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MINNESOTA



— Trade & —  
**Economic**  
Development

## **2001 Business Assistance Report**

### **APPENDIX K**

**Criteria submitted by agencies in 2001  
for business subsidies per  
Minnesota Statutes § 116J.993 through § 116J.995**

**VOLUME 2 OF 3**

HC107  
.M63  
E441  
2001  
v.2

**Prepared by:**

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

**Agencies that Submitted Business Subsidy Criteria in 2001 Per M.S. 116J.993 - 116J.995**

1. Aitken, City of
2. Albany, City of
3. Albert Lea Port Authority
4. Albert Lea, City of
5. Albertville, City of
6. Alexandria, City of
7. Annandale, City of
8. Annandale EDA
9. Anoka, City of\*
10. Apple Valley, City of
11. Arrowhead Regional Development Commission
12. Austin, City of
13. Barnesville EDA
14. Baxter, City of
15. Becker, City of, EDA
16. Belle Plaine, City of
17. Belview, City of
18. Benson, City of
19. Big Lake, City of
20. Big Lake EDA
21. Blaine Area Development Company
22. Blue Earth EDA
23. Brainerd, City of
24. Brooklyn Center, City of
25. Brooklyn Park, City of
26. Brooklyn Park EDA
27. Burnsville EDA
28. Caledonia, City of
29. Chaska, City of
30. Chaska EDA
31. Chisago County HRA - EDA
32. Clearwater County
33. Cloquet, City of
34. Coon Rapids, City of
35. Cottage Grove, City of
36. Cottonwood, City of
37. Cottonwood County
38. Delano, City of
39. Dilworth, City of
40. Duluth, City of
41. Duluth EDA
42. Duluth Seaway Port Authority
43. Eden Prairie, City of

**Agencies that Submitted Business Subsidy Criteria in 2001 Per M.S. 116J.993 - 116J.995**

44. Eden Valley, City of
45. Elk River, City of
46. Elk River EDA
47. Elk River HRA
48. Fairmount, City of
49. Faribault, City of
50. Faribault EDA
51. Farmington HRA
52. Fergus Falls, City of
53. Forest Lake, City of
54. Glencoe, City of
55. Glyndon, City of
56. Grand Rapids EDA
57. Ham Lake, City of
58. Hastings, City of
59. Hopkins, City of
60. Hopkins HRA
61. Howard Lake, City of
62. Hugo, City of
63. Hutchinson Community Development Commission
64. Jackson, City of
65. Kimball, City of
66. Koochiching Development Authority
67. La Cresent, City of
68. Lake City, City of
69. Lauderdale, City of
70. Litchfield, City of
71. Little Falls, City of
72. Long Lake EDA
73. Luverne EDA
74. Mahtomedi, City of
75. Maple Grove, City of
76. Mapleton, City of
77. Meeker County
78. Melrose Area Development Authority
79. Minneapolis Community Development Agency
80. MN Department of Trade and Economic Development
81. Monticello, City of
82. Monticello EDA
83. Monticello HRA
84. Morris, City of
85. Mound, City of
86. Mound HRA

**Agencies that Submitted Business Subsidy Criteria in 2001 Per M.S. 116J.993 - 116J.995**

87. Mounds View EDA
88. Mountain Iron HRA
89. New Hope, City of
90. New Prague, City of
91. New Ulm, City of
92. New Ulm EDA
93. Northfield, City of
94. Northfield EDA
95. Oakdale, City of
96. Owantonna, City of
97. Owantonna EDA
98. Paynesville, City of
99. Pine River, City of
100. Prior Lake, City of
101. Proctor, City of
102. Ramsey, City of
103. Red Wing Port Authority
104. Redwood Falls, City of
105. Richfield HRA
106. Robbinsdale, City of
107. Robbinsdale EDA
108. Rochester, City of
109. Rockford, City of
110. Rosemount Port Authority
111. Saint Anthony, City of
112. Saint Charles, City of
113. Saint Joseph, City of
114. Saint Louis County
115. Saint Louis Park, City of
116. Saint Louis Park EDA
117. Sartell, City of
118. Savage, City of
119. Scott County
120. Shakopee, City of
121. Shoreview, City of
122. Sleepy Eye EDA
123. South Saint Paul
124. South Saint Paul HRA
125. Spicer, City of
126. Spring Grove, City of
127. Spring Valley, City of
128. Staples, City of
129. Staples EDA

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**Agencies that Submitted Business Subsidy Criteria in 2001 Per M.S. 116J.993 - 116J.995**

- 130. Stearns County HRA
- 131. Stillwater, City of
- 132. Swift County
- 133. Thief River Falls, City of
- 134. Two Harbors, City of
- 135. Two Harbors Development Commission
- 136. Watertown, City of
- 137. Waterville, City of
- 138. Watkins, City of
- 139. White Bear (Township of)
- 140. Winnebago, City of
- 141. Winona, City of
- 142. Winona Port Authority
- 143. Winsted, City of
- 144. Woodbury EDA
- 145. Wyoming, City of
- 146. Zumbrota, City of
- 147. Zumbrota EDA

\*Received copy of criteria but no 2001 MBAF

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## BUSINESS SUBSIDY CRITERIA

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

### I. Project Review and Evaluation Policy

- (A) 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:
- (1) 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.
  - (2) 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. A public hearing will be held if wage and job goals are set at "zero".
  - (3) 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.
  - (4) The setting of wage and job goals will be informed by:
    - (a) prevailing wage rates;
    - (b) local economic conditions;
    - (c) external economic forces over which neither the City nor the recipient of the subsidy has control;
    - (d) the financial resources of the recipient; and
    - (e) the competitive environment in which the recipient's business exists.

However, unless wage and job goals are set at "zero" as per section I(A)(2), minimum wage and job goals will be four (4) full-time or full-time equivalent at an hourly wage of \$8.00.

- (B) 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.

## **II. Project Review and Evaluation Procedure**

- (A) The City will consider one or more of the criteria listed in Section III below in determining whether to provide financial or other assistance to a project as a business subsidy.
- (B) 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.
- (C) 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.

### III. Project Review and Evaluation Criteria

(A) The project review and evaluation criteria are as follows:

(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. 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 (6) 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 (1) the project will utilize existing public infrastructure capacity and (2) 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. 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 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.

#### IV. Criteria Required for all Projects

(A) 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.

Adopted By: Aitkin City Council

Date of Adoption: July 17, 2000

Date of Public Hearing: July 17, 2000

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**City of Albany  
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:

- 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.
- 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.
- The project must be generally consistent with the City's Comprehensive Plan.
- The use of the business subsidy should encourage quality construction and promote the highest and best use of land.
- 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.
- The project will not significantly and adversely increase the impacts on existing service needs in the City.
- The project will not proceed in its present design and time table without the business subsidy.
- 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.
- The project meets all requirements outlined in Minnesota Statutes, as may be amended from time to time.
- 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.
- 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 \$8.00 per hour, including \$1.00 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.

**RESOLUTION PA-99-20**

Introduced by Commissioner Sorenson

Seconded by Commissioner Mathison

RECEIVED MAY 23 2001

**ADOPTION OF THE BUSINESS SUBSIDY POLICY**

WHEREAS, the Albert Lea Port Authority desires to adopt a business subsidy policy, now, therefore

BE IT RESOLVED BY THE ALBERT LEA PORT AUTHORITY:

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

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



he 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 September 13, 1999.

  
President

Filed and attested September 14, 1999.

  
Secretary

RESOLUTION 99-156

Introduced by Councilor Sorenson

Seconded by Councilor Brooks

RECEIVED MAY 23 2001

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:

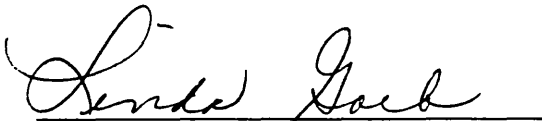
- A. Business subsidy of less than \$25,000;
- B. Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
- C. Public improvements to buildings or lands owned by the state or local government 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

Business Subsidy Criteria

RECEIVED MAY 31 2001

Section I: Applicability

These criteria apply to all requests for business subsidies as defined in Minnesota Statutes 116J.993 to 116J.995, including, but not limited to, loans, grants and tax increment financing for economic development purposes.

Section II: Job Creation/Retention

Minnesota Statutes 116J.994 require that a business receiving a subsidy for economic development, job creation or job growth purposes must create a net increase in jobs in Minnesota within two years of receiving the assistance. The applicant shall identify in its application for the business subsidy the number of jobs to be retained or created, expressed in full-time equivalents. Within two (2) years of receiving a business subsidy, the applicant must meet 80% of its job creation/retention goals.

Section III: Wage Floor

Minnesota Statutes 116J.994, Subd. 2 and 4, requires the establishment of a specific wage floor for the wages to be paid for the jobs created under a business subsidy. The City of Alexandria will require that all jobs intended to be created as a result of a business subsidy awarded by the City must meet or exceed 80% of the median wages paid for an equivalent job as reported in the most recent quarterly salary survey for non-metropolitan areas conducted by the Office of Economic Security.

Section IV: Effective Date/Amendments


These criteria are effective upon the date of their adoption and may be amended at any time upon action of the Alexandria City Council, subject to the provisions of Minnesota Statutes 116J.993-995.

Adopted this 23rd day of April, 2001, by the following vote:

Yes: KALPIN, RADIL, WEISEL, BENSON

No: NONE

ABSENT: FRANK

  
H. Dan Ness, Mayor

  
Jim Taddei, City Administrator

Mayor Ness closed the public hearing at 7:30 p.m.

**PUBLIC HEARING – BUSINESS SUBSIDY GUIDELINES**

Mayor Ness noted it was 7:30 p.m., the time scheduled for the Business Subsidy Guidelines hearing and opened the hearing to the public.

City Administrator Jim Taddei noted he, along with City Assessor Larry Johnson and City Planner Mike Weber, have prepared a draft set of criteria for business subsidies, copy of which is attached to and made a part of these minutes. The criteria apply to all requests for business subsidies that receive public assisted loans, grants, and tax increment financing for economic development purposes. Minnesota Statutes require that a business receiving a subsidy for economic development, job creation or job growth purposes must create a net increase in jobs in Minnesota within two years of receiving the assistance. Within two years of receiving a business subsidy, the applicant must meet 80% of its job creation/retention goals. Minnesota Statutes also require the establishment of a specific wage floor for the wages to be paid for the jobs created under a business subsidy. The Economic Development Board recommends the wages must meet or exceed 80% of the median wage. A copy of the guidelines have been placed in the Business Subsidy file. Following discussion, a motion was made by Benson and seconded by Kalpin to adopt the Business Subsidy Guidelines. The motion carried by the following vote:

YES: Kalpin, Radil, Weisel, Benson  
NO: None  
ABSENT: Frank

Mayor Ness closed the public hearing at 7:40 p.m.

**ITW HEARTLAND – BUILDING EXPANSION**

Brian Baustian, ITW Heartland, noted his company has gone over the points discussed at a previous Council meeting regarding ITW Heartland. Some points included the Avionics Building had not been removed from the Airport property, after reading through the lease it was discovered the premise permit was removed in 1992, it was determined the road is not under MnDOT jurisdiction, and there is no record of a utility easement. Mr. Baustian and Chad Orthaus met with the Airport Commission and explained their requests. The Airport Commission voted against their request. However, Mr. Baustian feels their business is related to aviation and does not think taking away this piece of property will affect the Airport. In 16 years the Bellanca Building will become available and will free up a large piece of land for the Airport. He is hoping they can come to a compromise with the Airport Commission.



## EXHIBIT A

### City of Annandale Business Subsidy Criteria

#### **1 PURPOSE AND AUTHORITY**

- 1.01 The purpose of this document is to establish the criteria for the City of Annandale (the "Grantor") for granting of business subsidies for private development. The criteria shall be used as a guide in the processing and reviewing applications requesting business subsidies.
- 1.02 The City's ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.994 (the "Statutes").
- 1.03 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.
- 1.04 These criteria are to be used in conjunction with other relevant policies of the Grantor.
- 1.05 The City may deviate from these criteria by documenting in writing the reason(s) for the deviation. The documentation shall be submitted to the Department of Trade and Economic Development with the next annual report.
- 1.06 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 PURPOSE REQUIREMENT**

- 2.01 All business subsidies must meet a public purpose.
- 2.02 The creation or retention of jobs may be, but is not required to be, a public purpose for granting a subsidy. The determination that jobs are not a public purpose for the subsidy and that the related wage and job goals are zero shall be made following a public hearing.
- 2.03 Job retention may only be used as a public purpose in cases where job loss is specific and demonstrable. The City shall document the information used to determine the nature of the job loss.

- 2.04 The creation of tax base shall not be the sole public purpose of a subsidy.
- 2.05 The wage floor for wages to be paid for the jobs created shall be the State minimum wage in effect at the time the subsidy is granted. The City will seek to create jobs with higher wages as appropriate for the overall public purpose of the subsidy.

### **3 BUSINESS SUBSIDY APPROVAL CRITERIA**

- 3.01 All new projects approved by City of Annandale 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.
- 3.02 To be eligible to receive a business subsidy, the recipient must meet the following minimum requirements:
  - a. The subsidy must achieve a public purpose.
  - b. The project must comply with local plans and ordinances.
  - c. The recipient shall provide information demonstrating that granting the subsidy is necessary for the proposed development to occur.
  - d. The recipient enters into an agreement pursuant to these criteria and the Statutes.
- 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 within the City 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.

#### **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 failing 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.

Adopted by: City Council of the City of Annandale, Minnesota

Date of adoption: August 7, 2000

Date of public hearing: August 7, 2000

CITY OF ANNANDALE  
COUNTY OF WRIGHT  
STATE OF MINNESOTA

RESOLUTION NO. 00-59

RESOLUTION APPROVING PROPERTY TAX ABATEMENTS  
FOR THE HOTEL PROJECT AND ADOPTING A POLICY AND  
CRITERIA FOR GRANTING BUSINESS SUBSIDIES

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

1. Recitals.

(a) Vertical Ventures, Inc. (the "Company") has requested the City to abate the City's share of all property taxes to be generated for ten (10) years (specifically, with respect to the payable 2002/3 through 2011/12 property taxes, depending upon construction completion date) on Tax Parcel Nos. 102-027-002010 and 102-027-002020 (collectively, the "Property") for the hotel facility containing a minimum of 40 units and a swimming pool (the "Project") to be constructed by the Company and located in the City on Minnesota Highway 55 (proposed address of 650 Elm Street East), and has requested the City to adopt a policy and criteria for granting business subsidies (the "Business Subsidy Criteria"). The abatement (the "Abatement") is currently estimated to be \$11,127 per year to \$22,767 per year, depending upon the final square footages and other construction details, for a total of not to exceed \$227,670 over the ten (10) year period.

(b) On the date hereof, the Council held a public hearing on the question of the Abatement and on the adoption of the Business Subsidy Criteria, and said hearing was preceded by at least 10 days but not more than 30 days prior published notice hereof.

(c) The Abatement is authorized under Minnesota Statutes, Sections 469.1812 through 469.1815 (the "Abatement Law") and the Business Subsidy Criteria is pursuant to Minnesota Statutes, Sections 116J.993 through 116J.995.

2. Findings for the Abatement. The City Council hereby makes the following findings:

(a) The Council expects the benefits to the City of the Abatement to at least equal the costs thereof.

(b) Granting the Abatement is in the public interest because it will increase or preserve the tax base of the City, help retain and expand commercial and industrial enterprise in the City, and provide employment opportunities in the City.

(c) The Council expects the public benefits described in (b) above to be derived from the Abatement.

(d) The Property is not located in a tax increment financing district.

(e) In any year, the total amount of property taxes abated by the City by this and other resolutions does not exceed the greater of five percent (5%) of the current levy or \$100,000.

3. Approval of Abatement; Terms. The Abatement is hereby approved. The terms of the Abatement are as follows:

(a) The Abatement shall be for ten (10) years and shall apply to the taxes payable in the years 2003 through 2012, inclusive, or sooner if construction is substantially completed by January 1, 2001.

(b) The Abatement shall be for 100% of the City's share of the ad valorem property taxes generated by the Property.

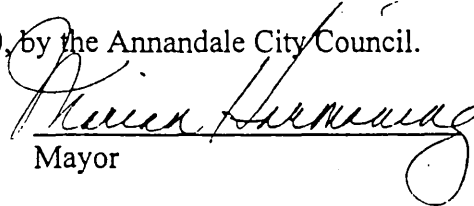
(c) The Abatement may not be modified or changed during the term set forth in (a) above, except with the prior written consent of the Company and the City.

(d) The Abatement shall be subject to all the terms and limitations of the Abatement Law.

(e) In order to be entitled to the Abatement, the Company shall not be in default within the City of any of its payment obligations respecting any taxes, assessments, utility charges or other governmental impositions.

4. Adoption of the Business Subsidy Criteria; Filing. The Business Subsidy Criteria attached hereto as Exhibit A is hereby adopted. The City Clerk is hereby authorized and directed to submit a copy of the Business Subsidy Criteria with the Department of Trade and Economic Development, along with the next annual report in accordance with Minnesota Statutes, Section 116J.994, Subdivision 2.

Adopted on August 7, 2000, by the Annandale City Council.

  
Mayor

Attest:

  
City Clerk

Councilmember Harmoning moved the adoption of the foregoing resolution, and said motion was duly seconded by Councilmember Karg, and upon vote being taken thereon, the following voted in favor thereof: Harmoning, Karg, LaTour and Vogt


and the following voted against the same: None (Councilmember D'Heilly was absent)

whereupon said resolution was declared duly adopted.

CITY CLERK'S CERTIFICATE

I, the undersigned, being the duly qualified and acting City Clerk of the City of Annandale, Minnesota by reason of my office as Administrator, DO HEREBY CERTIFY that I have carefully compared the attached and foregoing extract of minutes of a duly called and regularly held meeting of the City Council of said City held on August 7, 2000, with the original minutes thereof on file in my office and I further certify that the same is a full, true, and correct transcript thereof insofar as said minutes relate to property tax abatements for the Hotel Project and to adoption of a policy and criteria for granting business subsidies.

WITNESS My hand officially this 7th day of August, 2000.

  
City Clerk  
Annandale, Minnesota

## EXHIBIT A

### Economic Development Authority Of the City of Annandale Business Subsidy Criteria

#### **1 PURPOSE AND AUTHORITY**

- 1.01 The purpose of this document is to establish the criteria for the Economic Development Authority of the City of Annandale (the "Grantor") for granting of business subsidies for private development. The 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").
- 1.03 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.
- 1.04 These criteria are to be used in conjunction with other relevant policies of the Grantor.
- 1.05 The Grantor may deviate from these criteria by documenting in writing the reason(s) for the deviation. The documentation shall be submitted to the Department of Trade and Economic Development with the next annual report.
- 1.06 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 PURPOSE REQUIREMENT**

- 2.01 All business subsidies must meet a public purpose.
- 2.02 The creation or retention of jobs may be, but is not required to be, a public purpose for granting a subsidy. The determination that jobs are not a public purpose for the subsidy and that the related wage and job goals are zero shall be made following a public hearing.
- 2.03 Job retention may only be used as a public purpose in cases where job loss is specific and demonstrable. The Grantor shall document the information used to determine the nature of the job loss.



- 2.04 The creation of tax base shall not be the sole public purpose of a subsidy.
- 2.05 The wage floor for wages to be paid for the jobs created shall be the State minimum wage in effect at the time the subsidy is granted. The Grantor will seek to create jobs with higher wages as appropriate for the overall public purpose of the subsidy.

### **3 BUSINESS SUBSIDY APPROVAL CRITERIA**

- 3.01 All new projects approved by 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.
- 3.02 To be eligible to receive a business subsidy, the recipient must meet the following minimum requirements:
- a. The subsidy must achieve a public purpose.
  - b. The project must comply with local plans and ordinances.
  - c. The recipient shall provide information demonstrating that granting the subsidy is necessary for the proposed development to occur.
  - d. The recipient enters into an agreement pursuant to these criteria and the Statutes.
- 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 within the City 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.

#### **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 failing 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.

Adopted by: EDA of the City of Annandale, Minnesota

Date of adoption: September 13, 2000

Date of public hearing: September 13, 2000

ECONOMIC DEVELOPMENT AUTHORITY  
OF THE CITY OF ANNANDALE  
COUNTY OF WRIGHT  
STATE OF MINNESOTA

RESOLUTION NO. 00-2

RESOLUTION ADOPTING A POLICY AND  
CRITERIA FOR GRANTING BUSINESS SUBSIDIES

BE IT RESOLVED by the Board of Commissioners of the Economic Development Authority (the "EDA") of the City of Annandale, Minnesota (the "City"), as follows:

1. Recitals.

(a) On the date hereof, the EDA held a public hearing on the question of the adoption of the Business Subsidy Criteria, and said hearing was preceded by at least 10 days but not more than 30 days prior published notice hereof.

(c) The Business Subsidy Criteria is pursuant to Minnesota Statutes, Sections 116J.993 through 116J.995.

2. Adoption of the Business Subsidy Criteria; Filing. The Business Subsidy Criteria attached hereto as Exhibit A is hereby adopted. The Secretary is hereby authorized and directed to submit a copy of the Business Subsidy Criteria with the Department of Trade and Economic Development, along with the next annual report in accordance with Minnesota Statutes, Section 116J.994, Subdivision 2.

Adopted on September 13, 2000, by the Annandale EDA.

Attest:

Mary Degiovanni  
Secretary

Shirley Lanning  
President

CITY OF ANOKA  
BUSINESS SUBSIDY CRITERIA

**EXHIBIT A**

I. Purpose

This document includes the criteria to be considered by the City of Anoka to evaluate requests for business subsidies. It is the intent of the City in adopting these criteria to comply with Minnesota Statutes, Sections 116J993-116J995 (the "Act"). The City hereby adopts the definitions contained in the Act for application in the criteria.

II. Community Goals

- A. To promote community stability and the public health, safety and welfare.
- B. To enhance economic diversity and mix of businesses.
- C. To retain employment opportunities.
- D. To expand employment opportunities.
- E. To strengthen the tax base.

III. Public Purposes and Objectives

- A. To stabilize the community by:
  - 1. removing hazards;
  - 2. removing blight;
  - 3. removing non-conforming uses;
  - 4. cleaning up contaminated properties;
  - 5. rehabilitating deteriorated properties;
  - 6. redeveloping blighted, economically depressed or contaminated properties.
- B. To enhance economic diversity by:
  - 1. increasing the number and diversifying the types of manufacturing businesses.
  - 2. improving the mix of businesses providing essential goods and services.
  - 3. facilitating business growth opportunities through renovation and expansion.
- C. To retain jobs where loss is imminent and demonstrable.
- D. To expand employment opportunities by:
  - 1. increasing the number of jobs.
  - 2. improving the mix and diversity of jobs.
  - 3. creating jobs providing livable wages.
  - 4. preferring jobs with reasonable fringe benefits.
  - 5. structuring jobs with ladder wages.
- E. To strengthen the tax base by:
  - 1. balancing public, residential, commercial and industrial land uses.
  - 2. increasing tax base values through rehabilitation and redevelopment.
  - 3. returning vacant land, exempt or under-used land to productive, taxable uses.

**CITY OF ANOKA**  
**BUSINESS SUBSIDY CRITERIA**

Page 2

**IV. General Business Subsidy Evaluation Criteria**

- A. All projects must be consistent with the Anoka Community 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 (TIF) 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 City. The grantee shall provide to the City all documentation necessary under the Act.
- C. Grantees will be required to enter into an agreement with the City which 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 job and wage goals established for the project.
- D. While it is recognized that the creation of good paying jobs is a desirable goal, it must also be recognized that not all projects derive their public purposes and importance solely by job creation. The imposition of high job creation and wage requirements may be unrealistic and counterproductive in the context of larger economic forces and the financial and competitive circumstances of an individual business.

**V. Specific 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 used 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 that it is normally necessary to grant a subsidy.
- B. Jobs and Wages. It is the City's intent that the grantee shall create the maximum number of livable wage jobs at the site. All jobs to be created under the agreement must meet or exceed 150 percent of the federal minimum wage requirements plus benefits. This may include jobs to be retained but only if job loss is imminent and demonstrable. Other factors to be considered in setting job and wage goals include:
  - 1. Prevailing wages rates;
  - 2. Local economic conditions;
  - 3. External economic forces outside of local control;
  - 4. Business or labor circumstances unique to the grantee.

**VI. Business Subsidy Agreement Requirements**

**A. All business subsidy agreements shall contain the following:**

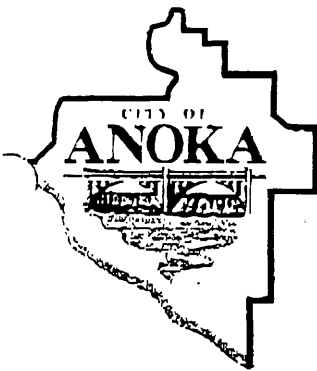
1. A description of the subsidy, including type, amount and type of district if TIF;
2. A statement of the public purpose for the subsidy;
3. A statement of why the subsidy is needed;
4. Goals for the subsidy, including jobs and wages.
5. A description of the financial obligation of the recipient if goals are not met;
6. A commitment to continue operations at the site for five years;
7. 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.
9. Annual reporting requirements.

**B. Specific job and wage goals to be completed within two years include:**

1. Number of jobs to be retained, if loss is imminent and demonstrable;
2. Number of jobs to be created;
3. Wage rates to be attained.

**VII. Compliance and Reporting Requirements**

- A. Any subsidy granted by the City will be subject to the requirements of a public hearing, if necessary, and must be approved by the Anoka City Council.**
- B. Both the grantee and the City shall comply with reporting and monitoring requirements of the Act.**



# City of ANOKA

CITY HALL • 2015 FIRST AVE. NO. • ANOKA, MINNESOTA 55303-2270

PHONE (612) 576-2700 • ADMINISTRATION FAX (612) 576-2727

RESOLUTION NO. 2000- 24

## POLICY REGARDING BUSINESS SUBSIDIES

**WHEREAS**, Minnesota Statutes, Sections 116J993 through 116J995 (the "Statutes") require the adoption of criteria for the granting of business subsidies as defined in the Statutes;

**WHEREAS**, the Anoka City Council (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 prior to the adoption and approval of the proposed business subsidy criteria, including the holding of a public hearing upon published notice on April 17, 2000.

**NOW, THEREFORE, BE IT RESOLVED** by the Anoka City Council 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 Anoka City Hall.

Adopted this 17th day of April, 2000.

ATTEST:

Mark Nagel  
Mark Nagel, City Clerk

Peter M. Beberg  
Peter M. Beberg, Mayor

(r-Business Subsidies.wpd)

— AN EQUAL OPPORTUNITY EMPLOYER —

CITY OF APPLE VALLEY  
BUSINESS SUBSIDY POLICY

RECEIVED MAR 3 0 2001

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



## **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

RECEIVED APR 25 2001

**NOTICE OF PUBLIC HEARING  
ON PROPOSED ADOPTION OF CRITERIA  
FOR AWARDED 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:  \_\_\_\_\_

**RESOLUTION NO. 11653****CITY OF AUSTIN, MINNESOTA  
REVOLVING LOAN FUND GUIDELINES**

The City of Austin has a revolving loan fund that originated via grants received from the State of Minnesota Department of Economic Development.

**I. Background**

Revolving loan funds (RLFs) have become an increasingly popular business financing tool because of their ability to leverage public and private dollars and recycle funds as well as their flexible design and simple operation. RLFs provide firms with direct loans, loan guarantees and other financial assistance. As the RLF receives the principal and interest from outstanding loans, the money is made available to another borrower. This recycling of funds makes RLFs particularly valuable in light of the growing scarcity of development funds.

RLFs are designed to alleviate the high cost and short supply of capital for urban businesses by providing flexible loan terms. Typically, RLFs lower the rate, lengthen the term, or reduce the risk of a loan from private lender. By increasing the capital, RLFs help firms expand, develop or remain in urban areas. And by providing critical subordinate financing for a loan package instead of 100 percent direct financing, RLFs are an effective tool for leveraging. RLF loans are typically combined with other public or private dollars.

**II. Operating Basis**

The following are key factors in operating a successful RLF.

1. Reduce political influences on the loan selection process as much as possible.
2. Simplify the RLF loan terms and conditions as well as the approval process so that they are not complicated, time consuming or cumbersome to applicants.
3. Design loan terms and conditions that allow the City to assume greater risks than private lending institutions are willing to take, but do not make them so risky that the City acquires bad debts.
4. Allow for flexibility in establishing loan terms and conditions to tailor loans to the needs of individual firms.
5. Establish clear goals and objectives for the RLF such as specific job goals.
6. Establish and maintain a good working relationship with local private financial institutions.
7. Structure the RLF loan committee and other advisory bodies to include representatives and officials interested in the RLF. In Austin, the Port Authority, Finance Committee of the City Council, and City Council are the bodies involved with administration of the RLF.
8. Operate the RLF in a businesslike and professional manner.

The following are types of financial assistance than can be given to encourage economic development:

1. Make second loans, which can reduce the overall project interest rate;
2. Provide direct loans at favorable interest rates and terms;
3. Guarantee loans made by private lenders;
4. Provide the required loan injection for SBA 503 loans;

### **III. Targeted Areas in Austin – in Order of Priority**

1. Industrial Zoned Districts
2. Commercial Zoned Districts
3. Downtown Central Business District – defined as the boundaries of Tax Increment Financing Districts

### **IV. Types of Projects Eligible for Loans**

1. Existing business expansion – defined as industrial/commercial related expansion and costs related thereto including land and building acquisition and construction, remodeling, relocation, equipment acquisition, and public facilities improvements.
2. Business equipment acquisition – defined as the purchase of additional depreciable assets for the purpose of expanding industrial commercial activities.
3. Development of new business – defined as the establishment of new, industrial/commercial business in all phases, including land and building acquisition and construction, remodeling, and equipment acquisition.

### **V. Criteria for the Use of RLF Proceeds**

1. Loans will be in a second position to the major source of project financing, unless RLF proceeds are the primary source of funds.
2. Term of the loan repayment period up will be up to 15 years.
3. The interest rate of the direct RLF loan will be set by the City Council upon recommendation from the Port Authority and/or Council Finance Committee.
4. The applicant must meet the underwriting criteria of the private financial institution participating in the project.
5. The job creation terms must meet state requirements in terms of minimum wage and time period to create and sustain each position.
6. A lower interest rate, such as two percent, will require specific job retention and/or creation at a minimum wage or greater, and must be accomplished by set dates and sustained for at least 36 months.
7. Eligible costs include land, real estate, and machinery and equipment. Assets pledged as collateral must be approved by both the City and the participating private financial institutions.
8. RLF proceeds cannot be used to transfer ownership through acquisition of fixed assets unless the transfer results in a physical remodeling or expansion project approved by the City.

## VI. Other Requirements

1. Applicant must provide application information in a form acceptable to the Port Authority and City Council.
2. Applicant must provide written quotes for the work or equipment proposed.
3. The City must have available to it financial pro-forma that support the applicant's ability to repay the loan.
4. The City shall have the right to require periodic financial statements submitted during the term of the loan repayment period.


Application for a loan from the Austin RLF must be made on an application form provided by the City of Austin with supporting information/documents as requested. Contact the Austin City Administrator, Pat McGarvey, at 500 – 4<sup>th</sup> Avenue NE, Austin, MN 55912. Phone 507.437.9940 Fax 507.434.7197 E-mail pmcgarve@austin-mn.com

Passed by a vote of yeas and nays this 18<sup>th</sup> day of September, 2000.

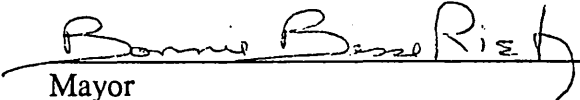
YEAS 7

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ATTEST:

  
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City Recorder

APPROVED:

  
\_\_\_\_\_  
Mayor



**Resolution No. 11717****City of Austin, Minnesota  
Revolving Loan Fund Guidelines  
Federal Funds**

The City of Austin has a revolving loan fund that originated via grants received from the State of Minnesota Department of Economic Development. This RLF is governed by the criteria set forth in Resolution No. 11653. The guidelines outlined here pertain only to those funds received through the repayment of a loan that was generated from the Community Development Block Grant (CDBG) Economic Development Set Aside program (ED) administered through the Department of Trade and Economic Development (DTED).

**I. Background**

Revolving Loan Funds (RLFs) have become an increasingly popular business financing tool because of their ability to leverage public and private dollars and recycle funds as well as their flexible design and simple operation. RLFs provide firms with direct loans, loan guarantees and other financial assistance. As the RLF receives the principal and interest from outstanding loans, the money is made available to another borrower. This recycling of funds makes RLFs particularly valuable in light of the growing scarcity of development funds.

RLFs are designed to alleviate the high cost and short supply of capital for urban businesses by providing flexible loan terms. Typically, RLFs lower the rate, lengthen the term or reduce the risk of a loan from private lender. By increasing the capital, RLFs help firms expand, develop or remain in urban areas. By providing critical subordinate financing for a loan package instead of 100 percent direct financing, RLFs are an effective tool for leveraging. RLF loans are typically combined with other public or private dollars.

**II. Operating Basis**

The following are key factors in operating a successful RLF.

1. Reduce political influences on the loan selection process as much as possible.
2. Simplify the RLF loan terms and conditions as well as the approval process so that they are not complicated, time consuming or cumbersome to applicants.
3. Design loan terms and conditions that allow the City to assume greater risks than private lending institutions are willing to take, but do not make them so risky that the City acquires bad debts.
4. Allow for the flexibility in establishing loan terms and conditions to tailor loans to the needs of individual firms.
5. Establish clear goals and objectives for the RLF such as specific job goals.
6. Establish and maintain a good working relationship with local private financial institutions.
7. Structure the RLF loan committee and other advisory bodies to include representatives and officials interested in the RLF. In Austin, the Housing and Redevelopment Authority (HRA), the Austin Port Authority, and The Finance

Committee of the City Council are the bodies involved with the administration of the RLF.

8. Operate the RLF in a businesslike and professional manner.

The following are types of financial assistance that can be given to encourage economic development:

1. Make second loans that can reduce the overall project interest rate;
2. Provide direct loans at favorable interest rates and terms;
3. Guarantee loans made by private dollars;
4. Provide the required loan injection for SBA 503 loans.

### **III. Targeted Areas in Austin – in Order of Priority**

1. Industrial Zoned Districts
2. Commercial Zoned Districts
3. Downtown Central Business District
4. Housing districts created to accommodate industrial & commercial growth

### **IV. Types of Projects Eligible for Loans**

- a. Existing business expansion – defined as industrial/commercial related expansion and costs related thereto including land and building acquisition and construction, remodeling, relocation, equipment acquisition, and public facilities improvements.
- b. Business equipment acquisition – defined as the purchase of additional depreciable assets for the purpose of expanding industrial commercial activities.
- c. Development of new business – defined as the establishment of new, industrial/commercial business in all phases, including land and building acquisition and construction, remodeling and equipment acquisition.

### **V. Criteria for the Use of RLF Proceeds**

1. Loans will be in a second position to the major source of project financing, unless RLF proceeds are the primary source of funds.
2. Term of the loan repayment period up will be up to fifteen (15) years.
3. The interest rate of the direct RLF loan will be set by the City Council upon recommendation from the HRA and/or Council Finance Committee.
4. The applicant must meet the underwriting criteria of the private financial institution participating in the project.
5. The job creation terms must meet state requirements in terms of minimum wage and time period to create and sustain each position.
6. A lower interest rate will require specific job retention and/or creation at a minimum wage or greater and must be accomplished by set dates and sustained for at least 36 months.
7. Eligible costs include land, real estate, machinery and equipment. Assets pledged as collateral must be approved by both the City and the participating private financial institutions.
8. RLF proceeds cannot be used to transfer ownership through acquisition of fixed assets unless the transfer results in a physical remodeling or expansion project approved by the City.

## **VI. Public Benefit**

A project using RLF funds must show a minimum level of public benefit. The amount of the assistance must not exceed \$35,000 per full-time equivalent, permanent (created or retained.)

## **VII. 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 or held by LMI persons. When jobs will be retained, the business must document 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 two (2) years and steps will be taken to ensure that the job will be filled by, or made available to, a LMI person.

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 providing training; and
- c. The city and 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)

#### **Slums/Blight**

An economic development project, such as commercial rehab, which aids in the prevention of 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 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 that contributed to the deterioration of the delineated area.

The city must maintain documentation on the boundaries of the area and the condition that qualified the area when it was designated under state or local law.

## **VIII. Other 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 CFDR 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 programs.

**d. Age Discrimination Act of 1975, As Amended (42 U.S.C. 6101) (24 CFR 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, color, 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 requires the removal of architectural and communication barriers that are structural in nature in existing facilities.

- g. Section 504 of the Rehabilitation Act of 1973  
Prohibits discrimination in federally assisted programs 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, contracts 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 a 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 where the installation cost is \$2,000 or more must comply with the following:

- a. David-Bacon and Related Acts (40 USC 276 (A)-7)  
Ensures that mechanics and laborers employed 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 health working conditions.

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 at least 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/eplsl/>.

## 5. Procurement

The procurement standards of 24 CFR 85.36 apply.

## 6. 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. An employee, agent or officer of the grantee or subrecipient;

- b. Any member of an employee's, agent's or officer's immediate family;
- c. An employee's, agent's or officer's partner; or
- d. 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 financial interest or benefit from a 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 (1) 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.

## **IX. State Requirements**

### **1. Minnesota Investment Fund (MS.116J.8731)**

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, which as of July 1, 1999 was \$8.83 per hour. The federal poverty level changes annually.

Retail Businesses – Per the Minnesota Investment Fund statute, retail businesses are not eligible for assistance, however, federal Community Block Grant law does not prohibit assistance to retail operations. State rules governing both the federal and state funds state that where there is an inconsistency between federal and state law, “federal law controls to the extent necessary to eliminate the conflict.”

Other requirements of this statute have been incorporated into various sections of this manual.

### **2. 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.

### **3. 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 must establish wage level and job creation goals that are to be met by the business receiving assistance. At a minimum, 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.

### **4. First Source Agreement (SM 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.

### **5. Surety Deposits Required for Construction Contracts (MS 290.9705)**



When a contract exceeds \$100,000 and a non-Minnesota construction contractor has been hired to perform the work, the city must do one of the following:

- a. Deposit with the Department of Revenue, 8% of every payment made to the contractor; or
- c. Have in its possession a Waiver of Withholding from the Department of Revenue.

6. 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.

**X. Other Requirements**

1. Applicant must provide application information in a form acceptable to the HRA and City Council.
2. Applicant must provide written quotes for the work or equipment proposed.
3. The City must have available to it financial pro-forma that supports the applicant's ability to repay the loan.
4. The City shall have the right to require periodic financial statements submitted during the term of the loan repayment period.

Application for a loan from the Austin RLF must be made on an application form provided by the City of Austin with supporting information/documents as requested. Contact the Executive Director of the Austin HRA, Kermit Mahan, at 308 2<sup>nd</sup> Ave NE, Austin, MN 55912. Phone 507-433-8317. Fax 507-434-7197. E-mail [kmahan@austinhra.org](mailto:kmahan@austinhra.org). Applications may also be obtained from the City Administrator, Patrick McGarvey, at 500 4<sup>th</sup> Avenue NE, Austin, MN, 55912. Phone (507) 437-9941. Fax (507) 434-7197.

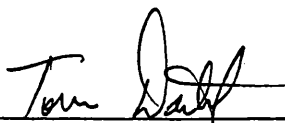
Passed by a vote of yeas and nays this 27<sup>th</sup> day of December, 2000


YEAS 6

NAYS 0

ATTEST

APPROVED

  
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City Recorder

  
\_\_\_\_\_  
Mayor

RECEIVED MAY 16 2007

**CITY OF BARNESVILLE  
BARNESVILLE ECONOMIC DEVELOPMENT AUTHORITY**

**Business Subsidy Policy**

**1. PURPOSE**

- 1.01 The purpose of this document is to establish the EDA/CITY criteria for granting of business subsidies, as defined in Minnesota Statutes 116J.993, Subdivision 3, for private development. This policy 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 EDA/ CITY reserves the right in its discretion to approve business subsidies that vary from the criteria stated herein if the EDA/CITY determines that the subsidy nevertheless serves a public purpose.
- 1.03 The EDA/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 Policy, Business Subsidy requests must comply with applicable State Statutes. The EDA/CITY 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 EDA/CITY should meet the following minimal 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 at the time of approval.
- 4.04 Prior to approval of a business subsidies financing plan, 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 EDA/CITY or its financial consultants may require in order to proceed with an independent underwriting.

- 4.05 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.
- 4.06 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.
- 4.07 Recipients of any business subsidy will be required to meet wage and job goals determined by the EDA/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. BUSINESS SUBSIDY EVALUATION CRITERIA**

- 5.01 All business subsidy requests will be evaluated under the general criteria in Sections 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 business subsidies that a given project may require at a given time.
- 5.02 Some criteria, by their very nature, must remain subjective. However, whenever 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 the EDA/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 EDA/CITY
  - 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.
  - C. All business subsidy requests should create or retain the highest feasible number of jobs 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, this ratio will vary widely.
  - E. All business subsidy requests will be reviewed to determine the feasibility to provide the EDA/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.
  - F. All business subsidy requests involving displacement of low to moderate income residents should be given specific attention to the re-housing needs of those residents. Normally this should be done as part of the business subsidy. Adequate solutions to these re-housing needs will be required as a matter of public policy.

- G. All business subsidy requests will need to meet the “but for” test. Business subsidies will not be granted unless the need for the EDA/CITY economic participation is sufficient that, without the assistance the project could not proceed in the manner as proposed.
- H. Business subsidies will not be used when the developer’s credentials, in the sole judgement of the EDA/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 EDA/CITY.
- I. Business subsidies can also be construed to include projects that place demands on city services, or other capital or operating expenditures, that exceed the average city expenditures. Other contributions, such as increased special assessments, or higher than average utility charges may be necessary.
- J. 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.

**CITY OF BAXTER****BUSINESS SUBSIDY CRITERIA**

RECEIVED MAY 21 2001

**I. Purpose**

This document includes the criteria to be considered by the City of Baxter ("City") to evaluate requests for business subsidies as defined by the Act. 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 in the Act for application in the criteria.

**II. Goals, Objectives and Minimum Requirements**

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

- a) All projects must be consistent with Baxter'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 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 that site for a minimum of five years after the benefit date and compliance with the specific jobs and wage goals established for the project.

**III. Business Subsidy Criteria**

The City reserves the right to modify these criteria from time to time and to evaluate each project as a whole. The City may deviate from these criteria by documenting in writing the reason for deviation and attaching a copy of the document to its next report to the Department of Trade & Economic Development. Following a public hearing, the City may set wage and job goals at zero for those subsidies that are not designed to create or retain jobs. The following criteria shall be utilized in evaluating a request for a business subsidy:

- a) Increase in tax base. While an increase in 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 the City's intent that the grantee creates the maximum of number of livable wage jobs at the site. This may include jobs to be retained but only if job retention is specific and demonstrable. A livable wage job is one that pays a minimum of 150% of the state minimum wage, excluding benefits.
- c) **Economic Development.** Project 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 business;
  - 4. Promote redevelopment objectives and removal of blight, including pollution cleanup;
  - 5. Promote the retention of 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 Baxter 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 City of Baxter Council this 6<sup>th</sup> day of July, 2001.

\_\_\_\_\_  
Larry R. Kruse  
City Administrator

File= F:/CITY OF BAXTER/POLICIES/BUSINESS SUBSIDY CRITERIA

## 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.

RECEIVED MAR 29 2007

## **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

RECEIVED APR 10 2001

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

RECEIVED MAY 31 2001

**CITY OF BENSON  
BUSINESS SUBSIDIES POLICY**

1. Purpose: The purpose of this policy memorandum is to meet the City of Benson obligations and requirements as outlined in Minnesota State Statutes 116J.993 through 116J.995.
2. Policy Intent:
  - a. "Business subsidy" or "subsidy" means a state or local government agency grant, contribution of personal property, real property, infrastructure, 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 policy criteria only apply to subsidies when the cumulative assistance packet is over \$25,000, or when the principal amount of a public loan to the business exceeds \$75,000.
  - b. 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 public 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 facing a particular business or industry.
  - c. The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which the recipient of the subsidy has control, individual financial resources of the recipient and the competitive environment in which the recipient's business exists.
3. City of Benson Priorities: The City of Benson will focus its job creation and retention assistance at businesses that demonstrate a clear and ongoing commitment to the community by providing prevailing wage jobs to their employees.
4. Procedure: The Benson City Council will hold a public hearing about all proposed subsidies over \$25,000 with the exception of loan and loan guarantee that exceed \$75,000. Written comments submitted before the hearing will be part of the official considerations. If the subsidized business is expected to result in job loss in existing businesses, the city must compare the numbers of and salaries of jobs that will be created to the ones that are expected to be lost.
5. Requirements:
  - a. A business subsidy must meet a public purpose which may include, but not 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.

- b. Proposals for direct loans must be unable to obtain full private financing before applying for city funding.
- c. 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.
- d. A 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.
- e. The business must disclose any potential impact on the environment that could result from this project.
- f. The business is required to continue its operations "in the jurisdiction" where the subsidy is used for at least five years.

6. Subsidy Agreement: Businesses must be willing to enter into a subsidy agreement that includes:

- a. A statement of why the business subsidy is needed.
- b. A statement of public purpose for the subsidy.
- c. A list of financial assistance by all grantors for the project.
- d. The name and address of the parent corporation of the business, if any.
- e. A description of the subsidy, including the amount and type of subsidy; and the type of district if the subsidy is tax increment financing.
- f. A statement of the job and wage goals for the project.
- g. A description of the financial obligations of the business if the goals are not met.
- h. A commitment to continue to operate at the site where the subsidy is used for at least five years after benefit date.
- i. A statement that the business does not have an ongoing unresolved adverse action on their record with OSHA, EPA and NLRB.

7. Preferences: All other things being equal and to the extent legally possible, preferences will be given to applicants meeting the following criteria:

- a. Businesses that contribute to employee child care and retirement accounts.
- b. Businesses that are locally owned.
- c. Businesses that engage in responsible labor relations.
- d. The city of Benson will have an overall goal that 50% of the new jobs created each year under this business subsidy policy will be held by Swift County residents. The City Manager will review the progress toward these goals and provide annual progress reports to the city council; and
- e. Businesses that have traditionally paid prevailing wages.
- f. A preference to business that invest a matching equal to .5% of their subsidy for training workers; and



- g. A preference to business that invest a matching portion equal to .5% of their subsidy for encouraging housing opportunities for their employees. This assistance may be in the form of advances for down payment or closing costs, grants for house or property acquisition, or partnerships with affordable housing agencies or lenders. Funds must be available to the general employee population.
- h. The agreement may not be modified during the term except by prior written consent of both parties.
- i. The business must disclose any potential impact on the environment that could result from this project.
- j. At a minimum the obligation of the company if it does not fulfill the agreement must be repayment of assistance with interest on a prorated basis.

8. The following forms of assistance are not a business subsidy:

- a. A business subsidy of less than \$25,000 or loans and loan guarantees under \$75,000
- b. Assistance that is generally available to all businesses
- c. Public improvements to buildings or loans owned by the state or local government
- d. Redevelopment of property polluted by contaminants
- e. Assistance provided for the sole purpose of renovating old or decaying building stock
- f. Assistance for housing
- g. Assistance for pollution control or abatement
- h. Assistance for energy conservation
- i. Tax reductions resulting from conformity with federal tax law
- j. Workers' compensation and unemployment compensation
- k. Benefits derived from regulation
- l. Indirect benefits derived from assistance to educational institutions

This policy adopted by the Benson City Council on June 26, 2000.

RECEIVED APR 3 2 2007

**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) In cases where job creation is a goal, wages for jobs created shall not be less than 160 percent of the federal minimum wage. There may be instances in which other factors such as 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, are sufficient enough reason for the wage policy to be waived. If the City deviates from the wage requirements set forth above, it will document the reason(s) for the deviation and attach a copy of the document to its next annual report to the Department of Trade and Economic Development as required by the Act.
- 2) Each project shall be evaluated on a case-by-case basis, recognizing its importance and benefit to the community from all perspectives, including created and retained employment positions.
- 3) 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. However, in order to be eligible to receive a subsidy a recipient must satisfy the following minimum requirements, unless waived by the City:
  - a. The recipient must demonstrate that the proposed development or redevelopment would not occur without the requested subsidy.
  - b. The recipient must demonstrate that it has the financial qualifications and experience to undertake and complete the proposed development or redevelopment in accordance with the terms of the agreement between the City, or other responsible City agency, and the recipient.
  - c. The recipient must enter into a subsidy agreement as required by the Act.
  - d. The recipient's proposed project must be consistent 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 at the time of approval.

- e. The subsidy must be permitted under applicable state legislative restrictions, debt limitations, and other appropriate financial requirements and policies.
  - f. The subsidy request should maximize the amount of private investment in the proposed development or redevelopment.
- 4) In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide evidence that the loss of those jobs is specific and demonstrable.
- 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 City Council

Date of Adoption: June 14, 2000

Date of Public Hearing: June 14, 2000

**Business Subsidy Policy  
Town of Big Lake, Minnesota**

RECEIVED APR 9 12 2001

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.

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- 1) In cases where job creation is a goal, wages for jobs created shall not be less than 160 percent of the federal minimum wage. There may be instances in which other factors such as 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, are sufficient enough reason for the wage policy to be waived. If the Township deviates from the wage requirements set forth above, it will document the reason(s) for the deviation and attach a copy of the document to its next annual report to the Department of Trade and Economic Development as required by the Act.
- 2) Each project shall be evaluated on a case-by-case basis, recognizing its importance and benefit to the community from all perspectives, including created and retained employment positions.
- 3) 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. However, in order to be eligible to receive a subsidy a recipient must satisfy the following minimum requirements, unless waived by the Township:
  - a. The recipient must demonstrate that the proposed development or redevelopment would not occur without the requested subsidy.
  - b. The recipient must demonstrate that it has the financial qualifications and experience to undertake and complete the proposed development or redevelopment in accordance with the terms of the agreement between the Township, or other responsible Township agency, and the recipient.
  - c. The recipient must enter into a subsidy agreement as required by the Act.
  - d. The recipient's proposed project must be consistent with the Township's Comprehensive Plan and Zoning Ordinances, or required changes to the plan and ordinances must be under active consideration by the Township at the time of approval.

- e. The subsidy must be permitted under applicable state legislative restrictions, debt limitations, and other appropriate financial requirements and policies.
  - f. The subsidy request should maximize the amount of private investment in the proposed development or redevelopment.
- 4) In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide evidence that the loss of those jobs is specific and demonstrable.
- 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: Town of Big Lake

Date of Adoption: June 14, 2000

Date of Public Hearing: June 14, 2000

## 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.

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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 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

RECEIVED APR 0 2 2007


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

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.

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Tom Ryan  
President

ATTEST:

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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:

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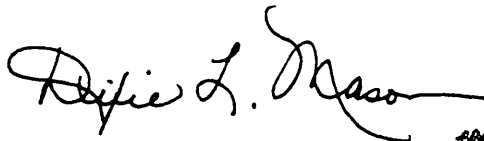
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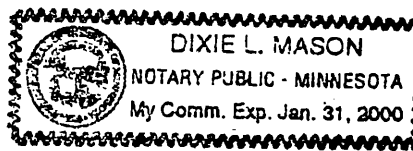
Managing Editor

Subscribed and sworn to before me on

this 3rd day of September, 1999



Notary Public



## RATE INFORMATION

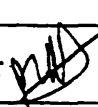
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| (1) Lowest classified rate paid by commercial users for comparable space | <u>\$9.75</u><br>(Line, word, or inch rate) |
| (2) Maximum rate allowed by law for the above matter                     | <u>\$9.75</u><br>(Line, word, or inch rate) |
|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

**FROM:** Ron Henrickson, Assistant Executive Director 

**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

BLUE EARTH EDA

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

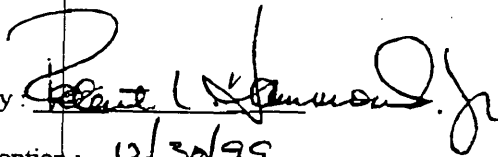
This Policy is adopted for the purposes of the business subsidies act ( the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted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

RECEIVED MAY 30 2001

## **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**

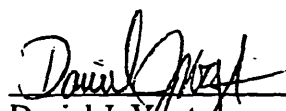
The City recognizes that every proposal is unique. Nothing in these criteria shall be deemed to be an entitlement or shall establish a contractual right to a subsidy. The City reserves the right to modify these criteria from time to time and to evaluate each project as a whole. The following criteria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

Post-It® Fax Note 7671		Date 7/25/01	# of pages 2
To Ed Harker	From Theresa Gole		
Co./Dept. DTED	Co.		
Phone #	Phone #		
Fax # (651) 215-3841	Fax #		

## 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.



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 Knutson  
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.

## POLICY

RECEIVED MAY 17 2001

## BUSINESS SUBSIDIES

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.

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

- A. "Achievement Date" means a date which is two years following the Benefit Date and is the date by which a Recipient must meet its Job and Wage Requirements.
- B. "Benefit Date" means the date that the Recipient receives a Subsidy. If the Subsidy involves the purchase, lease, or donation of physical equipment, the Benefit Date begins when the Recipient puts the equipment into service. If the Subsidy is for improvements to property, the Benefit Date refers to the earliest date of either:
  - (1) When the improvements are finished for the entire project; or
  - (2) When a Recipient, its tenants or subtenants, first occupies the property. If the Recipient, its tenants or subtenants occupies the property and the EDA expects that other businesses will also occupy the same property, the EDA may assign a separate Benefit Date for each business, being when each first occupies the property.
- C. "City" means the City of Brooklyn Park.
- D. "City Council" means the governing body of the City
- E. "Development Agreement" means an agreement entered into between the EDA and a Recipient that contains the general conditions of the Subsidy and the obligations of the Recipient in consideration of that Subsidy.
- F. "Economic Development District" means a tax increment district described in *Minnesota Statutes*, Section 469.174, subdivision 12.
- G. "EDA" means the Brooklyn Park Economic Development Authority.
- H. "Effective Date" means March 1, 2001, the date of passage of this Resolution.

