

McLeod County Business Development Policy

PURPOSE

It is the County's policy to encourage employment opportunities and economic development within the County. To that end, the County has approved this Business Development Policy and set forth criteria for the awarding of business subsidies, property tax abatements and other governmental programs designed to assist the creation and formation and expansion of business opportunities in the County.

This policy is adopted by the McLeod County Board of Commissioners in accordance with the Minnesota Business Subsidy Law codified at Minnesota Statutes, Sections 116J.993 through 116J.995, as it may hereafter be amended (hereafter referred to as the "Act"). Counties are also authorized pursuant to Minnesota Statutes, Section 469.1812 to 469.1815 to provide tax abatements. Terms used in this Policy are intended to have the same meanings as used in Minnesota Statutes.

A business subsidy may not be granted until the County has adopted criteria after a public hearing for awarding business subsidies that comply with Minnesota Statutes 116J.994. The criteria may not be adopted on a case-by-case basis. The criteria must set specific minimum requirements that recipients must meet in order to be eligible to receive business subsidies. The criteria must include a specific wage floor for the wages to be paid for the jobs created. The wage floor may be stated as a specific dollar amount or may be stated as a formula that will generate a specific dollar amount. The County 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. A copy of the criteria must be submitted to the Department of Employment and Economic Development along with the first annual report after it has adopted criteria.

This policy is a general statement of guidelines. The County, in adopting this policy, retains the sole and absolute discretion to deny or grant any request pursuant to this policy for any reason. The County shall have the option, by action of the County Board of Commissioners, to amend or waive sections of this policy when determined necessary, appropriate and in keeping with the best interests of the County.

ADMINISTRATIVE AUTHORITY FOR MCLEOD COUNTY BUSINESS SUBSIDIES CRITERIA

The McLeod County Board of Commissioners ("Board"), is responsible for the administration, approval and issuance of all business subsidies, property tax abatements or other programs designed to facilitate economic development.

The Board will consider requests that meet one or more of the Board's stated development goals and objectives. All requests must also meet legal requirements as outlined in Minnesota Statutes and Regulations.

The Board authorizes the Economic Development Committee ("Committee"), hereinafter defined, to review all applications for business subsidies or other economic development programs offered by the County. The Committee shall provide the Board an advisory opinion regarding each application and it shall be the Board's ultimate decision as to the administration, approval and issuance of any economic development program.

government facilities given to a business, and as defined by Minnesota Statute 116J.993-116J.995.

Business Subsidies do not include the following:

- a) A business subsidy of \$150,000.00 or less;
- b) Federal loan funds provided through the U.S. Economic Development Administration;
- c) 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;
- d) Public improvements to buildings or lands owned by the County 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;
- e) Property polluted by contaminants being redeveloped as defined in Minnesota Statute 116J.552, subd. 3;
- f) 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 sites or districts, provided that the assistance is equal to or less than fifty percent (50%) of the total cost of the development;
- g) Assistance to provide job readiness and training services;
- h) Assistance for housing;
- i) Assistance for pollution control or abatement, including assistance from a TIF hazardous substances sub-district;
- j) Assistance for energy conservation;
- k) Tax reductions resulting from conformity with federal tax law;
- l) Workers compensation and unemployment compensation;
- m) Benefits derived from regulation;
- n) Indirect benefits derived from assistance to educational institutions;
- o) Funds from bonds allocated under Minnesota Statutes, Chapter 47A refunding bonds and 501(c)(3) bonds;
- p) Assistance for collaboration between a Minnesota higher education institution and a business;
- q) Assistance from a tax increment financing soils condition district as defined under Minnesota Statute 469.174, subd.19;
- r) Redevelopment when the Recipients or Qualified Business' 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;
- s) General changes in tax increment financing law and other general tax law changes of principally technical nature;
- t) Federal assistance until the assistance has been repaid to and reinvested by the local governmental unit;
- u) Funds from dock or wharf bonds issued by a seaway port authority.

