



*The Lake Elmo Economic Development Authority (EDA) is committed to preserving and enhancing our community by creating an attractive business climate and listening to businesses and residents to prepare for the economy of tomorrow.*

## **NOTICE OF MEETING**

**City of Lake Elmo Economic Development Authority  
Meeting  
3800 Laverne Avenue North  
Thursday, September 30, 2021 6:00 PM**

## **AGENDA**

- |   |                  |
|---|------------------|
| <b>A. Call to Order/Roll Call</b>   | <b>6:00 p.m.</b> |
| <b>B. Approval of August 26, 2021 Minutes</b>   | <b>6:00 p.m.</b> |
| <b>C. NorthPoint Development Intro</b>  | <b>6:05 p.m.</b> |
| <b>D. Refunding of the 2018A Bonds with proceeds from the 2021A Bonds and lease termination-<br/><i>Resolution 2021-001</i></b> | <b>6:30 p.m.</b> |
| <b>E. Economic Development Draft Plan</b>   | <b>6:45 p.m.</b> |
| <b>F. Business Subsidy Policy</b>   | <b>7:00 p.m.</b> |
| <b>G. Next Meeting Date/Future Agenda<br/>Items/Reports</b>   | <b>7:45 p.m.</b> |
| <b>H. Adjourn</b>   | <b>8:00 p.m.</b> |

**CITY OF LAKE ELMO  
ECONOMIC DEVELOPMENT AUTHORITY MINUTES  
August 26, 2021**

**Call to Order/Roll Call**

President Ryberg called the meeting to order at 6:03 P.M.

**PRESENT:** Jeff Holtz, Charles Cadenhead, Paul Ryberg and Tom Triplett.

**ABSENT:** Mark Gaertner, Linda Larson

Staff Present: City Administrator Handt

**Approval of July 21, 2021 Minutes:**

Minutes updated to reflect Tom Triplett present. Motion by Triplett, seconded by Cadenhead to approve the July 21, 2021 minutes as amended. Motion passed.

**Economic Development Draft Plan**

Chris Eng, Washington County Economic Development Director went through the draft plan with the commission. Triplett noted we should be asking what businesses residents want. Holtz commented that should fit into goal 2 when gathering data. The commission discussed and agreed that goals 4 and 5 could be combined. Goal 3 was left in but it was noted it will take time to accomplish. It should be rephrased to say Increase the number of commercial/industrial properties (to reduce impact on residential). A future meeting should be held to learn more about the different tax classifications in Lake Elmo.

**Mission and Vision Statement Development**

The commission reviewed mission statements from other EDAs in Washington County and began brainstorming one for Lake Elmo. The draft mission statement which will appear on agendas in the future is: "The EDA of Lake Elmo is committed to preserving and enhancing our community by creating an attractive business climate and listening to businesses and residents to prepare for the economy of tomorrow."

Eng will add this to the work plan and make other updates as discussed. The updated work plan will be brought to the next meeting.

**Next Meeting Date/Future Agenda/Reports**

The next meeting will be Thursday, September 30th, 2021 at 6pm. The agenda will include the updated draft of the work plan and possibly begin work on a business subsidy policy pending council work session. Eng gave a brief explanation of TIF. Handt reported on East Metro Economic Development Summit she attended August 12<sup>th</sup>.

**Adjourn**

Meeting adjourned at 7:25 P.M.

Respectfully Submitted,  
Kristina Handt



## STAFF REPORT

DATE: September 30, 2021

### **DISCUSSION**

**AGENDA ITEM:** NorthPoint Development Introduction

**TO:** EDA Commissioners

**SUBMITTED BY:** Kristina Handt, City Administrator

---

#### **BACKGROUND:**

The city has a purchase agreement with North Point Development for 77 acres located south of CSAH 14 and east of CSAH 13 (across from Target). They are proposing to build just over a million square feet of office/warehouse space. The city has been asked by NorthPoint Development to consider approving a Tax Increment Finance (TIF) district for their development on 77 acres south of CSAH 14 and east of CSAH 13. The city council directed staff at their last work session to begin working on a business subsidy policy which will be discussed on a later agenda item.

#### **ISSUE BEFORE COMMISSION:**

Receive information about the project. Does the commission have any questions?

#### **PROPOSAL DETAILS/ANALYSIS:**

Included in your packet is some information on the proposed development by NorthPoint. Slide 5 outlines some public infrastructure costs typically paid by developers. In addition to these amounts, the TIF funds could cover the cost of the city expenses for sewer (about \$750,000) and an AUAR for the whole 180 acres so the site north of CSAH 14 wouldn't need to complete this work at a later date. These are all tentative items and subject to negotiation.

#### **FISCAL IMPACT:**

TBD

#### **ATTACHMENTS:**

- NorthPoint Info

PROJECT ECONOMIC IMPACT AND NORTHPOINT PROFILE

# CYPHERS LOGISTICS PARK

Lake Elmo, Minnesota



NORTHPOINT WAS RANKED THE

#1 INDUSTRIAL DEVELOPER

OVER THE LAST 5 YEARS BY REALCAPITALANALYTICS

107.4+  
MILLION SF  
CURRENT  
INDUSTRIAL PORTFOLIO

27+  
MILLION SF  
INDUSTRIAL SPACE  
UNDER CONSTRUCTION

16.3+  
MILLION SF  
INDUSTRIAL SPACE  
LEASED IN 2020

\$9.5+  
BILLION  
TOTAL CAPITAL RAISED  
SINCE INCEPTION

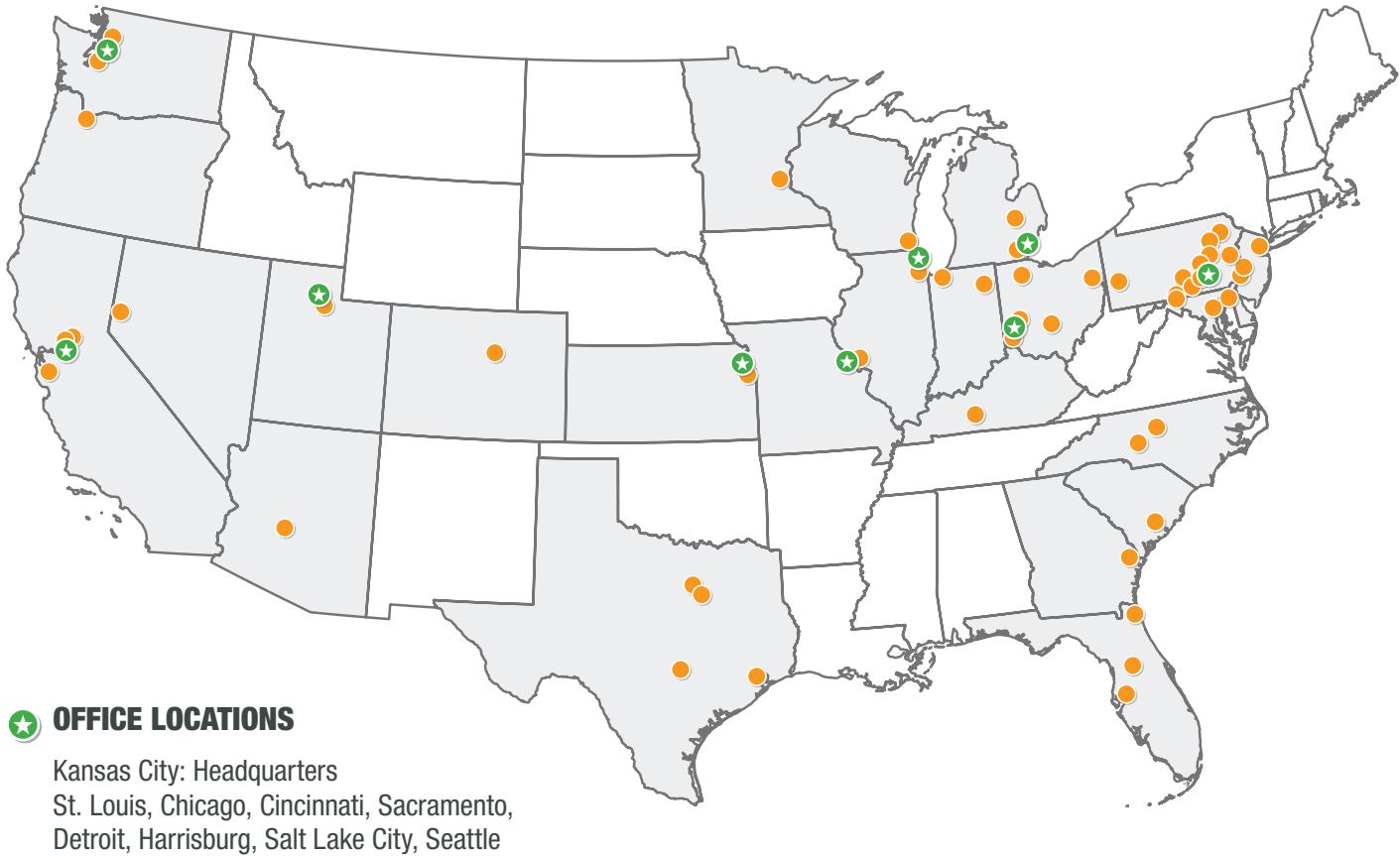
65+  
THOUSAND  
EST. JOBS CREATED  
IN OUR DEVELOPMENTS

\$7.2+  
MILLION  
CHARITABLE CONTRIBUTIONS  
SINCE INCEPTION

\*All stats last updated beginning of Q3 2021

ACTIVE MARKETS

CURRENTLY ACTIVE IN 23 STATES



423+ INDUSTRIAL CLIENTS

References available from our clients; a few are represented below





DEVELOPMENT  
OVERVIEW

Site Area	76.6 acres
Building Coverage	31.5%
Total Building Area	1,074,000 sf
Building 1 Area	415,000 sf
Building 2 Area	189,000 sf
Building 3 Area	189,000 sf
Building 4 Area	281,000 sf



  
**±560**  
Permanent  
Job Creation

  
**455**  
Construction Jobs

  
**\$27MM**  
Annual Wages  
& Benefits

  
**±76**  
Acres of Land

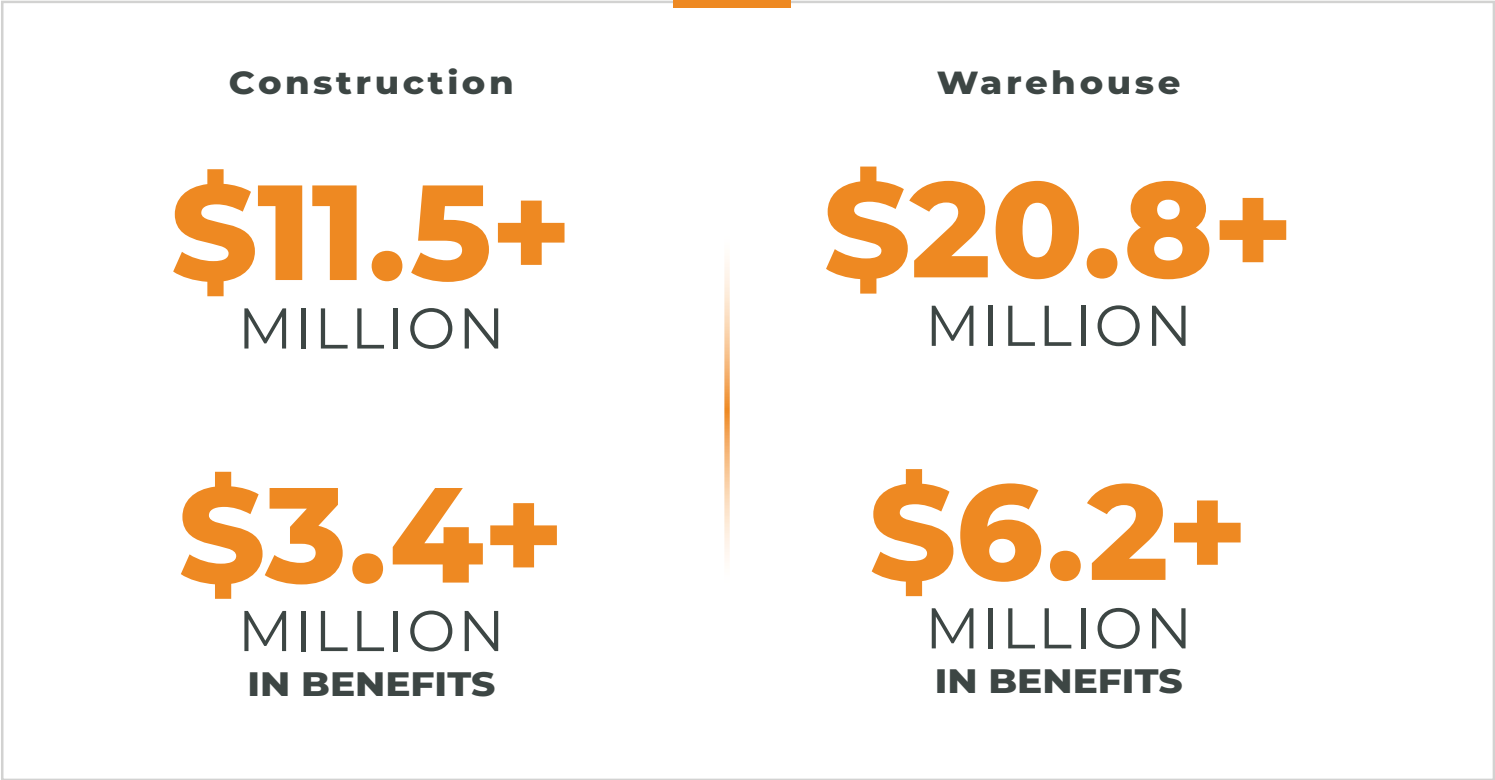
DEVELOPMENT  
OVERVIEW

Site Area	76.6 acres
Building Coverage	31.5%
Total Building Area	1,074,000 sf
Building 1 Area	415,000 sf
Building 2 Area	189,000 sf
Building 3 Area	189,000 sf
Building 4 Area	281,000 sf

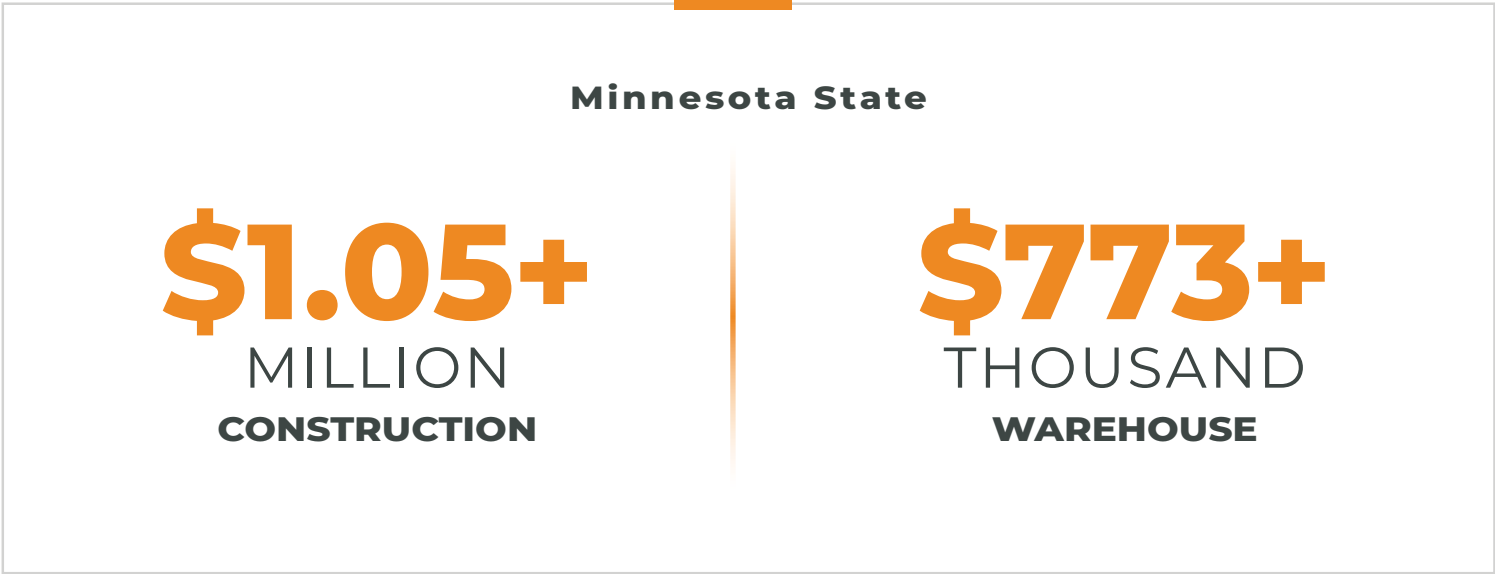
ITEM	QUANTITY	UNITS	UNIT COST	TOTAL
Sewer Extension	1	EA	\$139,400	\$139,400
Auger Under Rail	170	LF	\$1,180	\$200,600
34th St. Signal	1	EA	\$450,000	\$450,000
34th St. Curb Cut and Turn Lanes	1	EA	\$231,000	\$231,000
TOTAL				\$1,021,000

**\$1,021,000**  
ESTIMATED  
PUBLIC IMPROVEMENTS

WAGES



TAXES



JOBS



**1.07M+**  
SQUARE FEET  
TOTAL

**\$103.5M**  
TOTAL CAPITAL INVESTMENT  
ESTIMATED



## **STAFF REPORT**

DATE: September 30, 2021

**REGULAR**

**AGENDA ITEM:** Refunding of 2018A Bonds and Lease Termination

**TO:** Economic Development Authority Commissioners

**SUBMITTED BY:** Kristina Handt, City Administrator

---

### **BACKGROUND:**

In 2018, the EDA approved a resolution authorizing the 2018A bonds. These were lease revenue bonds used to pay for the purchase of the Brookfield building. The EDA had to authorize those bonds and be the holder because we had tenants in the building.

### **ISSUE BEFORE COMMITTEE:**

Should the EDA approve a resolution to prepay the 2018A bonds with the 2021A bond proceeds and terminate the lease agreement between the EDA and City for the property at 3880 Laverne Ave N?

### **PROPOSAL DETAILS/ANALYSIS:**

Included in your packet is a resolution drafted by bond counsel to provide for the redemption of the 2018A bond with the 2021A bond proceeds. It also terminates the lease between the City and EDA from 2018 (copy attached).

As part of the financing for the new city center, we will be refinancing the outstanding balance (about \$834,000) on the 2018A bonds used to pay for the purchase of the Brookfield building. These were lease revenue bonds, not general obligation bonds, because of our tenants and carried a higher interest rate because of that. They are also taxable bonds which impacted the interest rate.

The lease should also be terminated since the EDA will no longer own the building. The resolution authorizes the president and secretary to sign any necessary documents related to that action.

### **FISCAL IMPACT:**

Anticipated lower interest rates will save the city money. The current interest rate on the 2018A bonds is 4.5%. With an anticipated interest rate of less than 2%, the city would save about \$160,000.

### **RECOMMENDATION:**

***“Motion to approve Resolution No 2021-001 A Resolution Providing for the Redemption of Certain Outstanding Taxable Public Project Lease Revenue and Limited Tax Bonds, Series 2018A, and Authorizing Execution of Related Documents.”***

### **ATTACHMENT:**

- Resolution No 2021-001
- Lease Agreement

## **EDA RESOLUTION NO. 2021-001**

### **RESOLUTION PROVIDING FOR THE REDEMPTION OF CERTAIN OUTSTANDING TAXABLE PUBLIC PROJECT LEASE REVENUE AND LIMITED TAX BONDS, SERIES 2018A AND AUTHORIZING EXECUTION OF RELATED DOCUMENTS**

BE IT RESOLVED BY the Board of Commissioners (“Board”) of the Economic Development Authority of the City of Lake Elmo, Minnesota (the “EDA”) as follows:

1. Background; Findings.

1.01 The EDA previously issued its Taxable Public Project Lease Revenue and Limited Tax Bonds, Series 2018A, dated June 28, 2018 (the “Series 2018A Bonds”), in the original aggregate principal amount of \$926,000 pursuant to a Trust Indenture, dated June 1, 2018 (the “Indenture”), between the EDA and U.S. Bank National Association, a national banking association, as trustee (the “Trustee”) and a resolution adopted by the EDA on June 5, 2018, (the “Bond Resolution”). The proceeds of the Series 2018A Bonds were used to finance the acquisition of certain property (the “Real Property”). The City of Lake Elmo, Minnesota (the “City”) currently leases the Real Property pursuant to a Lease-Purchase Agreement, dated as of June 1, 2018 (the “Lease Agreement”), between the EDA, as landlord, and the City, as tenant. Pursuant to Section 4.2 and Article X of the Lease Agreement, the City has determined to exercise its option to terminate the Lease Agreement and purchase the Facility from the EDA by defeasing and prepaying the Series 2018A Bonds.

1.02 At its meeting on November 3, 2021, the City Council of the City will consider a resolution authorizing the issuance of its General Obligation Improvement, CIP and Refunding Bonds, Series 2021A (the “2021 Bonds”) and the use of a portion of the proceeds of such bonds to acquire the Real Property by prepaying the EDA’s Series 2018A Bonds, which are currently outstanding in the principal amount of \$834,000.

1.03 Article X of the Indenture provides that, following the satisfaction of certain conditions, the Series 2018A Bonds may be defeased and will no longer be considered outstanding under the Indenture. Those conditions include receipt by the Trustee of cash or direct obligations sufficient to pay and discharge the entire indebtedness on the Series 2018A Bonds and an opinion of bond counsel.

1.04 In accordance with the terms of the Lease Agreement and the Indenture, the EDA hereby acknowledges and consents to the City’s acquisition of the Real Property and the defeasance and prepayment of the Series 2018A Bonds, subject to final approval of the issuance of the 2021 Bonds by the City and in accordance with the provisions for the acquisition of the Real Property in the Lease Agreement and the prepayment of the Series 2018A Bonds as set forth in the resolution of the City Council of the City.

2. Defeasance.

2.01 The President and the Secretary are hereby authorized and directed to execute, on behalf of the EDA, such documents as are necessary and appropriate to terminate the Lease Agreement and defease the Series 2018A Bonds, including but not limited to termination of the Lease Agreement and, if necessary, a deed conveying the Real Property to the City (collectively, the “EDA Documents”). The approval hereby given to the EDA Documents includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by the officers authorized herein to execute said documents prior to their execution; and said officers are hereby authorized to approve said changes on behalf of the EDA. The execution of any instrument by the appropriate officers of the EDA herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof. In the event of absence or disability of the President and the Secretary, any of the documents authorized by this Resolution to be executed may be executed without further act or authorization of the Board by any duly designated acting official, or by such other officer or officers of the Board as may act in their behalf.

Section 3. Redemption of Series 2018A Bonds. Subject to final approval of the issuance of the 2021 Bonds by the City and in accordance with the provisions for the prepayment of the Series 2018A Bonds set forth in the resolution of the City Council of the City:

(a) the Series 2018A Bonds maturing on January 15, 2034, comprising all of the Bonds subject to redemption, shall be prepaid and redeemed on the date set forth in the resolution of the City Council (the “Redemption Date”) and those Series 2018A Bonds are hereby called for redemption on the Redemption Date; and

(b) the Trustee is authorized and directed to mail the notice of call for redemption of the Series 2018A Bonds in substantially the form attached hereto as **Exhibit A**.

Section 4. Termination of Special Benefits Levy. The levy pledged to the payment of the Series 2018A Bonds and authorized under Minnesota Statutes, Section 469.033, subd. 6 and the EDA’s Resolution No. 2018-001 for collection in each year in which principal of or interest on the Series 2018A Bonds was due and payable, in an annual amount not to exceed the lesser of (i) the maximum annual amount of principal and interest due on the Series 2018A Bonds or (ii) the statutory maximum, pursuant to its taxing power under Minnesota Statutes, Section 469.033, subdivision 6 is hereby determined to be unnecessary and is hereby terminated and discontinued for taxes payable in 2021 and thereafter.

(The remainder of this page is intentionally left blank.)

Adopted by the Board of Commissioners of the Economic Development Authority of the City of Lake Elmo, Minnesota, this 30th day of September, 2021.

---

President

ATTEST:

---

Secretary

EXHIBIT A  
NOTICE OF CALL FOR REDEMPTION

\$926,000

Economic Development Authority of the City of Lake Elmo, Minnesota,  
Taxable Public Project Lease Revenue and Limited Tax Bonds, Series 2018A

NOTICE IS HEREBY GIVEN that, by order of the Board of Commissioners of the Economic Development Authority of the City of Lake Elmo, Minnesota (the “EDA”), there have been called for redemption and prepayment on

December 20, 2021

all outstanding obligations of the EDA designated as Taxable Public Project Lease Revenue and Limited Tax Bonds, Series 2018A, dated June 28, 2018, issued by the EDA in the original aggregate principal amount of \$926,000, having a stated maturity date of January 15, 2034, totaling \$834,000 in principal amount, and with the following CUSIP number:

<u>Year of Maturity</u>	<u>Amount</u>	<u>CUSIP</u>
2034	\$834,000	509625 AA7

The Bonds will be redeemed at a price of par plus accrued interest to December 20, 2021, on which date all interest on said bonds will cease to accrue. Holders of the Bonds hereby called for redemption are requested to present their bonds for payment at the main office of U.S. Bank National Association, St. Paul, Minnesota, (the “Trustee”), at the following address, on or before December 20, 2021.

If by mail:

U.S. Bank National Association  
Corporate Trust Operations, 3<sup>rd</sup> Floor  
P.O. Box 64111  
St. Paul, MN 55164-0111

If by hand or overnight:

U.S. Bank National Association  
60 Livingston Avenue  
EP-MN-WS3C  
Bond Drop Window, 1<sup>st</sup> Floor  
St. Paul, MN 55107

Important Notice: In compliance with the Economic Growth and Tax Relief Reconciliation Act of 2009, the Trustee is required to withhold a specified percentage of the principal amount of the redemption price payable to the holder of any bonds subject to redemption and prepayment on the redemption date, unless the Trustee is provided with the Social Security Number or Federal Employer Identification Number of the holder, properly certified. Submission of a fully executed Request for Taxpayer Identification Number and Certification, Form W-9 will satisfy the requirements of this paragraph.

The Trustee will not be responsible for the selection or use of the CUSIP number, nor is any representation made as to the correctness indicated in the Redemption Notice or on any Bond. It is included solely for convenience of the Holders.

Additional information may be obtained from:

U.S. Bank National Association  
Corporate Trust Division  
Bondholder Services (800) 525-8574

Dated: \_\_\_\_\_, 2021.

BY ORDER OF THE BOARD OF  
COMMISSIONERS

**EXECUTION**

---

LEASE-PURCHASE AGREEMENT

between the

ECONOMIC DEVELOPMENT AUTHORITY  
OF THE CITY OF LAKE ELMO, MINNESOTA  
as Lessor

and the

CITY OF LAKE ELMO, MINNESOTA  
as Lessee

Dated as of June 1, 2018

---

Relating to:

TAXABLE PUBLIC PROJECT LEASE REVENUE  
AND LIMITED TAX BONDS, SERIES 2018A

This instrument drafted by:

Dorsey & Whitney LLP (NC)  
Suite 1500  
50 South Sixth Street  
Minneapolis, Minnesota 55402  
(612) 340-2600

## TABLE OF CONTENTS

	<u>PAGE</u>
ARTICLE I DEFINITIONS AND EXHIBITS.....	2
Section 1.1. Definitions.....	2
Section 1.2. Exhibits.....	3
ARTICLE II REPRESENTATIONS, COVENANTS AND WARRANTIES.....	4
Section 2.1. Representations, Covenants and Warranties of Lessee.....	4
Section 2.2. Representations Covenants and Warranties of Lessor .....	4
ARTICLE III AGREEMENT TO LEASE .....	6
Section 3.1. Lease.....	6
Section 3.2. Possession and Enjoyment .....	6
Section 3.3. Lessor Access to Real Property.....	6
ARTICLE IV TERM OF LEASE .....	7
Section 4.1. Term of Lease.....	7
Section 4.2. Termination of Lease Term.....	7
ARTICLE V RENTAL PAYMENTS .....	8
Section 5.1. Rental Payments.....	8
Section 5.2. Current Expense .....	8
Section 5.3. Rental Payments to be Unconditional .....	8
Section 5.4. Reserved .....	8
Section 5.5. Intent to Continue Rental Payments; Appropriations .....	8
ARTICLE VI NONAPPROPRIATION .....	9
Section 6.1. Termination of Lease .....	9
Section 6.2. Return of Real Property.....	9
Section 6.3. Effect of Termination .....	9
Section 6.4. Reserved .....	9
ARTICLE VII MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS .....	10
Section 7.1. Maintenance and Modification of Real Property by Lessee .....	10
Section 7.2. Taxes, Other Government Charges and Utility Charges.....	10
Section 7.3. Liability Insurance.....	11
Section 7.4. Lessee's Negligence.....	11
Section 7.5. Property Insurance.....	11
Section 7.6. Worker's Compensation Insurance .....	11

Section 7.7. Other Insurance and Requirements for All Insurance.....	11
Section 7.8. Advances .....	12
Section 7.9. Liens .....	12
ARTICLE VIII DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF NET PROCEEDS .....	13
Section 8.1. Damage, Destruction and Condemnation.....	13
Section 8.2. Cooperation of Lessor .....	13
Section 8.3. Condemnation of Other Property Owned by Lessee.....	13
ARTICLE IX LESSEE’S EQUIPMENT; WARRANTIES .....	14
Section 9.1. Installation of Lessee’s Equipment .....	14
Section 9.2. Reserved .....	14
Section 9.3. Reserved .....	14
Section 9.4. Warranties .....	14
Section 9.5. Disclaimer of Warranties .....	14
ARTICLE X OPTION TO PURCHASE.....	15
Section 10.1. When Available.....	15
Section 10.2. Exercise of Option.....	15
Section 10.3. Release of Lessor’s Interest.....	15
Section 10.4. Defeasance .....	15
ARTICLE XI ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING .....	16
Section 11.1. Assignment by Lessor .....	16
Section 11.2. Assignment and Subleasing by Lessee.....	16
Section 11.3. Restriction on Mortgage or Sale of Real Property by Lessee .....	16
ARTICLE XII EVENTS OF DEFAULT AND REMEDIES.....	17
Section 12.1. Events of Default Defined.....	17
Section 12.2. Remedies on Default .....	18
Section 12.3. Return of Real Property.....	18
Section 12.4. Delay; Notice.....	18
Section 12.5. No Remedy Exclusive.....	18
Section 12.6. Agreement to Pay Attorneys’ Fees and Expenses.....	18
Section 12.7. No Additional Waiver Implied By One Waiver.....	19
ARTICLE XIII TITLE.....	20
Section 13.1. Title to Real Property .....	20
Section 13.2. Security Interest.....	20

ARTICLE XIV ISSUANCE OF THE BONDS.....	21
Section 14.1. Agreement to Issue Bonds; Application of Bond Proceeds .....	21
ARTICLE XV ADMINISTRATIVE PROVISIONS .....	22
Section 15.1. Notices.....	22
Section 15.2. Binding Effect .....	22
Section 15.3. Severability.....	22
Section 15.4. Amendments, Charges and Modifications .....	22
Section 15.5. Further Assurances and Corrective Instruments .....	22
Section 15.6. Execution in Counterparts.....	22
Section 15.7. Applicable Law .....	22
Section 15.8. Lessor and Lessee Representatives .....	22
Section 15.9. Captions.....	22

Exhibit A – A legal description of the Real Property.

Exhibit B – The schedule of Rental Payments to be paid by Lessee to Lessor, showing the date and amount of each Rental Payment.

## LEASE-PURCHASE AGREEMENT

This LEASE-PURCHASE AGREEMENT (the Lease) is executed as of June 1, 2018, between the ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF LAKE ELMO, MINNESOTA, as lessor (together with its successors and assigns, Lessor), whose address is 3800 Laverne Avenue N., Lake Elmo, Minnesota 55042, and the CITY OF LAKE ELMO, MINNESOTA, as lessee (Lessee), whose address is 3800 Laverne Avenue N., Lake Elmo, Minnesota 55042.

### RECITALS

WHEREAS, the Lessee is authorized by Minnesota Statutes to acquire real and personal property by entering into lease-purchase agreements;

WHEREAS, the Lessor has authorized the issuance of its \$926,000 Taxable Public Project Lease Revenue and Limited Tax Bonds, Series 2018A (the Bonds), for the purpose of (i) acquiring certain the Real Property (as defined herein), and (ii) paying costs associated with the issuance of the Bonds (collectively, the Project);

WHEREAS, upon issuance of the Bonds, good and marketable title to the Real Property will be in the Lessor; and

WHEREAS, to secure payment of the Bonds, the Lessor hereby leases to the Lessee, and the Lessee hereby hires and takes from the Lessor, the Real Property, and for such purpose the Lessor grants to the Lessee for the term of this Lease all rights necessary for the Lessee to lease and purchase the Real Property.

NOW, THEREFORE, in the joint and mutual exercise of their powers, and in consideration of the mutual covenants herein contained, the parties hereto recite and agree as follows:

## ARTICLE I

### DEFINITIONS AND EXHIBITS

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Lease, have the meanings herein specified.

*Code* means the Internal Revenue Code of 1986, as now or hereafter amended, and the regulation and revenue rulings and procedures issued pursuant thereto from time to time.

*Fiscal Year* means each twelve month fiscal period of Lessee commencing on January 1 of any year and ending on the following December 31.

*Indenture* means the Trust Indenture entered into between Lessor and Trustee, dated as of the date hereof.

*Independent Counsel* means an attorney duly admitted to the practice of law before the highest court of any state who is not an officer or a full-time employee of Lessor, Lessee or an assignee thereof.

*Lessee Representative* means the City Administrator of Lessee, or any other person authorized to act on behalf of Lessee under or with respect to this Lease, as evidenced by a certificate conferring such authority executed by the City Administrator, given to the Trustee and the Lessor.

*Lessor Representative* means the President or Secretary of Lessor, or any other person authorized to act on behalf of Lessor under or with respect to this Lease, as evidenced by a certificate conferring such authority executed by the President, given to the Trustee and the Lessee.

*Net Proceeds* means any insurance proceeds or condemnation award paid with respect to the Real Property, remaining after payment therefrom of all expenses incurred in the collection thereof.

*Payment Date* means the date upon which any Rental Payment is due and payable as provided in the attached Exhibit B.

*Permitted Encumbrances* means, as of any particular time, (i) liens for taxes and assessments not then delinquent, or which Lessee may, pursuant to provisions of Article VII hereof, permit to remain unpaid; (ii) this Lease; (iii) any mechanic's, laborer's, materialmen's, supplier's or vendor's lien or right not filed or perfected in the manner prescribed by law, or which Lessee may, pursuant to provisions of Article VII hereof, permit to remain unpaid; (iv) minor defects and irregularities in the title to the Real Property which do not in the aggregate materially impair the use of the Real Property for the purposes for which it is or may reasonably be expected to be held; (v) easements, exceptions or reservations for the purpose of pipelines, telephone lines, telegraph lines, power lines and substations, roads, streets, alleys, highways, railroad purposes, drainage and sewage purposes, dikes, canals, laterals, ditches, the removal of oil, gas, coal or other minerals, and other like purposes, or for the joint or common use of real property, facilities and equipment, which do not materially impair the use of the Real Property for the purposes for which

it is or may reasonably be expected to be held; (vi) rights reserved to or vested in any municipality or governmental or other public authority to control or regulate or use in any manner any portion of the Real Property which do not materially impair the use of the Real Property for the purposes for which it is or may reasonably be expected to be held; (vii) present and future valid zoning laws and ordinances; and (viii) any liens or encumbrances of record as of the date hereof.

*Qualified Investments* means only those described in Minnesota Statutes, Section 475.67, Subdivision 8, or any successor statute.

*Real Property* means the real property legally described in Exhibit A which is located at or about 3880 Laverne Avenue N. and 39<sup>th</sup> Street and Laverne Avenue N., in the City of Lake Elmo, County of Washington, Minnesota, including a 2.06 acre parcel with an approximately 18,000 square foot building and a vacant .58 acre parcel.

*Rental Payment* means any payment due from Lessee to Lessor under Section 5.1 of this Lease.

*State* means the State of Minnesota.

*State and Federal Law or Laws* means the Constitution and laws of the State, any ordinance, rule or regulation of any agency or political subdivision of the State and any law of the United States, and any rule or regulation of any federal agency.

*Term of this Lease or Lease Term* means the period during which this Lease remains in effect as specified in Sections 4.1 and 4.2.

*Trustee* means U.S. Bank National Association, as trustee under the Indenture.

#### Section 1.2. Exhibits.

The following exhibits are attached to and by reference made a part of this Lease:

Exhibit A – A legal description of the Real Property.

Exhibit B – The schedule of Rental Payments to be paid by Lessee to Lessor, showing the date and amount of each Rental Payment.