- I. "Full-Time Equivalent Employee" means any number of persons, on a part time basis, whose cumulative, annual hours worked is equal to approximately 1800 hours per year.
- J. "Job and Wage Requirements" means the requirements described in Paragraph C hereof.
- K. "Permanent Full-Time Employees" means persons who are eligible to receive health, pension and other benefits provided according to the personnel or employment policies of a Recipient, its tenants or subtenants, or through a collective bargaining agreement, or due to State statutes, and whose wages, as that term is defined at 26 U.S.C. § 3401, are based upon the employee working approximately 1800 hours per year.
- L. "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.
- M. "Qualifying Employees" means Permanent Full-Time Employees or Full-Time Equivalent Employees employed within the property with regard to which a Subsidy is granted, and in the event such property consist of an expansion or addition to an already existing facility, it shall mean additional Permanent Full-Time and Full-Time Equivalent Employees employed as a result of such expansion or addition. The following persons shall not be considered Qualifying Employees:
- (1) Contract personnel who are not employees of the Recipient, its tenants, or subtenants.
  - (2) Employees of a Recipient located within an Economic Development District established after the Effective Date whose wage or salary is less than 250 percent of the federally mandated minimum wage in effect as of the date of the applicable Development Agreement.
  - (3) Employees of a Recipient located within an Economic Development District existing as of the Effective Date, or within a Redevelopment District established before or after the Effective Date, whose wage or salary is less than 200 percent of the federally mandated minimum wage in effect as of the date of the applicable Development Agreement.
  - (4) Employees of a Recipient not located within a Tax Increment District, but which received a Subsidy in connection with a Redevelopment Activity, whose wage or salary is less than 200 percent of the federally mandated minimum wage in effect as of the date of the applicable Development Agreement.

- (5) Employees of a Recipient not located within a Tax Increment District, but which received a Subsidy in connection with other than a Redevelopment Activity, whose wage or salary is less than 250 percent of the federally mandated minimum wage in effect as of the date of the applicable Development Agreement.
- N. "Recipient" means any for-profit or non-profit business 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.
- O. "Redevelopment Activity" means an activity that includes the demolition and replacement, or Substantial Rehabilitation, of physical facilities located upon real property.
- P. "Redevelopment District" means a tax increment district described in *Minnesota Statutes*, Section 469.174, subdivision 10.
- Q. "Subsidy" means an EDA 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. Business loans or loan guarantees of less than \$75,000 and any Subsidy of less than \$25,000 are not subject to the requirements in this Policy. Additional exemptions from this Policy are defined in Section 116J.993, Subdivision 3 of the Act and are incorporated herein by reference.
- R. "Subsidy Agreement" means the agreement required by Section 116J.994, subdivision 3 of the Act to be entered into by the EDA and the Recipient that contains the Job and Wage Requirements described in Paragraph C.
- S. "Substantial Rehabilitation" means rehabilitation of physical structure at a cost in excess of 10 percent of the assessor's fair market value last assigned to that structure prior to commencement of such rehabilitation.
- T. "Tax Increment Act" means *Minnesota Statutes*, Section 469.174 to 469.178.
- U. "Tax Increment District" means a district established pursuant to the Tax Increment Act or any predecessor statute.
- V. "Tax Increment Subsidy" means any Subsidy provided in accordance with the provisions of the Tax Increment Act.
2. **General Requirements.** The following requirements shall apply to all Recipients of a Subsidy provided by the EDA:

- A. The Recipient must be located in or moving into the City.
- B. A public hearing shall be required before the Board for any Subsidy that exceeds \$100,000.
- C. Each Recipient shall enter into a Subsidy Agreement with the EDA that, at a minimum, contains the Job and Wage Requirements and complies with the provisions of Section 116J.994, Subdivision 3 of the Act. Because the City Council and the Board are comprised of the same locally elected officials, and because the City Council, by Resolution #1999-221 provided that the act of the EDA in approving Subsidy Agreements shall constitute the act of the City Council, Subsidy Agreements shall be approved by the Board.
- D. In the case of a Tax Increment Subsidy, the Development Agreement shall require that, following the Achievement Date, the Recipient provide evidence of meeting the Job and Wage Requirements as a condition precedent to disbursement of tax increment. In all cases, if the Recipient fails to meet such requirements, the Recipient shall repay all Subsidy received, or a pro rata portion based upon the number of Qualified jobs created, all in accordance with the terms of Section 116J.994, Subdivision 6 of the Act.
- E. The Recipient must provide a binding legal obligation to continue operations within the City for at least 5 years from and after the Benefit Date.
- F. The purpose of a Subsidy may be increased City property tax base, creation of additional employment or the retention of existing employment; provided:
  - (1) Increased tax base shall not be a singular purpose unless the Board specifically finds, after the public hearing with respect to a Subsidy, that the Job and Wage Requirements do not apply and are, therefore, zero; and
  - (2) Job retention shall be a purpose only in cases where the Recipient has certified to the satisfaction of the Board that job loss is imminent and demonstrable.
- G. A Recipient shall provide to the EDA such reports concerning the Subsidy as are required by Section 116J.994, Subdivision 7 of the Act.

### 3. Job and Wage Requirements.

- A. Except where the purpose of the Subsidy is employment retention, or where the Board has determined that the Job and Wage Requirements do not apply and are, therefore, zero, each Development Agreement and/or Subsidy Agreement shall require the Recipient to create a specified number of Qualified Jobs on or before the Achievement Date.

- B. In the case of a Subsidy granted (a) within an Economic Development District established after the Effective Date, (b) not within a Tax Increment District, but granted in connection with other than a Redevelopment Activity, the Recipient shall be required to create one Qualified Job for each \$4000.00 of Subsidy.
- C. In the case of a Tax Increment Subsidy granted (a) within an Economic Development District established prior to the Effective Date, (b) within a Redevelopment District established before or after the Effective Date or (c) not within a Tax Increment District, but granted in connection with a Redevelopment Activity, the Recipient shall be required to create one Qualified Job for each \$6000.00 of Subsidy.
- D. If the Board chooses to deviate from the Job and Wage Requirements established herein, the resolution approving the Subsidy shall state the reasons for such deviation and the EDA shall provide a copy of such resolution to the Minnesota Department of Trade and Economic Development when filing its next annual report.

RECEIVED MAY 17 2001

## POLICY

## BUSINESS SUBSIDIES

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.

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

- A. "City" means the City of Brooklyn Park.
- B. "EDA" means the Brooklyn Park Economic Development Authority.
- C. "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.
- D. "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.
- E. "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.

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

- A. The Recipient must be located in or moving into the City.
- B. 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.

- C. 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.
- D. 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.
- E. A public hearing shall be required before the EDA Board for any Subsidy that exceeds \$100,000.
- F. 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.
- G. A Recipient shall provide to the EDA such reports concerning the Subsidy as are required by Section 116J.994, Subd. 7 of the Act.

### 3. 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:

- 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 to the City is imminent.
- D. 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.
- 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 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.

## BUSINESS SUBSIDIES

POLICY

RECEIVED APR 0 7 2001

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  - A. "Achievement Date" means a date which is two years following the Benefit Date and is the date by which a Recipient must meet its Job and Wage Requirements.
  - B. "Benefit Date" means the date that the Recipient receives a Subsidy. If the Subsidy involves the purchase, lease, or donation of physical equipment, the Benefit Date begins when the Recipient puts the equipment into service. If the Subsidy is for improvements to property, the Benefit Date refers to the earliest date of either:
    - (1) When the improvements are finished for the entire project; or
    - (2) When a Recipient, its tenants or subtenants, first occupies the property. If the Recipient, its tenants or subtenants occupies the property and the EDA expects that other businesses will also occupy the same property, the EDA may assign a separate Benefit Date for each business, being when each first occupies the property.
  - C. "City" means the City of Brooklyn Park.
  - D. "City Council" means the governing body of the City
  - E. "Development Agreement" means an agreement entered into between the EDA and a Recipient that contains the general conditions of the Subsidy and the obligations of the Recipient in consideration of that Subsidy.
  - F. "Economic Development District" means a tax increment district described in *Minnesota Statutes*, Section 469.174, subdivision 12.
  - G. "EDA" means the Brooklyn Park Economic Development Authority.
  - H. "Effective Date" means March 1, 2001, the date of passage of this Resolution.

- I. "Full-Time Equivalent Employee" means any number of persons, on a part time basis, whose cumulative, annual hours worked is equal to approximately 1800 hours per year.
- J. "Job and Wage Requirements" means the requirements described in Paragraph C hereof.
- K. "Permanent Full-Time Employees" means persons who are eligible to receive health, pension and other benefits provided according to the personnel or employment policies of a Recipient, its tenants or subtenants, or through a collective bargaining agreement, or due to State statutes, and whose wages, as that term is defined at 26 U.S.C. § 3401, are based upon the employee working approximately 1800 hours per year.
- L. "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.
- M. "Qualifying Employees" means Permanent Full-Time Employees or Full-Time Equivalent Employees employed within the property with regard to which a Subsidy is granted, and in the event such property consist of an expansion or addition to an already existing facility, it shall mean additional Permanent Full-Time and Full-Time Equivalent Employees employed as a result of such expansion or addition. The following persons shall not be considered Qualifying Employees:
- (1) Contract personnel who are not employees of the Recipient, its tenants, or subtenants.
  - (2) Employees of a Recipient located within an Economic Development District established after the Effective Date whose wage or salary is less than 250 percent of the federally mandated minimum wage in effect as of the date of the applicable Development Agreement.
  - (3) Employees of a Recipient located within an Economic Development District existing as of the Effective Date, or within a Redevelopment District established before or after the Effective Date, whose wage or salary is less than 200 percent of the federally mandated minimum wage in effect as of the date of the applicable Development Agreement.
  - (4) Employees of a Recipient not located within a Tax Increment District, but which received a Subsidy in connection with a Redevelopment Activity, whose wage or salary is less than 200 percent of the federally mandated minimum wage in effect as of the date of the applicable Development Agreement.

- (5) Employees of a Recipient not located within a Tax Increment District, but which received a Subsidy in connection with other than a Redevelopment Activity, whose wage or salary is less than 250 percent of the federally mandated minimum wage in effect as of the date of the applicable Development Agreement.
- N. "Recipient" means any for-profit or non-profit business 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.
- O. "Redevelopment Activity" means an activity that includes the demolition and replacement, or Substantial Rehabilitation, of physical facilities located upon real property.
- P. "Redevelopment District" means a tax increment district described in *Minnesota Statutes*, Section 469.174, subdivision 10.
- Q. "Subsidy" means an EDA 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. Business loans or loan guarantees of less than \$75,000 and any Subsidy of less than \$25,000 are not subject to the requirements in this Policy. Additional exemptions from this Policy are defined in Section 116J.993, Subdivision 3 of the Act and are incorporated herein by reference.
- R. "Subsidy Agreement" means the agreement required by Section 116J.994, subdivision 3 of the Act to be entered into by the EDA and the Recipient that contains the Job and Wage Requirements described in Paragraph C.
- S. "Substantial Rehabilitation" means rehabilitation of physical structure at a cost in excess of 10 percent of the assessor's fair market value last assigned to that structure prior to commencement of such rehabilitation.
- T. "Tax Increment Act" means *Minnesota Statutes*, Section 469.174 to 469.178.
- U. "Tax Increment District" means a district established pursuant to the Tax Increment Act or any predecessor statute.
- V. "Tax Increment Subsidy" means any Subsidy provided in accordance with the provisions of the Tax Increment Act.
2. **General Requirements.** The following requirements shall apply to all Recipients of a Subsidy provided by the EDA:

- A. The Recipient must be located in or moving into the City.
- B. A public hearing shall be required before the Board for any Subsidy that exceeds \$100,000.
- C. Each Recipient shall enter into a Subsidy Agreement with the EDA that, at a minimum, contains the Job and Wage Requirements and complies with the provisions of Section 116J.994, Subdivision 3 of the Act. Because the City Council and the Board are comprised of the same locally elected officials, and because the City Council, by Resolution #1999-221 provided that the act of the EDA in approving Subsidy Agreements shall constitute the act of the City Council, Subsidy Agreements shall be approved by the Board.
- D. In the case of a Tax Increment Subsidy, the Development Agreement shall require that, following the Achievement Date, the Recipient provide evidence of meeting the Job and Wage Requirements as a condition precedent to disbursement of tax increment. In all cases, if the Recipient fails to meet such requirements, the Recipient shall repay all Subsidy received, or a pro rata portion based upon the number of Qualified jobs created, all in accordance with the terms of Section 116J.994, Subdivision 6 of the Act.
- E. The Recipient must provide a binding legal obligation to continue operations within the City for at least 5 years from and after the Benefit Date.
- F. The purpose of a Subsidy may be increased City property tax base, creation of additional employment or the retention of existing employment; provided:
  - (1) Increased tax base shall not be a singular purpose unless the Board specifically finds, after the public hearing with respect to a Subsidy, that the Job and Wage Requirements do not apply and are, therefore, zero; and
  - (2) Job retention shall be a purpose only in cases where the Recipient has certified to the satisfaction of the Board that job loss is imminent and demonstrable.
- G. A Recipient shall provide to the EDA such reports concerning the Subsidy as are required by Section 116J.994, Subdivision 7 of the Act.

**3. Job and Wage Requirements.**

- A. Except where the purpose of the Subsidy is employment retention, or where the Board has determined that the Job and Wage Requirements do not apply and are, therefore, zero, each Development Agreement and/or Subsidy Agreement shall require the Recipient to create a specified number of Qualified Jobs on or before the Achievement Date.

- B. In the case of a Subsidy granted (a) within an Economic Development District established after the Effective Date, (b) not within a Tax Increment District, but granted in connection with other than a Redevelopment Activity, the Recipient shall be required to create one Qualified Job for each \$4000.00 of Subsidy.
- C. In the case of a Tax Increment Subsidy granted (a) within an Economic Development District established prior to the Effective Date, (b) within a Redevelopment District established before or after the Effective Date or (c) not within a Tax Increment District, but granted in connection with a Redevelopment Activity, the Recipient shall be required to create one Qualified Job for each \$6000.00 of Subsidy.
- D. If the Board chooses to deviate from the Job and Wage Requirements established herein, the resolution approving the Subsidy shall state the reasons for such deviation and the EDA shall provide a copy of such resolution to the Minnesota Department of Trade and Economic Development when filing its next annual report.

RECEIVED APR 02 2007

## POLICY

### BUSINESS SUBSIDIES

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.

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

- A. "City" means the City of Brooklyn Park.
- B. "EDA" means the Brooklyn Park Economic Development Authority.
- C. "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.
- D. "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.
- E. "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.

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

- A. The Recipient must be located in or moving into the City.
- B. 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.

- C. 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.
- D. 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.
- E. A public hearing shall be required before the EDA Board for any Subsidy that exceeds \$100,000.
- F. 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.
- G. A Recipient shall provide to the EDA such reports concerning the Subsidy as are required by Section 116J.994, Subd. 7 of the Act.

### **3. 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:

- 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 to the City is imminent.
- D. 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.
- 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 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.

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**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

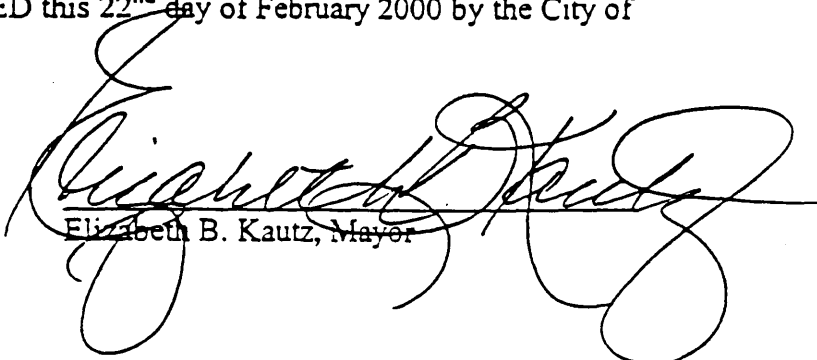
Page 3

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

### ATTACHMENTS

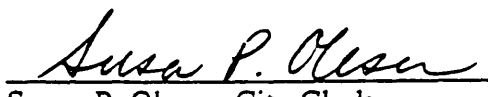
1. Tax Increment Financing Policy for TIF Districts No. 1 and 2
2. Tax Increment Financing Policy for Soils District No. 3
3. Project Area Financial Assistance Policy

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

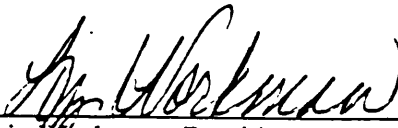
Page 3

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 1**

**TAX INCREMENT FINANCING POLICY**

**FOR**

**TIF DISTRICT NOS. 1 AND 2**

## **ATTACHMENT 1**

### **BURNSVILLE ECONOMIC DEVELOPMENT AUTHORITY**

#### **TAX INCREMENT FINANCING POLICY FOR TIF DISTRICTS NO. 1 AND 2**

Minnesota Statutes, Sections 469.174 through 469.179 (T.I.F. Act), as amended, authorizes local government authorities to utilize Tax Increment Financing to assist development and redevelopment of certain parcels within its boundaries.

The City of Burnsville created Redevelopment District No. 1 in April of 1984 and Redevelopment District No. 2 in November of 1986. In January of 1992 the control, authority and operation of these districts was transferred to the Economic Development Authority.

In February of 1995, the Economic Development Authority amended the above referenced districts and tax increment financing plans to establish the creation of the city's Project Area that is coterminous with the boundaries of the City of Burnsville.

The Burnsville Economic Development Authority on February 22, 2000, approved the Amended and Restated Development Program for Development District No. 1 and Amended Tax Increment Financing Plans for Redevelopment Tax Increment Financing Districts No. 1 and 2.

The Burnsville Economic Development Authority has received applications for tax increment financing assistance within existing districts No. 1 and 2.

The following policy statements will serve as a guideline for use of tax increment financing within TIF Districts No. 1 and 2 in the City of Burnsville.

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

While tax increment financing is an important and useful tool in attracting and retaining business, it is essential that it is used appropriately to accomplish the city's development and redevelopment goals and objectives. The fundamental principle that makes tax increment financing viable is that it is designed to encourage development that would not otherwise occur. The Burnsville Economic Development Authority is responsible to assure that the project would not occur "but for" the assistance provided through tax increment financing.

## **TIF DISTRICTS NO. 1 AND 2**

Page 2

### **I. GENERAL POLICY (cont'd)**

The Burnsville Economic Development Authority shall consider tax increment financing in cases that serve to accomplish the city's targeted goals for development and redevelopment as they may change over time. These goals include projects that would result in the creation or retention of a significant number of jobs that pay wages adequate to support households and the retention and expansion of business.

### **II. AVAILABLE FUNDING FOR PRIVATE DEVELOPMENT**

Provided that Districts 1 and 2 are generating sufficient increment to retire the bonds used in creating these districts, such funds will be allocated in accordance with the criteria outlined in this policy.

### **III. PROJECTS ELIGIBLE FOR TAX INCREMENT FINANCING**

Given the current development patterns within the city, the Burnsville Economic Development Authority is generally not in favor of participating financially in the development of retail commercial projects nor to subsidize housing development. However, the Burnsville Economic Development Authority may consider the use of this tool in the future if it becomes necessary to meet the changing goals of development and redevelopment or to provide specific housing needs. Such requests will be evaluated on a case by case basis.

Projects eligible for consideration of tax increment financing assistance include but are not limited to: office, office/corporate headquarters, office/service/warehouse, and office/industrial/manufacturing.

### **IV. COSTS ELGIBLE FOR TAX INCREMENT FINANCING ASSISTANCE**

Project costs qualifying for assistance in TIF Districts 1 and 2, as defined under the TIF Act, include: Utilities design, landscape design, architectural and engineering fees directly attributable to site work, site related permits, eathwork/excavation, soils corrections, 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 fees, SAC and WAC charges, title insurance and TIF application deposit.

### **V. DETERMINATION OF AMOUNT OF ASSISTANCE**

The amount of tax increment financing provided to an applicant will be based on analyses of the following:

## **TIF DISTRICTS NO. 1 AND 2**

**Page 3**

### **V. DETERMINATION OF AMOUNT OF ASSISTANCE (cont'd)**

1. Fundability Guidelines for Financial Assistance (Attachment A).
2. Request for Assistance (Attachment B).
3. Itemization of eligible project costs (Attachment C).
4. Review by EDA's legal and financial consultants of applicant's financial proformas.
5. Amount of increment generated by the project as calculated by the EDA's financial consultant.

The standard guideline for assistance is 70% of the project's annual increment for a term determined by the number of points accumulated in the Fundability Guidelines (Attachment A, page 9).

The level of assistance provided will be evaluated on a case by case basis and may reflect an increase or decrease in assistance. In addition, evaluation of the subjective information provided may result in adjusting the amount of assistance provided.

### **VI. FORMS OF ASSISTANCE**

Tax Increment Financing will be provided on a "pay as you go" basis wherein the Burnsville Economic Development Authority compensates the applicant for a predetermined amount for a pre-determined number of years. Annual payments are based on increment generated from the project and issued to the applicant after payment of property taxes by the applicant. The Burnsville Economic Development Authority will give special consideration to applicants for "pay as you go" assistance.

Another form of assistance is "up front" payment to the applicant wherein the Burnsville Economic Development Authority must issue revenue or general obligation bonds. The increment generated from the applicant's project is then used for repayment of the bonds.

### **VII. 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.

**VII. APPLICATION FOR ASSISTANCE PROCESS (cont'd)**

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 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.

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

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

**VIII. OTHER POLICY ISSUES**

**A. Fiscal Disparities**

It is the EDA's policy to have tax increment financing districts no. 1 and 2 exempted from the contribution of fiscal disparities. The percentage of revenues required from the project within these two districts will be the responsibility of properties outside the district.

**B. School District Funding**

School District 191 has annually requested the release of excess tax collections resulting from the application of school district referenda tax capacity rates to the captured value in Tax Increment Financing districts. Although these requests will be evaluated and each case decided on its own merit, it will be the city's general policy to honor such requests provided there is sufficient positive cash flow in the EDA reserve fund in excess of those amounts necessary to meet development contractual obligations within the various districts and Project Area.

**C. Infrastructure/Public Improvements Fund**

The expenditures to be made from the portion of the EDA reserve fund allocated to this fund will be identified and prioritized in the five year Capital Improvement Plan (CIP).

**D. Administration Fund**

Expenditures made from the portion of the EDA reserve fund allocated to this fund will be identified in the annual budget report of the city.

## **TIF DISTRICTS NO. 1 AND 2**

**Page 5**

### **ATTACHMENTS:**

- A. Fundability Guidelines For Financial Assistance
- B. Request for Financial Assistance
- C. Listing of Eligible Costs

Shared/econdev/eda/tifpol/districts1-2

**ATTACHMENT 2**

**TAX INCREMENT FINANCING POLICY**

**FOR**

**SOILS TIF DISTRICT NO. 3**

## **ATTACHMENT 2**

### **BURNSVILLE ECONOMIC DEVELOPMENT AUTHORITY**

#### **TAX INCREMENT FINANCING POLICY FOR SOILS DISTRICT NO. 3**

Minnesota Statutes, Sections 469.174 through 469.170 (T.I.F. Act), as amended, authorizes local government authorities to utilize tax increment financing to assist development and redevelopment of certain parcels within its boundaries.

The Burnsville Economic Development Authority on April 17, 1995 approved the Tax Increment Financing Plan for Soils Tax Increment Financing District No. 3.

The Burnsville Economic Development Authority has received applications for tax increment financing assistance within Soils District No. 3.

The following policy statements will serve as a guideline for use of tax increment financing within Soils District No. 3 in the City of Burnsville.

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

While tax increment financing is an important and useful tool in attracting and retaining business, it is essential that it be used appropriately to accomplish the city's development and redevelopment goals and objectives. The fundamental principle that makes tax increment financing viable is that it is designed to encourage development that would not otherwise occur. The Burnsville Economic Development Authority is responsible in assuring that the project would not occur "but for" the assistance provided through tax increment financing.

The Burnsville Economic Development Authority shall consider tax increment financing in cases that serve to accomplish the city's targeted goals for development and redevelopment as they may change over time. These goals include projects that would result in the creation or retention of a significant number of jobs that pay wages adequate to support households and the retention and expansion of business.

#### **II. AVAILABLE FUNDING FOR PRIVATE DEVELOPMENT**

Provided that Soils District No. 3 is generating sufficient increment to retire any bonds used in creating the district or payment of other public improvements, such funds will be allocated in accordance with the criteria outlined in this policy.



## **TIF SOILS DISTRICT NO. 3**

Page 2

### **III. PROJECTS ELIGIBLE FOR TAX INCREMENT FINANCING**

Given the current development patterns within the city, the Burnsville Economic Development Authority is generally not in favor of participating financially in the development of retail commercial projects. Projects eligible for consideration of tax increment financing assistance include but are not limited to office, office/corporate headquarters, office/service/warehouse, and office/industrial/manufacturing.

### **IV. COSTS ELGIBLE FOR TAX INCREMENT FINANCING ASSISTANCE**

Project costs qualifying for assistance in Soils District No. 3, as defined under the TIF Act, include only those costs directly related to correcting unusual terrain, soils conditions, and public improvements that are directly caused by unusual terrain and soils conditions.

### **V. DETERMINATION OF AMOUNT OF ASSISTANCE**

The amount of tax increment financing provided to an applicant will be based on analyses of the following:

1. Fundability Guidelines for Financial Assistance (Attachment A).
2. Request for Assistance (Attachment B).
3. Eligible project costs submitted on the application (Attachment C).
4. Review by EDA's legal and financial consultants of applicant's financial proformas.
5. Amount of increment generated by the project as calculated by the EDA's financial consultant.

The standard guideline for assistance is 90 percent of the project's annual increment for a term determine by the number of points accumulated in the Fundability Guidelines Report (Attachment A, page 9). The level of assistance provided will be evaluated on a case by case basis and may reflect an increase or decrease in assistance. In addition, evaluation of the subjective information provided may result in adjusting the amount of assistance provided.

### **VI. TYPE OF ASSISTANCE**

Tax increment financing will be provided on a "pay as you go" basis wherein the Burnsville Economic Development Authority compensates the applicant for a predetermined amount for a predetermined number of years. Annual payments are based on increment generated from the project and issued to the applicant after payment of property taxes by the applicant.

## **TIF SOILS DISTRICT NO. 3**

**Page 3**

### **VII. 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 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.

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

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

### **VIII. OTHER POLICY ISSUES**

#### **A. Fiscal Disparities**

It is the EDA's policy to have the Soils District No. 3 exempted from the contribution of fiscal disparities. The percentage of revenues required from the project within the soils district would be the responsibility of properties outside the district.

#### **B. Administration Fund**

Expenditures made from the soils district tax increment financing fund allocated to this fund will be identified in the annual budget report of the city.

### **ATTACHMENTS:**

- A. Fundability Guidelines for Financial Assistance
- B. Request for Financial Assistance
- C. Listing of Eligible Costs

**ATTACHMENT 3**

**PROJECT AREA**

**FINANCIAL ASSISTANCE POLICY**

## 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**

---

**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

<u>Point Value</u>	<u>Number</u>
+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	<u>          </u> (No.)	\$ <u>          </u>	<u>          </u>
+1	\$15,000 – 24,999	\$20,000	<u>          </u> (No.)	\$ <u>          </u>	<u>          </u>
+2	\$25,000 – 29,999	\$27,500	<u>          </u> (No.)	\$ <u>          </u>	<u>          </u>
+3	\$30,000 – 44,999	\$37,500	<u>          </u> (No.)	\$ <u>          </u>	<u>          </u>
+4	\$45,000 – 59,999	\$52,000	<u>          </u> (No.)	\$ <u>          </u>	<u>          </u>
+5	\$60,000 and Over	\$60,000	<u>          </u> (No.)	\$ <u>          </u>	<u>          </u>
		*TOTAL	<u>          </u>	\$ <u>          </u>	<u>          </u>
		Weighted Average =		\$ <u>          </u>	

\*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

Page

Point  
Value

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>	<b>\$2,245,000</b>		
<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	

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

**BUSINESS SUBSIDY CRITERIA  
&  
Business Assistance Policies**

**Effective March 27, 2000  
Amended July 10, 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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<b>III.</b>	<b>Business Subsidy / Community &amp; Economic Development Tools.....</b>	<b>City-1</b>
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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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**1. USDA Intermediary Relending Fund Program**

For more information, contact:

USDA Rural Development (651-602-7812)

**2. DTED-Minnesota Investment Revolving Loan Funds**

For more information, contact: (DTED) MN Department of Trade  
& Economic Development (800-657-3858)

**3. DTED-Small Cities Development Program**

For more information, contact: (SEMDC) Southeastern Minnesota  
Development Corporation (507-864-7557)

# **BUSINESS SUBSIDIES CRITERIA**

(Amended)

## **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. "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." (Act, Subd. 1)

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

On May 11, 1992, 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 in accordance with the City's Business Subsidy Criteria. The EDA is responsible for ensuring that the project would not otherwise occur "but for" the assistance being requested.

### **III. 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 Criteria Policy shall not automatically mean compliance with such separate policies. Federal or State funding sources may have additional requirements or benefits.

### **IV. Definitions**

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

*Applicant*- Any person(s) who applies for a Business Subsidy.

*City*- City of Caledonia, Minnesota.

*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.

## **V. General Business Subsidy Criteria**

To insure that publicly assisted economic development projects guarantee a public benefit and to assist the City in satisfying its community and economic development goals and objectives, the City may grant business subsidies to projects in accordance with the criteria listed below. The City will evaluate each request for a Business Subsidy on a case by case basis.

A. 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 sub-section? Therefore, the City and Authority will review each Business Subsidy application based on the following:

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.

- B. 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.
- C. Encourage New / Existing Business. The project will attract or retain competitive and financially strong commercial and industrial businesses which offer a potential for significant growth in employment and tax base.
- D. Highest and Best Land Use. The use of the Business Subsidy will encourage a high quality of construction and promote the highest and best use of land, consistent with the City's Comprehensive Plan, zoning ordinance, and other local regulations
- E. Needed Services. The project will provide a needed service in the community, including health care, convenience and social services which are not currently available.
- F. Economic Feasibility. The recipient can demonstrate that it has experience, sufficient other financing for the project, and that the project can be completed in a timely manner.
- G. Impact on City Services and Infrastructure. The project will not significantly and adversely increase the demands for service needs in the City.
- H. Job & Wage Goals. 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.
1. 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.
  2. 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.
  3. 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, and whether these jobs constitute "head of household" opportunities. 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."(Act, Subd.1)
- I. Tax Base. The project will broaden or diversify and thereby increase the City's tax base and generate new property tax revenue.

## **VI. 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. A 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.

## **VII. General Limitations for all Business Subsidy Projects**

- A. With the exception of Small Cities Development Program (SCDP) low interest and deferred commercial loans, 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.

## **VIII. 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 Applicant shall be responsible 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. In the event the deposit exceeds the costs, the balance will be refunded to the applicant.

- 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.
- G. Interest rate shall be determined by the type/source of Business Subsidy.
- H. Maximum Length of Term shall be determined by the type/source of Business Subsidy and the useful life of the assets being financed, limited to the following schedule:
 

1. Acquisition of Land	20 year financing terms
2. Acquisition of Building	20 year financing terms
3. New Construction	20 year financing terms
4. Machinery and Equipment	7 year financing terms
5. Building Renovation	15 year financing terms
6. Working Capital	1-5 year financing terms

## IX. 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 Business Subsidy requests that involve Tax Increment Financing, Tax Abatement, or other financing that requires a preliminary consultant review; or
  - e. A Pre-Application fee of \$25.00 for Revolving Loan Fund Loans. Additional fees may be required with the full application for loans that require consultant review.

Note: The Pre-application fee and/or fee deposit requirement will be reviewed and may be revised annually upon EDA recommendation and City Council approval.

- 2. City Staff and/or a third party will review the Pre-Application and provide a recommendation to the Authority and Council whether a full application should be considered, based on consideration of the proposed project in accordance with the City's Business Subsidy Criteria.

**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 documenting the need as set forth in *Section V* 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 VIII.D.)
10. Resumes and personal financial statements of all principals with 20% or more ownership in the business. (See VIII.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.



## **X. 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, including, but not limited to:

1. A Business Subsidy / Development Agreement;
2. A Loan Agreement and Promissory Note;
3. Collateral adequate to safeguard the Business Subsidy, with the understanding that the City interest in the assets financed may be subordinate to the primary lender.
4. Personal Guarantees may be required in any project at the sole discretion of the EDA or City and may be collateralized with personal assets where appropriate.
- 5.

## **XI. 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. Failure to abide by the City /EDA guidelines, laws and approved plans or agreements may result in the calling of the loan at the City's request.

DATE OF AMENDED POLICY ADOPTION: July, 10, 2000

BY: Robert E. Nelson  
(Title) CLERK

DATE OF PUBLIC HEARING: June 26, 2000

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

**RESOLUTION ADOPTING AMENDED BUSINESS SUBSIDY CRITERIA**

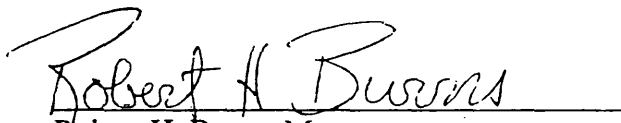
WHEREAS, Minnesota Statutes, Sections 116J.993 through 116J.995 (the "Statutes") require the adoption of criteria for the granting of business subsidies as defined in the Statutes; and

WHEREAS, the Caledonia City Council of the City of Caledonia has determined that it is necessary and appropriate to amend the business subsidy criteria adopted pursuant to the Statutes on March 27, 2000; and

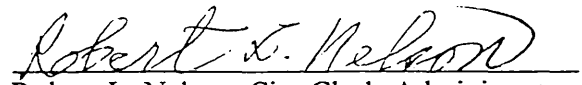
WHEREAS, the Caledonia City Council has performed all actions required by law to be performed prior to the adoption and approval of the proposed amended business subsidy criteria, including the holding of a public hearing upon published notice as required by law on June 26, 2000.

NOW, THEREFORE, BE IT RESOLVED by the Caledonia City Council of the City of Caledonia, Minnesota, that the amended 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: July 10, 2000

  
Robert H. Burns, Mayor

ATTEST:

  
Robert L. Nelson, City Clerk-Administrator

**CITY OF CHASKA  
BUSINESS SUBSIDY CRITERIA**

RECEIVED MAY 18 2001

**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**

RECEIVED MAY 18 2001

**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 BUSINESS 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-Economic Development 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.



Housing and Redevelopment Authority - Economic Development Authority  
6448 Main Street • P.O. Box 410 • North Branch, Minnesota 55056  
(651) 674-5664 • Fax (651) 674-2996

- 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-EDA shall be completed for each request. The HRA-EDA 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 living wage jobs of at least \$8.75 an hour plus benefits.
- 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).

*Adopted: 10/25/99*

*Revision Date: 6/21/00 (Section 6.01)*

## **EXHIBIT A**

### **CLEARWATER COUNTY BUSINESS SUBSIDY CRITERIA**

#### **Introduction**

Minnesota Statute 116J.994, Subd. 2, requires that local governments adopt criteria for awarding business subsidies prior to any award of a business subsidy after August 1, 1999. The following policy is enacted by Clearwater County in order to comply with the statutory requirements.

#### **Business Subsidy**

"Business subsidy" pursuant to M.S. 116J.993, Subd. 3, means a state or local agency grant, contribution of personal 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 Exhibit B).

#### **Criteria**

Criteria to be considered by Clearwater County prior to awarding of a business subsidy will include analysis of the following goals:

The project must meet one or more of the following goals:

1. Increasing employment opportunities for residents of Clearwater County. At least one (1) full time job must be created or retained for every \$35,000 of assistance. Wages paid for jobs created or retained must average a minimum of 1.5X the federal minimum wage. Job retention may only be used as a public purpose in cases where job loss is specific and demonstrable (M.S. 116J.994, Subd. 1). Job and wage goals must be attained within two years of the subsidy award.
2. Increasing the property tax base to generate more property tax revenue. (This purpose alone is insufficient pursuant to M.S. 116J.994, Subd. 1).
3. Provide or help acquire or construct public facilities.
4. Help develop or renew blighted areas.
5. Help provide access to services for residents of the county.
6. Retain the business if it is at risk of relocating outside of the county.

Additional criteria to be considered includes the following:

1. The project must comply with applicable Comprehensive Plan and Zoning Ordinances, or required changes to the plan and ordinances must be under active consideration at the time of approval.
2. Business subsidies may not be provided to projects that have the financial feasibility to proceed without the benefit of the subsidy. Prior to the 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.
3. 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. 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 begins.
5. 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.

6. Impact on area businesses will be taken into consideration.
7. Resolution of support from the city or township where the proposed project is located.
8. Tax abatement projects are also subject to requirements under M.S. 469.1812-1815. Please refer to the County's Tax Abatement Policy for more information.

### **Subsidy Agreement**

Any business requesting a business subsidy will be required to enter into a subsidy agreement. The subsidy recipient agrees to repay any benefits received should they not adhere to the agreement in its entirety. The subsidy agreement must include the following:

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. Measurable, specific, and tangible goals for the subsidy;
7. A description of the financial obligation of the business if the goals are not met;
8. A commitment to continue operations in the jurisdiction where the subsidy is used for at least five years after the benefit date.

In addition, business subsidies in the form of grants must be structured as a forgivable loan. For other types of business subsidies, the agreement must state the fair market value of the subsidy to the recipient, including the value of conveying property at less than fair market price, or other in-kind benefits to the recipient.

If a business subsidy benefits more than one recipient, Clearwater County must assign a proportion of the business subsidy to each recipient that signs the 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.

Clearwater County and the recipient must both sign the subsidy agreement and the agreement must be approved by the Clearwater County Board of Commissioners.

A recipient may be authorized to move the business from Clearwater County within the five-year period after the benefit date, if, after a public hearing, Clearwater County approves the recipient's request to move.

Additional details regarding the subsidy agreement may be found in M.S. 116J.994, Subd.3(c) and (d).

### **Public Notice and Hearing**

Before granting a business subsidy that exceeds \$100,000, Clearwater County will provide public notice and a hearing on the subsidy. Public notice shall be published in a local newspaper of general circulation. The public notice must identify the location at which the information about the business subsidy, including a summary of the terms of the subsidy, is available. Published notice will be sufficiently conspicuous in size and placement to distinguish the notice from the surrounding text. Clearwater County will make the information available in printed copies. Clearwater will provide at least a ten (10) day notice for the public hearing. The public notice will include the date, time, and place of the hearing.

If more than one local jurisdiction provides a business subsidy to the same recipient, the jurisdictions may designate one jurisdiction to hold a single public hearing regarding the business subsidies provided by all local jurisdictions.

**Summary Report Review**

Before signing the Business Subsidy Agreement, Clearwater County will check with the Minnesota Department of Trade & Economic Development Compilation and Summary Report to determine if the recipient has failed to meet the terms of any subsidy agreement in the past years and have not satisfied their repayment obligations.

**Failure to Meet Goals**

The Subsidy Agreement must specify the recipient's obligation if the recipient does not fulfill the agreement. At a minimum, the agreement must require a recipient failing to meet subsidy agreement goals to pay back the assistance plus interest to Clearwater County or, at Clearwater County's option, to the account created under M.S., Section 116J.551 provided that repayment may be prorated to reflect partial fulfillment of goals. The interest rate must be set at no less than the implicit price deflator as defined under M.S., Section 275.70, Subdivision 2.

Clearwater County, after a public hearing, may extend for up to one year the period for meeting the wage and job goals provided in the subsidy agreement. Clearwater County may extend the period for meeting other goals by documenting in writing the reason for the extension and attach a copy of the document to its next annual report to DTED. A recipient that fails to meet the terms of the Subsidy Agreement may not receive a business subsidy from Clearwater County for a period of five (5) years from the date of failure or until the recipient satisfies its repayment obligation, whichever occurs first.

**Reports by Recipients to Clearwater County**

Clearwater County will monitor the progress by the recipient in achieving agreement goals. The recipient must provide information regarding goals and results for two (2) 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 Minnesota Department of Trade & Economic Development (DTED) in cooperation with representatives of local government. Copies of the completed forms must be sent to Clearwater County or DTED if the State provided the subsidy. The report must include information required by DTED and M.S. 116J.994, Subd.7 and must be filed by no later than March 1 of each year.

**Reports by Clearwater County**

Clearwater County will file a report by April 1 of each year with DTED. The report will include a list of recipients that did not complete the recipient report and of recipients that have not met their job and wage goals within two (2) years and the steps being taken to bring them into compliance or to recover the subsidy.

## **EXHIBIT B**

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 equal to or less than 50 percent of the total cost;
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;
14. Funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in Section 501 (C) (3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
15. Assistance for 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;
18. General changes in tax increment financing law and other general tax law changes of a principally technical nature;

19. Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;
20. Funds from dock and wharf bonds issued by a seaway port authority;
21. Business loans and loan guarantees of \$75,000 or less;
22. Federal loan funds provided through the United States Department of Commerce, Economic Development Administration.

RECEIVED APR 04 2001

CLEARWATER COUNTY  
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, Clearwater County (the "County") has determined that it is necessary and appropriate to adopt business subsidy criteria pursuant to the Statutes; and

WHEREAS, the County has performed all actions required by law to be performed prior to the adoption and approval of the proposed business subsidy criteria, including the holding of a public hearing through the joint powers structure of the Clearwater Economic Development Organization upon published notice as required by law on December 7, 2000.

NOW THEREFORE BE IT RESOLVED BY THE CLEARWATER COUNTY BOARD OF COMMISSIONERS 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 County.

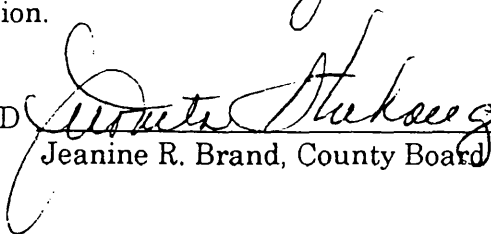
**MOTION:**

To adopt business subsidy criteria for Clearwater County pursuant to Minnesota Statutes 116J.993 through 116J.995.

-----CERTIFICATION-----

I hereby certify that the foregoing criteria is a true and correct copy of the criteria presented to and adopted by Clearwater County at a duly authorized meeting thereof, on the 2nd day of Jan., 2001, as shown by the minutes in my possession.

CERTIFIED

  
Jeanine R. Brand, County Board Coordinator

**CITY OF CLOQUET  
COUNTY OF CARLTON  
STATE OF MINNESOTA**

**RESOLUTION NO. 00-65**

**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; and

**WHEREAS,** The 2000 Minnesota Legislature amended these Statutes to require a specific wage floor as part of the policy; and

**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; and

**WHEREAS,** The City of Cloquet and its agencies have an established history of providing public financial assistance or business subsidies to private enterprises meeting certain public goals and objectives; and

**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; and

**WHEREAS,** The City Council conducted a public hearing at its July 5, 2000, meeting for the establishment of a business subsidy policy required by State.

**NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CLOQUET, MINNESOTA,** That the following Business Subsidy Policy is hereby established in the City of Cloquet:

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:

1. In cases where job creation is a goal, wages for jobs created shall be no less than \$7.25 per hour without health benefits or an hourly wage of \$6.50 with health benefits. Such wage shall be adjusted on July 1 of each year to reflect the change over the prior 12 months in the consumer price index calculated by the United States Department of Commerce applicable to the City of Cloquet. There may be instances in which other factors, such as 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, are sufficient enough reason for the wage policy to be waived.

If the City deviates from the wage requirements set forth above, it will document the reason(s) for the deviation and attach a copy of the document to its next annual report to the Department of Trade and Economic Development as required by the Act.

2. 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.
3. 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.

However, in order to be eligible to receive a subsidy a recipient must satisfy the following minimum requirements, unless waived by the City:


- a. The recipient must demonstrate that the proposed development or redevelopment would not occur without the requested subsidy.
- b. The recipient must demonstrate that it has the financial qualifications and experience to undertake and complete the proposed development or redevelopment in accordance with the terms of the agreements between the City, or other responsible city agency, and the recipient.
- c. The recipient must enter into a subsidy agreement as required by the Act.
- d. The recipient's proposed project must be consistent 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 at the time of approval.
- e. The subsidy must be permitted under applicable state legislative restrictions, debt limit guidelines, and other appropriate financial requirements and policies.
- f. The subsidy request should maximize the amount of private investment in the proposed development or redevelopment.

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

**PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CLOQUET  
THIS 5TH DAY OF JULY, 2000.**

  
\_\_\_\_\_  
Bruce Ahlgren, Mayor

ATTEST:

  
\_\_\_\_\_  
Brian Fritsinger, City Administrator

**EXHIBIT A****BUSINESS SUBSIDY POLICY AND CRITERIA****THE CITY OF COON RAPIDS, MINNESOTA  
AND ITS ECONOMIC DEVELOPMENT AUTHORITY**ADOPTED: May 2, 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 **Authority** means the Economic Development Authority in and for the City of Coon Rapids.
- 1.3 **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.
- 1.4 **City** means the City of Coon Rapids.
- 1.5 **Criteria** means those elements considered by the Grantors as a guide in the consideration of potential Recipients 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.
- 1.6 **Grantor** means the City and/or the Authority.
- 1.7 **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.
- 1.8 **Subsidy Agreement** means an agreement between a Grantor and a 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.** A Business Subsidy must have a defined public purpose. Public purposes that could apply to a project, among others, are listed in *Appendix C*.

**2.1** 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.

**2.2** 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 this section 3 and/or in *Appendix D*, if a 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 a financial institution.

**3.3** A Grantor will award a Business Subsidy within the shortest reasonable term of years, compatible with successful completion of a project.

**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, the 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 Board and executed by both the Grantor and the Recipient.

## APPENDIX A

### EXEMPTIONS FROM THE BUSINESS SUBSIDY ACT

The Business Subsidy, Act at section 116J.993, subdivision 3, 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.

## **APPENDIX B**

### **REQUIREMENTS FOR SUBSIDY AGREEMENTS**

**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

### SUGGESTIONS FOR SUBSIDY PUBLIC PURPOSES

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 enhance the value of surrounding properties 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 orderly growth of the City and generate significant economic spin off.
9. 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.
10. The project will employ a classification of people in the community at large who are not fully employed.
11. 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.
12. *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 Grantors hereby express 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 comprehensive plan of the City.
5. **Needed Services.** The project will provide a needed service in the City, including health care, convenience and social services which are not currently available.
6. **Unmet Housing Needs.** The project will provide housing alternatives the City currently needs 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 City. The Grantor 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.

RESOLUTION NO. 00-52

RECEIVED APR 8 2 2001

**RESOLUTION ADOPTING CRITERIA FOR AWARDING BUSINESS SUBSIDIES IN  
COMPLIANCE WITH THE REQUIREMENTS OF THE MINNESOTA  
BUSINESS SUBSIDY ACT**

**WHEREAS**, the City Council (the "Council") of the City of Coon Rapids, Minnesota (the "City") is required by Minnesota Statutes, Sections 116J.993 through 116J.995 (the "Business Subsidy Act") to hold a public hearing and adopt criteria for awarding business subsidies to for-profit and certain nonprofit private entities (the "Business Subsidy Criteria"), subject to limitations established by the Business Subsidy act; and

**WHEREAS**, the Council did hold a joint hearing on May 2, 2000 at the City Center, 11155 Robinson Drive, Coon Rapids, Minnesota to consider the establishment of Business Subsidy Criteria; and

**WHEREAS**, the Council did consider and discuss the Business Subsidy Criteria as guidelines, reserving the right, in Council's discretion, to approve business subsidies that vary from the Business Subsidy Criteria, if the Council determines the subsidy nevertheless serves a public purpose.

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

1. The Business Subsidy Criteria for the City, attached hereto as Exhibit A, is hereby adopted by the City and the Authority for guidance in the processing and review of applications for business subsidies to be award by the City and the Authority.
2. City Staff members are hereby authorized and directed to incorporate the Business Subsidy Criteria into the application and award process and to advise applicants of the requirements necessary for the award of business subsidies.

Adopted by the Council this second day of May, 2000.

\_\_\_\_\_  
Ilona McCauley, Mayor of the City

ATTEST:

\_\_\_\_\_  
Betty Backes, CMC, Clerk of the City

## ARTICLE V

### Business Subsidy Act Requirements

Section 5.1. Compliance with Business Subsidy Provisions. The parties agree and represent to each other as follows:

(a) The subsidy provided to the Developer is the conveyance of the Development Property to the Developer for \$15,579 for land which has a fair market value of \$115,320, representing a subsidy of \$99,723.

(b) The public purposes of the subsidy are to promote development of a manufacturing facility in the Authority, generate spin-off development at a key location in the Authority, increase net jobs in the Authority and the State, and increase the tax base of the Authority and the State.

(c) The goals for the subsidy are to secure construction of the Minimum Improvements on the Development Property; to maintain the Minimum Improvements as a manufacturing facility for at least five years as described in clause (f) below; and to create the jobs and wage levels in accordance with this section 5.1.

(d) If the goals described in clause (c) above are not met, the Developer must make the payments to the Authority described in section 5.3.

(e) The subsidy is needed because the cost of the Development Property at fair market value makes development of a manufacturing facility financially infeasible without public assistance, all as determined by the Authority upon approval of the TIF Plan.

(f) The Developer must continue operation of the Minimum Improvements as a manufacturing facility for at least five years after the date of issuance of the Certificate of Completion and Release of Forfeiture.

(g) The Developer does not have a parent corporation.

(h) The Developer has not received, and does not expect to receive financial assistance from any other grantor as defined in the Business Subsidy Act in connection with purchase of the Development Property or construction of the Minimum Improvements.

\* Section 5.2. Job and Wage Goals. Within two years after the date of issuance of the Certificate of Completion and Release of Forfeiture (the "Compliance Date"), the Developer shall cause to be created at least one new full-time equivalent job on the Development Property (excluding any jobs previously existing in the State as of the date of this Agreement and relocated to this site) and shall cause the wages for the one employee to be no less than \$8.50 per hour, exclusive of benefits. Notwithstanding anything to the contrary herein, if the wage and job goals described in this section 5.2 are met by the Compliance Date, those goals are deemed satisfied despite the Developer's continuing obligations under Sections 5.1(f) and 5.4. The Authority may, after a public

hearing, extend the Compliance Date by up to one year, provided that nothing in this Section 5.2 will be construed to limit the Authority's legislative discretion regarding this matter.

**Section 5.3. Remedies.** If the Developer fails to meet the goals described in Section 5.1(c), the Developer shall repay to the Authority upon written demand from the Authority a pro rata share of the amount of \$99,723, representing the amount of the subsidy granted to the Developer (unless the Authority exercises its right of reverter as to the Development Parcel under Section 8.3 hereof); and interest on said amount at the implicit price deflator as defined in Minnesota Statutes, Section 275.50, subd. 2, accrued from the date of issuance of the Certificate of Completion and Release of Forfeiture to the date of payment. The term pro rata share means percentages calculated as follows:

(i) if the failure relates to the number of jobs, the jobs required less the jobs created, divided by the jobs required;

(ii) if the failure relates to wages, the number of jobs required less the number of jobs that meet the required wages, divided by the number of jobs required;

(iii) if the failure relates to maintenance of the manufacturing facility in accordance with Section 5.1(f), 60 less the number of months of operation as a manufacturing facility (where any month in which the manufacturing facility is in operation for at least 15 days constitutes a month of operation), commencing on the date of the Certificate of Completion and Release of Forfeiture and ending with the date the manufacturing facility ceases operation as determined by the Authority, divided by 60; and

(iv) if more than one of clauses (i) through (iii) apply, the sum of the applicable percentages, not to exceed 100%.

Nothing in this Section 5.3 shall be construed to limit the Authority's remedies under Article VIII hereof. In addition to the remedy described in this Section 5.3 and any other remedy available to the Authority for failure to meet the goals stated in Section 5.1(c), the Developer agrees and understands that it may not receive a business subsidy from the Authority or any grantor as defined in the Business Subsidy Act for a period of five years from the date of the failure or until the Developer satisfies its repayment obligation under this Section, whichever occurs first.

**Section 5.4. Reports.** The Developer must submit to the Authority a written report regarding business subsidy goals and results by no later than March 1 of each year, commencing March 1, 2001 and continuing until the later of (i) the date the goals stated Section 5.1(c) are met; (ii) 30 days after expiration of the five-year period described in Section 5.1(f); or (iii) if the goals are not met, the date the subsidy is repaid in accordance with Section 5.3. The report must comply with Section 116J.994, subdivision 7 of the Business Subsidy Act. The Authority will provide information to the Developer regarding the required forms. If the Developer fails to timely file any report required under this Section 5.4, the Authority will mail the Developer a warning within one week after the required filing date. If, after 14 days of the postmarked date of the warning, the Developer fails to provide a report, the Developer must pay to the Authority a penalty of \$100 for each subsequent day until the report is filed. The maximum aggregate penalty payable under this Section 5.4 is \$1,000.

**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

## CITY OF COTTONWOOD

### City Policy Regarding Business Subsidy Criteria (Adopted January 25, 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 Cottonwood, Minnesota, 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 on the merits of the 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 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.



**Business Subsidy Policy  
Cottonwood County, 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 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 plan 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: Cottonwood Co. Bd of Commissioners Date: October 26, 1999

Date of Public Hearing: October 26, 1999 Signed: Maureen D. Wilson

## **CITY OF DELANO 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 the City of Delano. 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 created must be, within two years of the date assistance is received (as defined in the Act), at least equal to \$8.01 per hour 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 of influence 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. The evaluation of projects 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 specific and demonstrable.

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.

### **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.

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.
- 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 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 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.

Adopted by: Delano City Council

Date of adoption: December 19, 2000

Date of public hearing: December 19, 2000

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EXTRACT OF MINUTES OF A MEETING OF THE  
CITY COUNCIL OF THE CITY  
OF DELANO, MINNESOTA

HELD: December 19, 2000

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Delano, Wright County, Minnesota, was duly held on the 19th day of December, 2000, at 7:00 p.m.

The following members of the Council were present:

John Jaunich, Larry Bartels, Rhonda Painschab, Jim Mueller and Lindsay Wallace and the following were absent:

Member Mueller introduced the following resolution and moved its adoption:

RESOLUTION NO. R-00- 56

A RESOLUTION OF THE CITY DELANO APPROVING PROPERTY TAX  
ABATEMENTS FOR THE DELANO CROSSING PROJECT,  
AND ADOPTING A POLICY AND CRITERIA FOR  
GRANTING BUSINESS SUBSIDIES

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

1) KTJ Limited Partnership 42 (the "Company") has requested the City to abate the City's share of all property taxes to be generated for fifteen (15) years (specifically, with respect to the payable 2003 through 2017 property taxes) at the northwest corner of U.S. Highway 12 and County Line Road (County Road 139) (the "Property") for the approximately 75,000 square foot shopping center facility (the "Project") to be constructed by the Company and located therein, and has requested the City to adopt a policy and criteria for granting business subsidies (the "Business Subsidy Criteria"). Springsted Incorporated has requested on behalf of the City, in writing on November 27, 2000, that Independent School District No. 879 (the "School District") grant an abatement for the Property. The School District at a special meeting of its Board held on November 30, 2000 has declined, in writing on December 4, 2000, to grant an abatement for the Property. The abatement (the "Abatement") is currently estimated to be \$75,378 per year, for a total of not to exceed \$1,130,675 over the fifteen (15) year period.

