

\$ 6.55  
(Line, word, or inch rate)

## **City Policy Regarding Business Subsidy Criteria**

As adopted February 10, 2000

The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes 116J.993 through 116J.995 (the "Act"). The Term "City" means collectively the City of Zumbrota, and its Economic Development Authority.

### **Criteria**

The City hereby expresses its support for the use of business subsidies that meet the below listed criteria.

1. But-for Test. There is a substantial likelihood that the project would not go forward without the business subsidy requested. This criteria must be supported by representations of the applicant for business subsidy.
2. Redevelopment. The project will remove, prevent or reduce blight or other adverse conditions of the property, thereby protecting the City's property values and the general public health, safety, and welfare.
3. Attraction of New Business. The project will attract or retain competitive and financially strong commercial and industrial companies, which offer the potential for significant growth in employment and tax base.
4. Highest and Best Land Use. The use of the business subsidy will encourage quality construction and promote the highest and best use of land, consistent with the City's Comprehensive Plan.
5. Needed Services. The project will provide a needed service in the community, including health care, convenience and social services, which are not currently available.
6. Unmet Housing Needs. The project will provide housing alternatives the community currently needs but which are not available.
7. Economic Feasibility. The recipient can demonstrate that it has experience and adequate financing for the project, and that the project can be completed in a timely manner.
8. Impact on City Services and Infrastructure. The project will not significantly and adversely increase the demands for service needs in the City.
9. Job Creation. The project will create or retain jobs which pay desirable wages and benefits in the area. The City may take into account the special needs of small or growth-phase businesses with potential to create high paying jobs in the future.
10. Tax Base. The project will increase the City's tax base and generate new property tax revenue.

### **Evaluation**

The City will evaluate each request for a business subsidy on a case by case basis. Applicants for assistance shall complete an application form and supply all additional information requested by the City. A decision to approve or reject a request for subsidy will be based of the merits project and the overall benefit to the community.

### **Valuation of a Business Subsidy**

The City will calculate the value of assistance provided to a business in the following manner.

1. If the subsidy is a contribution or sale of real or personal property, the amount of the subsidy will be the fair market value of the property as determined by the City, less any amount paid.
2. If the subsidy is a loan, the amount of the subsidy will be the principal amount of the loan.
3. If the subsidy is a loan guarantee, the amount of the subsidy will be principal amount of the loan guaranteed.
4. If the subsidy takes the form of payments over time (such as pay-as-you-go tax increment) the amount of the subsidy will be the sum of projected payments, discounted to a present value using a discount factor determined by the City which approximates the interest rate available to the business from a commercial lender.

**CITY OF ZUMBROTA CITY COUNCIL MINUTES  
SPECIAL MEETING    FEBRUARY 10, 2000    6:00 P.M.    TOWN HALL**

This is a summary only. The complete text is available for inspection at city hall.

The purpose of this special meeting was to consider several items related to the proposed Coolstor Warehouse Services development project.

Motion Wilkinson, second Grothe to adopt the agenda. Carried 4-0-0.

Motion Grothe, second Wilkinson to adopt **Resolution 2000-05**, a resolution adopting business subsidy criteria. Carried 4-0-0.

Motion Benson, second Grothe to adopt **Resolution 2000-06**, a resolution adopting a business subsidy for Coolstor Warehouse Services. Carried 4-0-0.

(Councilmember Lewison arrived at 6:15 p.m.)

Mayor Bauer opened the public hearing to consider the establishment of Tax Increment Financing (TIF) District No. 1-12 and the adoption of a TIF plan relating thereto.

Motion Grothe, second Wilkinson to adopt **Resolution 2000-07**, a resolution approving the creation of Tax Increment Financing District 1-12, and approving the Tax Increment Financing Plan relating thereto. Carried 5-0-0.

Mayor Bauer adjourned the meeting at 6:37 p.m.

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Ronald S. Johnson, City Administrator

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