## ARTICLE II

### REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of Lessee. Lessee represents, covenants and warrants as follows:

- (a) Lessee is a duly formed and validly existing body corporate and political subdivision of the State, governed by the Constitution and laws of the State.
- (b) State and Federal Laws authorize Lessee to acquire, lease, operate and maintain the Real Property; to enter into this Lease and the transactions contemplated hereby; and to carry out its obligations under this Lease.
- (c) The officers of Lessee executing this Lease and the documents contemplated hereby have been duly authorized to execute and deliver this Lease and related documents under the terms and provisions of a resolution of Lessee's governing body or by other appropriate official action.
- (d) Lessee has complied with all open meeting laws, all public bidding laws and all other State and Federal Laws applicable to this Lease and the acquisition of the Real Property by Lessee.
- (e) Except as provided under the terms of this Lease, Lessee will not transfer, lease, assign, mortgage or encumber the Real Property.
- (f) Lessee may accomplish any of its obligations herein by an agent.

Section 2.2. Representations Covenants and Warranties of Lessor. Lessor represents, covenants and warrants as follows:

- (a) Lessor is a public body, corporate and politic duly organized, existing and in good standing under the laws of the State; has full and complete power to issue the Bonds and to enter into this Lease and to enter into and carry out the transactions contemplated hereby, and to carry out its obligations hereunder; is possessed of full power to own and hold real and personal property, and to lease the same; and has duly authorized the issuance and delivery of the Bonds and the execution and delivery of this Lease.
- (b) Neither the issuance and delivery of the Bonds nor the execution and delivery of this Lease, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any law, regulation, restriction or any agreement or instrument to which Lessor is now a party or by which Lessor or its property is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of Lessor, or upon the Real Property, except Permitted Encumbrances.

(c) Upon payment by Lessee of the amounts described in Section 10.1 hereof or the defeasance of Lessee's obligations hereunder pursuant to Article X hereof, Lessor will deliver to Lessee all documents which are or may be necessary to vest all of Lessor's right, title and interest in and to the Real Property in Lessee, and will release all liens and encumbrances created under this Lease.

## ARTICLE III

### AGREEMENT TO LEASE

Section 3.1. Lease. Lessor hereby leases, with an option to purchase, the Real Property to Lessee, and Lessee hereby leases, with an option to purchase, the Real Property from Lessor, upon the terms and conditions set forth in this Lease.

Section 3.2. Possession and Enjoyment. Lessor hereby covenants with respect to the Real Property to provide Lessee during the Term of this Lease with quiet use and enjoyment of the Real Property, and Lessee shall during such Lease Term peaceably and quietly have and hold and enjoy the Real Property, without suit, trouble or hindrance from Lessor, except as expressly set forth in this Lease. Lessor will, at the request of Lessee and at Lessee's cost, join in any legal action in which Lessee asserts its right to such possession and enjoyment to the extent Lessor may lawfully do so.

Section 3.3. Lessor Access to Real Property. Lessee agrees that Lessor shall have the right during Lessee's normal working hours on Lessee's normal working days to enter on and examine and inspect the Real Property for the purpose of assuring that the Real Property is being properly maintained, preserved and kept in good repair and condition. Lessee further agrees that Lessor shall have such rights of access to the Real Property as may be reasonably necessary to cause the proper maintenance of the Real Property in the event of failure by Lessee to perform its obligations hereunder.

## ARTICLE IV

### TERM OF LEASE

Section 4.1. Term of Lease. This Lease shall be and remain in effect with respect to the Real Property for a Lease Term commencing on the date of execution hereof and continuing until terminated as provided in Section 4.2.

Section 4.2. Termination of Lease Term. The Term of this Lease will terminate upon the occurrence of the first of the following events:

- (a) the termination by Lessee of its obligation to make any further Rental Payments in accordance with Section 6.1;
- (b) the exercise by Lessee of its option to purchase Lessor's interest in the Real Property or to defease its obligations hereunder pursuant to Article X;
- (c) a default by Lessee and termination of this Lease pursuant to Article XII; or
- (d) the payment by Lessee of all Rental Payments required to be paid by Lessee hereunder.

## ARTICLE V

### RENTAL PAYMENTS

Section 5.1. Rental Payments. Lessee shall pay semiannual Rental Payments with respect to the Real Property on each Payment Date, as set forth in Exhibit B, three business days prior to the dates that payments are due on the Bonds, as further described in the Indenture, which Rental Payments are sufficient to pay the principal of, premium, if any, on and interest on the Bonds when due. The Rental Payments shall be payable to the Trustee, as assignee of the Lessor's right, title and interest in such Rental Payments, at its address specified in Section 14.08 of the Indenture.

Section 5.2. Current Expense. The obligations of Lessee under this Lease, including its obligation to pay the Rental Payments due with respect to the Real Property in any Fiscal Year for which this Lease is in effect, shall constitute a current expense of Lessee for such Fiscal Year and shall not constitute an indebtedness of Lessee within the meaning of the Constitution and laws of the State. Nothing herein shall constitute a pledge by Lessee of any taxes or other moneys, other than moneys lawfully appropriated from time to time by or for the benefit of Lessee in its annual budget, the proceeds or Net Proceeds of the Real Property, to the payment of any Rental Payment or other amount coming due hereunder.

Section 5.3. Rental Payments to be Unconditional. Except as provided in Section 6.1, the obligation of Lessee to make Rental Payments due with respect to the Real Property or any other payments required hereunder shall be absolute and unconditional in all events. Notwithstanding any dispute between Lessee and Lessor or any other person, Lessee shall make all Rental Payments and other payments required hereunder when due and shall not withhold any Rental Payment or other payment pending final resolution of such dispute nor shall Lessee assert any right of set-off or counterclaim against its obligation to make such Rental Payments or other payments required under this Lease. Lessee's obligation to make Rental Payments or other payments during the Lease Term shall not be abated through accident or unforeseen circumstances. However, nothing herein shall be construed to release Lessor from the performance of its obligations hereunder, and if Lessor should fail to perform any such obligation, Lessee may institute such legal action against Lessor as Lessee may deem necessary to compel the performance of such obligation or to recover damages therefor.

Section 5.4. Reserved.

Section 5.5. Intent to Continue Rental Payments; Appropriations. Lessee presently intends to continue this Lease for the entire Term of this Lease and to pay all Rental Payments required hereunder. Lessee reasonably and in good faith believes that amounts sufficient to pay all Rental Payments due hereunder can and will lawfully be appropriated or budgeted and made available for this purpose during the Lease Term.

## ARTICLE VI

### NONAPPROPRIATION

Section 6.1. Termination of Lease. Lessee shall have the right to cancel and terminate this Lease, in whole but not in part, effective at the end of any Fiscal Year of Lessee, in the manner and subject to the terms specified in this Section and Section 6.3, if Lessee is not authorized by law to appropriate or does not appropriate moneys sufficient to pay the Rental Payments coming due in the next Fiscal Year. Lack of a sufficient appropriation shall be evidenced by a specific provision in Lessee's budget for the Fiscal Year in question so stating. Lessee may effect such termination by giving to Lessor a written notice of nonappropriation and termination and by paying to Lessor any Rental Payments which are due and have not been paid at or before the end of its then current Fiscal Year. Lessee shall endeavor to give notice of termination not less than 120 days prior to the end of such Fiscal Year, and shall notify Lessor of any anticipated termination.

Section 6.2. Return of Real Property. In the event of termination of this Lease as provided in Section 6.1, Lessee shall surrender possession of the Real Property to Lessor in accordance with Section 12.3, and release its interest in the same, as granted under this Lease, within 10 days after the termination of this Lease.

Section 6.3. Effect of Termination. Upon termination of Lessee's obligation to make Rental Payments as provided in Section 6.1, Lessee shall not be responsible for the payment of any additional Rental Payments coming due with respect to succeeding Fiscal Years, but if Lessee has not surrendered possession of the Real Property to Lessor in accordance with Sections 6.2 and 12.3, the termination shall nevertheless be effective, but Lessee shall be responsible for the payment of damages in an amount equal to the amount of the Rental Payments thereafter coming due under Exhibit B which are attributable to the number of days during which Lessee fails to take such actions.

Section 6.4. Reserved.

## ARTICLE VII

### MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

Section 7.1. Maintenance and Modification of Real Property by Lessee. Lessee shall, at its own expense, maintain, preserve and keep the improved portions of the Real Property in good repair, working order and condition, and shall from time to time make all repairs, replacements and improvements necessary to keep the improved portions of the Real Property in such condition. Lessor shall have no responsibility for any of these repairs, replacements or improvements. In addition, Lessee shall, at its own expense, have the right to remodel the improved portions of the Real Property or to make additions, modifications and improvements thereto. All such additions, modifications and improvements shall thereafter comprise part of the Real Property and be subject to the provisions of this Lease. Such additions, modifications and improvements shall not in any way damage the improved portions of the Real Property nor cause the Real Property to be used for purposes other than those authorized under the provisions of State law, and the Real Property, upon completion of any additions, modifications and improvements made pursuant to this Section, shall be of a value not less than the value of the Real Property immediately prior to the making of such additions, modifications and improvements. Any property for which a substitution or replacement is made pursuant to this Section may be disposed of by Lessee in such manner and on such terms as are determined by Lessee. Lessee will not permit any mechanic's or other lien to be established or remain against the Real Property for labor or material furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by Lessee pursuant to this Section; provided that if any such lien is established and Lessee shall first notify Lessor of Lessee's intention to do so, Lessee may in good faith contest any lien filed or established against the Real Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless Lessor shall notify Lessee that, in the opinion of Independent Counsel, by nonpayment of such item the interest of Lessor in the Real Property will be materially endangered or the Real Property or any part thereof will be subject to loss or forfeiture, in which event Lessee shall promptly pay and cause to be satisfied and discharged all such unpaid items or provide Lessor with full security against any such loss or forfeiture, in form satisfactory to Lessor. Lessor will cooperate fully with Lessee in any such contest, upon the request and at the expense of Lessee.

Section 7.2. Taxes, Other Government Charges and Utility Charges. Lessee shall also pay when due all gas, water, steam, electricity, heat, power, telephone, and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Real Property. Lessee shall also pay all property and excise taxes and governmental charges of any kind whatsoever which may at any time be lawfully assessed or levied against or with respect to the Real Property or any part thereof, and which become due during the Term of this Lease with respect thereto, and all special assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Real Property; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments as are required to be paid during the Term of this Lease as and when the same become due.

Lessee may, at Lessee's expense and in Lessee's name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the

taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless Lessor shall notify Lessee that, in the opinion of Independent Counsel, by nonpayment of any such items the interest of Lessor in the Real Property will be materially endangered or the Real Property or any part thereof will be subject to loss or forfeiture, in which event Lessee shall promptly pay such taxes, assessments or charges or provide Lessor with full security against any loss which may result from nonpayment, in form satisfactory to Lessor.

Section 7.3. Liability Insurance. Upon receipt of possession of the Real Property, the Lessee shall take such measures as may be necessary to ensure that any liability for injuries to or death of any person or damage to or loss of property arising out of or in any way relating to the condition or the operation of the Real Property or any part thereof, is covered by a blanket or other general liability insurance policy maintained by the Lessee. The Net Proceeds of all such insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which any Net Proceeds may be paid.

Section 7.4. Lessee's Negligence. Lessee assumes all risks and liabilities, whether or not covered by insurance, for loss or damage to the Real Property and for injury to or death of any person or damage to any property, whether such injury or death be with respect to agents or employees of Lessee or of third parties, and whether such property damage be to Lessee's property or the property of others, which is proximately caused by the negligent conduct of Lessee, its officers, employees and agents. Lessee hereby assumes responsibility for and agrees to reimburse Lessor and Trustee for all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including reasonable attorney's fees) whatsoever kind and nature, imposed on, incurred by or asserted against Lessor or Trustee that in any way relate to or arise out of a claim, suit or proceeding based in whole or in part upon the negligent conduct of Lessee, its officers, employees and agents, to the maximum extent permitted by law.

Section 7.5. Property Insurance. Upon receipt of possession of the Real Property, the Lessee shall have and assume the risk of loss with respect thereto. The Lessee shall procure and maintain continuously in effect during the Lease Term, all-risk insurance, subject only to the standard exclusions contained in the policy, in such amount as will be at least sufficient so that a claim may be made for the full replacement cost of any part thereof damaged or destroyed and to pay the applicable purchase price of the Real Property as set forth in Section 10.1. Such insurance may be provided by a rider to an existing policy or under a separate policy. Such insurance may be written with customary deductible amounts. The Net Proceeds of insurance required by this Section shall be applied to the prompt repair, restoration or replacement of the Real Property, or to the purchase of the Real Property, as provided in Section 8.1. Any Net Proceeds not needed for those purposes shall be paid to the Lessee.

Section 7.6. Worker's Compensation Insurance. If required by State law, the Lessee shall carry worker's compensation insurance covering all its employees on, in, near or about the Real Property. Alternatively, the Lessee may self-insure against such liabilities in accordance with applicable law.

Section 7.7. Other Insurance and Requirements for All Insurance. All insurance required by this Article may be carried under a separate policy or a rider or endorsement; shall be

taken out and maintained with responsible insurance companies organized under the laws of one of the states of the United States and qualified to do business in the State; shall contain a provision that the insurer shall not cancel or revise coverage thereunder without giving written notice to all parties at least ten (10) days before the cancellation or revision becomes effective; and shall name Lessee and Lessor as insured parties. Lessee shall deposit with Lessor policies evidencing any such insurance procured by it, or a certificate or certificates of the respective insurers stating that such insurance is in full force and effect. Before the expiration of any such policy, Lessee shall furnish to Lessor evidence that the policy has been renewed or replaced by another policy conforming to the provisions of this Article, unless such insurance is no longer obtainable in which event Lessee shall notify Lessor of this fact.

Section 7.8. Advances. If Lessee shall fail to perform any of its obligations under this Lease, Lessor may, but shall not be obligated to take such action as may be necessary to cure such failure, including the advancement of money, and Lessee shall be obligated to repay all such advances on demand with interest at the maximum rate permitted by law or 12%, whichever is less, from the date of the advance to the date of repayment.

Section 7.9. Liens. Lessee shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Real Property, other than the respective rights of Lessor and Lessee as herein provided and Permitted Encumbrances. Except as expressly provided in this Article, Lessee shall promptly, at its own expense, take such action as may be necessary duly to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

## ARTICLE VIII

### DAMAGE, DESTRUCTION AND CONDEMNATION; USE OF NET PROCEEDS

Section 8.1. Damage, Destruction and Condemnation. If (i) more than 25% of the value of the Real Property or any portion thereof is destroyed or is damaged by fire or other casualty, or (ii) title to or the temporary use of the Real Property or any part thereof, or the interest of Lessee or Lessor in the Real Property or any part thereof, shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, Lessee, unless it has determined to terminate this Lease in accordance with Section 6.1 hereof, shall be entitled to the Net Proceeds of any insurance or condemnation award and shall apply such Net Proceeds (x) to the prompt repair, restoration, modification or improvement of the Real Property by Lessee, in which event Lessee shall be obligated to continue to pay the Rental Payments due with respect to the Real Property, or (y) to the payment of the applicable prepayment price in accordance with Article X. In the event the Lessee has determined to terminate this Lease in accordance with Section 6.1 hereof, the Lessee shall turn over such Net Proceeds to the Lessor.

Section 8.2. Cooperation of Lessor. Lessor shall cooperate fully with Lessee at the expense of Lessee in filing any proof of loss with respect to any insurance policy covering the casualties described in Section 8.1 hereof and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Real Property or any part thereof and will, to the extent it may lawfully do so, permit Lessee to litigate in any proceeding resulting therefrom in the name of and on behalf of Lessor. In no event will Lessor voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim or any prospective or pending condemnation proceeding with respect to the Real Property or any part thereof without the written consent of Lessee.

Section 8.3. Condemnation of Other Property Owned by Lessee. Lessee shall be entitled to the Net Proceeds of any condemnation award or portion thereof made for destruction of, damage to or taking of its property not included in the Real Property.

## ARTICLE IX

### LESSEE'S EQUIPMENT; WARRANTIES

Section 9.1. Installation of Lessee's Equipment. Lessee may at any time and from time to time, in its sole discretion and its own expense, install items of moveable machinery, standard office partition, railings, doors, lighting fixtures, and such other equipment as may in Lessee's judgment be necessary for its purposes, in or upon the Real Property. All such items shall remain the sole property of Lessee, in which Lessor shall have no interest, and may be modified or removed by Lessee at any time provided that Lessee shall repair and restore any and all damage to the Real Property resulting from the installation, modification or removal of any such items. Nothing in this Lease shall prevent Lessee from purchasing items to be installed pursuant to this Section under a conditional sale or lease with option to purchase contract, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Real Property.

Section 9.2. Reserved.

Section 9.3. Reserved.

Section 9.4. Warranties. Lessor hereby assigns to Lessee for and during the Term of this Lease, all of its interest in all warranties and guarantees or other contract rights against any architect, contractor or manufacturer for the Real Property, expressed or implied, issued on or applicable to the Real Property, and Lessor hereby authorizes Lessee to obtain the customary services furnished in connection with such warranties and guarantees at Lessee's expense. Lessee's sole remedy for the breach of such warranties and guarantees shall be against the manufacturer or supplier of such portion of the Real Property or such contractor or architect, and not against Lessor, nor shall such matter have any effect whatsoever on the rights of the Lessor with respect to this Lease, including the right to receive full and timely payments hereunder. Lessee expressly acknowledges that Lessor does not make and has not made any representation or warranty whatsoever as to the existence or availability of such warranties with respect to the Real Property or any portion thereof.

Section 9.5. Disclaimer of Warranties. LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESSED OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY LESSEE OF THE REAL PROPERTY, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE REAL PROPERTY. In no event shall Lessor be liable for any incidental, indirect, special or consequential damage in connection with or arising out of this Lease or the existence, furnishing, functioning or Lessee's use of any portion of the Real Property provided for in this Lease.

## ARTICLE X

### OPTION TO PURCHASE

Section 10.1. When Available. Lessee shall have the option to purchase Lessor's interest in the Real Property at a price equal to the principal amount of Rental Payments outstanding, plus accrued interest to the date of prepayment, only in the manner provided in this Article, (i) on any date, but only if Lessee is not in default under this Lease, and (ii) on any date pursuant to the events described in Section 8.1 hereof.

Section 10.2. Exercise of Option. Lessee shall give notice to Lessor of its intention to exercise its option not less than forty-five (45) days prior to the date on which the option is to be exercised, and shall deposit with Lessor on the date of exercise an amount equal to all Rental Payments and any other amounts then due or past due. The closing shall be on the date on which the option is to be exercised at the office of Lessor.

Section 10.3. Release of Lessor's Interest. Upon exercise by Lessee of its option to purchase, Lessee shall have no further obligations under this Lease and Lessor and its officers shall take all actions necessary to authorize, execute and deliver to Lessee any and all documents necessary to vest in Lessee, all of Lessor's right, title and interest in and to the Real Property, free and clear of all liens, leasehold interest and encumbrances arising under the provisions of this Lease.

Section 10.4. Defeasance. Lessee shall have the right to defease and satisfy its obligations to pay Rental Payments due under this Lease, in the manner and with the effect provided in this Section; but such right may only be exercised if Lessee is not in default under the Lease, or if the exercise of such right would cure such default. If the whole amount of the Rental Payments due and payable under this Lease shall be paid, or provision shall have been made for the payment of the same by the deposit of cash or Qualified Investments in an amount sufficient (together with interest earnings thereon) to provide for payment of said Rental Payments to the last Payment Date, or earlier date on which the option to purchase of Lessee is exercised, and all administrative expenses related thereto shall have been paid or provided for, then, and in that case, all right, title and interest of Lessor in and to the Real Property, this Lease and the Rental Payments due hereunder shall thereupon cease, terminate and become void; and Lessor shall assign and transfer to or upon the order of Lessee all rights in the Real Property and this Lease then held by Lessor, and shall execute such documents as may be reasonably required by Lessee for this purpose; and thereafter the Rental Payments due hereunder shall be payable solely from the moneys and securities so deposited.

## ARTICLE XI

### ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING

Section 11.1. Assignment by Lessor. Lessor shall not assign its obligations under this Lease, and no purported assignment thereof shall be effective. All of Lessor's rights, title and interest in the Rental Payments shall be assigned to the Trustee for the benefit of the holders of the Bonds. No other rights, title and/or interests of the Lessor may be assigned.

Section 11.2. Assignment and Subleasing by Lessee. This Lease may not be assigned by Lessee without the written consent of Lessor and the Trustee. The Lessee may sublease all or any portion of the Real Property and collect reasonable rents from any third-party user of the Real Property without prior written consent of the Lessor or the Trustee.

Section 11.3. Restriction on Mortgage or Sale of Real Property by Lessee. Lessee will not mortgage, sell, assign, transfer or convey the Real Property or any portion thereof during the Term of this Lease without the written consent of Lessor, except as permitted pursuant to Section 7.1 in the event of a permitted substitution or replacement.

## ARTICLE XII

### EVENTS OF DEFAULT AND REMEDIES

Section 12.1. Events of Default Defined. The following shall be “events of default” under this Lease and the terms “events of default” and “default” shall mean, whenever they are used in this Lease, with respect to the Real Property, any one or more of the following events:

(a) Failure by Lessee to pay any Rental Payment or other payment required to be paid hereunder on the due date specified herein and the continuation of said failure for a period of three (3) business days after written notice given by Lessor that the payment referred to in such notice has not been received.

(b) Failure by Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in clause (a) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to Lessee by Lessor, unless Lessor shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, Lessor will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Lessee within the applicable period and diligently pursued until the default is corrected.

(c) The filing by Lessee of a voluntary petition in bankruptcy, or failure by Lessee promptly to lift any execution, garnishment or attachment of such consequence as would impair the ability of Lessee to carry on its operations at the Real Property, or adjudication of Lessee as a bankrupt, or assignment by Lessee into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to Lessee in any proceedings instituted under the provisions of the Federal Bankruptcy Statute, as amended, or under any similar acts which may hereafter be enacted.

The provisions of this Section 12.1 and Section 12.2 are subject to the following limitation: if by reason of force majeure Lessee is unable in whole or part to carry out its obligations under this Lease with respect to the Real Property, other than the obligation of Lessee to pay Rental Payments with respect thereto which shall be paid when due notwithstanding the provisions of this paragraph, Lessor or Lessee shall not be deemed in default during the continuance of such inability. The term “force majeure” as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or any of its departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; or any other cause of event not reasonably within the control of Lessee and not resulting from its negligence. Lessee agrees, however, to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its obligations under this Lease; provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of Lessee and Lessee shall not be required to make settlement of strikes, lockouts and other industrial

disturbances by acceding to the demands of the opposing party or parties when such course is in its judgment unfavorable to Lessee.

Notwithstanding anything contained in this Section 12.1 to the contrary, a failure by Lessee to pay when due any payment required to be made under this Lease or a failure by Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Lease, resulting from Lessee's termination of the Lease as contemplated by Section 6.1 hereof, shall not constitute an event of default under this Section 12.1.

Section 12.2. Remedies on Default. Whenever any event of default referred to in Section 12.1 hereof shall have happened and be continuing with respect to the Real Property, Lessor shall have the right, at its option and without any further demand or notice, to take one or any combination of the following remedial steps:

(a) Terminate this Lease, re-enter and take possession of the Real Property and exclude Lessee from using it; or

(b) Terminate this Lease, declare all Rental Payments due or to become due during the Fiscal Year of Lessee in effect when the default occurs to be immediately due and payable by Lessee, whereupon such Rental Payments shall be immediately due and payable; or

(c) Terminate this Lease and take whatever action at law or in equity may appear necessary or desirable to collect the Rental Payments then due and thereafter to become due during the then current Fiscal Year of Lessee with respect to the Real Property, or enforce performance and observance of any obligation, agreement or covenant of Lessee under this Lease.

Section 12.3. Return of Real Property. Upon the expiration or termination of this Lease prior to the payment of all Rental Payments in accordance with Exhibit B, Lessee shall deliver possession of the Real Property to Lessor in the condition, repair, appearance and working order required in Section 7.1. Lessor shall take the Real Property subject to any sublease then in effect.

Section 12.4. Delay; Notice. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle any party to exercise any remedy reserved to it in this Lease it shall not be necessary to give any notice, other than such notice as may be required in this Lease.

Section 12.5. No Remedy Exclusive. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 12.6. Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Lease should default under any of the provisions hereof and the non-defaulting party should

employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefore pay to the non-defaulting party the reasonable fee of such attorneys and such other expenses so incurred by the non-defaulting party.

Section 12.7. No Additional Waiver Implied By One Waiver. In the event any agreement contained in this Lease should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

## ARTICLE XIII

### TITLE

Section 13.1. Title to Real Property. During the Term of this Lease, legal title to the Real Property and any and all repairs, replacements, substitutions and modifications thereto shall be in Lessor, subject to Lessee's interests under this Lease. Upon termination of this Lease for either of the reasons specified in Section 4.2, Clauses (b) and (d), Lessor shall transfer legal title to the Real Property to Lessee and Lessor shall have no further interest therein. In either of such events, Lessor shall execute and deliver to Lessee such documents as Lessee may request to evidence such transfer of legal title to the Real Property to Lessee. Upon termination of this Lease for either of the reasons specified in Section 4.2, Clauses (a) and (c), Lessee shall surrender possession of the Real Property to Lessor and shall have no further interest therein. In either of such events Lessee shall execute and deliver to Lessor such documents as Lessor may request to evidence the termination of Lessee's interest in the Real Property.

Section 13.2. Security Interest. Lessor shall have and retain a security interest under the Uniform Commercial Code in any portion of the Real Property constituting personal property or fixtures, the proceeds thereof and all repairs, replacements, substitutions and modifications thereto or thereof made pursuant to Section 7.1, in order to secure Lessee's payment of all Rental Payments due during the Term of this Lease and the performance of all other obligations herein to be performed by Lessee.

## ARTICLE XIV

### ISSUANCE OF THE BONDS

Section 14.1. Agreement to Issue Bonds; Application of Bond Proceeds. In order to provide funds for payment of the costs of the Project, the Lessor has, or will have, upon or promptly after the execution of this Lease, issued and delivered to the initial purchaser thereof the Bonds, and the Lessor has or will have deposited proceeds of the Bonds as described in Section 4.01 of the Indenture.

## ARTICLE XV

### ADMINISTRATIVE PROVISIONS

Section 15.1. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given on the earlier of (i) delivery or (ii) three days following deposit in the United States mail in certified or registered form with postage fully prepaid to the addresses shown in the first paragraph hereof. Lessor and Lessee, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 15.2. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon Lessor and Lessee and their respective successors and assigns.

Section 15.3. Severability. In the event any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 15.4. Amendments, Charges and Modifications. This Lease may be amended or any of its terms modified only by written amendment authorized and executed by Lessee and Lessor.

Section 15.5. Further Assurances and Corrective Instruments. Lessor and Lessee agree that they will, if necessary, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Real Property hereby leased or intended so to be or for carrying out the expressed intention of this Lease.

Section 15.6. Execution in Counterparts. This Lease may be simultaneously executed in several counterparts each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 15.7. Applicable Law. This Lease shall be governed by and construed in accordance with the laws of the State.

Section 15.8. Lessor and Lessee Representatives. Whenever under the provisions of this Lease the approval of Lessor or Lessee is required, or Lessor or Lessee is required to take some action at the request of the other, such approval of such request shall be given for Lessor by a Lessor Representative and for Lessee by a Lessee Representative, and any party hereto shall be authorized to rely upon any such approval or request.

Section 15.9. Captions. The captions or headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Lease.

IN WITNESS WHEREOF, Lessor has caused this Lease to be executed in its corporate name by its duly authorized officers, and Lessee has caused this Lease to be executed in its name by its duly authorized officers, as of the date first above written.

Lessor:

ECONOMIC DEVELOPMENT AUTHORITY OF  
THE CITY OF LAKE ELMO, MINNESOTA

By \_\_\_\_\_  
President

Attest \_\_\_\_\_  
Secretary

STATE OF MINNESOTA       )  
  ) ss.  
COUNTY OF WASHINGTON )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of June, 2018, by Steve Nelson and Kristina Handt, the President and Secretary, respectively, of the Economic Development Authority of the City of Lake Elmo, Minnesota, on behalf of such Authority.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public

(SEAL)

[Signature Page – Lease-Purchase Agreement]

Lessee:

CITY OF LAKE ELMO, MINNESOTA

By \_\_\_\_\_  
Mayor

And \_\_\_\_\_  
City Clerk

STATE OF MINNESOTA       )  
  ) ss.  
COUNTY OF WASHINGTON )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of June, 2018, by Michael Pearson and Julie Johnson, the Mayor and City Clerk, respectively, of the City of Lake Elmo, Minnesota, on behalf of the City.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public

(SEAL)

[Signature Page – Lease-Purchase Agreement]

**EXHIBIT A**  
**DESCRIPTION OF REAL PROPERTY**

The North 126.89 feet of Lot 1, Block 2, Brookman Addition, according to the plat thereof on file and of record in the office of the County Recorder, Washington County, Minnesota, lying easterly of the West 199.91 feet thereof.

(PIN: 13.029.21.22.0025)  
(.58 acre parcel)

AND

The North 350.18 feet of Lot 1, Block 2, Brookman Addition, according to the plat thereof on file and of record in the office of the County Recorder, Washington County, Minnesota, except the West 199.91 feet of the North 126.89 feet of said Lot 1, Block 2, Brookman Addition; also except the North 126.89 feet of said Lot 1, Block 2, Brookman Addition, lying easterly of the West 199.91 feet thereof.

(PIN: 13.029.21.22.0026)  
(2.06 acre parcel)

**EXHIBIT B**

**RENTAL PAYMENT SCHEDULE\***

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
06/28/2018	-	-	-	-	-
01/15/2019	-	-	22,802.75	22,802.75	22,802.75
07/15/2019	-	-	20,835.00	20,835.00	-
01/15/2020	45,000.00	4.500%	20,835.00	65,835.00	86,670.00
07/15/2020	-	-	19,822.50	19,822.50	-
01/15/2021	47,000.00	4.500%	19,822.50	66,822.50	86,645.00
07/15/2021	-	-	18,765.00	18,765.00	-
01/15/2022	49,000.00	4.500%	18,765.00	67,765.00	86,530.00
07/15/2022	-	-	17,662.50	17,662.50	-
01/15/2023	51,000.00	4.500%	17,662.50	68,662.50	86,325.00
07/15/2023	-	-	16,515.00	16,515.00	-
01/15/2024	53,000.00	4.500%	16,515.00	69,515.00	86,030.00
07/15/2024	-	-	15,322.50	15,322.50	-
01/15/2025	55,000.00	4.500%	15,322.50	70,322.50	85,645.00
07/15/2025	-	-	14,085.00	14,085.00	-
01/15/2026	58,000.00	4.500%	14,085.00	72,085.00	86,170.00
07/15/2026	-	-	12,780.00	12,780.00	-
01/15/2027	61,000.00	4.500%	12,780.00	73,780.00	86,560.00
07/15/2027	-	-	11,407.50	11,407.50	-
01/15/2028	63,000.00	4.500%	11,407.50	74,407.50	85,815.00
07/15/2028	-	-	9,990.00	9,990.00	-
01/15/2029	66,000.00	4.500%	9,990.00	75,990.00	85,980.00
07/15/2029	-	-	8,505.00	8,505.00	-
01/15/2030	69,000.00	4.500%	8,505.00	77,505.00	86,010.00
07/15/2030	-	-	6,952.50	6,952.50	-
01/15/2031	72,000.00	4.500%	6,952.50	78,952.50	85,905.00
07/15/2031	-	-	5,332.50	5,332.50	-
01/15/2032	76,000.00	4.500%	5,332.50	81,332.50	86,665.00
07/15/2032	-	-	3,622.50	3,622.50	-
01/15/2033	79,000.00	4.500%	3,622.50	82,622.50	86,245.00
07/15/2033	-	-	1,845.00	1,845.00	-
01/15/2034	82,000.00	4.500%	1,845.00	83,845.00	85,690.00
<b>Total</b>	<b>\$926,000.00</b>	<b>-</b>	<b>\$389,687.75</b>	<b>\$1,315,687.75</b>	<b>-</b>

\*The PAYMENT DATE for Rental Payments due under this Lease shall be three business days prior to each bond payment date provided.



## **STAFF REPORT**

DATE: September 30, 2021

**REGULAR**

**AGENDA ITEM:** Draft Economic Development Plan

**TO:** Economic Development Authority Commissioners

**SUBMITTED BY:** Kristina Handt, City Administrator

---

### **BACKGROUND:**

At the last couple of meetings Chris Eng has been helping us develop and economic development plan and mission statement.

### **ISSUE BEFORE COMMITTEE:**

What feedback, changes, and additions would the commission like to make to the draft plan? Is the commission ready to recommend the plan to the City Council for adoption?

### **PROPOSAL DETAILS/ANALYSIS:**

A copy of the draft plan is attached. It has been updated from the last meeting to include the mission statement and other changes the commission discussed about changing and combining goals.

Chris also did some research and found information about fiscal disparities which shows that Lake Elmo's tax base is 15% commercial/industrial.

### **FISCAL IMPACT:**

While most of the items can be completed with staff and commissioner time, the labor market study will have a financial impact. No cost estimates have been obtained at this point and no funding is included in the 2022 budget for the EDA.

### **RECOMMENDATION:**

***“Motion to recommend the 2021-2023 Lake Elmo Economic Development Work Plan to the City Council”*** Draft 2021-2023 Lake Elmo Economic Development Work Plan

### **ATTACHMENT:**

# 2021 – 2023

## Lake Elmo EDA

### Economic Development Work Plan

#### Lake Elmo EDA Mission

The Lake Elmo Economic Development Authority (EDA) is committed to preserving and enhancing our community by creating an attractive business climate and listening to businesses and residents to prepare for the economy of tomorrow.

#### Goals

1. Develop strong relationships with existing businesses and explore options for a Business Retention and Expansion (B,R&E) Visitation Program
2. Develop data (talent availability, business types, demographic information)
3. Increase the number of commercial and industrial business
4. Develop and maintain sense of place and create new positive community perception

#### Planning Process

The purpose of this document is to serve as the Lake Elmo EDA 2021 Economic Development Strategic Plan with a planning horizon through 2023.

#### Strengths, Weaknesses, Opportunities and Threats / 2040 Comp Plan

To assist in the EDA's discussion and to help achieve the goals and action steps identified within this plan, a summary of the July 21, 2021 group discussion on Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis and also includes maps from the 2040 Comprehensive Plan Update is included as Attachment A.

## Goals/Action Steps/Deliverables

### **1. Develop strong relationships with existing businesses and explore options for a Business Retention and Expansion (B,R&E) Program.**

**Action Step:** City and Washington County CDA staff will research and explore options for a business retention and expansion visitation program. Staff will: 1) work to create a list for possible businesses to visit, 2) develop and recommend a proposed program structure including timing, 3) create a draft business survey and 4) discuss the potential interview process and overall program operations including reporting the survey results. Recommendations will be brought to the EDA for consideration, input and discussion.

**Deliverables:** Staff will be providing potential program options to EDA for discussion and consideration. This will begin in the fourth quarter of 2021 and will be ongoing.

### **2. Develop data (including talent availability, business types, demographic data)**

**Action Step:** City staff with assistance from Washington County CDA staff and DEED will provide community demographic information (including but not limited to: talent availability, business types, community profile, demographic data).

**Action Step:** City staff with assistance from the Washington County CDA will explore hiring a consultant to update/undertake a detailed labor market study and then report back to the EDA Board.

**Action Step:** City staff with assistance from the Washington County CDA will explore options to obtain resident input through a survey and then report back to the EDA Board.

**Deliverables:** The labor market study and demographic/data study update will begin in 2022 or sooner contingent on available funding.

### **3. Increase the number of commercial and industrial businesses**

**Action Step:** City staff with the assistance of CDA staff will explore opportunities to attract new businesses into the city. Updates to the EDA may include maintaining a list and periodic reports of commercial and industrial projects that are in the planning process, under construction and recently completed.

**Action Step:** City staff will showcase more economic development stories and business updates on the EDA website the CDA's website as well as in the City's Newsletter.

**Deliverables:** Staff will explore options to update the EDA's web presence including, considerations for a potential web platform, adding an inventory of available land and buildings, listing available business resources and developing a digital marketing plan and materials

{digital rollout} for business recruitment, expansions and retention. This will begin in the first quarter of 2022 and will be ongoing. Recommendations will be provided to the EDA members on a regular basis for discussion and input.

#### **4. Develop and maintain sense of place and create new positive community perception**

---

**Action Step:** The EDA will explore opportunities to develop and maintain a sense of place.

**Action Step:** A community asset and resources list will begin to be developed in 2021 and will be maintained on an ongoing basis.

**Action Step:** City staff with the assistance of CDA staff will meet with interested property owners, site selectors, commercial realtors, developers on an ongoing basis to promote development opportunities.