2) On the date hereof, the Council held a public hearing on the question of the Abatement, and on the adoption of the Business Subsidy Criteria, and said hearing was preceded by at least 10 days but not more than 30 days prior published notice hereof.

3) The Abatement is authorized under Minnesota Statutes, Sections 469.1812 through 469.1815 (the "Abatement Law"), and the Business Subsidy Criteria is pursuant to Minnesota Statutes, Sections 116J.993 through 116J.995.

4) The City Council hereby makes the following findings:

(a) The Council expects the benefits to the City of the Abatement to at least equal the costs thereof.

(b) Granting the Abatement is in the public interest because it will increase or preserve the tax base of the City, help retain and expand commercial and industrial enterprise in the City, and provide employment opportunities in the City.

(c) The Council expects the public benefits described in (b) above to be derived from the Abatement.

(d) The Property is not located in a tax increment financing district.

(e) In any year, the total amount of property taxes abated by the City by this and other resolutions does not exceed the greater of five percent (5%) of the current levy or \$100,000.

5) The Abatement is hereby approved. The terms of the Abatement are as follows:

(a) The Abatement shall be for fifteen (15) years and shall apply to the taxes payable in the years 2003 through 2017, inclusive.

(b) The Abatement shall be for 100% of the City's share of the ad valorem property taxes generated by the Property.

(c) The Abatement may not be modified or changed during the term set forth in (a) above, except with the prior written consent of the Company and the City.

(d) The Abatement shall be subject to all the terms and limitations of the Abatement Law.

(e) In order to be entitled to the Abatement, the Company shall not be in default within the City of any of its payment obligations respecting any taxes, assessments, utility charges or other governmental impositions.

6) The Business Subsidy Criteria attached hereto as Exhibit A is hereby adopted. The City Clerk-Treasurer is hereby authorized and directed to submit a copy of the Business Subsidy Criteria with the Department of Trade and Economic Development, along with the next annual report in accordance with Minnesota Statutes, Section 116J.994, Subdivision 2.

The motion for the adoption of the foregoing resolution was duly seconded by member Wallace and upon vote being taken thereon, the following voted in favor thereof:


John Jaunich, Larry Bartels, Rhonda Painschab, Jim Mueller and Lindsay Wallace and the following voted against the same: None

Whereupon said resolution was declared duly passed and adopted.



Mayor

ATTEST:



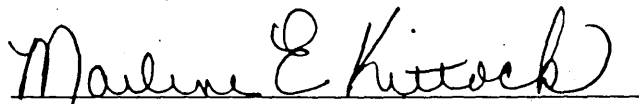
Clerk-Treasurer



STATE OF MINNESOTA  
COUNTY OF WRIGHT  
CITY OF DELANO

I, the undersigned, being the duly qualified and acting City Clerk-Treasurer of the City of Delano, Minnesota, DO HEREBY CERTIFY that I have carefully compared the attached and foregoing extract of minutes with the original minutes thereof on file in my office and I further certify that the same is a full, true, and correct transcript thereof insofar as said minutes relate to property tax abatements for the Delano Crossing Project, and to adoption of a policy and criteria for granting business subsidies.

WITNESS my hand officially this 19th day of December, 2000.

  
City Clerk-Treasurer

## Dilworth Business Subsidies Criteria

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The City of Dilworth 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, 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 requirement outlines 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 that pay a livable wage in the area. The City will consider granting subsidies to businesses that pay minimum wage per hour.

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.

NO MN 9825

AFFIDAVIT OF PUBLICATION

STATE OF MINNESOTA  
COUNTY OF CLAY

ss

Debra N. Kie

being duly sworn, on oath she is and during all the times herein stated has been the Legals Clerk of the newspaper known as **THE FORUM** and has full knowledge of the facts herein stated as follows: (1) Said newspaper is printed in the English language in newspaper format and in column and sheet form equivalent in printed space to at least 900 square inches. (2) Said newspaper is a daily and is distributed at least five days each week, or four days in a week in which a legal holiday is included. (3) Said newspaper has 25% of its news columns devoted to news of local interest to the community which it purports to serve and does not wholly duplicate any other publication and is not made up entirely of patents, plate matter and advertisements. (4) Said newspaper is circulated in and near the municipality which it purports to serve, has at least 500 copies regularly delivered to paying subscribers, has an average of at least 75% of its total circulation currently paid or no more than three months in arrears and has entry as second-class matter in its local post-office. (5) Said newspaper purports to serve the City of Mhd in the County of Clay and it has its known office of issue in the City of Moorhead in said county, established and open during its regular business hours for the gathering of news, sale of advertisements and sale of subscriptions and maintained by the managing officer of said newspaper or persons in its employ and subject to his direction and control during all such regular business hours and devoted exclusively during such regular business hours to the business of the newspaper and business related thereto. (6) Said newspaper files a copy of each issue immediately with the State Historical Society. (7) Said newspaper is made available at single or subscription prices to any person, corporation, partnership or other unincorporated association requesting the newspaper and making the applicable payment. (8) Said newspaper has complied with all the foregoing conditions for at least one year preceding the day or dates of publication mentioned below. (9) Said newspaper has filed with the Secretary of State of Minnesota prior to January 1, 1966 and each January 1 thereafter an affidavit in the form prescribed by the Secretary of State and signed by the managing officer of said newspaper and sworn to before a notary public stating that the newspaper is a legal newspaper.

She further states on oath that the printed

Public Hearing

hereto attached as a part hereof was cut from the columns of said newspaper, and was printed and published therein in the English language, once each week, for 1 successive

five weeks, that it was first so published on Monday

the 17 day of July, 2000 and was thereafter printed and published on every

to and including the 19 day of July, 2000 and that the following is a printed copy of the lower case alphabet from A to Z, both inclusive, and is hereby acknowledged as being the size and kind of type used in the composition and publication of said notice, to wit:

(a b c d e f g h i j k l m n o p q r s t u v w x y z)

Carol Lund

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**PUBLIC HEARING**  
The City of Dilworth, Minnesota, will hold a public hearing on Wednesday, July 26, 2000 at 7:30 p.m. in Dilworth City Hall. The purpose of this public hearing is to consider criteria for awarding business subsidies. The criteria will include a wage policy for jobs created by a recipient of public business subsidies. You are hereby notified that all persons interested may appear and have the opportunity to be heard. Paul Maurer, Mayor  
Stan Tharion, Community Planner  
(July 17, 2000)

PUBLICATION FEES

11 Lines straight composition

1 times @ 35 \$ 3.85

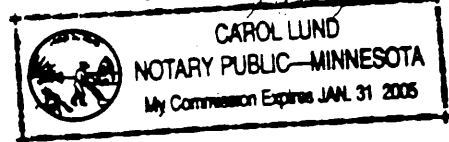
5 Lines extra composition

1 times @ 11.6 \$ 58

TOTAL \$ 4.43

Subscribed and sworn to before me this 20th

day of July, 2000





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**ORIGINAL  
DO NOT REMOVE**

**Briefing Paper**  
on  
**Business Subsidies**  
  
and the Requirements of  
**1999 Minnesota Business Subsidies Law**

**Michael Conlan**  
**April 20, 2000**

\* \* \* \* \*

The proposed business subsidy criteria is required to be adopted by a local government agency. If the local government agency is not an elected body, the business subsidy criteria does not need to be approved by the local elected governing body (e.g. City Council). **It is the intent, however, to have the criteria reviewed and approved by the City Council in an open meeting format as well.**

\* \* \* \* \*

## **BUSINESS SUBSIDY CRITERIA**

The following business subsidy criteria is 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. For the purposes of this Policy, assistance which otherwise would be considered a "Business Subsidy" pursuant to the Act shall constitute a "Business Subsidy" if the entity receiving the same is "Recipient" as that term is defined in Minnesota Statutes Section 116J.993, subdivision 6.

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

1. DEDA 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 or retention of jobs, but is nonetheless found to be worthy of support and subsidy, assistance may be approved with wage and job goals established at zero in accordance with 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. Subject to the limitations set forth in Subparagraph 1 of Paragraph D below, the setting of wage and job goals will be formed by (i) prevailing wage rates, (ii) local economic conditions, (iii) external economic forces over which neither DEDA 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, DEDA 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.**

DEDA 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. DEDA may consider the requirements of any other business subsidy received, or to be received, from a grantor other than DEDA.
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 DEDA.
4. If the business subsidy is received over time, DEDA may value the subsidy at its present value using a discount rate equal to an interest rate which DEDA 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 after the estimated benefit date.

### 3. Land Use.

a. Compliance with Comprehensive or Other Plans. Whether, apart from any needed services to the community described in Section 6 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 DEDA, include landscaping, open space, public trails, employee workout 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 DEDA 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 toward 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, to 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 DEDA 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. 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 in compliance with the provisions of the Duluth Living Wage Ordinance, as amended, and at least equal to the prevailing wage for like or similar jobs within the area or such greater amount as DEDA may require for a specific project.

2. Economic Feasibility. The recipient must demonstrate to the satisfaction of DEDA that it has adequate financing for the project and that the project will be completed in a timely fashion.



\*3. Compliance with Act. The business subsidy from DEDA must satisfy all requirements of the Act.

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

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

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

**\*These are the only provisions in this business subsidy criteria document which are required by law.**

# COUNCIL COPY

RECEIVED MAR 29 2000

00-0333R(a)

RESOLUTION ADOPTING CRITERIA THAT APPLY TO A BUSINESS  
THAT REQUESTS A BUSINESS SUBSIDY FROM THE CITY.

BY PRESIDENT GILBERT AND COUNCILORS FENA, NESS, STOVER AND STEWART:

WHEREAS, Minnesota Statutes §116J.993-§116J.995 requires the city to develop criteria before awarding certain businesses a business subsidy in order to ensure the project meets a public purpose with measurable, specific and tangible goals related to that public purpose; and

WHEREAS, the city requires city council approval of all Duluth Economic Development Authority expenditures of \$25,000, or more;

BE IT RESOLVED, that the Duluth city council adopts the following mandatory and preferential criteria for businesses receiving assistance from the city of \$25,000 or more.

Mandatory Criteria. All projects receiving assistance of \$25,000, or more, must satisfy the following ~~eight~~ seven criteria:

(a) Public Purpose Criteria. The project must meet two of the following five public purpose criteria:

(1) High Quality Jobs. If the project results in the creation of new jobs, then the jobs must be predominantly full-time jobs that pay at least a living wage (as defined by Duluth's Living Wage Ordinance) and provide health insurance and other benefits.

(2) Job Retention. If the recipient can demonstrate that job loss is imminent without a business subsidy, then the recipient must present a plan which shows that a significant number of the existing jobs will be retained for at least five years after completion of the subsidy.

(3) Economic Diversity. The project must contribute to the economic diversity of the city by reducing dependency upon declining industries,

participating in fast growing industries, or supporting existing industries of manufacturing, education, health care, retail sales, tourism, and service and technology.

(4) Quality of life. The project must enhance the quality of life of the city's residents by investing in neglected neighborhoods or business areas, utilizing in-fill areas rather than contributing to urban sprawl, benefitting the environment, or redeveloping blighted or polluted areas.

(5) Tax Base. The city must realize a reasonable rate of return on its public investment in the project in the form of an increase in tax base or other monetary return.

(b) Specific Goals. The project will have measurable, specific and tangible goals as they relate to the stated public purpose.

(c) Equal Opportunity. The recipient will abide by all local, state and federal laws prohibiting discriminatory hiring and employment practices and agree to affirmatively seek out participation in the project by members of protected classes.

(d) Project Feasibility and Disclosure. 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.

(e) Wage Policy. If the project results in the creation of any job, the wage for each part-time and full-time job created must be in compliance with Duluth's Living Wage Ordinance and at least equal to the prevailing wage for like or similar projects within the area or such greater amount as required by the city for a specific project.

(f) Report to the Council. At the time the city council reviews a project development agreement calling for assistance of \$25,000 or more, a report

shall be submitted to councilors summarizing the information necessary for them to exercise their due diligence, as determined by the city council.

(g) Applicable laws. The recipient will agree to satisfy all requirements of Minnesota's business subsidy law as defined in Minnesota Statutes §116J.993-§116J.995 and Duluth's living wage ordinance, as amended, in Article 26, Chapter 2 of the Duluth City Code.

Preferential Criteria. Businesses that meet any or all of the following criteria shall be given preference for receiving assistance over other businesses that meet the mandatory criteria but not any of the preferential criteria.

(a) Locally Owned Businesses. Preference shall be given to locally owned businesses or to projects that make extensive use of local businesses for support.

(b) Hiring Low-Income People. Preference shall be given to businesses with a commitment and plan to hire people earning at or below 200% of the poverty line.

(c) Protected Class Business Owners. Preference shall be given to businesses owned in whole or in part by members of protected classes.

(d) Quality of Life Businesses. Preference shall be given to businesses that are environmentally responsible and enhance the overall quality of life in the city.

Resolution 00-0333(a) was unanimously  
adopted.

Approved \_\_\_\_\_

MAY 22 2000

Gary L. Daly MAYOR

**NOTICE OF PUBLIC HEARING  
ON PROPOSED ADOPTION OF CRITERIA  
FOR AWARDING BUSINESS SUBSIDIES  
BY THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY**

NOTICE IS HEREBY GIVEN that the Duluth Economic Development Authority of the City of Duluth 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 May 9, 2000, at 5:00 p.m. in Room 402 City Hall. The purpose of the meeting is to consider proposed criteria to be applied by the Authority in determining whether to make grants, 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 Duluth Economic Development Authority, at 402 City Hall, during regular business hours.

At the public hearing, all interested parties may express their comments for consideration by the Duluth Economic Development Authority

DULUTH ECONOMIC DEVELOPMENT AUTHORITY

By: \_\_\_\_\_  
Executive Director

# COUNCIL COPY

00-0522R

REPLACEMENT

RESOLUTION AMENDING RESOLUTION 00-0333R(A) RELATING TO  
BUSINESS SUBSIDY CRITERIA

BY PRESIDENT GILBERT:

RECEIVED MAR 29 2001

WHEREAS, the Duluth city council passed Resolution 00-0333R(a) on May 22, 2000, adopting criteria that apply to a business that requests a business subsidy from the city of \$25,000 or more; and

WHEREAS, the Duluth city council desires that certain assistance programs be exempt from said resolution.

NOW, THEREFORE, BE IT RESOLVED, that ~~Resolution~~ Resolution 00-0333R(a) is amended to read as follows:

BE IT RESOLVED, that the Duluth city council adopts, effective May 22, 2000, the following mandatory and preferential criteria ~~to be applied when for businesses a recipient as that term is defined in Minnesota Statutes §116J.993 subd. 6 receives~~ receiving assistance from the city of \$25,000 or more. The following assistance shall be exempt from the requirements of this resolution:

~~(a) Assistance for housing.~~

Federal Community Development Block Grant Program assistance until the assistance has been repaid to, and reinvested by, the city.

Mandatory Criteria. All projects receiving assistance of \$25,000, or more, must satisfy the following seven criteria:

(a) Public Purpose Criteria. The project must meet two of the following five public purpose criteria:

(1) High Quality Jobs. If the project results in the creation of new jobs, then the jobs must be predominantly full-time jobs that pay at least a living wage (as defined by Duluth's Living Wage Ordinance) and provide health insurance and other benefits.

(2) Job Retention. If the recipient can demonstrate that job loss

is imminent without a business subsidy, then the recipient must present a plan which shows that a significant number of the existing jobs will be retained for at least five years after completion of the subsidy.

(3) Economic Diversity. The project must contribute to the economic diversity of the city by reducing dependency upon declining industries, participating in fast growing industries, or supporting existing industries of manufacturing, education, health care, retail sales, tourism, and service and technology.

(4) Quality of life. The project must enhance the quality of life of the city's residents by investing in neglected neighborhoods or business areas, utilizing in-fill areas rather than contributing to urban sprawl, benefitting the environment, or redeveloping blighted or polluted areas.

(5) Tax Base. The city must realize a reasonable rate of return on its public investment in the project in the form of an increase in tax base or other monetary return.

(b) Specific Goals. The project will have measurable, specific and tangible goals as they relate to the stated public purpose.

(c) Equal Opportunity. The recipient will abide by all local, state and federal laws prohibiting discriminatory hiring and employment practices and agree to affirmatively seek out participation in the project by members of protected classes.

(d) Project Feasibility and Disclosure. 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.

(e) Wage Policy. If the project results in the creation of any job, the wage for each part-time and full-time job created must be in compliance with

Duluth's Living Wage Ordinance and at least equal to the prevailing wage for like or similar projects within the area or such greater amount as required by the city for a specific project.

(f) Report to the Council. At the time the city council reviews a project development agreement calling for assistance of \$25,000 or more, a report shall be submitted to councilors summarizing the information necessary for them to exercise their due diligence, as determined by the city council.

(g) Applicable laws. The recipient will agree to satisfy all requirements of Minnesota's business subsidy law as defined in Minnesota Statutes §116J.993-§116J.995 and Duluth's living wage ordinance, as amended, in Article 26, Chapter 2 of the Duluth City Code.

Preferential Criteria. Businesses that meet any or all of the following criteria shall be given preference for receiving assistance over other businesses that meet the mandatory criteria but not any of the preferential criteria.

(a) Locally Owned Businesses. Preference shall be given to locally owned businesses or to projects that make extensive use of local businesses for support.

(b) Hiring Low-Income People. Preference shall be given to businesses with a commitment and plan to hire people earning at or below 200% of the poverty line.

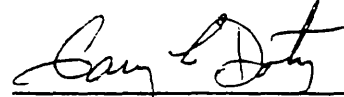
(c) Protected Class Business Owners. Preference shall be given to businesses owned in whole or in part by members of protected classes.



(d) Quality of Life Businesses. Preference shall be given to businesses that are environmentally responsible and enhance the overall quality of live in the city.

Resolution 00-0522, as amended, was adopted upon a unanimous vote.

Approved July 31, 2000



Mayor

Approved:



Department Director

Approved for presentation to Council:



Administrative Assistant

Approved as to form:



Assistant City Attorney

Approved:



City Auditor

BD JMC:mdp July 24, 2000

STATEMENT OF PURPOSE:

The purpose of this resolution is to amend city council resolution 00-0333R(a) to delete the term "businesses" and substitute the term "recipients" as it is defined in Minnesota Statutes §116J.993 subd. 6 and to make certain assistance exempt from the requirements of the business subsidy resolution, that is, assistance for housing and Federal assistance until the assistance has been repaid to, and reinvested by, the city.

# COUNCIL COPY

00-0731R

## RESOLUTION AMENDING RESOLUTION 00-0522R RELATING TO BUSINESS SUBSIDY CRITERIA

BY COUNCILOR FENA:

RECEIVED MAR 29 2001

WHEREAS, the Duluth city council passed Resolution 00-0333R(a) on May 22, 2000, which was amended by Resolution 00-0522R on July 31, 2000, adopting criteria that apply to a business that requests a business subsidy from the city of \$25,000 or more (Resolution 00-0333R(A) and Resolution 00-0522R herein after referred to as the "business subsidy resolution"); and

WHEREAS, the Duluth city council desires to further amend the business subsidy resolution in order to exempt certain federal and state housing program assistance from said resolution.

NOW, THEREFORE, BE IT RESOLVED, that the business subsidy resolution is amended to read as follows:

"BE IT RESOLVED, that the Duluth City Council adopts, effective May 22, 2000, the following mandatory and preferential criteria for businesses receiving assistance from the city of \$25,000 or more. The following assistance shall be exempt from the requirements of this resolution:

(a) Federal community development block grant program assistance until the assistance has been repaid to, and reinvested by, the city.

(b) Federal Emergency Shelter Grant (ESG) and HOME Investment Partnership program assistance until the assistance has been repaid to, and reinvested by, the city.

(c) Minnesota Housing Finance Agency - Community Revitalization Fund and Innovative Housing Loan Program.

Mandatory criteria. All projects receiving assistance of \$25,000, or more, must satisfy the following seven criteria:

(a) Public purpose criteria. The project must meet two of the following five public purpose criteria:

(1) High quality jobs. If the project results in the creation of new jobs, then the jobs must be predominantly full-time jobs that pay at least a living wage (as defined by Duluth 's living wage ordinance) and provide health insurance and other benefits;

(2) Job retention. If the recipient can demonstrate that job loss is imminent without a business subsidy, then the recipient must present a plan which shows that a significant number of the existing jobs will be retained for at least five years after completion of the subsidy;

(3) Economic diversity. The project must contribute to the economic diversity of the city by reducing dependency upon declining industries, participating in fast growing industries, or supporting existing industries of manufacturing, education, health care, retail sales, tourism and service and technology;

(4) Quality of life. The project must enhance the quality of life of the city's residents by investing in neglected neighborhoods or business areas, utilizing in-fill areas rather than contributing to urban sprawl, benefitting the environment, or redeveloping blighted or polluted areas;

(5) Tax base. The city must realize a reasonable rate of return on its public investment in the project in the form of an increase in tax base or other monetary return;

(b) Specific goals. The project will have measurable, specific and tangible goals as they relate to the stated public purpose;

(c) Equal opportunity. The recipient will abide by all local, state and federal laws prohibiting discriminatory hiring and employment practices and agree

to affirmatively seek out participation in the project by members of protected classes;

(d) Project feasibility and disclosure. 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;

(e) Wage policy. If the project results in the creation of any job, the wage for each part-time and full-time job created must be in compliance with Duluth's living wage ordinance and at least equal to the prevailing wage for like or similar projects within the area or such greater amount as required by the city for a specific project;

(f) Report to the council. At the time the city council reviews a project development agreement calling for assistance of \$25,000 or more, a report shall be submitted to councilors summarizing the information necessary for them to exercise their due diligence, as determined by the city council;

(g) Applicable laws. The recipient will agree to satisfy all requirements of Minnesota's business subsidy law as defined in Minnesota Statutes §116J.993-§116J.995 and Duluth's living wage ordinance, as amended, in Article 26, Chapter 2 of the Duluth City Code.

Preferential criteria. Businesses that meet any or all of the following criteria shall be given preference for receiving assistance over other businesses that meet the mandatory criteria but not any of the preferential criteria.

(a) Locally owned businesses. Preference shall be given to locally owned businesses or to projects that make extensive use of local businesses for support;

(b) Hiring low-income people. Preference shall be given to businesses with a commitment and plan to hire people earning at or below 200 percent of the

poverty line;

(c) Protected class business owners. Preference shall be given to businesses owned in whole or in part by members of protected classes;

(d) Quality of life businesses. Preference shall be given to businesses that are environmentally responsible and enhance the overall quality of live in the city."

Resolution 20-0731 was unanimously adopted.

Approved OCT 23 2000  
Sam D. Doty MAYOR

Approved:

[Signature]  
Department Director

Approved for presentation to council:

[Signature]  
Administrative Assistant

Approved as to form:

[Signature]  
Assistant City Attorney  
Atty. JMC:mdp September 22, 2000

Approved:

[Signature]  
City Auditor

#### STATEMENT OF PURPOSE:

The purpose of this resolution is to amend the business subsidy resolution to exempt the following from the requirements of said business subsidy resolution: 1) Federal ESG and HOME Program assistance until the assistance has been repaid to, and reinvested by, the city; and 2) MHFA funding granted for At-Home in Duluth housing efforts. These types of assistance are exempted under the business subsidy law, Minnesota Statute Section 116J.993, subd. 3. The reason for exempting these programs is that they serve a public purpose which has been identified and reviewed through an extensive public process.

# COUNCIL COPY

01-0241R

RESOLUTION AMENDING RESOLUTION 00-0731 RELATING TO  
BUSINESS SUBSIDY CRITERIA.

RECEIVED MAR 29 2001

BY COUNCILOR STEWART:

WHEREAS, the Duluth City Council passed Resolution 00-0333(a) on May 22, 2000, which was amended by Resolution 00-0522 on July 31, 2000 and by Resolution No. 00-0731 on October 23, 2000, adopting criteria that apply to a business that requests a business subsidy from the city of \$25,000 or more (Resolution 00-0333(a), Resolution 00-0522 and Resolution 00-0731 herein after referred to as the "business subsidy resolution"); and

WHEREAS, the Duluth City Council desires to further amend the business subsidy resolution in order to exempt certain federal and state housing program assistance from said resolution.

NOW, THEREFORE, BE IT RESOLVED, that the business subsidy resolution is amended to read as follows:

"BE IT RESOLVED, that the Duluth City Council adopts, effective May 22, 2000, the following mandatory and preferential criteria for businesses receiving assistance from the city of \$25,000 or more. The following assistance shall be exempt from the requirements of this resolution:

(a) Federal community development block grant program assistance until the assistance has been repaid to, and reinvested by, the city;

(b) Federal emergency shelter grant (ESG) and HOME investment partnership program assistance until the assistance has been repaid to, and reinvested by, the city;

(c) Minnesota housing finance agency - community revitalization fund and innovative housing loan program.

(d) Assistance for housing in the form of a loan at an interest rate not generally available to the borrower in the commercial lending market for the extension of streets and utilities received by the borrower pursuant to authorization under Chapter IX of the Duluth City Charter.

Mandatory criteria. All projects receiving assistance of \$25,000, or more, must satisfy the following seven criteria:

(a) Public purpose criteria. The project must meet two of the following five public purpose criteria:

(1) High quality jobs. If the project results in the creation of new jobs, then the jobs must be predominantly full-time jobs that pay at least a living wage (as defined by Duluth 's living wage ordinance) and provide health insurance and other benefits;

(2) Job retention. If the recipient can demonstrate that job loss is imminent without a business subsidy, then the recipient must present a plan which shows that a significant number of the existing jobs will be retained for at least five years after completion of the subsidy;

(3) Economic diversity. The project must contribute to the economic diversity of the city by reducing dependency upon declining industries, participating in fast growing industries, or supporting existing industries of manufacturing, education, health care, retail sales, tourism and service and technology;

(4) Quality of life. The project must enhance the quality of life of the city's residents by investing in neglected neighborhoods or business areas, utilizing in-fill areas rather than contributing to urban sprawl, benefitting the environment, or redeveloping blighted or polluted areas;

(5) Tax base. The city must realize a reasonable rate of return on its public investment in the project in the form of an increase in tax base or other monetary return;

(b) Specific goals. The project will have measurable, specific and tangible goals as they relate to the stated public purpose;

(c) Equal opportunity. The recipient will abide by all local, state and federal laws prohibiting discriminatory hiring and employment practices and agree to affirmatively seek out participation in the project by members of protected classes;

(d) Project feasibility and disclosure. 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;

(e) Wage policy. If the project results in the creation of any job, the wage for each part-time and full-time job created must be in compliance with Duluth's living wage ordinance and at least equal to the prevailing wage for like or similar projects within the area or such greater amount as required by the city for a specific project;

(f) Report to the council. At the time the city council reviews a project development agreement calling for assistance of \$25,000 or more, a report shall be submitted to councilors summarizing the information necessary for them to exercise their due diligence, as determined by the city council;

(g) Applicable laws. The recipient will agree to satisfy all requirements of Minnesota's business subsidy law as defined in Minnesota Statutes §116J.993-§116J.995 and Duluth's living wage ordinance, as amended, in Article 26, Chapter 2 of the Duluth City Code.

Preferential criteria. Businesses that meet any or all of the following criteria shall be given preference for receiving assistance over other businesses that meet the mandatory criteria but not any of the preferential criteria.

(a) Locally owned businesses. Preference shall be given to locally owned businesses or to projects that make extensive use of local businesses for support;



(b) Hiring low-income people. Preference shall be given to businesses with a commitment and plan to hire people earning at or below 200 percent of the poverty line;

(c) Protected class business owners. Preference shall be given to businesses owned in whole or in part by members of protected classes;

(d) Quality of life businesses. Preference shall be given to businesses that are environmentally responsible and enhance the overall quality of live in the city."

Resolution 01-0214 was unanimously adopted.

Approved MAR 19 2001  
Cam Z. Doherty MAYOR

Approved for presentation to council:

[Signature]  
Administrative Assistant

Approved as to form:

[Signature]  
Attorney

ATTY. REA:nmj 03/16/01

STATEMENT OF PURPOSE: The purpose of this resolution is to amend the business subsidy resolution to exempt from the requirements of the business subsidy resolution assessments for streets and utilities undertaken pursuant to the Charter.

Under the State Business Subsidy Act, any transaction which results in a below-market interest rate loan to a "Recipient" as the statute defines "Recipient" is a "Business Subsidy". Because the petitioners under our assessment process usually pay an interest rate lower than they could ordinarily borrow for themselves, assessments become "business subsidies".

The State avoided this problem by adopting a definition of Recipient and by exempting all "assistance to housing". The City instead made the business subsidy criteria effective as against "businesses" and chose not to exclude

"assistance to housing" from the impact of its criteria. This the benefits of assessments related to residential projects undertaken by developers becomes a "business subsidy".

This amendment modifies the City's criteria to exclude assessments at below-market interest rates related to housing from the class of assistance which is subject to the City's Business Subsidy Criteria.

RECEIVED MAR 29 2001

**ORIGINAL  
DO NOT REMOVE**

**Briefing Paper**  
on  
**Business Subsidies**  
and the Requirements of  
**1999 Minnesota Business Subsidies Law**

**Michael Conlan  
April 20, 2000**

\* \* \* \* \*

The proposed business subsidy criteria is required to be adopted by a local government agency. If the local government agency is not an elected body, the business subsidy criteria does not need to be approved by the local elected governing body (e.g. City Council). **It is the intent, however, to have the criteria reviewed and approved by the City Council in an open meeting format as well.**

\* \* \* \* \*

## **BUSINESS SUBSIDY CRITERIA**

The following business subsidy criteria is 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. For the purposes of this Policy, assistance which otherwise would be considered a "Business Subsidy" pursuant to the Act shall constitute a "Business Subsidy" if the entity receiving the same is "Recipient" as that term is defined in Minnesota Statutes Section 116J.993, subdivision 6.

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

1. DEDA 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 or retention of jobs, but is nonetheless found to be worthy of support and subsidy, assistance may be approved with wage and job goals established at zero in accordance with 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. Subject to the limitations set forth in Subparagraph 1 of Paragraph D below, the setting of wage and job goals will be formed by (i) prevailing wage rates, (ii) local economic conditions, (iii) external economic forces over which neither DEDA 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, DEDA 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.**

DEDA 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. DEDA may consider the requirements of any other business subsidy received, or to be received, from a grantor other than DEDA.

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 DEDA.

4. If the business subsidy is received over time, DEDA may value the subsidy at its present value using a discount rate equal to an interest rate which DEDA 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 after the estimated benefit date.

### 3. Land Use.

a. Compliance with Comprehensive or Other Plans. Whether, apart from any needed services to the community described in Section 6 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 DEDA, include landscaping, open space, public trails, employee workout 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 DEDA 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 toward 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, to 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 DEDA 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. 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 in compliance with the provisions of the Duluth Living Wage Ordinance, as amended, and at least equal to the prevailing wage for like or similar jobs within the area or such greater amount as DEDA may require for a specific project.

2. Economic Feasibility. The recipient must demonstrate to the satisfaction of DEDA that it has adequate financing for the project and that the project will be completed in a timely fashion.

\*3. Compliance with Act. The business subsidy from DEDA must satisfy all requirements of the Act.

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

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

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

**\*These are the only provisions in this business subsidy criteria document which are required by law.**



# COUNCIL COPY

00-0333R(a)

RECEIVED MAR 29 2001

RESOLUTION ADOPTING CRITERIA THAT APPLY TO A BUSINESS  
THAT REQUESTS A BUSINESS SUBSIDY FROM THE CITY.

BY PRESIDENT GILBERT AND COUNCILORS FENA, NESS, STOVER AND STEWART:

WHEREAS, Minnesota Statutes §116J.993-§116J.995 requires the city to develop criteria before awarding certain businesses a business subsidy in order to ensure the project meets a public purpose with measurable, specific and tangible goals related to that public purpose; and

WHEREAS, the city requires city council approval of all Duluth Economic Development Authority expenditures of \$25,000, or more;

BE IT RESOLVED, that the Duluth city council adopts the following mandatory and preferential criteria for businesses receiving assistance from the city of \$25,000 or more.

Mandatory Criteria. All projects receiving assistance of \$25,000, or more, must satisfy the following ~~eight~~ seven criteria:

(a) Public Purpose Criteria. The project must meet two of the following five public purpose criteria:

(1) High Quality Jobs. If the project results in the creation of new jobs, then the jobs must be predominantly full-time jobs that pay at least a living wage (as defined by Duluth's Living Wage Ordinance) and provide health insurance and other benefits.

(2) Job Retention. If the recipient can demonstrate that job loss is imminent without a business subsidy, then the recipient must present a plan which shows that a significant number of the existing jobs will be retained for at least five years after completion of the subsidy.

(3) Economic Diversity. The project must contribute to the economic diversity of the city by reducing dependency upon declining industries,

participating in fast growing industries, or supporting existing industries of manufacturing, education, health care, retail sales, tourism, and service and technology.

(4) Quality of life. The project must enhance the quality of life of the city's residents by investing in neglected neighborhoods or business areas, utilizing in-fill areas rather than contributing to urban sprawl, benefitting the environment, or redeveloping blighted or polluted areas.

(5) Tax Base. The city must realize a reasonable rate of return on its public investment in the project in the form of an increase in tax base or other monetary return.

(b) Specific Goals. The project will have measurable, specific and tangible goals as they relate to the stated public purpose.

(c) Equal Opportunity. The recipient will abide by all local, state and federal laws prohibiting discriminatory hiring and employment practices and agree to affirmatively seek out participation in the project by members of protected classes.

(d) Project Feasibility and Disclosure. 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.

(e) Wage Policy. If the project results in the creation of any job, the wage for each part-time and full-time job created must be in compliance with Duluth's Living Wage Ordinance and at least equal to the prevailing wage for like or similar projects within the area or such greater amount as required by the city for a specific project.

(f) Report to the Council. At the time the city council reviews a project development agreement calling for assistance of \$25,000 or more, a report

shall be submitted to councilors summarizing the information necessary for them to exercise their due diligence, as determined by the city council.

(g) Applicable laws. The recipient will agree to satisfy all requirements of Minnesota's business subsidy law as defined in Minnesota Statutes §116J.993-§116J.995 and Duluth's living wage ordinance, as amended, in Article 26, Chapter 2 of the Duluth City Code.

Preferential Criteria. Businesses that meet any or all of the following criteria shall be given preference for receiving assistance over other businesses that meet the mandatory criteria but not any of the preferential criteria.

(a) Locally Owned Businesses. Preference shall be given to locally owned businesses or to projects that make extensive use of local businesses for support.

(b) Hiring Low-Income People. Preference shall be given to businesses with a commitment and plan to hire people earning at or below 200% of the poverty line..

(c) Protected Class Business Owners. Preference shall be given to businesses owned in whole or in part by members of protected classes.

(d) Quality of Life Businesses. Preference shall be given to businesses that are environmentally responsible and enhance the overall quality of life in the city.

Resolution 00-0333(a) was unanimously  
adopted.

Approved MAY 22 2000  
Gay L. Doherty MAYOR

**NOTICE OF PUBLIC HEARING  
ON PROPOSED ADOPTION OF CRITERIA  
FOR AWARDED BUSINESS SUBSIDIES  
BY THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY**

NOTICE IS HEREBY GIVEN that the Duluth Economic Development Authority of the City of Duluth 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 May 9, 2000, at 5:00 p.m. in Room 402 City Hall. The purpose of the meeting is to consider proposed criteria to be applied by the Authority in determining whether to make grants, 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 Duluth Economic Development Authority, at 402 City Hall, during regular business hours.

At the public hearing, all interested parties may express their comments for consideration by the Duluth Economic Development Authority

DULUTH ECONOMIC DEVELOPMENT AUTHORITY

By: \_\_\_\_\_  
Executive Director

# COUNCIL COPY

00-0522R

REPLACEMENT

RESOLUTION AMENDING RESOLUTION 00-0333R(A) RELATING TO  
BUSINESS SUBSIDY CRITERIA

BY PRESIDENT GILBERT:

RECEIVED MAR 29 2001

WHEREAS, the Duluth city council passed Resolution 00-0333R(a) on May 22, 2000, adopting criteria that apply to a business that requests a business subsidy from the city of \$25,000 or more; and

WHEREAS, the Duluth city council desires that certain assistance programs be exempt from said resolution.

NOW, THEREFORE, BE IT RESOLVED, that Resolution 00-0333R(a) is amended to read as follows:

BE IT RESOLVED, that the Duluth city council adopts, effective May 22, 2000, the following mandatory and preferential criteria ~~to be applied when for businesses a recipient as that term is defined in Minnesota Statutes §116J.993 subd. 6 receives~~ receiving assistance from the city of \$25,000 or more. The following assistance shall be exempt from the requirements of this resolution:

~~(a) Assistance for housing.~~

Federal Community Development Block Grant Program assistance until the assistance has been repaid to, and reinvested by, the city.

Mandatory Criteria. All projects receiving assistance of \$25,000, or more, must satisfy the following seven criteria:

(a) Public Purpose Criteria. The project must meet two of the following five public purpose criteria:

(1) High Quality Jobs. If the project results in the creation of new jobs, then the jobs must be predominantly full-time jobs that pay at least a living wage (as defined by Duluth's Living Wage Ordinance) and provide health insurance and other benefits.

(2) Job Retention. If the recipient can demonstrate that job loss

is imminent without a business subsidy, then the recipient must present a plan which shows that a significant number of the existing jobs will be retained for at least five years after completion of the subsidy.

(3) Economic Diversity. The project must contribute to the economic diversity of the city by reducing dependency upon declining industries, participating in fast growing industries, or supporting existing industries of manufacturing, education, health care, retail sales, tourism, and service and technology.

(4) Quality of life. The project must enhance the quality of life of the city's residents by investing in neglected neighborhoods or business areas, utilizing in-fill areas rather than contributing to urban sprawl, benefitting the environment, or redeveloping blighted or polluted areas.

(5) Tax Base. The city must realize a reasonable rate of return on its public investment in the project in the form of an increase in tax base or other monetary return.

(b) Specific Goals. The project will have measurable, specific and tangible goals as they relate to the stated public purpose.

(c) Equal Opportunity. The recipient will abide by all local, state and federal laws prohibiting discriminatory hiring and employment practices and agree to affirmatively seek out participation in the project by members of protected classes.

(d) Project Feasibility and Disclosure. 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.

(e) Wage Policy. If the project results in the creation of any job, the wage for each part-time and full-time job created must be in compliance with

Duluth's Living Wage Ordinance and at least equal to the prevailing wage for like or similar projects within the area or such greater amount as required by the city for a specific project.

(f) Report to the Council. At the time the city council reviews a project development agreement calling for assistance of \$25,000 or more, a report shall be submitted to councilors summarizing the information necessary for them to exercise their due diligence, as determined by the city council.

(g) Applicable laws. The recipient will agree to satisfy all requirements of Minnesota's business subsidy law as defined in Minnesota Statutes §116J.993-§116J.995 and Duluth's living wage ordinance, as amended, in Article 26, Chapter 2 of the Duluth City Code.

Preferential Criteria. Businesses that meet any or all of the following criteria shall be given preference for receiving assistance over other businesses that meet the mandatory criteria but not any of the preferential criteria.

(a) Locally Owned Businesses. Preference shall be given to locally owned businesses or to projects that make extensive use of local businesses for support.

(b) Hiring Low-Income People. Preference shall be given to businesses with a commitment and plan to hire people earning at or below 200% of the poverty line.

(c) Protected Class Business Owners. Preference shall be given to businesses owned in whole or in part by members of protected classes.

(d) Quality of Life Businesses. Preference shall be given to businesses that are environmentally responsible and enhance the overall quality of live in the city.

Resolution 00-0522, as amended, was adopted upon a unanimous vote.

Approved July 31, 2000



Mayor

Approved:



Department Director

Approved for presentation to Council:



Administrative Assistant

Approved as to form:



Assistant City Attorney

Approved:



City Auditor

BD JMC:mdp July 24, 2000

STATEMENT OF PURPOSE:

The purpose of this resolution is to amend city council resolution 00-0333R(a) to delete the term "businesses" and substitute the term "recipients" as it is defined in Minnesota Statutes §116J.993 subd. 6 and to make certain assistance exempt from the requirements of the business subsidy resolution, that is, assistance for housing and Federal assistance until the assistance has been repaid to, and reinvested by, the city.



# COUNCIL COPY

00-0731R

## RESOLUTION AMENDING RESOLUTION 00-0522R RELATING TO BUSINESS SUBSIDY CRITERIA

BY COUNCILOR FENA:

RECEIVED MAR 29 2001

WHEREAS, the Duluth city council passed Resolution 00-0333R(a) on May 22, 2000, which was amended by Resolution 00-0522R on July 31, 2000, adopting criteria that apply to a business that requests a business subsidy from the city of \$25,000 or more (Resolution 00-0333R(A) and Resolution 00-0522R herein after referred to as the "business subsidy resolution"); and

WHEREAS, the Duluth city council desires to further amend the business subsidy resolution in order to exempt certain federal and state housing program assistance from said resolution.

NOW, THEREFORE, BE IT RESOLVED, that the business subsidy resolution is amended to read as follows:

"BE IT RESOLVED, that the Duluth City Council adopts, effective May 22, 2000, the following mandatory and preferential criteria for businesses receiving assistance from the city of \$25,000 or more. The following assistance shall be exempt from the requirements of this resolution:

(a) Federal community development block grant program assistance until the assistance has been repaid to, and reinvested by, the city.

(b) Federal Emergency Shelter Grant (ESG) and HOME Investment Partnership program assistance until the assistance has been repaid to, and reinvested by, the city.

(c) Minnesota Housing Finance Agency - Community Revitalization Fund and Innovative Housing Loan Program.

Mandatory criteria. All projects receiving assistance of \$25,000, or more, must satisfy the following seven criteria:

(a) Public purpose criteria. The project must meet two of the following five public purpose criteria:

(1) High quality jobs. If the project results in the creation of new jobs, then the jobs must be predominantly full-time jobs that pay at least a living wage (as defined by Duluth 's living wage ordinance) and provide health insurance and other benefits;

(2) Job retention. If the recipient can demonstrate that job loss is imminent without a business subsidy, then the recipient must present a plan which shows that a significant number of the existing jobs will be retained for at least five years after completion of the subsidy;

(3) Economic diversity. The project must contribute to the economic diversity of the city by reducing dependency upon declining industries, participating in fast growing industries, or supporting existing industries of manufacturing, education, health care, retail sales, tourism and service and technology;

(4) Quality of life. The project must enhance the quality of life of the city's residents by investing in neglected neighborhoods or business areas, utilizing in-fill areas rather than contributing to urban sprawl, benefitting the environment, or redeveloping blighted or polluted areas;

(5) Tax base. The city must realize a reasonable rate of return on its public investment in the project in the form of an increase in tax base or other monetary return;

(b) Specific goals. The project will have measurable, specific and tangible goals as they relate to the stated public purpose;

(c) Equal opportunity. The recipient will abide by all local, state and federal laws prohibiting discriminatory hiring and employment practices and agree

to affirmatively seek out participation in the project by members of protected classes;

(d) Project feasibility and disclosure. 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;

(e) Wage policy. If the project results in the creation of any job, the wage for each part-time and full-time job created must be in compliance with Duluth's living wage ordinance and at least equal to the prevailing wage for like or similar projects within the area or such greater amount as required by the city for a specific project;

(f) Report to the council. At the time the city council reviews a project development agreement calling for assistance of \$25,000 or more, a report shall be submitted to councilors summarizing the information necessary for them to exercise their due diligence, as determined by the city council;

(g) Applicable laws. The recipient will agree to satisfy all requirements of Minnesota's business subsidy law as defined in Minnesota Statutes §116J.993-§116J.995 and Duluth's living wage ordinance, as amended, in Article 26, Chapter 2 of the Duluth City Code.

Preferential criteria. Businesses that meet any or all of the following criteria shall be given preference for receiving assistance over other businesses that meet the mandatory criteria but not any of the preferential criteria.

(a) Locally owned businesses. Preference shall be given to locally owned businesses or to projects that make extensive use of local businesses for support;

(b) Hiring low-income people. Preference shall be given to businesses with a commitment and plan to hire people earning at or below 200 percent of the

poverty line;

(c) Protected class business owners. Preference shall be given to businesses owned in whole or in part by members of protected classes;

(d) Quality of life businesses. Preference shall be given to businesses that are environmentally responsible and enhance the overall quality of live in the city."

Resolution 00-0731 was unanimously adopted.

Approved OCT 23 2000  
Ray D. Doty MAYOR

Approved:

[Signature]  
Department Director

Approved for presentation to council:

[Signature]  
Administrative Assistant

Approved as to form:

[Signature]  
Assistant City Attorney

Approved:

[Signature]  
City Auditor

Atty. JMC:mdp September 22, 2000

STATEMENT OF PURPOSE:

The purpose of this resolution is to amend the business subsidy resolution to exempt the following from the requirements of said business subsidy resolution: 1) Federal ESG and HOME Program assistance until the assistance has been repaid to, and reinvested by, the city; and 2) MHFA funding granted for At-Home in Duluth housing efforts. These types of assistance are exempted under the business subsidy law, Minnesota Statute Section 116J.993, subd. 3. The reason for exempting these programs is that they serve a public purpose which has been identified and reviewed through an extensive public process.

# COUNCIL COPY

01-0241R

RESOLUTION AMENDING RESOLUTION 00-0731 RELATING TO  
BUSINESS SUBSIDY CRITERIA.

RECEIVED MAR 29 2001

BY COUNCILOR STEWART:

WHEREAS, the Duluth City Council passed Resolution 00-0333(a) on May 22, 2000, which was amended by Resolution 00-0522 on July 31, 2000 and by Resolution No. 00-0731 on October 23, 2000, adopting criteria that apply to a business that requests a business subsidy from the city of \$25,000 or more (Resolution 00-0333(a), Resolution 00-0522 and Resolution 00-0731 herein after referred to as the "business subsidy resolution"); and

WHEREAS, the Duluth City Council desires to further amend the business subsidy resolution in order to exempt certain federal and state housing program assistance from said resolution.

NOW, THEREFORE, BE IT RESOLVED, that the business subsidy resolution is amended to read as follows:

"BE IT RESOLVED, that the Duluth City Council adopts, effective May 22, 2000, the following mandatory and preferential criteria for businesses receiving assistance from the city of \$25,000 or more. The following assistance shall be exempt from the requirements of this resolution:

(a) Federal community development block grant program assistance until the assistance has been repaid to, and reinvested by, the city;

(b) Federal emergency shelter grant (ESG) and HOME investment partnership program assistance until the assistance has been repaid to, and reinvested by, the city;

(c) Minnesota housing finance agency - community revitalization fund and innovative housing loan program.

(d) Assistance for housing in the form of a loan at an interest rate not generally available to the borrower in the commercial lending market for the extension of streets and utilities received by the borrower pursuant to authorization under Chapter IX of the Duluth City Charter.

Mandatory criteria. All projects receiving assistance of \$25,000, or more, must satisfy the following seven criteria:

(a) Public purpose criteria. The project must meet two of the following five public purpose criteria:

(1) High quality jobs. If the project results in the creation of new jobs, then the jobs must be predominantly full-time jobs that pay at least a living wage (as defined by Duluth 's living wage ordinance) and provide health insurance and other benefits;

(2) Job retention. If the recipient can demonstrate that job loss is imminent without a business subsidy, then the recipient must present a plan which shows that a significant number of the existing jobs will be retained for at least five years after completion of the subsidy;

(3) Economic diversity. The project must contribute to the economic diversity of the city by reducing dependency upon declining industries, participating in fast growing industries, or supporting existing industries of manufacturing, education, health care, retail sales, tourism and service and technology;

(4) Quality of life. The project must enhance the quality of life of the city's residents by investing in neglected neighborhoods or business areas, utilizing in-fill areas rather than contributing to urban sprawl, benefitting the environment, or redeveloping blighted or polluted areas;

(5) Tax base. The city must realize a reasonable rate of return on its public investment in the project in the form of an increase in tax base or other monetary return;

(b) Specific goals. The project will have measurable, specific and tangible goals as they relate to the stated public purpose;

(c) Equal opportunity. The recipient will abide by all local, state and federal laws prohibiting discriminatory hiring and employment practices and agree to affirmatively seek out participation in the project by members of protected classes;

(d) Project feasibility and disclosure. 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;

(e) Wage policy. If the project results in the creation of any job, the wage for each part-time and full-time job created must be in compliance with Duluth's living wage ordinance and at least equal to the prevailing wage for like or similar projects within the area or such greater amount as required by the city for a specific project;

(f) Report to the council. At the time the city council reviews a project development agreement calling for assistance of \$25,000 or more, a report shall be submitted to councilors summarizing the information necessary for them to exercise their due diligence, as determined by the city council;

(g) Applicable laws. The recipient will agree to satisfy all requirements of Minnesota's business subsidy law as defined in Minnesota Statutes §116J.993-§116J.995 and Duluth's living wage ordinance, as amended, in Article 26, Chapter 2 of the Duluth City Code.

Preferential criteria. Businesses that meet any or all of the following criteria shall be given preference for receiving assistance over other businesses that meet the mandatory criteria but not any of the preferential criteria.

(a) Locally owned businesses. Preference shall be given to locally owned businesses or to projects that make extensive use of local businesses for support;

(b) Hiring low-income people. Preference shall be given to businesses with a commitment and plan to hire people earning at or below 200 percent of the poverty line;

(c) Protected class business owners. Preference shall be given to businesses owned in whole or in part by members of protected classes;

(d) Quality of life businesses. Preference shall be given to businesses that are environmentally responsible and enhance the overall quality of live in the city."

Resolution 01-0214 was unanimously adopted.

Approved MAR 19 2001  
Cam Z. Doherty MAYOR

Approved for presentation to council:

[Signature]  
Administrative Assistant

Approved as to form:

[Signature]  
Attorney

ATTY. REA:nmj 03/16/01

STATEMENT OF PURPOSE: The purpose of this resolution is to amend the business subsidy resolution to exempt from the requirements of the business subsidy resolution assessments for streets and utilities undertaken pursuant to the Charter.

Under the State Business Subsidy Act, any transaction which results in a below-market interest rate loan to a "Recipient" as the statute defines "Recipient" is a "Business Subsidy". Because the petitioners under our assessment process usually pay an interest rate lower than they could ordinarily borrow for themselves, assessments become "business subsidies".

The State avoided this problem by adopting a definition of Recipient and by exempting all "assistance to housing". The City instead made the business subsidy criteria effective as against "businesses" and chose not to exclude



"assistance to housing" from the impact of its criteria. This the benefits of assessments related to residential projects undertaken by developers becomes a "business subsidy".

This amendment modifies the City's criteria to exclude assessments at below-market interest rates related to housing from the class of assistance which is subject to the City's Business Subsidy Criteria.



# 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.

<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.

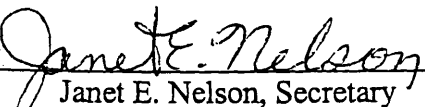
ADOPTED: December 15, 1999

DULUTH SEAWAY PORT AUTHORITY

(SEAL)

ATTEST:

By   
Thomas E. Grosser, President

By   
Janet E. Nelson, Secretary

**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.

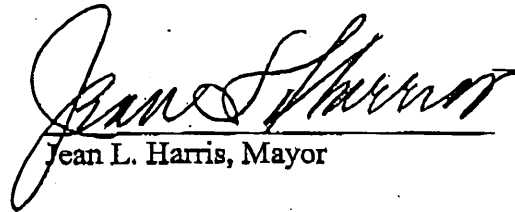
B. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.

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.

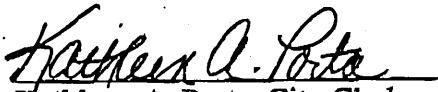
D. The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which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

Date of adoption: 12/22/99

Date of public hearing: 12/22/99

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**City of Elk River, Minnesota**

**Tax Increment Financing  
Policy & Application**

Adopted: August, 1991  
Revised: March, 2000



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## **I. POLICY PURPOSE**

*For the purposes of this document, the term "City" shall include the Elk River City Council, Economic Development Authority, and Housing and Redevelopment Authority.*

The purpose of this policy is to establish the City of Elk River's position relating to the use of Tax Increment Financing (TIF) for private development above and beyond the requirements and limitations set forth by State Law. This policy shall be used as a guide in the processing and review of applications requesting tax increment assistance. The fundamental purpose of tax increment financing in Elk River is to encourage desirable development or redevelopment that would not otherwise occur *but for* the assistance provided through TIF.

The City of Elk River is granted the power to utilize TIF by the Minnesota Tax Increment Financing Act, as amended. It is the intent of the City to provide the minimum amount of TIF at the shortest term required for the project to proceed. The City reserves the right to approve or reject projects on a case by case basis, taking into consideration established policies, project criteria, and demand on city services in relation to the potential benefits from the project. Meeting policy criteria does not guarantee the award of TIF to the project. Approval or denial of one project is not intended to set precedent for approval or denial of another project.

## **II. OBJECTIVES OF TAX INCREMENT FINANCING**

As a matter of adopted policy, the City will consider using TIF to assist private development projects to achieve one or more of the following objectives:

- To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
- To encourage additional unsubsidized private development in the area, either directly or indirectly through "spin off" development.
- To facilitate the development process and to achieve development on sites which would not be developed without TIF assistance.
- To remove blight and/or encourage redevelopment of commercial and industrial areas in the city that result in high quality redevelopment and private reinvestment.
- To offset increased costs of redevelopment (i.e. contaminated site clean up) over and above the costs normally incurred in development.
- To create opportunities for affordable housing.

- To contribute to the implementation of other public policies, as adopted by the city from time to time, such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.

### III. POLICIES FOR THE USE OF TIF

- a. When possible, TIF shall be used to finance public improvements associated with the project. The priority for the use of TIF funds is:
  1. Public improvements, legal, administrative, and engineering costs.
  2. Site preparation, site improvement, land purchase, and demolition.
  3. Capitalized interest, bonding costs.
- b. It is the City's policy to establish the following types of TIF districts:
  1. Economic Development Districts
    - It is desired that the project result in a minimum creation of one full time job per \$25,000 of TIF.
  2. Redevelopment Districts
    - The market value of a redeveloped site shall increase by a minimum of 50% of the current market value.

Other types of TIF districts, along with specific criteria, may be considered on a case by case basis.
- c. TIF assistance will be provided to the developer upon receipt of the increment by the City, otherwise referred to as the *pay-as-you-go* method. Requests for up front financing will be considered on a case by case basis.
- d. A maximum of ten percent (10%) of any tax increment received from the district shall be retained by the City to reimburse administrative costs.
- e. Any developer receiving TIF assistance shall provide a minimum of twenty percent (20%) cash equity investment in the project.
- f. TIF will not be used in circumstances where land and/or property price is in excess of fair market value.
- g. Developer shall be able to demonstrate a market demand for a proposed project. TIF shall not be used to support purely speculative projects.

