

# THE TOWN OF SUNRISE, MINNESOTA

## Business Subsidy Criteria

### 1. PURPOSE

- 1:01 The purpose of this document is to establish the Town of Sunrise's (hereinafter referred to as "Town") criteria for granting of business subsidies, as defined in Minnesota Statutes 116J.993, Subdivision 3, for private development. These criteria shall be used as a guide in processing and reviewing applications requesting business subsidies.
- 1:02 The criteria set forth in this document are guidelines only. The Town reserves the right in its discretion to approve business subsidies that vary from the criteria stated herein if the Town determines that the subsidy nevertheless serves a public purpose.
- 1:03 The Town 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.995.

### 2. STATUTORY LIMITATIONS

- 2:01 In accordance with the Business Subsidy Criteria, Business Subsidy requests must comply with applicable State Statutes. The Town'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 Town should meet the following minimum approval criteria. However, it should not be presumed that a project meeting these criteria would automatically be approved. Meeting these criteria creates no contractual rights on the part of any potential developer or the Town.
- 4:02 The business subsidy shall be provided within applicable state legislative restrictions, debt limit guidelines, and other appropriate financial requirements and policies.
- 4:03 The project must be in accord with the Comprehensive Plan and Zoning Ordinances, or required changes to the plan and ordinances must be under active consideration by the Town 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 margin on a project. Prior to consideration of a business subsidy request, the Town may undertake an independent underwriting of the project to help insure 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 Town 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 Town 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 Town 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 Town will seek to create jobs with higher wages as appropriate for the overall public purpose of the subsidy.

## 5. PROJECT EVALUATION CRITERIA

- 5:01 All 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 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 Town is in 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 Town:

- 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 Town 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 redevelopment subsidy requests should create the highest possible ratio of property taxes paid before and after redevelopment. Given the different circumstances in the Town, this ratio will vary widely. However, under normal circumstances, the Town 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 Town 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 Town's economic participation is sufficient that, without 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 judgment of the Town, 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 Town.
- 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.

TOWN OF SUNRISE  
CHISAGO COUNTY  
STATE OF MINNESOTA

Board member Jeske NOORDEGRAAF introduced the following resolution and moved its adoption:

RESOLUTION NO. 2017-1

RESOLUTION ADOPTING A CRITERIA FOR THE  
GRANTING OF BUSINESS SUBSIDIES

BE IT RESOLVED by the Town Board ("Board") of the Town of Sunrise, Minnesota ("Town") as follows:

Section 1. Recitals.

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

1.02. The Town has determined that it is necessary and appropriate to adopt a business subsidy criteria pursuant to the Act; and,

1.03. The Town 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 upon published notice as required by law.

Section 2. Town Approval; Further Proceedings

2.01. The business subsidy criteria, contained in Exhibit A of this resolution is hereby approved, ratified, established, and adopted and shall be placed on file at Town Hall.

2.02. The Town Clerk is authorized and directed to file a copy of the business subsidy criteria, along with annual reports, to the Minnesota Department of Employment and Economic Development, pursuant to the Act.

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

and the following voted against the same:

Dated: February 23, 2017

Carl Peterson  
Chair

ATTEST:

Wendy A. Kowalle  
Town Clerk

**EXHIBIT A**

**CRITERIA FOR GRANTING BUSINESS SUBSIDIES**