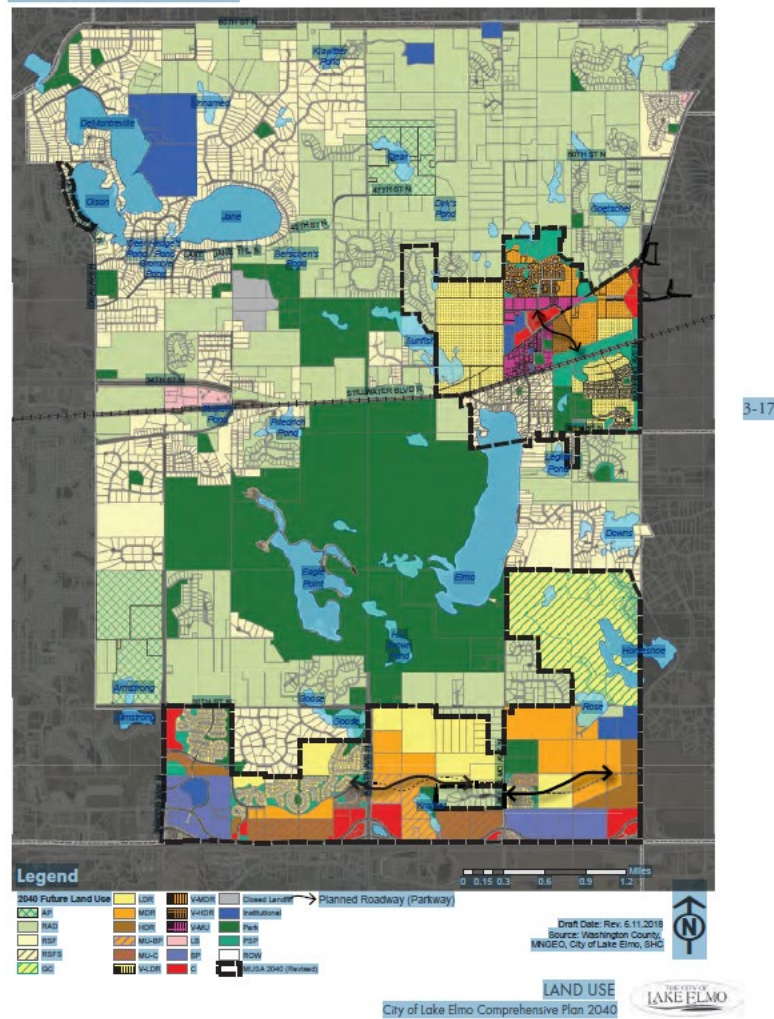
**Deliverables:** Staff will attend events attended by commercial realtors, developers and site selectors. This will begin in the second quarter of 2021 and will be ongoing.

Attachment A

2040 Lake Elmo Comprehensive Plan Map

Strengths, Weaknesses, Opportunities,  
Threats Group Discussion

**Map 3-3. Future Land Use Map**



Strengths, Weaknesses, Opportunity, Threats Discussion

Lake Elmo EDA

July 21, 2021

**Strengths**

Available land (zoned, open, transportation)  
Low tax base  
Large residential base (high incomes)  
Educated talent pool  
Central geographic location  
Highway 36 & I-94  
Interest in development  
Flexible zoning  
Quality of life  
Excellent schools

**Weaknesses**

Infrastructure availability  
Neighboring communities  
Perception (not business friendly)  
Small city (talented city staff)  
Conflicting goals  
Clean energy  
Economic incentives  
Data on talent availability  
Education/training  
Transit

**Opportunities**

Demand for warehouse and industrial  
Shift in workplace/telecommuting  
Broadband  
Downtown  
Partner with County  
Survey small businesses  
Airport  
Neighboring communities  
Imation (4 Front)  
Recreation opportunities  
Truck/trailer parking

**Threats**

Competition neighbor communities  
New workforce (post pandemic)  
Social unrest  
Economic future  
Wisconsin  
Perception of the past  
Resources for businesses  
Unknowns (Met Council)

<b>Terms</b>	<b>Definitions and Sources for Summary Data on Fiscal Disparities Program (FD) in the Metropolitan Area</b>
Fiscal disparities	Metro area program shares tax base among local taxing jurisdictions in seven-county metropolitan area Fiscal disparities data for taxes payable in 2021 from Minnesota Department of Revenue, Property Tax Division
Tax base	Net tax capacity (tax base) is property value subject to taxes (taxable market value multiplied by class rate for type of property)
Local taxing jurisdictions	Cities, townships, counties, school districts and special taxing districts (data shown for cities, townships and counties)
Contribution tax base	40% of growth in commercial-industrial (CI) net tax capacity since 1971 contributed to shared pool of areawide tax base
Distribution tax base	Amount of net tax capacity redistributed from shared pool of areawide tax base Distribution formula for a community based on population and market value of all taxable property compared to metro average Distribution tax base minus contribution tax base
Net change tax base	
CI tax base	Taxable net tax capacity for commercial-industrial (CI) property includes: commercial, industrial, public utility, railroad, taxable personal property and other property (Minnesota Department of Revenue and Minn. Stat. § 273.13) Data from Minnesota Department of Revenue, Abstract of Assessment 2020 CI tax base plus net change tax base
CI tax base with FD	
Tax Increment Financing	Tax Increment Financing (TIF) retained captured value (after contributions to FD shared pool from TIF districts and adjustments) Data from Minnesota Department of Revenue, Abstract of Assessment 2020
Total taxable tax base	Total fully taxable net tax capacity for real and personal property Data from Minnesota Department of Revenue, Abstract of Assessment 2020
Distribution levy	Local taxing jurisdiction's tax revenue shared through FD (distribution tax base multiplied by jurisdiction's tax rate for prior year) Distribution levies shown for cities and townships (excludes counties, school districts and special taxing districts) Data for taxes payable in 2021 from Minnesota Department of Revenue
Household	Household estimates as of April 1, 2019, from Metropolitan Council
Population	Population estimates as of April 1, 2019, from Metropolitan Council
Geographic coverage	Information identifies areas not in FD program and areas outside Metropolitan Council's jurisdiction New Prague, Northfield, MSP Airport and St. Paul Airport excluded (Minn. Stat. § 473F.02, Subd. 2); Fort Snelling excluded Birchwood, St. Mary's Point, Sunfish Lake and Woodland ineligible because their zoning & planning policies exclude most CI development for reasons other than preserving agricultural uses (Minn. Stat. § 473F.02, Subd. 8)
Community designations	Community designations from Thrive MSP 2040, adopted by Metropolitan Council May 2014
City or township	C means city; T means township; U means unorganized territory; O means other



# Metro Area Fiscal Disparities Program

## Summary Data 2021

		Metro Area Fiscal Disparities (FD) Program - Taxes Payable 2021				
County or Total	Community, County, or Community Designation	Contribution Tax Base Payable 2021	Distribution Tax Base Payable 2021	Net Change Tax Base Payable 2021	Net Change Per Household	Net Change Per Capita
Anoka	Andover	1,348,420	5,475,223	4,126,803	389	126
Anoka	Anoka	2,440,934	3,968,182	1,527,248	202	82
Anoka	Bethel	46,584	131,826	85,242	451	166
Anoka	Blaine (combined)	9,609,668	11,465,077	1,855,409	75	27
Anoka	Centerville	246,377	667,142	420,765	303	104
Anoka	Circle Pines	130,292	1,009,015	878,723	435	174
Anoka	Columbia Heights	732,481	4,995,988	4,263,507	502	202
Anoka	Columbus	632,120	460,299	-171,821	-116	-42
Anoka	Coon Rapids	7,880,012	12,972,846	5,092,834	209	80
Anoka	East Bethel	490,344	2,226,185	1,735,841	404	142
Anoka	Fridley	7,139,274	5,659,925	-1,479,349	-126	-50
Anoka	Ham Lake	1,234,354	2,469,152	1,234,798	219	74
Anoka	Hilltop	68,250	429,126	360,876	916	455
Anoka	Lexington	154,555	653,886	499,331	559	212
Anoka	Lino Lakes	1,537,086	3,692,294	2,155,208	312	98
Anoka	Linwood Twp.	53,226	918,704	865,478	436	159
Anoka	Nowthen	202,321	653,304	450,983	295	95
Anoka	Oak Grove	220,231	1,389,636	1,169,405	384	132
Anoka	Ramsey	2,665,991	4,875,961	2,209,970	234	81
Anoka	St. Francis	315,965	1,853,576	1,537,611	554	191
Anoka	Spring Lake Park (combined)	726,992	1,334,574	607,582	210	91
Carver	Benton Twp.	92,145	51,419	-40,726	-138	-52
Carver	Camden Twp.	23,405	76,037	52,632	153	55
Carver	Carver	230,193	807,271	577,078	365	116
Carver	Chanhassen (combined)	4,921,860	2,660,846	-2,261,014	-237	-86
Carver	Chaska	3,959,882	4,521,560	561,678	55	20
Carver	Cologne	104,524	341,437	236,913	352	123
Carver	Dahlgren Twp.	142,903	99,634	-43,269	-87	-33
Carver	Hamburg	16,759	157,172	140,413	662	264
Carver	Hancock Twp.	4,972	20,102	15,130	121	45
Carver	Hollywood Twp.	48,632	77,348	28,716	76	29
Carver	Laketown Twp.	90,127	239,180	149,053	231	69
Carver	Mayer	102,854	500,502	397,648	513	168
Carver	New Germany	27,322	116,677	89,355	491	192
Carver	Norwood Young America	486,421	935,309	448,888	294	114
Carver	San Francisco Twp.	6,955	71,230	64,275	207	74
Carver	Victoria	333,686	1,145,503	811,817	234	77
Carver	Waconia	1,622,770	2,108,197	485,427	101	37
Carver	Waconia Twp.	97,759	88,855	-8,904	-21	-8
Carver	Watertown	173,833	1,050,530	876,697	522	192
Carver	Watertown Twp.	141,486	99,489	-41,997	-86	-33
Carver	Young America Twp.	105,295	46,030	-59,265	-225	-84
Dakota	Apple Valley	4,668,787	8,733,292	4,064,505	194	75
Dakota	Burnsville	12,301,173	10,477,329	-1,823,844	-72	-29

**Metro Area Fiscal Disparities Program**
**Summary Data 2021**

County or Total	Community, County, or Community Designation	Taxable Tax Base Commercial Property	Taxable Tax Base Industrial Property	Taxable Tax Base Com.-Ind. (CI) Property	CI Tax Base % of Total Tax Base	CI Tax Base Per Household	CI Tax Base Per Capita
Anoka	Andover	2,466,042	215,004	3,611,529	10%	341	110
Anoka	Anoka	2,899,269	3,969,385	7,141,283	34%	945	381
Anoka	Bethel	29,525	49,462	148,483	32%	786	289
Anoka	Blaine (combined)	15,395,431	11,382,371	28,700,727	30%	1,163	422
Anoka	Centerville	253,194	406,867	723,100	15%	521	179
Anoka	Circle Pines	272,958	39,546	351,564	7%	174	69
Anoka	Columbia Heights	1,839,686	290,304	2,416,832	14%	285	114
Anoka	Columbus	1,701,997	54,180	1,926,735	26%	1,303	474
Anoka	Coon Rapids	14,893,005	4,878,577	21,467,672	30%	880	336
Anoka	East Bethel	1,129,181	142,587	1,576,363	12%	367	129
Anoka	Fridley	6,571,615	13,011,274	20,945,986	49%	1,780	713
Anoka	Ham Lake	1,381,861	1,588,098	3,466,883	15%	613	208
Anoka	Hilltop	390,671	0	397,561	65%	1,009	501
Anoka	Lexington	436,724	14,816	474,266	21%	531	201
Anoka	Lino Lakes	2,050,585	1,630,544	4,242,320	16%	614	193
Anoka	Linwood Twp.	41,936	0	169,015	3%	85	31
Anoka	Nowthen	186,523	220,047	574,632	9%	376	120
Anoka	Oak Grove	242,608	105,538	671,375	6%	221	76
Anoka	Ramsey	2,522,473	3,942,070	7,246,091	22%	769	266
Anoka	St. Francis	498,705	211,323	901,870	13%	325	112
Anoka	Spring Lake Park (combined)	1,391,535	808,799	2,282,842	30%	790	341
Carver	Benton Twp.	29,252	90,047	390,635	19%	1,324	501
Carver	Camden Twp.	13,853	780	139,580	7%	406	146
Carver	Carver	454,292	358,966	1,012,024	15%	641	203
Carver	Chanhassen (combined)	6,954,829	5,279,282	13,242,762	23%	1,388	504
Carver	Chaska	5,314,344	4,702,976	10,571,658	28%	1,034	382
Carver	Cologne	178,959	42,451	277,939	13%	413	144
Carver	Dahlgren Twp.	120,323	95,493	726,808	21%	1,462	547
Carver	Hamburg	34,275	1,397	46,314	13%	218	87
Carver	Hancock Twp.	4,726	0	14,978	2%	120	45
Carver	Hollywood Twp.	69,886	24,327	170,475	9%	453	170
Carver	Laketown Twp.	44,428	2,373	227,653	6%	353	105
Carver	Mayer	152,774	42,148	254,347	12%	328	107
Carver	New Germany	60,040	1,994	72,218	19%	397	155
Carver	Norwood Young America	534,494	581,148	1,222,319	32%	799	311
Carver	San Francisco Twp.	9,107	4,100	22,575	1%	73	26
Carver	Victoria	466,818	45,577	898,360	5%	259	85
Carver	Waconia	3,181,607	862,354	4,398,683	24%	918	331
Carver	Waconia Twp.	52,640	20,527	279,399	10%	659	237
Carver	Watertown	278,773	127,130	474,525	12%	282	104
Carver	Watertown Twp.	46,349	10,142	449,237	16%	922	357
Carver	Young America Twp.	35,975	11,833	278,900	16%	1,060	397
Dakota	Apple Valley	9,251,401	2,234,474	12,669,777	18%	605	233
Dakota	Burnsville	16,695,100	12,909,086	34,569,618	37%	1,361	551

**Metro Area Fiscal Disparities Program**
**Summary Data 2021**

County or Total	Community, County, or Community Designation	Taxable Tax Base CI Property With FD	CI Tax Base Per Household With FD	CI Tax Base Per Capita With FD	Tax Increment Financing Captured Value	Total Taxable Tax Base Real & Personal Property
Anoka	Andover	7,738,332	730	235	119,269	37,554,025
Anoka	Anoka	8,668,531	1,148	463	950,033	21,291,284
Anoka	Bethel	233,725	1,237	455	0	468,689
Anoka	Blaine (combined)	30,556,136	1,238	450	829,830	94,343,356
Anoka	Centerville	1,143,865	824	282	0	4,950,221
Anoka	Circle Pines	1,230,287	609	243	174,628	4,816,003
Anoka	Columbia Heights	6,680,339	787	316	1,039,125	17,146,497
Anoka	Columbus	1,754,914	1,187	432	82,145	7,462,169
Anoka	Coon Rapids	26,560,506	1,088	415	656,446	72,159,176
Anoka	East Bethel	3,312,204	771	272	296,690	13,522,310
Anoka	Fridley	19,466,637	1,654	663	4,140,463	42,677,530
Anoka	Ham Lake	4,701,681	832	281	0	22,608,149
Anoka	Hilltop	758,437	1,925	955	0	608,418
Anoka	Lexington	973,597	1,090	413	187,323	2,210,426
Anoka	Lino Lakes	6,397,528	926	291	780,251	26,812,400
Anoka	Linwood Twp.	1,034,493	521	190	0	5,980,668
Anoka	Nowthen	1,025,615	671	215	0	6,447,776
Anoka	Oak Grove	1,840,780	605	208	33,661	10,576,809
Anoka	Ramsey	9,456,061	1,003	347	1,925,962	33,054,559
Anoka	St. Francis	2,439,481	879	303	2,896	6,877,822
Anoka	Spring Lake Park (combined)	2,890,424	1,000	431	200,302	7,580,878
Carver	Benton Twp.	349,909	1,186	449	0	2,005,355
Carver	Camden Twp.	192,212	559	201	0	1,868,666
Carver	Carver	1,589,102	1,006	318	340,744	6,812,053
Carver	Chanhassen (combined)	10,981,748	1,151	418	295,031	57,316,828
Carver	Chaska	11,133,336	1,089	402	1,213,961	38,333,855
Carver	Cologne	514,852	765	267	9,111	2,133,031
Carver	Dahlgren Twp.	683,539	1,375	515	0	3,459,267
Carver	Hamburg	186,727	881	351	0	351,849
Carver	Hancock Twp.	30,108	241	90	0	755,596
Carver	Hollywood Twp.	199,191	530	199	0	1,991,645
Carver	Laketown Twp.	376,706	584	174	0	3,718,902
Carver	Mayer	651,995	841	275	0	2,165,665
Carver	New Germany	161,573	888	347	0	387,950
Carver	Norwood Young America	1,671,207	1,093	425	236,247	3,868,731
Carver	San Francisco Twp.	86,850	279	100	0	1,763,493
Carver	Victoria	1,710,177	493	162	504,809	19,202,185
Carver	Waconia	4,884,110	1,020	368	176,817	18,338,373
Carver	Waconia Twp.	270,495	638	229	0	2,914,365
Carver	Watertown	1,351,222	804	297	8,797	3,835,035
Carver	Watertown Twp.	407,240	836	323	0	2,882,746
Carver	Young America Twp.	219,635	835	313	0	1,786,316
Dakota	Apple Valley	16,734,282	799	308	2,937,308	70,863,890
Dakota	Burnsville	32,745,774	1,289	522	147,883	93,458,187

**Metro Area Fiscal Disparities Program**
**Summary Data 2021**

County or Total	Community, County, or Community Designation	Distribution Levy Payable 2021	Total Estimated Households 2019	Total Estimated Population 2019	Excluded from FD (Yes/No)	Outside Met Council Jurisdiction (Yes/No)
Anoka	Andover	1,957,824	10,605	32,882	N	N
Anoka	Anoka	1,413,427	7,553	18,728	N	N
Anoka	Bethel	62,066	189	514	N	N
Anoka	Blaine (combined)	4,109,313	24,687	67,939	N	N
Anoka	Centerville	353,318	1,388	4,050	N	N
Anoka	Circle Pines	532,124	2,020	5,061	N	N
Anoka	Columbia Heights	3,212,720	8,489	21,124	N	N
Anoka	Columbus	216,906	1,479	4,067	N	N
Anoka	Coon Rapids	5,214,954	24,406	63,968	N	N
Anoka	East Bethel	923,132	4,296	12,184	N	N
Anoka	Fridley	2,561,285	11,768	29,374	N	N
Anoka	Ham Lake	553,732	5,651	16,706	N	N
Anoka	Hilltop	412,291	394	794	N	N
Anoka	Lexington	371,120	893	2,356	N	N
Anoka	Lino Lakes	1,472,118	6,908	21,995	N	N
Anoka	Linwood Twp.	238,533	1,987	5,451	N	N
Anoka	Nowthen	158,674	1,529	4,771	N	N
Anoka	Oak Grove	298,160	3,042	8,868	N	N
Anoka	Ramsey	1,930,490	9,428	27,263	N	N
Anoka	St. Francis	936,853	2,776	8,045	N	N
Anoka	Spring Lake Park (combined)	647,157	2,891	6,699	N	N
Carver	Benton Twp.	7,293	295	780	N	N
Carver	Camden Twp.	13,379	344	955	N	N
Carver	Carver	399,218	1,579	4,990	N	N
Carver	Chanhassen (combined)	563,364	9,538	26,278	N	N
Carver	Chaska	1,285,247	10,228	27,692	N	N
Carver	Cologne	217,534	673	1,929	N	N
Carver	Dahlgren Twp.	11,933	497	1,328	N	N
Carver	Hamburg	165,187	212	532	N	N
Carver	Hancock Twp.	2,645	125	334	N	N
Carver	Hollywood Twp.	13,085	376	1,003	N	N
Carver	Laketown Twp.	33,821	645	2,166	N	N
Carver	Mayer	246,988	775	2,374	N	N
Carver	New Germany	111,056	182	465	N	N
Carver	Norwood Young America	689,836	1,529	3,930	N	N
Carver	San Francisco Twp.	13,194	311	865	N	N
Carver	Victoria	353,891	3,467	10,585	N	N
Carver	Waconia	984,801	4,789	13,277	N	N
Carver	Waconia Twp.	10,454	424	1,179	N	N
Carver	Watertown	574,106	1,680	4,555	N	N
Carver	Watertown Twp.	13,815	487	1,260	N	N
Carver	Young America Twp.	7,534	263	702	N	N
Dakota	Apple Valley	3,386,945	20,940	54,400	N	N
Dakota	Burnsville	4,520,758	25,405	62,785	N	N

# **Metro Area Fiscal Disparities Program**

## **Summary Data 2021**

County or Total	Community, County, or Community Designation	Community Designation Code	Community Thrive MSP 2040	City or Township
Anoka	Andover	36	Emerging Suburban Edge	C
Anoka	Anoka	25	Suburban	C
Anoka	Bethel	41	Rural Centers	C
Anoka	Blaine (combined)	35	Suburban Edge	C
Anoka	Centerville	36	Emerging Suburban Edge	C
Anoka	Circle Pines	25	Suburban	C
Anoka	Columbia Heights	23	Urban Center	C
Anoka	Columbus	51	Diversified Rural	C
Anoka	Coon Rapids	25	Suburban	C
Anoka	East Bethel	41	Rural Centers	C
Anoka	Fridley	24	Urban	C
Anoka	Ham Lake	52	Rural Residential	C
Anoka	Hilltop	23	Urban Center	C
Anoka	Lexington	25	Suburban	C
Anoka	Lino Lakes	36	Emerging Suburban Edge	C
Anoka	Linwood Twp.	51	Diversified Rural	T
Anoka	Nowthen	52	Rural Residential	C
Anoka	Oak Grove	52	Rural Residential	C
Anoka	Ramsey	36	Emerging Suburban Edge	C
Anoka	St. Francis	41	Rural Centers	C
Anoka	Spring Lake Park (combined)	25	Suburban	C
Carver	Benton Twp.	53	Agricultural	T
Carver	Camden Twp.	53	Agricultural	T
Carver	Carver	36	Emerging Suburban Edge	C
Carver	Chanhassen (combined)	36	Emerging Suburban Edge	C
Carver	Chaska	35	Suburban Edge	C
Carver	Cologne	41	Rural Centers	C
Carver	Dahlgren Twp.	53	Agricultural	T
Carver	Hamburg	41	Rural Centers	C
Carver	Hancock Twp.	53	Agricultural	T
Carver	Hollywood Twp.	53	Agricultural	T
Carver	Laketown Twp.	51	Diversified Rural	T
Carver	Mayer	41	Rural Centers	C
Carver	New Germany	41	Rural Centers	C
Carver	Norwood Young America	41	Rural Centers	C
Carver	San Francisco Twp.	53	Agricultural	T
Carver	Victoria	36	Emerging Suburban Edge	C
Carver	Waconia	36	Emerging Suburban Edge	C
Carver	Waconia Twp.	53	Agricultural	T
Carver	Watertown	41	Rural Centers	C
Carver	Watertown Twp.	53	Agricultural	T
Carver	Young America Twp.	53	Agricultural	T
Dakota	Apple Valley	25	Suburban	C
Dakota	Burnsville	25	Suburban	C

**Metro Area Fiscal Disparities Program**
**Summary Data 2021**

		Metro Area Fiscal Disparities (FD) Program - Taxes Payable 2021				
County or Total	Community, County, or Community Designation	Contribution Tax Base Payable 2021	Distribution Tax Base Payable 2021	Net Change Tax Base Payable 2021	Net Change Per Household	Net Change Per Capita
Dakota	Castle Rock Twp.	231,076	111,142	-119,934	-238	-86
Dakota	Coates	76,093	23,889	-52,204	-768	-309
Dakota	Douglas Twp.	36,902	44,865	7,963	30	11
Dakota	Eagan	17,393,314	9,516,820	-7,876,494	-286	-114
Dakota	Empire Twp.	301,615	423,737	122,122	119	39
Dakota	Eureka Twp.	242,695	106,772	-135,923	-258	-94
Dakota	Farmington	996,932	4,468,538	3,471,606	438	150
Dakota	Greenvale Twp.	44,333	53,896	9,563	35	12
Dakota	Hampton	32,356	155,424	123,068	483	172
Dakota	Hampton Twp.	125,044	52,730	-72,314	-220	-81
Dakota	Hastings (combined)	1,661,535	4,621,923	2,960,388	324	129
Dakota	Inver Grove Heights	4,241,579	5,554,027	1,312,448	92	37
Dakota	Lakeville	6,925,362	9,522,500	2,597,138	116	39
Dakota	Lilydale	109,370	73,706	-35,664	-60	-38
Dakota	Marshan Twp.	104,056	82,155	-21,901	-52	-19
Dakota	Mendota	59,245	21,850	-37,395	-445	-174
Dakota	Mendota Heights	2,882,018	1,099,910	-1,782,108	-373	-152
Dakota	Miesville	15,969	13,984	-1,985	-35	-15
Dakota	New Trier	3,234	30,735	27,501	671	250
Dakota	Nininger Twp.	73,508	87,835	14,327	38	16
Dakota	Northfield					
Dakota	Randolph	21,554	87,544	65,990	375	143
Dakota	Randolph Twp.	202,704	57,246	-145,458	-521	-197
Dakota	Ravenna Twp.	34,268	302,544	268,276	327	112
Dakota	Rosemount	2,949,134	3,787,267	838,133	95	33
Dakota	Sciota Twp.	16,941	33,940	16,999	110	37
Dakota	South St. Paul	1,395,045	4,523,162	3,128,117	372	151
Dakota	Sunfish Lake					
Dakota	Vermillion	19,141	86,961	67,820	421	154
Dakota	Vermillion Twp.	125,951	94,682	-31,269	-70	-25
Dakota	Waterford Twp.	67,970	38,601	-29,369	-149	-58
Dakota	West St. Paul	2,052,094	4,398,182	2,346,088	260	111
Hennepin	Bloomington	26,834,444	11,010,459	-15,823,985	-414	-175
Hennepin	Brooklyn Center	3,804,245	8,694,109	4,889,864	432	149
Hennepin	Brooklyn Park	11,359,339	16,603,525	5,244,186	186	64
Hennepin	Champlin	1,745,736	4,256,597	2,510,861	285	104
Hennepin	Corcoran	516,672	641,505	124,833	59	21
Hennepin	Crystal	1,481,700	4,851,635	3,369,935	352	145
Hennepin	Dayton	877,718	811,203	-66,515	-29	-11
Hennepin	Deephaven	208,598	181,497	-27,101	-19	-7
Hennepin	Eden Prairie	17,487,960	7,088,599	-10,399,361	-415	-161
Hennepin	Edina	15,151,282	4,049,317	-11,101,965	-485	-208
Hennepin	Excelsior	834,308	217,914	-616,394	-484	-240
Hennepin	Fort Snelling (unorg.)	0	0	0		

**Metro Area Fiscal Disparities Program**
**Summary Data 2021**

County or Total	Community, County, or Community Designation	Taxable Tax Base Commercial Property	Taxable Tax Base Industrial Property	Taxable Tax Base Com.-Ind. (CI) Property	CI Tax Base % of Total Tax Base	CI Tax Base Per Household	CI Tax Base Per Capita
Dakota	Castle Rock Twp.	169,665	84,593	619,222	19%	1,229	445
Dakota	Coates	65,874	98,634	224,354	62%	3,299	1,328
Dakota	Douglas Twp.	29,973	340	107,231	6%	405	144
Dakota	Eagan	27,479,904	18,483,422	48,314,269	38%	1,755	698
Dakota	Empire Twp.	87,469	208,829	929,188	19%	908	295
Dakota	Eureka Twp.	62,160	47,196	971,650	24%	1,844	669
Dakota	Farmington	1,290,777	862,348	3,221,500	13%	406	139
Dakota	Greenvale Twp.	13,693	10,940	259,260	13%	936	325
Dakota	Hampton	39,281	10,994	93,205	13%	366	130
Dakota	Hampton Twp.	30,275	22,575	340,304	14%	1,034	379
Dakota	Hastings (combined)	3,322,754	894,923	4,784,990	20%	524	208
Dakota	Inver Grove Heights	6,061,704	3,054,890	12,327,137	24%	866	349
Dakota	Lakeville	11,120,431	6,730,256	19,465,464	20%	866	296
Dakota	Lilydale	258,534	28,198	330,794	13%	560	353
Dakota	Marshan Twp.	95,315	59,619	271,188	10%	647	238
Dakota	Mendota	62,119	37,630	222,881	37%	2,653	1,037
Dakota	Mendota Heights	4,023,883	3,209,109	8,153,742	28%	1,707	694
Dakota	Miesville	29,807	4,566	47,077	20%	841	351
Dakota	New Trier	8,304	0	8,852	12%	216	80
Dakota	Nininger Twp.	17,534	8,649	237,906	13%	634	257
Dakota	Northfield	35,711	69,266	121,631	7%	285	106
Dakota	Randolph	12,488	20,392	67,651	14%	384	146
Dakota	Randolph Twp.	54,661	289,074	564,988	27%	2,025	767
Dakota	Ravenna Twp.	12,719	0	104,094	3%	127	43
Dakota	Rosemount	1,920,972	4,767,675	8,462,154	23%	958	336
Dakota	Sciota Twp.	1,472	16,848	59,468	6%	386	130
Dakota	South St. Paul	1,552,155	3,012,571	5,954,043	28%	707	287
Dakota	Sunfish Lake	0	0	40,639	2%	220	77
Dakota	Vermillion	44,675	3,052	54,939	12%	341	125
Dakota	Vermillion Twp.	39,289	28,897	352,320	12%	786	279
Dakota	Waterford Twp.	82,100	58,688	207,942	17%	1,056	410
Dakota	West St. Paul	4,786,020	945,837	6,098,624	26%	675	288
Hennepin	Bloomington	80,049,335	16,113,530	98,676,725	50%	2,584	1,093
Hennepin	Brooklyn Center	7,580,045	3,394,787	11,642,243	38%	1,029	356
Hennepin	Brooklyn Park	12,706,199	17,905,655	32,122,622	33%	1,137	390
Hennepin	Champlin	2,858,670	1,609,800	4,812,552	17%	547	199
Hennepin	Corcoran	425,250	475,330	1,504,429	13%	715	251
Hennepin	Crystal	2,946,338	1,345,815	4,785,040	20%	500	206
Hennepin	Dayton	456,980	1,668,973	2,690,000	23%	1,188	426
Hennepin	Deephaven	495,125	0	598,017	4%	422	158
Hennepin	Eden Prairie	29,932,726	15,314,824	47,951,740	34%	1,911	743
Hennepin	Edina	38,239,131	5,489,120	45,046,115	27%	1,968	846
Hennepin	Excelsior	2,223,268	0	2,359,276	31%	1,852	919
Hennepin	Fort Snelling (unorg.)	0	0	150,714	100%	529	428

**Metro Area Fiscal Disparities Program**
**Summary Data 2021**

County or Total	Community, County, or Community Designation	Taxable Tax Base CI Property With FD	CI Tax Base Per Household With FD	CI Tax Base Per Capita With FD	Tax Increment Financing Captured Value	Total Taxable Tax Base Real & Personal Property
Dakota	Castle Rock Twp.	499,288	991	359	0	3,333,425
Dakota	Coates	172,150	2,532	1,019	0	363,608
Dakota	Douglas Twp.	115,194	435	154	0	1,910,957
Dakota	Eagan	40,437,775	1,469	584	4,469,733	126,830,779
Dakota	Empire Twp.	1,051,310	1,028	333	0	4,816,063
Dakota	Eureka Twp.	835,727	1,586	575	0	3,982,788
Dakota	Farmington	6,693,106	844	289	106,443	24,135,985
Dakota	Greenvale Twp.	268,823	970	337	0	2,047,495
Dakota	Hampton	216,273	848	302	0	691,020
Dakota	Hampton Twp.	267,990	815	298	0	2,476,903
Dakota	Hastings (combined)	7,745,378	849	337	49,961	23,845,738
Dakota	Inver Grove Heights	13,639,585	958	386	23,706	50,862,278
Dakota	Lakeville	22,062,602	982	335	1,098,496	97,225,431
Dakota	Lilydale	295,130	499	315	320,858	2,543,536
Dakota	Marshan Twp.	249,287	595	219	0	2,849,430
Dakota	Mendota	185,486	2,208	863	0	605,630
Dakota	Mendota Heights	6,371,634	1,334	542	176,904	28,958,692
Dakota	Miesville	45,092	805	337	0	237,778
Dakota	New Trier	36,353	887	330	0	75,928
Dakota	Nininger Twp.	252,233	673	273	0	1,829,890
Dakota	Northfield	121,631	285	106	0	1,696,120
Dakota	Randolph	133,641	759	289	0	469,374
Dakota	Randolph Twp.	419,530	1,504	569	0	2,083,567
Dakota	Ravenna Twp.	372,370	454	156	0	3,642,105
Dakota	Rosemount	9,300,287	1,052	369	1,298,347	36,781,144
Dakota	Sciota Twp.	76,467	497	167	0	1,022,003
Dakota	South St. Paul	9,082,160	1,079	437	2,358,104	21,117,009
Dakota	Sunfish Lake	40,639	220	77	0	2,362,464
Dakota	Vermillion	122,759	762	280	0	445,520
Dakota	Vermillion Twp.	321,051	717	254	0	2,925,098
Dakota	Waterford Twp.	178,573	906	352	0	1,228,899
Dakota	West St. Paul	8,444,712	934	398	691,629	23,784,369
Hennepin	Bloomington	82,852,740	2,170	918	4,854,819	196,652,947
Hennepin	Brooklyn Center	16,532,107	1,461	505	4,762,570	30,999,757
Hennepin	Brooklyn Park	37,366,808	1,323	453	1,100,679	98,766,800
Hennepin	Champlin	7,323,413	832	302	576,104	28,490,619
Hennepin	Corcoran	1,629,262	775	272	0	11,642,690
Hennepin	Crystal	8,154,975	852	351	288,561	23,708,339
Hennepin	Dayton	2,623,485	1,158	415	326,831	11,616,961
Hennepin	Deephaven	570,916	403	151	0	16,561,197
Hennepin	Eden Prairie	37,552,379	1,497	582	2,645,464	141,100,944
Hennepin	Edina	33,944,150	1,483	637	8,265,327	164,849,379
Hennepin	Excelsior	1,742,882	1,368	679	224,434	7,713,913
Hennepin	Fort Snelling (unorg.)	150,714	529	428	0	150,714

**Metro Area Fiscal Disparities Program**
**Summary Data 2021**

County or Total	Community, County, or Community Designation	Distribution Levy Payable 2021	Total Estimated Households 2019	Total Estimated Population 2019	Excluded from FD (Yes/No)	Outside Met Council Jurisdiction (Yes/No)
Dakota	Castle Rock Twp.	12,501	504	1,390	N	N
Dakota	Coates	4,108	68	169	N	N
Dakota	Douglas Twp.	7,354	265	747	N	N
Dakota	Eagan	3,355,821	27,523	69,231	N	N
Dakota	Empire Twp.	123,439	1,023	3,153	N	N
Dakota	Eureka Twp.	21,550	527	1,453	N	N
Dakota	Farmington	2,277,659	7,926	23,123	N	N
Dakota	Greenvale Twp.	8,739	277	798	N	N
Dakota	Hampton	68,455	255	717	N	N
Dakota	Hampton Twp.	5,950	329	898	N	N
Dakota	Hastings (combined)	2,652,568	9,124	22,965	N	N
Dakota	Inver Grove Heights	2,844,400	14,237	35,321	N	N
Dakota	Lakeville	3,296,213	22,468	65,831	N	N
Dakota	Lilydale	19,259	591	936	N	N
Dakota	Marshan Twp.	15,964	419	1,138	N	N
Dakota	Mendota	6,610	84	215	N	N
Dakota	Mendota Heights	421,435	4,777	11,747	N	N
Dakota	Miesville	4,350	56	134	N	N
Dakota	New Trier	16,188	41	110	N	N
Dakota	Nininger Twp.	12,833	375	924	N	N
Dakota	Northfield		427	1,148	Y	Y
Dakota	Randolph	27,878	176	462	N	N
Dakota	Randolph Twp.	5,026	279	737	N	N
Dakota	Ravenna Twp.	48,298	820	2,393	N	N
Dakota	Rosemount	1,461,128	8,837	25,202	N	N
Dakota	Sciota Twp.	4,942	154	459	N	N
Dakota	South St. Paul	2,752,208	8,417	20,774	N	N
Dakota	Sunfish Lake		185	529	Y	N
Dakota	Vermillion	35,755	161	439	N	N
Dakota	Vermillion Twp.	13,945	448	1,265	N	N
Dakota	Waterford Twp.	10,950	197	507	N	N
Dakota	West St. Paul	3,083,389	9,037	21,205	N	N
Hennepin	Bloomington	4,355,407	38,181	90,271	N	N
Hennepin	Brooklyn Center	5,671,428	11,318	32,722	N	N
Hennepin	Brooklyn Park	8,112,814	28,251	82,444	N	N
Hennepin	Champlin	1,618,997	8,801	24,231	N	N
Hennepin	Corcoran	288,761	2,103	5,986	N	N
Hennepin	Crystal	2,269,837	9,571	23,262	N	N
Hennepin	Dayton	439,177	2,265	6,320	N	N
Hennepin	Deephaven	30,530	1,416	3,790	N	N
Hennepin	Eden Prairie	2,233,830	25,086	64,567	N	N
Hennepin	Edina	1,131,582	22,884	53,268	N	N
Hennepin	Excelsior	62,088	1,274	2,566	N	N
Hennepin	Fort Snelling (unorg.)	0	285	352	Y	N