- h. TIF will not be utilized in cases where it would create an unfair and significant competitive financial advantage over other projects in the area.
- i. TIF shall not be used for projects that would place extraordinary demands on city services or for projects that would generate significant environmental impacts.
- j. The developer must provide adequate financial guarantees to ensure completion of the project, including, but not limited to: assessment agreements, letters of credit, personal guaranties, etcetera.
- k. The developer shall adequately demonstrate, to the City's sole satisfaction, an ability to complete the proposed project based on past development experience, general reputation, and credit history, among other factors, including the size and scope of the proposed project.
- l. For the purposes of underwriting the proposal, the developer shall provide any requested market, financial, environmental, or other data requested by the City or its consultants.

#### IV. PROJECT QUALIFICATIONS

All TIF projects considered by the City of Elk River must meet *each* of the following requirements:

- a. To be eligible for TIF, a project shall result in:
  - i. The new construction of a minimum of 25,000 square feet;
  - ii. A minimum increase of \$25,000 per year in property taxes; and,
  - iii. Have a market value of at least \$1,000,000 upon completion.
- b. The project shall meet at least *one* of the objectives set forth in Section II and satisfy all the provisions set forth in Section III of this document.
- c. The developer shall demonstrate that the project is not financially feasible *but-for* the use of TIF.
- d. The project must be consistent with the City's Comprehensive Plan, Land Use Plan, and Zoning Ordinances.

- e. The project shall serve at least *two* of the following public purposes:
- Creation of jobs with livable wages and benefits.
  - Increase of tax base.
  - Enhancement or diversification of the city's economic base.
  - Industrial development that will spur additional private investment in the area.
  - Fulfillment of the City's Strategic Plan for Economic Development.
  - Removal of blight or the rehabilitation of a high profile or priority site.

## V. SUBSIDY AGREEMENT & REPORTING REQUIRMENTS

All developers/businesses receiving tax increment financing assistance from the City of Elk River shall be subject to the provisions and requirements set forth by state statute 116J.993 and summarized below.

All developers/businesses receiving TIF assistance shall enter into a *subsidy agreement* with the City of Elk River that identifies: the reason for the subsidy, the public purpose served by the subsidy, and the goals for the subsidy, as well as other criteria set forth by statute 116J.993.

The developer/business shall file a report annually for two years after the date the benefit is received or until all goals set forth in the application and performance agreement have been met, whichever is later. Reports shall be completed using the format drafted by the State of Minnesota and shall be filed with the City of Elk River no later than March 1 of each year for the previous calendar year. Businesses fulfilling job creation requirements must file a report to that effect with the city within 30 days of meeting the requirements.

The developer/business owner shall maintain and operate its facility at the site where TIF assistance is used for a period of five years after the benefit is received.

In addition to attaining or exceeding the jobs and wages goals set forth in the *Subsidy Agreement*, the applicant shall meet the qualifications set forth in Section IV of this document.

Developers / Businesses failing to comply with the above provisions will be subject to fines, repayment requirements, and be deemed ineligible by the State of Minnesota to receive any loans or grants from public entities for a period of five years.

## **VI. APPLICATION PROCESS**

1. Applicant submits the completed application along with all application fees.
2. City staff reviews the application and completes the Application Review Worksheet.
3. Results of the Worksheet are submitted to the appropriate governing authorities for preliminary approval of the proposal.
4. If preliminary approval is granted, the Tax Increment Financing Plan, along with all necessary notices, resolutions and certificates are prepared by City staff and/or consultants.
5. Notices are published and sent to the county and school board.
6. Public hearing(s) on the proposed project are held.
7. The EDA or HRA recommends approval or denial of the project to the City Council.
8. The City Council grants final approval or denial of the proposal.

## VII. APPLICATION FOR TAX INCREMENT FINANCING

### A. APPLICANT INFORMATION

Name of Corporation/Partnership \_\_\_\_\_

Address \_\_\_\_\_

Primary Contact \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

On a separate sheet, please provide the following:

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

Attorney Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

Accountant Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

Contractor Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

Engineer Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

Architect Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

## B. PROJECT INFORMATION

The project will be:

☐ Industrial Greenfield: ☐ New Construction ☐ Expansion  
☐ Commercial Redevelopment: ☐ New Construction ☐ Rehabilitation  
☐ Industrial Redevelopment: ☐ New Construction ☐ Rehabilitation  
☐ Other \_\_\_\_\_

The project will be: ☐ Owner Occupied ☐ Leased Space

If leased space, please attach a list names and addresses of future lessees and indicate the status of commitments or lease agreements. **Attach as Exhibit E.**

Project Address \_\_\_\_\_

Legal Description \_\_\_\_\_

Site Plan Attached: ☐ Yes ☐ No

Amount of Tax Increment Requested for:

Land Purchase \$ \_\_\_\_\_  
Public Improvement \$ \_\_\_\_\_  
Site Improvement \$ \_\_\_\_\_

Current Real Estate Taxes on Project Site: \$ \_\_\_\_\_

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

Phase II \$ \_\_\_\_\_

Construction Start Date: \_\_\_\_\_

Construction Completion Date: \_\_\_\_\_

If Phased Project: \_\_\_\_\_ Year \_\_\_\_\_ % Completed

\_\_\_\_\_ Year \_\_\_\_\_ % Completed

## C. PUBLIC PURPOSE

It is the policy of the City of Elk River that the use of Tax Increment Financing should result in a benefit to the public. Please indicate how this project will serve a public purpose.

☐ Job Creation: Number of existing jobs \_\_\_\_\_  
Number of jobs created by project \_\_\_\_\_  
Average hourly wage of jobs created \_\_\_\_\_

☐ New industrial development which will result in additional private investment in the area.

☐ Enhancement or diversification of the city's economic base.

☐ The project contributes to the fulfillment of the City's Strategic Plan for Economic Development.

☐ Removal of blight or the rehabilitation of a high profile or priority site.

☐ Other: \_\_\_\_\_



## D. SOURCES & USES

<u>SOURCES</u>	<u>NAME</u>	<u>AMOUNT</u>
Bank Loan	_____	\$ _____
Other Private Funds	_____	\$ _____
Equity	_____	\$ _____
Fed Grant/Loan	_____	\$ _____
State Grant/Loan	_____	\$ _____
EDA Micro Loan	_____	\$ _____
Tax Increment	_____	\$ _____
ID Bonds	_____	\$ _____
<b>TOTAL</b>		\$ _____

<u>USES</u>	<u>AMOUNT</u>
Land Acquisition	\$ _____
Site Development	\$ _____
Construction	\$ _____
Machinery & Equipment	\$ _____
Architectural & Engineering Fees	\$ _____
Legal Fees	\$ _____
Interest During Construction	\$ _____
Debt Service Reserve	\$ _____
Contingencies	\$ _____
<b>TOTAL</b>	\$ _____

## E. ADDITIONAL DOCUMENTATION

Applicants will also be required to provide the following documentation.

- \_\_\_\_\_ A) Written business plan, including a description of the business, ownership/management, date established, products and services, and future plans
- B) Financial Statements for Past Two Years
  - \_\_\_\_\_ Profit & Loss Statement
  - \_\_\_\_\_ Balance Sheet
- C) Current Financial Statements
  - \_\_\_\_\_ Profit & Loss Statement to Date
  - \_\_\_\_\_ Balance Sheet to Date
- \_\_\_\_\_ D) Two Year Financial Projections
- F) Personal Financial Statements of all Major Shareholders
  - \_\_\_\_\_ Profit & Loss
  - \_\_\_\_\_ Current Tax Return
- \_\_\_\_\_ G) Letter of Commitment from Applicant Pledging to Complete During the Proposed Project Duration
- \_\_\_\_\_ H) Letter of Commitment from the Other Sources of Financing, Stating Terms and Conditions of their Participation in Project
- \_\_\_\_\_ I) Application fee of \$5000 (to be returned upon project completion.)

Note: All Major shareholders will be required to sign personal guarantees if up front financing of the project is required.

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

Applicant Name \_\_\_\_\_ Date \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

## TAX INCREMENT FINANCING PROPOSAL REVIEW WORKSHEET

1. The project meets the criteria set forth in Section III of the City's Tax Increment Financing policy.

- \_\_\_\_\_ a) Meets minimum thresholds for size, value, and tax capacity.
- \_\_\_\_\_ b) Meets at least one of the objectives in Section III and satisfies the provision set forth in Section IV.
- \_\_\_\_\_ c) Demonstrates need for TIF with the *but-for* analysis.
- \_\_\_\_\_ e) Consistent with all city plans and ordinances.
- \_\_\_\_\_ f) Serves at least two public purpose as defined in Section IV.

2. Ratio of Private to Public Investment in Project: Points: \_\_\_\_\_

\$ _____ Private investment	5:1	5
\$ _____ Public Investment	4:1	4
_____ Ratio Private : Public Financing	3:1	3
	2:1	2
	Less than 2:1	1

3. Job Creation in the City of Elk River: Points: \_\_\_\_\_

_____ Number of new jobs as a result of the project.	40+	5
_____ Number of existing/retained jobs divided by 10.	30+	4
_____ Total	20+	3
	10+	2
	Less than 10	1

4. Ratio of TIF to new jobs created: Points: \_\_\_\_\_

\$ _____ TIF request	\$15,000 or less	5
_____ Number of <i>new</i> jobs created	\$20,000 or less	4
\$ _____ of TIF per <i>new</i> job created	\$22,000 or less	3
	\$25,000 or less	2
	Over \$25,000	1

5. Wage Level of jobs created: Points: \_\_\_\_\_

Average hourly wage	Over \$21/ hour	5
of jobs created: _____	\$18-21 / hour	4
	\$14-17 / hour	3
	\$10-13 / hour	2
	Under \$10 / hour	1

6. Project size: Points: \_\_\_\_\_

The project will result in the construction	80,000+	5
of square feet _____	65,000+	4
	50,000+	3
	35,000+	2
	25,000+	1

**7. Type of Project:** **Points:** \_\_\_\_\_

<input type="checkbox"/> 100% Owner Occupied	5
<input type="checkbox"/> Mix Owner Occupied & Investment	4
<input type="checkbox"/> Investment Property	3

**8. Use:** **Points:** \_\_\_\_\_

<input type="checkbox"/> Manufacturing	5
<input type="checkbox"/> Research & Development	4
<input type="checkbox"/> Commercial Redevelopment	3
<input type="checkbox"/> Warehouse/Distribution	2
<input type="checkbox"/> Housing	1

**9. The project will pay annual property taxes in the first fully assessed year of \$ \_\_\_\_\_** **Points:** \_\_\_\_\_

85,000+	5
70,000+	4
55,000+	3
40,000+	2
25,000+	1

**10. Likelihood that the project will result in unsubsidized, spin-off development.** **Points:** \_\_\_\_\_

<input type="checkbox"/> High	5
<input type="checkbox"/> Moderate	3
<input type="checkbox"/> Low	1

**Sub - Total Points:** \_\_\_\_\_ **of a possible 45 points.**

**9. Bonus Points** **Bonus Points:** \_\_\_\_\_

<input type="checkbox"/> The project will be 100% <i>Pay-as-you-go</i> TIF.	3 points
<input type="checkbox"/> The project contributes to the goals of <i>Energy City</i> .	2 points
<ul style="list-style-type: none"> <li>• Product promotes sensible use of energy, OR</li> <li>• Project utilizes significant energy efficient design &amp;/or materials in construction.</li> </ul>	

**Total Points:** \_\_\_\_\_

Overall project analysis:	High	45-38 points
	Moderate	37-29 points
	Low	28-20 points
	Not Eligible	19-0 points

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

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

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

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

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

# SAMPLE BUT-FOR ANALYSIS

	WITH NO TAX INCREMENT			WITH TAX INCREMENT		
	SOURCES AND USES			SOURCES AND USES		
	SOURCES			SOURCES		
Mortgage		9,600,000			8,667,000	
Equity		2,400,000			2,400,00	
Tax Increment Financing		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	
Site Work		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>	
	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	\$8.50	212,500	25,000	\$8.50	212,500
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	1,051,646		20 Term	949,439
		9.00% Interest			9.00% Interest	
		9,600,000 Principal			8,667,000 Principal	
Net Income			185,854			288,061
Total Return on Equity			7.74%			12.00%

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**City of Elk River, Minnesota**

**Economic Development Tax Rebate Financing  
Policy & Application**

Adopted: April 10, 2000

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## **I. POLICY PURPOSE**

*For the purposes of this document, the term "City" shall include the Elk River City Council, Economic Development Authority, and Housing and Redevelopment Authority.*

The purpose of this policy is to establish the City of Elk River's position relating to the use of Tax Rebate Financing (TRF), otherwise referred to as Tax Abatement, for private development above and beyond the requirements and limitations set forth by State Law. This policy shall be used as a guide in the processing and review of applications requesting tax rebate assistance. The fundamental purpose of tax rebate financing in Elk River is to encourage desirable development or redevelopment that would not otherwise occur *but for* the assistance provided through TRF.

The City of Elk River is granted the power to utilize TRF by the Minnesota Tax Abatement Act, as amended. It is the intent of the City to provide the minimum amount of TRF, as well as other incentives, at the shortest term required for the project to proceed. The City reserves the right to approve or reject projects on a case by case basis, taking into consideration established policies, project criteria, and demand on city services in relation to the potential benefits from the project. Meeting policy criteria does not guarantee the award of TRF to the project. Approval or denial of one project is not intended to set precedent for approval or denial of another project.

## **II. DIFFERENCE BETWEEN TRF & TIF**

The primary difference between Tax Rebate Financing (TRF) and Tax Increment Financing (TIF) is the way in which the dollars are awarded to the project. When TIF is awarded to a project by the city, the other political subdivisions (the school district and the county) are required to contribute their portion of the increased taxes to the project. Conversely, when TRF is requested, each political subdivision has the option of granting its portion of the increased taxes to the project. Subsequently, the dollars generated for the project with TRF are generally less than the dollars generated with TIF.

## **III. OBJECTIVES OF TAX REBATE FINANCING**

As a matter of adopted policy, the City will consider using TRF to assist private development projects to achieve one or more of the following objectives:

- To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
- To enhance and diversify the city of Elk River's economic base.
- To encourage additional unsubsidized private development in the area, either directly or indirectly through "spin off" development.

- To facilitate the development process and to achieve development on sites which would not be developed without TRF assistance.
- To remove blight and/or encourage redevelopment of commercial and industrial areas in the city that result in high quality redevelopment and private reinvestment.
- To offset increased costs of redevelopment (i.e. contaminated site clean up) over and above the costs normally incurred in development.
- To create opportunities for affordable housing.
- To contribute to the implementation of other public policies, as adopted by the city from time to time, such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.

#### IV. POLICIES FOR THE USE OF TRF

- a. TRF assistance will be provided to the developer upon receipt of taxes by the City, otherwise referred to as the *pay-as-you-go* method. Requests for up front financing will be considered on a case-by-case basis.
- b. Any developer receiving TRF assistance shall provide a minimum of twenty percent (20%) cash equity investment in the project.
- c. TRF will not be used in circumstances where land and/or property price is in excess of fair market value.
- d. Developer shall be able to demonstrate a market demand for a proposed project.
- e. TRF will not be utilized in cases where it would create an unfair and significant competitive financial advantage over other projects in the area.
- f. TRF shall not be used for projects that would place extraordinary demands on city services or for projects that would generate significant environmental impacts.
- g. The developer must provide adequate financial guarantees to ensure completion of the project, including, but not limited to: assessment agreements, letters of credit, personal guaranties, and etcetera.

- h. The developer shall adequately demonstrate, to the City's sole satisfaction, an ability to complete the proposed project based on past development experience, general reputation, and credit history, among other factors, including the size and scope of the proposed project.
- i. For the purposes of underwriting the proposal, the developer shall provide any requested market, financial, environmental, or other data requested by the City or its consultants.

## V. PROJECT QUALIFICATIONS

All TRF projects considered by the City of Elk River must meet *each* of the following requirements:

- a. The project shall meet at least one of the objectives set forth in Section III of this document.
- b. The use of TRF will be limited to:
  - Industrial development, expansion, redevelopment, or rehabilitation; or
  - Commercial redevelopment or rehabilitation; or
  - Office or research facilities that satisfy Business Park zoning requirements;
  - Residential development and redevelopment *may* be eligible for TRF under a separate set of policies and only with the recommendation of the HRA.
  - New commercial or retail development is not eligible for TRF.
- c. The developer shall demonstrate that the project is not financially feasible *but-for* the use of TRF.
- d. The project shall comply with all provisions set forth in the state's Tax Abatement Law, statutes 469.1812 to 469.1815, as amended.
- e. The project must be consistent with the City's Comprehensive Plan, Land Use Plan, and Zoning Ordinances.
- f. The project shall serve at least two of the following public purposes:
  - Job creation.
  - Increase of tax base.
  - Enhancement or diversification of the city's economic base.
  - Development or redevelopment that will spur additional private investment in the area.

- Fulfillment of defined city objectives, such as those identified in the Strategic Plan for Economic Development or the city's Comprehensive Plan, among others.
- Removal of blight or the rehabilitation of a high profile or priority site.

## VI. SUBSIDY AGREEMENT & REPORTING REQUIREMENTS

All developers/businesses receiving Tax Rebate Financing assistance from the City of Elk River shall be subject to the provisions and requirements set forth by state statute 116J.993 and summarized below.

All developers/businesses receiving TRF assistance shall enter into a *subsidy agreement* with the City of Elk River that identifies: the reason for the subsidy, the public purpose served by the subsidy, and the goals for the subsidy, as well as other criteria set forth by statute 116J.993.

The developer/business shall file a report annually for two years after the date the benefit is received or until all goals set forth in the application and performance agreement have been met, whichever is later. Reports shall be completed using the format drafted by the State of Minnesota and shall be filed with the City of Elk River no later than March 1 of each year for the previous calendar year. Businesses fulfilling job creation requirements must file a report to that effect with the city within 30 days of meeting the requirements.

The developer/business owner shall maintain and operate its facility at the site where TRF assistance is used for a period of five years after the benefit is received.

In addition to attaining or exceeding the jobs and wages goals set forth in the *Subsidy Agreement*, the borrower shall achieve at least one of the objectives set forth in Section III of this document.

Developers / Businesses failing to comply with the above provisions will be subject to fines, repayment requirements, and be deemed ineligible by the State to receive any loans or grants from public entities for a period of five years.

## **VII. APPLICATION PROCESS FOR TRF**

### **A. CITY OF ELK RIVER**

1. Applicant submits the completed application along with all application fees.
2. City staff reviews the application and completes the Application Review Worksheet.
3. Results of the Worksheet are submitted to the appropriate governing authorities for preliminary approval of the proposal.
4. If preliminary approval is granted, all necessary notices, resolutions and certificates are prepared by City staff and/or consultants.
5. Public hearing(s) on the proposed project are held.
6. The EDA or HRA recommends approval or denial of the proposal to the City Council.
7. The City Council grants final approval or denial of the proposal.

### **B. APPLICATIONS TO OTHER POLITICAL SUBDIVISIONS**

It is recommended that applicants intending to seek TRF from Sherburne County and/or School District 728 make their applications to those bodies concurrent with their application to the City of Elk River. For more information on applying for TRF through Sherburne County and/or School District 728, contact:

Alex Wikstrom  
Sherburne County Budget / Economic Development Coordinator  
763-241-2700

Dr. David Flannary  
Superintendent - School District 728  
763-241-3400

## VII. APPLICATION FOR TAX REBATE FINANCING

### A. APPLICANT INFORMATION

Name of Corporation/Partnership \_\_\_\_\_

Address \_\_\_\_\_

Primary Contact \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

On a separate sheet, please provide the following:

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

Attorney Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

Accountant Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

Contractor Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

Engineer Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

Architect Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

## B. PROJECT INFORMATION

1. The project will be:

☐ Industrial: ☐ New Construction ☐ Expansion ☐ Redevelopment / Rehab.  
☐ Office/research facility that conforms to business park standards  
☐ Commercial Redevelopment/Rehabilitation  
☐ Other \_\_\_\_\_

2. In addition to the City of Elk River, applicant is requesting TRF funds from: \_\_\_\_\_ Sherburne County \_\_\_\_\_ School District 728

3. The project will be: ☐ Owner Occupied ☐ Leased Space

- If leased space, please attach a list names and addresses of future lessees and indicate the status of commitments or lease agreements. **Attach as Exhibit E.**

4. Project Address \_\_\_\_\_

- Include Legal Description and PID Number. **Attach as Exhibit F**

5. Site Plan Attached: \_\_\_\_\_ Yes \_\_\_\_\_ No

6. Total Amount of TRF Requested: \$ \_\_\_\_\_ over \_\_\_\_\_ years.

City Portion of TRF: Annual \$ \_\_\_\_\_ Total \$ \_\_\_\_\_

County Portion of TRF: Annual \$ \_\_\_\_\_ Total \$ \_\_\_\_\_

ISD 728 Portion of TRF: Annual \$ \_\_\_\_\_ Total \$ \_\_\_\_\_

7. Current Real Estate Taxes on Project Site: \$ \_\_\_\_\_

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

Phase II \$ \_\_\_\_\_

8. Construction Start Date: \_\_\_\_\_

Construction Completion Date: \_\_\_\_\_

If Phased Project: \_\_\_\_\_ Year \_\_\_\_\_ % Completed

\_\_\_\_\_ Year \_\_\_\_\_ % Completed

## C. PUBLIC PURPOSE

It is the policy of the City of Elk River that the use of Tax Rebate Financing should result in a benefit to the public. Please indicate how this project will serve a public purpose.

☐ Job Creation: Number of existing jobs \_\_\_\_\_

Number of jobs created by project \_\_\_\_\_

Average hourly wage of jobs created \_\_\_\_\_

☐ New industrial development which will result in additional private investment in the area.

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

☐ The project contributes to the fulfillment of the City's Strategic Plan for Economic Development.

☐ Removal of blight.

☐ Rehabilitation of a high profile or priority site.

☐ Other: \_\_\_\_\_

## D. SOURCES & USES

<u>SOURCES</u>	<u>NAME</u>	<u>AMOUNT</u>
Bank Loan	_____	\$ _____
Other Private Funds	_____	\$ _____
Equity	_____	\$ _____
Fed Grant/Loan	_____	\$ _____
State Grant/Loan	_____	\$ _____
EDA Micro Loan	_____	\$ _____
Tax Rebate Financing	_____	\$ _____
ID Bonds	_____	\$ _____
<b>TOTAL</b>		<b>\$ _____</b>

<u>USES</u>	<u>AMOUNT</u>
Land Acquisition	\$ _____
Site Development	\$ _____
Construction	\$ _____
Machinery & Equipment	\$ _____
Architectural & Engineering Fees	\$ _____
Legal Fees	\$ _____
Interest During Construction	\$ _____
Debt Service Reserve	\$ _____
Contingencies	\$ _____
<b>TOTAL</b>	<b>\$ _____</b>



## E. ADDITIONAL DOCUMENTATION AND CHECKLIST

Applicants will also be required to provide the following documentation.

- \_\_\_\_\_ A) Written business plan, including a description of the business, ownership/management, date established, products and services, and future plans
- \_\_\_\_\_ B) Financial Statements for Past Two Years
  - \_\_\_\_\_ Profit & Loss Statement
  - \_\_\_\_\_ Balance Sheet
- \_\_\_\_\_ C) Current Financial Statements
  - \_\_\_\_\_ Profit & Loss Statement to Date
  - \_\_\_\_\_ Balance Sheet to Date
- \_\_\_\_\_ D) Two Year Financial Projections
- \_\_\_\_\_ F) Personal Financial Statements of all Major Shareholders
  - \_\_\_\_\_ Profit & Loss
  - \_\_\_\_\_ Current Tax Return
- \_\_\_\_\_ G) Letter of Commitment from Applicant Pledging to Complete During the Proposed Project Duration
- \_\_\_\_\_ H) Letter of Commitment from the Other Sources of Financing, Stating Terms and Conditions of their Participation in the Project
- \_\_\_\_\_ I) Application fee of \$5000 (to be returned upon project completion.)
- \_\_\_\_\_ J) Attach the following documentation as Exhibits
  - \_\_\_\_\_ Exhibit A – Corporation/Partnership Description
  - \_\_\_\_\_ Exhibit B – Description of Project
  - \_\_\_\_\_ Exhibit C – List of Shareholders/Partners
  - \_\_\_\_\_ Exhibit D – *But-For* Analysis
  - \_\_\_\_\_ Exhibit E – List of Prospective Lessees
  - \_\_\_\_\_ Exhibit F – Legal Description

**Note:** All Major shareholders will be required to sign personal guarantees if up front financing of the project is required.

The undersigned certifies that all information provided in this application is true and correct to the best of the undersigned's knowledge. The undersigned authorizes the City of Elk River to check credit references, verify financial and other information, and share this information with other political subdivisions as needed. The undersigned also agrees to provide any additional information as may be requested by the City after the filing of this application.

Applicant Name \_\_\_\_\_ Date \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

# TAX REBATE FINANCING PROPOSAL REVIEW WORKSHEET

TO BE COMPLETED BY CITY STAFF

**1. The project meets the criteria set forth in Section V of the Tax Rebate Financing policy.**

- ☐ a) Meets at least one of the objectives in Section III.
- ☐ b) Demonstrates need for TRF with the *but-for* analysis.
- ☐ c) Consistent with all city plans and ordinances.
- ☐ d) Serves at least two public purpose as defined in Section V.

**2. Ratio of Private to Public Investment in Project: Points: \_\_\_\_\_**

\$ _____ Private investment	5:1	5
\$ _____ Public Investment	4:1	4
_____ Ratio Private : Public Financing	3:1	3
	2:1	2
	Less than 2:1	1

**3. Job Creation in the City of Elk River: Points: \_\_\_\_\_**

_____ Number of new jobs as a result of the project.	25+	5
_____ Number of existing/retained jobs divided by 10.	20+	4
_____ Total	15+	3
	10+	2
	Less than 10	1

**4. Ratio of TRF to new jobs created: Points: \_\_\_\_\_**

\$ _____ TRF request	\$8,000 or less	5
_____ Number of <i>new</i> jobs created	\$10,000 or less	4
\$ _____ of TRF per <i>new</i> job created	\$12,000 or less	3
	\$15,000 or less	2
	Over \$15,000	1

**5. Wage Level of jobs created: Points: \_\_\_\_\_**

Average hourly wage	Over \$21/ hour	5
of jobs created: _____	\$18-21 / hour	4
	\$14-17 / hour	3
	\$10-13 / hour	2
	Under \$10 / hour	1

**6. Project size: Points: \_\_\_\_\_**

The project will result in the construction	40,000+	5
of square feet _____	30,000+	4
	20,000+	3
	10,000+	2
	10,000 or less	1

**7. Type of Project:** **Points:** \_\_\_\_\_  
 \_\_\_\_\_ 100% Owner Occupied 5  
 \_\_\_\_\_ Mix Owner Occupied & Investment 4  
 \_\_\_\_\_ Investment Property 3

**8. Use:** **Points:** \_\_\_\_\_  
 \_\_\_\_\_ Industrial or Business Park Project 5  
 \_\_\_\_\_ Commercial Rehabilitation/Redevelopment 4

**9. The project will pay annual property taxes in the first fully assessed year of \$ \_\_\_\_\_** **Points:** \_\_\_\_\_  
35,000+ 5  
25,000+ 4  
15,000+ 3  
10,000+ 2  
Under \$10,000 1

**10. Likelihood that the project will result in unsubsidized, spin-off development.** **Points:** \_\_\_\_\_  
\_\_\_\_\_ High 5  
\_\_\_\_\_ Moderate 3  
\_\_\_\_\_ Low 1

<b>Sub - Total Points:</b> _____ <b>of a possible 45 points.</b>
--

**9. Bonus Points** **Bonus Points:** \_\_\_\_\_

\_\_\_\_\_ The project will be 100% *Pay-as-you-go* TRF. 3 points  
 \_\_\_\_\_ The project contributes to the goals of *Energy City*. 2 points  
     • Product promotes sensible use of energy, *OR*  
     • Project utilizes significant energy efficient design &/or materials in construction.

<b>Total Points:</b> _____		
Overall project analysis:	High	45-38 points
	Moderate	37-29 points
	Low	28-20 points
	Not Eligible	19-0 points

**EXHIBIT A**

Description of the corporation or partnership

**EXHIBIT B**

Description of the proposed project

**EXHIBIT C**

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

**EXHIBIT D**

*But-for* analysis

**EXHIBIT E**

Prospective Lessees

**EXHIBIT F**

Legal Description and PID Number

# **XI. SAMPLE BUT-FOR ANALYSIS**

	WITH NO TAX REBATE FINANCING			WITH TAX REBATE FINANCING				
	SOURCES AND USES			SOURCES AND USES				
	SOURCES			SOURCES				
Mortgage			9,600,000			8,667,000		
Equity			2,400,000			2,400,00		
Tax Rebate Financing			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		
Site Work			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>		
			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	\$8.50	212,500	25,000	\$8.50	212,500		
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	1,051,646		20 Term	949,439		
		9.00% Interest			9.00% Interest			
		9,600,000 Principal			8,667,000 Principal			
Net Income			185,854			288,061		
Total Return on Equity			7.74%			12.00%		



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**City of Elk River, Minnesota**

**Tax Increment Financing  
Policy & Application**

Adopted: August, 1991  
Revised: March, 2000

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## **I. POLICY PURPOSE**

*For the purposes of this document, the term "City" shall include the Elk River City Council, Economic Development Authority, and Housing and Redevelopment Authority.*

The purpose of this policy is to establish the City of Elk River's position relating to the use of Tax Increment Financing (TIF) for private development above and beyond the requirements and limitations set forth by State Law. This policy shall be used as a guide in the processing and review of applications requesting tax increment assistance. The fundamental purpose of tax increment financing in Elk River is to encourage desirable development or redevelopment that would not otherwise occur *but for* the assistance provided through TIF.

The City of Elk River is granted the power to utilize TIF by the Minnesota Tax Increment Financing Act, as amended. It is the intent of the City to provide the minimum amount of TIF at the shortest term required for the project to proceed. The City reserves the right to approve or reject projects on a case by case basis, taking into consideration established policies, project criteria, and demand on city services in relation to the potential benefits from the project. Meeting policy criteria does not guarantee the award of TIF to the project. Approval or denial of one project is not intended to set precedent for approval or denial of another project.

## **II. OBJECTIVES OF TAX INCREMENT FINANCING**

As a matter of adopted policy, the City will consider using TIF to assist private development projects to achieve one or more of the following objectives:

- To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
- To encourage additional unsubsidized private development in the area, either directly or indirectly through "spin off" development.
- To facilitate the development process and to achieve development on sites which would not be developed without TIF assistance.
- To remove blight and/or encourage redevelopment of commercial and industrial areas in the city that result in high quality redevelopment and private reinvestment.
- To offset increased costs of redevelopment (i.e. contaminated site clean up) over and above the costs normally incurred in development.
- To create opportunities for affordable housing.

- To contribute to the implementation of other public policies, as adopted by the city from time to time, such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.

### III. POLICIES FOR THE USE OF TIF

- a. When possible, TIF shall be used to finance public improvements associated with the project. The priority for the use of TIF funds is:
  1. Public improvements, legal, administrative, and engineering costs.
  2. Site preparation, site improvement, land purchase, and demolition.
  3. Capitalized interest, bonding costs.
- b. It is the City's policy to establish the following types of TIF districts:
  1. Economic Development Districts
    - It is desired that the project result in a minimum creation of one full time job per \$25,000 of TIF.
  2. Redevelopment Districts
    - The market value of a redeveloped site shall increase by a minimum of 50% of the current market value.

Other types of TIF districts, along with specific criteria, may be considered on a case by case basis.
- c. TIF assistance will be provided to the developer upon receipt of the increment by the City, otherwise referred to as the *pay-as-you-go* method. Requests for up front financing will be considered on a case by case basis.
- d. A maximum of ten percent (10%) of any tax increment received from the district shall be retained by the City to reimburse administrative costs.
- e. Any developer receiving TIF assistance shall provide a minimum of twenty percent (20%) cash equity investment in the project.
- f. TIF will not be used in circumstances where land and/or property price is in excess of fair market value.
- g. Developer shall be able to demonstrate a market demand for a proposed project. TIF shall not be used to support purely speculative projects.

- h. TIF will not be utilized in cases where it would create an unfair and significant competitive financial advantage over other projects in the area.
- i. TIF shall not be used for projects that would place extraordinary demands on city services or for projects that would generate significant environmental impacts.
- j. The developer must provide adequate financial guarantees to ensure completion of the project, including, but not limited to: assessment agreements, letters of credit, personal guaranties, etcetera.
- k. The developer shall adequately demonstrate, to the City's sole satisfaction, an ability to complete the proposed project based on past development experience, general reputation, and credit history, among other factors, including the size and scope of the proposed project.
- l. For the purposes of underwriting the proposal, the developer shall provide any requested market, financial, environmental, or other data requested by the City or its consultants.

#### IV. PROJECT QUALIFICATIONS

All TIF projects considered by the City of Elk River must meet *each* of the following requirements:

- a. To be eligible for TIF, a project shall result in:
  - i. The new construction of a minimum of 25,000 square feet;
  - ii. A minimum increase of \$25,000 per year in property taxes; and,
  - iii. Have a market value of at least \$1,000,000 upon completion.
- b. The project shall meet at least *one* of the objectives set forth in Section II and satisfy all the provisions set forth in Section III of this document.
- c. The developer shall demonstrate that the project is not financially feasible *but-for* the use of TIF.
- d. The project must be consistent with the City's Comprehensive Plan, Land Use Plan, and Zoning Ordinances.

- e. The project shall serve at least *two* of the following public purposes:
- Creation of jobs with livable wages and benefits.
  - Increase of tax base.
  - Enhancement or diversification of the city's economic base.
  - Industrial development that will spur additional private investment in the area.
  - Fulfillment of the City's Strategic Plan for Economic Development.
  - Removal of blight or the rehabilitation of a high profile or priority site.

## V. SUBSIDY AGREEMENT & REPORTING REQUIRMENTS

All developers/businesses receiving tax increment financing assistance from the City of Elk River shall be subject to the provisions and requirements set forth by state statute 116J.993 and summarized below.

All developers/businesses receiving TIF assistance shall enter into a *subsidy agreement* with the City of Elk River that identifies: the reason for the subsidy, the public purpose served by the subsidy, and the goals for the subsidy, as well as other criteria set forth by statute 116J.993.

The developer/business shall file a report annually for two years after the date the benefit is received or until all goals set forth in the application and performance agreement have been meet, whichever is later. Reports shall be completed using the format drafted by the State of Minnesota and shall be filed with the City of Elk River no later than March 1 of each year for the previous calendar year. Businesses fulfilling job creation requirements must file a report to that effect with the city within 30 days of meeting the requirements.

The developer/business owner shall maintain and operate its facility at the site where TIF assistance is used for a period of five years after the benefit is received.

In addition to attaining or exceeding the jobs and wages goals set forth in the *Subsidy Agreement*, the applicant shall meet the qualifications set forth in Section IV of this document.

Developers / Businesses failing to comply with the above provisions will be subject to fines, repayment requirements, and be deemed ineligible by the State of Minnesota to receive any loans or grants from public entities for a period of five years.

## **VI. APPLICATION PROCESS**

1. Applicant submits the completed application along with all application fees.
2. City staff reviews the application and completes the Application Review Worksheet.
3. Results of the Worksheet are submitted to the appropriate governing authorities for preliminary approval of the proposal.
4. If preliminary approval is granted, the Tax Increment Financing Plan, along with all necessary notices, resolutions and certificates are prepared by City staff and/or consultants.
5. Notices are published and sent to the county and school board.
6. Public hearing(s) on the proposed project are held.
7. The EDA or HRA recommends approval or denial of the project to the City Council.
8. The City Council grants final approval or denial of the proposal.

## VII. APPLICATION FOR TAX INCREMENT FINANCING

### A. APPLICANT INFORMATION

Name of Corporation/Partnership \_\_\_\_\_

Address \_\_\_\_\_

Primary Contact \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

On a separate sheet, please provide the following:

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

Attorney Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

Accountant Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

Contractor Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

Engineer Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

Architect Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

## B. PROJECT INFORMATION

The project will be:

☐ Industrial Greenfield: ☐ New Construction ☐ Expansion  
☐ Commercial Redevelopment: ☐ New Construction ☐ Rehabilitation  
☐ Industrial Redevelopment: ☐ New Construction ☐ Rehabilitation  
☐ Other \_\_\_\_\_

The project will be: ☐ Owner Occupied ☐ Leased Space

If leased space, please attach a list names and addresses of future lessees and indicate the status of commitments or lease agreements. **Attach as Exhibit E.**

Project Address \_\_\_\_\_

Legal Description \_\_\_\_\_

Site Plan Attached: ☐ Yes ☐ No

Amount of Tax Increment Requested for:

Land Purchase \$ \_\_\_\_\_  
Public Improvement \$ \_\_\_\_\_  
Site Improvement \$ \_\_\_\_\_

Current Real Estate Taxes on Project Site: \$ \_\_\_\_\_

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

Construction Start Date: \_\_\_\_\_

Construction Completion Date: \_\_\_\_\_

If Phased Project: \_\_\_\_\_ Year \_\_\_\_\_ % Completed  
\_\_\_\_\_ Year \_\_\_\_\_ % Completed

## C. PUBLIC PURPOSE

It is the policy of the City of Elk River that the use of Tax Increment Financing should result in a benefit to the public. Please indicate how this project will serve a public purpose.

☐ Job Creation: Number of existing jobs \_\_\_\_\_  
Number of jobs created by project \_\_\_\_\_  
Average hourly wage of jobs created \_\_\_\_\_

☐ New industrial development which will result in additional private investment in the area.

☐ Enhancement or diversification of the city's economic base.

☐ The project contributes to the fulfillment of the City's Strategic Plan for Economic Development.

☐ Removal of blight or the rehabilitation of a high profile or priority site.

☐ Other: \_\_\_\_\_

## D. SOURCES & USES

<u>SOURCES</u>	<u>NAME</u>	<u>AMOUNT</u>
Bank Loan	_____	\$ _____
Other Private Funds	_____	\$ _____
Equity	_____	\$ _____
Fed Grant/Loan	_____	\$ _____
State Grant/Loan	_____	\$ _____
EDA Micro Loan	_____	\$ _____
Tax Increment	_____	\$ _____
ID Bonds	_____	\$ _____
<b>TOTAL</b>		<b>\$ _____</b>

<u>USES</u>	<u>AMOUNT</u>
Land Acquisition	\$ _____
Site Development	\$ _____
Construction	\$ _____
Machinery & Equipment	\$ _____
Architectural & Engineering Fees	\$ _____
Legal Fees	\$ _____
Interest During Construction	\$ _____
Debt Service Reserve	\$ _____
Contingencies	\$ _____
<b>TOTAL</b>	<b>\$ _____</b>



## E. ADDITIONAL DOCUMENTATION

Applicants will also be required to provide the following documentation.

- \_\_\_\_\_ A) Written business plan, including a description of the business, ownership/management, date established, products and services, and future plans
- \_\_\_\_\_ B) Financial Statements for Past Two Years
  - \_\_\_\_\_ Profit & Loss Statement
  - \_\_\_\_\_ Balance Sheet
- \_\_\_\_\_ C) Current Financial Statements
  - \_\_\_\_\_ Profit & Loss Statement to Date
  - \_\_\_\_\_ Balance Sheet to Date
- \_\_\_\_\_ D) Two Year Financial Projections
- \_\_\_\_\_ F) Personal Financial Statements of all Major Shareholders
  - \_\_\_\_\_ Profit & Loss
  - \_\_\_\_\_ Current Tax Return
- \_\_\_\_\_ G) Letter of Commitment from Applicant Pledging to Complete During the Proposed Project Duration
- \_\_\_\_\_ H) Letter of Commitment from the Other Sources of Financing, Stating Terms and Conditions of their Participation in Project
- \_\_\_\_\_ I) Application fee of \$5000 (to be returned upon project completion.)

Note: All Major shareholders will be required to sign personal guarantees if up front financing of the project is required.

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

Applicant Name \_\_\_\_\_ Date \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

## TAX INCREMENT FINANCING PROPOSAL REVIEW WORKSHEET

1. The project meets the criteria set forth in Section III of the City's Tax Increment Financing policy.

- \_\_\_\_\_ a) Meets minimum thresholds for size, value, and tax capacity.
- \_\_\_\_\_ b) Meets at least one of the objectives in Section III and satisfies the provision set forth in Section IV.
- \_\_\_\_\_ c) Demonstrates need for TIF with the *but-for* analysis.
- \_\_\_\_\_ e) Consistent with all city plans and ordinances.
- \_\_\_\_\_ f) Serves at least two public purpose as defined in Section IV.

2. Ratio of Private to Public Investment in Project: Points: \_\_\_\_\_

\$ _____ Private investment	5:1	5
\$ _____ Public Investment	4:1	4
_____ Ratio Private : Public Financing	3:1	3
	2:1	2
	Less than 2:1	1

3. Job Creation in the City of Elk River: Points: \_\_\_\_\_

_____ Number of new jobs as a result of the project.	40+	5
_____ Number of existing/retained jobs divided by 10.	30+	4
_____ Total	20+	3
	10+	2
	Less than 10	1

4. Ratio of TIF to new jobs created: Points: \_\_\_\_\_

\$ _____ TIF request	\$15,000 or less	5
_____ Number of <i>new</i> jobs created	\$20,000 or less	4
\$ _____ of TIF per <i>new</i> job created	\$22,000 or less	3
	\$25,000 or less	2
	Over \$25,000	1

5. Wage Level of jobs created: Points: \_\_\_\_\_

Average hourly wage	Over \$21/ hour	5
of jobs created: _____	\$18-21 / hour	4
	\$14-17 / hour	3
	\$10-13 / hour	2
	Under \$10 / hour	1

6. Project size: Points: \_\_\_\_\_

The project will result in the construction	80,000+	5
of square feet _____	65,000+	4
	50,000+	3
	35,000+	2
	25,000+	1

**7. Type of Project:****Points:** \_\_\_\_\_

- \_\_\_\_\_ 100% Owner Occupied  
 \_\_\_\_\_ Mix Owner Occupied & Investment  
 \_\_\_\_\_ Investment Property

5  
 4  
 3

**8. Use:****Points:** \_\_\_\_\_

- \_\_\_\_\_ Manufacturing  
 \_\_\_\_\_ Research & Development  
 \_\_\_\_\_ Commercial Redevelopment  
 \_\_\_\_\_ Warehouse/Distribution  
 \_\_\_\_\_ Housing

5  
 4  
 3  
 2  
 1

**9. The project will pay annual  
 property taxes in the first fully  
 assessed year of \$ \_\_\_\_\_**

**Points:** \_\_\_\_\_

85,000+ 5  
 70,000+ 4  
 55,000+ 3  
 40,000+ 2  
 25,000+ 1

**10. Likelihood that the project will result in  
 unsubsidized, spin-off development.**

**Points:** \_\_\_\_\_

\_\_\_\_\_ High 5  
 \_\_\_\_\_ Moderate 3  
 \_\_\_\_\_ Low 1

**Sub - Total Points: \_\_\_\_\_ of a possible 45 points.**

**9. Bonus Points****Bonus Points:** \_\_\_\_\_

- \_\_\_\_\_ The project will be 100% *Pay-as-you-go* TIF. 3 points  
 \_\_\_\_\_ The project contributes to the goals of *Energy City*. 2 points  
     • Product promotes sensible use of energy, OR  
     • Project utilizes significant energy efficient design &/or  
       materials in construction.

**Total Points:** \_\_\_\_\_**Overall project analysis:**

High 45-38 points  
 Moderate 37-29 points  
 Low 28-20 points  
 Not Eligible 19-0 points

**EXHIBIT A**

**Description of the corporation or partnership**

**EXHIBIT B**

**Description of the proposed project**

**EXHIBIT C**

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

**EXHIBIT D**

*But-for analysis*

**EXHIBIT E**

**Prospective Lessees**

# SAMPLE BUT-FOR ANALYSIS

	WITH NO TAX INCREMENT			WITH TAX INCREMENT		
	SOURCES AND USES			SOURCES AND USES		
	SOURCES			SOURCES		
Mortgage		9,600,000			8,667,000	
Equity		2,400,000			2,400,00	
Tax Increment Financing		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	
Site Work		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>	
	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	\$8.50	212,500	25,000	\$8.50	212,500
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	1,051,646		20 Term	949,439
		9.00% Interest			9.00% Interest	
		9,600,000 Principal			8,667,000 Principal	
Net Income			185,854			288,061
Total Return on Equity			7.74%			12.00%

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**City of Elk River, Minnesota**

**Economic Development Tax Rebate Financing  
Policy & Application**

Adopted: April 10, 2000

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## **I. POLICY PURPOSE**

*For the purposes of this document, the term "City" shall include the Elk River City Council, Economic Development Authority, and Housing and Redevelopment Authority.*

The purpose of this policy is to establish the City of Elk River's position relating to the use of Tax Rebate Financing (TRF), otherwise referred to as Tax Abatement, for private development above and beyond the requirements and limitations set forth by State Law. This policy shall be used as a guide in the processing and review of applications requesting tax rebate assistance. The fundamental purpose of tax rebate financing in Elk River is to encourage desirable development or redevelopment that would not otherwise occur *but for* the assistance provided through TRF.

The City of Elk River is granted the power to utilize TRF by the Minnesota Tax Abatement Act, as amended. It is the intent of the City to provide the minimum amount of TRF, as well as other incentives, at the shortest term required for the project to proceed. The City reserves the right to approve or reject projects on a case by case basis, taking into consideration established policies, project criteria, and demand on city services in relation to the potential benefits from the project. Meeting policy criteria does not guarantee the award of TRF to the project. Approval or denial of one project is not intended to set precedent for approval or denial of another project.

## **II. DIFFERENCE BETWEEN TRF & TIF**

The primary difference between Tax Rebate Financing (TRF) and Tax Increment Financing (TIF) is the way in which the dollars are awarded to the project. When TIF is awarded to a project by the city, the other political subdivisions (the school district and the county) are required to contribute their portion of the increased taxes to the project. Conversely, when TRF is requested, each political subdivision has the option of granting its portion of the increased taxes to the project. Subsequently, the dollars generated for the project with TRF are generally less than the dollars generated with TIF.

## **III. OBJECTIVES OF TAX REBATE FINANCING**

As a matter of adopted policy, the City will consider using TRF to assist private development projects to achieve one or more of the following objectives:

- To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
- To enhance and diversify the city of Elk River's economic base.
- To encourage additional unsubsidized private development in the area, either directly or indirectly through "spin off" development.



- To facilitate the development process and to achieve development on sites which would not be developed without TRF assistance.
- To remove blight and/or encourage redevelopment of commercial and industrial areas in the city that result in high quality redevelopment and private reinvestment.
- To offset increased costs of redevelopment (i.e. contaminated site clean up) over and above the costs normally incurred in development.
- To create opportunities for affordable housing.
- To contribute to the implementation of other public policies, as adopted by the city from time to time, such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.

#### IV. POLICIES FOR THE USE OF TRF

- a. TRF assistance will be provided to the developer upon receipt of taxes by the City, otherwise referred to as the *pay-as-you-go* method. Requests for up front financing will be considered on a case-by-case basis.
- b. Any developer receiving TRF assistance shall provide a minimum of twenty percent (20%) cash equity investment in the project.
- c. TRF will not be used in circumstances where land and/or property price is in excess of fair market value.
- d. Developer shall be able to demonstrate a market demand for a proposed project.
- e. TRF will not be utilized in cases where it would create an unfair and significant competitive financial advantage over other projects in the area.
- f. TRF shall not be used for projects that would place extraordinary demands on city services or for projects that would generate significant environmental impacts.
- g. The developer must provide adequate financial guarantees to ensure completion of the project, including, but not limited to: assessment agreements, letters of credit, personal guaranties, and etcetera.

- h. The developer shall adequately demonstrate, to the City's sole satisfaction, an ability to complete the proposed project based on past development experience, general reputation, and credit history, among other factors, including the size and scope of the proposed project.
- i. For the purposes of underwriting the proposal, the developer shall provide any requested market, financial, environmental, or other data requested by the City or its consultants.

## V. PROJECT QUALIFICATIONS

All TRF projects considered by the City of Elk River must meet *each* of the following requirements:

- a. The project shall meet at least one of the objectives set forth in Section III of this document.
- b. The use of TRF will be limited to:
  - Industrial development, expansion, redevelopment, or rehabilitation; or
  - Commercial redevelopment or rehabilitation; or
  - Office or research facilities that satisfy Business Park zoning requirements;
  - Residential development and redevelopment *may* be eligible for TRF under a separate set of policies and only with the recommendation of the HRA.
  - New commercial or retail development is not eligible for TRF.
- c. The developer shall demonstrate that the project is not financially feasible *but-for* the use of TRF.
- d. The project shall comply with all provisions set forth in the state's Tax Abatement Law, statutes 469.1812 to 469.1815, as amended.
- e. The project must be consistent with the City's Comprehensive Plan, Land Use Plan, and Zoning Ordinances.
- f. The project shall serve at least two of the following public purposes:
  - Job creation.
  - Increase of tax base.
  - Enhancement or diversification of the city's economic base.
  - Development or redevelopment that will spur additional private investment in the area.

- Fulfillment of defined city objectives, such as those identified in the Strategic Plan for Economic Development or the city's Comprehensive Plan, among others.
- Removal of blight or the rehabilitation of a high profile or priority site.

## VI. SUBSIDY AGREEMENT & REPORTING REQUIREMENTS

All developers/businesses receiving Tax Rebate Financing assistance from the City of Elk River shall be subject to the provisions and requirements set forth by state statute 116J.993 and summarized below.

All developers/businesses receiving TRF assistance shall enter into a *subsidy agreement* with the City of Elk River that identifies: the reason for the subsidy, the public purpose served by the subsidy, and the goals for the subsidy, as well as other criteria set forth by statute 116J.993.

The developer/business shall file a report annually for two years after the date the benefit is received or until all goals set forth in the application and performance agreement have been met, whichever is later. Reports shall be completed using the format drafted by the State of Minnesota and shall be filed with the City of Elk River no later than March 1 of each year for the previous calendar year. Businesses fulfilling job creation requirements must file a report to that effect with the city within 30 days of meeting the requirements.

The developer/business owner shall maintain and operate its facility at the site where TRF assistance is used for a period of five years after the benefit is received.

In addition to attaining or exceeding the jobs and wages goals set forth in the *Subsidy Agreement*, the borrower shall achieve at least one of the objectives set forth in Section III of this document.

Developers / Businesses failing to comply with the above provisions will be subject to fines, repayment requirements, and be deemed ineligible by the State to receive any loans or grants from public entities for a period of five years.

## **VII. APPLICATION PROCESS FOR TRF**

### **A. CITY OF ELK RIVER**

1. Applicant submits the completed application along with all application fees.
2. City staff reviews the application and completes the Application Review Worksheet.
3. Results of the Worksheet are submitted to the appropriate governing authorities for preliminary approval of the proposal.
4. If preliminary approval is granted, all necessary notices, resolutions and certificates are prepared by City staff and/or consultants.
5. Public hearing(s) on the proposed project are held.
6. The EDA or HRA recommends approval or denial of the proposal to the City Council.
7. The City Council grants final approval or denial of the proposal.

### **B. APPLICATIONS TO OTHER POLITICAL SUBDIVISIONS**

It is recommended that applicants intending to seek TRF from Sherburne County and/or School District 728 make their applications to those bodies concurrent with their application to the City of Elk River. For more information on applying for TRF through Sherburne County and/or School District 728, contact:

Alex Wikstrom  
Sherburne County Budget / Economic Development Coordinator  
763-241-2700

Dr. David Flannary  
Superintendent - School District 728  
763-241-3400

## VII. APPLICATION FOR TAX REBATE FINANCING

### A. APPLICANT INFORMATION

Name of Corporation/Partnership \_\_\_\_\_

Address \_\_\_\_\_

Primary Contact \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

On a separate sheet, please provide the following:

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

Attorney Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

Accountant Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

Contractor Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

Engineer Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

Architect Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

## B. PROJECT INFORMATION

1. The project will be:

☐ Industrial: ☐ New Construction ☐ Expansion ☐ Redevelopment / Rehab.  
☐ Office/research facility that conforms to business park standards  
☐ Commercial Redevelopment/Rehabilitation  
☐ Other \_\_\_\_\_

2. In addition to the City of Elk River, applicant is requesting TRF funds from: \_\_\_\_\_ Sherburne County \_\_\_\_\_ School District 728

3. The project will be: ☐ Owner Occupied ☐ Leased Space

- If leased space, please attach a list names and addresses of future lessees and indicate the status of commitments or lease agreements. **Attach as Exhibit E.**

4. Project Address \_\_\_\_\_  
• Include Legal Description and PID Number. **Attach as Exhibit F**

5. Site Plan Attached: \_\_\_\_\_ Yes \_\_\_\_\_ No

6. Total Amount of TRF Requested: \$ \_\_\_\_\_ over \_\_\_\_\_ years.

City Portion of TRF: Annual \$ \_\_\_\_\_ Total \$ \_\_\_\_\_

County Portion of TRF: Annual \$ \_\_\_\_\_ Total \$ \_\_\_\_\_

ISD 728 Portion of TRF: Annual \$ \_\_\_\_\_ Total \$ \_\_\_\_\_

7. Current Real Estate Taxes on Project Site: \$ \_\_\_\_\_  
Estimated Real Estate Taxes upon Completion: Phase I \$ \_\_\_\_\_  
Phase II \$ \_\_\_\_\_

8. Construction Start Date: \_\_\_\_\_

Construction Completion Date: \_\_\_\_\_

If Phased Project: \_\_\_\_\_ Year \_\_\_\_\_ % Completed  
\_\_\_\_\_ Year \_\_\_\_\_ % Completed

## C. PUBLIC PURPOSE

It is the policy of the City of Elk River that the use of Tax Rebate Financing should result in a benefit to the public. Please indicate how this project will serve a public purpose.

☐ Job Creation: Number of existing jobs \_\_\_\_\_  
Number of jobs created by project \_\_\_\_\_  
Average hourly wage of jobs created \_\_\_\_\_

☐ New industrial development which will result in additional private investment in the area.

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

☐ The project contributes to the fulfillment of the City's Strategic Plan for Economic Development.

☐ Removal of blight.

☐ Rehabilitation of a high profile or priority site.

