

EXHIBIT A

BUSINESS SUBSIDY POLICY AND CRITERIA

**ECONOMIC DEVELOPMENT AUTHORITY
OF THE
CITY OF EVELETH, MINNESOTA**

ADOPTED: September 5, 2000 (Date of original policy)

AMENDED: July 16, 2002

AMENDED: December 17, 2014

Section 1. Definitions

- 1.1 **Act** means Minnesota Statutes, Sections 116J.993 to 116J.995, inclusive, 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 Eveleth.
- 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 Minnesota Statutes, Section 116J.993, subd. 3 do not constitute Business Subsidies for the purposes of this Policy, unless such financial assistance exceeds the amounts set forth in Minnesota Statutes, Section 116J.994, subd. 2 at the time of the award of the Business Subsidy.
- 1.4 **City** means the City of Eveleth, Minnesota.
- 1.5 **County** means the County of Saint Louis.
- 1.6 **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.
- 1.7 **Grantor** means the City or the Authority.
- 1.8 **Recipient** means any for-profit business, or non-profit entity meeting the requirements of Section 116J.993, subd. 6 of the Act, that receives a Business Subsidy.
- 1.9 **Subsidy Agreement** means an agreement between the 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 agreement for a project, such as a development agreement or a loan agreement. Appendix A illustrates the terms currently required under the Act.

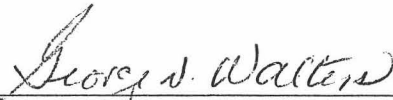
The foregoing resolution was offered by Commissioner Aho and on his motion supported by Commissioner Lillis was declared carried on the following vote:

Ayes: Commissioners Aho, Lillis, Walters

Nays: None

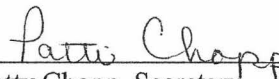
Absent: Commissioners Chopp, Peterson

Passed: December 23, 2014



George Walters, President

Attest:



Patty Chopp, Secretary

Section 2. Public Policy. A Business Subsidy must meet a public purpose that may include, but may not be limited to, increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is specific and demonstrable.

2.1 A Business Subsidy must have a defined public purpose. Public purposes that could apply to the project, among others, are listed in Appendix B.

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 or in Appendix C, if the Grantor determines a valid public purpose will be served. Criteria may be amended at any time, subject to a public hearing, the notice of which shall be published ten days prior to the hearing.

3.1 Any Business Subsidy approved by a Grantor shall be in compliance with the requirements of State and local law, including conformance with the comprehensive plan of the City. A Grantor may 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 the 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 or counsel, requests to independently determine the need for a Business Subsidy. A Grantor may also rely on data provided by an applicant to financial institution.

3.3 A Grantor will award a Business Subsidy within the shortest reasonable term of years.

3.4 A Grantor shall require the following commitments of a Recipient, if applicable to the type of project under consideration:

(i) The Recipient must retain ownership of the project at least until the project is completed, its occupancy stabilized, project management established, and Business Subsidy repayment is initiated.

(ii) The Recipient must continue operations at the site where the Business Subsidy is used for at least five years from receipt of the benefit or the Grantor, after a public hearing, approves the Recipient's request to move.

3.5 The Recipient of a Business Subsidy will be required to meet wage and job goals as determined by the Grantor and pursuant to Section 116J.994, subd. 4 of the Act.

(i) The minimum wage to be paid for the new jobs to be created by the recipient shall be no less than the applicable state or federal minimum wage. The minimum number of jobs to be created by the Recipient is 1. Such wage and job criteria set

forth in this paragraph are minimum amounts and the goals for a particular project may be set at a higher level.

- (ii) 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. Notwithstanding subsection (i), 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.

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 Section 116J.994, subs. 3 and 6 of the Act. Such agreement may be incorporated into the development agreement, loan agreement, or other agreement for the project.
- 4.2 The Subsidy Agreement must also set for the Recipient's reporting requirements. A Recipient of a Business Subsidy is required to report such information to the Grantor as is required pursuant to Section 116J.994, subd. 7 of the Act. In the event of a Business Subsidy excluded from the requirements of Section 116J.994, subd. 7 of the Act, the Recipient is required to report such information as required by the Grantor in order to enable the Grantor to comply with the Grantor's reporting obligations set forth in Section 116J.994, subd. 8 of the Act.
- 4.3 The Subsidy Agreement must be approved by the Board and the City Council and executed by both the Grantor and the Recipient.

Section 5. Public Hearing. For a subsidy exceeding the amount set forth in Section 116J.994, subd. 5 of the Act (\$150,000 as of December 2014), 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. If a public hearing and notice is otherwise required by law for the Business Subsidy, an additional public hearing need not be held for the purposes of this Policy.