# **Metro Area Fiscal Disparities Program**

## **Summary Data 2021**

County or Total	Community, County, or Community Designation	Community Designation Code	Community Thrive MSP 2040	City or Township
Dakota	Castle Rock Twp.	53	Agricultural	T
Dakota	Coates	51	Diversified Rural	C
Dakota	Douglas Twp.	53	Agricultural	T
Dakota	Eagan	25	Suburban	C
Dakota	Empire Twp.	53	Agricultural	T
Dakota	Eureka Twp.	53	Agricultural	T
Dakota	Farmington	36	Emerging Suburban Edge	C
Dakota	Greenvale Twp.	53	Agricultural	T
Dakota	Hampton	41	Rural Centers	C
Dakota	Hampton Twp.	53	Agricultural	T
Dakota	Hastings (combined)	36	Emerging Suburban Edge	C
Dakota	Inver Grove Heights	35	Suburban Edge	C
Dakota	Lakeville	35	Suburban Edge	C
Dakota	Lilydale	25	Suburban	C
Dakota	Marshan Twp.	53	Agricultural	T
Dakota	Mendota	25	Suburban	C
Dakota	Mendota Heights	25	Suburban	C
Dakota	Miesville	51	Diversified Rural	C
Dakota	New Trier	51	Diversified Rural	C
Dakota	Nininger Twp.	53	Agricultural	T
Dakota	Northfield	60	Non-Council	C
Dakota	Randolph	51	Diversified Rural	C
Dakota	Randolph Twp.	53	Agricultural	T
Dakota	Ravenna Twp.	51	Diversified Rural	T
Dakota	Rosemount	36	Emerging Suburban Edge	C
Dakota	Sciota Twp.	53	Agricultural	T
Dakota	South St. Paul	23	Urban Center	C
Dakota	Sunfish Lake	52	Rural Residential	C
Dakota	Vermillion	41	Rural Centers	C
Dakota	Vermillion Twp.	53	Agricultural	T
Dakota	Waterford Twp.	53	Agricultural	T
Dakota	West St. Paul	23	Urban Center	C
Hennepin	Bloomington	24	Urban	C
Hennepin	Brooklyn Center	24	Urban	C
Hennepin	Brooklyn Park	25	Suburban	C
Hennepin	Champlin	25	Suburban	C
Hennepin	Corcoran	36	Emerging Suburban Edge	C
Hennepin	Crystal	24	Urban	C
Hennepin	Dayton	36	Emerging Suburban Edge	C
Hennepin	Deephaven	25	Suburban	C
Hennepin	Eden Prairie	25	Suburban	C
Hennepin	Edina	24	Urban	C
Hennepin	Excelsior	25	Suburban	C
Hennepin	Fort Snelling (unorg.)	23	Urban Center	U

# Metro Area Fiscal Disparities Program

## Summary Data 2021

		Metro Area Fiscal Disparities (FD) Program - Taxes Payable 2021				
County or Total	Community, County, or Community Designation	Contribution Tax Base Payable 2021	Distribution Tax Base Payable 2021	Net Change Tax Base Payable 2021	Net Change Per Household	Net Change Per Capita
Hennepin	Golden Valley	7,680,860	2,352,184	-5,328,676	-528	-235
Hennepin	Greenfield	311,004	304,729	-6,275	-6	-2
Hennepin	Greenwood	131,997	22,869	-109,128	-358	-154
Hennepin	Hanover	6,654	118,134	111,480	465	152
Hennepin	Hopkins	3,641,129	3,320,122	-321,007	-35	-16
Hennepin	Independence	240,156	326,725	86,569	67	23
Hennepin	Long Lake	520,324	233,208	-287,116	-382	-157
Hennepin	Loretto	103,982	116,531	12,549	46	19
Hennepin	Maple Grove	14,056,339	8,644,874	-5,411,465	-207	-79
Hennepin	Maple Plain	420,548	325,996	-94,552	-127	-52
Hennepin	Medicine Lake	36,301	27,968	-8,333	-50	-21
Hennepin	Medina	1,309,121	454,763	-854,358	-358	-126
Hennepin	Minneapolis	88,352,397	63,956,743	-24,395,654	-132	-56
Hennepin	Mpls.-St. Paul Airport					
Hennepin	Minnetonka	15,706,327	5,413,170	-10,293,157	-430	-190
Hennepin	Minnetonka Beach	31,677	14,712	-16,965	-84	-30
Hennepin	Minnetrista	224,825	623,588	398,763	146	49
Hennepin	Mound	380,984	1,130,208	749,224	180	79
Hennepin	New Hope	3,317,874	4,630,371	1,312,497	144	59
Hennepin	Orono	604,866	374,939	-229,927	-73	-28
Hennepin	Osseo	543,750	501,085	-42,665	-34	-16
Hennepin	Plymouth	19,545,059	9,111,873	-10,433,186	-325	-131
Hennepin	Richfield	4,686,992	6,789,696	2,102,704	137	57
Hennepin	Robbinsdale	653,167	3,187,131	2,533,964	401	172
Hennepin	Rockford	86,972	100,800	13,828	76	32
Hennepin	Rogers	5,432,967	1,663,193	-3,769,774	-869	-285
Hennepin	St. Anthony (combined)	784,298	1,349,433	565,135	138	63
Hennepin	St. Bonifacius	196,330	411,647	215,317	249	94
Hennepin	St. Louis Park	11,668,035	6,039,963	-5,628,072	-237	-113
Hennepin	Shorewood	479,578	601,301	121,723	42	15
Hennepin	Spring Park	290,936	173,632	-117,304	-123	-68
Hennepin	Tonka Bay	119,072	67,879	-51,193	-84	-33
Hennepin	Wayzata	3,190,116	181,789	-3,008,327	-1,316	-644
Hennepin	Woodland	0	0	0		
Ramsey	Arden Hills	2,626,682	1,360,649	-1,266,033	-395	-127
Ramsey	Falcon Heights	200,353	1,074,564	874,211	403	161
Ramsey	Gem Lake	155,270	35,688	-119,582	-676	-256
Ramsey	Lauderdale	245,347	498,900	253,553	219	104
Ramsey	Little Canada	2,053,903	1,866,103	-187,800	-40	-18
Ramsey	Maplewood	7,252,909	7,721,509	468,600	30	11
Ramsey	Mounds View	2,396,113	2,821,660	425,547	81	31
Ramsey	New Brighton	3,350,488	4,025,282	674,794	71	29
Ramsey	North Oaks	343,863	344,059	196	0	0
Ramsey	North St. Paul	658,350	2,738,340	2,079,990	432	171

**Metro Area Fiscal Disparities Program**
**Summary Data 2021**

County or Total	Community, County, or Community Designation	Taxable Tax Base Commercial Property	Taxable Tax Base Industrial Property	Taxable Tax Base Com.-Ind. (CI) Property	CI Tax Base % of Total Tax Base	CI Tax Base Per Household	CI Tax Base Per Capita
Hennepin	Golden Valley	15,780,400	6,359,802	23,395,424	41%	2,318	1,030
Hennepin	Greenfield	202,430	399,505	835,497	14%	841	283
Hennepin	Greenwood	258,920	0	378,264	8%	1,240	534
Hennepin	Hanover	5,870	1,185	19,991	2%	83	27
Hennepin	Hopkins	6,896,275	3,940,895	11,166,079	37%	1,227	571
Hennepin	Independence	159,897	185,230	717,916	9%	554	190
Hennepin	Long Lake	696,735	775,030	1,573,851	41%	2,093	861
Hennepin	Loretto	154,520	104,350	285,056	33%	1,056	429
Hennepin	Maple Grove	23,099,416	12,640,734	38,397,663	30%	1,471	564
Hennepin	Maple Plain	366,730	760,620	1,218,844	44%	1,632	669
Hennepin	Medicine Lake	70,680	0	118,424	10%	705	302
Hennepin	Medina	1,429,190	1,584,960	3,590,348	16%	1,505	529
Hennepin	Minneapolis	219,424,928	23,727,002	267,610,909	36%	1,445	614
Hennepin	Mpls.-St. Paul Airport	0	0	12,901,000	100%		
Hennepin	Minnetonka	34,000,560	6,871,674	42,270,573	32%	1,768	781
Hennepin	Minnetonka Beach	85,410	0	96,846	2%	477	174
Hennepin	Minnetrista	90,530	104,667	626,715	3%	229	77
Hennepin	Mound	752,710	255,810	1,183,635	7%	284	125
Hennepin	New Hope	2,199,129	7,206,140	9,818,270	36%	1,079	439
Hennepin	Orono	1,030,297	288,360	1,841,836	5%	583	222
Hennepin	Osseo	924,905	547,955	1,595,319	41%	1,264	588
Hennepin	Plymouth	26,113,525	24,236,665	53,541,828	32%	1,669	674
Hennepin	Richfield	13,078,190	302,730	13,906,758	30%	906	376
Hennepin	Robbinsdale	1,689,580	25,940	2,324,792	16%	368	158
Hennepin	Rockford	45,000	68,560	278,366	55%	1,538	653
Hennepin	Rogers	4,452,764	10,271,653	15,436,231	51%	3,557	1,167
Hennepin	St. Anthony (combined)	1,681,243	842,405	2,741,868	21%	669	304
Hennepin	St. Bonifacius	334,900	167,630	541,650	20%	627	236
Hennepin	St. Louis Park	26,583,900	7,393,363	35,744,773	35%	1,502	717
Hennepin	Shorewood	824,480	299,340	1,388,910	6%	479	175
Hennepin	Spring Park	542,830	165,580	814,533	20%	856	470
Hennepin	Tonka Bay	169,345	44,720	343,624	5%	561	223
Hennepin	Wayzata	7,998,492	30,250	8,703,937	28%	3,807	1,863
Hennepin	Woodland	0	0	8,454	0%	49	19
Ramsey	Arden Hills	4,738,905	2,617,033	7,825,119	42%	2,439	782
Ramsey	Falcon Heights	568,836	51,792	707,782	12%	327	130
Ramsey	Gem Lake	366,755	101,998	501,363	31%	2,833	1,074
Ramsey	Lauderdale	246,008	264,672	850,470	28%	734	348
Ramsey	Little Canada	2,874,053	2,787,674	5,981,370	38%	1,277	565
Ramsey	Maplewood	17,013,569	2,556,729	20,970,259	37%	1,327	502
Ramsey	Mounds View	3,987,181	2,393,626	6,581,798	39%	1,250	487
Ramsey	New Brighton	3,879,127	5,421,108	9,821,261	30%	1,028	419
Ramsey	North Oaks	804,874	0	953,958	6%	466	179
Ramsey	North St. Paul	1,324,132	489,286	1,961,590	17%	407	161

**Metro Area Fiscal Disparities Program**
**Summary Data 2021**

County or Total	Community, County, or Community Designation	Taxable Tax Base CI Property With FD	CI Tax Base Per Household With FD	CI Tax Base Per Capita With FD	Tax Increment Financing Captured Value	Total Taxable Tax Base Real & Personal Property
Hennepin	Golden Valley	18,066,748	1,790	795	1,177,123	56,484,604
Hennepin	Greenfield	829,222	834	281	0	5,764,585
Hennepin	Greenwood	269,136	882	380	0	4,779,197
Hennepin	Hanover	131,471	548	179	0	906,444
Hennepin	Hopkins	10,845,072	1,192	555	3,042,789	30,152,878
Hennepin	Independence	804,485	621	213	0	8,419,554
Hennepin	Long Lake	1,286,735	1,711	704	134,886	3,838,019
Hennepin	Loretto	297,605	1,102	448	16,274	866,297
Hennepin	Maple Grove	32,986,198	1,263	484	1,026,706	125,898,497
Hennepin	Maple Plain	1,124,292	1,505	617	0	2,749,108
Hennepin	Medicine Lake	110,091	655	281	0	1,163,444
Hennepin	Medina	2,735,990	1,147	403	492,587	22,115,192
Hennepin	Minneapolis	243,215,255	1,313	558	25,577,098	752,544,017
Hennepin	Mpls.-St. Paul Airport	12,901,000			0	12,901,000
Hennepin	Minnetonka	31,977,416	1,337	591	3,120,322	132,738,821
Hennepin	Minnetonka Beach	79,881	394	143	0	4,710,202
Hennepin	Minnetrista	1,025,478	375	126	0	21,148,556
Hennepin	Mound	1,932,859	463	205	867,338	16,554,243
Hennepin	New Hope	11,130,767	1,223	497	1,552,802	27,384,898
Hennepin	Orono	1,611,909	511	195	98,738	39,766,746
Hennepin	Osseo	1,552,654	1,230	573	692,083	3,928,066
Hennepin	Plymouth	43,108,642	1,344	542	2,110,603	167,872,578
Hennepin	Richfield	16,009,462	1,043	433	4,445,823	46,833,945
Hennepin	Robbinsdale	4,858,756	769	330	918,795	14,351,046
Hennepin	Rockford	292,194	1,614	686	0	509,347
Hennepin	Rogers	11,666,457	2,688	882	605,199	30,396,990
Hennepin	St. Anthony (combined)	3,307,003	807	367	1,894,881	13,272,617
Hennepin	St. Bonifacius	756,967	876	330	0	2,642,358
Hennepin	St. Louis Park	30,116,701	1,266	604	11,630,849	102,726,892
Hennepin	Shorewood	1,510,633	521	190	256,177	21,711,140
Hennepin	Spring Park	697,229	732	403	158,800	4,072,653
Hennepin	Tonka Bay	292,431	478	190	0	7,421,788
Hennepin	Wayzata	5,695,610	2,492	1,219	3,794,597	31,118,164
Hennepin	Woodland	8,454	49	19	0	3,997,642
Ramsey	Arden Hills	6,559,086	2,045	655	362,116	18,707,652
Ramsey	Falcon Heights	1,581,993	730	290	339,197	5,684,171
Ramsey	Gem Lake	381,781	2,157	818	0	1,594,198
Ramsey	Lauderdale	1,104,023	953	452	0	2,990,223
Ramsey	Little Canada	5,793,570	1,237	548	723,606	15,735,256
Ramsey	Maplewood	21,438,859	1,356	514	1,490,242	55,959,606
Ramsey	Mounds View	7,007,345	1,331	519	1,687,329	16,777,434
Ramsey	New Brighton	10,496,055	1,099	448	2,783,196	32,613,429
Ramsey	North Oaks	954,154	466	179	0	16,801,374
Ramsey	North St. Paul	4,041,580	839	332	628,922	11,636,504

**Metro Area Fiscal Disparities Program**
**Summary Data 2021**

County or Total	Community, County, or Community Designation	Distribution Levy Payable 2021	Total Estimated Households 2019	Total Estimated Population 2019	Excluded from FD (Yes/No)	Outside Met Council Jurisdiction (Yes/No)
Hennepin	Golden Valley	1,256,066	10,094	22,715	N	N
Hennepin	Greenfield	111,802	994	2,956	N	N
Hennepin	Greenwood	3,274	305	708	N	N
Hennepin	Hanover	53,029	240	734	N	Y
Hennepin	Hopkins	2,300,878	9,101	19,555	N	N
Hennepin	Independence	129,825	1,295	3,778	N	N
Hennepin	Long Lake	85,298	752	1,827	N	N
Hennepin	Loretto	59,899	270	664	N	N
Hennepin	Maple Grove	2,831,715	26,108	68,101	N	N
Hennepin	Maple Plain	190,939	747	1,823	N	N
Hennepin	Medicine Lake	13,619	168	392	N	N
Hennepin	Medina	102,290	2,386	6,788	N	N
Hennepin	Minneapolis	37,042,466	185,214	435,885	N	N
Hennepin	Mpls.-St. Paul Airport				Y	N
Hennepin	Minnetonka	1,981,018	23,912	54,141	N	N
Hennepin	Minnetonka Beach	3,557	203	557	N	N
Hennepin	Minnetrista	154,244	2,737	8,108	N	N
Hennepin	Mound	457,938	4,173	9,447	N	N
Hennepin	New Hope	2,996,822	9,102	22,376	N	N
Hennepin	Orono	61,910	3,157	8,284	N	N
Hennepin	Osseo	289,326	1,262	2,711	N	N
Hennepin	Plymouth	2,350,499	32,075	79,475	N	N
Hennepin	Richfield	3,618,365	15,352	36,993	N	N
Hennepin	Robbinsdale	1,470,638	6,318	14,741	N	N
Hennepin	Rockford	49,063	181	426	N	Y
Hennepin	Rogers	596,404	4,340	13,232	N	N
Hennepin	St. Anthony (combined)	895,565	4,097	9,020	N	N
Hennepin	St. Bonifacius	102,834	864	2,291	N	N
Hennepin	St. Louis Park	2,621,223	23,793	49,834	N	N
Hennepin	Shorewood	174,425	2,902	7,934	N	N
Hennepin	Spring Park	55,625	952	1,732	N	N
Hennepin	Tonka Bay	11,695	612	1,541	N	N
Hennepin	Wayzata	38,276	2,286	4,672	N	N
Hennepin	Woodland	0	173	449	Y	N
Ramsey	Arden Hills	345,797	3,208	10,008	N	N
Ramsey	Falcon Heights	382,921	2,167	5,446	N	N
Ramsey	Gem Lake	14,735	177	467	N	N
Ramsey	Lauderdale	146,325	1,159	2,442	N	N
Ramsey	Little Canada	480,948	4,684	10,580	N	N
Ramsey	Maplewood	3,447,369	15,808	41,738	N	N
Ramsey	Mounds View	1,034,849	5,264	13,513	N	N
Ramsey	New Brighton	1,499,645	9,553	23,427	N	N
Ramsey	North Oaks	40,249	2,048	5,320	N	N
Ramsey	North St. Paul	1,114,215	4,819	12,161	N	N

# Metro Area Fiscal Disparities Program

## Summary Data 2021

County or Total	Community, County, or Community Designation	Community Designation Code	Community Thrive MSP 2040	City or Township
Hennepin	Golden Valley	24	Urban	C
Hennepin	Greenfield	51	Diversified Rural	C
Hennepin	Greenwood	25	Suburban	C
Hennepin	Hanover	60	Non-Council	C
Hennepin	Hopkins	23	Urban Center	C
Hennepin	Independence	51	Diversified Rural	C
Hennepin	Long Lake	25	Suburban	C
Hennepin	Loretto	25	Suburban	C
Hennepin	Maple Grove	35	Suburban Edge	C
Hennepin	Maple Plain	25	Suburban	C
Hennepin	Medicine Lake	25	Suburban	C
Hennepin	Medina	36	Emerging Suburban Edge	C
Hennepin	Minneapolis	23	Urban Center	C
Hennepin	Mpls.-St. Paul Airport	23		O
Hennepin	Minnetonka	25	Suburban	C
Hennepin	Minnetonka Beach	25	Suburban	C
Hennepin	Minnetrista	36	Emerging Suburban Edge	C
Hennepin	Mound	25	Suburban	C
Hennepin	New Hope	24	Urban	C
Hennepin	Orono	36	Emerging Suburban Edge	C
Hennepin	Osseo	24	Urban	C
Hennepin	Plymouth	35	Suburban Edge	C
Hennepin	Richfield	23	Urban Center	C
Hennepin	Robbinsdale	23	Urban Center	C
Hennepin	Rockford	60	Non-Council	C
Hennepin	Rogers	36	Emerging Suburban Edge	C
Hennepin	St. Anthony (combined)	24	Urban	C
Hennepin	St. Bonifacius	25	Suburban	C
Hennepin	St. Louis Park	23	Urban Center	C
Hennepin	Shorewood	25	Suburban	C
Hennepin	Spring Park	25	Suburban	C
Hennepin	Tonka Bay	25	Suburban	C
Hennepin	Wayzata	25	Suburban	C
Hennepin	Woodland	25	Suburban	C
Ramsey	Arden Hills	25	Suburban	C
Ramsey	Falcon Heights	24	Urban	C
Ramsey	Gem Lake	25	Suburban	C
Ramsey	Lauderdale	24	Urban	C
Ramsey	Little Canada	25	Suburban	C
Ramsey	Maplewood	24	Urban	C
Ramsey	Mounds View	25	Suburban	C
Ramsey	New Brighton	24	Urban	C
Ramsey	North Oaks	25	Suburban	C
Ramsey	North St. Paul	24	Urban	C

# Metro Area Fiscal Disparities Program

## Summary Data 2021

		Metro Area Fiscal Disparities (FD) Program - Taxes Payable 2021				
County or Total	Community, County, or Community Designation	Contribution Tax Base Payable 2021	Distribution Tax Base Payable 2021	Net Change Tax Base Payable 2021	Net Change Per Household	Net Change Per Capita
Ramsey	Roseville	10,927,867	5,196,130	-5,731,737	-369	-156
Ramsey	St. Paul	31,898,767	68,597,894	36,699,127	308	116
Ramsey	Shoreview	2,781,336	3,577,656	796,320	73	30
Ramsey	Vadnais Heights	3,220,250	1,971,418	-1,248,832	-232	-94
Ramsey	White Bear Twp.	1,445,682	1,497,864	52,182	12	5
Ramsey	White Bear Lake (combined)	3,426,073	4,299,568	873,495	82	34
Ramsey	St. Paul Airport					
Ramsey	State Fair Grounds	5,123	0	-5,123		
Scott	Belle Plaine	471,818	1,588,176	1,116,358	440	154
Scott	Belle Plaine Twp.	196,317	53,167	-143,150	-442	-155
Scott	Blakeley Twp.	110,613	23,598	-87,015	-509	-196
Scott	Cedar Lake Twp.	191,933	276,616	84,683	83	27
Scott	Credit River Twp.	135,766	525,119	389,353	217	69
Scott	Elko New Market	118,792	921,034	802,242	536	163
Scott	Helena Twp.	254,012	150,180	-103,832	-174	-56
Scott	Jackson Twp.	417,277	251,999	-165,278	-324	-107
Scott	Jordan	524,966	1,464,944	939,978	425	145
Scott	Louisville Twp.	442,849	117,114	-325,735	-724	-240
Scott	New Market Twp.	436,968	327,307	-109,661	-88	-30
Scott	New Prague					
Scott	Prior Lake	1,521,377	3,392,372	1,870,995	188	69
Scott	St. Lawrence Twp.	68,662	37,290	-31,372	-192	-64
Scott	Sand Creek Twp.	284,519	143,479	-141,040	-244	-85
Scott	Savage	4,138,646	5,012,448	873,802	81	27
Scott	Shakopee	11,562,163	6,459,475	-5,102,688	-367	-123
Scott	Spring Lake Twp.	122,411	306,332	183,921	150	52
Washington	Afton	285,993	223,157	-62,836	-55	-21
Washington	Bayport	263,192	777,846	514,654	515	135
Washington	Baytown Twp.	49,476	154,987	105,511	152	54
Washington	Birchwood Village	0	0	0		
Washington	Cottage Grove	2,722,112	6,956,336	4,234,224	329	112
Washington	Dellwood	126,040	63,655	-62,385	-161	-56
Washington	Denmark Twp.	221,953	141,731	-80,222	-120	-44
Washington	Forest Lake	1,945,136	3,352,605	1,407,469	176	68
Washington	Grant	191,907	317,548	125,641	85	31
Washington	Grey Cloud Island Twp.	25,493	35,833	10,340	84	34
Washington	Hugo	1,181,228	2,207,248	1,026,020	173	67
Washington	Lake Elmo	1,232,570	1,156,864	-75,706	-19	-7
Washington	Lakeland	101,941	229,567	127,626	184	71
Washington	Lakeland Shores	15,747	27,385	11,638	99	37
Washington	Lake St. Croix Beach	16,269	157,609	141,340	311	135
Washington	Landfall	75,322	999,256	923,934	3,080	1,209
Washington	Mahtomedi	468,300	961,092	492,792	159	61
Washington	Marine on St. Croix	60,778	56,518	-4,260	-14	-6

# Metro Area Fiscal Disparities Program

## Summary Data 2021

County or Total	Community, County, or Community Designation	Taxable Tax Base Commercial Property	Taxable Tax Base Industrial Property	Taxable Tax Base Com.-Ind. (CI) Property	CI Tax Base % of Total Tax Base	CI Tax Base Per Household	CI Tax Base Per Capita
Ramsey	Roseville	23,158,380	9,019,775	33,915,091	47%	2,181	926
Ramsey	St. Paul	67,946,692	25,269,641	107,695,662	30%	904	341
Ramsey	Shoreview	5,350,312	2,107,750	7,829,674	18%	714	293
Ramsey	Vadnais Heights	5,217,982	3,423,682	9,087,394	39%	1,691	681
Ramsey	White Bear Twp.	910,790	2,916,476	4,176,272	23%	947	369
Ramsey	White Bear Lake (combined)	6,018,475	2,963,473	9,884,343	27%	931	384
Ramsey	St. Paul Airport	0	0	553,926	100%		
Ramsey	State Fair Grounds	0	0	15,414	100%		
Scott	Belle Plaine	719,050	468,938	1,410,027	20%	556	194
Scott	Belle Plaine Twp.	18,171	0	527,813	20%	1,629	571
Scott	Blakeley Twp.	9,877	39,007	344,014	24%	2,012	773
Scott	Cedar Lake Twp.	53,608	0	499,192	8%	489	161
Scott	Credit River Twp.	163,836	61,478	379,602	3%	211	67
Scott	Elko New Market	238,131	14,482	332,310	7%	222	68
Scott	Helena Twp.	11,019	61,241	679,058	16%	1,137	364
Scott	Jackson Twp.	257,266	581,780	1,374,971	52%	2,696	892
Scott	Jordan	592,972	710,387	1,580,835	25%	714	243
Scott	Louisville Twp.	209,274	898,895	1,372,618	36%	3,050	1,012
Scott	New Market Twp.	125,440	428,744	1,227,157	16%	990	335
Scott	New Prague	475,757	683,970	1,211,155	24%	672	252
Scott	Prior Lake	2,310,013	1,395,797	4,519,885	10%	455	167
Scott	St. Lawrence Twp.	96,005	52,732	243,343	21%	1,493	494
Scott	Sand Creek Twp.	100,428	557,878	955,565	26%	1,650	575
Scott	Savage	4,993,313	6,258,229	12,342,772	27%	1,148	383
Scott	Shakopee	11,737,087	20,532,566	33,912,542	46%	2,440	817
Scott	Spring Lake Twp.	93,962	175,772	379,208	5%	310	108
Washington	Afton	231,784	376,456	821,625	11%	721	273
Washington	Bayport	302,454	467,487	938,331	23%	938	246
Washington	Baytown Twp.	25,288	18,973	306,348	6%	441	156
Washington	Birchwood Village	0	0	12,636	1%	36	14
Washington	Cottage Grove	3,596,223	3,309,342	8,366,976	19%	650	221
Washington	Dellwood	284,097	0	338,775	8%	873	301
Washington	Denmark Twp.	310,525	185,721	673,693	14%	1,007	366
Washington	Forest Lake	4,024,814	939,772	5,412,064	20%	676	260
Washington	Grant	147,275	159,892	577,063	6%	389	142
Washington	Grey Cloud Island Twp.	1,191	64,381	88,294	16%	718	289
Washington	Hugo	1,276,590	1,771,071	3,559,274	16%	601	231
Washington	Lake Elmo	2,559,716	267,472	3,387,317	15%	868	305
Washington	Lakeland	174,298	73,483	287,999	10%	414	160
Washington	Lakeland Shores	45,174	0	50,462	7%	428	162
Washington	Lake St. Croix Beach	28,855	7,864	48,265	4%	106	46
Washington	Landfall	181,622	0	202,926	99%	676	266
Washington	Mahtomedi	508,948	617,217	1,359,733	10%	438	170
Washington	Marine on St. Croix	77,517	1,700	268,375	15%	874	381

# Metro Area Fiscal Disparities Program

## Summary Data 2021

County or Total	Community, County, or Community Designation	Taxable Tax Base CI Property With FD	CI Tax Base Per Household With FD	CI Tax Base Per Capita With FD	Tax Increment Financing Captured Value	Total Taxable Tax Base Real & Personal Property
Ramsey	Roseville	28,183,354	1,812	769	1,110,285	71,921,573
Ramsey	St. Paul	144,394,789	1,212	457	30,043,589	353,771,578
Ramsey	Shoreview	8,625,994	787	323	1,578,285	42,419,168
Ramsey	Vadnais Heights	7,838,562	1,459	588	142,590	23,049,481
Ramsey	White Bear Twp.	4,228,454	959	374	502,592	18,222,194
Ramsey	White Bear Lake (combined)	10,757,838	1,014	418	609,701	35,996,547
Ramsey	St. Paul Airport	553,926			0	553,926
Ramsey	State Fair Grounds	10,291			0	15,414
Scott	Belle Plaine	2,526,385	996	348	262	6,945,370
Scott	Belle Plaine Twp.	384,663	1,187	416	0	2,626,310
Scott	Blakeley Twp.	256,999	1,503	578	0	1,407,228
Scott	Cedar Lake Twp.	583,875	572	189	0	6,096,474
Scott	Credit River Twp.	768,955	428	136	0	10,948,512
Scott	Elko New Market	1,134,552	758	231	0	4,845,992
Scott	Helena Twp.	575,226	964	308	0	4,152,980
Scott	Jackson Twp.	1,209,693	2,372	785	0	2,669,821
Scott	Jordan	2,520,813	1,139	388	238,441	6,415,448
Scott	Louisville Twp.	1,046,883	2,326	771	0	3,762,097
Scott	New Market Twp.	1,117,496	901	305	0	7,800,108
Scott	New Prague	1,211,155	672	252	0	5,018,399
Scott	Prior Lake	6,390,880	643	237	835,975	44,054,323
Scott	St. Lawrence Twp.	211,971	1,300	430	0	1,185,038
Scott	Sand Creek Twp.	814,525	1,407	490	0	3,634,590
Scott	Savage	13,216,574	1,230	410	650,482	46,206,274
Scott	Shakopee	28,809,854	2,073	694	2,549,243	73,194,490
Scott	Spring Lake Twp.	563,129	460	160	0	7,172,669
Washington	Afton	758,789	666	252	0	7,773,051
Washington	Bayport	1,452,985	1,453	382	106,528	4,107,777
Washington	Baytown Twp.	411,859	593	210	0	4,953,192
Washington	Birchwood Village	12,636	36	14	0	1,752,982
Washington	Cottage Grove	12,601,200	979	333	1,463,781	44,239,565
Washington	Dellwood	276,390	712	246	0	4,380,775
Washington	Denmark Twp.	593,471	887	323	0	4,761,753
Washington	Forest Lake	6,819,533	852	328	461,147	27,314,334
Washington	Grant	702,704	474	173	0	9,634,403
Washington	Grey Cloud Island Twp.	98,634	802	322	0	536,365
Washington	Hugo	4,585,294	775	298	31,234	22,156,356
Washington	Lake Elmo	3,311,611	849	298	0	22,494,149
Washington	Lakeland	415,625	598	231	32,728	2,874,798
Washington	Lakeland Shores	62,100	526	200	0	696,266
Washington	Lake St. Croix Beach	189,605	417	182	0	1,298,823
Washington	Landfall	1,126,860	3,756	1,475	0	204,407
Washington	Mahtomedi	1,852,525	597	231	0	13,474,229
Washington	Marine on St. Croix	264,115	860	375	0	1,741,868

**Metro Area Fiscal Disparities Program**
**Summary Data 2021**

County or Total	Community, County, or Community Designation	Distribution Levy Payable 2021	Total Estimated Households 2019	Total Estimated Population 2019	Excluded from FD (Yes/No)	Outside Met Council Jurisdiction (Yes/No)
Ramsey	Roseville	2,036,924	15,550	36,644	N	N
Ramsey	St. Paul	34,441,416	119,113	315,925	N	N
Ramsey	Shoreview	1,167,263	10,966	26,695	N	N
Ramsey	Vadnais Heights	484,639	5,374	13,338	N	N
Ramsey	White Bear Twp.	325,929	4,411	11,303	N	N
Ramsey	White Bear Lake (combined)	886,963	10,613	25,752	N	N
Ramsey	St. Paul Airport				Y	N
Ramsey	State Fair Grounds	0			N	
Scott	Belle Plaine	1,321,082	2,537	7,250	N	N
Scott	Belle Plaine Twp.	8,387	324	925	N	N
Scott	Blakeley Twp.	3,832	171	445	N	N
Scott	Cedar Lake Twp.	25,373	1,020	3,093	N	N
Scott	Credit River Twp.	75,432	1,798	5,639	N	N
Scott	Elko New Market	413,650	1,497	4,920	N	N
Scott	Helena Twp.	21,074	597	1,866	N	N
Scott	Jackson Twp.	26,297	510	1,541	N	N
Scott	Jordan	1,071,610	2,213	6,497	N	N
Scott	Louisville Twp.	5,262	450	1,357	N	N
Scott	New Market Twp.	46,503	1,240	3,661	N	N
Scott	New Prague		1,802	4,806	Y	Y
Scott	Prior Lake	1,102,377	9,933	27,005	N	N
Scott	St. Lawrence Twp.	7,485	163	493	N	N
Scott	Sand Creek Twp.	25,449	579	1,661	N	N
Scott	Savage	2,123,098	10,748	32,245	N	N
Scott	Shakopee	2,193,946	13,899	41,528	N	N
Scott	Spring Lake Twp.	40,618	1,225	3,526	N	N
Washington	Afton	68,722	1,140	3,009	N	N
Washington	Bayport	246,140	1,000	3,808	N	N
Washington	Baytown Twp.	22,146	694	1,963	N	N
Washington	Birchwood Village	0	355	874	Y	N
Washington	Cottage Grove	2,720,861	12,867	37,795	N	N
Washington	Dellwood	13,370	388	1,124	N	N
Washington	Denmark Twp.	22,562	669	1,840	N	N
Washington	Forest Lake	1,352,219	8,003	20,798	N	N
Washington	Grant	41,585	1,484	4,064	N	N
Washington	Grey Cloud Island Twp.	8,418	123	306	N	N
Washington	Hugo	852,056	5,920	15,388	N	N
Washington	Lake Elmo	271,597	3,902	11,105	N	N
Washington	Lakeland	82,986	695	1,798	N	N
Washington	Lakeland Shores	6,315	118	311	N	N
Washington	Lake St. Croix Beach	64,750	455	1,044	N	N
Washington	Landfall	511,734	300	764	N	N
Washington	Mahtomedi	350,539	3,105	8,021	N	N
Washington	Marine on St. Croix	31,841	307	705	N	N

# **Metro Area Fiscal Disparities Program**

## **Summary Data 2021**

County or Total	Community, County, or Community Designation	Community Designation Code	Community Thrive MSP 2040	City or Township
Ramsey	Roseville	24	Urban	C
Ramsey	St. Paul	23	Urban Center	C
Ramsey	Shoreview	25	Suburban	C
Ramsey	Vadnais Heights	25	Suburban	C
Ramsey	White Bear Twp.	25	Suburban	T
Ramsey	White Bear Lake (combined)	25	Suburban	C
Ramsey	St. Paul Airport	23		O
Ramsey	State Fair Grounds	24		O
Scott	Belle Plaine	41	Rural Centers	C
Scott	Belle Plaine Twp.	51	Diversified Rural	T
Scott	Blakeley Twp.	53	Agricultural	T
Scott	Cedar Lake Twp.	51	Diversified Rural	T
Scott	Credit River Twp.	51	Diversified Rural	T
Scott	Elko New Market	41	Rural Centers	C
Scott	Helena Twp.	51	Diversified Rural	T
Scott	Jackson Twp.	51	Diversified Rural	T
Scott	Jordan	41	Rural Centers	C
Scott	Louisville Twp.	51	Diversified Rural	T
Scott	New Market Twp.	51	Diversified Rural	T
Scott	New Prague	60	Non-Council	C
Scott	Prior Lake	36	Emerging Suburban Edge	C
Scott	St. Lawrence Twp.	51	Diversified Rural	T
Scott	Sand Creek Twp.	51	Diversified Rural	T
Scott	Savage	25	Suburban	C
Scott	Shakopee	35	Suburban Edge	C
Scott	Spring Lake Twp.	51	Diversified Rural	T
Washington	Afton	51	Diversified Rural	C
Washington	Bayport	25	Suburban	C
Washington	Baytown Twp.	51	Diversified Rural	T
Washington	Birchwood Village	25	Suburban	C
Washington	Cottage Grove	35	Suburban Edge	C
Washington	Dellwood	51	Diversified Rural	C
Washington	Denmark Twp.	51	Diversified Rural	T
Washington	Forest Lake	36	Emerging Suburban Edge	C
Washington	Grant	51	Diversified Rural	C
Washington	Grey Cloud Island Twp.	51	Diversified Rural	T
Washington	Hugo	36	Emerging Suburban Edge	C
Washington	Lake Elmo	36	Emerging Suburban Edge	C
Washington	Lakeland	52	Rural Residential	C
Washington	Lakeland Shores	52	Rural Residential	C
Washington	Lake St. Croix Beach	52	Rural Residential	C
Washington	Landfall	25	Suburban	C
Washington	Mahtomedi	25	Suburban	C
Washington	Marine on St. Croix	51	Diversified Rural	C

# Metro Area Fiscal Disparities Program

## Summary Data 2021

		Metro Area Fiscal Disparities (FD) Program - Taxes Payable 2021				
County or Total	Community, County, or Community Designation	Contribution Tax Base Payable 2021	Distribution Tax Base Payable 2021	Net Change Tax Base Payable 2021	Net Change Per Household	Net Change Per Capita
Washington	May Twp.	124,760	183,100	58,340	55	21
Washington	Newport	663,770	678,066	14,296	10	4
Washington	Oakdale	3,880,471	5,058,769	1,178,298	104	42
Washington	Oak Park Heights	2,797,600	572,751	-2,224,849	-989	-454
Washington	Pine Springs	8,176	49,671	41,495	280	100
Washington	St. Marys Point	0	0	0		
Washington	St. Paul Park	394,490	1,347,102	952,612	460	170
Washington	Scandia	164,943	393,730	228,787	149	56
Washington	Stillwater	2,551,147	2,749,847	198,700	26	10
Washington	Stillwater Twp.	25,794	145,518	119,724	168	63
Washington	West Lakeland Twp.	127,222	415,580	288,358	221	69
Washington	Willernie	38,456	100,945	62,489	273	118
Washington	Woodbury	11,058,774	9,510,119	-1,548,655	-58	-22