☐ Other: \_\_\_\_\_

## D. SOURCES & USES

<u>SOURCES</u>	<u>NAME</u>	<u>AMOUNT</u>
Bank Loan	_____	\$ _____
Other Private Funds	_____	\$ _____
Equity	_____	\$ _____
Fed Grant/Loan	_____	\$ _____
State Grant/Loan	_____	\$ _____
EDA Micro Loan	_____	\$ _____
Tax Rebate Financing	_____	\$ _____
ID Bonds	_____	\$ _____
<b>TOTAL</b>		\$ _____

<u>USES</u>	<u>AMOUNT</u>
Land Acquisition	\$ _____
Site Development	\$ _____
Construction	\$ _____
Machinery & Equipment	\$ _____
Architectural & Engineering Fees	\$ _____
Legal Fees	\$ _____
Interest During Construction	\$ _____
Debt Service Reserve	\$ _____
Contingencies	\$ _____
<b>TOTAL</b>	\$ _____

## E. ADDITIONAL DOCUMENTATION AND CHECKLIST

Applicants will also be required to provide the following documentation.

- \_\_\_\_\_ A) Written business plan, including a description of the business, ownership/management, date established, products and services, and future plans
- \_\_\_\_\_ B) Financial Statements for Past Two Years
  - \_\_\_\_\_ Profit & Loss Statement
  - \_\_\_\_\_ Balance Sheet
- \_\_\_\_\_ C) Current Financial Statements
  - \_\_\_\_\_ Profit & Loss Statement to Date
  - \_\_\_\_\_ Balance Sheet to Date
- \_\_\_\_\_ D) Two Year Financial Projections
- \_\_\_\_\_ F) Personal Financial Statements of all Major Shareholders
  - \_\_\_\_\_ Profit & Loss
  - \_\_\_\_\_ Current Tax Return
- \_\_\_\_\_ G) Letter of Commitment from Applicant Pledging to Complete During the Proposed Project Duration
- \_\_\_\_\_ H) Letter of Commitment from the Other Sources of Financing, Stating Terms and Conditions of their Participation in the Project
- \_\_\_\_\_ I) Application fee of \$5000 (to be returned upon project completion.)
- \_\_\_\_\_ J) Attach the following documentation as Exhibits
  - \_\_\_\_\_ Exhibit A – Corporation/Partnership Description
  - \_\_\_\_\_ Exhibit B – Description of Project
  - \_\_\_\_\_ Exhibit C – List of Shareholders/Partners
  - \_\_\_\_\_ Exhibit D – *But-For* Analysis
  - \_\_\_\_\_ Exhibit E – List of Prospective Lessees
  - \_\_\_\_\_ Exhibit F – Legal Description

**Note:** All Major shareholders will be required to sign personal guarantees if up front financing of the project is required.

The undersigned certifies that all information provided in this application is true and correct to the best of the undersigned's knowledge. The undersigned authorizes the City of Elk River to check credit references, verify financial and other information, and share this information with other political subdivisions as needed. The undersigned also agrees to provide any additional information as may be requested by the City after the filing of this application.

Applicant Name \_\_\_\_\_ Date \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_



# TAX REBATE FINANCING PROPOSAL REVIEW WORKSHEET

TO BE COMPLETED BY CITY STAFF

1. The project meets the criteria set forth in Section V of the Tax Rebate Financing policy.

- \_\_\_\_\_ a) Meets at least one of the objectives in Section III.
- \_\_\_\_\_ b) Demonstrates need for TRF with the *but-for* analysis.
- \_\_\_\_\_ c) Consistent with all city plans and ordinances.
- \_\_\_\_\_ d) Serves at least two public purpose as defined in Section V.

2. Ratio of Private to Public Investment in Project: Points: \_\_\_\_\_

\$ _____ Private investment	5:1	5
\$ _____ Public Investment	4:1	4
_____ Ratio Private : Public Financing	3:1	3
	2:1	2
	Less than 2:1	1

3. Job Creation in the City of Elk River: Points: \_\_\_\_\_

_____ Number of new jobs as a result of the project.	25+	5
_____ Number of existing/retained jobs divided by 10.	20+	4
_____ Total	15+	3
	10+	2
	Less than 10	1

4. Ratio of TRF to new jobs created: Points: \_\_\_\_\_

\$ _____ TRF request	\$8,000 or less	5
_____ Number of <i>new</i> jobs created	\$10,000 or less	4
\$ _____ of TRF per <i>new</i> job created	\$12,000 or less	3
	\$15,000 or less	2
	Over \$15,000	1

5. Wage Level of jobs created: Points: \_\_\_\_\_

Average hourly wage	Over \$21/ hour	5
of jobs created: _____	\$18-21 / hour	4
	\$14-17 / hour	3
	\$10-13 / hour	2
	Under \$10 / hour	1

6. Project size: Points: \_\_\_\_\_

The project will result in the construction	40,000+	5
of square feet _____	30,000+	4
	20,000+	3
	10,000+	2
	10,000 or less	1

**7. Type of Project:** **Points:** \_\_\_\_\_  
 \_\_\_\_\_ 100% Owner Occupied 5  
 \_\_\_\_\_ Mix Owner Occupied & Investment 4  
 \_\_\_\_\_ Investment Property 3

**8. Use:** **Points:** \_\_\_\_\_  
 \_\_\_\_\_ Industrial or Business Park Project 5  
 \_\_\_\_\_ Commercial Rehabilitation/Redevelopment 4

**9. The project will pay annual property taxes in the first fully assessed year of \$ \_\_\_\_\_** **Points:** \_\_\_\_\_  
35,000+ 5  
25,000+ 4  
15,000+ 3  
10,000+ 2  
Under \$10,000 1

**10. Likelihood that the project will result in unsubsidized, spin-off development.** **Points:** \_\_\_\_\_  
\_\_\_\_\_ High 5  
\_\_\_\_\_ Moderate 3  
\_\_\_\_\_ Low 1

<b>Sub - Total Points:</b> _____ <b>of a possible 45 points.</b>
--

**9. Bonus Points** **Bonus Points:** \_\_\_\_\_

\_\_\_\_\_ The project will be 100% *Pay-as-you-go* TRF. 3 points  
 \_\_\_\_\_ The project contributes to the goals of *Energy City*. 2 points  
     • Product promotes sensible use of energy, *OR*  
     • Project utilizes significant energy efficient design &/or materials in construction.

<b>Total Points:</b> _____		
Overall project analysis:	High	45-38 points
	Moderate	37-29 points
	Low	28-20 points
	Not Eligible	19-0 points

**EXHIBIT A**

Description of the corporation or partnership

**EXHIBIT B**

Description of the proposed project

**EXHIBIT C**

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

**EXHIBIT D**

*But-for* analysis

**EXHIBIT E**

Prospective Lessees

**EXHIBIT F**

Legal Description and PID Number

# **XI. SAMPLE BUT-FOR ANALYSIS**

	WITH NO TAX REBATE FINANCING			WITH TAX REBATE FINANCING		
	SOURCES AND USES			SOURCES AND USES		
	SOURCES			SOURCES		
Mortgage			9,600,000			8,667,000
Equity			2,400,000			2,400,00
Tax Rebate Financing			0			933,000
<b>TOTAL SOURCES</b>			<b>12,000,000</b>			<b>12,000,000</b>
	USES			USES		
	USES			USES		
	USES			USES		
Land			1,500,000			1,500,000
Site Work			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>
	Income Statement			Income Statement		
	Income Statement			Income Statement		
	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	\$8.50	212,500	25,000	\$8.50	212,500
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		1,051,646	20 Term		949,439
	9.00% Interest			9.00% Interest		
	9,600,000 Principal			8,667,000 Principal		
Net Income			185,854			288,061
Total Return on Equity			7.74%			12.00%



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## **City of Elk River, Minnesota**

### **Tax Increment Financing Policy & Application**

Adopted: August, 1991

Revised: March, 2000

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## **I. POLICY PURPOSE**

*For the purposes of this document, the term "City" shall include the Elk River City Council, Economic Development Authority, and Housing and Redevelopment Authority.*

The purpose of this policy is to establish the City of Elk River's position relating to the use of Tax Increment Financing (TIF) for private development above and beyond the requirements and limitations set forth by State Law. This policy shall be used as a guide in the processing and review of applications requesting tax increment assistance. The fundamental purpose of tax increment financing in Elk River is to encourage desirable development or redevelopment that would not otherwise occur *but for* the assistance provided through TIF.

The City of Elk River is granted the power to utilize TIF by the Minnesota Tax Increment Financing Act, as amended. It is the intent of the City to provide the minimum amount of TIF at the shortest term required for the project to proceed. The City reserves the right to approve or reject projects on a case by case basis, taking into consideration established policies, project criteria, and demand on city services in relation to the potential benefits from the project. Meeting policy criteria does not guarantee the award of TIF to the project. Approval or denial of one project is not intended to set precedent for approval or denial of another project.

## **II. OBJECTIVES OF TAX INCREMENT FINANCING**

As a matter of adopted policy, the City will consider using TIF to assist private development projects to achieve one or more of the following objectives:

- To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
- To encourage additional unsubsidized private development in the area, either directly or indirectly through "spin off" development.
- To facilitate the development process and to achieve development on sites which would not be developed without TIF assistance.
- To remove blight and/or encourage redevelopment of commercial and industrial areas in the city that result in high quality redevelopment and private reinvestment.
- To offset increased costs of redevelopment (i.e. contaminated site clean up) over and above the costs normally incurred in development.
- To create opportunities for affordable housing.



- To contribute to the implementation of other public policies, as adopted by the city from time to time, such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.

### III. POLICIES FOR THE USE OF TIF

- a. When possible, TIF shall be used to finance public improvements associated with the project. The priority for the use of TIF funds is:
  1. Public improvements, legal, administrative, and engineering costs.
  2. Site preparation, site improvement, land purchase, and demolition.
  3. Capitalized interest, bonding costs.
- b. It is the City's policy to establish the following types of TIF districts:
  1. Economic Development Districts
    - It is desired that the project result in a minimum creation of one full time job per \$25,000 of TIF.
  2. Redevelopment Districts
    - The market value of a redeveloped site shall increase by a minimum of 50% of the current market value.

Other types of TIF districts, along with specific criteria, may be considered on a case by case basis.
- c. TIF assistance will be provided to the developer upon receipt of the increment by the City, otherwise referred to as the *pay-as-you-go* method. Requests for up front financing will be considered on a case by case basis.
- d. A maximum of ten percent (10%) of any tax increment received from the district shall be retained by the City to reimburse administrative costs.
- e. Any developer receiving TIF assistance shall provide a minimum of twenty percent (20%) cash equity investment in the project.
- f. TIF will not be used in circumstances where land and/or property price is in excess of fair market value.
- g. Developer shall be able to demonstrate a market demand for a proposed project. TIF shall not be used to support purely speculative projects.

- h. TIF will not be utilized in cases where it would create an unfair and significant competitive financial advantage over other projects in the area.
- i. TIF shall not be used for projects that would place extraordinary demands on city services or for projects that would generate significant environmental impacts.
- j. The developer must provide adequate financial guarantees to ensure completion of the project, including, but not limited to: assessment agreements, letters of credit, personal guaranties, etcetera.
- k. The developer shall adequately demonstrate, to the City's sole satisfaction, an ability to complete the proposed project based on past development experience, general reputation, and credit history, among other factors, including the size and scope of the proposed project.
- l. For the purposes of underwriting the proposal, the developer shall provide any requested market, financial, environmental, or other data requested by the City or its consultants.

#### IV. PROJECT QUALIFICATIONS

All TIF projects considered by the City of Elk River must meet *each* of the following requirements:

- a. To be eligible for TIF, a project shall result in:
  - i. The new construction of a minimum of 25,000 square feet;
  - ii. A minimum increase of \$25,000 per year in property taxes; and,
  - iii. Have a market value of at least \$1,000,000 upon completion.
- b. The project shall meet at least *one* of the objectives set forth in Section II and satisfy all the provisions set forth in Section III of this document.
- c. The developer shall demonstrate that the project is not financially feasible *but-for* the use of TIF.
- d. The project must be consistent with the City's Comprehensive Plan, Land Use Plan, and Zoning Ordinances.

- e. The project shall serve at least *two* of the following public purposes:
- Creation of jobs with livable wages and benefits.
  - Increase of tax base.
  - Enhancement or diversification of the city's economic base.
  - Industrial development that will spur additional private investment in the area.
  - Fulfillment of the City's Strategic Plan for Economic Development.
  - Removal of blight or the rehabilitation of a high profile or priority site.

## V. SUBSIDY AGREEMENT & REPORTING REQUIRMENTS

All developers/businesses receiving tax increment financing assistance from the City of Elk River shall be subject to the provisions and requirements set forth by state statute 116J.993 and summarized below.

All developers/businesses receiving TIF assistance shall enter into a *subsidy agreement* with the City of Elk River that identifies: the reason for the subsidy, the public purpose served by the subsidy, and the goals for the subsidy, as well as other criteria set forth by statute 116J.993.

The developer/business shall file a report annually for two years after the date the benefit is received or until all goals set forth in the application and performance agreement have been meet, whichever is later. Reports shall be completed using the format drafted by the State of Minnesota and shall be filed with the City of Elk River no later than March 1 of each year for the previous calendar year. Businesses fulfilling job creation requirements must file a report to that effect with the city within 30 days of meeting the requirements.

The developer/business owner shall maintain and operate its facility at the site where TIF assistance is used for a period of five years after the benefit is received.

In addition to attaining or exceeding the jobs and wages goals set forth in the *Subsidy Agreement*, the applicant shall meet the qualifications set forth in Section IV of this document.

Developers / Businesses failing to comply with the above provisions will be subject to fines, repayment requirements, and be deemed ineligible by the State of Minnesota to receive any loans or grants from public entities for a period of five years.

## **VI. APPLICATION PROCESS**

1. Applicant submits the completed application along with all application fees.
2. City staff reviews the application and completes the Application Review Worksheet.
3. Results of the Worksheet are submitted to the appropriate governing authorities for preliminary approval of the proposal.
4. If preliminary approval is granted, the Tax Increment Financing Plan, along with all necessary notices, resolutions and certificates are prepared by City staff and/or consultants.
5. Notices are published and sent to the county and school board.
6. Public hearing(s) on the proposed project are held.
7. The EDA or HRA recommends approval or denial of the project to the City Council.
8. The City Council grants final approval or denial of the proposal.

## VII. APPLICATION FOR TAX INCREMENT FINANCING

### A. APPLICANT INFORMATION

Name of Corporation/Partnership \_\_\_\_\_

Address \_\_\_\_\_

Primary Contact \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

On a separate sheet, please provide the following:

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

Attorney Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

Accountant Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

Contractor Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

Engineer Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

Architect Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

## B. PROJECT INFORMATION

The project will be:

☐ Industrial Greenfield: ☐ New Construction ☐ Expansion  
☐ Commercial Redevelopment: ☐ New Construction ☐ Rehabilitation  
☐ Industrial Redevelopment: ☐ New Construction ☐ Rehabilitation  
☐ Other \_\_\_\_\_

The project will be: ☐ Owner Occupied ☐ Leased Space

If leased space, please attach a list names and addresses of future lessees and indicate the status of commitments or lease agreements. Attach as Exhibit E.

Project Address \_\_\_\_\_

Legal Description \_\_\_\_\_

Site Plan Attached: ☐ Yes ☐ No

Amount of Tax Increment Requested for:

Land Purchase \$ \_\_\_\_\_  
Public Improvement \$ \_\_\_\_\_  
Site Improvement \$ \_\_\_\_\_

Current Real Estate Taxes on Project Site: \$ \_\_\_\_\_

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

Phase II \$ \_\_\_\_\_

Construction Start Date: \_\_\_\_\_

Construction Completion Date: \_\_\_\_\_

If Phased Project: \_\_\_\_\_ Year \_\_\_\_\_ % Completed  
\_\_\_\_\_ Year \_\_\_\_\_ % Completed

## C. PUBLIC PURPOSE

It is the policy of the City of Elk River that the use of Tax Increment Financing should result in a benefit to the public. Please indicate how this project will serve a public purpose.

☐ Job Creation: Number of existing jobs \_\_\_\_\_  
Number of jobs created by project \_\_\_\_\_  
Average hourly wage of jobs created \_\_\_\_\_

☐ New industrial development which will result in additional private investment in the area.

☐ Enhancement or diversification of the city's economic base.

☐ The project contributes to the fulfillment of the City's Strategic Plan for Economic Development.

☐ Removal of blight or the rehabilitation of a high profile or priority site.

☐ Other: \_\_\_\_\_

## D. SOURCES & USES

<u>SOURCES</u>	<u>NAME</u>	<u>AMOUNT</u>
Bank Loan	_____	\$ _____
Other Private Funds	_____	\$ _____
Equity	_____	\$ _____
Fed Grant/Loan	_____	\$ _____
State Grant/Loan	_____	\$ _____
EDA Micro Loan	_____	\$ _____
Tax Increment	_____	\$ _____
ID Bonds	_____	\$ _____
<b>TOTAL</b>		\$ _____

<u>USES</u>	<u>AMOUNT</u>
Land Acquisition	\$ _____
Site Development	\$ _____
Construction	\$ _____
Machinery & Equipment	\$ _____
Architectural & Engineering Fees	\$ _____
Legal Fees	\$ _____
Interest During Construction	\$ _____
Debt Service Reserve	\$ _____
Contingencies	\$ _____
<b>TOTAL</b>	\$ _____

## E. ADDITIONAL DOCUMENTATION

Applicants will also be required to provide the following documentation.

- \_\_\_\_\_ A) Written business plan, including a description of the business, ownership/management, date established, products and services, and future plans
- \_\_\_\_\_ B) Financial Statements for Past Two Years
  - \_\_\_\_\_ Profit & Loss Statement
  - \_\_\_\_\_ Balance Sheet
- \_\_\_\_\_ C) Current Financial Statements
  - \_\_\_\_\_ Profit & Loss Statement to Date
  - \_\_\_\_\_ Balance Sheet to Date
- \_\_\_\_\_ D) Two Year Financial Projections
- \_\_\_\_\_ F) Personal Financial Statements of all Major Shareholders
  - \_\_\_\_\_ Profit & Loss
  - \_\_\_\_\_ Current Tax Return
- \_\_\_\_\_ G) Letter of Commitment from Applicant Pledging to Complete During the Proposed Project Duration
- \_\_\_\_\_ H) Letter of Commitment from the Other Sources of Financing, Stating Terms and Conditions of their Participation in Project
- \_\_\_\_\_ I) Application fee of \$5000 (to be returned upon project completion.)

Note: All Major shareholders will be required to sign personal guarantees if up front financing of the project is required.

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

Applicant Name \_\_\_\_\_ Date \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_



## TAX INCREMENT FINANCING PROPOSAL REVIEW WORKSHEET

1. The project meets the criteria set forth in Section III of the City's Tax Increment Financing policy.

- \_\_\_\_\_ a) Meets minimum thresholds for size, value, and tax capacity.
- \_\_\_\_\_ b) Meets at least one of the objectives in Section III and satisfies the provision set forth in Section IV.
- \_\_\_\_\_ c) Demonstrates need for TIF with the *but-for* analysis.
- \_\_\_\_\_ e) Consistent with all city plans and ordinances.
- \_\_\_\_\_ f) Serves at least two public purpose as defined in Section IV.

2. Ratio of Private to Public Investment in Project: Points: \_\_\_\_\_

\$ _____ Private investment	5:1	5
\$ _____ Public Investment	4:1	4
_____ Ratio Private : Public Financing	3:1	3
	2:1	2
	Less than 2:1	1

3. Job Creation in the City of Elk River: Points: \_\_\_\_\_

_____ Number of new jobs as a result of the project.	40+	5
_____ Number of existing/retained jobs divided by 10.	30+	4
_____ Total	20+	3
	10+	2
	Less than 10	1

4. Ratio of TIF to new jobs created: Points: \_\_\_\_\_

\$ _____ TIF request	\$15,000 or less	5
_____ Number of <i>new</i> jobs created	\$20,000 or less	4
\$ _____ of TIF per <i>new</i> job created	\$22,000 or less	3
	\$25,000 or less	2
	Over \$25,000	1

5. Wage Level of jobs created: Points: \_\_\_\_\_

Average hourly wage	Over \$21/ hour	5
of jobs created: _____	\$18-21 / hour	4
	\$14-17 / hour	3
	\$10-13 / hour	2
	Under \$10 / hour	1

6. Project size: Points: \_\_\_\_\_

The project will result in the construction	80,000+	5
of square feet _____	65,000+	4
	50,000+	3
	35,000+	2
	25,000+	1

**7. Type of Project:** **Points:** \_\_\_\_\_  
 \_\_\_\_\_ 100% Owner Occupied 5  
 \_\_\_\_\_ Mix Owner Occupied & Investment 4  
 \_\_\_\_\_ Investment Property 3

**8. Use:** **Points:** \_\_\_\_\_  
 \_\_\_\_\_ Manufacturing 5  
 \_\_\_\_\_ Research & Development 4  
 \_\_\_\_\_ Commercial Redevelopment 3  
 \_\_\_\_\_ Warehouse/Distribution 2  
 \_\_\_\_\_ Housing 1

**9. The project will pay annual property taxes in the first fully assessed year of \$ \_\_\_\_\_** **Points:** \_\_\_\_\_  
85,000+ 5  
70,000+ 4  
55,000+ 3  
40,000+ 2  
25,000+ 1

**10. Likelihood that the project will result in unsubsidized, spin-off development.** **Points:** \_\_\_\_\_  
\_\_\_\_\_ High 5  
\_\_\_\_\_ Moderate 3  
\_\_\_\_\_ Low 1

<b>Sub - Total Points:</b> _____ <b>of a possible 45 points.</b>
--

**9. Bonus Points** **Bonus Points:** \_\_\_\_\_

\_\_\_\_\_ The project will be 100% *Pay-as-you-go* TIF. 3 points  
 \_\_\_\_\_ The project contributes to the goals of *Energy City*. 2 points  
     • Product promotes sensible use of energy, *OR*  
     • Project utilizes significant energy efficient design &/or materials in construction.

<b>Total Points:</b> _____		
<b>Overall project analysis:</b>	High	45-38 points
	Moderate	37-29 points
	Low	28-20 points
	Not Eligible	19-0 points

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

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

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

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

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

# SAMPLE BUT-FOR ANALYSIS

	WITH NO TAX INCREMENT			WITH TAX INCREMENT		
	SOURCES AND USES			SOURCES AND USES		
	SOURCES			SOURCES		
Mortgage			9,600,000			8,667,000
Equity			2,400,000			2,400,00
Tax Increment Financing			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
Site Work			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>
	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	\$8.50	212,500	25,000	\$8.50	212,500
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			20 Term
			9.00% Interest			9.00% Interest
			9,600,000 Principal			8,667,000 Principal
Net Income			185,854			288,061
Total Return on Equity			7.74%			12.00%

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**City of Elk River, Minnesota**

**Economic Development Tax Rebate Financing  
Policy & Application**

Adopted: April 10, 2000

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## **I. POLICY PURPOSE**

*For the purposes of this document, the term "City" shall include the Elk River City Council, Economic Development Authority, and Housing and Redevelopment Authority.*

The purpose of this policy is to establish the City of Elk River's position relating to the use of Tax Rebate Financing (TRF), otherwise referred to as Tax Abatement, for private development above and beyond the requirements and limitations set forth by State Law. This policy shall be used as a guide in the processing and review of applications requesting tax rebate assistance. The fundamental purpose of tax rebate financing in Elk River is to encourage desirable development or redevelopment that would not otherwise occur *but for* the assistance provided through TRF.

The City of Elk River is granted the power to utilize TRF by the Minnesota Tax Abatement Act, as amended. It is the intent of the City to provide the minimum amount of TRF, as well as other incentives, at the shortest term required for the project to proceed. The City reserves the right to approve or reject projects on a case by case basis, taking into consideration established policies, project criteria, and demand on city services in relation to the potential benefits from the project. Meeting policy criteria does not guarantee the award of TRF to the project. Approval or denial of one project is not intended to set precedent for approval or denial of another project.

## **II. DIFFERENCE BETWEEN TRF & TIF**

The primary difference between Tax Rebate Financing (TRF) and Tax Increment Financing (TIF) is the way in which the dollars are awarded to the project. When TIF is awarded to a project by the city, the other political subdivisions (the school district and the county) are required to contribute their portion of the increased taxes to the project. Conversely, when TRF is requested, each political subdivision has the option of granting its portion of the increased taxes to the project. Subsequently, the dollars generated for the project with TRF are generally less than the dollars generated with TIF.

## **III. OBJECTIVES OF TAX REBATE FINANCING**

As a matter of adopted policy, the City will consider using TRF to assist private development projects to achieve one or more of the following objectives:

- To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
- To enhance and diversify the city of Elk River's economic base.
- To encourage additional unsubsidized private development in the area, either directly or indirectly through "spin off" development.

- To facilitate the development process and to achieve development on sites which would not be developed without TRF assistance.
- To remove blight and/or encourage redevelopment of commercial and industrial areas in the city that result in high quality redevelopment and private reinvestment.
- To offset increased costs of redevelopment (i.e. contaminated site clean up) over and above the costs normally incurred in development.
- To create opportunities for affordable housing.
- To contribute to the implementation of other public policies, as adopted by the city from time to time, such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.

#### IV. POLICIES FOR THE USE OF TRF

- a. TRF assistance will be provided to the developer upon receipt of taxes by the City, otherwise referred to as the *pay-as-you-go* method. Requests for up front financing will be considered on a case-by-case basis.
- b. Any developer receiving TRF assistance shall provide a minimum of twenty percent (20%) cash equity investment in the project.
- c. TRF will not be used in circumstances where land and/or property price is in excess of fair market value.
- d. Developer shall be able to demonstrate a market demand for a proposed project.
- e. TRF will not be utilized in cases where it would create an unfair and significant competitive financial advantage over other projects in the area.
- f. TRF shall not be used for projects that would place extraordinary demands on city services or for projects that would generate significant environmental impacts.
- g. The developer must provide adequate financial guarantees to ensure completion of the project, including, but not limited to: assessment agreements, letters of credit, personal guaranties, and etcetera.



- h. The developer shall adequately demonstrate, to the City's sole satisfaction, an ability to complete the proposed project based on past development experience, general reputation, and credit history, among other factors, including the size and scope of the proposed project.
- i. For the purposes of underwriting the proposal, the developer shall provide any requested market, financial, environmental, or other data requested by the City or its consultants.

## V. PROJECT QUALIFICATIONS

All TRF projects considered by the City of Elk River must meet *each* of the following requirements:

- a. The project shall meet at least one of the objectives set forth in Section III of this document.
- b. The use of TRF will be limited to:
  - Industrial development, expansion, redevelopment, or rehabilitation; or
  - Commercial redevelopment or rehabilitation; or
  - Office or research facilities that satisfy Business Park zoning requirements;
  - Residential development and redevelopment *may* be eligible for TRF under a separate set of policies and only with the recommendation of the HRA.
  - New commercial or retail development is not eligible for TRF.
- c. The developer shall demonstrate that the project is not financially feasible *but-for* the use of TRF.
- d. The project shall comply with all provisions set forth in the state's Tax Abatement Law, statutes 469.1812 to 469.1815, as amended.
- e. The project must be consistent with the City's Comprehensive Plan, Land Use Plan, and Zoning Ordinances.
- f. The project shall serve at least two of the following public purposes:
  - Job creation.
  - Increase of tax base.
  - Enhancement or diversification of the city's economic base.
  - Development or redevelopment that will spur additional private investment in the area.

- Fulfillment of defined city objectives, such as those identified in the Strategic Plan for Economic Development or the city's Comprehensive Plan, among others.
- Removal of blight or the rehabilitation of a high profile or priority site.

## VI. SUBSIDY AGREEMENT & REPORTING REQUIREMENTS

All developers/businesses receiving Tax Rebate Financing assistance from the City of Elk River shall be subject to the provisions and requirements set forth by state statute 116J.993 and summarized below.

All developers/businesses receiving TRF assistance shall enter into a *subsidy agreement* with the City of Elk River that identifies: the reason for the subsidy, the public purpose served by the subsidy, and the goals for the subsidy, as well as other criteria set forth by statute 116J.993.

The developer/business shall file a report annually for two years after the date the benefit is received or until all goals set forth in the application and performance agreement have been met, whichever is later. Reports shall be completed using the format drafted by the State of Minnesota and shall be filed with the City of Elk River no later than March 1 of each year for the previous calendar year. Businesses fulfilling job creation requirements must file a report to that effect with the city within 30 days of meeting the requirements.

The developer/business owner shall maintain and operate its facility at the site where TRF assistance is used for a period of five years after the benefit is received.

In addition to attaining or exceeding the jobs and wages goals set forth in the *Subsidy Agreement*, the borrower shall achieve at least one of the objectives set forth in Section III of this document.

Developers / Businesses failing to comply with the above provisions will be subject to fines, repayment requirements, and be deemed ineligible by the State to receive any loans or grants from public entities for a period of five years.

## **VII. APPLICATION PROCESS FOR TRF**

### **A. CITY OF ELK RIVER**

1. Applicant submits the completed application along with all application fees.
2. City staff reviews the application and completes the Application Review Worksheet.
3. Results of the Worksheet are submitted to the appropriate governing authorities for preliminary approval of the proposal.
4. If preliminary approval is granted, all necessary notices, resolutions and certificates are prepared by City staff and/or consultants.
5. Public hearing(s) on the proposed project are held.
6. The EDA or HRA recommends approval or denial of the proposal to the City Council.
7. The City Council grants final approval or denial of the proposal.

### **B. APPLICATIONS TO OTHER POLITICAL SUBDIVISIONS**

It is recommended that applicants intending to seek TRF from Sherburne County and/or School District 728 make their applications to those bodies concurrent with their application to the City of Elk River. For more information on applying for TRF through Sherburne County and/or School District 728, contact:

Alex Wikstrom  
Sherburne County Budget / Economic Development Coordinator  
763-241-2700

Dr. David Flannery  
Superintendent - School District 728  
763-241-3400

## VII. APPLICATION FOR TAX REBATE FINANCING

### A. APPLICANT INFORMATION

Name of Corporation/Partnership \_\_\_\_\_

Address \_\_\_\_\_

Primary Contact \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

On a separate sheet, please provide the following:

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

Attorney Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

Accountant Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

Contractor Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

Engineer Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

Architect Name \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

## B. PROJECT INFORMATION

1. The project will be:

☐ Industrial: ☐ New Construction ☐ Expansion ☐ Redevelopment / Rehab.  
☐ Office/research facility that conforms to business park standards  
☐ Commercial Redevelopment/Rehabilitation  
☐ Other \_\_\_\_\_

2. In addition to the City of Elk River, applicant is requesting TRF funds from: \_\_\_\_\_ Sherburne County \_\_\_\_\_ School District 728

3. The project will be: ☐ Owner Occupied ☐ Leased Space

- If leased space, please attach a list names and addresses of future lessees and indicate the status of commitments or lease agreements. **Attach as Exhibit E.**

4. Project Address \_\_\_\_\_

- Include Legal Description and PID Number. **Attach as Exhibit F**

5. Site Plan Attached: \_\_\_\_\_ Yes \_\_\_\_\_ No

6. Total Amount of TRF Requested: \$ \_\_\_\_\_ over \_\_\_\_\_ years.

City Portion of TRF: Annual \$ \_\_\_\_\_ Total \$ \_\_\_\_\_

County Portion of TRF: Annual \$ \_\_\_\_\_ Total \$ \_\_\_\_\_

ISD 728 Portion of TRF: Annual \$ \_\_\_\_\_ Total \$ \_\_\_\_\_

7. Current Real Estate Taxes on Project Site: \$ \_\_\_\_\_

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

Phase II \$ \_\_\_\_\_

8. Construction Start Date: \_\_\_\_\_

Construction Completion Date: \_\_\_\_\_

If Phased Project: \_\_\_\_\_ Year \_\_\_\_\_ % Completed

\_\_\_\_\_ Year \_\_\_\_\_ % Completed

## C. PUBLIC PURPOSE

It is the policy of the City of Elk River that the use of Tax Rebate Financing should result in a benefit to the public. Please indicate how this project will serve a public purpose.

☐ Job Creation: Number of existing jobs \_\_\_\_\_

Number of jobs created by project \_\_\_\_\_

Average hourly wage of jobs created \_\_\_\_\_

☐ New industrial development which will result in additional private investment in the area.

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

☐ The project contributes to the fulfillment of the City's Strategic Plan for Economic Development.

☐ Removal of blight.

☐ Rehabilitation of a high profile or priority site.

☐ Other: \_\_\_\_\_

## D. SOURCES & USES

<u>SOURCES</u>	<u>NAME</u>	<u>AMOUNT</u>
Bank Loan	_____	\$ _____
Other Private Funds	_____	\$ _____
Equity	_____	\$ _____
Fed Grant/Loan	_____	\$ _____
State Grant/Loan	_____	\$ _____
EDA Micro Loan	_____	\$ _____
Tax Rebate Financing	_____	\$ _____
ID Bonds	_____	\$ _____
<b>TOTAL</b>		<b>\$ _____</b>

<u>USES</u>	<u>AMOUNT</u>
Land Acquisition	\$ _____
Site Development	\$ _____
Construction	\$ _____
Machinery & Equipment	\$ _____
Architectural & Engineering Fees	\$ _____
Legal Fees	\$ _____
Interest During Construction	\$ _____
Debt Service Reserve	\$ _____
Contingencies	\$ _____
<b>TOTAL</b>	<b>\$ _____</b>

## E. ADDITIONAL DOCUMENTATION AND CHECKLIST

Applicants will also be required to provide the following documentation.

- \_\_\_\_\_ A) Written business plan, including a description of the business, ownership/management, date established, products and services, and future plans
- B) Financial Statements for Past Two Years
  - \_\_\_\_\_ Profit & Loss Statement
  - \_\_\_\_\_ Balance Sheet
- C) Current Financial Statements
  - \_\_\_\_\_ Profit & Loss Statement to Date
  - \_\_\_\_\_ Balance Sheet to Date
- \_\_\_\_\_ D) Two Year Financial Projections
- F) Personal Financial Statements of all Major Shareholders
  - \_\_\_\_\_ Profit & Loss
  - \_\_\_\_\_ Current Tax Return
- \_\_\_\_\_ G) Letter of Commitment from Applicant Pledging to Complete During the Proposed Project Duration
- \_\_\_\_\_ H) Letter of Commitment from the Other Sources of Financing, Stating Terms and Conditions of their Participation in the Project
- \_\_\_\_\_ I) Application fee of \$5000 (to be returned upon project completion.)
- J) Attach the following documentation as Exhibits
  - \_\_\_\_\_ Exhibit A – Corporation/Partnership Description
  - \_\_\_\_\_ Exhibit B – Description of Project
  - \_\_\_\_\_ Exhibit C – List of Shareholders/Partners
  - \_\_\_\_\_ Exhibit D – *But-For* Analysis
  - \_\_\_\_\_ Exhibit E – List of Prospective Lessees
  - \_\_\_\_\_ Exhibit F – Legal Description

**Note:** All Major shareholders will be required to sign personal guarantees if up front financing of the project is required.

The undersigned certifies that all information provided in this application is true and correct to the best of the undersigned's knowledge. The undersigned authorizes the City of Elk River to check credit references, verify financial and other information, and share this information with other political subdivisions as needed. The undersigned also agrees to provide any additional information as may be requested by the City after the filing of this application.

Applicant Name \_\_\_\_\_ Date \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

# TAX REBATE FINANCING PROPOSAL REVIEW WORKSHEET

TO BE COMPLETED BY CITY STAFF
-------------------------------

**1. The project meets the criteria set forth in Section V of the Tax Rebate Financing policy.**

- ☐ a) Meets at least one of the objectives in Section III.
- ☐ b) Demonstrates need for TRF with the *but-for* analysis.
- ☐ c) Consistent with all city plans and ordinances.
- ☐ d) Serves at least two public purpose as defined in Section V.

**2. Ratio of Private to Public Investment in Project: Points: \_\_\_\_\_**

\$ _____ Private investment	5:1	5
\$ _____ Public Investment	4:1	4
_____ Ratio Private : Public Financing	3:1	3
	2:1	2
	Less than 2:1	1

**3. Job Creation in the City of Elk River: Points: \_\_\_\_\_**

_____ Number of new jobs as a result of the project.	25+	5
_____ Number of existing/retained jobs divided by 10.	20+	4
_____ Total	15+	3
	10+	2
	Less than 10	1

**4. Ratio of TRF to new jobs created: Points: \_\_\_\_\_**

\$ _____ TRF request	\$8,000 or less	5
_____ Number of <i>new</i> jobs created	\$10,000 or less	4
\$ _____ of TRF per <i>new</i> job created	\$12,000 or less	3
	\$15,000 or less	2
	Over \$15,000	1

**5. Wage Level of jobs created: Points: \_\_\_\_\_**

Average hourly wage	Over \$21/ hour	5
of jobs created: _____	\$18-21 / hour	4
	\$14-17 / hour	3
	\$10-13 / hour	2
	Under \$10 / hour	1

**6. Project size: Points: \_\_\_\_\_**

The project will result in the construction	40,000+	5
of square feet _____	30,000+	4
	20,000+	3
	10,000+	2
	10,000 or less	1



**7. Type of Project:** **Points:** \_\_\_\_\_  
 \_\_\_\_\_ 100% Owner Occupied 5  
 \_\_\_\_\_ Mix Owner Occupied & Investment 4  
 \_\_\_\_\_ Investment Property 3

**8. Use:** **Points:** \_\_\_\_\_  
 \_\_\_\_\_ Industrial or Business Park Project 5  
 \_\_\_\_\_ Commercial Rehabilitation/Redevelopment 4

**9. The project will pay annual property taxes in the first fully assessed year of \$ \_\_\_\_\_** **Points:** \_\_\_\_\_  
35,000+ 5  
25,000+ 4  
15,000+ 3  
10,000+ 2  
Under \$10,000 1

**10. Likelihood that the project will result in unsubsidized, spin-off development.** **Points:** \_\_\_\_\_  
\_\_\_\_\_ High 5  
\_\_\_\_\_ Moderate 3  
\_\_\_\_\_ Low 1

<b>Sub - Total Points:</b> _____ <b>of a possible 45 points.</b>
--

**9. Bonus Points** **Bonus Points:** \_\_\_\_\_

\_\_\_\_\_ The project will be 100% *Pay-as-you-go* TRF. 3 points  
 \_\_\_\_\_ The project contributes to the goals of *Energy City*. 2 points  
     • Product promotes sensible use of energy, *OR*  
     • Project utilizes significant energy efficient design &/or materials in construction.

<b>Total Points:</b> _____		
<b>Overall project analysis:</b>	High	45-38 points
	Moderate	37-29 points
	Low	28-20 points
	Not Eligible	19-0 points

## **EXHIBIT A**

**Description of the corporation or partnership**

## **EXHIBIT B**

**Description of the proposed project**

## **EXHIBIT C**

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

## **EXHIBIT D**

***But-for* analysis**

## **EXHIBIT E**

**Prospective Lessees**

## **EXHIBIT F**

**Legal Description and PID Number**

# **XI. SAMPLE BUT-FOR ANALYSIS**

	WITH NO TAX REBATE FINANCING			WITH TAX REBATE FINANCING		
	SOURCES AND USES			SOURCES AND USES		
	SOURCES			SOURCES		
Mortgage			9,600,000			8,667,000
Equity			2,400,000			2,400,00
Tax Rebate Financing			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
Site Work			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>
	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	\$8.50	212,500	25,000	\$8.50	212,500
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			20 Term
			9.00% Interest			9.00% Interest
			9,600,000 Principal			8,667,000 Principal
Net Income			185,854			288,061
Total Return on Equity			7.74%			12.00%



RECEIVED MAR 28 2001

## 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 as amended. 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 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. 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. The act now provides that after a 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 zero.

Where creation or retention of jobs is a goal, the specific number will be stated in the subsidy agreement when the creation of new jobs is a requirement those jobs shall have a wage floor of \$7.15 per hour.

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. A wage floor for all subsidies is set at a combined employee average of \$7.15 per hour.
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 116J.993 and 116J.994.

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.

As provided in the Act deviation from the policy or criteria are permitted by documenting in writing the reasons for the deviation and attaching a copy of the documentation to the next annual report to the Minnesota Department of Trade & Economic Development.

Final approval of all incentives or subsidy rests with FEDA and/or the City Council.

*State of Minnesota  
County of Rice*

## **CITY OF FARIBAULT**

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### **RESOLUTION # 2000 -053 BUSINESS SUBSIDY POLICY**

**WHEREAS**, 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, and

**WHEREAS**, 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, and

**NOW, THEREFORE BE IT RESOLVED**, that 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. 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 City of Faribault does not intend to limit itself to the described activities, but merely to identify its development and redevelopment goals to 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.

3. 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.

4. 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.
5. 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.
6. 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 Faribault retains the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

**Date Adopted: 28 March 2000**

**Faribault City Council**

**Charles Ackman, Mayor**

**ATTEST:**

**Timothy Madigan, City Administrator**



37 2007

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.

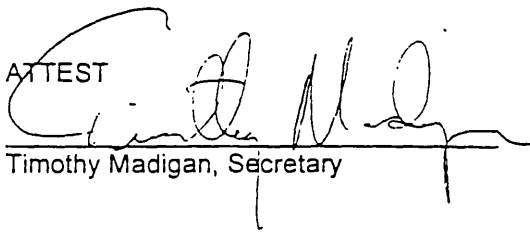
While it is recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic 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.

Adopted this 15<sup>th</sup> day of November 1999

ATTEST

  
Timothy Madigan, Secretary

  
Fran Miller, Vice Chairman

City of Farmington  
Business Subsidy Policy

RECEIVED MAY 3 1 2000

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.
- 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

RECEIVED MAR 29 2001

## CITY OF FERGUS FALLS

When awarding Intermediary Relending Program Fund business subsidies, Federal Instruction 4274-D is used.

CITY OF FERGUS FALLS

RECEIVED MAR 29 2001

SMALL CITY REVOLVING LOAN FUND  
GUIDELINES  
EFFECTIVE AUGUST 1, 1999

(ADOPTED AT 8/2/99 PUBLIC HEARING)  
(USE AS CRITERIA FOR AWARDED BUSINESS  
SUBSIDIES)

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## 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;

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.

### 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.



#### 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.

## 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;

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.

### 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).

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.

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,

- 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

- 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).



## 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.

- 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.

- 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

- 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.

## 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.

Member  
and moved its adoption:

introduced the following Resolution

RESOLUTION NO. 6.26.2000-2

**A RESOLUTION ESTABLISHING WAGE & JOB GOALS FOR  
BUSINESS SUBSIDY PROGRAMS WITHIN THE  
CITY OF FOREST LAKE, MINNESOTA**

**WHEREAS**, the 1999 Minnesota Legislature enacted a new law to be codified as Minn. St. 116J.993 to 116J.995, with revisions by the 2000 Minnesota Legislature.

**WHEREAS**, the new statutes require that municipalities and/or their agencies providing business subsidies to private and non-profit organizations must adopt the municipalities' criteria for wage and job goals prior to granting future business subsidies.

**WHEREAS**, the City of Forest Lake 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 has been a long-standing City goal which the City has and continues to pursue.

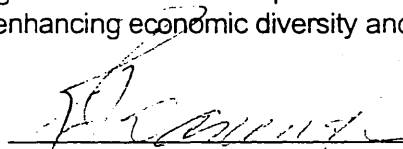
**NOW, THEREFORE, THE FOREST LAKE CITY COUNCIL RESOLVES:**

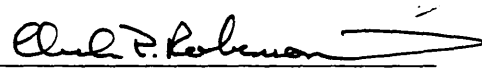
- A. In compliance with the above Minnesota Statutes, the following is the City's job and wage criteria:
1. Business and non-profit organizations receiving a business subsidy as defined in Statutes, must pay the minimum wage as set forth by the applicable Federal Minimum Wage Standards.
  2. The ratio of full time jobs to be created to the amount of business subsidy received shall be one job for each \$25,000 of business subsidy. The business shall have two years from receipt of the first business subsidy payment to create the jobs.
  3. 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. Projects utilizing Tax Increment Financing funds may satisfy this requirement by holding the public hearing required for the expenditure of tax increment financing funds.
  4. The granting agency must determine if the business recipient is eligible to receive assistance by reviewing Minnesota Department Trade and Economic Development's ineligible list.

5. Any development agreement or contract for public assistance, as defined in the above Statute, 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 TIF;
  - 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 goals are not met;
  - e. a statement of why the subsidy is needed;
  - f. a commitment to continue operations within the community where the subsidy is received 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 City Council directs its staff and agencies to continue to pursue its policy of economic growth and stabilization by enhancing economic diversity and creating high quality job growth.

Dated: 6.26.2000

  
\_\_\_\_\_  
Mayor

ATTEST:   
\_\_\_\_\_  
Clerk

The motion for the adoption of the foregoing Resolution was duly seconded by  
Member \_\_\_\_\_ and, upon vote being taken thereon, the following  
voted in favor thereof:

and the following voted against the same:

whereupon said Resolution was declared duly passed and adopted.

RECEIVED MAR 29 2001

**REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF FOREST LAKE, MINNESOTA, HELD AT THE CITY HALL ON THE 26TH DAY OF JUNE, 2000 AT 7:00P.M.**

COUNCILMEMBERS PRESENT: Mayor; Ray Daninger, Councilmembers; Tom Lynch, Terry Smith and Bruce Carlson.

ABSENT: Judy Bull

Motion was made by Terry Smith and seconded by Tom Lynch to approve the bills. All members present voted in favor and the motion carried.

Motion was made by Tom Lynch and seconded by Bruce Carlson to approve the minutes of the June 12<sup>th</sup>, 2000 Council Meeting. All members present voted in favor and the motion carried.

Public Hearing for the Modification of Tax Increment District #21, was opened at 7:15 p.m. Dan Wilson, Wilson Development, presented the Resolution modifying the tax district. The only comment from the audience was from Clyde McCaskey questioning the use of the City's prime commercial property to build the Washington County Government Center. Councilmembers, Tom Lynch and Terry Smith related the benefits to the City's businesses and employment opportunities by having the government center located at the Houle's Feed mill site. Dan Wilson read letter from Washington County regarding the site into the record. Public Hearing was closed at 7:42 p.m.

Motion was made by Tom Lynch and seconded by Bruce Carlson to adopt Resolution 6-26-2000-1 Relating to the Modification of the Modified Development Program Relating to Development District No.1 to Reflect Increased Project Costs and the Modification of the Tax Increment Financing Plan Relating to Tax Increment Financing District No. 2 Located Within Development District No.1 (Downtown Redevelopment). All members present voted in favor and the motion carried.

Public Hearing was opened at 7:43 p.m. regarding the Job and Wage Business Subsidy Policy for the City of Forest Lake. Dan Wilson, Wilson Development, explained to Council that the new statute requires that municipalities and/or agencies providing business subsidies to private and non-profit organizations must adopt the municipalities' Criteria for wage and job goals prior to granting future business subsidies. There were no comments from the audience and the Public Hearing was closed at 7:48 p.m.

Motion was made by Terry Smith and seconded by Bruce Carlson to adopt Resolution No. 6-26-2000-2 Establishing Wage & Job Goals for Business Subsidy Programs within the City of Forest Lake. All members present voted in favor and the motion carried.

Motion was made by Terry Smith and seconded by Tom Lynch to have the Planning Commission consider a Comp Plan change with regards to the rezoning of property



located at 243 11<sup>th</sup> Avenue South from Medium Density Housing to High Density Housing. Ray Daninger, Terry Smith, and Tom Lynch voted in favor and Bruce Carlson voted against. The motion carried.

Request was made by City Attorney, David Hebert to Ed Kaeding, of Kason, Inc. who is requesting the rezoning, to waive the 60 Day Rule, which requires a municipality to take action on a zoning decision within 60 days after is received. Mr. Kaeding agreed to this request.

Motion was made by Tom Lynch and seconded by Bruce Carlson to increase the number of On-Sale Liquor Licenses in the City of Forest Lake from six to ten and put it on a referendum in the November election for the residents vote. All members present voted in favor and the motion carried.

Motion was made by Bruce Carlson and seconded by Tom Lynch to approve the advertising for an Administrative Secretary/Deputy Clerk position. All members present voted in favor and the motion carried.


Motion was made by Bruce Carlson and seconded by Terry Smith to approve Application for Minnesota Lawful Gambling Exempt Permit to Forest Lake Ducks Unlimited to hold a one-day raffle at the Forest Lake VFW Post 4210, 556 SW 12<sup>th</sup> Street on August 26, 2000. All members voted in favor and the motion carried.

Motion was made by Tom Lynch and seconded by Terry Smith to approve a Massage Therapist License to JoAnn Swedock at Adevia located at 280 SW 12<sup>th</sup> Street. All members present voted in favor and the motion carried.

Motion was made by Bruce Carlson and seconded by Terry Smith to adopt Resolution No. 6-26-2000-3 allowing the Forest Lake Police Department to apply for a Grant with the Minnesota Safe and Sober Program. All members present voted in favor and the motion carried.

Motion was made by Tom Lynch and seconded by Terry Smith to adjourn meeting. All members present voted in favor and the motion carried.

Meeting was adjourned at 9:20 p.m.

  
Charles Robinson  
City Administrator

## BUSINESS SUBSIDY CRITERIA

RECEIVED APR 19 2001

### 1. Purpose and Authority

1. The purpose of this document is to establish the criteria for the City of Glencoe (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.
2. The City of Glencoe's ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.994 (the "Statutes").
3. These criteria are to be used in conjunction with other relevant policies of the Grantor.
4. 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.
5. 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

- 2.1 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

- 3.1 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.
- 3.2 All new projects approved by the City of Glencoe 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.

- 3.3 The business subsidy shall be provided within applicable state legislative restrictions, debt limit guidelines, and other appropriate financial requirements and policies.
- 3.4 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.
- 3.5 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.
- 3.6 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.
- 3.7 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.
- 3.8 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.
- 3.9 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

- 4.1 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.
- 4.2 The subsidy agreement may be incorporated into a broader development agreement for a project.

**EXHIBIT A**  
**BUSINESS SUBSIDY CRITERIA**  
**CITY OF GLYNDON, MINNESOTA**

**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 request must comply with applicable State Statutes, The City of Glyndon'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 Glyndon 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 the 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 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, it 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 driteria 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 Glyndon.

- 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 subsidies 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 the 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.

The council briefly discussed the establishment of a Glyndon City Web Site, no action was taken.

The council next considered the proposal made to Terry Cumming to serve as Humane Officer.

**05-04-12-00**

Ms Nelson moved seconded by Mr. Seter to approve adding the responsibility of Humane Officer to his job description and to increase his hourly salary by \$.50 per hour. This motion passed unanimously

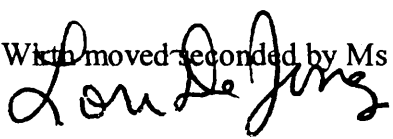
The council discussed the purchase of a pickup for the Maintenance Department. The Clerk reported that financing was available through the Northwestern State Bank.

The council was asked about setting a city wide rummage sale date. The council agreed to encourage participation in the May 6, Glyndon Elementary School Sale.

Scott Lofgren reported that Glyndon Lutheran was looking for a location to erect a sign along Highway 10 to direct people to the church.

**06-04-12-00**

Mr. Wirth moved seconded by Ms Kringler and passed that the meeting be adjourned.

  
\_\_\_\_\_  
Lori DeJong, Mayor

  
\_\_\_\_\_  
David J. Pederson, City Clerk



The council was informed of the recommendation for approval of the plat from the planning commission with the condition that an easement for drainage be added between Lots 8 and 9. Council Member Kringler informed the council that she had spoken to the Rosenfeldt's and they were aware of the proposed subdivision.

03-04-12-00

Ms Kringler moved seconded by Ms Nelson that the following resolution be adopted.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GLYNDON that the proposed plat of Seter's 3<sup>rd</sup> Addition be approved as recommended by the Glyndon Planning Commission with the addition of drainage easement between lots 8 and 9. This resolution was adopted on the vote of 4 Yes, and Mr. Seter abstaining.

Mr. Seter then rejoined the council for the balance of the council meeting.

The council next considered the proposed draft of Business Subsidies Criteria for the City of Glyndon.

Mr. Seter moved seconded by Ms Kringler that the following resolution be adopted.

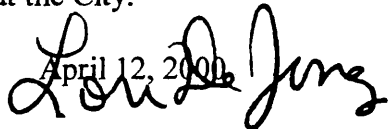
**RESOLUTION NO 04-04-12-00**

WHEREAS, Minnesota Statutes, Section 116J.993 through 116J.994 (the "Statutes") require the adoption of criteria for the granting of business subsidies as defined in the Statutes; and,

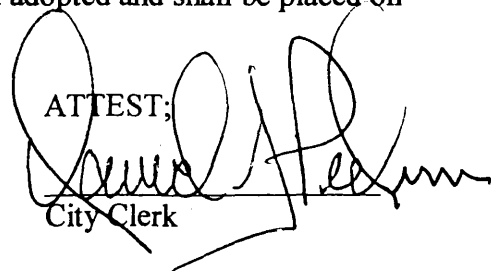
WHEREAS, the City of Glyndon (the "City") has determined that it is necessary and appropriate to adopt business subsidy criteria pursuant to Statutes; and,

WHEREAS, the City has preformed all actions required by law to be preformed 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 22, 2000.

NOW, THEREFORE, BE IT RESOLVED by the City Council (the "Council") of the City of Glyndon, 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.

April 12, 2000  


Mayor

ATTEST;  
  
 City Clerk

RECEIVED MAY 21 2001

Commissioner Ward introduced the following resolution and moved for its adoption:

**RESOLUTION NO. GREDA 00-01**  
**ADOPTING CRITERIA TO BE APPLIED BY THE COUNCIL AND GREDA IN**  
**DETERMINING WHETHER TO MAKE GRANTS, LOANS OR PROVIDE OTHER**  
**ASSISTANCE TO A BUSINESS**

WHEREAS, Minnesota Statutes Section 116J.993 to 116J.995 (the Business Subsidy Legislation), as presently existing and as may be amended in the future, requires that a local government agency must adopt certain criteria prior to granting any Business subsidy, as defined in the Business Subsidy Legislation; and

WHEREAS, the Grand Rapids Economic Development Authority wishes to adopt criteria in conformance with the Business subsidy legislation and other applicable laws.