APPENDIX A

REQUIREMENTS FOR SUBSIDY AGREEMENTS

Section 116J.994, subdivision 3 of the Business Subsidy Act requires that a Recipient must enter into a Subsidy Agreement with a Grantor that includes certain items identified by statute. The following list illustrates the requirements of Section 116J.994, subd. 3 of the Act as of the time of the adoption of this Policy. **All items required by the statute in effect at the time of the award of the Business Subsidy must be included in the Subsidy Agreement.**

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. Measurable, specific, and tangible 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;
Notwithstanding this provision, a Recipient may be authorized to move from the jurisdiction where the subsidy is used within the five-year period after the benefit date if, after a public hearing, the Grantor approves the Recipient's request to move.
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. Specific wage and job goals, to be attained within two years of the benefit date, 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 specific 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; and wage goals for any jobs to be enhanced through increased wages.

If the creation or retention of jobs is determined not to be a goal, after a public hearing, the wage and job goals may be set at zero.

APPENDIX B

BUSINESS SUBSIDY PUBLIC PURPOSES

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. Following are other examples of subsidy public purposes.

1. The project provides a service or meets a consumer need not currently addressed in the City.
2. The project represents a significant investment in an area of the City that is economically depressed.
3. The project will remove blighting influences or rehabilitate an area of the City in need of revitalization.
4. The project will stimulate additional capital investment in a geographic area of the City and act as a catalyst for future (re)development.
5. The project will cause surrounding property values to increase and will stabilize the area.
6. The project will anchor a needed commercial center for the City.
7. The project will enhance the viability of other businesses in the City.
8. The project will assist in the processing, packaging, distribution, or marketing of agricultural products grown in the region.
9. The project will assist in the orderly growth of the City and generate significant economic spin off.
10. The project will prevent the closure of business needed in the community due to merger, physical expansion, change in market or economic factors, downsizing, and other factors.
11. The project will employ a classification of people in the community at large who are not fully employed.
12. A business subsidy will permit the project to employ more people, pay higher wages, be of better quality, or in some way be of more value to the City.

APPENDIX C

BUSINESS SUBSIDY CRITERIA

The Grantor hereby expresses its support for the use of business subsidies that generally meet one or more of 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 or applicable service area, including health care, convenience and social services which are not currently available.
6. Unmet Housing Needs. The project will provide housing alternatives the City 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 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.

**ECONOMIC DEVELOPMENT AUTHORITY
OF THE
CITY OF EVELETH, MINNESOTA**

RESOLUTION NO. 2014-03

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

WHEREAS, pursuant to Minnesota Statutes, Sections 116J.993 to 116J.995 (the "Business Subsidy Act"), state and local government agencies are allowed to grant business subsidies upon the adoption of a set of criteria for awarding business subsidies following a duly noticed public hearing thereon; and;

WHEREAS, the Economic Development Authority of the City of Eveleth, Minnesota (the "Authority") previously adopted a Business Subsidy Policy and Criteria, dated September 5, 2000, and subsequently amended June 16, 2002 (the "Business Subsidy Criteria") following a duly-noticed public hearing; and

WHEREAS, the City proposes to update the Business Subsidy Criteria to reflect the current requirements of the Business Subsidy Act;

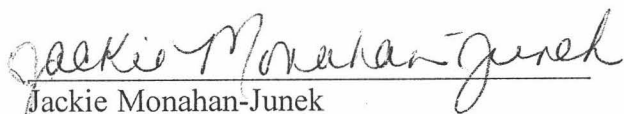
WHEREAS, the Authority did hold a public hearing on November 18, 2014 at the Eveleth City Hall, Eveleth, Minnesota 55734 to consider the establishment of such Criteria; and

WHEREAS, the Authority did consider and discuss the Criteria as guidelines, reserving the right in each Grantor's discretion to approve business subsidies that vary from the Criteria if such Grantor determines the subsidy nevertheless serves a public purpose;

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

1. The Business Subsidy Criteria, attached hereto as Exhibit A, is hereby adopted, as amended, by the Authority for guidance in considering business subsidies to be awarded by the Authority.
2. Staff is hereby authorized and directed to advise applicants for business subsidies of the amended Criteria and to inform such applicants of the Business Subsidy Act requirements for the award of business subsidies.
3. This resolution and the Business Subsidy Criteria adopted hereby shall be in full force and effect from and after its adoption.

Witness my hand officially as such recording officer and seal of the City of Eveleth the certified
Resolution No. 2014-03, "Resolution Adopting Criteria for Awarding Business Subsidies in
Compliance with the Requirements of the Minnesota Business Subsidies Act," this 23th day of
December, 2014.



Jackie Monahan-Junek
City Clerk/Administrator
City of Eveleth, Minnesota