## Total in Fiscal Disparities Program

County						
	Anoka	37,477,299	67,263,903	29,786,604	225	82
	Carver	12,093,888	15,214,328	3,120,440	81	29
	Dakota	59,394,472	68,686,605	9,292,133	56	22
	Hennepin	265,320,907	180,425,840	-84,895,067	-162	-66
	Ramsey	73,711,810	108,151,966	34,440,156	159	62
	Scott	20,999,089	21,050,650	51,561	1	0
	Washington	30,885,957	39,090,130	8,204,173	84	31
Community Designation						
	Urban Center	145,148,357	166,238,007	21,089,650	55	23
	Urban	90,041,934	65,031,309	-25,010,625	-148	-61
	Suburban	134,653,111	120,938,071	-13,715,040	-45	-18
	Suburban Edge	83,680,938	71,745,841	-11,935,097	-65	-24
	Emerging Suburban Edge	33,754,954	50,335,547	16,580,593	138	49
	Rural Centers	2,931,679	11,529,753	8,598,074	453	158
	Rural areas	9,578,823	13,845,960	4,267,137	96	33
	Outside Council jurisdiction	93,626	218,934	125,308	298	108

## Total in Seven-County Metro Area

County						
	Anoka	37,477,299	67,263,903	29,786,604	225	82
	Carver	12,093,888	15,214,328	3,120,440	81	29
	Dakota	59,394,472	68,686,605	9,292,133	56	21
	Hennepin	265,320,907	180,425,840	-84,895,067	-161	-66
	Ramsey	73,711,810	108,151,966	34,440,156	159	62
	Scott	20,999,089	21,050,650	51,561	1	0
	Washington	30,885,957	39,090,130	8,204,173	84	31
Community Designation						
	Urban Center	145,148,357	166,238,007	21,089,650	55	23
	Urban	90,041,934	65,031,309	-25,010,625	-148	-61
	Suburban	134,653,111	120,938,071	-13,715,040	-45	-18

# Metro Area Fiscal Disparities Program

## Summary Data 2021

County or Total	Community, County, or Community Designation	Taxable Tax Base Commercial Property	Taxable Tax Base Industrial Property	Taxable Tax Base Com.-Ind. (CI) Property	CI Tax Base % of Total Tax Base	CI Tax Base Per Household	CI Tax Base Per Capita
Washington	May Twp.	27,753	2,712	688,742	9%	650	253
Washington	Newport	441,759	1,056,058	2,131,838	39%	1,438	580
Washington	Oakdale	5,896,774	4,006,682	10,617,740	30%	938	380
Washington	Oak Park Heights	3,181,015	910,026	9,292,835	66%	4,130	1,898
Washington	Pine Springs	0	0	26,966	4%	182	65
Washington	St. Marys Point	1,500	0	19,850	2%	136	56
Washington	St. Paul Park	197,332	604,298	1,326,291	26%	640	236
Washington	Scandia	157,491	128,306	609,227	8%	398	150
Washington	Stillwater	6,150,113	699,009	7,253,684	24%	942	367
Washington	Stillwater Twp.	10,856	7,568	138,768	3%	194	73
Washington	West Lakeland Twp.	105,194	142,375	366,749	5%	281	88
Washington	Willernie	81,975	19,848	109,199	19%	477	206
Washington	Woodbury	25,468,271	3,460,137	30,427,402	25%	1,147	425

## Total in Fiscal Disparities Program

County	Anoka	56,481,744	41,984,788	108,345,135	25%	819	299
	Carver	17,697,774	10,950,045	33,469,557	19%	871	312
	Dakota	88,691,356	58,144,305	170,045,334	27%	1,026	394
	Hennepin	568,352,090	173,996,684	794,955,674	33%	1,513	621
	Ramsey	145,446,369	63,639,002	231,164,581	32%	1,067	414
	Scott	21,729,452	32,237,926	62,080,912	27%	1,269	432
	Washington	55,644,266	19,298,472	89,857,339	22%	920	344
Community Designation	Urban Center	344,188,097	64,908,283	453,316,033	33%	1,177	484
	Urban	202,603,952	73,170,248	289,020,695	39%	1,712	703
	Suburban	223,702,273	123,208,535	377,679,573	29%	1,245	486
	Suburban Edge	127,906,432	90,049,937	235,711,397	29%	1,287	476
	Emerging Suburban Edge	43,137,819	38,637,963	95,737,903	18%	795	281
	Rural Centers	4,530,835	2,407,493	8,445,694	16%	445	155
	Rural areas	7,922,773	7,799,018	29,708,880	12%	666	233
	Outside Council jurisdiction	50,870	69,745	298,357	21%	709	257

## Total in Seven-County Metro Area

County	Anoka	56,481,744	41,984,788	108,345,135	25%	819	299
	Carver	17,697,774	10,950,045	33,469,557	19%	871	312
	Dakota	88,727,067	58,213,571	170,207,604	27%	1,023	393
	Hennepin	568,352,090	173,996,684	808,015,842	33%	1,537	631
	Ramsey	145,446,369	63,639,002	231,718,507	32%	1,070	415
	Scott	22,205,209	32,921,896	63,292,067	27%	1,248	426
	Washington	55,645,766	19,298,472	89,889,825	21%	915	342
Community Designation	Urban Center	344,188,097	64,908,283	466,921,673	34%	1,211	498
	Urban	202,603,952	73,170,248	289,020,695	39%	1,712	703
	Suburban	223,702,273	123,208,535	377,700,663	29%	1,242	486

# Metro Area Fiscal Disparities Program

## Summary Data 2021

County or Total	Community, County, or Community Designation	Taxable Tax Base CI Property With FD	CI Tax Base Per Household With FD	CI Tax Base Per Capita With FD	Tax Increment Financing Captured Value	Total Taxable Tax Base Real & Personal Property
Washington	May Twp.	747,082	705	274	0	7,874,569
Washington	Newport	2,146,134	1,447	584	49,501	5,529,884
Washington	Oakdale	11,796,038	1,042	422	1,234,501	35,160,963
Washington	Oak Park Heights	7,067,986	3,141	1,443	276,281	14,128,303
Washington	Pine Springs	68,461	463	166	0	623,344
Washington	St. Marys Point	19,850	136	56	0	881,222
Washington	St. Paul Park	2,278,903	1,099	406	0	5,193,003
Washington	Scandia	838,014	547	207	0	7,988,810
Washington	Stillwater	7,452,384	967	377	2,267,760	30,771,900
Washington	Stillwater Twp.	258,492	362	135	0	4,552,748
Washington	West Lakeland Twp.	655,107	502	158	0	7,773,728
Washington	Willernie	171,688	750	323	0	574,566
Washington	Woodbury	28,878,747	1,089	403	160,481	122,315,967

## Total in Fiscal Disparities Program

County						
	Anoka	138,131,739	1,044	381	11,419,024	437,901,876
	Carver	36,589,997	952	341	2,785,517	174,189,936
	Dakota	179,337,467	1,082	415	13,679,372	637,387,528
	Hennepin	710,060,607	1,352	555	84,764,378	2,433,417,926
	Ramsey	265,604,737	1,226	476	43,896,531	729,820,379
	Scott	62,132,473	1,270	433	4,274,403	233,117,724
	Washington	98,061,512	1,004	375	6,083,942	415,740,075
Community Designation						
	Urban Center	474,405,683	1,231	506	79,747,801	1,363,036,649
	Urban	264,010,070	1,564	642	34,029,972	746,308,941
	Suburban	363,964,533	1,199	469	33,258,264	1,292,249,111
	Suburban Edge	223,776,300	1,222	452	10,476,807	814,286,017
	Emerging Suburban Edge	112,318,496	933	329	8,449,345	546,702,811
	Rural Centers	17,043,768	898	314	792,444	52,954,432
	Rural areas	33,976,017	762	266	148,534	244,621,692
	Outside Council jurisdiction	423,665	1,006	365	0	1,415,791

## Total in Seven-County Metro Area

County						
	Anoka	138,131,739	1,044	381	11,419,024	437,901,876
	Carver	36,589,997	952	341	2,785,517	174,189,936
	Dakota	179,499,737	1,079	414	13,679,372	641,446,112
	Hennepin	723,120,775	1,375	565	84,764,378	2,450,467,282
	Ramsey	266,158,663	1,228	477	43,896,531	730,374,305
	Scott	63,343,628	1,249	427	4,274,403	238,136,123
	Washington	98,093,998	999	373	6,083,942	418,374,279
Community Designation						
	Urban Center	488,011,323	1,266	521	79,747,801	1,376,642,289
	Urban	264,010,070	1,564	642	34,029,972	746,308,941
	Suburban	363,985,623	1,197	468	33,258,264	1,297,999,735

# Metro Area Fiscal Disparities Program

## Summary Data 2021

County or Total	Community, County, or Community Designation	Distribution Levy Payable 2021	Total Estimated Households 2019	Total Estimated Population 2019	Excluded from FD (Yes/No)	Outside Met Council Jurisdiction (Yes/No)
Washington	May Twp.	19,300	1,059	2,722	N	N
Washington	Newport	368,425	1,483	3,675	N	N
Washington	Oakdale	1,902,939	11,325	27,930	N	N
Washington	Oak Park Heights	287,386	2,250	4,897	N	N
Washington	Pine Springs	4,566	148	413	N	N
Washington	St. Marys Point	0	146	357	Y	N
Washington	St. Paul Park	521,178	2,073	5,611	N	N
Washington	Scandia	123,890	1,531	4,054	N	N
Washington	Stillwater	1,459,753	7,703	19,767	N	N
Washington	Stillwater Twp.	26,854	714	1,910	N	N
Washington	West Lakeland Twp.	43,619	1,304	4,155	N	N
Washington	Willernie	46,477	229	531	N	N
Washington	Woodbury	3,089,778	26,523	71,616	N	N

## Total in Fiscal Disparities Program

County	Anoka	27,557,830	132,301	362,648
	Carver	5,718,381	38,419	107,179
	Dakota	30,526,283	165,739	431,625
	Hennepin	87,958,786	525,280	1,279,180
	Ramsey	48,221,314	216,654	558,248
	Scott	8,511,475	48,904	143,652
	Washington	14,575,773	97,713	261,517
Community Designation	Urban Center	90,955,594	385,228	936,830
	Urban	30,423,142	168,816	411,252
	Suburban	46,835,704	303,462	776,392
	Suburban Edge	24,721,972	183,092	495,298
	Emerging Suburban Edge	20,148,592	120,408	341,235
	Rural Centers	6,837,310	18,975	54,351
	Rural areas	3,045,436	44,608	127,531
	Outside Council jurisdiction	102,092	421	1,160

## Total in Seven-County Metro Area

County	Anoka	27,557,830	132,301	362,648
	Carver	5,718,381	38,419	107,179
	Dakota	30,526,283	166,351	433,302
	Hennepin	87,958,786	525,738	1,279,981
	Ramsey	48,221,314	216,654	558,248
	Scott	8,511,475	50,706	148,458
	Washington	14,575,773	98,214	262,748
Community Designation	Urban Center	90,955,594	385,513	937,182
	Urban	30,423,142	168,816	411,252
	Suburban	46,835,704	303,990	777,715

# Metro Area Fiscal Disparities Program

## Summary Data 2021

County or Total	Community, County, or Community Designation	Community Designation Code	Community Thrive MSP 2040	City or Township
Washington	May Twp.	51	Diversified Rural	T
Washington	Newport	24	Urban	C
Washington	Oakdale	25	Suburban	C
Washington	Oak Park Heights	25	Suburban	C
Washington	Pine Springs	52	Rural Residential	C
Washington	St. Marys Point	52	Rural Residential	C
Washington	St. Paul Park	36	Emerging Suburban Edge	C
Washington	Scandia	51	Diversified Rural	C
Washington	Stillwater	25	Suburban	C
Washington	Stillwater Twp.	51	Diversified Rural	T
Washington	West Lakeland Twp.	52	Rural Residential	T
Washington	Willernie	25	Suburban	C
Washington	Woodbury	35	Suburban Edge	C

## Total in Fiscal Disparities Program

County	Anoka
	Carver
	Dakota
	Hennepin
	Ramsey
	Scott
	Washington
Community Designation	Urban Center
	Urban
	Suburban
	Suburban Edge
	Emerging Suburban Edge
	Rural Centers
	Rural areas
	Outside Council jurisdiction

## Total in Seven-County Metro Area

County	Anoka
	Carver
	Dakota
	Hennepin
	Ramsey
	Scott
	Washington
Community Designation	Urban Center
	Urban
	Suburban

**Metro Area Fiscal Disparities Program****Summary Data 2021**

		Metro Area Fiscal Disparities (FD) Program - Taxes Payable 2021				
County or	Community,	Contribution	Distribution	Net Change	Net Change	Net Change
Total	County, or	Tax Base	Tax Base	Tax Base	Per Household	Per Capita
	Community Designation	Payable 2021	Payable 2021	Payable 2021		
	Suburban Edge	83,680,938	71,745,841	-11,935,097	-65	-24
	Emerging Suburban Edge	33,754,954	50,335,547	16,580,593	138	49
	Rural Centers	2,931,679	11,529,753	8,598,074	453	158
	Rural areas	9,578,823	13,845,960	4,267,137	95	33
	Outside Council jurisdiction	93,626	218,934	125,308	47	18
Total		499,883,422	499,883,422	0		

# Metro Area Fiscal Disparities Program

## Summary Data 2021

County or	Community,	Taxable	Taxable	Taxable	CI	CI	CI
Total	County, or	Tax Base	Tax Base	Tax Base	Tax Base	Tax Base	Tax Base
	Community Designation	Commercial	Industrial	Com.-Ind. (CI)	% of Total	Per	Per
		Property	Property	Property	Tax Base	Household	Capita
	Suburban Edge	127,906,432	90,049,937	235,711,397	29%	1,287	476
	Emerging Suburban Edge	43,137,819	38,637,963	95,737,903	18%	795	281
	Rural Centers	4,530,835	2,407,493	8,445,694	16%	445	155
	Rural areas	7,924,273	7,799,018	29,769,369	12%	662	232
	Outside Council jurisdiction	562,338	822,981	1,631,143	20%	616	229
Total		954,556,019	401,004,458	1,504,938,537	30%	1,225	477

# Metro Area Fiscal Disparities Program

## Summary Data 2021

County or	Community,	Taxable	CI Tax Base	CI Tax Base	Tax Increment	Total Taxable
Total	County, or	Tax Base	Per Household	Per Capita	Financing	Tax Base
	Community Designation	CI Property	With	With	Captured	Real & Personal
		With FD	FD	FD	Value	Property
	Suburban Edge	223,776,300	1,222	452	10,476,807	814,286,017
	Emerging Suburban Edge	112,318,496	933	329	8,449,345	546,702,811
	Rural Centers	17,043,768	898	314	792,444	52,954,432
	Rural areas	34,036,506	757	265	148,534	247,865,378
	Outside Council jurisdiction	1,756,451	663	247	0	8,130,310
Total		1,504,938,537	1,225	477	166,903,167	5,090,889,913

# **Metro Area Fiscal Disparities Program**

## **Summary Data 2021**

County or Total	Community, County, or Community Designation	Distribution Levy Payable 2021	Total Estimated Households 2019	Total Estimated Population 2019	Excluded from FD (Yes/No)	Outside Met Council Jurisdiction (Yes/No)
	Suburban Edge	24,721,972	183,092	495,298		
	Emerging Suburban Edge	20,148,592	120,408	341,235		
	Rural Centers	6,837,310	18,975	54,351		
	Rural areas	3,045,436	44,939	128,417		
	Outside Council jurisdiction	102,092	2,650	7,114		
Total		223,069,842	1,228,383	3,152,564		

Metro Area Fiscal Disparities Program

Summary Data 2021

County or	Community,	Community	Community	City or
Total	County, or	Designation	Designation	Township
	Community Designation	Code	Thrive MSP	
	Suburban Edge		2040	
	Emerging Suburban Edge			
	Rural Centers			
	Rural areas			
	Outside Council jurisdiction			
Total				

**Twin Cities Fiscal Disparities**  
**Top 20 Net Recipients**  
**Taxes Payable 2021**

County	Community	Contribution Tax Base	Distribution Tax Base	Net Change Tax Base	Net Change Per Household	Net Change Per Capita	Rank Net Chg.
Ramsey	St. Paul	31,898,767	68,597,894	36,699,127	308	116	1
Hennepin	Brooklyn Park	11,359,339	16,603,525	5,244,186	186	64	2
Anoka	Coon Rapids	7,880,012	12,972,846	5,092,834	209	80	3
Hennepin	Brooklyn Center	3,804,245	8,694,109	4,889,864	432	149	4
Anoka	Columbia Heights	732,481	4,995,988	4,263,507	502	202	5
Washington	Cottage Grove	2,722,112	6,956,336	4,234,224	329	112	6
Anoka	Andover	1,348,420	5,475,223	4,126,803	389	126	7
Dakota	Apple Valley	4,668,787	8,733,292	4,064,505	194	75	8
Dakota	Farmington	996,932	4,468,538	3,471,606	438	150	9
Hennepin	Crystal	1,481,700	4,851,635	3,369,935	352	145	10
Dakota	South St. Paul	1,395,045	4,523,162	3,128,117	372	151	11
Dakota	Hastings (combined)	1,661,535	4,621,923	2,960,388	324	129	12
Dakota	Lakeville	6,925,362	9,522,500	2,597,138	116	39	13
Hennepin	Robbinsdale	653,167	3,187,131	2,533,964	401	172	14
Hennepin	Champlin	1,745,736	4,256,597	2,510,861	285	104	15
Dakota	West St. Paul	2,052,094	4,398,182	2,346,088	260	111	16
Anoka	Ramsey	2,665,991	4,875,961	2,209,970	234	81	17
Anoka	Lino Lakes	1,537,086	3,692,294	2,155,208	312	98	18
Hennepin	Richfield	4,686,992	6,789,696	2,102,704	137	57	19
Ramsey	North St. Paul	658,350	2,738,340	2,079,990	432	171	20

**Notes:**

Hastings in Washington County combined with Hastings in Dakota County.

**Sources:**

Minnesota Department of Revenue, Property Tax Division.

Population and household estimates as of April 1, 2019, from Metropolitan Council.

**Twin Cities Fiscal Disparities**  
**Top 20 Net Contributors**  
**Taxes Payable 2021**

County	Community	Contribution Tax Base	Distribution Tax Base	Net Change Tax Base	Net Change Per Household	Net Change Per Capita	Rank Net Chg.
Hennepin	Minneapolis	88,352,397	63,956,743	-24,395,654	-132	-56	1
Hennepin	Bloomington	26,834,444	11,010,459	-15,823,985	-414	-175	2
Hennepin	Edina	15,151,282	4,049,317	-11,101,965	-485	-208	3
Hennepin	Plymouth	19,545,059	9,111,873	-10,433,186	-325	-131	4
Hennepin	Eden Prairie	17,487,960	7,088,599	-10,399,361	-415	-161	5
Hennepin	Minnetonka	15,706,327	5,413,170	-10,293,157	-430	-190	6
Dakota	Eagan	17,393,314	9,516,820	-7,876,494	-286	-114	7
Ramsey	Roseville	10,927,867	5,196,130	-5,731,737	-369	-156	8
Hennepin	St. Louis Park	11,668,035	6,039,963	-5,628,072	-237	-113	9
Hennepin	Maple Grove	14,056,339	8,644,874	-5,411,465	-207	-79	10
Hennepin	Golden Valley	7,680,860	2,352,184	-5,328,676	-528	-235	11
Scott	Shakopee	11,562,163	6,459,475	-5,102,688	-367	-123	12
Hennepin	Rogers	5,432,967	1,663,193	-3,769,774	-869	-285	13
Hennepin	Wayzata	3,190,116	181,789	-3,008,327	-1,316	-644	14
Carver	Chanhassen (combined)	4,921,860	2,660,846	-2,261,014	-237	-86	15
Washington	Oak Park Heights	2,797,600	572,751	-2,224,849	-989	-454	16
Dakota	Burnsville	12,301,173	10,477,329	-1,823,844	-72	-29	17
Dakota	Mendota Heights	2,882,018	1,099,910	-1,782,108	-373	-152	18
Washington	Woodbury	11,058,774	9,510,119	-1,548,655	-58	-22	19
Anoka	Fridley	7,139,274	5,659,925	-1,479,349	-126	-50	20

**Notes:**

Chanhassen in Hennepin County combined with Chanhassen in Carver County.

**Sources:**

Minnesota Department of Revenue, Property Tax Division.

Population and household estimates as of April 1, 2019, from Metropolitan Council.

## **Geographic Areas**

### **Cities split between two counties are combined**

Blaine in Ramsey County included in Anoka County  
Spring Lake Park in Ramsey County included in Anoka County  
Chanhassen in Hennepin County included in Carver County  
Hastings in Washington County included in Dakota County  
St. Anthony in Ramsey County included in Hennepin County  
White Bear Lake in Washington County included in Ramsey County

### **Border communities**

Northfield includes only part in Dakota County  
Dayton, Hanover and Rockford include only parts in Hennepin County  
New Prague includes only part in Scott County

### **Most recent changes affecting communities**

Columbus Township incorporated to become City of Columbus in 2006  
Elko and New Market consolidated into City of Elko New Market in 2007  
New Scandia Township incorporated to become City of Scandia in 2007  
Burns Township became City of Nowthen in 2008  
City of Rogers annexed Hassan Township in 2012

### **Community Designations in Thrive MSP 2040 adopted May 2014**

Urban Center 23 (includes Fort Snelling, MSP Airport and St. Paul Airport)  
Urban 24 (includes State Fair Grounds)  
Suburban 25  
Suburban Edge 35  
Emerging Suburban Edge 36  
Rural Centers 41  
Rural areas include Diversified Rural 51, Rural Residential 52 and Agricultural 53  
Outside Metropolitan Council planning authority (jurisdiction) 60

### **Areas not in fiscal disparities (FD) program**

New Prague, Northfield, MSP Airport and St. Paul Airport - excluded from FD area by statute (Minn. Stat. § 473F.02, Subd. 2)  
Fort Snelling - unorganized area also excluded  
Birchwood, St. Mary's Point, Sunfish Lake and Woodland - ineligible communities (Minn. Stat. § 473F.02, Subd. 8)





## STAFF REPORT

DATE: September 30, 2021  
REGULAR

**AGENDA ITEM:** Business Subsidy Policy  
**TO:** Economic Development Authority Commissioners  
**SUBMITTED BY:** Kristina Handt, City Administrator

---

### **BACKGROUND:**

At the September 14, 2021 council work session, the council received information on TIF (previously forwarded to commissioners) in response to a request from NorthPoint Development to create a TIF (tax Increment Financing) District on the 77 acres they have under contract with the city. The first step in considering TIF would be for the city to adopt a business subsidy policy. At the work session a majority of the council was interested in having the EDA begin work on a business subsidy policy.

### **ISSUE BEFORE COMMITTEE:**

What criteria should be in the city's business subsidy policy?

### **PROPOSAL DETAILS/ANALYSIS:**

Information about business subsidies and TIF is provided in the Handbook for MN Cities from the League of MN Cities. A copy of the full chapter is attached but I would draw your attention to page 3 (Business Subsidies) for this discussion and page 16 (TIF) for later consideration. A business subsidy is defined in state law as a state or local government agency grant, contribution of personal property, real property, infrastructure, or the principal amount of a loan at rates below those commercially available, the reduction or deferral of any tax or fee, guarantee of any payment under a loan, lease, or other obligation or any preferential use of government facilities to a business in an amount greater than \$150,000.

An authority, city council or EDA, must establish criteria for awarding a business subsidy and a public hearing must be held before those criteria are adopted. In Lake Elmo since the EDA is a recommending body, the City Council will be the final authority. The criteria must set the minimum requirements for any business to be eligible. The criteria must include a policy regarding any wages to be paid for any jobs created. As you will see in the examples, some cities include other criteria in their policies but it must at a minimum set a standard for wages.

As we begin to brainstorm what may be in the Lake Elmo Business Subsidy Policy, I've gathered a few examples from other communities across the state. Additional policies can be viewed on MN DEED's website at <https://mn.gov/deed/government/business-subsidy/criteria/>

As you can see from the sampling of city policies, there are many different approaches to the wage requirement. The chart below provides a summary.

City	Wage Requirement
Arlington	\$12.25/hour
Cottage Grove	200% of state minimum wage
Hugo	Livable wages point system \$7-20/hour
Rochester	110% of federal poverty level for family of 4
Roseville	300% of state minimum wage
Shakopee	\$19/hour, 200% of state minimum wage
St. Cloud	Federal minimum wage

Virginia	45.45% of average weekly wage for St. Louis County as published by Federal Bureau of Labor Statistics
Woodbury	200% of federal minimum wage

Since this policy would be for any business subsidy and the policy is not easy to change, I would recommend the wage be tied to something that updates over time (state or federal minimum wage, federal poverty level, etc.) rather than adopting a specific dollar amount that could become outdated in a few years.

Other criteria to consider including in the policy may be the number of jobs required or the amount of increment that is provided for each FTE. Other cities have some of these additional requirements as noted in their policies.

The specific benefit approved for NorthPoint would still have to be negotiated, along with the TIF plan adoption. This meeting is just to focus on the business subsidy policy that would apply to any business seeking a subsidy in Lake Elmo.

#### **FISCAL IMPACT:**

TBD on each project, greater than \$150,000.

#### **OPTIONS:**

Provide direction to staff on what the wage requirement should be in the policy. Provide direction on any other criteria to include on the policy. Is there a policy we should use as a template and amend to fit Lake Elmo. Once staff gets some of this direction, a policy will be drafted and reviewed by legal prior to coming back to the EDA for further consideration.

#### **ATTACHMENT:**

- Chapter 14: Community Development and Redevelopment
- Business Subsidy Policies from other Cities
  - Cottage Grove
  - Hugo
  - Stillwater
  - Woodbury
  - Alexandria
  - Arlington
  - Rochester
  - Roseville
  - St. Cloud
  - Shakopee
  - Virginia

# Chapter 14

## Community Development and Redevelopment

### TABLE OF CONTENTS

Community Development and Redevelopment.....	1
Chapter 14 .....	3
Community Development and Redevelopment.....	3
I. Business subsidies or financial assistance.....	3
A. Business subsidies .....	3
B. Financial assistance .....	4
II. City development tools.....	4
A. General city development powers .....	4
B. Housing and redevelopment authorities .....	5
1. Elements of an HRA.....	5
2. Area of operation for an HRA .....	6
3. HRA membership.....	6
4. HRA powers .....	6
5. HRA special assessment and levy authority.....	7
6. HRA contracting.....	8
7. HRA financing.....	8
8. HRA certifications to state .....	9
9. HRA federal certification .....	9
C. Economic development authorities .....	9
1. EDA levies.....	10
2. EDA loans .....	10
3. Other EDA powers .....	11
D. Port authorities .....	11
E. Local or area redevelopment agencies .....	12
F. City development districts.....	13
G. Municipal industrial development.....	13
III. Other development strategies .....	14
A. Housing bonds.....	14
B. Industrial parks.....	14

This material is provided as general information and is not a substitute for legal advice. Consult your attorney for advice concerning specific situations.

C.	Industrial revenue bonds.....	15
D.	Commercial rehabilitation loan program.....	16
E.	Tax increment financing (TIF).....	16
F.	Property tax abatement.....	18
G.	Housing trust funds .....	19
IV.	State-sponsored development tools .....	20
A.	Minnesota Housing Finance Agency.....	20
B.	Department of Employment and Economic Development (DEED).....	21
C.	Enterprise Minnesota.....	22
D.	Corporations .....	23
V.	Federal development tools.....	23
A.	Community Development Block Grants .....	23
B.	Rural development grants.....	23
VI.	How this chapter applies to home rule charter cities.....	23

# Chapter 14

## Community Development and Redevelopment

*Learn about the requirements for a city to establish criteria for awarding business subsidies and various development agencies cities may create. Find an overview of state and federally sponsored programs for encouraging development and redevelopment. Most economic development tools can be applied to any size city. These tools are interrelated, and a city may use several for one project.*

### RELEVANT LINKS:

[Minn. Stat. § 116J.993, subd. 3.](#)

[Minn. Stat. § 116J.994, subd. 5.](#)

[Minnesota Department of Employment and Economic Development \(DEED\). Minn. Stat. § 116J.994, subd. 11.](#)

[Minn. Stat. § 116J.994, subd. 3.](#)

## I. Business subsidies or financial assistance

### A. Business subsidies

State law defines “business subsidy” or “subsidy.” It is a state or local government agency grant, contribution of personal property, real property, infrastructure, or the principal amount of a loan at rates below those commercially available to the recipient. In addition, a business subsidy is 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 in an amount greater than \$150,000.

Prior to awarding a business subsidy (financial assistance of more than \$150,000 or as required by law) to any business, a city and any housing and redevelopment authority (HRA), economic development authority (EDA), port authority, or nonprofit created by a local government, must hold a public hearing and adopt criteria for awarding business subsidies.

The criteria must not be adopted on a case-by-case basis and must set the minimum requirements that recipients must meet in order to be eligible. It must include a policy regarding the wages to be paid for any jobs created. Copies of the criteria adopted by cities are found on the Minnesota Department of Employment and Economic Development (DEED) website. The public hearing notice must include a statement that either a resident or a city property owner may file a written complaint with the city if the city does not follow the business subsidy law. Written complaints must be filed within specified timelines.

Once the criteria are established, the grantor and the recipient must enter into a subsidy agreement that meets the statutory requirements. The agreement must include an obligation to repay at least part, if not all, of the subsidy if the recipient does not meet its obligations.

## RELEVANT LINKS:

[Minn. Stat. § 116J.994, subd. 11.](#)

[Minn. Stat. § 116J.993, subd. 3.](#)  
[Minn. Stat. § 116J.994, subd. 3.](#)

[Minn. Stat. § 116J.994, subds. 4, 7, 8.](#)

[Minn. Stat. § 116J.994, subd. 2.](#)  
[Minn. Stat. § 116J.994, subd. 8.](#)

[Minn. Stat. § 469.041.](#)

Citizens or owners of taxable property may bring a civil action against the city for failure to comply with business subsidy laws. To do so, citizens must file a written complaint with the grantor within 180 days after the approval of the subsidy. Cities should therefore consult closely with the city attorney before awarding a business subsidy.

Defining a business subsidy is more complicated than it may first appear, as there are several exceptions to the definition, including instances where a subsidy of less than \$150,000 may be a business subsidy. Meanwhile, assistance for redevelopment, pollution control and land cleanup, housing, industrial revenue bonds, utility property tax abatements, and other similar programs may not be defined as a subsidy.

Recipients must provide grantors with information on their progress toward the goals outlined in the agreement. The goals for increasing jobs or retaining jobs must result in local job creation and job retention. Grantors must submit the annual Minnesota Business Assistance Form (MBAF) to the Department of Employment and Economic Development (DEED) by April 1 each year for each business subsidy agreement. Local government agencies in cities with a population of 2,500 or more must submit an MBAF, regardless of whether they have awarded business subsidies. Local government agencies in cities with a population of 2,500 or less are exempt from filing the MBAF if they have not awarded a subsidy in the past five years.

## B. Financial assistance

Cities may offer “financial assistance” in the form of a business loan of more than \$25,000 or a guarantee of \$75,000 or more, but less than the \$150,000 required to constitute a business subsidy. If a city offers such financial assistance it must develop criteria and set minimum wage floor levels as prescribed in business subsidy law. Cities granting such financial assistance must submit business assistance reports to DEED within one year of granting the assistance.

# II. City development tools

## A. General city development powers

Cities have authority to aid and cooperate in the planning, construction, or operation of economic development, and housing and redevelopment projects. The following is a partial list of actions cities may take, with or without compensation:

## RELEVANT LINKS:

[Minn. Stat. § 469.192.](#)

[Judd Supply Co. v. Merchants & Mfgs. Ins. Co., 448 N.W.2d 895 \(Minn. Ct. App. 1989\).](#)

[Minn. Stat. § 469.003.](#)

[Minn. Stat. § 469.003, subd. 1.](#)

[Minn. Stat. § 469.003, subds. 2, 4.](#)

- Dedicate, sell, convey, or lease any of its interests in any property or grant easements, licenses, or any other rights or privileges to an HRA.
- Furnish parks, playgrounds, recreational, community education, water, sewer, and drainage facilities or other works adjacent to or in connection with housing and redevelopment projects.

A statutory city, home rule charter city, economic development authority, housing and redevelopment authority, or port authority may make a loan to a business, a for-profit or nonprofit organization, or an individual for any purpose the entity is otherwise authorized to carry out under any of the laws cited.

Private development projects that receive public financial or other assistance will not necessarily become public projects that trigger competitive bidding or other state laws applicable to public works.

## B. Housing and redevelopment authorities

The predominant method of delivering and administering housing and redevelopment programs in Minnesota is through an HRA, which is a legal public agency, accountable to city government. There are more than 230 HRAs in Minnesota.

### 1. Elements of an HRA

An HRA is a public corporation with power to undertake certain types of housing and redevelopment or renewal activities. While state legislation conveys authority for housing and redevelopment in each city, it is up to the city council to formally establish an HRA before it can do business and use its powers. Once a council legally establishes an HRA, it may undertake certain types of planning and community development activities on its own without council approval.

To create a housing and redevelopment authority, the city council must, by resolution, make one of the following findings required by law:

- There are substandard, slum, or blighted areas that cannot be redeveloped without governmental assistance.
- There is a shortage of affordable, decent, safe, and sanitary dwelling accommodations available to low-income individuals and families.

The council must pass this resolution after a public hearing. A certified copy of this resolution must be filed with the DEED commissioner.

## RELEVANT LINKS:

[Minn. Stat. § 469.002, subd. 8.](#)  
[Minn. Stat. § 469.004, subd. 5.](#)

[Minn. Stat. § 469.003, subds. 5, 6.](#)

[24 C.F.R. 964.400 to 964.430.](#)

[Minn. Stat. § 469.003, subd. 7.](#)

[Minn. Stat. § 469.011, subd. 2.](#)  
[Minn. Stat. § 469.011, subd. 4.](#)

[Minn. Stat. § 469.012, subd. 1.](#)

## 2. Area of operation for an HRA

The area of operation of a city HRA is the territorial boundaries of that city. Establishment of an active county or multi-county HRA precludes the formation of city HRAs. City housing and redevelopment authorities must petition the county (or multi-county) HRA for authorization to establish a local housing authority, and this petition must be approved by the DEED commissioner.

## 3. HRA membership

An HRA consists of up to seven commissioners who are residents of the city. The mayor appoints and the council approves the members who serve five-year, staggered terms. City councilmembers often serve on the HRA. The entire membership of an HRA may consist of councilmembers.

Any public housing agency that holds a public housing annual contribution contract with HUD or that administers Section 8 tenant-based rental assistance must comply with federal regulations, which require that at least one commissioner must be either 1) a resident of the HRA's public housing program or 2) a recipient of Section 8 tenant-based assistance. The rule does not apply to state-financed public housing projects or Section 8 project-based assistance. A small public housing agency exception also exists.

The city clerk must file a certificate of appointment for each commissioner of a city HRA and send a certified copy to the commissioner of DEED.

The HRA shall select a chair and a secretary and shall adopt bylaws and rules of conduct. Each commissioner may receive necessary expenses, including traveling expenses, incurred in the performance of duties. Each commissioner may be paid up to \$75 for attending each regular and special meeting of the authority. Commissioners who are elected officials may receive daily payment for a particular day only if they do not receive any other daily payment for public service on that day. Commissioners who are full-time public employees may receive the expenses described in the statute unless the expenses are reimbursed from another source.

## 4. HRA powers

An HRA is primarily responsible for the planning and implementation of redevelopment and/or low-rent housing assistance programs within its area of operation. An HRA has all the powers necessary to carry out the state HRA Act, including, but not limited to, the following powers:

## RELEVANT LINKS:

[Minn. Stat. § 469.033, subd. 6.](#)  
[Minn. Stat. § 275.70 to 275.74.](#)

[Minn. Stat. § 275.066.](#)

- To sue and be sued.
- To employ staff and an executive director.
- To undertake projects within its area of operation and to provide for the construction, reconstruction, improvement, extension, alteration, or repair of any project or part of a project.
- To sell, buy, own, and lease property by any means necessary, including the power of eminent domain.
- To cooperate with and use state and federal financial assistance programs.
- To develop rehabilitation and code enforcement techniques.
- To issue bonds for any of its corporate purposes backed by the pledge of revenues, grants, or other contributions.
- To implement renewal or redevelopment programs using tax increment financing.
- To own, hold, improve, lease, sell, or dispose of real or personal property.
- To designate substandard, slum, or deteriorating areas needing redevelopment, and unsafe, unsanitary, and overcrowded housing.
- To make necessary expenditures to carry out the purposes of the HRA law.
- To develop and administer an interest reduction program to assist the financing of the construction, rehabilitation, or purchase of low- or moderate-income housing.