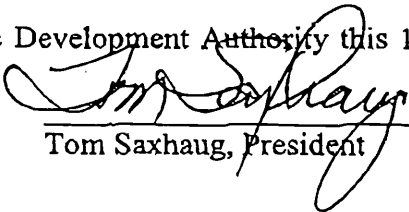
RESOLVED, that any Business subsidy granted by the Grand Rapids Economic Development Authority shall be in compliance with the Business Subsidy Legislation and other applicable law;

RESOLVED, that for any project which has received a Business Subsidy, the wages for each part time and full time job created by the project must be, within two years of the date the Business subsidy (as defined in the Act) is received, at least equal to like or similar jobs within the City of Grand Rapids, or such greater amount as the City of Grand Rapids may require for a specific project;

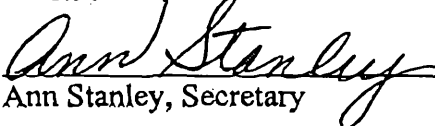
RESOLVED, that the Grand Rapids Economic Development Authority may, in its discretion, evaluate each project subject to a Business Subsidy on a case-to-case basis to the full degree permitted by the Business Subsidy Legislation and other applicable law, and to the extent so permitted may approve projects and business subsidies which vary from these criteria;

RESOLVED, that in granting any Business subsidy, the Grand Rapids Economic Development Authority may utilize any information from whatever source that, in its discretion, it deems appropriate.

Adopted by the Grand Rapids Economic Development Authority this 10<sup>th</sup> day of April, 2000.

  
Tom Saxhaug, President

ATTEST:

  
Ann Stanley, Secretary

Commissioner Stanley seconded the foregoing resolution and the following voted in favor thereof: Saxhaug, Ward, Zabinski, Stanley Drake. Opposed: None, whereby the resolution was declared duly passed and adopted.

RECEIVED APR 10 2001

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;

- 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.

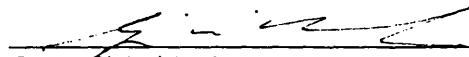
B) Public Hearing Requirement

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

## 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.

## I 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

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.

- 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

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



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, which ever is later, providing the information required, and no later than the time required, by the statute.

## 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.

Word/bus subsidy criteria.wpd

NO. 752	P. 1	of pages 4
To Ed Hodler	From Jim Hartshorn	
Co./Dept. DTED	Co. City of Hopkins	
	Phone #952-939-1359	
	Fax #	

**HOUSING AND REDEVELOPMENT AUTHORITY  
IN AND FOR  
THE CITY OF HOPKINS**

**HENNEPIN COUNTY, MINNESOTA**

**Resolution No. 377**

RECEIVED MAY 25 2001

**RESOLUTION ADOPTING BUSINESS SUBSIDY CRITERIA.**

**BE IT RESOLVED** by the Housing and Redevelopment Authority In and For the City of Hopkins (the "HRA"), as follows:

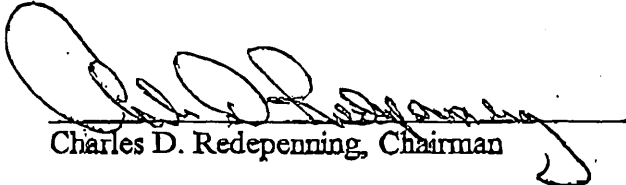
**Section 1.     Recitals.**

- 1.01. It has been proposed that the HRA adopt business subsidy criteria, pursuant to Minnesota Statutes, Section 116J.993 through 116J.995.
- 1.02. The HRA staff has now prepared the business subsidy criteria.
- 1.03. 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.

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

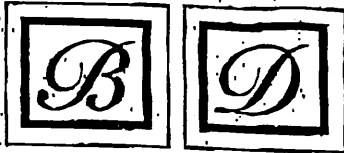
- 2.01. The business subsidy criteria, as presented to the HRA on this date, are hereby approved, ratified, established, and adopted and shall be placed on file at Hopkins City Hall.

Dated: September 7, 1999.

  
Charles D. Redepenning, Chairman

**ATTEST:**

  
Eugene Maxwell, Secretary

**BRADLEY & DEIKE, P.A.**

Attorneys At Law  
SUITE 300, 5100 EDEN AVENUE  
EDINA, MINNESOTA 55436-2337

PATRICK J. BRADLEY  
ROBERT J. DEIKE  
STEPHEN J. WONTOR  
CAROL M. WILSON

(612) 926-5337  
FAX (612) 926-5743

August 31, 1999

Mr. James Kerrigan  
City of Hopkins  
1010 First Street South  
Hopkins, MN 55343

Re: Proposed Business Subsidy Criteria

Dear Jim:

As you requested, I have reviewed the Business Subsidy Criteria proposed to be adopted by the City of Hopkins and the Hopkins Housing and Redevelopment Authority under Minnesota Statutes, sections 116J.993 through 116J.995.

The new business subsidy law requires that a grantor agency adopt business subsidy criteria but does not specify the contents of the criteria except that there must be an expression of a policy regarding wages to be paid for jobs created. The proposed criteria contains statements regarding wage goals and, therefore, it is my opinion that the proposed criteria satisfy the statutory requirement.

Please call with any questions.

Sincerely

*Robert J. Deike*  
Robert J. Deike

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

- NO. 752 P. 3
- 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.

To Ed Kodler

From Jim Harshorn

Co./Dept DTED

Co. City of Hopkins

Phone #952-939-1359

Fax #

HOUSING AND REDEVELOPMENT  
IN AND FOR  
THE CITY OF HOPKINS

HENNEPIN COUNTY, MINNESOTA

Resolution No. 377

RECEIVED MAY 25 2001

## RESOLUTION ADOPTING BUSINESS SUBSIDY CRITERIA.

BE IT RESOLVED by the Housing and Redevelopment Authority In and For the City of Hopkins (the "HRA"), as follows:

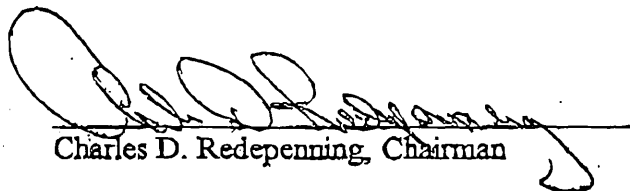
Section 1. Recitals.

- 1.01. It has been proposed that the HRA adopt business subsidy criteria, pursuant to Minnesota Statutes, Section 116J.993 through 116J.995.
- 1.02. The HRA staff has now prepared the business subsidy criteria.
- 1.03. 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.

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

- 2.01. The business subsidy criteria, as presented to the HRA on this date, are hereby approved, ratified, established, and adopted and shall be placed on file at Hopkins City Hall.

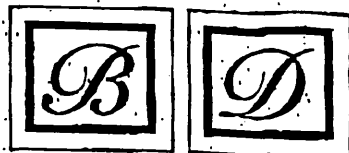
Dated: September 7, 1999.

  
Charles D. Redepenning, Chairman

ATTEST:

  
Eugene Maxwell, Secretary





**BRADLEY & DEIKE, P.A.**

Attorneys At Law  
SUITE 300, 5100 EDEN AVENUE  
EDINA, MINNESOTA 55436-2337

CITY\_OF\_HOPKINS

NO. 752 P. 4

PATRICK J. BRADLEY  
ROBERT J. DEIKE  
STEPHEN J. WONTOR  
CAROL M. WILSON

(612) 926-5337  
FAX (612) 926-5743

August 31, 1999

Mr. James Kerrigan  
City of Hopkins  
1010 First Street South  
Hopkins, MN 55343

Re: Proposed Business Subsidy Criteria

Dear Jim:

As you requested, I have reviewed the Business Subsidy Criteria proposed to be adopted by the City of Hopkins and the Hopkins Housing and Redevelopment Authority under Minnesota Statutes, sections 116J.993 through 116J.995.

The new business subsidy law requires that a grantor agency adopt business subsidy criteria but does not specify the contents of the criteria except that there must be an expression of a policy regarding wages to be paid for jobs created. The proposed criteria contains statements regarding wage goals and, therefore, it is my opinion that the proposed criteria satisfy the statutory requirement.

Please call with any questions.

Sincerely

*Robert J. Deike*  
Robert J. Deike

**CITY OF HOWARD LAKE, MINNESOTA  
BUSINESS SUBSIDY CRITERIA**

RECEIVED APR 02 2001

**1. PURPOSE AND AUTHORITY**

- 1.01 The purpose of this document is to establish the criteria to be used by the City of Howard Lake, Minnesota, and its subdivisions and commissions (the "Grantor") for granting a business subsidies for private development. These criteria shall be used as a guide in the processing and reviewing of applications requesting business subsidies.
- 1.02 The Grantors' ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.995 (the "Statutes").
- 1.03 These criteria are to be used in conjunction with other relevant policies of the Grantors.
- 1.04 The criteria set forth in this document are guidelines only. The Grantors reserve the right in their discretion to approve business subsidies that vary from the criteria stated herein if the Grantors determine that the subsidy nevertheless serves a public purpose.
- 1.05 The Grantors 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 Grantors 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 Any 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 borings, information provided to private lenders for the project, and other information or data that the Grantors or their 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 the development proposed.
- 3.08 Unless approved by the Grantor, the developer must retain ownership of the project at least long enough to complete it, to stabilize its occupancy, to establish the project's 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, as defined in the Statutes.

- 3.11 Any business subsidy will be at the lowest possible level and for the 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 AGREEMENTS**

- 4.01 In granting a business subsidy, the Grantor shall enter into a subsidy agreement with the recipient that provides the information, wages 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 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.

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

October , 1999

- 4.02 The subsidy agreement may be incorporated into a broader development agreement for a project.

2.775

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



RECEIVED APR 05 2001

**Hutchinson Community Development Commission  
BUSINESS SUBSIDY POLICY**

This policy is adopted for the 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 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 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:** Hutchinson Community Development Commission – an EDA  
**Date of adoption:** June 23, 2000

**Adopted by:** Hutchinson City Council  
**Date of adoption:** July 25, 2000  
**Date of public hearing:** July 25, 2000

# Hutchinson Community Development Commission

RECEIVED APR 05 2001

## Memo

**To:** Mayor and City Council Members  
**From:** Christie Rock, Executive Director  
**CC:** Gary Plotz, City Administrator  
Ken Merrill, Finance Director  
**Date:** 04/04/01  
**Re:** Business Subsidy Policy

---

The Hutchinson Community Development Commission is asking the Hutchinson City Council to approve the attached *Business Subsidy Policy* at its meeting on July 25, 2000. The HCDC Board approved the policy on June 23, 2000. The HCDC Finance Team approved on June 20, 2000.

Legislation enacted during the 1999 Legislative Session requires an agency that awards business subsidies or qualifying financial assistance to develop and adopt a business subsidy policy. The policy should outline general criteria for awarding a business subsidy. The criteria must address wages paid for jobs created. The city of Hutchinson does not have such a policy at the present date.

Financial assistance must exceed \$25,000 to qualify as a business subsidy. A "business subsidy" or "subsidy" could be anyone of the following:

- A state or local government agency grant;
- Contribution of personal property, real property, or infrastructure;
- The principal amount of a loan at rates below those commercially available to the recipient;
- Reduction or deferral of any tax or any fee;
- Guarantee of any payment under any loan, lease or other obligation; or
- Preferential use of government facilities given to a business.

The Minnesota Department of Trade and Economic Development has reviewed and approved the policy presented to you. Other municipalities such as Meeker County, Swift County and the city of Bensen have approved similar policies.

Legislation requires that a public hearing be held on the proposed policy. The City published notice of the public hearing in the July 13 edition of the *Hutchinson Leader*. A copy of the proposed policy is on file at City Center and available for inspection by the public.

If you have any questions, please do not hesitate to contact me at 234-4223.

RECEIVED MAY 2 2001

CITY OF JACKSON  
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.

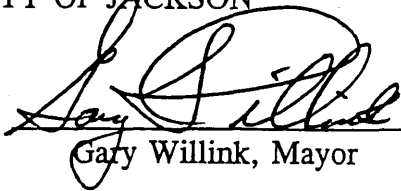
While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job 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:

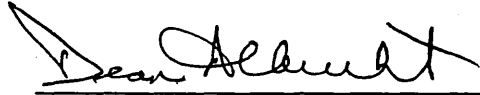
- Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support 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 City of Jackson retains the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy.

CITY OF JACKSON

By

  
Gary Willink, Mayor

Attest:

  
Dean Albrecht, City Administrator

Adopted by: Jackson City Council

Date of adoption: September 21, 1999

Date of public hearing: September 21, 1999

Jackson, Minnesota  
September 21, 1999

The Jackson City Council met in regular session in the Council chambers of City Hall at 6:30 P.M. on Tuesday, September 21, 1999, with the meeting called to order by Mayor Gary Willink. On roll call, the following persons were present: Mayor Willink, Alderwoman Steffan, Aldermen Willett and Ambrose, City Attorney Handeviddt, City Administrator Albrecht, Economic Development Coordinator Meehan, Police Sergeant Olson and Council Secretary Walker. (A quorum of the Council was not present.)

Mayor Willink called the meeting to order, noting the absence of a quorum.

#### PUBLIC HEARING - CITY'S BUSINESS SUBSIDY POLICY

Economic Development Coordinator Meehan apprised the Council of the recently-passed law which mandates that a city must adopt a business subsidy policy before it is eligible to receive funding in order to assist a particular business.

(With the attendance of Alderman Nesmoe, a quorum of the Council was present.)

Pursuant to due call and notice thereof, a public hearing was then opened relative to adopting a business subsidy policy for the City of Jackson. There being no comments from the public relative to this matter, **AMBROSE/WILLETT** moved and it was unanimously carried that this hearing be closed.

**AMBROSE/STEFFAN** then offered the following resolution, and moved its adoption:

**Resolution No. 067-999**  
(See attached document)

In response to an inquiry from Alderman Willett, the Economic Development Coordinator explained that the business subsidy act requires the City to be the "watchdog" relative to making sure a company is filing its required reports to the state. She advised that all required reports are supposed to be handled through DTED, but no funding for administration was provided when this law was adopted.

The resolution as offered was then adopted by unanimous vote of the Council.

#### REQUEST FROM HOLIDAY FEST COMMITTEE

Members of the Holiday Fest Committee, Kelly Rasche and Deb Isaacson, were on hand to request that the City assist with cutting down, transporting, and erecting a large Christmas tree as part of this year's Holiday Fest celebration which will be held on December 4. It was informed that Dan Studelska has donated four of his pine trees which can be used for this celebration over the next four years. In reply to a question raised by Councilman Willett, Kelly Rasche indicated that this tree would likely be set in place on the United Prairie Bank parking lot right after the Thanksgiving weekend.

Council was advised that a parade will again be held as part of this year's festival. The parade will start at Ashley Park, run down Second Street to White, and then proceed back to Ashley Park.

**WILLETT/NESMOE** then moved and it was unanimously carried that prior to this festival, city crews be directed to cut down the pine tree being donated by Dan Studelska and transport it to the United Prairie Bank parking lot site where it will then be secured in place.

Discussion was then had relative to waiving the permit fee for the Holiday Fest parade. Alderman Nesmoe remarked that the City should consider abolishing the parade permit fee, noting

**City of Jackson**

**NOTICE OF PUBLIC HEARING**

NOTICE IS HEREBY GIVEN that a public hearing will be held in Council chambers of City Hall, 80 West Ashley Street, Jackson, Minnesota, on Tuesday, September 21, 1999 at 6:30 P.M., relative to 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 City Hall.

Steven L. Walker,  
Council Secretary

**NOTICE OF PUBLIC HEARING**

**To: . . . Abutting Property Owners**

Pursuant to enclosed Petition, NOTICE IS HEREBY GIVEN that a public hearing to amend Section 10.03 of City Code Chapter 10, entitled "Land Use Regulation (ZONING)", will be held in the Council chambers in City Hall, 80 West Ashley Street, Jackson, Minnesota, on Tuesday, November 5, 1996 at 8:10 P.M. The proposed amendment involves rezoning, from an RA (agriculture) Residential District to an R-3 (multi-family) Residential District, approximately five acres of land, more fully described as follows:

That part of the South Half of the Northwest Quarter (S½NW¼) of Section 25 in Township 102, North of Range 35, West of the Fifth Principal Meridian, described as follows:

Commencing at the northwest corner of said S½NW¼, running thence South 89°09'23" East (assumed bearing) along the north line of said S½NW¼ 440.00 feet to the point of beginning (said point being on the south line of "Sunrise Second Addition, City of Jackson, Minnesota", according to the plat thereof): running thence South 00°14'24" East 230.00 feet; thence South 89°09'23" East (assumed bearing) along a line parallel to the north line of said S½NW¼ to the centerline of the Des Moines River; thence Northerly along the centerline of the Des Moines River to its point of intersection with the north line of said S½NW¼; thence North 89°09'23" West (assumed bearing) along said north line to the point of commencement

Dated: October 21, 1996

**CITY OF JACKSON**

Dean Albrecht,  
City Administrator  
(Sept. 9)

**Printer's Affidavit of Publication**

**STATE OF MINNESOTA ]**

**] ss.**

**COUNTY OF JACKSON ]**

**James V. Keul**, being duly sworn, on oath says that he is the publisher or authorized agent and employee of the publisher of the newspaper known as Jackson County Pilot, 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 ON ADOPTION  
OF THE CITY'S BUSINESS SUBSIDY POLICY

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 Thursday to and including Thursday, the 9 day of SEPTEMBER 1999.

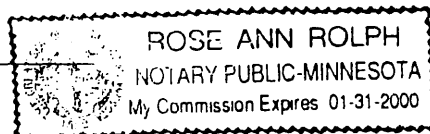
BY:

*James V. Keul*  
Publisher or Publisher's Designated Agent

Subscribed and sworn to before me on

this 9 day of SEPTEMBER, 19 99.

*Rose Ann Rolph*  
Notary Public



RATES: Lowest classified rate paid by commercial users for comparable space is \$12.05 per column inch, which is the maximum rate allowed by law for the above matter. The rate actually charged for the above matter is \$5.56 per column inch first insertion, \$4.45 subsequent run when applicable.

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THE CITY OF KIMBALL, MINNESOTA  
BUSINESS SUBSIDY CRITERIA

Public Hearing and Adoption the 19th day of June, 2000.

I. PURPOSE

- A. The purpose of this document is to establish a criteria to be considered by the City of Kimball (hereinafter referred to as "the City") in processing, evaluating and reviewing applications for business subsidies. It is the intent of the City to comply with Minnesota Statutes Sections 116J.993 through 116J.995 (hereinafter referred to as "the Act"). The City hereby adopts the definitions contained in the Act for application in the criteria.
- B. 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 the Act.
- C. These criteria are intended to set specific minimum requirements that applicants and recipients must meet to be eligible to receive business subsidies. The City may not adopt business subsidy criteria on a case by

case basis; the minimum requirements must be met by the applicant or the recipient.

## II. STATUTORY LIMITATIONS

In accordance with the Business Subsidy Criteria, Business Subsidy requests must comply with applicable Minnesota State Statutes. The City's ability to grant business subsidies is governed by the limitations established in the Act.

## III. GOALS AND OBJECTIVES

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

- A. All projects must be consistent with Kimball's 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 (TIF) 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 fundings under the TIF Act



and the Act.

- C. Grantees will be required to enter into an agreement with the City which is consistent with statutory requirements and which contains measurable, specific and tangible goals. The agreement shall include a commitment to remain in business within the City for a minimum of five (5) years after the benefit date, unless waived by the City, and shall comply with the specific job and wage goals established for the project, if any.

#### IV. BUSINESS SUBSIDY CRITERIA

The City recognizes that every proposal is unique. Nothing in these criteria shall be deemed to be an entitlement nor shall these criteria 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. Public Purpose. 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.

- B. 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.
- C. Jobs and Wages. It is the 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 specific and demonstrable.
- D. Wage Floor. The specific wage floor to be paid for the jobs created as a result of any business subsidy approved by the City shall be established at an hourly rate not lower than \$5.50 per hour for full-time or part-time employees. In the event that the Federal Minimum Wage exceeds \$5.50 per hour, the wage floor shall be re-established at an hourly rate equal to the Federal Minimum Wage. Any deviation from the established wage floor must be documented in conformity with the requirements set forth in the Act. The provisions regarding the wage floor do not apply in any

instance in which the City determines that job creation and retention is not part of the public purpose of the subsidy.

D. 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 business;
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 with the community;
7. Encourage full utilization of existing or planned infrastructure improvements.

V. COMPLIANCE AND REPORTING REQUIREMENTS.

- A. Any subsidy granted by the City will be subject to the requirement of a public hearing, if necessary.
- B. It will be necessary for both the grantee and the City to comply with the reporting and monitoring requirements of the Act.

## BUSINESS SUBSIDY CRITERIA

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The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes, §§116J.993 through 116J.95 (the "Act"). The term "County" means collectively, the County of Koochiching and the Koochiching Development Authority. The term "project" means the property with respect to which the business subsidy is provided.

### A. PROJECT REVIEW AND EVALUATION POLICY

1. The County 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 County 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 County may consider the requirements of any other business subsidy received, or to be received, from a grantor other than the County.
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 County.
4. If the business subsidy is received over time, the County may value the subsidy at its present value using a discount rate equal to an interest rate which the County 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 County, include landscaping, open space, public trails, employee workout 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 public 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. SpinOff 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 spinoff 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 produced 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 County 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 County may required for a specific project.

3. Economic Feasibility. The recipient must demonstrate to the satisfaction of the County that it has adequate financing for the project and that the project will be completed in a timely fashion.



4. Compliance with the Act. The business subsidy from the County must satisfy all requirements of the Act.

Adopted by:

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Date of Adoption:

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Date of Public Hearing:

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KOOCHICHING DEVELOPMENT AUTHORITY  
PUBLIC HEARINGS  
Held on Tuesday, July 25, 2000; beginning at 4:00 p.m.

RECEIVED MAR 30 2001

MEMBERS PRESENT: Commissioners Hanson, Lepper, Pavleck, Chezick, McBride

MEMBERS ABSENT: None

OTHERS ATTENDING: Attorney Joe Boyle, School District 363 Superintendent Jerry Struss, Northome Mayor Gary Buente-meier, Itasca Power Company President Dean Sedgwick, Dale Erickson of Erickson Timber Company, Doug Grindall, Carol Pavleck; Reporter Laurel Beager

**Public Hearing at 4:00 p.m. to receive public comment on the proposed Business Subsidy Criteria:**

The Board Chair opened the hearing and stated that the purpose of this hearing was to receive public comment on the proposed Business Subsidy Criteria as required by Minnesota Statutes, 116J.993 through 116J.995 (the "Act"). Attorney Boyle reviewed the document for the public. In general, the Business Subsidy Criteria will be used in analyzing and evaluating economic development projects under consideration for a business subsidy. The Board Chair opened the hearing for public comment. No oral or written comment was provided. The Board Chair opened the meeting for Board discussion. Commissioner Chezick questioned whether the Business Subsidy Criteria document would require another public hearing if the Board were to make amendments. Attorney Boyle stated that the Board would need to hold a hearing on proposed amendments. The Board Chair closed the public hearing at 4:10 p.m.

**Public Hearing at 4:30 p.m. to receive public comment on the proposed Business Subsidy Agreement with Itasca Power Company:**

The Board Chair opened the hearing and stated that the purpose of this hearing was to receive public comment on the proposed Business Subsidy Agreement with Itasca Power Company. Attorney Boyle reviewed the document for the public. In general, the Business Subsidy Agreement is required to satisfy the provisions of Minnesota Statutes, 116J.993 through 116J.995 (the "Act") for a proposed business subsidy for the Northome Biomass Power Plant development. The document provides details on the proposed project and subsidy. Attorney Boyle stated that the amount in 1(b)2 of the document will be reduced based on bid results. The Board Chair opened the hearing for public comment. No oral or written comment was provided. The Board Chair opened the meeting for Board discussion. The Board had no comments. The Board Chair closed the public hearing at 4:37 p.m.

**Public Hearing at 5:00 p.m. to receive public comment on the proposed Development Agreement with Itasca Power Company:**

The Board Chair opened the hearing and stated that the purpose of this hearing was to receive public comment on the proposed Development Agreement with Itasca Power Company. Attorney Boyle reviewed the document for the public. The proposed

to vacated  
permitting caused  
delay in project -  
Assume execution  
Summer of 2001

Development Agreement details the obligations of all the parties for the development of the Northome Biomass Power Plant. The Board Chair opened the hearing for public comment. No oral or written comment was provided. The Board Chair opened the meeting for Board discussion. The Board had no comments. The Board Chair closed the public hearing at 5:10 p.m.

RECEIVED MAR 30 2001

MEETING OF THE KOOCHICHING DEVELOPMENT AUTHORITY

Held on Tuesday, July 25, 2000; 5:12 p.m.

MEMBERS PRESENT: Commissioners Hanson, Lepper, Pavleck, Chezick, McBride

MEMBERS ABSENT: None

OTHERS ATTENDING: Attorney Joe Boyle, School District 363 Superintendent Jerry Struss, Northome Mayor Gary Buentemeier, Itasca Power Company President Dean Sedgwick, Dale Erickson of Erickson Timber Company, Doug Grindall, Carol Pavleck; Reporter Laurel Beager

2000/07-10 Motion by Lepper, seconded by McBride to approve the agenda with additions. Voting yes: Hanson, Lepper, Pavleck, Chezick, McBride. Motion carried.

2000/07-11 Motion by Chezick, seconded by Pavleck to loan to the new Economic Development Authority the amount of \$14,000 as requested to fund their pending payable obligations with repayment no later than 30 days from receipt of the EDA's FY 99 IRRRB allocation, which has been disbursed and is forthcoming. Voting yes: Hanson, Lepper, Pavleck, Chezick, McBride. Motion carried.

2000/07-12 Motion by Chezick, seconded by Lepper directing that the \$5,000.00 proceeds from the sale of an additional twenty acres to Boise Cascade, as part of the land exchange agreement for the Northome Biomass Project, be deposited with the Koochiching Development Authority. Voting yes: Hanson, Lepper, Pavleck, Chezick, McBride. Motion carried.

000 Commissioner Chezick informed the Board that he would abstain on today's vote for the Biomass Plant Development and Business Subsidy Agreements based on County practice to wait at least twenty-four hours after public hearings to vote on substantial matters and financial commitments. Commissioner Lepper stated that the agreements will not change overnight so did not agree to delay the vote for twenty-four hours, especially since it will change the time lines for the project.

\* 2000/07-13 Motion by Lepper, seconded by McBride to adopt the Business Subsidy Criteria as presented to be used in analyzing and evaluating economic development projects under consideration for a business subsidy, as required under Minnesota Statutes 116J.993 through 116J.995. Voting yes: Hanson, Lepper, Pavleck, Chezick, McBride. Motion carried.

2000/07-14 Motion by Lepper, seconded by McBride to adopt the Business Subsidy Agreement with Itasca Power Company with amendment to Page One, Item 1(b)2, changing the amount from \$185,115 to \$158,160, with execution pending completion of the appeal period, twenty-one days herefrom. Voting yes: Hanson, Lepper, Pavleck, McBride; abstain: Chezick. Motion carried.

was not  
executed.

City of La Crescent, Minnesota  
Business Subsidies Policy

RECEIVED APR 04 2001

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.

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

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?

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.



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.

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

RECEIVED APR 12 2001

**CITY OF LAKE CITY**  
**&**  
**LAKE CITY ECONOMIC DEVELOPMENT 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 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 employee positions. All business subsidy requests should maximize the amount of private development investment in the project.

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. Each business subsidy must meet a public purpose other than increasing the tax base.

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.

The grantor and recipient must sign a subsidy agreement which:

- \* Describes the amount and type of the subsidy.
- \* States the public purpose for the subsidy.
- \* States the goals for the subsidy.
- \* Describes the financial obligations for the recipient if the goals are not met.  
Recipients failing to fulfill business subsidy agreements may not receive business subsidies from any grantor for five years or until they have satisfied their repayment obligation, whichever occurs first.
- \* States why the subsidy is needed.
- \* Contains the recipient's commitment to continue operations at the site where the subsidy is used for at least five years after the benefit date.
- \* States the names and address of the parent corporation of the recipient, if any.
- \* Lists all financial assistance by all grantors for the project.
- \* Specifically states the number of jobs to be created, if any, within two years of the benefit date, which may be separately stated for full-time and part-time, or the number of jobs to be retained if their loss is imminent and demonstrable and the wage goals for the jobs created/retained.
- \* Under State Statute 116J.994 subdivision 7(d) obligates the recipient to submit information to allow the recipient, grantor and the Minnesota Department of Trade and Economic Development to comply with all reporting requirements as set forth by State Statute.

In addition to the Request for Assistance Preliminary Application, applicants requesting a business subsidy shall be required to complete and submit the appropriate application for the requested subsidy. In addition, a deposit will be required to cover costs associated with the request.

The procedure to receive a business subsidy is:

- \* Applicant meets with the EDA Director, discusses the project and receives an application.
- \* Applicant submits the completed application, deposit and plans and specifications to the EDA Director.
- \* EDA Director meets with the City Administrator to discuss the project including conformity with the City policies and plans.
- \* If appropriate, EDA Director discusses project with the City/EDA's consultants and receives a not to exceed quote for completing the work should the EDA Board accept the project as feasible for the subsidy requested.
- \* Project is placed on the EDA Agenda for the next regularly scheduled meeting.
- \* EDA Director and applicant present project to EDA Board.
- \* Within 10 days, the EDA will determine to accept or reject the application and deposit. If rejected, nothing further happens and deposit is returned.
- \* If the EDA Board accepts the application and deposit, staff will be directed to work with the consultants and City Staff to put together a financing plan and enter into negotiations with the applicant to secure agreeable terms for the development agreement. The development agreement/business subsidy agreement will not be drafted until after City Council approval.
- \* Upon completion of a draft of the tax increment financing plan, district plan and development agreement terms that are agreeable to the applicant, the EDA Board will hold a special meeting to discuss these drafts.
- \* If approved, the EDA Board will make a recommendation to the City Council to proceed with allowing this project to move forward.
- \* The EDA Director, applicant and consultants will make a presentation to the City Council and request public hearings and other statutory items be scheduled and other board review scheduled, if appropriate.
- \* The public hearings will be conducted and after hearing the public input and receiving other board recommendations, the City Council may: A) accept the plans and recommendations and direct staff to complete these plans, B) reject the plans and project or C) modify the plans accordingly and reenter negotiations.
- \* If/once approved and the documents signed by both parties, construction may commence.

# REQUEST FOR ASSISTANCE PRELIMINARY APPLICATION

## 1. General information:

Business Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Telephone #: \_\_\_\_\_ Fax #: \_\_\_\_\_  
Contact Person: \_\_\_\_\_  
Business Form: ☐ Corporation ☐ Partnership ☐ Sole Proprietorship  
State of Incorporation or Organization: \_\_\_\_\_  
Years in Business: \_\_\_\_\_ Years a Lake City Business: \_\_\_\_\_

## 2. Brief description of the business:

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

## 3. Proposed project site:

Location: \_\_\_\_\_ Present Ownership: \_\_\_\_\_  
Zoning: \_\_\_\_\_ Rezoning Required: \_\_\_\_\_  
Will property be subdivided? ☐ If so, please attach a layout of planned subdivision.  
Will variances of the Zoning Ordinance be requested? ☐ If so, please list.

## 4. 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		\$ _____

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

6. **Description of proposed project:** Building square footage, size of property, description of buildings, materials, etc.

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7. **Estimated land preparation or infrastructure costs:**

- |    |  |    |       |
|----|--|----|-------|
| a. | Land Acquisition                             | \$ | _____ |
| b. | Utilities                                    |    | _____ |
| c. | Site Work Architectural/<br>Engineering Fees |    | _____ |
| d. | Site Work                                    |    | _____ |
| e. | Legal Fees                                   |    | _____ |
| f. | Parking Lot/Landscaping                      |    | _____ |
| g. | Other (please specify)                       |    | _____ |

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

8. **Sources of Financing:**

- |    |                        |    |       |
|----|------------------------|----|-------|
| a. | Equity                 | \$ | _____ |
| b. | Bank Loan              |    | _____ |
| c. | Other (please specify) |    | _____ |
| d. | Other (please specify) |    | _____ |

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

9. **Professional services of applicant:**

Architectural Firm/Contact: \_\_\_\_\_

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

Telephone #: \_\_\_\_\_ Fax #: \_\_\_\_\_

Engineering Firm/Contact: \_\_\_\_\_

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

Telephone #: \_\_\_\_\_ Fax #: \_\_\_\_\_

General Contractor/Contact: \_\_\_\_\_

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

Telephone #: \_\_\_\_\_ Fax #: \_\_\_\_\_

**9. Professional services of applicant continued:**

Attorney Firm/Contact: \_\_\_\_\_

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

Telephone #: \_\_\_\_\_ Fax #: \_\_\_\_\_

Accounting Firm/Contact: \_\_\_\_\_

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

Telephone #: \_\_\_\_\_ Fax #: \_\_\_\_\_

**10. Project construction schedule:**

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

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

If construction will not be completed at year end, what % of construction will be completed by year end?

\_\_\_\_\_ %

**11. Current and projected employment:**

<u>Type</u>	<u>Existing Jobs</u>	<u>Employment Projections</u>		<u>Wage</u>
		<u>First Year</u>	<u>Second Year</u>	
Professional/Managerial	___ FT ___ PT	___ FT ___ PT	___ FT ___ PT	\$ ___/___
Technical/Skilled	___ FT ___ PT	___ FT ___ PT	___ FT ___ PT	\$ ___/___
Unskilled/Semi-skilled	___ FT ___ PT	___ FT ___ PT	___ FT ___ PT	\$ ___/___

**12. Statement of necessity for the use of assistance for the project:**

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

**13. Signatures:**

I declare that any statement in this application or information provided herein is true and complete in substance and in fact. Also, I authorize this information to be released to the appropriate agencies that may be able to assist in this request.

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

By: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_



## LAUDERDALE 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 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 in a manner that recognizes its importance and benefit to the community from all perspectives, including created or retained employment positions.
- 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 should 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. This being the case, the wage floor that shall be required of the recipient pursuant to the Act shall be 110% of the U.S. poverty level for family of four as annually adjusted.
- 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.
- 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 Lauderdale City Council on July 25, 2000*

*Date of Public Hearing: July 11, 2000*

**City of Litchfield  
Business Subsidy Criteria  
July 5, 2000**

RECEIVED MAY 30 2001

**1 PURPOSE AND AUTHORITY**

- 1.1 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. These criteria shall be used as a guide in the processing and reviewing applications requesting business subsidies.
- 1.2 The City's ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.994 (the "Statutes").
- 1.3 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.
- 1.4 These criteria are to be used in conjunction with other relevant policies of the Grantor.
- 1.5 The City may deviate from these criteria by documenting in writing the reason(s) for the deviation. The documentation shall be submitted to the Department of Trade and Economic Development with the next annual report.
- 1.6 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 PURPOSE REQUIREMENT**

- 2.1 All business subsidies must meet a public purpose.
- 2.2 The creation or retention of jobs may be, but is not required to be, a public purpose for granting a subsidy. The determination that jobs are not a public purpose for the subsidy and that the related wage and job goals are zero shall be made following a public hearing.
- 2.3 Job retention may only be used as a public purpose in cases where job loss is specific and demonstrable. The City shall document the information used to determine the nature of the job loss.
- 2.4 The creation of tax base shall not be the sole public purpose of a subsidy.

- 2.5 The wage floor for wages to be paid for the jobs created shall be the State minimum wage in effect at the time the subsidy is granted. The City will seek to create jobs with higher wages as appropriate for the overall public purpose of the subsidy.

### **3 BUSINESS SUBSIDY APPROVAL CRITERIA**

- 3.1 All new projects approved by City of Litchfield 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.
- 3.2 To be eligible to receive a business subsidy, the recipient must meet the following minimum requirements:
- a. The subsidy must achieve a public purpose.
  - b. The project must comply with local plans and ordinances.
  - c. The recipient shall provide information demonstrating that granting the subsidy is necessary for the proposed development to occur.
  - d. The recipient enters into an agreement pursuant to these criteria and the Statutes.
- 3.3 The business subsidy shall be provided within applicable state legislative restrictions, debt limit guidelines, and other appropriate financial requirements and policies.
- 3.4 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.
- 3.5 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.
- 3.6 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.
- 3.7 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.

- 3.8 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.
- 3.9 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 within the City 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.

#### **4 Subsidy Agreement**

- 4.1 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.
- 4.2 The subsidy agreement may be incorporated into a broader development agreement for a project.
- 4.3 The subsidy agreement will describe the requirements for the recipient to provide the reporting information required by the Statutes.

Subject: Business Subsidy Policy

Date Council Approved: 12/20/99

Location in Minutes: Resolution 1999-131

### 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

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.

RECEIVED APR 2 2 2001

**CITY OF LONG LAKE  
BUSINESS SUBSIDY CRITERIA**

**This criteria has been adopted by the City of Long Lake to meet the requirements of Minnesota Statutes 116J.993 through 116J.995. This criteria regulates business subsidy agreements signed on or after August 1, 1999.**

**1. Recognition of Needs:**

The City of Long Lake recognizes the need to stimulate private sector investment in facilities and equipment in order to create and retain jobs, maintain competitiveness, boost productivity, and upgrade, renovate, or expand facilities. In order to stimulate private sector investment in these activities, the City of Long Lake may provide business subsidies in the form of loans, loan guarantees, grants, property, infrastructure, utilities, tax abatement, and/or tax increment financing.

**2. State Requirements:**

Minnesota Statutes 116J.993 through 116J.995 require that the local unit of government enter into a subsidy agreement for any assistance that exceeds \$25,000.00. Said agreement shall include:

1. A description of the subsidy.
2. A statement of public purposes for the subsidy (other than the creation of tax base).
3. Goals for the business receiving the subsidy including specific wage and job creation goals to be achieved within two years of the benefit date.
4. A description of the financial obligation of the subsidy recipient if goals are not met.
5. A statement of why the subsidy is needed.
6. The name and address of the parent corporation of the entity receiving the subsidy.
7. A list of all financial assistance by all grantors for the project.

**3. Public Hearing Requirement:**

Before granting a business subsidy that exceeds \$100,000.00, the City must provide public notice and hold a hearing on the subsidy unless a hearing and notice on the subsidy is otherwise required by law.

**4. Remedies for Default:**

In the event that a recipient does not meet its obligation under the Subsidy Agreement, at a minimum the recipient must pay back the assistance plus interest, although repayment may be prorated to reflect partial fulfillment of goals.

**5. Criteria for Subsidies:**

Projects proposed by businesses requesting subsidies shall be evaluated on the following criteria:

1. Job Creation/Retention

2. Wage/Salary/Benefits/Total Payroll
3. Creation of Tax Base
4. Needed Service in Community
5. Enhancement to Productivity/Competitiveness
6. Leverage of other Sources of Financing
7. Equity Contribution

6. **Miscellaneous Requirements:**

The Subsidy Agreement shall contain requirements for the provision of monitoring information, i.e., annual job, wage, and benefit figures, as well as any evidence necessary to verify goals included in the Subsidy Agreement.



**CITY OF LONG LAKE  
BUSINESS SUBSIDY AGREEMENT**

The purpose of this Agreement is to meet the requirements of Minnesota Statutes 116J.993 through 116J.995 that regulates business subsidy agreements signed on or after August 1, 1999.

**Recognition of Needs:**

The City of Long Lake recognizes the need to stimulate private sector investment in facilities and equipment in order to create and retain jobs, maintain competitiveness, boost productivity, and upgrade, renovate, or expand facilities. In order to stimulate private sector investment in these activities, the City of Long Lake may provide business subsidies in the form of loans, loan guarantees, grants, property, infrastructure, utilities, tax abatement, and/or tax increment financing.

1. The undersigned agrees that the subsidy requested from the City of Long Lake shall consist of the following:

**(Example: \$30,000 – Loan 6%/10 yr. amortization/7 yr. balloon)**

2. The public purpose of the subsidy is:

**(Example: The purpose of the subsidy is to provide a low interest loan for a business expansion project that will enhance the profitability of a Long Lake business and lead to the creation of additional tax base and 4 full time jobs.**

3. The undersigned agrees to create the following number of full time equivalent jobs at the specified pay range within two years of receiving the subsidy:

\_\_\_\_\_ full time equivalent jobs will be created within two years.

The salary/wage range (including benefits) for the new jobs shall be

\_\_\_\_\_ to \_\_\_\_\_ per \_\_\_\_\_

4. The undersigned agrees to repay the subsidy in following manner if the public purposes of providing the subsidy are not met:

**(Example: 50% of the loan shall be immediately due if the job creation goals are not met within two years of the date of receipt of the subsidy. 100% of the loan shall be immediately due if the recipient has not completed construction on the expansion project within one year of the date of receipt of the subsidy.**

5. The undersigned has requested the subsidy for the following reason:

**(Example: This subsidy was requested so that the scope of the project could be increased which will enhance the profitability of the business and lead to the creation of 4 additional job opportunities.)**

6. The name and address of the business entity (and parent corporation) of the undersigned is:

7. The undersigned agrees that the following list includes all financial assistance by all grantors for the project:

**(Example: \$30,000.00 Loan – City of Long Lake)**

8. The undersigned agrees to provide all monitoring information, i.e., annual job, wage, and benefit figures, as well as any evidence necessary to verify goals included in the Subsidy Agreement as may be requested by the City of Long Lake. Failure to provide said information may result in actions outlined in paragraph 4 of this Agreement.

9. Date of Receipt of Subsidy: \_\_\_\_\_

Subsidy Recipient's Signature:

\_\_\_\_\_

## ***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:

SEPTEMBER 13, 1999

LUVERNE CITY COUNCIL

SEPTEMBER 14, 1999

LUVERNE ECONOMIC DEVELOPMENT  
AUTHORITY

## 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.

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### 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 to 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, payroll and tax base described in criteria 1-3 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:

RECEIVED JUN 1 2001

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.



## Mapleton 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. The City's goals in providing these forms of assistance are normally one of or a combination of goals:

1. Increasing the property tax base to generate more property tax revenue.
2. Increasing employment opportunities for Mapleton citizens.
3. Utilizing private business development resources to improve public infrastructure to the benefit of the larger community.
4. Redevelopment of potentially viable existing properties and redevelopment of significant or prominent buildings.
5. Providing gap financing for accomplishment of a housing market need.

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.

### **Subsidy Agreement**

Prior to award of a business subsidy, the proposed recipient must enter into a Subsidy Agreement with the City of Mapleton that includes, but is not limited to, the following details:

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 (5) 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.

Adopted by: 10070 of Council

Date of adoption: 2-15-2000

Date of public hearing: 2-15-2000

Current/Mapleton business subsidy policy

## 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 NO. 99-030****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 City Council directs staff and the City's agencies to continue to pursue its policy of economic growth and stabilization by enhancing economic diversity and creating high quality job growth.

Adopted by the City Council this 2nd day of September, 1999.

  
\_\_\_\_\_  
GEORGE O'BRIEN - MAYOR

ATTEST:

  
\_\_\_\_\_  
ROSE ANN INDERRIEDEN - CITY CLERK-TREASURER

# RESOLUTION of the CITY OF MINNEAPOLIS

RECEIVED MAR 28 2001

By \_\_\_\_\_

## Amending and Restating Resolution No 97R-053 entitled "Living Wage Policy," passed March 7, 1997.

Resolved by the City Council of the City of Minneapolis that the City adopt the following amended and restated living wage policy:

Preamble. Whenever Minneapolis invests public funds in private development projects, those projects should create the greatest number of living wage jobs possible for Minneapolis residents. City policy makers must keep the critical need for living wage jobs before them whenever they consider investing public dollars in private development projects.

1. Any time the City of Minneapolis (City) or Minneapolis Community Development Agency (MCDA) provides a Business Subsidy to a Recipient, as those terms are defined below, that Recipient is subject to the wage, job and other criteria set forth in this policy. In the event of any conflict between the requirements of Minnesota Statutes, §§116J.993-116J.995, and this policy, the state statute shall control.

"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.

Business Subsidy does not include the following:

- a. assistance 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 businesses, size, location, or similar general criteria;
- c. public improvements to buildings or lands owned by the City or MCDA 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, §116J.552, subd. 3;
- e. assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance to designated historic preservation districts, provided that the assistance is equal to or less than 50 percent of the total cost;

- f. assistance 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, including assistance from a TIF hazardous substances subdistrict;
- i. assistance for energy conservation;
- j. tax reductions resulting from conformity with federal tax law;
- k. workers' 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, Ch. 474A, refunding bonds and 501(c)(3) bonds;
- 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, §469.174, subd. 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;
- s. federal assistance until the assistance has been repaid to, and reinvested by, the City or MCDA;
- t. funds from dock and wharf bonds issued by a seaway port authority;
- u. business loans and loan guarantees of \$75,000 or less; and
- v. federal loan funds provided through the U.S. Economic Development Administration.

"Recipient" means any for-profit or nonprofit business entity that receives a Business Subsidy. A nonprofit business entity with 100 or fewer full-time equivalent positions or with a ratio of highest to lowest paid employee that does not exceed ten to one, determined on the basis of full-time equivalent positions, is not considered to be a Recipient.

2. The Recipient of a Business Subsidy must create (or, in cases where job loss is specific and demonstrable – retain) at least one full-time living wage job per \$25,000 of Business Subsidy. A living wage job means a job that pays the lesser of a) the union wage scale where a collective bargaining agreement is in effect; and b) a wage level equivalent to at least 110% of the federal poverty level for a family of four. However, Recipients that provide employer-paid Basic Health Insurance, as defined below, are considered to be providing a living wage job if the job pays a wage level equivalent to at least 100% of the federal poverty level for a family of four. "Basic Health Insurance" is defined as:
  - a. employer 100% premium payment for individual coverage or 80% premium payment for family coverage;
  - b. employer minimum payment of 80% for office visits, emergency care, surgery, and prescriptions;
  - c. a maximum yearly deduction of \$1,000; and

d. maternity coverage.

3. But if, after a public hearing, the creation or retention of jobs is determined not to be a goal, the wage and job goals may be set at zero. In such cases, the City or MCDA shall identify measurable, specific and tangible nonjob goals related to the public purpose(s) for the Business Subsidy. Increasing the tax base may not be the sole public purpose. Job retention may only be used as a public purpose in cases where job loss is specific and demonstrable.
4. The City or MCDA may deviate from the wage and job criteria in paragraph 2 by documenting in writing the reason for the deviation and attaching a copy of the document to the next annual DTED report.
5. MCDA and the Minneapolis Employment and Training program (METP) shall have an overall goal that 60% of new jobs created under this policy will be held by City residents. MCDA and METP shall set an annual target for the number of city residents hired into living wage jobs. It is expected that all assisted businesses will have a target. MCDA and METP shall recommend annual increases in this target and additional funding for training and job skill development programs, and other programs to remove impediments to holding a job like lack of child care to help meet these targets. MCDA and METP will meet quarterly to review progress toward these goals. They will provide to the appropriate City Council and MCDA committees annual progress reports. MCDA and METP shall work with assisted businesses to achieve these goals and targets. These jobs should be advertised to the entire community (including low-income people) through community-sponsored organizations and/or job linkage programs.
6. The City 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 those businesses over businesses that have not traditionally paid living wages.
7. All other things being equal and to the extent legally possible, the City will give preferential status for job creation and retention assistance 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.
8. MCDA and METP will report to the City annually on compliance with this policy (including any complaints received regarding non-compliance).
9. Work presently being performed by City employees may not be contracted out unless the contractors pay employees performing that work a living wage or the current City wage and benefits for similar work, whichever is higher.



10. To the extent legally possible, City contracts awarded for service will, beginning in 1997, be awarded to contractors who pay at a minimum a living wage for employees performing that contracted service.
11. The City acknowledges the need for job readiness services for some City residents who face serious social and economic barriers to employability. Many of these residents need to establish a stable work history before they are able to move on to living wage jobs.
12. The City will work with the Metropolitan Council and other appropriate state and regional agencies and the legislature to promote common standards for job creation and retention assistance by public development agencies throughout the region.
13. Although our primary focus in this policy is the creation of living wage jobs where public assistance is received, Minneapolis cannot achieve its economic development goals without a trained and work-ready workforce and adequate day care. The City will commit to assist area businesses to obtain trained and work-ready employees and to facilitate access to child care.
14. The City adopts the attached administrative guidelines to implement this policy and state statutory requirements.
15. Because job readiness is a primary challenge to the success of any wage initiative, and because it is of importance to the residents of the City as well as to businesses that develop here, the City Council directs METP to report annually on current job readiness, training and apprenticeship activities.
16. The City and MCDA shall strive to include appropriate living wage and hiring goals in job linkage agreements for job creation projects and programs that would otherwise not be covered by this policy, but such projects and programs shall not be subject to the recapture requirements in Minnesota Statutes, section 116J.994, subd. 6.

RECORD OF COUNCIL VOTE (X INDICATES VOTE)													
COUNCIL MEMBER	AYE	NAY	NOT VOTING	ABSENT	VOTE TO OVERRIDE	VOTE TO SUSTAIN	COUNCIL MEMBER	AYE	NAY	NOT VOTING	ABSENT	VOTE TO OVERRIDE	VOTE TO SUSTAIN
Ostrow							Thurber						
Campbell							McDonald						
Biemat							Mead						
Johnson							Colvin Roy						
Niland							Lane						
Goodman							President						
Herron							Cherryhomes						

PASSED \_\_\_\_\_  
DATE

APPROVED - NOT APPROVED - VETOED \_\_\_\_\_  
DATE

\_\_\_\_\_  
PRESIDENT OF COUNCIL

\_\_\_\_\_  
MAYOR

NMN 2000 LIVING WAGE POLICY-REDLINE  
OCTOBER 17, 2000

ATTEST \_\_\_\_\_

\_\_\_\_\_  
CITY CLERK

RECEIVED MAY 2 2001

July 27, 2000

TO: File

FROM: Paul A. Moe *PM*  
Director, Business Finance Programs

RE: Public Hearing

On Thursday, July 27, 2000 a Public Hearing was held at 9:00 a. m. in Conference Room A at the Department of Trade and Economic Development. The purpose for the hearing was to receive public comment on the department's Business Subsidy Criteria. In addition to discussing Minnesota Statute, 116J.993-995 (Business Subsidy Law) Paul Moe discussed Minnesota Statute 116J.8731 and Minnesota Rules, Chapter 4300 governing the Minnesota Investment Fund. The hearing was then opened for discussion. Ms. Schwartz asked if the department would accept letters of comment. I stated, yes. No additional comments were received.

Those in attendance were Cyndi Schwartz, Paul Moe, and Carol Pressley-Olson.

The hearing was called to order at 10:05 am and concluded at 10:35.

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RECEIVED MAY 2 2001

**116J.8731 Minnesota investment fund.**

Subdivision 1. **Purpose.** The Minnesota investment fund is created to provide financial assistance, through partnership with communities, for the creation of new employment or to maintain existing employment, and for business start-up, expansions, and retention. It shall accomplish these goals by the following means:

(1) creation or retention of permanent private-sector jobs in order to create above-average economic growth consistent with environmental protection;

(2) stimulation or leverage of private investment to ensure economic renewal and competitiveness;

(3) increasing the local tax base, based on demonstrated measurable outcomes, to guarantee a diversified industry mix;

(4) improvement of employment and economic opportunity for citizens in the region to create a reasonable standard of living, consistent with federal and state guidelines on low- to moderate-income persons; and

(5) stimulation of productivity growth through improved manufacturing or new technologies, including cold weather testing.

Subd. 2. **Administration.** The commissioner shall administer the fund as part of the Small Cities Development Block Grant Program. Funds shall be made available to local communities and recognized Indian tribal governments in accordance with the rules adopted for economic development grants in the small cities community development block grant program, except that all units of general purpose local government are eligible applicants for Minnesota investment funds. A home rule charter or statutory city, county, or town may loan or grant money under this section to a regional development commission to provide the local match required for capitalization of a regional revolving loan fund.

Subd. 3. **Eligible expenditures.** The money appropriated for this section may be used to provide grants for infrastructure, loans, loan guarantees, interest buy-downs, and other forms of participation with private sources of financing, provided that a loan to a private enterprise must be for a principal amount not to exceed one-half of the cost of the project for which financing is sought.

Subd. 4. **Eligible projects.** Assistance must be evaluated on the existence of the following conditions:

(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; and

(7) whether assistance is necessary to attract out-of-state business.

A grant or loan cannot be made 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), (2), (3), (4), or (5) also exists.

Applications recommended for funding shall be submitted to the commissioner.

**Subd. 5. Grant limits.** A Minnesota investment fund grant may not be approved for an amount in excess of \$500,000. This limit covers all money paid to complete the same project, whether paid to one or more grant recipients and whether paid in one or more fiscal years. The portion of a Minnesota investment fund grant that exceeds \$100,000 must be repaid to the state when it is repaid to the local community or recognized Indian tribal government by the person or entity to which it was loaned by the local community or Indian tribal government. Money repaid to the state must be credited to the general fund. A grant or loan may not be made to a person or entity for the operation or expansion of a casino or a store which is used solely or principally for retail sales. Persons or entities receiving grants or loans must pay each employee total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 110 percent of the federal poverty level for a family of four.

**Subd. 6. Sports facility.** A Minnesota investment fund grant or loan cannot be used for a project related to a sports facility. For the purpose of this subdivision, "sports facility" means a building that has a professional sports team as a principal tenant.

**Subd. 7. Contractual obligation.** A business receiving Minnesota investment fund grants must demonstrate why the grant is necessary for a project and enter into an agreement with the local grantor. The agreement, among other things, must obligate the recipient to pay the minimum compensation set by this section and meet job creation goals. A recipient that breaches the agreement must repay the grant directly to the commissioner. Repayments under this subdivision must be deposited in the general fund.

HIST: 1996 c 452 s 29

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Minnesota Rules, Table of ChaptersTable of contents for Chapter 4300**4300.1901 EVALUATION OF ECONOMIC DEVELOPMENT PROJECTS.**

Subpart 1. **In general.** Evaluation of economic development applications consists of eligibility threshold screening and project review. Applications must meet the eligibility thresholds in order to be referred for project review. Applications that fail to meet eligibility thresholds may be revised and resubmitted.

Subp. 2. **Federal and state eligibility thresholds.** Applicants for federal funds shall provide a description of the ways that activities address one of the federal objectives described in part 4300.0300 and the state economic development objectives in items A to D. Each activity proposed for funding must be eligible under current federal regulations.

Applicants for state funds shall describe how they will meet the following state economic development objectives:

- A. creation or retention of permanent private sector jobs;
- B. stimulation or leverage of private investment;
- C. increase in local tax base; or
- D. improved employment and economic opportunity for Minnesota citizens to create a reasonable standard of living.

Subp. 3. **Project review.** Applications that meet eligibility thresholds will be awarded points by the division based on evaluation of the two rating categories: project design and financial feasibility. Applications must attain at least 400 of the 600 available points for economic development to be recommended for funding. Applications must score at least half of the points available in each of the two rating categories.

Four hundred points will be awarded based on an evaluation of project design including an assessment of need, impact, and the capacity of the applicant to complete the project in a timely manner. Need for an economic development project must be based on the value and benefit of the project as it relates to securing and improving economic stability while giving consideration to deficiencies in employment opportunities and circumstances contributing to economic vulnerability and distress. Consideration of impact must be based on the extent to which the project positively affects or addresses the creation or retention of permanent private sector jobs, the wage level of those jobs, and the increase in tax base. Consideration of capacity must be based on demonstration of administrative capability, realistic implementation schedules, and the ability to conform to state and federal requirements.