Business Subsidy Report. The annual reports submitted each year for each business receiving a business subsidy in the community. The report is submitted by the local government unit in order to comply with Minnesota Statute 116J.994 Subd. 7(b).

Redevelopment

The project will remove, prevent or reduce blight or other adverse conditions of the property, thereby protecting the County's property values and the general public health, safety and welfare.

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. Public assistance may or may not be given to projects which would be in direct competition with existing businesses in McLeod County and the Board will determine if giving assistance will provide a competitive advantage over existing businesses.

Highest and Best Land Use

The use of public assistance will encourage a high quality of construction and promote the highest and best use of land consistent with the County's comprehensive plan, zoning ordinance and other local regulations.

Needed Services

The project will meet target industries provided in the McLeod County Economic Development Strategic Plan, including, but not limited to: Agriculture, Forestry, Fishing and Hunting; Manufacturing; Transportation and Warehousing; Professional Services, Scientific and Technical Services; Recreation; and Affordable Housing.

Economic Feasibility

The project is economically feasible and 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.

Impact on County Services and Infrastructure

The project will not significantly and adversely increase the demands for service needs in the County.

Jobs and Wage Goals

The project will create or retain jobs which pay desirable wages and benefits in the area. The County may consider the special needs of small or growth-phase businesses with potential to create high-paying jobs in the future.

The goals for the number of jobs to be created or retained must result in job creation or retention by the recipient within the granting jurisdiction overall.

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

While the County acknowledges job creation is highly sought after as a traditional measure of any assistance's public benefit, it is also recognized that job creation is by no means the only measurable benefit. 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.

Tax Base

The project will broaden or diversify and thereby increase the County's tax base and generate new property tax revenue.

4. The Board reserves the right to select and retain, at the expense of the Applicant, other professionals to assist in the evaluation of the proposed development project and corresponding documents and agreements.
5. The Applicant shall obtain and pay for all permits and fees normally required or charged by the County as part of the approval process unless otherwise partially or entirely waived by the County.

APPLICATION REVIEW AND PROJECT APPROVAL

Application. An Applicant must provide all supplementary information as requested by the Board or Committee, including, but not limited to, the following:

- a) A statement from the applicant addressing the following information:
 - a. Amount of subsidy being requested and why;
 - b. Anticipated public benefit of the project, including anticipated jobs created and wages.
- b) Copy of all materials submitted to lender for financing application;
- c) A letter of commitment from lender;
- d) List of other development projects the Applicant has completed.

Preliminary Review

The Committee will review the full application and any provided documentation to ensure completeness.

The Committee shall determine, based on the information presented in the Application, whether the proposed project is consistent with this Policy. The Committee may also make a recommendation as to the approval or disapproval of the Application. The Committee shall then forward its recommendation, if any, as well as the application and all documentation reviewed by the Committee, to the Board for consideration.

Final Approval and Public Hearing

Final approval of public assistance for business development shall be made by the Board. A public hearing shall be held by the County as provided by Minnesota Statute 116J.994 when the value of the subsidy requested exceeds or is expected to exceed \$150,000.00 from local sources.

Upon final approval, the Board and the Applicant shall sign all required documents and agreements, including, but not limited to:

- a) Business Development Agreement;
- b) Loan Agreement and Promissory Note;
- c) Collateral or other security agreements deemed adequate by the Board to safeguard the business subsidy, with the understanding that the County's interest in the assets financed may be subordinate to the primary lender;
- d) Personal guarantees if required of the Applicant's principals at the sole discretion of the Board, documented in a manner reasonably acceptable to the Board;
- e) Certificate of insurance coverage listing the County as loss payee; and
- f) Any other agreement or supplemental documentation reasonably requested by the Board or Committee.

Adopted by the McLeod County Board of Commissioner this 8th day of December, 2022.

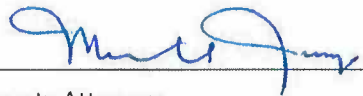
BY:



Chair, McLeod County Board of Commissioners



McLeod County Administrator

 12-13-22

McLeod County Attorney