## 5. HRA special assessment and levy authority

HRA power to levy and collect taxes or special assessments is limited to the power provided in state law. Subject to a resolution of consent from the city council, an HRA may levy a tax upon all taxable property within the city. The council may give a consent that covers a series of years if they so choose or council may pass a resolution authorizing an HRA levy for a set amount of time, for example, the entire term of the bonds secured in part by an HRA levy and in part by a city levy. State law recognizes the distinct nature of HRAs and designates them as “special taxing districts.” The maximum general allowable operational levy of HRAs is 0.0185% of the previous year’s estimated market value of all property in the city.

The city’s estimated market value is available from the county assessor. An HRA raises its own levy because it is a separate political subdivision and not a “local governmental unit.” Therefore, an HRA levy is not subject to levy limits, but is subject to the 0.0185% estimated market value limit. Levies collected by an HRA must be used only for purposes listed in the HRA Act.

## RELEVANT LINKS:

[Minn. Stat. § 469.107.](#)  
[Minn. Stat. § 275.066.](#)

Minnesota Department of  
Employment and Economic  
Development: [The Economic  
Development Authorities  
Handbook.](#)

[Minn. Stat. § 469.012, subd.  
4.](#)  
[Minn. Stat. § 469.028.](#)

[Minn. Stat. § 469.015, subds.  
1a, 4.](#)

[Minn. Stat. § 469.033.](#)  
[Minn. Stat. § 469.034.](#)

[Minn. Stat. § 469.034, subd.  
1.](#)

There is crossover between HRA and EDA (economic development authority) levies that can be confusing. While a city may, at the request of an EDA, levy a tax not more than 0.01813% of the estimated market value, many city EDA-enabling resolutions adopt all the powers of an HRA, and then the EDA/HRA functions as a special taxing district under state law, .

If the enabling resolution so allows, the EDA will then function as an HRA and, with consent of the city council, levy the HRA levy, which is not subject to levy limits or city debt limits, but is subject to the 0.0185% of the city's estimated market value limit in state law. The city attorney may verify the structure and levy authority of each city's HRA and/or EDA.

While HRAs have the legal authority to “do whatever is necessary and convenient” to implement redevelopment, they are subject to the ordinances and laws of the city. The city council must approve HRA plans before the HRA may begin implementation.

## 6. HRA contracting

All HRA construction work and purchases of equipment, supplies, or materials that involve expenditure of more than \$175,000 must be competitively bid. An HRA (and a city) may also use the “best value alternative.” There are limited exceptions to these requirements for emergencies and certain circumstances.

## 7. HRA financing

Operating funds, capital improvements, and debt retirement expenses for HRA projects may be financed by any one or any combination of the following methods:

- Federal grants.
- Revenue bonds the HRA or local governing body sells.
- General obligation bonds the local governing body sells.
- Tax increments from redevelopment projects.
- A limited levy for redevelopment projects and planning activities.

When an HRA issues bonds, the revenue generated must be used for the projects financed, or bond costs must be paid from income generated by designated projects.

## RELEVANT LINKS:

[Minn. Stat. § 469.003, subds. 4, 6, 7.](#)  
[Minn. Stat. § 469.013 subd. 2.](#)

[Minn. Stat. § 469.013 subd. 2.](#)

[Minn. Stat. § 469.013.](#)

[24 C.F.R 982.51.](#)

Minnesota Department of  
Employment and Economic  
Development: [The Economic  
Development Authorities  
Handbook.](#)

[Minn. Stat. § 469.091.](#)  
[Minn. Stat. § 469.093.](#)

The law states that the principal and interest on bonds are payable exclusively from the income and revenues of the project financed with the proceeds of the bonds, or exclusively from the income and revenues of certain designated projects, whether or not they are financed in whole or in part with the proceeds of the bonds.

## 8. HRA certifications to state

The following documents relating to the establishment and activities of local HRAs must be filed with the DEED commissioner:

- Resolution of need.
- Certificates of appointment or reappointment of HRA commissioners.
- Low-rent public housing project and management plans.

The following additional documents relating to local HRA activities may also be requested by the DEED commissioner:

- Project reports.
- Applications for federal assistance.
- Contracts with federal agencies.
- Redevelopment plans.

In addition, annual financial reports must go to the state auditor, DEED commissioner, and the city council.

## 9. HRA federal certification

In order for a local HRA to use federal Department of Housing and Urban Development (HUD) assistance programs, it must submit a transcript of organizational documents to the HUD area office.

## C. Economic development authorities

An economic development authority (EDA) is a legal entity created by a city to facilitate a well-rounded program for business assistance and development projects.

All cities and townships have authority from the Minnesota Legislature to create economic development authorities (EDA). The city may consolidate an EDA with an existing HRA or the city may grant HRA powers to the EDA. The city council may create an EDA by passing an enabling resolution. Before adopting the enabling resolution, the city must first conduct a public hearing.

## RELEVANT LINKS:

[Minn. Stat. § 469.095.](#)

[Minn. Stat. § 469.107.](#)

[Minn. Stat. § 469.107.](#)

Minnesota Department of Employment and Economic Development: [The Economic Development Authorities Handbook.](#)

Minnesota Department of Employment and Economic Development, [The Economic Development Authorities Handbook.](#)

[Minn. Stat. § 469.091.](#)

[Minn. Stat. § 469.192.](#)

[Minn. Stat. § 469.192.](#)  
[Minn. Stat. § 469.102.](#)

[Minn. Stat. § 469.033 subd. 4](#)  
[Metropolitan Council, City Development Powers](#)

The enabling resolution establishes a board of commissioners for the EDA. The city council can choose to serve as the EDA board of commissioners or create a board composed of community members. The mayor, with approval of the council, appoints the commissioners. The board may consist of three, five or seven members who serve six-year terms. The board is subject to the Open Meeting Law.

## 1. EDA levies

As discussed above, an EDA levy differs from an HRA levy. It is not a levy raised by the EDA — it is a levy set by a city at the request of the EDA.

A city may, at the request of the EDA, levy a tax for the benefit of the EDA in an amount not more than 0.01813% of the taxable market value. The amount levied must be paid by the city treasurer to the treasure of the EDA to be spent by the EDA. Because the EDA levy is part of the city levy, it is not a “special levy” under state law and therefore the EDA levy is part of the city’s overall levy limit.

As a result of being part of the city’s overall levy limit, the most common practice to fund an EDA is a direct general fund appropriation out of the city’s general fund. There is no limit to the amount of funding that can be provided to an EDA through this mechanism.

Alternatively, if the city council’s enabling resolution adopts all of the powers of the HRA for the EDA, the EDA may levy the separate HRA tax levy, which is not calculated in the city’s levy limit. It is still subject to all of the statutory limitation of an HRA, including the levy limit of 0.0185% of the estimated market value.

## 2. EDA loans

EDAs are authorized to make loans to businesses, for-profit organizations, nonprofit organizations, or individuals to effectuate the purpose of the EDA.

Loans must be for a purpose the EDA is authorized to carry out under the law. An authorized purpose must deal with or contribute to economic or industrial development.

One benefit of establishing an EDA is that the EDA can create a pool where each project’s revenue goes into a common fund, improving the security on the pooled bonds, leading to a more favorable interest rate and ultimately a reduced cost of borrowing.

## RELEVANT LINKS:

[Minn. Stat. § 469.098.](#)

[Minn. Stat. § 469.101, subds 1, 2.](#)  
[Op. Atty. Gen., 469a-16, July 19, 1966.](#)  
[Minn. Stat. § 475.58.](#)  
[Minn. Stat. § 469.102.](#)

[Minn. Stat. § 469.101, subds 1..](#)  
[Minnesota House Research Department, \[Economic Development TIF Districts\]\(#\)](#)

[Minnesota House Research Department, \[Economic Development TIF Districts\]\(#\)](#)

[Minn. Stat. § 469.049.](#)  
[Minn. Stat. § 469.055.](#)

[Minn. Stat. § 469.053.](#)  
[Minn. Stat. § 469.060 subd. 1.](#)

[Minn. Stat. § 469.050.](#)  
[Minn. Stat. § 469.051.](#)

Before taking an action or making a decision which could substantially affect an EDA commissioner or employee's financial interests or those of an organization with which the commissioner or an employee is associated, a commissioner or employee of an EDA must comply with specific requirements to disclose the conflict and obtain prior approval. Failure to do so may result in criminal charges.

### 3. Other EDA powers

EDAs can acquire property and facilities, but (in most circumstances) cannot issue obligations (debt) without the approval of the electors. See Minn. Stat. § 475.58 for the list of obligations exempted from this requirement. Otherwise, the city must authorize the issuance of debt in the resolution creating the EDA.

EDAs can create economic development districts within the city, but the districts must be contiguous. Economic development districts do not need to meet the blight test and may use tax increment financing.

When an EDA's enabling resolution includes HRA power, an EDA may undertake a redevelopment project, housing development, or housing project under which a restrictive blight test does not apply. These projects can be used for similar purposes to those of an economic development district under the EDA law.

### D. Port authorities

The purpose of a port authority is to promote the general welfare of a port district, increase the commercial efficiency of the district, and actively improve business opportunities.

The Minnesota Legislature authorizes cities to create port authorities. A port authority is a governmental subdivision with the right to sue and be sued in its own name. A port authority may issue general obligation bonds in the amount authorized by its city's council.

Cities establish a port authority by passing an enabling resolution. The port authority may have three commissioners appointed by the city council, or seven commissioners, two of whom must be city council members, with the remaining members appointed by the mayor and approved by the city council. Cities may adopt a different procedure and a different number of commissioners in the enabling law for the port authority. State law governs commissioner pay, vacancies, duties, and port authority bylaws.

## RELEVANT LINKS:

[Minn. Stat. § 469.051, subd. 2.](#)

[Minn. Stat. § 469.051, subds. 4 to 6.](#)

[Minn. Stat. § 469.051, subd. 9.](#)

[Minn. Stat. § 469.054 subd. 1.](#)  
[Minn. Stat. § 469.056 subd. 1, 2.](#)  
[Minn. Stat. § 469.054 subd. 3.](#)

[Minn. Stat. § 469.109.](#)

[Minn. Stat. § 469.111.](#)

[Minn. Stat. § 496.109.](#)

A port authority shall annually elect a president or chair, vice president or vice chair, treasurer, secretary, and assistant treasurer. A commissioner may not serve as president or chair and vice president or vice chair at the same time. The other offices may be held by one commissioner. The offices of secretary and assistant treasurer need not be held by a commissioner.

The treasurer of a port authority must be bonded to faithfully perform these duties:

- Receive and be responsible for port authority money.
- Be responsible for the acts of the assistant treasurer, if appointed.
- Disburse port authority money by check or electronic procedures.
- Keep an account of the source of all receipts, and the nature, purpose, and authority of all disbursements.
- File the authority's detailed financial statement with its secretary at least once a year at times set by the authority.

The port authority's annual detailed financial statement must show all receipts and disbursements, their nature, the money on hand, the purposes to which the money on hand is to be applied, the authority's credits and assets, and its outstanding liabilities.

The authority must examine the statement together with the treasurer's vouchers. If the authority finds the statement and vouchers correct, it shall approve them by resolution and record the resolution.

State law governs many other aspects of port authorities, including but not limited to the use of city property by a port authority, employment, and contracts. The city attorney also acts as the port authority's attorney.

## E. Local or area redevelopment agencies

The purpose of area redevelopment agencies is to create new employment opportunities and promote economic redevelopment of rural areas and of depressed or underdeveloped areas of the state.

Any municipality or group of municipalities may establish a redevelopment agency in and for the area the municipality or group of municipalities it covers, if:

- The area is rural or there is substantial and persistent unemployment in the area for an extended period of time.
- The rate of unemployment, excluding unemployment due to seasonal or temporary factors, is 6% or more and the conditions are not likely to be alleviated without public financial or planning assistance.

## RELEVANT LINKS:

[Minn. Stat. § 469.110, subd. 11.](#)

[Minn. Stat. § 469.110 subd. 4.](#)

[Minn. Stat. § 469.111.](#)

[Minn. Stat. § 469.111 subd. 5.](#)

[Minn. Stat. § 469.115.](#)

[Minn. Stat. § 469.124.](#)

[Minn. Stat. § 469.126, subd. 2.](#)

[Minn. Stat. § 469.127.](#)

[Minn. Stat. § 469.152.](#)

Rural areas are defined as areas that are not within the boundary of any city having a population of 50,000 or more, and not immediately adjacent to urbanized and urbanizing areas with a population density of more than 100 people per square mile — or areas with an unemployment rate of 6% or more.

This law defines municipalities as home rule charter or statutory cities, counties, towns, or school districts.

To establish an area development agency, the governing body of the municipality must first hold a public hearing, and then find by resolution that the area is rural, depressed, or underdeveloped as defined in statute. The resolution must be filed with the commissioner of employment and economic development.

The board of commissioners shall be appointed by the mayor and all five commissioners must be residents of the area of operation of the local agency.

An area redevelopment agency has similar powers to an EDA/HRA.

## F. City development districts

Any home rule charter or statutory city may designate development districts for areas within the boundaries of the city that are already built up. Development districts are established to provide employment opportunities, improve the tax base, and strengthen the general economy of the state. Within these districts, cities may:

- Adopt a development program to improve physical facilities, quality of life, and quality of transportation.
- Promote pedestrian skyway systems.
- Install special lighting systems, street signs and street furniture, landscaping of streets and public property, and snow removal systems.

The law encourages pedestrian skyway systems, underground pedestrian concourses, people mover systems, and publicly owned parking structures. It exempts these structures from taxation even when they are attached to privately owned buildings.

## G. Municipal industrial development

For the purpose of attracting industrial and commercial development and encouraging local governments to prevent economic deterioration, any home rule charter or statutory city or its redevelopment agency has the power to promote industrial development by:

## RELEVANT LINKS:

[Minn. Stat. § 469.155.](#)

[Minn. Stat. § 469.153.](#)

[Minn. Stat. § 469.155, subd. 14.](#)

[Minn. Stat. § 462C.01.](#)  
[Minn. Stat. § 462C.04.](#)  
[Minn. Stat. § 462C.07.](#)

- Acquiring, constructing, and holding lands, buildings, easements, improvements to lands and buildings, capital equipment, and inventory for industrial projects.
- Issuing revenue bonds and entering into revenue agreements to finance these activities to promote industrial projects.
- Refinancing health care and other facilities.

Under the legislation, cities assist industries in starting operations and use generated revenues to repay the costs. This law is the basis for issuing most industrial revenue bonds.

Projects eligible for assistance include, but are not limited to:

- Any revenue-producing enterprises engaged in assembling, fabricating, manufacturing, mixing, processing, storing, warehousing, or distributing any products of agriculture, forestry, mining, or manufacturing.
- Any research and development activity in these fields or in the manufacturing, creation, or production of intangible property, including patents, copyrights, formulas, processes, or designs.
- Properties designated as a qualified green building and sustainable design project under state law.
- Costs related to dewatering activities.

The law prohibits a city from operating any of these projects as a business or in any manner other than the manner outlined by law.

## III. Other development strategies

### A. Housing bonds

Cities may develop and administer programs to finance the acquisition or rehabilitation of single and multifamily homes for housing low- and moderate-income persons and families anywhere within its boundaries. Upon approval of the program as described in statute, the city may issue and sell revenue bonds, which shall be payable exclusively from the revenues of the programs. Bonding authority is allocated by state formula.

### B. Industrial parks

An industrial park is a tract of land suitable for industrial use because of location, topography, proper zoning, available utilities, and accessibility to transportation. A single governing body has administrative control of the tract. In some cities, an industrial park may be little more than a tract of unimproved land, while in other cities it may be totally served by city services and have restrictive building requirements.

## RELEVANT LINKS:

[Minn. Stat. § 272.02 subd. 39.](#)

[Minn. Stat. § 469.185.](#)

A.G. Op. 476-B-2 (Mar. 2, 1961).  
[City of Pipestone v. Madsen](#), 287 Minn. 357, 178 N.W.2d 594 (1970).

[Minn. Stat. §§ 469.152 to 469.165.](#)

[Minn. Stat. § 469.156.](#)  
[Minn. Stat. § 469.162.](#)

An industrial park's purpose is to attract industrial development.

Property a city holds for later sale for economic development purposes remains tax-exempt for a period not to exceed nine years, or until buildings or other improvements that are constructed after acquisition reach one-half occupancy. For cities located outside of the metropolitan area with populations less than 20,000, the period must not exceed 15 years.

Currently, private enterprise creates most new industrial park development by establishing a for-profit community development corporation. A city can cooperate with that corporation through its land use controls and methods of financing public improvements. Many cities have also established industrial parks complete with streets, water, and sewer, despite the possible tax ramifications. The city then sells or leases a portion of the park to a business needing a location for its building.

Any city that owns property that is not restricted by deed may convey the lands for nominal consideration, to encourage and promote industry, and to provide employment for citizens.

This statute has been read narrowly by the Office of the Attorney General. The conveyance must encourage and promote industry and provide employment for citizens. For example, a conveyance of land for an indoor arena was not within the statute; a more direct promotion of industry was necessary, beyond the fact that more potential customers might be in town as a result of athletic contests. However, the courts have upheld the municipal industrial development revenue bond law, discussed below, against the same objection. The city's attorney can best advise the city concerning the legality of a purchase of land for resale.

## C. Industrial revenue bonds

Municipal industrial development laws help cities attract new commercial and industrial development and keep existing businesses in the city. The law authorizes the council to issue revenue bonds and use the proceeds to acquire and construct industrial sites and facilities. The city then leases these facilities to private industry and uses the rental fee proceeds to retire the bonds.

A city may issue industrial revenue bonds, also known as municipal revenue bonds, without public referendum. It cannot pledge the full faith and credit of a community as security for these bonds. Thus, the city may not tax property owners to pay principal and interest on the bonds.

## RELEVANT LINKS:

For more information, contact [DEED](#) 651.259.7114, 800.657.3858. Main Office: 1st National Bank Building 332 Minnesota Street, Suite E200 Saint Paul, MN 55101-1351.

[Minn. Stat. § 469.184.](#)

[Minn. Stat. § 469.174 subd. 2.](#)  
Minnesota House Research Department, [How TIF Works: Basic Mechanics](#)

[Minn. Stat. § 469.175 subd. 1.](#)

Minnesota House Research Department, [How TIF Works: Basic Mechanics](#).

Minnesota House Research Department, [How TIF Works: Basic Mechanics](#).

If a city decides to investigate the use of industrial bond financing, it should contact the Department of Employment and Economic Development. The department provides the city with information, advice, and technical assistance. This assistance is important, due to the adoption of federal and state laws allocating issuance authority among the states and their political subdivisions. The commissioner of Securities must approve the project.

## D. Commercial rehabilitation loan program

Cities have authority to carry out programs for the rehabilitation of small and medium-sized commercial buildings. The city must adopt a program ordinance that provides for the adoption of program regulations, including a definition of small and medium-sized commercial buildings. Loans under the program may be for amounts up to \$200,000. The city may finance the program through the sale of revenue bonds.

## E. Tax increment financing (TIF)

Tax increment financing is a method of stimulating economic development in a targeted geographic area. TIF uses the additional property taxes that are paid as a result of the new development to pay for the development costs. Tax increment financing authority is available to most cities.

For a city to make use of TIF, the city must find that the development would not happen through solely private investment and that the new development will result in a net increase in market value for the site, compared to the likely development that would occur without TIF.

When a TIF district is created, the county auditor certifies the current tax capacity of the properties in the district as the district's "original tax capacity." As the property in the district increases as a result of the new development, the increases above the original tax capacity are captured, referred to as "captured value." The taxes paid on the captured value are called "increments." Unlike property taxes, increments are not used to pay for general costs. Instead, the money is used to repay costs the city incurred in acquiring the property, removing existing structures, or creating infrastructure.

The property owner in a TIF district continues to pay the full amount of property taxes. TIF involves only the increased property taxes generated within the district. It does not change the amount of property taxes currently derived from the redevelopment area, nor does it directly affect the amount or rate of general ad valorem taxes the city levies.

## RELEVANT LINKS:

Minnesota House Research Department, [How TIF Works: Basic Mechanics](#).

Minnesota House Research Department, [Housing TIF Districts](#).

[Minn. Stat. § 469.175, subds. 5, 6.](#)

[Minn. Stat. § 469.1771, subds. 1, 2b.](#)

[Minn. Stat. § 469.177, subd. 8.](#)  
[Lake Superior Paper Indus. v. State](#), 624 N.W.2d 254 (Minn. 2001).  
[Brookfield Trade Center, Inc. v. County of Ramsey](#), 609 N.W.2d 868 (Minn. 1998).

The result of a TIF project is an increased tax base that will benefit all local taxing jurisdictions. Additionally, TIF districts usually spur economic development and redevelopment through creating jobs, removing blight, and providing more affordable housing.

In Minnesota, TIF is generally used to:

- Redevelop areas occupied with substandard buildings.
- Build housing for low-income and moderate-income families.
- Clean up pollution.
- Provide general economic development incentives.
- Finance public infrastructure, such as streets, sewer, water, sidewalks, and similar improvements. (This is not an explicit purpose of TIF, but Minnesota cities frequently use it for this purpose).

Special rules apply to TIF districts designed to provide low-income housing.

A city using TIF must report annually to the state auditor as to the status of the TIF district or districts and publish the report in a newspaper of general circulation in the municipality. The state auditor has established a uniform system of accounting and financial reporting for TIF districts. The city must annually submit to the state auditor a financial report in compliance with these standards.

The state auditor may audit TIF districts. If the state auditor notifies a TIF authority of an alleged violation, a copy of the notice is also forwarded to the county attorney. If no corrective action is brought within one year, the county attorney must notify the state auditor, who then notifies the attorney general.

If the attorney general finds a substantial violation, the attorney general will petition the state tax court to suspend the authority's power to use TIF for a period of up to five years.

The TIF agreement with the developer is a complex document. Assistance from a financial advisor and the city attorney is necessary in order to anticipate the many potential problems. An agreement can establish a minimum market value for tax increment assessment purposes, as well as provide that the developer pay a certain level of taxes regardless of any classification rate changes or levy decreases. The agreement should be entered into before the assembly and acquisition of the land on which the completed improvements are to be located.

## RELEVANT LINKS:

Minn. Stat. § 469.1771 subd. 7.  
Minnesota House Research Department, [The But-For Test](#).

See Minn. Stat. §§ 469.174-469.1799.

Minn. Stat. § 469.175.

*State v. Wicklund*, 589 N.W.2d 793 (Minn. 1999).

*Walser Auto Sales, Inc. v. City of Richfield*, 635 N.W.2d 391 (Minn. Ct. App. 2001); *aff'd*, 644 N.W.2d 425 (Minn. 2002).

*Chenoweth v. City of New Brighton*, 655 N.W.2d 821 (Minn. Ct. App. 2003).

Minn. Stat. § 469.1813.

The law imposes a 180-day statute of limitations on actions to challenge the creation or modification of a TIF district. The law is complex, including a “but-for” finding before a city approves a TIF plan and the creation of a TIF district.

Cities must follow statutory requirements, including but not limited to administrative expenses, plan modifications, reporting requirements, use of increment in pre-1979 districts, excess increments, pooling, decertification, and use of funds outside the district.

Before a district can be created, the law requires a detailed estimate of the impact of a proposed district on city-provided services, such as police and fire protection, public infrastructure, and borrowing costs attributable to the district, in addition to other complex estimations that must be prepared.

Public financing using TIF funding for a privately owned facility does not make public space in the facility a public forum for free speech purposes.

Cities should use extreme care in establishing a TIF district and should follow all procedural requirements; otherwise, a court may find the district was not properly established. In one case, a TIF district was not properly established where minimal effort was made to ensure the thorough inspection of the properties; inaccurate methodology was used to establish the condition of the buildings; and the buildings found structurally substandard were not reasonably distributed throughout the district.

However, in another case involving a properly established TIF district, a warehouse was built next door to the plaintiff’s land, which substantially interfered with the use and enjoyment of that land. The court found that the private development of the adjacent property was not so entwined with government action as to constitute a state action. Therefore, the city’s actions — establishment of a TIF district, entering into a contract with a private developer specifying the size and value of structures to be built, and providing for substantial city assistance to facilitate development — do not rise to the level of a taking and, consequently, did not require reimbursement.

Given the complexity of the laws governing the use of TIF, cities or HRAs should not undertake this method of financing community development projects without the advice of an attorney and professional consultants.

## F. Property tax abatement

A city may use this development tool to capture some or all of the taxes it imposes on a parcel of property.

## RELEVANT LINKS:

Christopher Virta, [Growing Trend: Use of Tax Abatement for Economic Development and Public Facilities](#)

Minnesota House Research Department, [Property Tax Abatements for Economic Development](#)

[Minn. Stat. § 469.1813 subd. 2, 5.](#)

[Minn. Stat. § 469.1814.](#)  
[Minn. Stat. § 469.1813 subd. 6, 8.](#)

[Minn. Stat. § 462C.16 subd 2.](#)

It can apply those captured proceeds to specific, designated uses, so long as the benefits at least equal the costs to the city, and it is in the public interest as defined by the statute.

The term “abatement” is somewhat misleading, as the phrase is often used to refer to a method of adjusting an individual property owner’s tax burden by adjusting the market value of the property. Instead, in this instance, property tax abatement is an incentive for economic development. When used as a development driver, property tax abatement does not reduce the amount of taxes paid on the property. Instead, the full amount is paid by the taxpayer, and the county auditor refunds the abated portion back to the local government entity that granted the abatement to achieve a specific goal.

Goals include paying infrastructure costs associated with a development project, or paying debt service on bonds if tax abatement bonds were issued. If the money is to be refunded to the taxpayer, there must be a contract in place that outlines the conditions that must be satisfied in order to receive the money – often job creation or wage goals.

A city may grant an abatement only by adopting an abatement resolution, specifying the terms of the abatement. The terms should include a specific statement as to the nature and extent of the public benefits the governing body expects to result from the agreement. The resolution may only be adopted after the council holds a public hearing.

A city may issue bonds or other obligations to provide an amount equal to the sum of the abatements granted for a specific property. The maximum principal amount of these bonds may not exceed the estimated sum of the abatements for the property for the years authorized. The bonds may be general obligations of the city, if the city council chooses to pledge the full faith and credit of the city in the resolution issuing the bonds. The law limits property tax abatements to 15 years. School districts and counties have similar abatement powers. A city, county, and school district can agree to abate their taxes on the same property.

## G. Housing trust funds

Cities have authority to establish a local housing trust fund by ordinance or to participate in a joint powers agreement to establish a regional housing trust fund. These trust funds may also be administered through a nonprofit organization. If the fund is administered through a nonprofit organization, that organization shall encourage private charitable donations to the fund.

## RELEVANT LINKS:

[Minn. Stat. § 462C.16 subd 4.](#)

A city may finance its local or regional housing trust fund with any money available to local government, unless expressly prohibited by state law. Sources of funding may include, but are not limited to:

- Donations.
- Bond proceeds.
- Grants and loans from a state, federal, or private source.
- Appropriations by a local government to the fund.
- Investment earnings of the fund.
- Housing and redevelopment authority levies.

Once the fund is established, the source of funding may be altered, but only if sufficient funds will still exist to cover the projected debts or expenditures authorized by the fund in its budget.

[Minn. Stat. § 462C.16 subd 3.](#)

Money in a local or regional housing trust fund may only be used to:

- Pay for administrative expenses, but not more than 10% of the balance of the fund may be spent on administration.
- Make grants, loans, and loan guarantees for the development, rehabilitation, or financing of housing.
- Match other funds from federal, state, or private resources for housing projects.
- Provide down payment assistance, rental assistance, and homebuyer counseling services.

[Minn. Stat. § 462C.16 subd 5.](#)

The local or regional housing trust fund must report annually to the local government that created the fund, and the local government (or governments) must post this report on its public website.

[Minn. Stat. § 462C.16 subd 6.](#)

A local or regional housing trust fund existing on July 1, 2017, is not required to alter the existing terms of its governing documents or take any additional authorizing actions required by the statute.

## IV. State-sponsored development tools

### A. Minnesota Housing Finance Agency

The goals of the Minnesota Housing Finance Agency (MHFA) are to provide decent, affordable housing to low- and moderate-income people; preserve the existing housing stock in Minnesota; preserve existing neighborhoods and prevent them from deteriorating; and prevent mortgage foreclosures while promoting energy conservation in residential housing.

The Minnesota Legislature created the MHFA in response to a shortage of affordable housing for low- and moderate-income people.

[Minn. Stat. ch. 462A.](#) For more information about [MHFA](#) programs, contact MHFA at 400 Wabasha Street North, Suite 400, St. Paul, MN 55102 (651) 296-7608 or (800) 657-3769.

## RELEVANT LINKS:

[Minn. Stat. § 462A.073](#)  
MHFA: [Minnesota City Participation Program](#). Nicola Viana, Program Manager, 651-297-9510, [Nicola.Viana@state.mn.us](mailto:Nicola.Viana@state.mn.us).

[Minn. Stat. ch. 116J](#).  
[Minnesota Department of Employment and Economic Development](#).

[Minn. Stat. §§ 116J.411-116J.424](#).  
[Minn. Stat. § 116J.575](#).  
See [Minnesota Department of Employment and Economic Development for Local Government](#).

[Minn. Stat. § 116J.431](#).  
[Greater Minnesota Business Development Infrastructure Grant Program](#).

Private enterprise and private investment were unable, without public assistance, to provide an adequate supply of safe, sanitary, and decent housing at affordable prices and rents.

The sale of state tax-exempt bonds is the primary financing for MHFA programs. Through the Minnesota City Participation Program, Minnesota Housing sells mortgage revenue bonds on behalf of cities to meet locally identified housing needs. The proceeds of these bonds provide below-market interest rate home mortgage loans for low- and moderate-income, first-time homebuyers, or for the construction or rehabilitation of single- and multi-family housing. Appropriations from the Legislature provide additional funding for programs, including the promotion of energy conservation; an increase in home ownership opportunities for first-time homebuyers; home improvement grants to very low-income homeowners; and programs to improve the housing available to Native Americans, large families, and people with disabilities.

## B. Department of Employment and Economic Development (DEED)

The Minnesota Department of Employment and Economic Development is the primary economic development agency for Minnesota.

DEED staff is responsible for a wide range of grant and loan programs, as well as for providing technical assistance to businesses and communities.

DEED also provides grants for contamination cleanup and redevelopment. A redevelopment account allows DEED to make grants to local units of government up to 50% of the cost of developing and redeveloping industrial, residential, or commercial property. DEED administers the rural development program; makes challenge grants to regional organizations to encourage private investment in rural areas; and administers a revolving loan fund to provide loans to new and expanding business in rural Minnesota. Local government units, including cities, may receive these loans if the community has established a local revolving loan fund and can provide at least an equal match to the loan received.

Cities outside the seven-county metropolitan area may receive grants from DEED for up to 50% of the capital costs of public infrastructure necessary for certain specified economic development projects, excluding retail and office space. For this program, “public infrastructure” means publicly owned physical infrastructure necessary to support economic development projects, including but not limited to sewers, water supply systems, utility extensions, streets, wastewater treatment systems,

## RELEVANT LINKS:

[Minn. Stat. § 116J.431, subd. 2.](#)

[Minn. Stat. § 116J.435.](#)  
Department of Employment  
and Economic Development:  
[Innovative Business  
Development Program.](#)

[Minn. Stat. § 116J.435 subd. 2.](#)

[Minn. Stat. ch. 116O.](#)

stormwater management systems, and facilities for pretreatment of wastewater to remove phosphorus.

Under this law, an “economic development project” for which a county or city may be eligible to receive a grant under this section includes manufacturing, technology, warehousing and distribution, research and development, agricultural processing, or industrial park development that would be used by any one of these businesses.

DEED also runs the Innovative Business Development Public Infrastructure (BDPI) program, which provides grants to local governmental units on a competitive basis statewide for up to 50% of the capital cost of the public infrastructure necessary to expand or retain jobs.

“Innovative business” means a business that is engaged in, or is committed to engage in, innovation in Minnesota in one of the following:

- Using proprietary technology to add value to a product, process, or service in a high technology field.
- Researching or developing a proprietary product, process, or service in a high technology field.
- Researching, developing, or producing a new proprietary technology for use in the fields of tourism, forestry, mining, transportation, or green manufacturing.

“Proprietary technology” means the technical innovations that are unique and legally owned or licensed by a business and includes, without limitation, those innovations that are patented, patent pending, a subject of trade secrets, or copyrighted.

“Eligible project” means an innovative business development capital improvement project in this state, including:

- Manufacturing, technology, warehousing and distribution, and research and development.
- Innovative business incubator.
- Agricultural processing, or industrial, office, or research park development that would be used by an innovative business.

## C. Enterprise Minnesota

Enterprise Minnesota is a nonprofit business consulting organization, set up by the Legislature that helps small and medium-sized manufacturing companies, education services, and government entities in Minnesota.

## RELEVANT LINKS:

[Enterprise Minnesota](#) 612-373-2900 or 800-325-3073.  
[Minn. Stat. § 116O.061](#).

[Minn. Stat. § 465.717](#), [Minn. Stat. § 471.59](#).  
LMC information memo, [LMCIT Liability Coverage Guide](#), Section III-I, *Joint powers entities*.

More information is available on the [HUD](#) web site.

For more information, contact [Rural Development State Office](#) 410 Farm Credit Service Building 375 Jackson Street St. Paul, MN 55101-1853, (651) 602-7800; See also, Handbook, [Financing Public Improvements](#).

Enterprise Minnesota operates as a fee-for-services 501(c)(3) nonprofit. Enterprise Minnesota focuses on applied research and technology transfer and early stage funding.

It may provide financial assistance, including loan guarantees, direct loans, interest subsidies, or equity investments, to sole proprietorships, corporations, other entities, nonprofit organizations, or joint ventures. Financial assistance includes but is not limited to assisting a qualified company or organization with business services and products that will enhance the operations of the entity.

## D. Corporations

Cities must not create nonprofit corporations unless authorized to do so by special legislation. The law allows incorporation of a joint powers entity, but these must comply with all applicable public-sector laws (open meeting, gift law, conflicts of interest, competitive bidding, etc.) and must be separately insured.

## V. Federal development tools

### A. Community Development Block Grants

The Community Development Block Grant (CDBG) program, under the U.S. Department of Housing and Urban Development (HUD), provides cities with federal funding to initiate and continue a diverse array of housing and community development projects.

### B. Rural development grants

A variety of grants and loans to encourage economic development are available to cities from the U. S. Department of Agriculture's Rural Development program. Sewer, water, rural enterprise, housing, and other types of grants and loans are available.

## VI. How this chapter applies to home rule charter cities

All of the tools this chapter lists are available to charter cities. The general discussions also apply to all cities.



# **City of Cottage Grove and Cottage Grove Economic Development Authority Public Financing Criteria and Business Subsidy Policy June 2017**

## **INTRODUCTION:**

This Policy is adopted for purposes of the business subsidies act, which is Minnesota Statutes, Sections 116J.993 through 116J.995 (the “Statutes”). Terms used in this Policy are intended to have the same meanings as used in Statutes. Subdivision 3 of the Statutes specifies forms of financial assistance that are not considered a business subsidy. This list contains exceptions for several activities, including redevelopment, pollution clean-up, and housing, among others. By providing a business subsidy, the City commits to holding a public hearing, as applicable, and reporting annually to the Department of Employment and Economic Development (DEED) on job and wage goal progress.

## **1. PURPOSE AND AUTHORITY**

- A. The purpose of this document is to establish criteria for the City and the City’s Economic Development Authority (“EDA”) for granting of business subsidies and public financing for private development within the City. As used in this Policy, the term “City” shall be understood to include the EDA. These criteria shall be used as a guide in processing and reviewing applications requesting business subsidies and/or City public financing.
- B. The City's ability to grant business subsidies is governed by the limitations established in the Statutes. The City may choose to apply its Business Subsidy Criteria to other development activities not covered under the statute. City public financing may or may not be considered a business subsidy as defined by the Statutes.
- C. 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, tax increment financing (TIF), abatement of property taxes, loans made from City funds, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.
- D. The criteria in this Policy are to be used in conjunction with other relevant policies of the City. Compliance with this Public Finance Criteria and Business Subsidy Policy shall not automatically mean compliance with such separate policies.

- E. The City may deviate from the job and wage goals criteria outlined in Section 5 D and E below by documenting in writing the reason(s) for the deviation. The documentation shall be submitted to the DEED with the next annual report.
- F. The City may amend this document at any time. Amendments to these criteria are subject to public hearing requirements contained in the Statutes.

## **2. CITY’S OBJECTIVE FOR THE USE OF PUBLIC FINANCING**

- A. As a matter of adopted policy, the City may consider using public financing which may include tax increment financing (TIF), property tax abatement, bonds, and other forms of public financing as appropriate, to assist private development projects. Such assistance must comply with all applicable statutory requirements and accomplish one or more of the following objectives:
  - 1. Remove blight and/or encourage redevelopment in designated redevelopment/development area(s) per the goals and visions established by the City Council and EDA.
  - 2. Expand and diversify the local economy and tax base.
  - 3. Encourage additional unsubsidized private development in the area, either directly or through secondary “spin-off” development.
  - 4. Offset increased costs for redevelopment over and above the costs that a developer would incur in normal urban and suburban development (determined as part of the But-For analysis).
  - 5. Facilitate the development process and promote development on sites that could not be developed without public financing assistance.
  - 6. Increase the number and diversity of quality jobs and/or retain local jobs at high wages
  - 7. Provide the highest and best desired use for the property
  - 8. Improve or add public infrastructure such as roads, utility extensions, storm water ponding, etc.
  - 9. Establish business interest that add to the diversity of the City’s offerings

## **3. PUBLIC FINANCING PRINCIPLES**

- A. The guidelines and principles set forth in this Policy pertain to all applications for City public financing regardless of whether they are considered a Business Subsidy as defined by the Statutes. The following general assumptions of development/redevelopment shall serve as City public financing guidelines:
  - 1. All viable requests for City public financing assistance shall be reviewed by staff, and a third party municipal advisor who will inform the City of its findings and recommendations. This process, known as the “But For” analysis is intended to establish that the project would not be feasible but for the City financing assistance.