Two hundred points will be awarded based on an evaluation of the effective use of program funds to induce economic development. Consideration of financial feasibility must

include investment analysis, commitment of other funds, and other factors relating to the type of program assistance requested.

Subp. 4. **Funding recommendations.** Applications that attain at least 400 points will be recommended to the commissioner for funding. Applications not recommended for funding may be revised and resubmitted.

STAT AUTH: MS s 116J.035; 116J.401; 116J.403; 116J.873

HIST: 8 SR 1263; L 1987 c 312 art 1; 14 SR 1384; 20 SR 2254 (NO. 42)  
Current as of 05/12/97

Minnesota Rules, Table of ChaptersTable of contents for Chapter 4300**4300.2000 DETERMINATION OF GRANT AWARDS.**

Subpart 1. **Funds available for grants.** The amount of funds available for grants shall be equal to the total allocation of federal funds made available to the state under United States Code, title 42, section 5306, after subtracting an amount for costs available to the division for administration of the program, as allowed by that law, plus any money made available by the state legislature. The department is not liable for any grants under this chapter until funds are received from the United States Department of Housing and Urban Development.

Subp. 2. **Division of funds.** Of the federal funds available in each grant year, 30 percent shall be reserved to fund single purpose grants, 15 percent shall be reserved for economic development grants, and 55 percent shall be reserved by the commissioner to fund comprehensive grants. However, the commissioner may modify the proportions of funds available if the commissioner determines that there is a shortage of fundable applications in any category.

Subp. 3. **Funding list.** Within each grant category, a list of applications shall be prepared in rank order of the scores received after evaluation pursuant to parts 4300.1300 to 4300.1900. Based on these lists, and subject to the availability of funds within each category, applications with the highest rank shall be recommended to the commissioner for funding. In the case of a tie between any two applications within any category, the application with the higher demographic points shall receive the higher ranking on the list.

Subp. 4. **Approval by commissioner.** The list of applications recommended for funding, including recommended grant awards, shall be submitted by the division to the commissioner for approval. A decision by the commissioner not to approve any application recommended for funding must be made in writing to the applicant, giving reasons for disapproval.

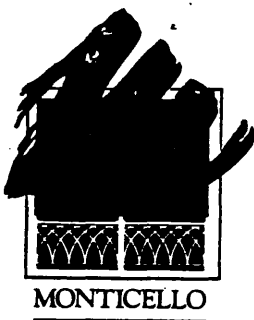
Subp. 5. **Reduction in amount requested.** The division may recommend an application for funding in an amount less than requested if, in the opinion of the division, the amount requested is more than is necessary to meet the applicant's need. If the amount of the grant is reduced, the reasons for the reduction shall be given to the applicant.

Subp. 6. **Grant ceilings.** No competitive single purpose grant may be approved for an amount over \$600,000. No comprehensive grant may be approved for an amount over \$1,400,000. No economic development grant may be approved for an amount over \$500,000.

STAT AUTH: MS s 116J.035; 116J.401; 116J.403; 116J.873

HIST: 8 SR 1263; 11 SR 2416; L 1987 c 312 art 1; 14 SR 1384; 20 SR 2254 (NO. 42)

Current as of 05/12/97



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## **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

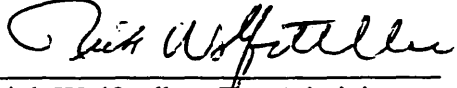
- 4:01 All new projects involving a business subsidy agreement approved by the City of Monticello should meet the following minimum approval criteria. However, it should not be presumed that a project meeting these criteria will automatically be approved. Meeting these criteria creates no contractual 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.

NOTICE OF PUBLIC HEARING  
CITY OF MONTICELLO  
COUNTY OF WRIGHT  
STATE OF MINNESOTA

NOTICE IS HEREBY GIVEN that the City of Monticello, Monticello, Minnesota, will hold a public hearing on Monday, September 13, 1999, at approximately 7:00 p.m., at the City Hall, 250 East Broadway, Monticello, Minnesota, relating the proposed adoption of criteria for awarding business subsidies in accordance with Minnesota Statutes, Sections 116J.993 through 116J.994. A copy of the proposed criteria is on file in the City Administrator's office at City Hall and is available for inspection by the public.

All interested persons may appear at the hearing and present their views orally or in writing.

BY ORDER OF THE CITY COUNCIL FOR THE CITY OF MONTICELLO

  
Rick Wolfsteller, City Administrator

(Publish September 2 and 9, 1999)

Notice is hereby given that public hearings will be held by the City of Monticello Planning Commission on September 7, 1999, 7 p.m. in the Monticello City Hall to consider that following matters:

**PUBLIC HEARING:** Consideration of a zoning text amendment allowing externally illuminated projecting wall signs within the CCD district. Location: CCD District. Applicant: City of Monticello.

Written and oral testimony will be accepted on above subjects, and all persons desiring to be heard on referenced subjects will be heard at this meeting.

Note: Decisions of the Planning Commission will be subject to the approval or denial of the City Council and will be heard on Monday, September 13, 1999, at 7 p.m., at the Monticello City Hall.

-Fred Patch, Zoning Administrator  
(Aug. 26, Sept. 2, 1999)

#### NOTICE OF PUBLIC HEARINGS

Notice is hereby given that public hearings will be held by the City of Monticello Planning Commission on September 7, 1999, at 7 p.m. in the Monticello City Hall to consider that following matters:

**PUBLIC HEARING:** Consideration of a Conditional Use Permit allowing expansion of a restaurant/bar in a B-3 district. Location: 9697 Hart Blvd. Part of the SE 1/4 of the NE 1/4 of Section 13, Township 121, Range 25 and part of the SW 1/4 of the NW 1/4 of Section 18, Township 121, Range 24, Wright County, Minnesota. Applicant: Hawks Sports Bar.

Written and oral testimony will be accepted on above subjects, and all persons desiring to be heard on referenced subjects will be heard at this meeting.

Note: Decisions of the Planning Commission will be subject to the approval or denial of the City Council and will be heard on Monday, September 13, 1999, at 7 p.m., at the Monticello City Hall.

-Fred Patch, Zoning Administrator  
(Aug. 26, Sept. 2, 1999)

#### NOTICE OF PUBLIC HEARINGS

Notice is hereby given that public hearings will be held by the City of Monticello Planning Commission on September 7, 1999, at 7 p.m. in the Monticello City Hall to consider that following matters:

**PUBLIC HEARING:** Consideration of renewing the Interim use permit for Monticello Public School's Alternative Learning Program. Location: 1248 Oakwood Dr., Lot 1, Block 2, Oakwood Industrial Park, Applicant: Monticello Public Schools.

Written and oral testimony will be accepted on above subjects, and all persons desiring to be heard on referenced subjects will be heard at this meeting.

Note: Decisions of the Planning Commission will be subject to the approval or denial of the City Council and will be heard on Monday, September 13, 1999, at 7 p.m., at the Monticello City Hall.

-Fred Patch, Zoning Administrator  
(Aug. 26, Sept. 2, 1999)

#### NOTICE OF PUBLIC HEARINGS

Notice is hereby given that public hearings will be held by the City of Monticello Planning Commission on September 7, 1999, at 7 p.m. in the Monticello City Hall to consider that following matters:

**PUBLIC HEARING:** Consideration of a conditional use permit granting final stage planned unit development approval allowing expansion of Little Mountain Feed Inc. Location: 410 Maple Street, Lots 1-5, Block 20, Original Plat. Applicant: Little Mountain Feed, Inc.

Written and oral testimony will be accepted on above subjects, and all persons desiring to be heard on referenced subjects will be heard at this meeting.

Note: Decisions of the Planning Commission will be subject to the approval or denial of the City Council and will be heard on Monday, September 13, 1999, at 7 p.m., at the Monticello City Hall.

Section 10B-4, of the Monticello City Code (1-1 District Conditional Use) is hereby amended to add the following:

[[1] On jo-carl tracks provided that:

1. The proposed use must meet all conditions of Chapter 3, Section 4 [A]  
2. The conditional use permit will be reviews yearly to determine whether or not it is compatible with neighboring properties and in conformance with conditions of the conditional use.

3. A solid wood, six-foot high fence must be part of the screening required when the adjacent property is residential.

4. Dust and noise (70DB at residential property line) must be controlled at all times to the satisfaction of the City.

5. The provisions of Chapter 22 of this ordinance are considered and satisfactorily met.

This ordinance shall become effective from and after its passage and publication.

Adopted by the Monticello City Council this 8th day of June, 1998.

-Rick Wolfsteller

(Sept. 2, 1999)



#### Notice of Public Hearing City of Monticello County of Wright State of Minnesota

Notice is hereby given that the City of Monticello, Monticello, Minnesota, will hold a public hearing on Monday, September 13, 1999 at approximately 7 p.m., at the City Hall, 250 East Broadway, Monticello, Minnesota, relating the proposed adoption of criteria for awarding business subsidies in accordance with Minnesota Statutes, Section 116J.993 through 116J.994. A copy of the proposed criteria is on file in the City Administrator's office at City Hall and is available for inspection by the public.

All interested persons may appear at the hearing and present their views orally or in writing.

BY ORDER OF THE CITY COUNCIL FOR THE CITY OF MONTICELLO

-Rick Wolfsteller, City Administrator  
(Sept. 2 and 9, 1999)

#### State of Minnesota SECRETARY OF STATE CERTIFICATE OF ASSUMED NAME Minnesota Statutes Chapter 333

Pursuant to Chapter 333, Minnesota Statutes; the undersigned, who will be conducting or transacting a commercial business in the State of Minnesota under an assumed name, hereby certifies:

1. State the exact assumed name under which the business is or will be conducted (one business name per application): D-Tall-It.

2. State the address of the principal place of business. A complete street address or rural route and rural route box number is required; the address cannot be a P.O. Box: 1220 Highway 25 South, Monticello, MN 55362.

#### State of Minnesota SECRETARY OF STATE CERTIFICATE OF ASSUMED NAME Minnesota Statutes Chapter 333

1. State the exact assumed name under which the business is or will be conducted (one business name per application): T & J Vending Services.

2. State the address of the principal place of business. A complete street

3. List the name and complete street address of all persons conducting business under the above assumed name. Attach additional sheet(s) if necessary. If the business owner is a corporation or other business entity, list the legal name and registered office address: Daniel Richard White, 8906 Darrow Ave. N., Monticello, MN 55362

4. I certify that I am authorized to sign this certificate and I further certify that I understand that by signing this certificate, I am subject to the penalties of perjury as set forth in Minnesota Statutes section 609.48 as if I had signed this certificate under oath:

Date: August 2, 1999  
-Daniel White, owner  
(Aug. 26, Sept. 2, 1999)

other business entity, list the legal name and registered office address: Susan I. Schmidt, 14473 Appleton Ave NW, Monticello, MN 55362, Duane Schmidt 14473 Appleton Ave NW, Monticello, MN 55362.

4. I certify that I am authorized to sign this certificate and I further certify that I understand that by signing this certificate

the sign requests.

10.7 Herb asked about ordinance relating to door to door sales. There was discussion on adding language to the ordinance to deal with solicitations by non-profit organizations and other groups. The directed the staff to check with communities their handling of bring it back to the Council.

10.D City Administrator, Rick Wolfsteller, brought up the matter exchange for ponding purpose construction of the ponding area necessary for mitigation of wetlands and the construction project. The mitigation dictated the need for construction. The question is whether pond should be constructed exchanging the land the City is giving up the assessment for the improvement Chelsea Road and then will acquire a needed easement. However the offset is that construction costs for the ponding area may be costly at the other site. The City voted on getting a cost for the construction on relocating the pond.

BRIAN STUMPF MOVED APPROVE THE NEGOTIATIONS A LAND EXCHANGE AND THE NECESSARY CHANGE ORDER TO PROJECT. BRUCE THIELEN SECOND. THE MOTION. MOTION CARRIED UNANIMOUSLY.

11. Approve payment of bills for

#### General Checking-7/15/99

A.E. Michaels, parks ..... 10.00  
Affordable Sanitation, parks ..... 5.00  
Ankeny Kell Architects, prf. serv. 20.00  
Aramark, misc supplies ..... 1.00  
Aydt, Bill, land ..... 7.99  
B&L Steel and Tube, Inc. .... 6.00  
Baltos, Kathleen M., dues ..... 4.00  
Bellboy Corporation, liquor ..... 1.40  
Bernick's Pepsi, liquor ..... 4.00  
Bertelson Office Supplies, copy ..... 1.00  
Cedar St. Garden Center, misc ..... 4.00  
Clark Food Service, misc ..... 2.00  
Cub Foods, improvements ..... 4.00  
Culligan, rental ..... 3.00  
Dahlheimer Dist, liquor ..... 3.80  
Day Dist Co, liquor ..... 1.80  
Deric Pump, Inc. .... 3.50  
Elk River Printing/Party, forms ..... 2.00  
Fiesch's paper services, liquor ..... 5.00  
G and K services, misc ..... 4.00  
Girard's Business Machine, misc ..... 4.00  
The Glass Hut, parks ..... 2.00  
Gould Bros., fire ..... 2.00  
Griggs, Cooper and Co., beer ..... 24.00  
Grosslein Beverage Inc., liquor ..... 5.70  
Hermes, Gerald T., library ..... 2.00  
J. Edwin Chadwick, LLC, library 5.50  
Johnson Bros. Wholesale, beer, 1.60  
Koropchak, Olive, misc ..... 4.00  
Kovich, Patricia, cleaning ..... 4.00  
Lab Safety Supply Inc. .... 2.00  
Lake State Realty Service, land 2.00  
Jarco, sing, ..... 2.00  
Mammoth, sing, ..... 2.00



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**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**

**Public Hearing and Adoption of Amendments the 8<sup>th</sup> day of November, 2000**

**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. The Authority will file evidence of any deviation from these criteria with the Department of Trade and Economic Development in accordance with Minnesota Statutes, Section 116J.994, Subd. Z.
- 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 in addition to 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.)

The Economic Development Authority may determine after a public hearing that job creation or retention is not a goal of the subsidy. In those cases, the recipient must instead meet at least one of the following minimum requirements (in addition to all other criteria in this document *other than* those relating to jobs and minimum wages):

- (1) The proposed subsidy must accomplish removal, rehabilitation or redevelopment of "blighted areas" as defined in Minnesota Statutes, Section 469.002, Subd. 11, or must constitute a cost of correction conditions that allow designation of redevelopment districts under Minnesota Statutes, Sections 469.174 to 469.179; or
- (2) The proposed subsidy must result in improvements to public infrastructure or public facilities, including without limitations, sewers storm sewers, streets, parks, recreational facilities, and other City facilities; or
- (3) The proposed subsidy must remove physical impediments to development of land, including without limitation poor soils, bedrock conditions, steep slopes, or similar geotechnical problems.

4:06 For any business subsidy that does not meet the requirements of Section 4:05, the recipient must create or retain jobs as determined by the Economic Development Authority, as must meet the minimum wage thresholds, described in Section 5:03, Greater Monticello Enterprise Fund Guidelines, 1.(b) (whether or not the source of the subsidy is tax increment financing).

## 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**

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**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 created must pay a wage of the higher of \$9.00 per hour, or at least 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).
5. To provide loans in situations in which a funding gap exists.
6. To provide funds for economic development that could be used to assist in obtaining other funds such as Small Business Administration loans, federal and state grants, etc.

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)



## EDA Business Subsidy Criteria

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.
- \* **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.

## EDA Business Subsidy Criteria

- \* 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

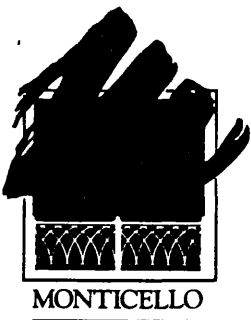
1. Staff shall submit quarterly summaries and/or annual report detailing the status of the Monticello Enterprise Fund.

### 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.



RECEIVED  
COPY

**HOUSING AND REDEVELOPMENT AUTHORITY  
IN AND FOR THE CITY OF MONTICELLO, MINNESOTA**

**Business Subsidy Criteria**

**Public Hearing and Adoption the 8<sup>th</sup> day of September, 1999.**

**Public Hearing and Adoption of Amendments the 4<sup>th</sup> day of October, 2000.**

**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. The Authority will file evidence of any deviation from these criteria with the Department of Trade and Economic Development in accordance with Minnesota Statutes, Section 116J.994, Subd. Z.
- 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.

## HRA Business Subsidy Criteria

### 3. PUBLIC POLICY REQUIREMENT

- 3:01 All business subsidies must meet a public purpose in addition to 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 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 The Housing and Redevelopment Authority may determine after a public hearing that job creation or retention is not a goal of the subsidy. In those cases, the recipient must instead meet at least one of the following minimum requirements (in addition to all other criteria in this document *other than* those relating to jobs and minimum wages):

(1) The proposed subsidy must accomplish removal, rehabilitation or redevelopment of "blighted areas" as defined in Minnesota Statutes, Section 469.002, Subd. 11, or must constitute a cost of correcting conditions that allow designation of redevelopment districts under Minnesota Statutes, Sections 469.174 to 469.179; or

## HRA Business Subsidy Criteria

(2) The proposed subsidy must result in improvements to public infrastructure or public facilities, including without limitation, sewers, storm sewers, streets, parks, recreational facilities, and other City facilities; or

(3) The proposed subsidy must remove physical impediments to development of land, including without limitation poor soils, bedrock conditions, steep slopes, or similar geotechnical problems.

4:07 For any business subsidy that does not meet the requirements of Section 4:06, the recipient must create or retain jobs as determined by the Housing and Redevelopment Authority, and must meet the minimum wage thresholds described in Section 5:03 C or D (whether or not the source of the subsidy is tax increment financing).

### 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.

- 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 the higher of \$9.00 per hour, or 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



## HRA Business Subsidy Criteria

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.

## 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.

## HRA Business Subsidy Criteria

- \* 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.

*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.*

NOTICE OF PUBLIC HEARING  
HOUSING AND REDEVELOPMENT AUTHORITY  
IN AND FOR THE CITY OF MONTICELLO  
COUNTY OF WRIGHT  
STATE OF MINNESOTA

NOTICE IS HEREBY GIVEN that the Housing and Redevelopment Authority in and for the City of Monticello, Minnesota, will hold a public hearing on Wednesday, October 4, 2000, at approximately 7:00 p.m., at City Hall, 505 Walnut Street, Monticello, Minnesota, relating to amending the Business Subsidy Criteria pursuant to Minnesota Statutes, Sections 116J.993 through 116J.994. The proposed amendments to the criteria to be adopted are available for inspection at City Hall.

All interested persons may appear at the hearing and present their views orally or in writing.

BY ORDER OF THE HOUSING AND REDEVELOPMENT AUTHORITY  
Ollie Koropchak, Executive Director

(Publish September 28, 2000)

**CITY OF MORRIS  
BUSINESS SUBSIDY CRITERIA  
JUNE 13, 2000**

**1. PURPOSE AND AUTHORITY**

- 1.01 The purpose of this document is to establish the criteria for the City of Morris (the "Grantor") for granting of business subsidies for private development. These criteria shall be used as a guide in the processing and reviewing of applications requesting business subsidies.
- 1.02 The City's ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.994 (the "Statutes").
- 1.03 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.
- 1.04 These criteria are to be used in conjunction with other relevant policies of the Grantor.
- 1.05 The City may deviate from these criteria by documenting in writing the reason(s) for the deviation. The documentation shall be submitted to the Department of Trade and Economic Development with the next annual report.
- 1.06 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 PURPOSE REQUIREMENT**

- 2.01 All business subsidies must meet a public purpose.
- 2.02 The creation or retention of jobs may be, but is not required to be, a public purpose for granting a subsidy. The determination that jobs are not a public purpose for the subsidy and that the related wage and job goals are zero shall be made following a public hearing.
- 2.03 Job retention may only be used as a public purpose in cases where job loss is specific and demonstrable. The City shall document the information used to determine the nature of the job loss.
- 2.04 The creation of tax base shall not be the sole public purpose of a subsidy.

- 2.05 The wage floor for wages to be paid for the jobs created shall be the State minimum wage in effect at the time the subsidy is granted. The City will seek to create jobs with higher wages as appropriate for the overall public purpose of the subsidy.

### **3 BUSINESS SUBSIDY APPROVAL CRITERIA**

- 3.01 All new projects approved by the City of Morris 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.
- 3.02 To be eligible to receive a business subsidy, the recipient must meet the following minimum requirements:
- a. The subsidy must achieve a public purpose
  - b. The project must comply with local plans and ordinances
  - c. The recipient shall provide information demonstrating that granting the subsidy is necessary for the proposed development to occur
  - d. The recipient enters into an agreement pursuant to these criteria and the Statutes
- 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 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.
- 3.05 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 development 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 within the City 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.

#### **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 date and recourse for failure to meeting 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.

**BUSINESS SUBSIDY CRITERIA**

**1. PURPOSE**

- 1.01 The purpose of this document is to establish the Housing and Redevelopment Authority's (hereinafter referred to as HRA) 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 HRA reserves the right in its discretion to approve business subsidies that vary from the criteria stated herein if the HRA determines that the subsidy nevertheless serves a public purpose.
- 1.03 The HRA 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 HRA of Mound'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 HRA of Mound 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.

MOUND COMMITTEE OF THE WHOLE REGULAR MINUTES - NOVEMBER 1, 1999

- 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 HRA 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 HRA 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 HRA 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 HRA 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 I 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 subsidy 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 HRA 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 HRA of Mound

- 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 HRA 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 HRA 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 HRA 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

MOUND COMMITTEE OF THE WHOLE REGULAR MINUTES - NOVEMBER 1, 1999

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 HRA'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 HRA, 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 HRA
- 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.

RECEIVED MAR 19 2001

**RESOLUTION NO. 99-107**

**RESOLUTION ADOPTING BUSINESS SUBSIDY CRITERIA.**

**BE IT RESOLVED** by the City Council (the "Council") of the City of Mound, 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 foregoing resolution was moved by Councilmember Hanus and seconded by Councilmember Brown.

The following voted in the affirmative  
Ahrens, Brown, Hanus, Meisel and

The following voted in the negative:  
none.

December <sup>14</sup>~~12~~, 1999

SS/Pat Meisel  
Mayor

\_\_\_\_\_  
ATTEST: City Clerk

**BUSINESS SUBSIDY CRITERIA**

**1. PURPOSE**

- 1.01 The purpose of this document is to establish the Housing and Redevelopment Authority's (hereinafter referred to as HRA) 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 HRA reserves the right in its discretion to approve business subsidies that vary from the criteria stated herein if the HRA determines that the subsidy nevertheless serves a public purpose.
- 1.03 The HRA 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 HRA of Mound'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 HRA of Mound 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.

MOUND COMMITTEE OF THE WHOLE REGULAR MINUTES - NOVEMBER 1, 1999

- 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 HRA 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 HRA may undertake an independent underwriting of the project to help ensure that the request for assistance is valid.
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- 4.10 Recipients of any business subsidy will be required to meet wage and job goals determined by the HRA 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 I 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 subsidy 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 HRA 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 HRA of Mound

- 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 HRA 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 HRA 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 HRA 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 HRA'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 HRA, 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 HRA
- 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.

RECEIVED MAR 19 2001

**RESOLUTION NO. 99-107**

**RESOLUTION ADOPTING BUSINESS SUBSIDY CRITERIA.**

**BE IT RESOLVED** by the City Council (the "Council") of the City of Mound, 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 foregoing resolution was moved by Councilmember Hanus and seconded by Councilmember Brown.

The following voted in the affirmative  
Ahrens, Brown, Hanus, Meisel and

The following voted in the negative:  
none.

December <sup>14</sup>~~12~~, 1999

SS/Pat Meisel  
Mayor

\_\_\_\_\_  
ATTEST: City Clerk



policy for Mounds View EDA

RECEIVED JAN 11 2007

### 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: \_\_\_\_\_

## 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.

## EXHIBIT A

CITY OF NEW HOPE  
POLICY FOR BUSINESS SUBSIDIES

RECEIVED MAY 22 2001

**Purpose:** The purpose of this policy is to set guidelines that would enable the City of New Hope to comply with Minnesota Statutes 116J.93, et seq.

**Objective:** The objective of the City of New Hope is to attract and enhance commercial and industrial development hereby increasing or retaining employment opportunities for New Hope residents and developing the job base and tax base of the City.

**Definitions:**

**A. 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 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. 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.

**C. Living Wage** will be defined as 125% of the federal poverty level for a family of four. Businesses that provide employer-paid comprehensive health insurance may pay a living wage as defined at 110% of the federal poverty level for a family of four.

**D. 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.

**Procedure:** This policy will be used for business subsidies that equal or exceed \$25,000. In the event a subsidy is in excess of \$100,000, the determination shall be preceded by a public hearing.

A proposed subsidy shall be considered to offset land costs, site development, building costs and design specifications that exceed the City's maximum requirements.

**Minimum Requirements:** A recipient of a business subsidy must meet the following minimum requirements. Any deviation from these minimum requirements shall be documented in a written resolution setting forth the reasons for the deviation. A certified copy of said resolution shall be attached to the next DTED annual report. The City shall evaluate each request for a business subsidy on the best interests of the City and its residents. In determining whether to approve a subsidy, the City shall consider factors it deems appropriate, which shall include the following:

1. A business subsidy must have a defined public purpose which may include, but not be limited to, increasing the tax base of the City. Job retention may also be a valid public purpose if the job loss is specific and demonstrable.
2. Proposals for direct loans must be unable to obtain full private financing before applying for city funding.
3. Loan guarantees must have participation by a private lender to assume at least 50% of the risk.
4. 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.
5. 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 specific and demonstrable) and the wages that these jobs will pay. Businesses must create (or retain) one full-time living wage job per \$50,000 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.
6. A business must have a goal for the percentage of new jobs that will be held by City residents.
7. After a public hearing, if the creation or retention of jobs is determined not to be a goal, the wage and job goals may be set at zero.

- FROM: CITY OF NEW HOPE FAX NO.: 7635315136 05-22-01 03:35P P.11
8. 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.
  9. The ability of the proposed development to fulfill or provide a desired amenity, facility or service that is not provided by the City.
  10. The business must disclose any potential adverse impact on the environment that could result from this project.

**Exceptions to Criteria:** 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 the criteria for business subsidies set forth in this policy statement:

1. Business subsidy of less than \$25,000;
2. Assistance that is generally available to all businesses or to a general class of similar business, 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 Minnesota Statutes, Section 116J.552, Subdivision 3;
5. Assistance for designated historic preservation districts or 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 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, including a hazardous substance tax increment financing subdistrict as defined in Minn. Stat. § 469.174(23);
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;
14. Funds from bonds allocated under Minnesota Statutes, Chapter 474A, bonds issued to refund outstanding bonds and bonds issued for the benefit of an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended;
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 Minnesota Statutes, 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;



18. General changes in tax increment financing law and other generated tax law changes of a principally technical nature;
19. Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;
20. Funds from dock and wharf bonds issued by a seaway port authority;
21. Business loans and loan guarantees of \$75,000 or less;
22. Federal loan funds provided through the United States Department of Commerce, Economic Development Administration; and
23. 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.

**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 child care and retirement accounts;
2. Businesses that are locally owned;
3. Businesses that engage in responsible labor relations;
4. Businesses that have a goal that 25% or more of the new jobs will be held by City residents;
5. Businesses that have traditionally paid living wages.

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COPY

# JENSEN & SONDRALL, P.A.

Attorneys At Law

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C. ALDEN PEARSON†  
JULIE A. THILL

OF COUNSEL  
LORENS Q. BRYNESTAD

July 18, 2000

Kirk McDonald  
Community Development Director  
City of New Hope  
4401 Xylon Avenue North  
New Hope, MN 55428

Re: New Hope Business Subsidy Criteria  
Our File No.: 99.10049

Dear Kirk:

Please find enclosed for consideration at the July 24, 2000 New Hope City Council and New Hope EDA meetings a Resolution Establishing Business Subsidy Criteria pursuant to Minnesota Statutes, Section 116J.993 to 116J.995. Attached to both Resolutions are the specific criteria.

As you know, a public hearing was held on this issue at both the City Council and EDA meetings on June 26<sup>th</sup>. The public hearings were closed at said meetings and the consideration of the policy was referred to a City Council workshop. The City Council directed staff to bring back a revised policy for consideration at the July 24<sup>th</sup> meeting. Attached to the enclosed Resolutions are the revised policies.

The criteria has changed from the document which was previously provided. Specifically, the enclosed policy now sets forth expressed wage goals in connection with a provided subsidy. Said specific wage goals resulted from a legislative amendment occurring in the 2000 session. Apparently, cities were adopting policies permitting them to establish wage and job goals on a case by case basis. The legislature apparently disliked that practice and required specific goals to be set forth in the policy. We can deviate from those goals, however, any deviation must be accompanied by a written resolution making findings for the deviation.

Basically, the enclosed policy sets a wage goal for New Hope that would require the creation or retention of at least one job paying a living wage for every \$50,000 of assistance provided. This basically means a job which pays at least \$10 per hour or approximately \$20,000 annually based on federal poverty level definitions. The Council and EDA are free to raise or lower that number as they see fit. Also, they can use a specific hourly wage number and do not have to base it on a formula using the federal poverty level. The Council and EDA are free to discuss the specific criteria and change or amend it in any fashion they see fit. The only requirement is that they have in their policy a specific wage and job goal if the creation or retention of jobs are the public purpose for the subsidy.

Real Property Law Specialist  
Certified By The  
Minnesota State Bar  
Association  
†Qualified ADR Neutral

RECEIVED MAY 22 2001

July 18, 2000  
Page 2

The legislature also amended and broadened the number of exceptions that will preclude the application of the enclosed policy. Those new exceptions are set forth in numbers 18 through 22 of the exceptions to criteria. Further, number 5 was broadened to include designated historic preservation districts, number 8 was amended to specifically include hazardous substance tax increment financing subdistricts and number 14 was amended to include refunding bond issues and bonds sold for the benefit of 501(c)(3) organizations.

Please contact me if you have any questions or comments concerning the substance of this letter, the Resolutions or the business subsidy criteria. Also note that a resolution will be required from both the City Council and the EDA.

Very truly yours,

Steven A. Sondrall  
JENSEN & SONDRALL, P.A.

Enclosures

cc: Dan Donahue  
Phil Kern  
Daryl Sulander  
Valerie Leone

## CITY OF NEW HOPE

RESOLUTION NO.2000-\_\_

RECEIVED MAY 22 2001

**RESOLUTION ESTABLISHING A  
BUSINESS SUBSIDY CRITERIA PURSUANT  
TO MINN. STAT. §§ 116J.993 - 116J.995**

**BE IT RESOLVED** by the City Council of the City of New Hope as follows:

**WHEREAS**, the City of New Hope is a fully developed community and pursues redevelopment as a way to maintain and increase tax base, create new or retain present 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.995; 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 governmental facilities given to a business", subject to various exceptions; and

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

**WHEREAS**, the City of New Hope 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 City Council of the City of New Hope as follows:

1. That each business subsidy will be evaluated pursuant to the criteria attached hereto as Exhibit A.
2. That the City will determine job and wage goals for each business subsidy which goals will be sensitive to prevailing wage rates, 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. However, the minimum wage and job goals of the attached criteria must be met per the terms of the criteria.

3. That any deviation from the attached criteria will be based on written findings set forth in a resolution explaining the reason for any deviation from the criteria.

Dated the 24<sup>th</sup> day of July, 2000.

\_\_\_\_\_  
W. Peter Enck, Mayor

Attest:

\_\_\_\_\_  
Valerie Leone, City Clerk

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COUNCIL



# REQUEST FOR ACTION

RECEIVED MAY 22 2001

Originating Department Community Development  By: Kirk McDonald	Approved for Agenda July 24, 2000  By: <i>[Signature]</i>	Agenda Section Development & Planning Item No. 8.4
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RESOLUTION ESTABLISHING A BUSINESS SUBSIDY CRITERIA PURSUANT TO MINN. STAT. 116J.993 - 116J.995

## REQUESTED ACTION

Staff recommends that the City Council approve the enclosed *Resolution Establishing a Business Subsidy Criteria*, which adopts the City of New Hope Policy for business subsidies.

## POLICY/PAST PRACTICE

The State of Minnesota has recently required all municipalities to adopt policies regarding business subsidies.

## BACKGROUND

A public hearing was held on this issue at both the City Council and EDA meetings on June 26. The public hearings were closed at said meetings and the consideration of the policy was referred to a City Council Workshop. The City Council directed staff to bring back a revised policy for consideration at the July 24 Council Meeting. Attached to the enclosed resolutions are the revised policies that have been prepared by the City Attorney.

Per the City Attorney's correspondence, the criteria has changed from the document which was previously provided. Specifically, the enclosed policy now sets forth expressed wage goals in connection with a provided subsidy. Said specific wage goals resulted from a legislative amendment occurring in the 2000 session. Apparently, cities were adopting policies permitting them to establish wage and job goals on a case by case basis. The legislature apparently disliked that practice and required specific goals to be set forth in the policy. The City can deviate from those goals, however, any deviation must be accompanied by a written resolution making finds for the deviation.

The enclosed policy sets a wage goal for New Hope that would require the creation or retention of at least one job paying a living wage for every \$50,000 of assistance provided. This basically means a job which pays at least \$10 per hour or approximately \$20,000 annually based on federal poverty level definitions. The Council and EDA are free to raise or lower that number as they see fit and they can also use a specific hourly wage number and do not have to base it on a formula using the federal poverty level. The Council and EDA are free to discuss the specific criteria or change or amend it in any fashion they see fit. The only requirement is that the City has in the policy a specific wage and job goal if the creation or retention of jobs are the public purpose for the subsidy.

MOTION BY

*Cassir*

SECOND BY

*Cassir*

TO:

*Adopt New 5000-117*

**Request for Action****Page 2****07/24/00**

The legislature also amended and broadened the number of exceptions that will preclude the application of the enclosed policy. Those new exceptions are set forth in numbers 18 through 22 of the exceptions to criteria. Further, number 5 was broadened to include designated historic preservation districts, number 8 was amended to specifically include hazardous substance tax increment financing subdistricts and number 14 was amended to include refunding bond issues and bonds sold for the benefit of 501(c)(3) organizations.

The resolution states:

1. That each business subsidy will be evaluated pursuant to the criteria in the policy.
2. That the City will determine job and wage goals for each business subsidy which goals will be sensitive to prevailing wage rates, 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. However, the minimum wage and job goals of the attached criteria must be met per the terms of the criteria.
3. That any deviation from the attached criteria will be based on written findings set forth in a resolution explaining the reason for any deviation from the criteria.

Staff recommends approval of the resolution.

**ATTACHMENTS**

- Resolution
- Policy for Business Subsidies
- City Attorney Correspondence

RECEIVED JUN 1 2001

## NEW PRAGUE 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 New Prague and the New Prague 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:



- 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, 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.
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 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 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.

## 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: New Prague City Council .

Date of Adoption: May 15 2000 .

Date of Public Hearing: May 15 2000 .

**CITY OF NEW ULM  
BUSINESS SUBSIDY POLICY**

October 13, 2000

RECEIVED MAY 8 2001

**1. INTRODUCTION**

This policy is adopted to comply with the requirements of Minnesota Statutes 116J.993 through 116J.995, as amended, which regulates business subsidy agreements signed on or after August 1, 1999. Additionally, the Policy will provide the Economic Development Authority of the City of New Ulm, Minnesota, the New Ulm City Council and City staff with guidelines for the negotiation of economic development projects requesting incentives. Terms used in this Policy are intended to have the same meanings as those used in the Business Subsidies Act (the "Act"), and this Policy shall apply only with respect to assistance granted under the Act if and to the extent required thereby.

The City of New Ulm has previously provided economic assistance to businesses and industries locating or expanding in the City. This assistance has taken a number of different forms including, but not limited to, tax increment financing, low interest loans, deferred loans, land sales below market or appraised values, grants, and infrastructure and utility improvements. The City's goals in providing these forms of assistance are normally one or more of the following:

- a) Increasing the property tax base to generate more property tax revenue.
- b) Increasing employment opportunities for New Ulm citizens.
- c) Utilizing private business development resources to improve public infrastructure to the benefit of the larger community.
- d) Redevelopment of potentially viable existing properties and redevelopment of significant, prominent or historic buildings.
- e) Providing financing to accomplish a housing market need.
- f) Increasing industrial diversification.

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 that receive public assistance 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.

It is also to be recognized that not all jobs created will always be at wage and benefit levels consistent with those required to support a basic household unit. However, the importance of providing such jobs for other age earning groups such as youth, post-secondary education students, and those desiring additional income from part-time work, may be considered in the economic development evaluation process. These jobs will not be considered in the monitoring of compliance with economic development goals.

## 2. **BUSINESS SUBSIDY**

A "Business Subsidy", pursuant to Subdivision 3 of the Act, 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.

Subdivision 3 of the Act further identifies financial assistance that does not constitute a business subsidy under the statute. Financial assistance of less than \$25,000 is not a Business Subsidy.

## 3. **CRITERIA FOR SUBSIDIES**

Any qualifying request for assistance shall meet one or more of the following objectives:

- a) Provide additional employment opportunities in New Ulm.
- b) Retain existing employment opportunities where job loss is specific and demonstrable.
- c) Stimulate private investment.
- d) Elimination of slums and blight.
- e) Increase local tax base.
- f) Redevelopment of existing properties.
- g) Improvements to public infrastructure benefiting the larger community.
- h) Provide a needed service for the community.
- i) Improve the productivity and competitiveness of a business.
- j) The specific wage floor for created jobs will be 150% of the prevailing minimum wage.

The City may deviate from its criteria by documenting in writing the reason for the deviation and attaching a copy of the document to its next annual report to the Department of Trade and Economic Development.

#### 4. **SUBSIDY AGREEMENT**

Prior to award of a business subsidy, the proposed recipient must enter into a Subsidy Agreement with the City of New Ulm that includes the following:

- 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) Measurable, specific and tangible 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 in the City at least five years after the benefit date. A recipient may move from the City within the five-year period following a public hearing on this matter and the approval of the New Ulm City Council;
- g) The name and address of the parent corporation of the recipient, if any; and
- h) A list of all financial assistance by all grantors for the project.

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 property at less than a market price or other in-kind benefits to the recipient.

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.

#### 5. **WAGE AND JOB GOALS**

The Subsidy Agreement, in addition to any other goals, must include:

- a) Goals for the number of jobs created, which may include separate goals for the number of part-time jobs, or, in cases where job loss is specific and demonstrable, goals for the number of jobs retained.
- b) Wage goals for the jobs created or retained.
- c) The wage and job goals must be attained within two years of the benefit date.
- d) Wage and job goals maybe set at zero if it is determined after a public hearing that the creation or retention of jobs is not a goal.

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 public assistance has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.

#### 6. **PUBLIC NOTICE AND HEARING**

Before granting a business subsidy that exceeds \$100,000.00, the City of New Ulm will provide public notice and conduct a hearing on the subsidy. Public notice shall be published in a local newspaper of general circulation at least ten days prior to the Public Hearing,

The Public Hearing notice will include the following:

- a) Location at which information about the business subsidy, including a copy of the summary of the terms of the Subsidy Agreement, is available. This information will be available in printed form.
- b) Date, time and place of the Public Hearing.

#### 7. **FAILURE TO MEET GOALS**

The Subsidy Agreement must specify the recipient's obligation if the recipient does not fulfill the agreement. At a minimum, the agreement must require a recipient failing to meet subsidy agreement goals to pay back the assistance plus interest to the grantor provided that repayment may be prorated to reflect partial fulfillment of goals. The interest rate must be set at no less than the implicit price deflator as defined under Section 275.70, Subdivision 2.

The City may, after a public hearing, extend for up to one year the period for meeting the wage and job goals provided in the subsidy agreement.

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 section, whichever occurs first.

The City shall verify with the Department of Trade and Economic Development the recipient's eligibility to receive a business subsidy.

8. **REPORTS BY RECIPIENTS TO THE CITY OF NEW ULM**

The City of New Ulm will monitor the progress by the recipient in achieving agreement goals. The recipient must provide the information described in Subdivision 7, (b), (1) through (10) of the Act for two (2) 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 recipient will utilize report forms provided by the Department of Trade and Economic Development for this purpose.

A report must be filed by the recipient no later than March 1 of each year for the previous year.

9. **REPORTS BY THE CITY OF NEW ULM**

The City will file a report with the Department of Trade and Economic Development by April 1 of each year.

The report will include a list of recipients who failed to file reports and a list of recipients who have failed to meet their wage and job goals within two (2) years and the steps being taken to bring them into compliance or to recoup the subsidy.

Adopted by the New Ulm City Council  
October 17, 2000

**CITY OF NEW ULM  
ECONOMIC DEVELOPMENT AUTHORITY  
BUSINESS SUBSIDY POLICY**

December 5, 2000

RECEIVED MAY 3 2001

**1. INTRODUCTION**

This policy is adopted to comply with the requirements of Minnesota Statutes 116J.993 through 116J.995, as amended, which regulates business subsidy agreements signed on or after August 1, 1999. Additionally, the Policy will provide the Economic Development Authority of the City of New Ulm, Minnesota, the New Ulm City Council and City staff with guidelines for the negotiation of economic development projects requesting incentives. Terms used in this Policy are intended to have the same meanings as those used in the Business Subsidies Act (the "Act"), and this Policy shall apply only with respect to assistance granted under the Act if and to the extent required thereby.

The New Ulm Economic Development Authority has previously provided economic assistance to businesses and industries locating or expanding in the City. This assistance has typically taken the form of low interest loans and land sales below market or appraised values. The Authority's goals in providing these forms of assistance are normally one or more of the following:

- a) Increasing the property tax base to generate more property tax revenue.
- b) Increasing employment opportunities for New Ulm citizens.
- c) Utilizing private business development resources to improve public infrastructure to the benefit of the larger community.
- d) Redevelopment of potentially viable existing properties and redevelopment of significant, prominent or historic buildings.
- e) Providing financing to accomplish a housing market need.
- f) Increasing industrial diversification.

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 that receive public assistance 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.

It is also to be recognized that not all jobs created will always be at wage and benefit levels consistent with those required to support a basic household unit. However, the importance of providing such jobs for other wage earning groups such as youth, post-secondary education students, and those desiring additional income from part-time work, may be considered in the economic development evaluation process. These jobs will not be considered in the monitoring of compliance with economic development goals.

## 2. **BUSINESS SUBSIDY**

A "Business Subsidy", pursuant to Subdivision 3 of the Act, 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.

Subdivision 3 of the Act further identifies financial assistance that does not constitute a business subsidy under the statute. Financial assistance of less than \$25,000 is not a Business Subsidy.

## 3. **CRITERIA FOR SUBSIDIES**

Any qualifying request for assistance shall meet one or more of the following objectives:

- a) Provide additional employment opportunities in New Ulm.
- b) Retain existing employment opportunities where job loss is specific and demonstrable.
- c) Stimulate private investment.
- d) Elimination of slums and blight.
- e) Increase local tax base.
- f) Redevelopment of existing properties.
- g) Improvements to public infrastructure benefiting the larger community.
- h) Provide a needed service for the community.
- i) Improve the productivity and competitiveness of a business.
- j) The specific wage floor for created jobs will be 150% of the prevailing minimum wage.

The Authority may deviate from its criteria by documenting in writing the reason for the deviation and attaching a copy of the document to its next annual report to the Department of Trade and Economic Development.

4. **SUBSIDY AGREEMENT**

Prior to award of a business subsidy, the proposed recipient must enter into a Subsidy Agreement with the Authority that includes the following:

- 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) Measurable, specific and tangible 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 in the City New Ulm at least five years after the benefit date. A recipient may move from the City within the five-year period following a public hearing on this matter and the approval of the Authority;
- g) The name and address of the parent corporation of the recipient, if any; and
- h) A list of all financial assistance by all grantors for the project.

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 property at less than a market price or other in-kind benefits to the recipient.

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.

5. **WAGE AND JOB GOALS**

The Subsidy Agreement, in addition to any other goals, must include:

- a) Goals for the number of jobs created, which may include separate goals for the number of part-time jobs, or, in cases where job loss is specific and demonstrable, goals for the number of jobs retained.
- b) Wage goals for the jobs created or retained.
- c) The wage and job goals must be attained within two years of the benefit date.
- d) Wage and job goals maybe set at zero if it is determined after a public hearing that the creation or retention of jobs is not a goal.

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 public assistance has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists.

## 6. PUBLIC NOTICE AND HEARING

Before granting a business subsidy that exceeds \$100,000.00, the Authority will provide public notice and conduct a hearing on the subsidy. Public notice shall be published in a local newspaper of general circulation at least ten days prior to the Public Hearing,

The Public Hearing notice will include the following:

- a) Location at which information about the business subsidy, including a copy of the summary of the terms of the Subsidy Agreement, is available. This information will be available in printed form.
- b) Date, time and place of the Public Hearing.

## 7. FAILURE TO MEET GOALS

The Subsidy Agreement must specify the recipient's obligation if the recipient does not fulfill the agreement. At a minimum, the agreement must require a recipient failing to meet subsidy agreement goals to pay back the assistance plus interest to the grantor provided that repayment may be prorated to reflect partial fulfillment of goals. The interest rate must be set at no less than the implicit price deflator as defined under Section 275.70, Subdivision 2.

The Authority may, after a public hearing, extend for up to one year the period for meeting the wage and job goals provided in the subsidy agreement.

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 section, whichever occurs first.

The Authority shall verify with the Department of Trade and Economic Development the recipient's eligibility to receive a business subsidy.

8. **REPORTS BY RECIPIENTS TO THE NEW ULM ECONOMIC DEVELOPMENT AUTHORITY**

The Authority will monitor the progress by the recipient in achieving agreement goals. The recipient must provide the information described in Subdivision 7, (b), (1) through (10) of the Act for two (2) 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 recipient will utilize report forms provided by the Department of Trade and Economic Development for this purpose.

A report must be filed by the recipient no later than March 1 of each year for the previous year.

9. **REPORTS BY THE NEW ULM ECONOMIC DEVELOPMENT AUTHORITY**

The Authority will file a report with the Department of Trade and Economic Development by April 1 of each year.

The report will include a list of recipients who failed to file reports and a list of recipients who have failed to meet their wage and job goals within two (2) years and the steps being taken to bring them into compliance or to recoup the subsidy.

Adopted by the New Ulm Economic Development Authority  
December 12, 2000

# CITY OF NORTHFIELD, MINNESOTA

## Business Subsidy Policy

RECEIVED APR 09 2007

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)

RECEIVED APR 09 2001

**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

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

RECEIVED APR 08 2001

# 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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- 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)

RECEIVED APR 09 2001

**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

RECEIVED MAY 31 2001

## 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.

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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 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

**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.

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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.

RECEIVED APR 25 2001

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.

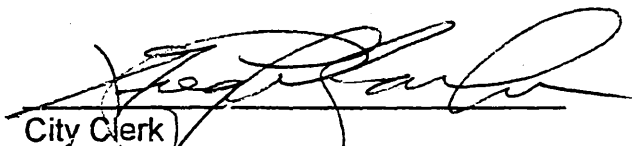
NOW THEREFORE, BE IT RESOLVED that the City Council of the City of Owatonna, Minnesota, hereby adopts the attached "Business Subsidy Policy" dated September 21, 1999.

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".

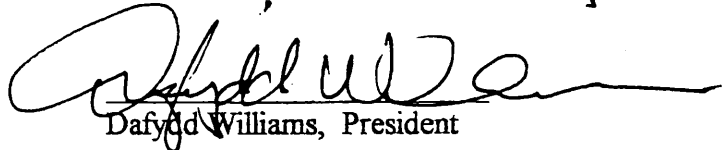
**WHEREAS**, a joint public hearing with the Owatonna City Council was held on September 21, 1999 on adoption of the business subsidy policy.

**NOW THEREFORE, BE IT RESOLVED** that the Owatonna Economic Development Authority hereby adopts the attached "Business Subsidy Policy" dated September 21, 1999.

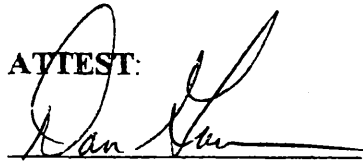
Passed and adopted this 21st day of September, 1999, with the following vote:

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



**Owatonna City Council  
Owatonna Economic Development Authority**

**Business Subsidy Policy**

September 21, 1999

RECEIVED MAY 12 2001

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.

RECEIVED MAY 12 2001

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.

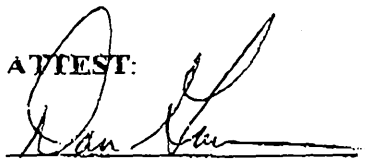
**NOW THEREFORE, BE IT RESOLVED** that the Owatonna Economic Development Authority hereby adopts the attached "Business Subsidy Policy" dated September 21, 1999.

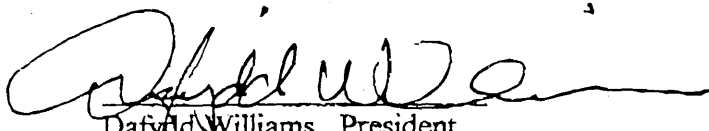
Passed and adopted this 21st day of September, 1999, with the following vote:

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

**PAYNESVILLE  
CITY POLICY REGARDING  
BUSINESS SUBSIDY CRITERIA**

RECEIVED MAY 23 2001

The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes 116J.993 through 116J.995 (the "Act"). The Term "City" mean collectively the City of Paynesville, and its (economic development authority) (housing and redevelopment authority) (port 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 be 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 the 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 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 at least \$9.03 in wages and benefits. 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. Meeting all or a majority of our criteria does not mean a subsidy will be awarded or denied. A decision to approve or reject a request for subsidy will be based on the merits of the project and 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 present value using a discount factor determined by the City which approximates the interest rate available to the business from a commercial lender.

RECEIVED MAR 30 2001

REGULAR PINE RIVER CITY COUNCIL MEETING, TUES NOV 14, 2000 7:00

CITY OF PINE RIVER

BUSINESS ASSISTANCE POLICY

1. PURPOSE

- 1.01 The purpose of this policy is to establish the City's position as relates to the use of Tax Increment Financing, Abate and other Business Assistance programs for private development. This policy shall be used as a guide in processing and reviewing applications requesting Tax Increment assistance.
- 1.02 The City shall have the option of amending or waiving sections of this policy when determined necessary or appropriate.

2. STATUTORY LIMITATIONS

- 2.01 In accordance with the Business Assistance Policy, assistance requests must comply with applicable State Statutes.

3. ELIGIBLE USES FOR THE USE OF BUSINESS ASSISTANCE

- 3.01 As a matter of adopted policy, the City of Pine River will consider using a business assistance tool to assist private developments only in those circumstances in which the proposed private projects meet one or more of the following uses:
  - A. To redevelop blighted or under-utilized areas of the community.
  - B. To meet the following housing-related uses:
    - 1. To provide a diversity of housing not currently provided by the private market.
    - 2. To provide a variety of housing ownership alternatives and housing choices.
    - 3. To promote affordable housing for low or moderate income individuals.
    - 4. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading in existing housing stock in residential areas.
  - C. To remove blight and encourage redevelopment in the commercial and industrial areas of the City in order to encourage high levels of property maintenance and private reinvestment in those areas.
  - D. To increase the tax base of the City in order to ensure the long-term ability of the City to provide adequate services for its residents while lessening the reliance on residential property tax.
  - E. To retain local jobs, increase local job base, and provide diversity in that job base.

**REGULAR PINE RIVER CITY COUNCIL MEETING, TUES NOV 14, 2000 7:00**

- F. To increase the local business and industrial market potential of the City of Pine River.
- G. To encourage additional unsubsidized private development in the area, either directly, or through secondary "spinoff" development.
- H. To offset increased costs of redevelopment, over and above those costs that a developer would incur in normal development.
- I. To accelerate the development process and to achieve development on sites which would not be developed without this assistance.

**4. BUSINESS ASSISTANCE PROJECT APPROVAL CRITERIA**

- 4.01 All new projects approved by the City of Pine River 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.
  - A. The assistance shall be provided within applicable state legislative restrictions, State Auditor interpretation, debt limit guidelines, and other appropriate financial requirements and policies.
  - B. The project should meet one or more of the uses above adopted Business Assistance Goals of the City.
  - C. 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.
  - D. The assistance will not be provided to projects that have the financial feasibility to proceed without the benefit of the assistance. Assistance will not be provided solely to broaden a developer's profit margins on a project. Prior to consideration of a business assistance request, the City may undertake an independent underwriting of the project to help ensure that the request for assistance is valid.
  - E. Prior to approval of a Business Assistance 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.
  - F. Any developer requesting business assistance should be able to demonstrate past successful general development capability as well as specific capability As well as specific capability in the type and size of development proposed.
  - 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.

**REGULAR PINE RIVER CITY COUNCIL MEETING, TUES NOV 14, 2000 7:00**

H. The level of business assistance 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

**5. BUSINESS ASSISTANCE PROJECT EVALUATION CRITERIA**

5.01 All projects will be evaluated on the following criteria for comparison with other proposed business assistance 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 business assistance 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 policy, but rather that the City is in a position to proceed with evaluations of (and comparisons between) various business assistance proposals, using uniform standards whenever possible.

5.03 Following are the evaluation criteria that will be used by the City of Pine River

A. All proposals should optimize the private development potential of a site.

B. All proposals should create the highest feasible number of jobs on the site. All proposals will meet the Business Subsidy Criteria established by the City.

C. All 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.

D. Proposals should normally not be used to support speculative industrial, commercial, and office projects.

E. Assistance will normally not be used in a project that involves an excessive land and/or property price.

F. All Business Assistance projects will need to meet the "but for" test. assistance 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.

G. Business Assistance 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.

H. Business Assistance will not normally be used for projects that would generate significant environmental problems in the opinion of the local, state, or federal governments.

**REGULAR PINE RIVER CITY COUNCIL MEETING, TUES NOV 14, 2000 7:00**

- I. Business Assistance 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 improvements 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. 11-14-00-1

**RESOLUTION ADOPTING BUSINESS SUBSIDY CRITERIA**

WHEREAS, Minnesota Statutes, Sections 116J.993 through 116J.994 (the "Statutes") require the adoption of criteria for the granting of business subsidies as defined in the Statutes; and,

WHEREAS, the City of Pine River (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.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Pine River, 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.

Motion by Sabas seconded by Zigmund to adopt above resolution. All voted aye. Carried.

**CLERK'S REPORT:** Clerk reports that she has attended the following since the last meeting: Relief Meeting, Rural Violence Meeting, Chamber Meeting.

**NEW PUMP FIRE HALL :** Clerk reports that the pump on the furnace which heats the fire hall has been replaced. Cost approximately \$950.00.

