



Business Subsidy Criteria Policy

Section 1. PURPOSE AND AUTHORITY

- 1.1 This Policy is adopted by the City of Goodview ("City") in accordance with Minnesota Business Subsidy Law ("Act"), Minnesota Statutes, Sections 116A.993 through 116A.995. The City's ability to grant business subsidies is governed by the limitations established in under the Act.
- 1.2 The purpose of this document is to establish the criteria for the City of Goodview, Minnesota (the "City") for granting of business subsidies for private development. This document shall serve as a guide in the processing and reviewing of applications requesting business subsidies.
- 1.3 The City reserves the right to announce when business subsidies will be available, however the adoption of this policy is not a commitment by the City that a subsidy will be available at any certain time. At any time, the City reserves the right, by action of the City Council, to amend or modify this Policy when determined necessary, appropriate, and in keeping with the best interests of the City.
- 1.4 This policy must be approved by the elected body of the City of Goodview and submitted to the Minnesota Department of Employment and Economic Development (DEED).

Section 2. DEFINITION

- 2.1 Minnesota Statute § 116A.993 (Sub 3) defines "business subsidy" or "subsidy" as:
 A state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.
- 2.2 Unless specifically excluded by the Statute, business subsidies include grants by local or state government agencies, contributions or donations of personal property, real property, infrastructure, the principal amount of a loan at a rate/s 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. Furthermore, business subsidies as defined under this statute includes the following types of assistance: business subsidies of \$25,000 or more and business loans and guarantees of \$75,000 or more.

Section 3. OBJECTIVES

- 3.1 All business subsidies must benefit the general public purpose. All business subsidies must meet at least one public purpose which includes but is not limited to:

- a. Retain and/or enhance the economic base of the community which includes increasing the tax base, number of jobs, or any other measurement defined by the elected body of the city.
- b. Retain and/or create high quality jobs.
- c. Protect or enhance a community asset including but not limited to public infrastructure.
- d. Encourage additional un-subsidized development.
- e. Remove, redevelop or rehabilitation "blighted areas" as defined by Minnesota Statute 469.002 subd. 11.
- f. Remove physical impediments to development of land.

Section 4. MINIMUM STANDARDS & COSTS FOR ALL BUSINESS SUBSIDY PROJECTS

4.1 Job and wage goals:

- a. The City recognizes that not all projects assisted with subsidies will derive their public purpose solely on job creation the creations of high paying jobs is desirable.
- b. As job creation is highly sought after it is by no means the only measurable benefit. High job creation requirements and high wage levels may be counterproductive due to the economic forces and the rural region. Therefore, any jobs created by the subsidy shall pay at least 110% of the federal poverty rate for a family of four.

4.2 Construction shall not be obtained and building or zoning permit shall not be obtained until the business subsidy is approved and agreement signed. The project shall show compliance with all state and federal requirements regarding the environment and historical significances.

4.3 Applicants shall be responsible for costs associated with contract professionals that review the Business Subsidy Application, prepare and approve required documents and implement the agreements.

4.4 The Board of Commissions and EDA reserve the right to select and retain, a third party to assist in the evaluation of the proposed project, at the expense of the Applicant.

4.5 The interest rate shall be determined by the type/source of Business Subsidy.

Section 5. BUSINESS SUBSIDY CRITERIA

5.1 All new projects approved by the City should meet the following minimum approval criteria, but it should not be presumed that a project meeting these criteria will automatically be approved.

Exemption may apply and each project will be reviewed on a case to case basis.

5.2 To be eligible to receive a business subsidy, the recipient must meet the following minimum requirements:

- a. Applicants must have authority to incur debt and carry out the proposed project purpose within the City.
- b. The subsidy must achieve a public purpose.
- c. The project must comply with local planning and ordinances.

- d. The recipient shall provide information demonstrating that granting the subsidy is necessary for the proposed development to occur and will not occur without the assistance being requested.
- e. The City Economic Development Authority ("EDA") will review each Business Subsidy application based on the following criteria:
 1. Whether project projections show that the proposed project will be financially feasible.
 2. Whether the proposed use(s) are compatible with the City's goals and objectives.
 3. Whether development obstacles exist on the site (e.g. deteriorated/obsolete buildings; poor soil conditions).
 4. Whether the site has been targeted by the City/County/Township and/or Authority for redevelopment. The development will be based on specified needs and policy.
 5. Whether the development project will locate or relocate to a different city/county and/or state without local public financing.
 6. Whether public infrastructure is necessary in order to serve a large area or targeted site.
 7. Whether land acquisition assistance is required in order to address a specified public strategy or need.
 8. 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. Completion of Request for Assistance General Application Form and completion of additional questions as stated in Section 7.
- f. The Business Subsidy must not result in any conflict of interest prohibited by law.

5.3 A recipient of a business subsidy must enter into a subsidy agreement with the City as described in Section 6.

5.4 The recipient of a business subsidy must make a commitment to continue operations within the City for at least ____ years after the benefit date. 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.

Section 6. SUBSIDY AGREEMENT

6.1 In granting a business subsidy, the City 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.

6.2 The subsidy agreement may be incorporated into a broader development agreement for a project.

Section 7. BUSINESS SUBSIDY APPLICATION PROCESS:

7.1 Prior to the consideration by the City and the EDA, the applicant must supply the City the following:

- a. Completed Request for Assistance General Application Form

- b. Letter of feasibility from a bank, lender or financial advisor if applicable.
- c. Application Fee of \$ 150
- d. A document stating the following:
 1. Brief history or narrative of company/organization
 2. Project beginning and end date
 3. Narrative explaining how granting the subsidy is necessary for the proposed development to occur and will not occur without the assistance being requested.
 4. Personal and business references
 5. Other information if stated necessary by the EDA.

7.2 The applicant shall agree to allow the City and the EDA to check the backgrounds and financial history of the applicant, applicant's officers and major owners, if requested.

Section 8. OTHER

8.1 Follow-up Reporting Requirements: The subsidy granted requires follow-up reporting from the business to the City and from the City to the State of Minnesota or other funding entities. At the appropriate time the City will provide a description of the information required and the forms/format of the reporting. Failure to follow guidelines, laws or approved plans/agreement may result in the calling off the subsidy at the City's request.

8.2 Ultimate Review: Due to the changing nature of business and communities, this policy must be able to continue to accommodate the changes within the City. Because there is an inability to fully anticipate future needs and projects, this granting body holds the right to grant subsidies to projects that are deemed in the public interest, but may deviate from the criteria stated in Section 5.

Date of Policy Adoption 7-6-15

By: Steve Baumgart 7-6-15
 Steve Baumgart, Mayor Date

ATTEST: Dan Matejka 7-6-15
 Dan Matejka, City Administrator Date