2. The City shall establish mechanisms within a development agreement to ensure that adequate checks and balances are incorporated in the distribution of financial assistance where feasible and appropriate, including but not limited to, establishment of a “look back provision” and other performance criteria deemed necessary by the City.
3. TIF and property tax abatement will be provided on a pay-as-you-go-basis. Any request for upfront assistance will be evaluated on its own merits and may require security to cover any risks assumed by the City.
4. The City will set up TIF districts in accordance with the maximum number of statutory years allowable. However, this does not mean that the developer will be granted assistance for the full term of the district.
5. The City will elect the fiscal disparities contribution to come from inside applicable TIF district(s) to eliminate any impact to the existing tax payers of the community.
6. Public financing will not be used to support speculative commercial, office or housing projects. In general the developer should be able to provide market data, tenant letters of commitment or finance statements that support the market potential/demand for the proposed project.
7. Public financing will not be used in projects that would give a significant competitive financial advantage over similar projects in the area due to the use of public financing assistance. Developers shall provide information to support that assistance will not create such a competitive advantage. Priority consideration will be given to projects that fill an unmet market need as determined by the City.
8. Public financing will not be used in a project that involves a land and/or property acquisition price in excess of fair market value.
9. Public financing will not be used for single-family residential developments or stand-alone corporate-owned fast food restaurants. In addition, public financing will not be used for big-box retail that is not part of a redevelopment project or special purpose project of the City.
10. The developer will pay all applicable application fees and pay for the City’s fiscal and legal advisor time as stated in the City’s Public Assistance Application.
11. The City will consider waiving fees on a case-by-case basis including, but not limited to, park dedication fees, water and/or sewer/storm sewer connection or area charges. The City may consider using SAC credits, to the extent they are available, to off-set a project’s SAC expenses.
12. The developer shall proactively attempt to minimize the amount of public assistance needed through the pursuit of grants, innovative solutions in structuring the deal, and other funding mechanisms.
13. All developments are subject to execution and recording of a Minimum Assessment Agreement and Development Agreement.

#### **4. PROJECTS WHICH MAY QUALIFY FOR PUBLIC FINANCING ASSISTANCE**

- A. All new applications for public assistance considered by the City must meet all the minimum qualifications in Section 4.1, 4.2 A and B, and as many of the desired qualifications in Section 4.2 C as feasible. However, it should **not** be presumed that a project meeting these qualifications will automatically be approved for assistance. Meeting the qualifications does not imply or create contractual rights on the part of any potential developer to have its project approved for assistance.

##### **4.1 MINIMUM QUALIFICATIONS/REQUIREMENTS:**

- A. In addition to meeting the applicable requirements of State law, the project shall meet **two or more** of the public financing objectives outlined in Section 2.
- B. The developer must demonstrate to the satisfaction of the City that the project is not financially feasible “but for” the use of tax increment or other public financing.
- C. The project must be consistent with the City’s Comprehensive Plan and Zoning Ordinances, Design Guidelines and any other applicable land use documents or City requirements.
- D. Prior to approval of a financing plan, the developer shall provide all requested market and financial feasibility studies, appraisals, soil boring, private lender commitment, and/or other information the City or its financial consultants may require in order to proceed with an independent evaluation of the application for public financing.
- E. The developer must provide adequate financial guarantees to ensure the repayment of any public financing and completion of the project. These may include, but are not limited to, assessment agreements, letters of credit, personal deficiency guarantees, guaranteed maximum cost contract, etc.
- F. Any developer requesting assistance must be able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed. Public financing will not be used when the developer’s credentials, in the sole judgment of the City, are inadequate. The City’s evaluation of the developer’s credentials may include, but is not limited to, performance on past projects, general reputation, project references, bankruptcy and other criteria considered relevant to the City.
- G. The developer, or its contractual assigns, shall retain ownership of any portion of the project long enough to complete the project, stabilize its occupancy, and establish project management and/or needed mechanisms to ensure successful operation.

##### **4.2 DESIRED QUALIFICATIONS:**

- A. Projects providing a high ratio of private investment to City public investment will receive priority consideration. Private investment includes developer cash, government and bank loans, conduit bonds, tax credit equity, and land if already owned by the developer.

- B. Proposals that significantly increase the amount of property taxes paid after redevelopment will receive priority consideration.
- C. Proposals that encourage the following will receive priority consideration:
  - 1. Implements the City's vision and values for a City-identified redevelopment areas in order of priority;
    - a. Business Park
    - b. Gateway North District
    - c. Cottage View District
    - d. Langdon Village Area (along portion of West Point Douglas Road) including the Majestic Ballroom
  - 2. Provides opportunities for corporate campus or medical office development
  - 3. Provides opportunity for hi-tech, med-tech, R & D facilities/office or major manufacturer
  - 4. Provides for development of limited or full-service hotels
  - 5. Provides opportunities for entertainment venues such as movie theater, family fun center or larger attraction unique to the City
  - 6. Promotes multi-family housing investment that meets the following City goals:
    - a. Provides housing options not currently available
    - b. Provides affordable and/or workforce housing that include amenities similar to those found in market rate housing
    - c. Provides market-rate housing with high-end finishes and amenity package
  - 7. Redevelops a blighted, contaminated and/or challenged site
  - 8. Attracts or retains a significant employer within the City
  - 9. Provides significant rehabilitation or expansion and/or replacement of existing office, manufacturing or commercial facility
  - 10. Provides façade improvements (including building facades, signage, landscaping and parking lots) for commercial/industrial developments
  - 11. Adds needed road, access, multi-modal improvements and or public infrastructure
  - 12. Provides opportunities for small businesses (under 50 employees)
  - 13. Provides significant improvement to surrounding land uses, the neighborhood, and/or the City

5. **BUSINESS SUBSIDY CRITERIA: PUBLIC PURPOSE, JOBS AND WAGE REQUIREMENT**

- A. All business subsidies must meet a public purpose with measurable benefit to the City as a whole.
- B. 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.

- C. The creation of tax base shall not be the sole public purpose of a subsidy.
- D. Unless the creation of jobs is removed from a particular project pursuant to the requirements of the Statutes, the creation of jobs is a public purpose for granting a subsidy. Creation of at least one (1) new full time employee (FTE) is a **minimum requirement** for consideration of assistance and, it should **not** be presumed that a project meeting this minimum requirement will automatically be approved for assistance. The City may require more jobs be created in order for a developer to receive public assistance. For purposes of this Policy, FTE's must be permanent positions with set hours, and be eligible for benefits.
- E. The wage floor for wages to be paid for the jobs created shall be not less than **200%** of the State of MN Minimum Wage. The City will seek to create jobs with higher wages as appropriate for the overall public purpose of the subsidy. Wage goals may also be set to enhance existing jobs through increased wages, which increase must result in wages higher than the minimum under this Section.
- F. 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.

## **6. SUBSIDY AGREEMENT**

- A. In granting a business subsidy, the City shall enter into a subsidy agreement with the recipient that provides the following information: wage and job goals (if applicable), commitments to provide necessary reporting data, and recourse for failure to meet goals required by the Statutes.
- B. The subsidy agreement may be incorporated into a broader development agreement for a project.
- C. The subsidy agreement will commit the recipient to providing the reporting information required by the Statutes.

## **7. PUBLIC FINANCING PROJECT EVALUATION PROCESS**

- A. The following methods of analysis for all public financing proposals will be used:
  - 1. Consideration of project meeting minimum qualifications
  - 2. Consideration of project meeting desired qualifications
  - 3. Project meets “but-for” analysis and/or statutory qualifications
  - 4. Project is deemed consistent with City’s Goals and Objectives

***Please note that the evaluation methodology is intended to provide a balanced review. Each area will be evaluated individually and collectively and in no case should one area outweigh another in terms of importance to determining the level of assistance.***

*City of Hugo, Minnesota*  
*Tax Increment Financing Policy & Application*

*Adopted:*

*Revised*

***Minnesota Offices***

**Corporate Headquarters**

380 Jackson Street, Suite 300  
St. Paul, MN 55101-2887  
651.223.3000  
651.223.3002 Fax

***Kansas City Office***

7211 West 98<sup>th</sup> Terrace  
Suite 100  
Kansas City, KS 66212-2257  
913.345.8062  
913.341.8807 Fax

***Wisconsin Office***

1110 North Old World 3<sup>rd</sup> Street  
Milwaukee, WI 53203-1100  
414.220.4250  
414.220.4251 Fax

***advisors@springsted.com***

***California Office***

28137 Espinoza  
Mission Viejo, CA 92692  
949.600.5330  
949.600.5325 Fax

***Richmond***

8790 Park Central Drive, Suite B  
Richmond, VA 23227  
804.726.9750  
804.726.9752 Fax

***Des Moines Office***

300 Walnut Street  
Suite 215  
Des Moines, IA 50309-2258  
515.244.1358  
515.244.1508 Fax

***Virginia Beach***

1206 Laskin Road, Suite 210  
Virginia Beach, VA 23451-5263  
757.422.1711  
757.422.6617 Fax



## Table of Contents

I	POLICY PURPOSE .....	1
II	OBJECTIVES OF TAX INCREMENT FINANCING .....	1
III	POLICIES FOR THE USE OF TIF .....	2
IV	PROJECT QUALIFICATIONS .....	3
V	SUBSIDE AGREEMENT & REPORTING REQUIREMENTS .....	4
VI	APPLICATION PROCESS .....	5
VII	APPLICATION FOR TAX INCREMENT FINANCING .....	6
	Applicant Information .....	6
	Project Information .....	7
	Public Purpose .....	8
	Sources & Uses .....	8
	Additional Documentation .....	9
I	APPLICATION REVIEW WORKSHEET .....	11
II	EXHIBITS .....	13
	Exhibit A .....	15
	Exhibit B .....	16
	Exhibit C .....	17
	Exhibit D .....	18
	Exhibit E .....	19

## I. POLICY PURPOSE

*For the purposes of this document, the term "City" shall include the Hugo City Council and Economic Development Authority.*

The purpose of this policy is to establish the City of Hugo'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 Hugo is to encourage desirable development or redevelopment that would not otherwise occur *but for* the assistance provided through TIF.

The City of Hugo 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.

The City Council and Economic Development Authority can deviate from this policy for projects that supersede the objectives identified herein.

## II. OBJECTIVES OF TAX INCREMENT FINANCING

Tax Increment Financing (TIF) uses the increased 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 otherwise be developed but/for the use of TIF.
- 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, demolition, and environmental remediation.
  3. Capitalized interest, bonding costs.
- b. The following types of TIF districts may be established:
  1. Economic Development Districts
  2. Redevelopment Districts
  3. Housing Districts
  4. Renewal and Renovation Districts

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. Only for projects which supersede the objectives identified herein, will the term of the TIF assistance exceed 15 years.
- f. Any developer receiving TIF assistance shall provide a minimum of twenty percent (20%) cash equity investment in the project. TIF shall not be used to supplant cash equity.
- g. TIF will not be used in circumstances where land and/or property price is in excess of fair market value. An appraisal by a third party, agreed upon by the City and Developer, will determine the fair market value of the land.
- h. Developer shall be able to demonstrate a market demand for a proposed project. TIF shall not be used to support purely speculative projects.
- i. TIF will not be utilized in cases where it would create an unfair and significant competitive financial advantage over other projects in the area.

- j. TIF shall not be used for projects that would place extraordinary demands on city services or for projects that would generate significant environmental impacts.
- k. 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, etc.
- l. 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.
- m. 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 Hugo must meet *all* of the following requirements:

- a. To be eligible for TIF, a project shall result in:
  - i. For Economic Development TIF Districts, new construction of a minimum of 15,000 square feet;
  - ii. For Economic Development TIF Districts, the minimum creation of one new or retained full time job per \$100,000 of TIF provided;
  - iii. For Redevelopment TIF Districts, a minimum value increase of 3 times the current year assessed value; and,
- 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.
  - The project contributes to the fulfillment of the City's development or redevelopment objectives.
  - Removal of blight or the rehabilitation of a high profile or priority downtown site.

## V. SUBSIDY AGREEMENT & REPORTING REQUIREMENTS

All developers/businesses receiving tax increment financing assistance from the City of Hugo 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 Hugo 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 Hugo 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 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

### 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:

<input type="checkbox"/> Industrial Greenfield:	<input type="checkbox"/> New Construction	<input type="checkbox"/> Expansion
<input type="checkbox"/> Commercial Redevelopment:	<input type="checkbox"/> New Construction	<input type="checkbox"/> Rehabilitation
<input type="checkbox"/> Industrial Redevelopment:	<input type="checkbox"/> New Construction	<input type="checkbox"/> Rehabilitation
<input type="checkbox"/> Housing Redevelopment:	<input type="checkbox"/> New Construction	<input type="checkbox"/> Rehabilitation
<input type="checkbox"/> Mixed Use Redevelopment:	<input type="checkbox"/> New Construction	<input type="checkbox"/> Rehabilitation
<input type="checkbox"/> Other _____		

Please explain the basic components of the project proposed, i.e., amount of new commercial square footage, numbers of housing units (rental or owner occupied), etc.

---



---



---



---



---

The project will be: ☐ Owner Occupied ☐ Leased Space

If leased space, please attach a list of 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:

Building Demolition \$	_____
Environmental Remediation \$	_____
Public Improvements \$	_____
Site Improvements \$	_____
Land Acquisition \$	_____
(Land Acquisition shall not exceed 50% of total subsidy request)	

Total Subsidy Requested \$ \_\_\_\_\_

Current Assessed Value on Project Site: \$ \_\_\_\_\_

Current Real Estate Taxes on Project Site:

City \$ \_\_\_\_\_

County \$ \_\_\_\_\_

School District \$ \_\_\_\_\_

Estimated Assessed Value upon Completion:

Phase I \$ \_\_\_\_\_

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

Estimated Real Estate Taxes upon Completion:

Phase I \$ \_\_\_\_\_

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

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

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

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

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

**C. PUBLIC PURPOSE**

It is the policy of the City of Hugo 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 \_\_\_\_\_

\_\_\_ Increase in Tax Base

\_\_\_ Enhancement or diversification of the city's economic base.

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

\_\_\_ The project contributes to the fulfillment of the City's development or redevelopment objectives.

\_\_\_ Removal of blight or the rehabilitation of a high profile or priority downtown 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	_____	\$ _____
Other Loans	_____	\$ _____
ID Bonds	_____	\$ _____
Tax Increment	_____	\$ 0 **
<b>TOTAL</b>		\$ _____

**\*\*Note:** Tax Increment is not an upfront funding source as it will be provided only on a pay-as-you-go basis. Developer needs to identify funding sources to cover ALL costs up front, absent Tax Increment.

<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) Non refundable application fee of \$2,500
- \_\_\_\_\_ J) Check for \$10,000 to be placed in escrow to be used by the City to complete analysis of the subsidy requested, and to pay costs associated with Attorney's fees for the TIF Agreement (unused portion to be refunded)

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 Hugo 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

Redevelopment Districts**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
_____ <b>Ratio Private to Public Financing</b>	3:1	3
	2:1	2
Less than	2:1	1

**3. Structure of Financing:****Points:**

_____ < 10% of Subsidy Requested for Land Acq.	5
_____ 11% - 20% of Subsidy Requested for Land Acq.	4
_____ 21% - 30% of Subsidy Requested for Land Acq.	3
_____ 31% - 40% of Subsidy Requested for Land Acq.	2
_____ 41% - 50% of Subsidy Requested for Land Acq.	1

**4. Type of Project:****Points:**

_____ 100% Owner Occupied	5
_____ Mix Owner Occupied & Investment	4
_____ Investment Property	3

**5. Use:****Points:**

_____ Retail	5
_____ Office/Commercial	5
_____ Mixed-use	5
_____ Housing	3
_____ Industrial	1

**6. Type of Development:****Points:**

_____ Redevelopment of Substandard Structures	5
_____ Development of Vacant Land	3

**7. Job Creation/Wage Level****Points:**

_____ 15+ Full Time Equivalent (FTE) Jobs, \$15-\$20 per hour	5
_____ 10-14 FTE's, \$10-\$14 per hour	4
_____ 1-9 FTE's, \$7-\$9 per hour	3

8. Assessed Value:

- \_\_\_\_\_ 7+ times current
- \_\_\_\_\_ 6 times current
- \_\_\_\_\_ 5 times current
- \_\_\_\_\_ 4 times current
- \_\_\_\_\_ 3 times current

Points:

- 5
- 4
- 3
- 2
- 1

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

Points:

- 50,000 + 5
- 35,000 + 4
- 20,000 + 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

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

11. Bonus Points

Points:

- \_\_\_\_\_ The project will be 100% *Pay-as-you-go* TIF
- \_\_\_\_\_ The project meets the goals of downtown redevelopment

- 3 points
- 2 points

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

Overall Project Analysis:

- 40-48 Points
- 35-39 Points
- 25-34 Points
- 15-24 Points
- 0-14 Points

- Max Remaining Term
- 65-75% of Remaining Term
- 40-50% of Remaining Term
- 25-30% of Remaining Term
- Not Eligible

**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>			12,000,000			12,000,000		
			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>			12,000,000			12,000,000		
			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%		

**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**

## **CITY OF STILLWATER TAX INCREMENT FINANCING POLICY**

**Purpose:** The purpose of this policy is to describe the city's goals and objectives for the use of tax increment financing proposals including requirements, review criteria, eligible activities and funding approach.

**Goals and Objectives:** The goal for the City of Stillwater is to encourage and provide for the revitalization of the city through the development or redevelopment of existing and new commercial, industrial and residential areas, to increase jobs, strengthen the local tax base and to assist in the provision of a variety of affordable housing opportunities for city residents.

### **Objectives:**

1. Create a desirable and unique character through compatible land use and quality design in new and redeveloped building.
2. Stabilize and strengthen the local property tax base.
3. Increase job opportunities and city residents.
4. Eliminate blight and substandard conditions that impede the development potential and economic health of the downtown area and other redevelopment district areas.
5. Preserve historically significant structure to reuse in viable commercial, industrial or residential activities.
6. Encourage local business expansion.
7. Promote the development of certain areas and properties consistent with the city comprehensive plan, downtown plan and special area plans.
8. Retain and attract stable industries which provide significant employment and tax base.

**Procedure:** The following process lists the steps the city will follow in reviewing TIF assistance requests:

1. The applicant shall present the general development concept and discuss the project with the community development director.
2. A written request shall be submitted to the community development director's office with the information described below along with the attached tax increment financing preapplication, preliminary agreement and deposit.
3. The request will be reviewed internally by staff and consultants, as appropriate. Staff will address completeness of preapplication and generally evaluate the project using the TIF requirements and review criteria.
4. The application shall be placed on the city council agenda. The developer shall make a formal presentation and staff report presented.
5. If the city council preliminary review is positive, a full application shall be filed. A complete study of the project will begin, including financial and market analysis.
6. Concurrent with staff project review and analysis, the developer shall begin city planning permit review.
7. Upon completion of the staff's review and analysis and the planning commission permit recommendation, the reports shall be forwarded to the city council for decision.
8. If the reports are satisfactory to the council, the council may authorize staff to commence negotiations on a development contract to make any modification to the development program for the development district and tax increment financing plan and to follow the statutory procedures for notification to Washington county and the school district. All public hearings, zoning, environmental review requirements and other normal municipal procedures shall be met.
9. If the proposal and all necessary reviews are approved, the applicant shall enter into a detailed development and assessment agreement with the city. The agreement shall include suitable collateralized guarantees, a minimum assessed value for the project, an equity participation agreement as appropriate and guarantees that the tax increments will begin to be received on a certain date, the amount of security required will be based on the city's assessment of the risk of the project.

#### **General Requirements for Proposal:**

1. Public benefit of assistance must be clearly demonstrated. It must be financially demonstrated that the project will not take place without tax increment assistance. All proposals requesting TIF assistance and that, but for the assistance the project would not go forward or would locate in a different area.
2. Developers must provide full disclosure of project financial and market information so that the city can have the information verified and reviewed by a qualified expert.

3. All projects requesting tax increment assistance shall be of the highest quality of design including brick or masonry materials exhibiting a distinctive non-generic style, extensive landscaping, underground irrigation system, screened service and utility areas and subdued exterior lighting and signage.
4. The valuation of built improvements for the proposed project shall be at least \$600,000 and offer at least four hundred (400) hours per week of employment opportunity.
5. All proposals shall be located in the development district.
6. Construction for all assisted proposals must start within one year of planning permit approval and be completed within two years. (For extraordinary reasons, this may be extended by the city council.)
7. Assisted sites shall not be landed banked for future use but developed at the time of assistance.
8. TIF proposals shall not be speculative industrial, commercial and office projects. (In general, speculative projects are defined as those projects which have lease agreements for less than 70 percent (70%) of the available leased space.)
9. TIF assistance will not be used in projects that involve excess lands and/or higher than market property price.
10. The developer shall retain ownership of the project at least two years from the date of completion to stabilize occupancy, establish project management and begin repayment of TIF.

**Review Criteria:**

1. Projects shall leverage the maximum private investment possible. Generally, they should achieve an 8 to 1 private to public ratio. Less ratios may be acceptable where an overwhelming public purpose is served.
2. The project must be consistent with the comprehensive plan, downtown plan, special area plans, zoning ordinance requirements and design guidelines.
3. Any developer requesting city assistance must be able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed.
4. Development proposals shall create or retain a significant number of jobs with special priority given to primary wage earner full-time positions.

5. Proposals shall optimize potential of the site.
6. TIF funding will 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 improvement 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 a 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.

### **Eligible Uses of Tax Increment Assistance**

1. Acquire land or building space which is vacant, unused, under used or inappropriately used.
2. Provide for the financing and construction of public improvements; i.e., water, sanitary sewer and storm sewer lines, roads and drainage.
3. Provide for site preparation; i.e., grading, soil correction, cliff dewatering, landscaping or drainage improvements for private development.
4. Enhance building design and site landscaping.
5. Provide adequate business and shopper parking.
6. Reduce special assessment and write down land costs.

### **Funding Approach**

The preferred method of providing assistance for private projects is the "pay as you go" approach and the loan approach. "Pay as you go" does not involve the issuance of bonds and thus limits the city's financial exposure in these uncertain times of state enabling legislation.

The loan approach involves the sale of tax increment bonds and loaning the proceeds to the developer which in turn comes back to the city with interest. The repayment funds would be placed in a development account to assist with future development. This lessens the bond risk because there are two income streams, tax increment and loan payments, that can be used to meet the bond obligation. Only in special unique situations where there is very significant benefit to the community, will "up front" assistance be considered. A combination of assistance techniques may be appropriate in some

situations.

The following TIF allocation criteria will be used as a guideline: (1) A minimum of 50 percent (50%) of all new TIF proceeds shall be used in the downtown redevelopment district to correct blighted conditions (2) new or expansion of basic industrial development may receive TIF assistance according to the economic development district requirements (maximum eight (8) years of assistance) (3) other commercial office, retail or service business may receive 2-1/2 years of "pay as you go" assistance (50 percent (50%) of TIF proceeds for five years) for land write down or special assessment reduction.

### **Principles Used to Review and Negotiate TIF Development Contracts**

1. To limit public financial assistance to a project to the minimum amount necessary and assure the successful accomplishment of the project.
2. To keep the payback period for tax increment bonds and loans to the shortest term possible.
3. To provide tax increment assistance only to those projects which generate sufficient increment to cover debt service.
4. To provide the greatest security possible to protect the city's investment in the project.
5. To recapture the public investment to the maximum extent possible through equity participation in the project or to treat TIF assistance as a second mortgage with fixed payments.
6. To assist only projects that will not result in significant negative environmental impacts on the city.
7. TIF assistance will not be used to give a competitive financial advantage over similar projects in the area.

**CITY OF STILLWATER  
PRE-APPLICATION  
TAX INCREMENT FINANCING ASSISTANCE**

Legal Name of Applicant: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Name of Contact Person: \_\_\_\_\_

**REQUESTED INFORMATION**

**Addendums shall be attached hereto addressing in detail the following:**

1. A map showing the exact boundaries of proposed development.
2. Give a general description of the project including: size and location of building(s); business type or use; traffic information including parking, projected vehicle counts and traffic flow; timing of the project; other pertinent information.
3. The existing Comprehensive Plan Land Use designation and zoning of the property. Include a statement as to how the proposed development will conform to the land use designation and how the property will be zoned. Explain any discrepancies between the proposed development and the existing land use designation and zoning.
4. A statement identifying the public improvements requested to be financed and why the costs of the improvement cannot be paid by the developer.
5. A statement identifying the public benefits of the proposal including estimated increase in property valuation, new jobs to be created and other community assets.
6. A written perspective of the developers company or corporation, principals, history and past projects.

Applicant understands and agrees that the information contained in this application, and the information contained in items above, is intended for use by the City of Stillwater, its officers, employees, and agents in connection with the City's consideration of possible tax increment bond financing for applicant's project; however, the City gives no assurance that this information may not be disclosed, in whole or part, to persons other than City's officials, employees and agents.

**SIGNATURE**

Applicant's Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**CITY OF STILLWATER  
PRELIMINARY AGREEMENT FOR  
TAX INCREMENT FINANCING**

- (I) This Preliminary Agreement made and entered into by and between the City of Stillwater, a Municipality organized and operating under the laws of the State of Minnesota (hereinafter called "City") and \_\_\_\_\_ a corporation organized under the laws of the State of \_\_\_\_\_ (hereinafter called "Developer").

**WITNESSETH:**

- (II) **WHEREAS**, the City has received from Developer a request that the City provide tax increment assistance pursuant to Minnesota Statutes, Sections 469.124 through 469.134 and Sections 469.174 through 469.179 (collectively, the "Act") in connection with a project to be undertaken by the Developer within the City.
- (III) **NOW, THEREFORE**, in consideration of the foregoing, the parties hereto agree as follows:
- A. The Developer agrees to deposit with the City \$5,000 for any and all expenses and costs of the City in connection with the preparation of the development program and all documentation and procedures required by the Act in connection with the issuance of tax increment bonds, whether or not the tax increment bonds are actually issued, as verified by itemized statements for services rendered. Costs and expenses shall include, but not be limited to, all out-of-pocket expenses, all fees for legal services, all fees for architectural engineering and financial services including feasibility reports, all administration costs, appraisal costs, all costs of reports and hearings. Monies not expended will be refunded to the applicant. Additional expenses, if any, will be passed to the developer.
  - B. The City Council reserves the right to deny any application for financing at any stage of the proceedings prior to its entering into a Development Agreement.
  - C. All applications and supporting materials and documents shall remain the property of the City. All such materials may be subject to disclosure and/or public review under applicable provisions of State Law.

- (IV) IN WITNESS WHEREOF, the City and the Developer have executed this Agreement.

Approved by the City of Stillwater, Minnesota, this \_day of \_\_\_\_\_, 20\_\_.

**DEVELOPER**

**CITY OF STILLWATER**

\_\_\_\_\_

\_\_\_\_\_

Mayor

**APPLICATION FOR TAX INCREMENT  
FINANCING ASSISTANCE**

1. Qualifications of developer, including prior experience in similar or other developments. Qualifications of principal member of development team, including the architect, construction company, and financial advisor.
2. "But for" letter describing need for TIF assistance.
3. Financial information, including developer participation, and public and private funding.
4. Description of present ownership arrangement of project site.
5. Describe project. If project is a building, or addition to a building, specify number of stories, square footage, and related parking. (Attach site plan, landscape plan, and building elevations indicating building materials.
6. Describe use in building, i.e. industrial, office, commercial, and number of new employees resulting from the project.
7. Estimated project costs:
  - a. Land acquisition: \$ \_\_\_\_\_
  - b. Site development: \$ \_\_\_\_\_
  - c. Building cost: \$ \_\_\_\_\_
  - d. Equipment: \$ \_\_\_\_\_
  - e. Architectural and engineering fees: \$ \_\_\_\_\_
  - f. Legal fees: \$ \_\_\_\_\_
  - g. Bond discount, fees to underwriter and brokerage fees: \$ \_\_\_\_\_
  - h. Interest during construction: \$ \_\_\_\_\_
  - i. Off-site development cost: \$ \_\_\_\_\_
  - j. Initial bond reserve fund: \$ \_\_\_\_\_
  - k. Contingencies: \$ \_\_\_\_\_
  - l. Other (please specify): \$ \_\_\_\_\_

**Total** \$ \_\_\_\_\_

8. Will project be occupied by applicant after completion? If not, state name of future lessees and status of commitments or lease agreements and amount of space. (Attach lease documents).
9. Describe amounts of City assistance being requested and for discuss what purpose.
10. Are there any significant environmental impacts signs that impacts to the site or area that may result from the project?
11. Present schedule showing dates for design, construction and occupancy of the project .
12. Applicant:
  - a. Name \_\_\_\_\_
  - b. Address \_\_\_\_\_
  - c. Phone \_\_\_\_\_
  - d. Authorized Representative \_\_\_\_\_
  - e. Business Firm (Partnership, Corporation, etc.) \_\_\_\_\_
  - f. Date the Partnership or Corporation was formed \_\_\_\_\_
13. Names and addresses of principal partners, major stockholders, etc.
14. Names, addresses, phone, and contact person for firms providing consulting services for the project.
  - a. Architect/Engineering \_\_\_\_\_
  - b. Financial \_\_\_\_\_
  - c. Market \_\_\_\_\_
  - d. Legal \_\_\_\_\_
  - e. Other \_\_\_\_\_
15. Financial History/References.
  - a. Have you applied for conventional financing for the project? ☐Yes ☐ No  
List status and details \_\_\_\_\_  
\_\_\_\_\_
  - b. Have you or any of the principals in the project ever filed for bankruptcy?  
☐Yes ☐ No
  - c. Have you or any of the principals ever defaulted on property taxes for property in the City of Stillwater? ☐Yes ☐ No

d. Are you or any of the principals currently delinquent on property taxes for property in the City of Stillwater? ☐Yes ☐ No

e. List three financial references:

---

---

---

16. A statement indicating the developers willingness to undertake the development of the proposed project if:

- a. A satisfactory agreement can be reached for the City's commitment for the requested public improvements;
- b. A satisfactory mortgage and equity financing for the proposed project can be secured; and
- c. The economic feasibility and soundness of the proposed project have been analyzed and confirmed to the satisfaction of the City and the developer.

17. Statement of willingness of developer to enter into an agreement, after project planning has been completed, which would require developer to provide appropriate guarantees prior to the City's provision of assistance to undertake public activity related to the proposed project.

18. Any other pertinent data developer wishes to propose.

19. The City reserves the right to require additional information and supporting data from the applicant after the filing of this application.

Applicant understands and agrees that the information contained in this application and the information contained in items above is intended for use by the City of Stillwater, its officers, employees, and agents in connection with the City's consideration of possible tax increment bond financing for applicant's project; however, the City gives no assurance that this information may not be disclosed, in whole or in part, to persons other than City's officials, employees and agents.

The Undersigned, (a) (the) \_\_\_\_\_ of applicant, hereby represents and warrants to the City that (he) (she) has carefully reviewed this application, and that herewith are accurate and complete to the best of the Undersigned's knowledge and belief.

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

EDA RESOLUTION NO. 16-02

COPY

RESOLUTION OF THE BOARD OF COMMISSIONERS  
OF THE ECONOMIC DEVELOPMENT AUTHORITY  
IN AND FOR THE CITY OF WOODBURY, MINNESOTA

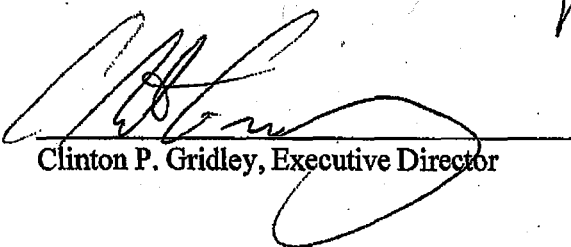
ENDORISING THE CITY OF WOODBURY'S  
BUSINESS SUBSIDY POLICY

BE IT RESOLVED by the Board of Commissioners (the "Board") of the Economic Development Authority in and for the City of Woodbury, Minnesota (the "Authority"), as follows:

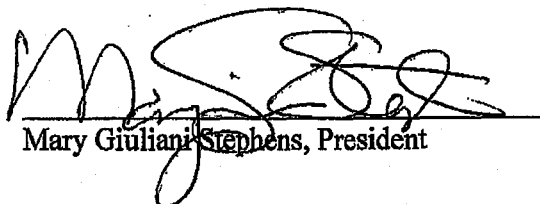
1. Recitals. All things required by the applicable provisions of Minnesota Statutes, Sections 469.090 to 469.108, have been duly taken in order to create, constitute, and activate the Authority.
2. Business Subsidies. The Authority is authorized to issue business subsidies as defined by the State's Business Subsidies Act, which is Minnesota Statutes, Sections 116J.993 through 116J.995.
3. Endorsement of CD-COMDEV-3.4. The Authority hereby endorses the City of Woodbury's Business Subsidy policy, CD-COMDEV-3.4, and establishes a procedure of following CD-COMDEV-3.4 when considering economic development financing opportunities.

This Resolution was declared duly passed and adopted and was signed by the President and attested to by the Executive Director this 27<sup>th</sup> day of January, 2016.


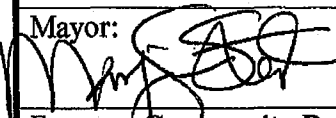
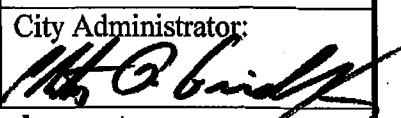
Attest:



Clinton P. Gridley, Executive Director



Mary Giuliani Stephens, President

  <b>COUNCIL DIRECTIVE</b>	<b>Adopted:</b> <b>EDA: 12-16-99</b> <b>Council: 1-12-00</b> <b>Revised:</b> <b>EDA: 3-11-04</b> <b>Council: 4-28-04</b> <b>Council: 8-27-08</b> <b>EDA: 9-11-08</b> <b>Council: 2-24-16</b>	<b>Number: CD-COMDEV-3.4</b>
	<b>Mayor:</b> 	<b>City Administrator:</b> 
	<b>For: Community Development</b>	
	<b>Subject: Business Subsidy Policy</b>	

## PURPOSE

This umbrella policy is intended to govern the use of municipal economic development financing tools within the City of Woodbury. The intent of this umbrella policy is to ensure that any municipal investment structured in the shape of a business subsidy ("Business Subsidy") shall meet a two-part test:

1. But For Test. A business requesting financial assistance must demonstrate a substantial likelihood that the project would not otherwise proceed without a Business Subsidy and that the requested amount is the minimum amount needed to ensure a successful project.
2. Feasibility. A business requesting financial assistance must demonstrate to the satisfaction of the City Council that the project will be adequately capitalized and will be able to be completed in a timely fashion if financial assistance is provided.

This policy shall be adopted by both the City of Woodbury and the Economic Development Authority in and for the City of Woodbury (EDA). References hereinafter to the City or to the City Council shall be assumed to also reference the EDA and its Board of Commissioners.

The legal grounding of this policy is two-fold:

1. To comply with the Business Subsidies Act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995, as amended, and;
2. To establish minimum performance parameters for assistance provided through economic development financing tools including but not limited to Tax Increment Financing (TIF), Tax Abatement and/or the Woodbury Growth Fund.

## DEFINITIONS

Terms used in this policy are intended to have the same meanings as used in the Act, however, this policy shall apply both to subsidies granted under the Act and to financial assistance not governed under the Act.

For the purpose of this policy, a Business Subsidy is defined as in Section 116J.993, Subdivision 3 of the Act, in an amount of \$25,000 or greater.

Many forms of financial assistance are not legally considered a Business Subsidy and are therefore not regulated by the Act. Although these forms of financial assistance are not legally considered a Business Subsidy, the City Council may require at its sole discretion that the recipient of said financial assistance must comply with this Policy. Forms of financial assistance not considered to be a Business Subsidy are listed in Section 116J.993, Subdivision 3 of the Act, including but not limited to:

1. 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;
2. Assistance for housing; and
3. 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 through December 31, 1999.

#### POLICY

A. A Business Subsidy in the City of Woodbury must meet a public purpose, which includes, but is not limited to, increasing the tax base. Additional public purposes may include the following:

- Enhancing economic diversity so as to improve the mix of businesses in the area;
- Creating high quality job growth;
- Providing for job retention, where job loss is imminent and demonstrable;
- Community stabilization; or
- Other public purposes as determined by the City Council

B. To receive a Business Subsidy, a business must enter into a Business Subsidy Agreement ("Agreement") with the City of Woodbury. This Agreement, except as provided by state law, must include project descriptions and definitions, wage and job goals, enforcement mechanisms, reporting requirements, and other related contract documentation including but not limited to the requirements of Section 116J.994 of the Act.