**NEW FAX MACHINE:** Clerk reports that a new fax machine had to be purchased. Cost was approximately \$750.00.

**TRUTH IN TAXATION HEARING:** Is scheduled for December 4<sup>th</sup> at 7:00 p.m.





RECEIVED MAR 21 2001

*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 principles and criteria of the Policy.

\*\*\*\*\*

There follows a sample of business subsidy criteria required to be adopted by a local government agency. If the local government agency is not an elected body, the business subsidy criteria do not need to be approved by the local elected governing body (e.g. city council). It may, however be advisable to have the criteria reviewed and approved by the local elected governing body.

\*\*\*\*\*

## **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 Proctor and Proctor Economic Development 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.. The evaluation of a project 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 the specific loss of those jobs.

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. The reason for any deviation from the principles set forth herein will be documented in writing by the City and will be submitted to the Department of Trade and Economic Development in accordance with the Act.

## **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 order for a recipient/project to receive financial or other assistance as a business subsidy, it must comply with all the criteria listed in Section D., below. 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. MINIMUM REQUIREMENTS FOR ALL PROJECTS.**

All recipients/projects must comply with all the following criteria in order to receive assistance as a business subsidy from the City:

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 and does not apply to sales of property by the City or PEDAs for fair market value.

\*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 federal minimum wage 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 recipient of the business subsidy from the City must satisfy all requirements of the Act.

5. Compliance with the Act. The recipient of the business subsidy from the City must comply with all the requirements of the Act.

6. Location. The project receiving the business subsidy from the City must be located within the jurisdictional limits of the City.

7. Compliance with the City's Comprehensive Plan. The project receiving the business subsidy from the City must substantially comply with the City's comprehensive plan.

8. Compliance with Zoning and Land Use Regulations. The project receiving the business subsidy from the City must comply with the applicable City zoning and land use regulations.

\*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: \_\_\_\_\_



## 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: 9-28-2000

Date of public hearing: 9-28-2000

RECEIVED MAR 28 2001

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:

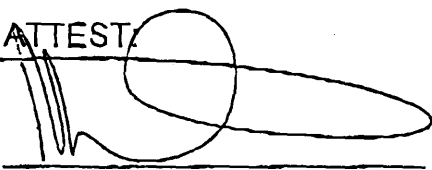
That the Red Wing Port authority shall adopt the Business Subsidy Policy and abide by all the Business Subsidy Policy Guidelines effective Monday, November 15, 1999.

RED WING PORT AUTHORITY



Len Kiecker, President

ATTEST

  
Myron White, Executive Director

**CITY OF REDWOOD FALLS AND ITS  
PORT AUTHORITY  
BUSINESS SUBSIDY POLICY**

RECEIVED MAY 21 2001

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

## **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.

## ROBBINSDALE ECONOMIC DEVELOPMENT AUTHORITY

### BUSINESS SUBSIDY CRITERIA

#### I. Purpose

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

#### II. Goals and Objectives

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

- a) All projects must be consistent with Robbinsdale's comprehensive plan and any other similar plan or guide for development of the community, including the Robbinsdale downtown architectural guidelines.
- 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 REDA to make the requisite fundings under the TIF Act and the Act.
- c) Grantees will be required to enter into an agreement with REDA which 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

REDA 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. REDA 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, REDA believes it is a necessary condition for any subsidy.
- b) Jobs and Wages. It is REDA'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 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 REDA will be subject to the requirement of a public hearing, if necessary, and must be approved by the Robbinsdale city council.
- b) It will be necessary for both the grantee and REDA to comply with the reporting and monitoring requirements of the Act.

Adopted this 12th day of October, 1999.

William Blonigan, President

Dennis R. Kraft, Executive Director

# ROBBINSDALE ECONOMIC DEVELOPMENT AUTHORITY

## BUSINESS SUBSIDY CRITERIA

### I. Purpose

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

### II. Goals and Objectives

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

- a) ✓ All projects must be consistent with Robbinsdale's comprehensive plan and any other similar plan or guide for development of the community, including the Robbinsdale downtown architectural guidelines.
- 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 REDA to make the requisite fundings under the TIF Act and the Act.
- c) Grantees will be required to enter into an agreement with REDA which 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.  
*yet jobs added - not specified in agreement.*

### III. Business Subsidy Criteria

REDA 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. REDA 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, REDA believes it is a necessary condition for any subsidy.
- b) Jobs and Wages. It is REDA'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 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 REDA will be subject to the requirement of a public hearing, if necessary, and must be approved by the Robbinsdale city council.
- b) It will be necessary for both the grantee and REDA to comply with the reporting and monitoring requirements of the Act.

Adopted this 12th day of October, 1999.

William Blonigan, President

Dennis R. Kraft, Executive Director

RECEIVED MAR 30 2001

## 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.

RECEIVED MAR 30 2001

### **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.

# **CITY COUNCIL IN AND FOR THE CITY OF ROSEMOUNT, MINNESOTA**

## **Business Subsidy Criteria**

### **1. PURPOSE**

- 1.01 The purpose of this document is to establish the City Council'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 Council reserves the right in its discretion to approve business subsidies that vary from the criteria stated herein if the City Council determines that the subsidy nevertheless serves a public purpose.
- 1.03 The City Council may amend the business subsidy criteria at any time. Amendments to these criteria are subject to public hearing requirements pursuant to Minnesota Statutes, Section 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 Council 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 Council 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 City Council.
- 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 subsidy's financing plan and when deemed appropriate by the City Council, 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 City Council 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.
- 4.07 The City Council will utilize Tax Increment Financing to support the community's long-term economic, redevelopment, and housing goals.
- 4.08 Each Tax Increment Financing subsidy will be analyzed and evaluated by the City Council. Each project shall be measured against the general criteria in Sections 1 through 5 and the specific criteria in the City Council Tax Increment Financing Policy.

**CITY OF ROSEMOUNT  
EXECUTIVE SUMMARY FOR ACTION**

**CITY COUNCIL MEETING DATE:** April 4, 2000

<b>AGENDA ITEM:</b> Adoption of Business Subsidy Policy	<b>AGENDA SECTION:</b> PUBLIC HEARING
<b>PREPARED BY:</b> Thomas D. Burt, City Administrator	<b>AGENDA ITEM #</b> 7
<b>ATTACHMENTS:</b> Business Subsidy Criteria	<b>APPROVED BY:</b> 

In the 1998 legislative session, the Business Subsidy Act was adopted, which requires all local governments to have a policy for public subsidies in excess of \$100,000. The Port Authority previously reviewed the attached policy. A public hearing is required for final adoption of the policy. Once the policy is adopted, any future business subsidies must have a public hearing to identify their proposed subsidies. The City's Attorney has recommended both the Port Authority and City Council adopt this policy. There is presently no project pending for City Council review, but rather being proactive in the event of a future project.

**RECOMMENDED ACTION:** MOTION to approve the Business Subsidy Criteria Policy for the City of Rosemount.

**COUNCIL ACTION:**

RECEIVED MAR 20 2001

## **ST. ANTHONY HOUSING & REDEVELOPMENT AUTHORITY** **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 "HRA" means the St. Anthony Housing & Redevelopment 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 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 \$8.01 per hour 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.

### **B. 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 of influence 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. The evaluation of projects 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 specific and demonstrable.

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.

### **C. 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.

#### **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.

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.

##### **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 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.

## **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 HRA may deem relevant in evaluating the project and the business subsidy proposed for it.

Adopted by: City of St. Anthony Housing & Redevelopment Authority

Date of adoption: June 27, 2000

Date of public hearing: June 27, 2000

RECEIVED MAR 28 2001

CITY OF ST. ANTHONY

H.R.A. RESOLUTION 00-007

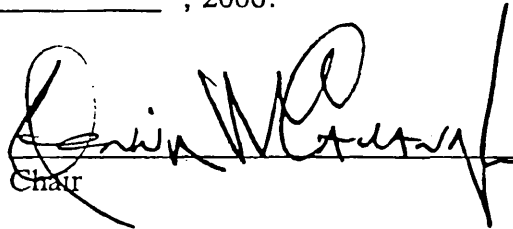
A RESOLUTION ADOPTING A BUSINESS  
SUBSIDY POLICY

WHEREAS, the St. Anthony Housing and Redevelopment Authority (H.R.A.) desires to establish business subsidy criteria; and


WHEREAS, the business subsidy criteria listed on the attached policy is intended to satisfy the requirements of Minnesota Statutes §§116J.993 through 116J.995.

NOW, THEREFORE, BE IT RESOLVED that the St. Anthony Housing and Redevelopment Authority hereby adopts the City of St. Anthony Business Subsidy Policy attached hereto and on behalf of the City of St. Anthony.

Adopted this 27 day of June, 2000.

  
Chair

Reviewed by Administration:

  
Executive Director

**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.

ST. CHARLES, MINNESOTA  
BUSINESS SUBSIDY AGREEMENT

Whereas the City of St. Charles, Minnesota has adopted a Business Subsidy Policy in compliance with Minnesota State Statute 116J.993-995 on February 8, 2000. Whereas the City of St. Charles has determined that Business Subsidy in the amount of \$200,000.00 in the form of Tax Increment Financing shall be granted to Developer Glen Craven, the terms and conditions of which are described in the "Development Agreement". Whereas the Developer has submitted the following information to the City: Industrial Park Cost Analysis, Preliminary Plat Information, Plans & Specifications on Whitewater Industrial Park, and the Final Plat of Whitewater Industrial Park.

The Business Subsidy provided to the Developer includes \$150,000.00 in tax increment financing in 2000 for utility and storm water construction, the extension of sewer and water main to the beginning of Whitewater Industrial Park in 2000, and \$50,000.00 in tax increment financing in 2001 for street improvements. The Business Subsidy granted to the Developer will be reimbursed to the City of St. Charles through tax increments received from building construction within Whitewater Industrial Park. The Developer has no other financial obligations to the City if the goals described in this agreement are not met.

The Developer and City hereby establish that due to the speculative nature of the project the job creation goal has been established at zero.


The reason the Business Subsidy is needed is to facilitate private investment in an industrial/commercial park. The development of an industrial/commercial park has been established as the top priority in the St. Charles Comprehensive Plan.


The public purpose of the Business Subsidy is to provide economic diversity by facilitating the development of an industrial/commercial park; create the potential for job creation by establishing an area for industrial and commercial development; create the opportunity to retain existing businesses and jobs within the community by providing an area for existing businesses to expand; and increase the local tax base by allowing the development of industrial and commercial properties in the Whitewater Industrial Park.

The Developer hereby agrees to continue operations within the corporate limits of the City of St. Charles for at least 5 years from the date of benefit.

The Developer has an affirmative action policy.

The Developer hereby agrees to the terms and conditions of this agreement.

  
Developer 6/8/00  
Date

  
Mayor 6-9-00  
Date



RECEIVED MAR 29 2001



# CITY OF ST. JOSEPH

21 First Avenue NW  
P.O. Box 668,  
St. Joseph, MN 56374  
(320) 363-7201  
Fax: 363-0342

## 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



MAYOR  
Kenneth J. Hiemenz

CLERK/  
ADMINISTRATOR  
Cari Schmidt

COUNCILORS  
Bob Loso  
Cory Ehler  
Ken Twit  
Mary Niedenfuer

# **ST. LOUIS COUNTY 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. The term "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 employee, that exceeds ten to one, determined on the basis of full-time equivalent positions, are included in this definition.

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

1. The St. Louis County Board of Commissioners recognizes that the creation of good paying jobs is a desirable goal which benefits both the County and its citizens. Nevertheless, 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 level requirements may be unrealistic and counter-productive in the face of larger economic forces affecting an individual business or the financial and competitive circumstances of that business. In determining the requirements for a project under consideration for a business subsidy, St. Louis County will be guided by the following:
  - a. The evaluation of a project 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 demonstrating the potential loss of specific jobs.
  - d. The setting of wage and job goals will be guided by current information on (i) prevailing wage rates for like or similar jobs within the area, (ii) local economic conditions, (iii) external economic forces over which neither St. Louis County 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, St. Louis County retains the right to approve projects and business subsidies which may vary from the principles and criteria set forth herein. The reason for any deviation will be documented in writing and will be submitted to the Minnesota Department of Trade and Economic Development in accordance with the Act.

3. St. Louis County will take into consideration the following information when applying evaluation criteria to a specific project:
  - a. St. Louis County may consider the requirements of any other business subsidy received, or to be received, from another project funding source other than the County.
  - 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 real or personal property, the amount of the subsidy will be the fair market value of the property as determined by St. Louis County.
  - d. If the business subsidy is received over time, St. Louis County may value the subsidy at its present value using a discount rate equal to an interest rate which the County 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: (a) when the improvements are completed for the entire project; or (b) when a business occupies the property.

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

St. Louis County will require that the proposed project meet one or more of the following criteria in order to receive financial or other assistance as a business subsidy:

1. **Job 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. **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:** We will consider whether the project provides the optimum or best use of the property (including those permitted uses under the current Comprehensive or Other Plan) in addition to any needed services to the community described in Paragraph B.6).
  - b. **Marginal Property:** We will examine 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.
  - c. **Design and/or Other Amenities:** We will also consider whether the project will include design and/or amenity features that are not otherwise required by law as a result of the business subsidy.
- 4. **Impact on Existing and Future Public Investment.**
  - a. **Utilization of Existing Infrastructure Investment:** Consideration will be given as to whether and to what extent (a) the project will utilize existing public infrastructure capacity or if (b) the project will require additional publicly funded infrastructure investments.
  - b. **Direct Monetary Return on Public Investment:** Review will consider whether arrangements have been made or will be made for St. Louis County to receive a direct monetary return on its investment in the project.
- 5. **Economic Development:** Review will consider the economic impact of:
  - 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 Paragraph C.1 above.

6. **Quality of Life - Community Services:** Consideration as to whether the project will provide services in the community and the need for such services.
7. **Other Factors:** Depending on the nature of the project, such other factors as St. Louis County may deem relevant in evaluating the project and the business subsidy proposed for it.

#### **C. CRITERIA REQUIRED FOR ALL PROJECTS**

St. Louis County will require that the project complies with all of 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) at least equal to the prevailing wage for like or similar jobs within the area or such greater amount as St. Louis County may require for a specific project.
2. **Compliance with Planning and Zoning:** The project must comply with local plans and zoning ordinances.
3. **Compliance with Act:** The business subsidy from St. Louis County must satisfy all requirements of the Act and any amendments thereto.



*Resolution*  
*of the*  
**Board of County Commissioners**  
**St. Louis County, Minnesota**

*Adopted on: April 10, 2001*

*Resolution No. 233*

*Offered by Commissioner: Sweeney*

WHEREAS, Minnesota Statutes, Section 116J.993 - 116J.995, Business Subsidy Law, requires St. Louis County to adopt business subsidy criteria prior to granting any business subsidy as defined by the law; and

WHEREAS, the St. Louis County Board of Commissioners held a public hearing on April 3, 2001, to solicit public input on the proposed business subsidy criteria.

NOW, THEREFORE, BE IT RESOLVED, the St. Louis County Board of Commissioners hereby adopts the St. Louis County Business Subsidy Criteria, contained in Board File No. 57731, pursuant to Minnesota Statutes, Section 116J.993 - 116J.995.

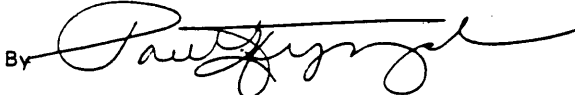
Commissioner Sweeney moved the adoption of the Resolution and it was declared adopted upon the following vote:  
Yeas - Commissioners Fink, Fay, Forsman, Sweeney, Plesha, Raukar, and Chair Kron - 7  
Nays - None

STATE OF MINNESOTA  
Office of County Auditor, ss.  
County of St. Louis

I, GORDON D. MCFAUL, Auditor of the County of St. Louis, do hereby certify that I have compared the foregoing with the original resolution filed in my office on the 10th day of April, A.D. 2001, and that this is a true and correct copy.

WITNESS MY HAND AND SEAL OF OFFICE at Duluth, Minnesota, this 10th day of April, A.D., 2001

GORDON D. MCFAUL, COUNTY AUDITOR

By 

Deputy Auditor/Clerk of County Board



RECEIVED MAR 30 2007

**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.
-



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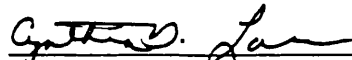
STATE OF MINNESOTA     )  
COUNTY OF HENNEPIN    ) ss  
CITY OF ST. LOUIS PARK    )

"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



RECEIVED MAR 30 2007

**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.

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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.
-



RECEIVED MAR 30 2001

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

**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

RECEIVED MAR 30 2001

## RESOLUTION ADOPTING BUSINESS SUBSIDY POLICY

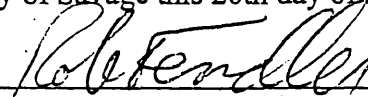
BE IT RESOLVED by the Mayor and Council of the City of Savage that this policy is hereby adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Section 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, 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.

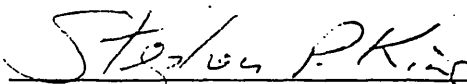
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3. In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
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5. 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, 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

RECEIVED MAR 30 2001

Certification

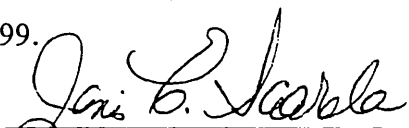
STATE OF MINNESOTA )

COUNTY OF SCOTT )


CITY OF SAVAGE )

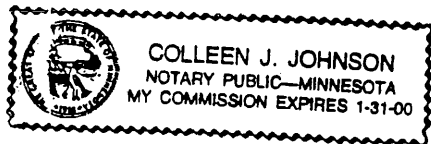
I, the undersigned, being the duly qualified and acting city clerk of the City of Savage, Minnesota, hereby certify that the attached and foregoing is a true and correct photocopy of Resolution No. R-99-153, the original copy of which is on file and of record at the Savage City Hall. Said resolution 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



# Economic Development Incentives Policy

## 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. 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 County Board 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 Scott County participation 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 County can require that a project seek to achieve additional goals.

Scott County provides economic development incentives in order to create a diverse and sustainable economic base. A diverse economic base by the development and attraction of businesses complementary to existing industries. A sustainable economic base is achieved in part through the creation of quality, higher paying jobs. A diverse and sustainable economy offers opportunity for improved quality of life for the residents of Scott County.

The goals that economic development projects must pursue to receive incentives under this policy may include one or more of the following:

- job creation/retention,
- living wages,
- job training,
- public infrastructure investment,
- stable communities, and
- redevelopment and/or blight.

Specific goal targets for individual projects will be determined and agreed to between the County and the requestor prior to approval of the economic development incentives by the County Board.

### Policies and Procedures

1. The applicant will complete the County's Economic Development Incentives application form (Exhibit 1) and submit a minimum deposit in the amount of \$2,500 to cover County administrative costs. The deposit will be refunded upon execution of a contract for private development. If the project is executed with the support of the Municipality or Township, the Municipality or Township will submit a letter of intent to the County.
2. The requestor and the County will draft an economic development incentive agreement for consideration by the County Board. The incentive agreement will specify the terms and conditions of the agreement. The ultimate amount of the incentive may not be equivalent to the maximum amount allowable by this Policy.
3. The County Board will consider approval for an economic development incentive project only if the Municipality or Township has also approved a similar economic incentive instrument. The County Board will consider approval of the economic incentive for the project only after the Municipality or Township has given approval for similar incentives for the project. The Municipality or Township and the County will determine the share of the economic incentive borne by both jurisdictions.
4. 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 County will not provide economic incentives for the relocation of jobs within the County unless there are compelling economic reasons indicating that the failure to relocate will lead to economic hardship to the area. Compelling economic reasons may include the potential loss of jobs and tax base to the area. This and any other evidence must be documented.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the County 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 County contribution will be limited; the proposed project in addition to prior financial commitments made pursuant to this Policy or previous economic development policies is not to exceed five percent (5%) of the County's annual net spread levy at time of application. The net spread levy is the property tax levy less HACA and Fiscal Disparities.
- 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. The County reserves the right to cap the dollars of the value to 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, Scott County retains the right pursuant to statute in its sole discretion to approve projects and subsidies which may vary from the principles and criteria of the Policy.

Adopted by: Scott County Board of Commissioners

Date of adoption: October 12, 1999

Date of public hearing: October 5, 1999



RECEIVED APR 20 2001

**CITY OF SHAKOPEE**

**SHAKOPEE**

**ECONOMIC DEVELOPMENT AUTHORITY**

**Business Subsidy Policy**



**SHAKOPEE**

**COMMUNITY PRIDE SINCE 1857**

**129 Holmes Street South Shakopee, MN 55379**

**Phone (952) 445-3650 Fax (952) 445-6718**

**CITY OF SHAKOPEE  
SHAKOPEE ECONOMIC DEVELOPMENT AUTHORITY  
BUSINESS SUBSIDY POLICY**

RECEIVED APR 20 2001

**I. Purpose**

This document includes the criteria to be considered by the City of Shakopee ("City") and the Shakopee Economic Development Authority ("EDA") to evaluate requests for business subsidies. In adopting these criteria, it is the intent of the City and EDA to comply with Minnesota Statutes, Sections 116J.993-116J.995 (the "Act"). The City and EDA hereby adopt the definitions contained in the Act for application in the criteria. The City and EDA have each adopted these policies after public hearing in accordance with the Act. Henceforth, the term "City" includes the City and EDA unless the context requires otherwise.

**II. Goals and Objectives**

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

- a.) All business subsidies must be consistent with Shakopee's comprehensive plan and any other similar plan or guide for development of the community.
- b.) Recipients will be required to enter into a subsidy 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 job and wage 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 individually. The following criteria shall be utilized in evaluating a request for a business subsidy:

- a.) Increase in tax base. While according to the Act 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 the City's intent that the recipient create the maximum number of livable wage jobs at the site. This may include jobs to be retained but only if job loss is imminent and demonstrable.

**Business Subsidy Criteria (continued)**

- c.) Economic Development or Redevelopment. Business subsidies should promote one or more of the following:
1. Provide significant economic impact (multiplier effect) within the community;
  2. Encourage economic and commercial diversity within the community;
  3. Contribute to the establishment or reestablishment of a critical mass of commercial development within an area;
  4. Provide basic goods and services, increase the range of goods and services available or encourage fast-growing businesses;
  5. Promote redevelopment objectives and removal of blight, including pollution remediation;
  6. Promote the retention or adaptive reuse of buildings of historical or architectural significance;
  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 according to the Act, and must be approved by the Shakopee City Council, and by the EDA Board of Commissioners if the subsidy is granted by the EDA.
- b.) It will be necessary for both the recipient and the City to comply with the reporting and monitoring requirements of the Act.

**V. Tax Increment Financing Program**

Tax Increment Financing (TIF) is a financing tool whereby districts are established for development or redevelopment and the increased property tax revenues, or increment, generated by the improvements is captured to pay back the bond debt or other financing provided for the project. TIF is useful for the attraction and retention of businesses by the City of Shakopee. The fundamental principle that makes Tax Increment Financing viable is that it is designed to encourage development that would not otherwise occur. The City shall consider TIF in cases that serve to accomplish the City's economic development goals, and to assist projects that would not occur "but for" the assistance provided through Tax Increment Financing. In addition to the general criteria described in Sections III and IV above, requests for TIF assistance will be evaluated according to the policies in these Sections.

## **Tax Increment Financing Program (continued)**

### **Program Goals**

1. To promote development or redevelopment that would not otherwise occur.
2. To promote development or redevelopment that will build a strong tax base.
3. To improve the community's economic vitality through the creation and expansion of employment opportunities.
4. To assure that development projects are constructed and maintained with quality consistent with the goals of the City of Shakopee.
5. To enhance the competitive position of the City of Shakopee regarding new and expanding businesses.

### **Program Eligibility Criteria**

Qualified projects (applicants) must meet or exceed the following criteria to be eligible for TIF assistance. Meeting the threshold of eligibility does not mean automatic approval for the applicant. The Shakopee Economic Development Authority and City Council shall make final approval of TIF assistance. The applicant must complete an *Application for Business Subsidies* as one measure of project eligibility.

1. If the project is a manufacturing or warehouse / distribution use, the following criteria apply:
  - a.) The project must be located in an I-1 (Light Industry), I-2 (Heavy Industry), or BP (Business Park) zoning district.
  - b.) The project must occupy a minimum land area of 5 acres.
2. The project must be consistent with the City's Comprehensive Plan.
3. If the project involves redevelopment, the applicant must provide evidence of the building and site conditions needed to evaluate whether the project qualifies for establishment of a redevelopment district or renovation and renewal district.
4. The project must be consistent with environmental regulations and not create an environmental hardship for the community.
5. The applicant must be willing to enter into a developer's agreement approved by the City.
6. The applicant should at all times retain and be assisted by qualified financial consultants and/or underwriters, and by legal counsel.

**TIF Program Eligibility Criteria (continued)**

7. Construction of the project shall not commence until the City has approved a TIF plan for the project.
8. The City reserves the right to select a third party administrator/consultant to assist in the review and project development process, the cost of which will be paid by the applicant.
9. The applicant must submit preliminary plans of the project and evidence of ability to finance the project.
10. The applicant must provide security to the City to cover all costs paid by tax increment, unless the TIF plan is a "pay as you go" agreement.
11. The City reserves the right to deny any application for TIF financing for any reason at any stage of the proceedings prior to adoption of the final approval of a Developer's Agreement.
12. The developer will provide a minimum of 10% owner and/or developer equity in the project.

The City reserves the right to deny projects which substantially comply with the eligibility criteria, but which fail to have a significant positive impact on the community or to accomplish the City's economic development or redevelopment goals as determined by the Economic Development Authority and City Council. The City reserves the right to consider and approve projects which substantially comply with the eligibility criteria, as set forth in the program providing other tangential items such as building materials, building quality, etc., meet or exceed minimum standards and have, in the Council's judgment, a significant positive impact on the community and have accomplished the City's economic development or redevelopment goals.

**Costs Eligible for Tax Increment Financing Assistance**

Project costs qualifying for TIF assistance, as defined under the Minnesota TIF Act, include without limitations the following:

1. Acquisition of property
2. Clearing of land
3. Relocation and demolition of existing structures
4. Site preparation
5. Soils correction
6. Removal of hazardous waste or pollution
7. Installation of utilities
8. Construction of public or private improvements
9. Administrative costs directly related to the parcels identified
10. Other similar activities

**VI. Application Process for Business Subsidies**

The applicant will complete the City's Application for Business Subsidies; submit with the application a deposit of \$5,200 to cover City administrative costs; and provide other information as requested by the City.

1. City staff or the City's agent shall review the application materials and make preliminary recommendations to the Shakopee Economic Development Authority and City Council as to compliance of the application and proposed project with City goals and eligibility criteria.
2. Final evaluation of the application shall include, in addition to items subject to preliminary review, a review of applicable credit analysis, financial structuring and legal compliance. A formal recommendation shall then be made to the Economic Development Authority and the City Council.
3. After a review of the final evaluation and formal recommendation, the Shakopee Economic Development Authority and City Council shall consider final approval of the use of business subsidies and hold the appropriate public hearings.
4. All applications and supporting materials and documents shall become the property of the City.

## BUSINESS SUBSIDY CRITERIA

RECEIVED 10/10/00

### 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.

Business Subsidy Policy

RECEIVED MAY 23 2001

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: Sleepy Eye Economic Development Authority

Date of adoption: 4-24-01

Date of public hearing: 4-24-01

RECEIVED MAR 30 2007

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 Gaylord

South St. Paul Housing and Redevelopment Authority  
Business Subsidy Policy

RECEIVED MAR 30 2001

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.

Moved by: Commissioner Regep

Seconded by: Commissioner Lanegran

Date: August 31, 1999

5 Ayes 0 Nays

Adopted 5/21/01  
RECEIVED APR 9 2 2001

## **CITY OF SPICER**

### **Business Subsidy Criteria**

#### **1. PURPOSE**

- 1.01 The purpose of this document is to establish the City of Spicer's (hereinafter referred to as "City") 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. The City may deviate from these criteria by documenting in writing the reason(s) for the deviation. The documentation shall be submitted to the Department of Trade and Economic Development with the next annual report.
- 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'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 specific and demonstrable.
- 3.02 The creation or retention of jobs may be, but is not required to be, a public purpose for granting a subsidy. The determination that jobs are not a public purpose for the subsidy and that the related wage and job goals are zero shall be made following a public hearing.

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

- 4.01 All new projects approved by the City 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 Zoning Ordinances, or required changes to the 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 in the City for at least five years after the benefit date.
- 4.09 Any business subsidy will be at the lowest possible level and for the 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. However, for purposes of meeting the requirements of state law, the wage floor for wages to be paid for the jobs created shall be minimum wage. The City will seek to create jobs with higher wages as appropriate for the overall public purpose of the subsidy.

## 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:
  - 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 City 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 City will expect at least a 1:2 ratio of taxes paid before and after redevelopment.
- E. 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.
- F. 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.
- G. 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.
- H. 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.
- I. 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.



**ECONOMIC DEVELOPMENT AUTHORITY/CITY COUNCIL  
IN AND FOR THE CITY OF SPRING GROVE, MINNESOTA**

**Business Subsidy Criteria**

**Public Hearing and Adoption the 1st day of February, 2000.**

**1. PURPOSE**

- 1.01 The purpose of this criteria is to establish the City and EDA'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/EDA 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.

**1. STATUTORY LIMITATIONS**

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

**2. 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.

**3. BUSINESS SUBSIDY APPROVAL CRITERIA**

- 4.01 All new projects approved by the City/EDA 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/EDA.
- 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/EDA, 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.

#### 4. TAX INCREMENT PROJECT EVALUATION CRITERIA

- 5.01 The City/EDA 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 City/EDA. 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/EDA:

- 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, at least 50% of the jobs created must pay a wage of at least 75 % 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.
- D. 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.

- 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.



**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, or loans and loan guarantees under \$75,000;
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 or loans and loan guarantees in excess of \$75,000 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 based upon the following chart:

Up to \$16,000 in assistance per job created at a wage of \$7/hour or greater  
Up to \$18,000 in assistance per job created at a wage of \$8/hour or greater  
Up to \$20,000 in assistance per job created at a wage of \$9/hour or greater  
Up to \$22,000 in assistance per job created at a wage of \$10/hour or greater  
Up to \$25,000 in assistance per job created at a wage of \$11/hour or greater

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

RECEIVED APR 05 2007

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

RECEIVED APR 9 5 2001

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Staples EDA

Attest: \_\_\_\_\_  
Phil Lindaman, City Clerk and  
Secretary of the Staples EDA

STEARNS COUNTY BUSINESS SUBSIDY  
REVIEW CRITERIA

RECEIVED MAY 23 2007

- 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.



**HOUSING AND REDEVELOPMENT AUTHORITY  
OF STEARNS COUNTY, MINNESOTA**

RECEIVED MAY 23 2001

September 15, 1999

TO: Stearns County Board of Commissioners

FROM: Robert Swanberg, Executive Director  
Stearns County H.R.A. *RS*

RE: "Business Subsidies" Public Hearing

On August 27, 1999 the Stearns County H.R.A. adopted the following: business subsidy review criteria, review guidelines for Tax Increment Financing and updated the revolving loan fund guidelines.

The public hearing scheduled for September 21, 1999 is required by new state law. At that public hearing you need to discuss and adopt review criteria for business development projects. We hope the Stearns County H.R.A. recommended criteria will suite your needs.

Commissioners:  
Gary Walz, Chair  
Kathy Watrin, Secretary  
Harold Weismann  
John Felling  
Tom Minor

Executive Director:  
Robert Swanberg



**EQUAL HOUSING  
OPPORTUNITY**

312 North 1st Street, Suite #2, Cold Spring, MN 56320  
Telephone: (320) 685-7771 V/TDD Fax: (320) 685-7580

# 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

RECEIVED MAR 23 2001

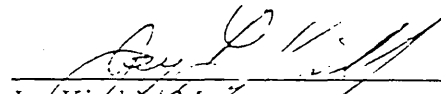
RESOLUTION NO. 351

A RESOLUTION APPROVING A BUSINESS SUBSIDY POLICY  
FOR THE CITY OF STILLWATER

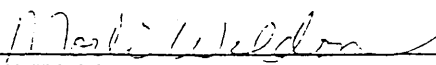
WHEREAS, the City of Stillwater desires to adopt a Business Subsidy Policy as required by law, and to encourage job creation and retention by providing assistance to businesses that demonstrate a clear and ongoing commitment to the community by providing living wage jobs to their employees and to residents 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

## **Swift County Business Subsidy Policy**

RECEIVED MAR 28 2001

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 its own merits, 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 County of Swift, Minnesota

Date of adoption: June 20, 2000

Date of public hearing: June 20, 2000



# City of Thief River Falls

OFFICE OF THE COMMUNITY DEVELOPMENT DIRECTOR

HISTORIC SOO LINE R.R. DEPOT  
405 Third Street East • P.O. Box 528  
Thief River Falls, MN 56701-0528

PHONE: 218-681-2500 • FAX: 681-6223  
email: commdev@citytrf.net  
website: www.ci.thief-river-falls.mn.us

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## CRITERIA FOR AWARDING BUSINESS SUBSIDIES

The following criteria shall be used by the City of Thief River Falls for awarding Business Subsidies:

1. Business Subsidies shall be granted to Recipients who meet the stated public purpose for granting Business Subsidies as established by the City.
  2. Recipients shall be in manufacturing, service industry, or distribution industry. Recipients shall not be in commercial retail.
- Recipients may also be involved in housing should qualified programs be available.
3. Recipients shall not have direct competitors within the City such that a Business Subsidy given to one can threaten the viability of the other.
  4. Business Subsidies shall be based on job retention, should the Recipient be faced with the possibility of lost jobs, or job creation.
  5. The amount of the business subsidy shall be based on job growth or job retention with a goal of \$30,000 per job.
  6. Job growth or job retention shall be accomplished within 2 years.
  7. Jobs created or retained through Business Subsidies shall pay wages that are comparable to the prevailing wage in the City for that particular job.
  8. Recipients shall remain within the City for 5 years after receiving a Business Subsidy.
  9. Business Subsidies shall be used for purchase of equipment and/or working capital. Business Subsidies shall not be used to pay wages without prior agreement of the City.

10. Recipient shall demonstrate that needed funds are not available to them through reasonable commercial sources.
11. Business Subsidies shall be repaid. The terms of repayment shall be established from time to time by the Community Development Advisory Board, subject to approval by the City Council.
12. Business Subsidies shall be secured by security agreements and/or mortgages. Business Subsidies may also be secured by personal guarantees, unless the Recipient is a publicly held entity.
13. Recipients must enter into a Business Subsidy Agreement which Agreement shall detail the criteria to be met by the Recipient and any State requirements.
14. Recipients who do not meet the requirements of a Business Subsidy Agreement shall be required to repay all or a portion of the Business Subsidy as set forth in the Business Subsidy Agreement.
15. Recipients shall provide the City with information the City needs for reports the City is required to file with other governmental agencies. This requirement shall continue until released by the City.

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## **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 City Council

Date of adoption: November 8, 1999

Date of public hearing: November 8, 1999

RECEIVED APR 9 2 2001

## **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



Business Subsidy Policy  
for the  
City of Watertown  
and  
Economic Development Authority  
of the City of Watertown

This Policy is adopted for purposes of Minnesota Statutes, Sections 116J.993 through 116J.995, as amended, the business subsidy act (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.

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.

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 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 \$6.50 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 Council                      and                      Board of Commissioners

Date of adoption:              April 24, 2001

Date of public hearing:      April 24, 2001

## EXHIBIT A

### City of Waterville Business Subsidy Criteria

#### 1 PURPOSE AND AUTHORITY

- 1.01 The purpose of this document is to establish the criteria for the City of Waterville (the "Grantor") for granting of business subsidies for private development. The criteria shall be used as a guide in the processing and reviewing applications requesting business subsidies.
- 1.02 The City's ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.994 (the "Statutes").
- 1.03 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.
- 1.04 These criteria are to be used in conjunction with other relevant policies of the Grantor.
- 1.05 The City may deviate from these criteria by documenting in writing the reason(s) for the deviation. The documentation shall be submitted to the Department of Trade and Economic Development with the next annual report.
- 1.06 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 PURPOSE REQUIREMENT

- 2.01 All business subsidies must meet a public purpose.
- 2.02 The creation or retention of jobs may be, but is not required to be, a public purpose for granting a subsidy. The determination

that jobs are not a public purpose for the subsidy and that the related wage and job goals are zero shall be made following a public hearing.

- 2.03 Job retention may only be used as public purpose in cases where job loss is specific and demonstrable. The City shall document the information used to determine the nature of the job loss.
- 2.04 The creation of tax base shall not be the sole public purpose of a subsidy.
- 2.05 The wage floor for wages to be paid for the jobs created shall be \$8.50 per hour. The City will seek to create jobs with higher wages as appropriate for the overall public purpose of the subsidy.

### 3 BUSINESS SUBSIDY APPROVAL CRITERIA

- 3.01 All new projects approved by City of Waterville 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 noncontractual rights on the part of any developer.
- 3.02 To be eligible to receive a business subsidy, the recipient must meet the following minimum requirements:
  - a. The subsidy must achieve a public purpose
  - b. The project must comply with local plans and ordinances.
  - c. The recipient shall provide information demonstrating that granting the subsidy is necessary for the proposed development to occur.
  - d. The recipient enters into an agreement pursuant to these criteria and the Statutes.
- 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 firm, underwriting of the project to help ensure the request for assistance is valid.

- 3.06 Prior to approval of a business subsidy, the developer shall provide any required market and financial 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 within the City 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.

#### 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.

Adopted by: City Council of the City of Waterville, Minnesota

Date of adoption: November 8, 2000

Date of public hearing: November 8, 2000

CITY OF WATERVILLE  
COUNTY OF LE SUEUR  
STATE OF MINNESOTA

RECEIVED APR 03 2001

RESOLUTION NO. 2000R-035

RESOLUTION APPROVING PROPERTY TAX ABATEMENTS FOR THE  
GEAR & BROACH MANUFACTURING PROJECT AND ADOPTING A POLICY  
AND CRITERIA FOR GRANTING BUSINESS SUBSIDIES

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

1. Recitals.

(a) Gear & Broach, Inc. (the "Company") has requested the City to abate the City's share of all property taxes to be generated for ten (10) years (specifically, with respect to payable 2003 through 2013 property taxes) on approximately 5-acres of land in the Waterville Industrial Park (described below) (collectively, the "Property") for the approximately 30,000 square foot manufacturing facility (the "Project") to be constructed by the Company and located therein, and has requested the City to adopt a policy and criteria for granting business subsidies (the "Business Subsidy Criteria"). The Waterville Industrial Park is a 37.84-acre property bounded by Virginia Street to the north; wetland, open ditch, and a building site to the east; CSAH 14 and agricultural land to the south; and agricultural land to the west in the City of Waterville, Minnesota. The City has requested, in writing, that Independent School District No. 2143 (the "School District") grant an abatement for the Property. The School District has declined in writing, to grant an abatement for the Property. The abatement (the "Abatement") is currently estimated to be \$10,000 per year, for a total of not to exceed \$100,000 over the ten (10) year period.

(b) On November 8, 2000, the Council held a public hearing on the question of the Abatement and on the adoption of the Business Subsidy Criteria, and said hearing was preceded by at least 10 days but not more than 30 days prior published notice hereof.

(c) The Abatement is authorized under Minnesota Statutes, Sections 469.1812 through 469.1815 (the "Abatement

Law") and the Business Subsidy Criteria is pursuant to Minnesota Statutes, Sections 116J.993 through 116J.995.

2. Findings for the Abatement. The City Council hereby makes the following findings:

(a) The Council expects the benefits to the City of the Abatement to at least equal the costs thereof.

(b) Granting the Abatement is in the public interest because it will increase or preserve the tax base of the City, help retain and expand commercial and industrial enterprise in the City, and provide employment opportunities in the City.

(c) The Council expects the public benefits described in (b) above to be derived from the Abatement.

(d) The Property is not located in a tax increment financing district.

(e) In any year, the total amount of property taxes abated by the City by this and other resolutions does not exceed the greater of five percent (5%) of the current levy or \$100,000.

3. Approval of Abatement Terms. The Abatement is hereby approved. The terms of the abatement are as follows:

(a) The Abatement shall be for ten (10) years and shall apply to the taxes payable in the years 2003 through 2013, inclusive.

(b) The Abatement shall be for 100% of the City's share of the ad valorem property taxes generated by the Property.

(c) The Abatement may not be modified or changed during the term set forth in (a) above, except with the prior written consent of the Company and the City.

(d) The Abatement shall be subject to all the terms and limitations of the Abatement Law.

(e) In order to be entitled to the Abatement, the Company shall not be in default within the City of any of its payment obligations respecting any taxes, assessments, utility charges or other governmental impositions.



4. Adoption of the Business Subsidy Criteria; Filing. The Business Subsidy Criteria attached hereto as Exhibit A is hereby adopted. The Clerk is hereby authorized and directed to submit a copy of the Business Subsidy Criteria with the Department of Trade and Economic Development, along with the next annual report in accordance with Minnesota Statutes, Section 116J.994, Subdivision 2.

Adopted on November 8, 2000, by the Waterville City Council.

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

Councilmember Lawrence Meskan moved the adoption of the foregoing resolution, and said motion was duly seconded by Councilmember Julie Meister, and upon vote being taken thereon, the following voted in favor thereof:

Sue Cutts, Julie Meister, Lawrence Meskan, Alan Schmidtke

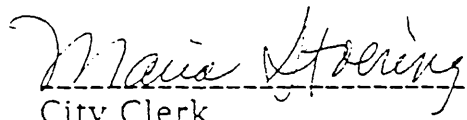
and the following voted against the same: None

whereupon said resolution was declared duly adopted.

## CITY CLERK'S CERTIFICATE

I, the undersigned, being the duly qualified and acting City Clerk of Waterville, Minnesota by reason of my office as City clerk, DO HEREBY CERTIFY that I have carefully compared the attached and foregoing extract of minutes of a duly called and regularly or specially held meeting of the City Council of said City held on November 8, 2000, with the original minutes thereof on file in my office and I further certify that the same is a full, true, and correct transcript thereof insofar as said minutes relate to property tax abatements for the Gear & Broach Manufacturing Project and to adoption of a policy and criteria for granting business subsidies.

WITNESS My hand officially this 8th day of November, 2000.

  
-----  
City Clerk  
Waterville, Minnesota

## BUSINESS SUBSIDY POLICY

RECEIVED MAY 3 2007

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

**BUSINESS SUBSIDY POLICY**  
**White Bear Township**  
**Economic Development Authority**

RECEIVED MAY 24 2001

**INTRODUCTION**

White Bear Township established an Economic Development Authority (EDA) in 1987 as part of implementing a Business Subsidy program. The Town also established an Economic Development Advisory Board (EDAB) to review projects and make recommendations to the EDA prior to decision-making.

The Township believes that the local use of business subsidies has been prudent and consistent with state legislative purposes to encourage job creation, facilitate community development and redevelopment projects, promote the construction of affordable housing and assist public improvements which stimulated development and improved the quality of life in our community.

The references to the "business subsidy" criteria are intended to satisfy the requirements of Minnesota Statutes 116J.993 through 116J.995 (the "Act"). The business subsidy from the Township must satisfy all requirements of the Act. The term "project" means the property with respect to which the business subsidy is provided. As indicated in Minnesota Statutes 116J.993, housing projects need not be subject to the Business Subsidy Policy.

The results of these efforts have been very positive for the community. The Township's Business Subsidy projects have generated a substantial amount of new jobs and tax base and provided the opportunity for the Township to accelerate construction of public improvements in our community.

The Economic Development Authority recognizes that its development priorities have changed over time and will continue to do so. Consistent with the responsible use of business subsidies, the Economic Development Authority and the Township hereby adopt the following guidelines for the continued use of these programs in the Township.

**PUBLIC PURPOSE**

Projects considered by the Township or its Economic Development Authority shall be reviewed to determine public purpose. The EDA and EDAB shall consider the following standards in determining public purpose:

- A. The project promotes increased employment within the Township.
- B. The project substantially increases market valuation of the Township.

- C. The project encourages the location and/or expansion of light manufacturing concerns within the Township.
- D. The project will provide services or facilities needed in the Township (i.e. health care or certain retail facilities).
- E. The project provides additional commercial/retail opportunities of regional significance.
- F. The project is located on property that is or is likely to become blighted.
- G. The project enhances quality standards for development of the Township.
- H. The project site has excessive on-site development costs, including but not limited to one of the following: wetland impacts, soil corrections, excessive grading, hazardous waste mitigation, drainage corrections, excessive public improvement costs, etc.
- I. The project enhances the retention and/or expansion of existing businesses in the Town.

#### **BUSINESS SUBSIDY GUIDELINES**

For purposes of determining the level of assistance and method of implementation for Business Subsidy projects in White Bear Township, the Township and EDA have established the following guidelines:

- A. **Project Eligibility:** White Bear Township and the EDA deem that light manufacturing projects are the most desirous for the use of Business Subsidy. White Bear Township and the EDA will consider assistance for commercial, retail, office, health care, and other types of projects subject to determination of significant public purposes as outlined above.
- B. **Financing and Completion Schedule:** All requests for Business Subsidy shall include a justification based upon a financial analysis. The recipient must demonstrate to the satisfaction of the Township that it has adequate financing for the project, and that the project will be completed in a timely fashion.
- C. **Financial Risk:** Priority will be given to those projects which limit financial risk to the Township relative to the amount of funds "on-hand" needed to satisfy the subsidy and the duration of the subsidy.

**Minimum requirements:**

- The Township will require the minimum of one full-time position or full-time equivalent for every \$40,000 of Business Subsidy assistance. Each job created must pay at least \$10.00 per hour.
- In cases where the objective is the retention of existing jobs, the recipient of the business subsidy will be required to provide evidence which demonstrates that the loss of those is specific and demonstrable.
- Total jobs created must be created within 24 months of the Benefit Date as defined in the Act.
- All recipients of business subsidies must submit annual job creation reports as required by the Act.
- The Township or EDA may deviate from the above criteria by documenting in writing the reason for the deviation and attaching a copy of the document to its next annual report to the department.

**E. Additional Requirements:**

- The business/developer will be required to execute an Agreement for each Business Subsidy Project.
- The business/developer must make a commitment to continue operations in the Township for at least five (5) years after the Benefit Date.

Adopted by the Town Board on November 20, 2000.



# COUNCIL PROCEEDINGS

CITY OF WINNEBAGO, MINNESOTA

RECEIVED MAR 30 2001

## 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, Section 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 ranges, 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.



2000-90

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

2000-90

RECEIVED MAR 13 2001

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.

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- 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

RESOLUTION # 544

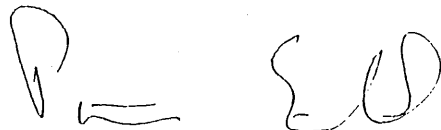
WHEREAS, the City of Winona is required to comply with Minnesota State Statutes 116J.993 to 116J.995 regarding business assistance; and

WHEREAS, the Port Authority of Winona has reviewed the proposed Business Subsidy Policy; and

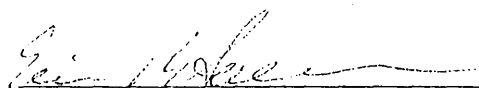
WHEREAS, the City of Winona before must hold a public hearing regarding the criteria the policy is official.

NOW, THEREFORE, BE IT RESOLVED by the Port Authority of Winona that the following policy to comply with the State Statutes be adopted and referred to the City of Winona for review and adoption.

Dates this 13th day of April 2000.

  
\_\_\_\_\_  
President

Attested by:

  
\_\_\_\_\_  
Executive Secretary

RECEIVED MAR 26 2001

**Port Authority of Winona  
Business Assistance  
2000**

Between January 1, 2000 and December 31, 2000 the Port Authority of Winona provided 3 loans to businesses. All three loans were \$75,000 or less and therefore exempt under 116J.993 Subd 3 (21).

In June 2000 the Winona Port Authority received approval for funding through the Contamination Cleanup Program through DTED. No funds have been distributed for this project. The reporting agreement will be signed in 2001 (Exempt from Business Subsidy Law but must report information to DTED).

In 1999 the Port Authority made two loans from the Revolving Loan Fund. One loan was repaid in full after the business closed. The two loans are reported on the enclosed 1999 BAF.

## **Business Subsidy Criteria**

RECEIVED MAR 23 2001

### **Exhibit A**

**November 8, 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 Winsted, and its City Council.

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. Eighteen exceptions to these requirements are set out in the legislation and are attached hereto as Appendix A.

### **Criteria:**

#### **A. 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.

#### **B. Job Creation and Wage Requirements**

- Jobs created with the assistance of business subsidies must have wages at least \_\_\_\_\_ above the Federally mandated minimum wage. The project should also create jobs that offer major benefits to their employees. It will be the intent of the City to make every reasonable effort to promote the creation of the highest paying jobs possible.
- 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 the following criteria.

### **C. Enhancing Economic Diversity**

- The projects 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 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.
- The possibility of the project generating a high level of secondary spin-off economic effects through purchases and/or subcontracts offered to local vendors.

### **D. 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.

### **E. Stabilizing the Community:**

- 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.
- The project's potential to stimulate additional capital investment in real property, equipment and/or public infrastructure in an area.

### **F. Impact on the City Services and Infrastructure**

- The project will not significantly and adversely increase the demands for service needs in the City. The project shall not require the addition to the basic services already offered through the City to all of its citizens and businesses.

### **G. Increasing the Tax Base**

- A project's impact on the tax base for both the short and long terms as well as directly and indirectly.
- The project's impact on other local business and individual property tax bills.

### **H. 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.

### **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. Meeting all or a majority of our criteria does not mean a subsidy will be awarded or denied. A decision to approve or reject a request for subsidy will be based on the merits of the 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.

## Appendix A

The following forms of financial assistance are not a business subsidy:

- a. 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 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. Workers' compensation and unemployment compensation;
- l. Benefits derived from regulation;
- m. Indirect benefits derived from assistance to educational institutions;
- n. Funds from bonds allocated under 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 section 469.174, subdivision 19;
- q. 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
- r. General changes in tax increment financing law and other general tax law changes of a principally technical nature.

RECEIVED NOV 21 2000

RESOLUTION NO. 346-11-08-00

RESOLUTION ADOPTING BUSINESS SUBSIDY  
CRITERIA

WHEREAS, the City of Winsted, Minnesota (the "City") acknowledges the need to provide financial assistance to businesses in the City to further the economic and development objectives of the City, and;

WHEREAS, of Minnesota Statutes 116J.993 through 116J.995 requires the City to establish Business Subsidy Criteria before any new business subsidy can be provided, and;

WHEREAS, the City has performed all actions required by law to be performed prior to the adoption of Business Subsidy Criteria, including the holding of a public hearing upon published notice as required by law.

NOW THEREFORE, BE IT RESOLVED by the City Council (the "Council") of the City as follows:

1. The City hereby adopts a Business Subsidy Criteria Policy as attached hereto as Exhibit A, in the fulfillment of the requirements of Minnesota Statutes 116J.993 through 116J.995

Adopted by the Council this 8<sup>th</sup> day of November, 2000

## WOODBURY EDA BUSINESS SUBSIDY POLICY

RECEIVED APR 3 2001

### PURPOSE:

The purpose of this Policy is to comply with 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.

### POLICY:

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.

\_\_\_\_\_  
City Administrator

\_\_\_\_\_  
Date

Effective Date: December 16, 1999

Revision Date:

City of Wyoming

RECEIVED APR 30 2007

EDA / CC Joint Mtg.

Motion: Lee Rudolph  
2nd Martin Englund

8-16-99

Business Subsidy Policy

Approve -- all  
Not approve -- none

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: Joint EDA / City Council

Date of adoption: 8-16-99

Date of public hearing: 8-16-99

**City Policy Regarding  
Business Subsidy Criteria**

Adopted: February 10, 2000

**EXHIBIT A**

RECEIVED FEB 23 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 on the merits of the 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 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.



**THE CITY OF ZUMBROTA  
RESOLUTION 2000-05  
RESOLUTION ADOPTING BUSINESS SUBSIDY CRITERIA**

RECEIVED MAR 29 2001

**WHEREAS**, the City of Zumbrota, Minnesota (the "City") acknowledges the need to provide financial assistance to businesses in the City to further the economic and development objectives of the City, and

**WHEREAS**, Minnesota Statutes 116J.993 through 116J.995 requires the City to establish Business Subsidy Criteria before any new business subsidy can be provided; and

**WHEREAS**, the City has performed all actions required by law to be performed prior to the adoption of Business Subsidy Criteria, including the holding of a public hearing upon published notice as required by law.

**BE IT RESOLVED** by the City Council (the "Council") of the City as follows:

1. The City hereby adopts a Business Subsidy Criteria Policy as attached hereto as Exhibit A, in fulfillment of the requirements of Minnesota Statutes 116J.993 through 116J.995

The motion for the adoption of the foregoing resolution was introduced by Councilmember Grothe and duly seconded by Councilmember Wilkinson, and upon vote being taken thereon, the following voted in favor:

Bauer, Benson, Grothe, Wilkinson

and the following voted against the same:

None

Whereupon said resolution was declared duly passed and adopted this 10<sup>th</sup> day of February, 2000.

RS  
Richard R. Bauer, Mayor

Attest:

RS  
Ronald S. Johnson, City Administrator

**City Policy Regarding  
Business Subsidy Criteria**

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 on the merits of the 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 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.

**THE CITY OF ZUMBROTA  
RESOLUTION 2000-05  
RESOLUTION ADOPTING BUSINESS SUBSIDY CRITERIA**

RECEIVED MAR 29 2007

**WHEREAS**, the City of Zumbrota, Minnesota (the "City") acknowledges the need to provide financial assistance to businesses in the City to further the economic and development objectives of the City, and

**WHEREAS**, Minnesota Statutes 116J.993 through 116J.995 requires the City to establish Business Subsidy Criteria before any new business subsidy can be provided; and

**WHEREAS**, the City has performed all actions required by law to be performed prior to the adoption of Business Subsidy Criteria, including the holding of a public hearing upon published notice as required by law.

**BE IT RESOLVED** by the City Council (the "Council") of the City as follows:

1. The City hereby adopts a Business Subsidy Criteria Policy as attached hereto as Exhibit A, in fulfillment of the requirements of Minnesota Statutes 116J.993 through 116J.995

The motion for the adoption of the foregoing resolution was introduced by Councilmember Grothe and duly seconded by Councilmember Wilkinson, and upon vote being taken thereon, the following voted  
in favor:

Bauer, Benson, Grothe, Wilkinson

and the following voted against the same:  
None

Whereupon said resolution was declared duly passed and adopted this 10<sup>th</sup> day of February, 2000.

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Richard R. Bauer, Mayor

Attest:

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Ronald S. Johnson, City Administrator