#### CRITERIA

All projects receiving a Business Subsidy must comply with the But For and Feasibility tests as identified above. Additionally, the following criteria apply to recipients of economic development financing regardless of whether or not the proposed project meets the definition of a Business Subsidy as defined by the Act.

The City shall be guided by the following principles and criteria for establishing job creation and wage level goals, regardless of whether or not the proposed project meets the definition of a Business Subsidy as defined by the Act:

- If the City determines that the objective for providing the Business Subsidy involves the creation of jobs, the benefiting business must define in its Agreement with the City the number of jobs to be created. The number of jobs may include separate goals for the number of part-time or full-time jobs, or, in cases where job loss is specific and demonstrable, goals for the number of jobs retained. These goals must be attained within two years of the Benefit Date as defined by Section 116J.993, Subdivision 2 of the Act ("Benefit Date"). The benefiting business must also agree to pay 100 percent of the number of newly hired employees as required in the Agreement at a rate equal to or greater than 200 percent of the federal minimum wage in order to receive the Business Subsidy. Only jobs meeting this requirement will be credited toward the wage and job goals agreed to between the City and the benefiting business.
- A provision within the Agreement regarding the creation of jobs may not be required for projects for which the City determines that the creation of jobs is not the primary goal.
- In cases where the objective is the retention of existing jobs, the recipient of the Business Subsidy shall be required to provide demonstrable evidence that the loss of those jobs is imminent without the Business Subsidy.
- Because it is not possible to anticipate every type of project which may be desirable to the community, the City Council may, at its sole discretion and in accordance with applicable law, approve projects and economic development financing assistance which may vary from the principles and criteria outlined in this Policy. The City will document any deviations and include the same with its next annual report to the Department of Employment and Economic Development.

#### Public Notice Requirements

Before granting a Business Subsidy that exceeds \$25,000, the City must provide public notice and a public hearing on the proposed Business Subsidy consistent with the requirements of Section 116J.994, Subdivision 5 of the Act. Public notice of a proposed Business Subsidy must be published in the City's official newspaper not less than ten days prior to the public hearing.

#### Monitoring and Reporting

The City must monitor the progress by the recipient of a Business Subsidy toward achieving Agreement goals. The recipient must provide information regarding goals and results for two 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 Commissioner of Employment and Economic Development in cooperation with representatives of the City. Subsidy recipients must submit a report meeting the requirements of Section 116J.994, Subdivision 7(b) of the Act to the City not later than March 1 of each year for the previous year. The City must forward copies of the reports filed by recipients to the Commissioner of Employment and Economic Development by the subsequent April 1. If the recipient does not submit its

report to the City, the City must mail the recipient a warning within one week of the required filing date. If, after 14 days of the postmarked date of the warning, the recipient fails to provide a report to the City, the recipient must pay the City a penalty of \$100 for each subsequent day until the report is filed. The maximum penalty shall not exceed \$1,000.

The City, regardless of whether or not they have awarded any business subsidies, must file a report by April 1 of each year with the Commissioner of Employment and Economic Development. The report must include a list of recipients that did not complete the recipient report required and a list of recipients that have not met their job and wage goals within two years and steps being taken to bring them into compliance or to recoup the subsidy.

**Adopted by the Woodbury City Council on February 24, 2016, Resolution No. 16-20**

# **ALEXANDRIA ECONOMIC DEVELOPMENT AUTHORITY**

## **TAX INCREMENT FINANCING POLICY STATEMENT**

### **A. Introduction**

The City of Alexandria (the “City”) and the Alexandria Economic Development Authority (the “EDA”) have received numerous informal inquiries regarding the availability of tax increment financing as set forth in Minnesota Statutes Section 469.174 to 469.179 inclusive. The City and the EDA will consider each request on a case by case basis. In order to evaluate proposals, conserve the time of staff, advisors, developers, the EDA and the City Council, as well as answer preliminary questions, this Policy Statement will set forth basic information for all persons involved. For the benefit of interested parties, this Policy Statement also outlines the general procedures, which need to be followed in creating a tax increment financing district. It is the intent of this Policy Statement to serve as both a procedural and informational guide for all interested persons. Tax Increment financing is not a right, it is a privilege granted by the City.

### **B. Statutory Intent**

The purpose of the Minnesota Tax Increment Financing Act is to provide a uniform set of standards and procedures for cities and authorities to follow when utilizing tax increment financing in conjunction with Minnesota Statutes 469.001 to 469.047, 469.090 to 469.108 and 469.124 to 469.134.

Tax Increment Financing statute requires applicant to meet the “But-for” Test. Before an authority may create a TIF district, the City must make “but-for” findings that (1) the development would not occur without the TIF assistance and (2) that the market value of the TIF development will be higher (after subtracting the value of the TIF assistance) than what would occur on the site, if TIF were not used.

### **C. What is Tax Increment Financing**

Generally, tax increment financing is a technique which allows cities and authorities in cooperation with private developers to redevelop blighted and deteriorated urban areas, to construct low and moderate income housing, and/or to stimulate local economic growth.

A number of Tax Increment Financing (TIF) districts have been created in the City of Alexandria. Basically, TIF is a program, which allows the increase in property taxes generated by a development to pay for the development costs. Tax Increment is not an additional tax. Tax Increment does not affect the calculation of the tax amount; rather, it affects the distribution of the tax. The tax due is calculated the same as for a property that is not in a TIF district, but money that would normally go to the county, city, school, and other special taxing districts is instead diverted to the TIF district.

According to the statute, School District 206 and Douglas County are required to be notified of all potential TIF districts and each entity have the right to formally comment on each district to the City.

#### D. EDA Policy

In cases where interested parties are not able to accomplish the desired development or redevelopment without the assistance of tax increment financing the City and EDA may make tax increment financing available. The EDA will review applications for tax increment financing for the following types of districts and with the indicated guidelines:

1. Redevelopment District – removal of substandard structures.
  - a. Parcels consisting of 70% of the area of the district are occupied by buildings or improvements and more than 50% of the buildings are structurally substandard requiring substantial renovation or removal.
  - b. 15% of the area of a parcel must contain improvements to be considered improved.
  - c. An interior inspection, if possible, must be conducted before determining the improvements are substandard.
  - d. Increments can be used for land acquisition, demolition, clearing land, installation of utilities, pollution abatement, rehabilitation and parking and administrative costs.
  - e. Unless there are extensive environmental remediation costs or unless low/moderate income housing is to be constructed, it is the City's policy to limit the developer to 13 tax increment years for redevelopment projects.
2. Renovation or Removal District – renovation of existing structures.
  - a. Parcels consisting of 70% of the area of the district are occupied by buildings or improvements and 20% of the buildings (excluding out buildings) and 30% of the other buildings are structurally substandard requiring substantial renovation or removal to correct inadequate street layout, incompatible uses, overcrowding of buildings, excessive dwelling unit density, obsolete buildings not suitable for improvements and other hazards to health, safety and general well-being of the community.
  - b. Increments can be used for land acquisition, demolition, clearing land, installation of utilities, pollution abatement, rehabilitation and parking and administrative costs.
3. Soils Correction District – assist in the removal or correction of hazardous substances, pollution, or contaminants.
  - a. The estimated cost of removal exceeds the fair market value of the land before completion of the preparation.

- b. Increments can be used for land acquisition, cost of removal or remedial action, and administrative expenses.
- 4. Housing District – provide housing for low and moderate income families. Rental housing will include rent restrictions as well as income restrictions.
  - a. No more than 20 percent of the square footage of buildings that receive assistance from tax increments may consist of commercial, retail, or other nonresidential uses, as stated in MS 469.1761.
  - b. For rental housing the following income and rent restrictions apply:
    - (i) Income Restrictions: One of the following income tests must be met: at least 20% of the units must be occupied by tenants whose income is 50% or less of the area median income or 40% of the units are occupied by tenants with income of 60% or less of the area median income;
    - (ii) Rental Restrictions: For the income restricted units, the rental rates must minimally follow the maximum gross rents by family or bedroom size as established by Minnesota Housing Finance Agency for the Section 42 Tax Credit program. In addition, the City would like desirable amenities which include maintenance free exterior with some brick, one garage stall per unit, air conditioning, elevators, and park areas with playground equipment for non-elderly complexes, storm shelters, and sprinklers.
  - c. For owner occupied housing, 95% of the units must be initially purchased and occupied by persons whose income is equal to 115% or less of the area median family income. It must be demonstrated that the buyer receives the benefit of tax increment. The initial buyer must intend to occupy the property for a minimum number of years as provided for in specific City, EDA or HRA housing programs such as the City Housing Assistance Program to avoid repayment.
  - d. All housing district application may be available for review and comment by the Alexandria HRA in relation with the goals of the City of Alexandria Housing Study.
  - e. Increments can be used for land purchase, site preparation, installation of public improvements, and administrative expenses.
  - f. It is the City's policy to limit the developer to the number of tax increment years that both rent and income restrictions are enforced but not to exceed 26 years.
    - a. On a case by case basis, the City and EDA have the right to extend the term of the original contract to encourage the preservation of quality units available for affordable housing.

- i. Any project that is required to enforce rent and income limitations on their property in participation with other programs is ineligible for an extension of the TIF District contract.
    - ii. No contract will be extended for over five (5) years, or be granted more than 50% of the original increment.
  - g. On a case by case basis, particularly those senior rental housing projects addressing a continuum of care or assisted living, the City and EDA have the right to modify restrictions based on the project and its merits.
5. Economic District – increase employment, preserve tax base or discourage businesses from moving to another state or municipality.
- a. 85% of the building square footage must be used for manufacturing, warehousing, storage, distribution, tourism (if applicable), research and development.

To be eligible for a tourism tax increment financing district, a project must meet the following criteria:

- i. Be located in a County where the median income is no more than 85 percent of the state median income.
  - ii. Is located in a County in development region 2, 3, 4, or 5, as defined in section 462.385.
  - iii. The City's population is less than 20,000.
  - iv. The project is to acquire, construct, or rehabilitated for use as a convention and meeting facility that is privately owned, marina, hotel, motel, lodging facility, or non-homestead dwelling unit that in each case is intended to serve primarily individuals from outside the county.
- b. The developer will execute a Business Subsidy Agreement, specifying the wage and job goals of the project.
- c. Increments can be used for public improvements, administrative costs, loans, subsidies, and grants.
- d. In accordance with state statutes, the developer may be eligible for 9 tax increment years.

#### E. Development Objectives

The City welcomes and understands that as a community it receives a direct benefit from property designed residential, commercial and industrial development or redevelopment.

In reaching a decision with respect to whether or not to provide tax increment financing for a project, the City Council will consider the following factors:

1. Whether the project will add to the City's tax base and/or increase employment and wage opportunities.
2. Whether the project will acquire, remove, reconstruct or rehabilitate structurally substandard or blighted areas, which make potential development economically unfeasible.
3. Whether the project will acquire or develop vacant, under used or inappropriately used land which makes potential development economically unfeasible?
4. Whether the project will correct physical deterrents impeding development or provide adequate streets, utilities and other public improvements, which are deemed necessary to enhance the area for both existing and/or new development.
5. Whether the project will provide decent, safe and sanitary housing for low and moderate income persons.
6. Whether the project will assist in the removal and clean up of any polluted properties.

F. Application

Prior to any consideration by the EDA and the City Council, the applicant must deliver to the City the following:

1. Completed Application for Tax Increment Financing (attached);
2. Letter of Agreement substantially in the form attached; and
3. A processing fee in the amount of \$1,500.
4. Financial statements and feasibility studies as required by legal counsel of the City of Alexandria.

G. Preliminary Approval

The EDA will make a finding, based upon information presented, as to whether the proposed project is consistent with Minnesota Statutes Section 469.174 to 469.179 inclusive and is in the public interest as set forth in Section E of this Policy Statement. If deemed appropriate, the EDA may direct staff and advisors to prepare the tax increment financing plan, amend the development program, if necessary, and prepare supportive documents. After the above finding has been made and after the City has approved a resolution calling for a public hearing on a TIF District, but before work is started on the tax increment financing documents, a partial payment of an additional \$3,500 must be submitted to the City. The balance of the legal and consultant fees will be due when the

district is established. The purpose of the EDA Development Program is to provide a legal guide for the planning and implementation of the City and EDA's development and housing goals and for the creation, if desirable, of tax increment financing districts. The tax increment financing plan is designed to complement the Development Program by providing a framework for assisting the proposed development or redevelopment. As part of the approval process, a feasibility analysis of the project will be reviewed along with appropriate supporting financial analysis.

H. Redevelopment Contract

To receive tax increment assistance, the applicant will be required to enter into a Redevelopment Contract with EDA. The Redevelopment Contract shall specify the rights and responsibilities of each party with respect to the proposed development.

I. Final Approval

The development program, the tax increment financing plan, and the redevelopment contract requires approval by the EDA; the development program and tax increment financing plan requires approval by the City Council. A public hearing before the City Council must be held prior to final approval.

J. Use of Fees

1. Fees shall be used for the cost of securing appropriate consultants to assist the EDA in processing the inquiry or application. Representatives of appropriate consultants include, but are not limited to, EDA Attorney, Planning Consultant, Development and Financial Consultant, Bond Counsel, Traffic and other consulting engineers. The determination and use of TIF consultants is and remains the exclusive determination of the City of Alexandria.
2. Upon completion of any inquiry or decision on an application for assistance, the EDA shall render a total of all claims and charges paid. The EDA shall refund any outstanding balance. The developer shall be responsible for consultant charges in establishing the district and preparation of any agreements.
3. If the application is approved, the applicant shall be reimbursed in an amount not to exceed its statutorily authorized eligible expenses. Such reimbursement will generally be in the form of a limited tax increment revenue note known as a pay-as-you-go note.
4. The City shall retain a percentage of the increment generated as authorized by the Tax Increment Act for administrative and program expenses.

**ALEXANDRIA ECONOMIC DEVELOPMENT AUTHORITY  
APPLICATION FOR TAX INCREMENT FINANCING**

**Applicant Information:**

Applicant Name/Representative: \_\_\_\_\_

Business Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone #: \_\_\_\_\_ Fax # \_\_\_\_\_

Email: \_\_\_\_\_

Legal Business Structure: \_\_\_\_\_

If a partnership, state names of all partners. If a corporation, state name and address of agent in the State of Minnesota; specify state of incorporation, location of principal place of business; and list of name and addresses of major stockholders or principals.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Name and Contact Number of Legal Counsel: \_\_\_\_\_

Name and Contact of Accountant: \_\_\_\_\_

Name, Company, and Contact of Financial Reference:

\_\_\_\_\_

Other Pertinent Information for Application: \_\_\_\_\_

\_\_\_\_\_

Have you ever filed for Bankruptcy? ☐ Yes ☐ No  
(If yes, provide details on separate sheet)

Have you ever defaulted on a loan? ☐ Yes ☐ No  
(If yes, provide details on separate sheet)

**Description of Project:**

Project Name: \_\_\_\_\_

Location of Project: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Legal Description with Parcel Number and Physical Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Nature of Proposed Business: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Description of Proposed Project to include land area, square footage of building(s) or improvement(s), type of building(s) and proposed uses in building(s): \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Description of potential occupant of building(s) proposed. If leased space, provide the target rent per square foot proposed. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

What is the current zoning of the proposed site: \_\_\_\_\_

Will a conditional use permit, a variance or any other special use requirements be needed to complete this project? \_\_\_\_\_

\_\_\_\_\_

Total Cost of Project: \_\_\_\_\_

Please provide the following costs:

Item	Cost
Land	\$ -
Demolition	\$ -
Site Development	\$ -
Contamination Clean-Up	\$ -
Equipment Acquisition & Installation	\$ -
Architectural and Engineering Fees	\$ -
Legal Fees	\$ -
Interest During Construction	\$ -
Initial Bond Reserve	\$ -
City Bond Consultant/attorney	\$ -
City Administrative Expenses	\$ -
Other:	\$ -
Other:	\$ -
Total	\$ -

Anticipated construction period for this project: Start \_\_\_\_\_ Finish \_\_\_\_\_

**Employment and Wage Information:**

What is the present employment of the applicant: \_\_\_\_\_ FTE \_\_\_\_\_ PTE

What is the projected employment of the proposed project for the following time periods:

One year after completion: \_\_\_\_\_ FTE \_\_\_\_\_ PTE

Two-years after completion: \_\_\_\_\_ FTE \_\_\_\_\_ PTE

Please list the potential employment positions and the corresponding starting wage for the potential project:

Position Title	Average Starting Wage or Wage Range

**Tax Increment Request:**

Describe the Amount and purpose of the requested Tax Increment Financing: \_\_\_\_\_

---

---

---

Provide a brief statement of the public purpose and need for tax increment financing for the project and benefits to the City of Alexandria citizens and community due to the proposed project:

---

---

---

---

Please provide a brief statement of how the proposed project will further the goals of the City of Alexandria Comprehensive Plan: \_\_\_\_\_

---

---

---

---

Please provide a brief statement of how this development will attract other related development and types of businesses? \_\_\_\_\_

---

---

---

Will the project acquire, remove, reconstruct, or rehabilitate structurally substandard or blighted areas which make potential development economically unfeasible? \_\_\_\_\_

---

---

---

Will the project provide decent, safe and sanitary housing for low to moderate income persons? \_\_\_\_\_

---

---

Will the project assist in the removal and clean up of any polluted or contaminated properties? \_\_\_\_\_

---

---

**Application Acknowledgement:**

The undersigned, a duly authorized representative of the Applicant, hereby certifies that the foregoing information is true, correct and complete as of the date hereof.

The Applicant acknowledges and agrees that the \$1,500 application fee associated with this request for public financing assistance is nonrefundable.

Date: \_\_\_\_\_

Applicant Representative: \_\_\_\_\_

Signature: \_\_\_\_\_

**TAX INCREMENT FINANCING  
APPLICATION CHECKLIST**

- ☐ Schematic Drawing of Property/Project
- ☐ \$1,500 Application Fee
- ☐ Letter of Agreement (Sample Enclosed)
- ☐ Project Pro-forma
- ☐ Project Feasibility Study (if applicable)

Date:

Honorable President and Member of the  
Alexandria Economic Development Authority  
City of Alexandria  
704 Broadway  
Alexandria, MN 56308

**RE:** Application for Tax Increment Financing Project

President and Members of the Alexandria EDA:

This Letter of Agreement (the "Agreement") is given by \_\_\_\_\_, as \_\_\_\_\_  
(President/Owner) of \_\_\_\_\_, a \_\_\_\_\_ organized  
under the laws of the State of Minnesota (the "Applicant") in connection with the review and  
consideration of Tax Increment Financing for the project located at \_\_\_\_\_  
(the "Project"). In consideration, the Applicant hereby covenants and agrees as follows:

1. Consulting Services. The City shall have the right to employ legal counsel, bond counsel, accounting, real estate, financial, engineering, architectural, and other consultants to review the proposed Project and all proposed financing therefore in accordance with the policy statement (the "Policy Statement") attached to this letter.
2. Other Costs and Expenses. The City shall also have the right to allocate and charge to the proposed Project costs and expenses for photocopies, publications, postage and other similar items rendered or incurred with respect thereto.
3. Payment of Costs. The Applicant shall pay all costs, expenses and consulting services incurred by the City with respect to the Project and the issuance of Tax Increment Obligations to finance all or part of the cost thereof, including but not limited to costs and expenses of the types enumerated in paragraphs 1 and 2, whether or not the Project is approved and constructed or the City issues Tax Increment Obligations therefore. The Applicant submits herewith a check in the amount of \$1,500, the proceeds of which may be deposited in a savings account by the City and used and disbursed by the City to pay such costs, expenses and consulting services when due. Upon completion of consideration of the Project or the issuance of Tax Increment Obligations therefore, the City shall pay all such costs, expenses and consulting services not otherwise paid from such deposit. The fees advanced by the Applicant and expended for costs, expenses and consulting services may be reimbursed in accordance with the Policy Statement.
4. Termination of Consideration. The EDA shall have the right at any time prior to the adoption of a resolution approving the documents pursuant to which Tax Increment Obligations are to be issued and their issuance, to terminate its consideration of Applicant's Project and the issuance of Tax Increment Obligations

to finance the cost thereof, without any liability of the City and EDA, their respective officers, employees and agents.

Applicant hereby releases the City, EDA and AAEDC, their officers, employees and agents, from any claims or causes of action which it may have against them or any of them for any costs, expenses, losses, damages or liabilities which it may incur in connection with the City's consideration of the Project; the failure of the City and EDA, in their discretion, to issue Tax Increment Obligations, the construction of the Project; or any other matter or thing of any type or nature whatsoever which may arise in connection with any of the foregoing.

5. Indemnification. Applicant agrees to indemnify and hold the City, EDA, and AAEDC, the officers, employees and agent harmless from and against any and all losses, claims, damages, expenses or liabilities, including attorney's fees incurred in their defense, to which the City, EDA and AAEDC, the officers, employees and agents or any of them may become subject in connection with the City and EDA's consideration, issuance or sale of the Tax Increment Obligations for Applicant's Project and the carrying out of the transactions contemplated by this agreement and any resolution adopted or Agreements executed by the City, EDA and AAEDC in connection with the issuance of Tax Increment Obligations for Applicant's Project.
6. Assignment. The applicant shall have no right to assign any claimed rights it may acquire by reason of any action taken with respect to the Applicant's Project and the issuance of Tax Increment Obligation therefore by the City and EDA or their officers, employees or agents.
7. Effective Date. The effective date of the Agreement is \_\_\_\_\_, 20\_\_\_\_.

Sincerely,

Name  
Title

## WHAT ARE THE QUALIFYING PUBLIC IMPROVEMENTS?

Land Acquisition

Site Work

- Demolition/site clearance

- Grading/backfilling/compaction

- Erosion control/Site Pond (underground storage)

- Paving – cost of base construction up to laying of asphalt

Utility Hook Up

Traffic Control – Lights/Signs

Relocation Expense

Public Right-of-Way Costs

- Lighting

- Signage

- Curbs and Driveway Aprons

- Sidewalks

- Boulevards

- Berms

- Landscaping

Interest Cost during Construction Period of Eligible Expenses

Administrative Costs

- Supervision

- Contractors' fees

- Inspection fees

- Overhead

Environmental Costs

- Assessment

- Work Program

- Abatement/Clean up

Consultants' Fees

- Architectural/Design

- Engineering

- Financial Consulting

- Legal/Bond Counsel

City Assessments

- Sanitary Sewer

- Storm Sewer

- Streets

- Other assessable public improvement costs

Contingency

# **City of Arlington**

## **Business Subsidy Policy and Criteria**

### **1. PURPOSE**

- 1.01 This policy's purpose is to establish the City's position relating to the use of tax increment financing, tax abatement, industrial revenue bonds and other business assistance programs for private development. The City and EDA will use this policy as a guide in processing and reviewing applications requesting tax increment, tax abatement, bonding and other business assistance.
- 1.02 The City and the EDA may amend or waive any part of this policy as they determine necessary or appropriate in their sole discretion. *(As per statute, only by documenting in writing the reasons for the deviation and attaching a copy of the document to its next annual report to DEED)*

### **2. STATUTORY LIMITATIONS**

- 2.01 This policy is adopted in compliance with M.S. 116J.994 Subd. 2. A copy of the policy shall be submitted to the Department of Employment and Economic Development along with the first annual Business Subsidy report. All business assistance requests must comply with applicable Minnesota law.

### **3. ELIGIBLE BUSINESS ASSISTANCE USES**

- 3.01 The City and the EDA will consider using business assistance tools to assist private development only in those circumstances in which the proposed project meets at least one of the following public purposes:
- 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 City's commercial and industrial areas to encourage high levels of property maintenance and private reinvestment in those areas.

- D. In combination with any other use provided for in this section, to increase the City's tax base to ensure the City's long-term ability to provide adequate services for its residents while lessening the reliance on residential property tax.
- E. To retain local jobs where job loss is specific and demonstrable, increase the local job base and create high quality job growth, and provide diversity in the job base.
- F. To enhance economic growth and diversity and encourage additional unsubsidized private development in the area, either directly, or through secondary "spin-off" development.
- G. To offset increased redevelopment costs, over and above those costs that a developer would incur in normal development, and to encourage redevelopment and revitalization of the City or specific areas within the City.
- H. To retain a stable and centralized business area and downtown to assist in assuring the City's continued vitality, culture and identity and to provide for a centralized and convenient location of retail sales and services for City residents.
- I. To accelerate the development process and to achieve development on sites which would not be developed without assistance.

#### **4. BUSINESS ASSISTANCE PROJECT APPROVAL CRITERIA**

4.01 All new projects the City or EDA approves must meet all of the following mandatory minimum approval criteria. However, the City or EDA will not automatically approve a project meeting these criteria, and meeting these criteria will not create contractual rights on the part of any potential applicant or developer.

- A. The assistance must be provided within applicable state legislative restrictions, State Auditor interpretations, debt limit guidelines, and other appropriate financial and legal requirements and policies.
- B. The project must meet at least one of the uses outlined in Section 3 above.
- C. The project must be in accord 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.
- D. The applicant must demonstrate that the project would not be created on the same scale and/or quality without City or EDA Business Assistance. The applicant should maximize the amount of private investment in the project. The City or EDA may undertake an independent review of the project to help ensure that the request for assistance is valid.
- E. Before approving a Business Assistance Plan, the City or EDA may require an applicant to provide any required market and financial feasibility studies, appraisals, soil boring, information provided to private lenders for the project, and any other information or data that the City, the EDA or their financial consultants may require to independently review the project.

- F. An applicant requesting business assistance must demonstrate past successful general development capability as well as specific capability in the type and size of proposed development.
- G. If applicable, the applicant must retain ownership of the project at least long enough to complete it, to stabilize its occupancy, and to establish the project's management.
- H. The applicant must demonstrate evidence of required equity and other project financing sources. The applicant should reduce its level of needed business assistance funding 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's financing, before using additional business assistance funding.
- I. The project must be located in the City or planning to locate in the City before completion.
- J. The applicant must use all business assistance funding from the City or EDA for land and/or building improvements which increase the property's tax value, foster future economic development within the City, and maintain existing or create additional jobs in the City.
- K. *The Applicant must demonstrate a clear and ongoing commitment to the community by providing living wage jobs to their employees and to City residents, and where applicable, by giving priority to those residents.)* The hourly wage to be paid for jobs created as a result of receiving business assistance from the City or HRA cannot be less than \$12.25 per hour, not including benefits. The City or HRA may deviate from this requirement according to state law depending on the type of job(s) created.
- L. The applicant must demonstrate the ability to repay the business assistance if the goals set forth in the business assistance agreement are not met.
- M. *The applicant agrees to comply with annual Business Subsidy Reporting Requirements as required by Business Subsidy Statute M.S. 116J.993-116J.995 and/or Job Opportunity Building Zone (JOBZ) statute M.S. 469.310-469.320*
- N. *All other things being equal and to the extent legally possible, the City will give preferential treatment for business subsidies to businesses that engage in responsible labor relations defined as neutrality on union organizing.*

## **5. BUSINESS ASSISTANCE PROJECT EVALUATION CRITERIA**

- 5.01 The City or EDA will evaluate all projects on the following criteria for comparison with other proposed business assistance projects reviewed by the City and the EDA, and for comparison with other subsidy standards (where appropriate). Changes in local markets, construction costs, 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 While some criteria, by their very nature, must remain subjective, the City and HRA have established possible "benchmark" criteria for review purposes. The fact that a given proposal meets one or more "benchmark" criteria does not mean that the project is entitled to funding under this policy, but rather that the City or EDA is in a position to proceed with evaluations of (and comparisons between)

various business assistance proposals, using uniform standards whenever possible.

5.03 The City or EDA will use the following evaluation criteria:

- A. All proposals should optimize a site's private development potential.
- B. All proposals should create the highest feasible number of jobs on the site given the project's nature and other goals.
- C. All proposals must meet all applicable business assistance criteria established by the City or EDA.
- D. All proposals should create the highest possible ratio of property taxes paid before and after redevelopment after taking into consideration all of the project's goals. Given the different assessment circumstances in the City, this ratio will vary widely.
- E. Proposals should normally not be used to support speculative industrial, commercial, and office projects.
- F. The City or EDA will not normally provide business assistance to a project that involves an excessive land and/or property price.
- G. All projects obtaining business assistance must meet the "but for" test. The City or EDA will not provide assistance unless the need for the City's or EDA's economic participation is sufficient that, without that assistance, the project could not proceed in the manner as proposed.
- H. The City or EDA will not provide business assistance if the project developer's credentials, in the sole judgment of the City or EDA, are inadequate due to past track record relating to project completion, general reputation and/or bankruptcy, or other problems or issues considered relevant by the City or EDA.
- I. The City or HRA will not normally use business assistance for projects that would generate significant environmental or social problems in the opinion of the local, state, or federal governments.
- J. The City or EDA will not provide business assistance funding to those projects that fail to meet good public policy criteria including project quality; projects that are not in accord with the City's comprehensive plan, zoning, redevelopment plans and policies; projects that provide no significant improvement to surrounding land uses, the neighborhood, and/or the City; where applicable, projects that do not provide a significant increase in tax base; where applicable, projects that do not have significant new, or retained, employment; projects that do not meet financial feasibility criteria established by the City or EDA; and projects that do not provide the highest and best desired use for the property.

## **6. APPLICATION PROCESS AND FEES**

- 6.01 All applicants for business assistance must fill out and submit a Pre-application for Business Assistance form to the City or EDA.
- 6.02 Based upon the Pre-application submitted, the City or EDA may request the applicant to fill out and submit a formal Business Assistance Application.
- 6.03 All applications must include an application fee as established by the City or HRA. As of August 1, 2004 the application fee is \$250. For projects and types of assistance not listed, the City or EDA may establish a fee based upon the specific assistance requested.
- 6.04 All applications that are approved by the City of Arlington will have an annual administrative fee of .25% of the gross income or a cap of \$2,500.

## **7. BUSINESS ASSISTANCE AWARD**

- 7.01 The City or EDA shall consider, evaluate and make a decision regarding a business assistance application within sixty (60) days after receiving a properly completed Business Assistance Application.
- 7.02 *If the amount of the requested business assistance exceeds \$100,000, the City or EDA will hold a public hearing before granting or denying the business assistance. The City or HRA will publish notice of the public hearing at least ten (10) days before the hearing.*
- 7.03 If the City or EDA decides to grant any business assistance to the applicant, the applicant and the City or HRA must enter into a Business Assistance Agreement containing at least the following elements: *Review if we need to do this for our grant program and bldg permit rebate program.)*
  - A. A description of the business assistance, including the amount and type of assistance, and the type of district if tax increment financing is provided.
  - B. A statement of the business assistance's use and public purpose.
  - C. Measurable, specific and tangible goals for the business assistance.
  - D. A description of the recipient's financial obligations if the goals are not met.
  - E. A statement of why the subsidy is needed.
  - F. The recipient's commitment to continue operations in the City for at least five (5) years.
  - G. The name and address of the recipient's parent corporation, if any.
  - H. A detailed list of all financial assistance by all grantors for the project.
  - I. Goals for the number of jobs created or retained, and wage goals for the jobs created or retained, if any.

## **8.0 BUSINESS SUBSIDY REQUIREMENTS**

- A. *Any time the City of Arlington provides a business subsidy to a Qualified Business or Recipient, that business is subject to the wage goals, job goals and other criteria set forth in this policy. In the event of a conflict between the requirements of the Business Subsidy statute M.S. §§ 116J.993 - 116J.995 and the JOBZ statute M.S. §§ 469.310 - 469.320, the JOBZ statute shall control.*
- B. *The recipient, in the case of a quantifiable non-JOBZ business subsidy, shall create and retain at least one full-time living wage job and which provide employer paid basic health insurance for each \$25,000 of business subsidy received. These jobs shall be created not later than [REDACTED] (Specify date.)*
- C. *The qualified business in the case of a currently non-quantifiable JOBZ business subsidy, must create and retain for the period of the JobZone duration or until December 31, 2015, whichever is shorter, at least [REDACTED] (#) of jobs that pay a living wage; and which provide employer paid basic health insurance. These jobs shall be created not later than [REDACTED] (Specify date.)*
- D. *The City of Arlington may deviate from wage and job criteria in this Section. By documenting the reason in writing for the deviation and attaching a copy of this reason to the next annual Business Subsidy Report submitted to DEED.*
- E. *The City of Arlington shall have an overall goal of 10% of new jobs created under this policy will be held by City of Arlington residents. It is expected that all qualified businesses or recipients shall have a quantified target for the number of residents to be hired.*
- F. *The City shall require all businesses receiving a business subsidy to comply with the following:*

1. *Attend a properly noticed public hearing shall be held by the City as provided by M.S. § 116J.994. The purpose of the hearing shall be held to identify the criteria that the qualified business or recipient will meet in order to be eligible to receive a business subsidy or become a qualified business for purposes of the JOBZ statute. The hearing shall specify the subsidy provided, public purpose(s) that shall be achieved by offering the subsidy, and shall specify the measurable, specific, and tangible goals committed to by the qualified business. As provided by M.S. 116J.994, Subd. 5., a public notice shall be published in print and if possible, on the internet, at least 10 days prior to the hearing, identifying the location, date time and place of the hearing; and providing information about the business subsidy proposed, including a summary of the terms of the subsidy.*
2. *If the business is qualified to receive JOBZ tax benefits, that business shall agree to continue to operations in the jurisdiction where the subsidy is used (the subzone) for the duration of the job zone term.*
3. *If the qualified business or recipient is a relocating business under the definition in this agreement, the business shall be required to enter into a binding written "Relocation Agreement between the qualified business and the commissioner of DEED pledging that the qualified relocating business will either:*
  - (a) *increase full-time for full-time equivalent employment in the first full year of operation within the job opportunity building zone by at least 20 percent,*  
*or*
  - (b) *make a capital investment on the property equivalent to 10% of the gross revenues of operation that was relocated in the immediately preceding taxable year; and provides for repayment of all tax benefits if the requirements of (a) or (b) are not met.*

## **9. Definitions**

- 9.01 **Authorized Business Subsidy Signatory** means the President of the Mayor of the City of Arlington and/or the EDA Director and Treasurer, who are authorized by this Policy to execute business subsidy agreements on behalf of the City of Arlington and/or Arlington EDA;
- 9.02 **"JOBZ Business Subsidy"** means tax exemptions or tax credits available to a qualified business located in a job zone under the Job Opportunity Building Zone (JOBZ) statute M.S. §§ 469.310 - 469.320;
- 9.03 **"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, and as defined by the Business Subsidy statute M.S. §§ 116J.993 - 116J.995. Business subsidy does not include the following:
  1. assistance 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 businesses, size, location or similar general criteria;
  3. public improvements to buildings or lands owned by the (CHOOSE) City/Township/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;
  4. property polluted by contaminants being redeveloped as defined in M.S. § 116J.552, subd. 3.

5. *assistance provided for the sole purpose of renovating old or decaying building stock or brining it up to code and assistance to designated historic preservation sites or districts, provided that the assistance is equal to or less than 50% of the total cost of the development;*
6. *assistance to provide job readiness and training services;*
7. *assistance for housing;*
8. *assistance for pollution control or abatement, including assistance from a TIF hazardous substances subdistrict;*
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 M.S., Chapter 47A refunding bonds and 501(c)(3) bonds;*
15. *assistance for collaboration between a Minnesota higher education institution and a business;*
16. *assistance fro a tax increment financing soils condition district as defined under M.S.469.174, subd.19;*
17. *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 years 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 local governmental unit;*
20. *funds from dock or wharf bonds issued by a seaway port authority;*
21. *business loans or loan guarantees of \$100,000 or less; and*
22. *federal loan funds provided through the U.S. Economic Development Administration.*

**9.04** *"Business Subsidy Report" means the annual report submitted by the LGA required to comply with M.S. § 116J.994 Subd. 7. (b);*

**9.05** *"Criteria" means the equitably applied, uniform standards by which the Economic Development Agency and /or the City bases its decision to award any business subsidy to a private business or development project establishing a business and creating jobs in the City of Arlington;*

**9.06** *"DEED" means Minnesota Department of Employment and Economic Development;*

**9.07** *"Economic Development Agent" means the city department, local or regional economic development agency or other authorized entity that is empowered to solicit, negotiate and form business subsidy agreements on behalf of the City of Arlington. Economic Development Agent for the City of Arlington shall be the Arlington EDA, hereinafter "Agent";*

**9.08** *"Health Insurance" means basic health insurance which shall include: employer 100% premium payment for individual coverage or 80% premium payment for family coverage; employer minimum payment for 80% of office visits, emergency care, surgery and prescriptions; a maximum yearly deduction of \$1,000, and maternity coverage;*

- 9.09 **"Living Wage Job"** shall mean a job which pays wages and health benefits that total at least the rate of 110% of the current poverty level for a family of four;
- 9.10 **"Local Governmental Unit"** hereinafter LGA, means the statutory or home rule charter city, county, town, iron range resources and rehabilitation agency, regional development commission;
- 9.11 **"Qualified Business"** means a person that carries on a trade or business at a place of business located within a Job Opportunity Building Zone as referenced in M.S. § 469.310 Subd. 11; and complies with the reporting requirements specified by M.S. § 469.313 Subd. 2. (5); and shall comply with the criteria in Section II.C. of this agreement; and shall also mean "Recipient" as defined by Business Subsidy law. A qualified business shall not include a retail business, a low-wage service business, an agricultural production business, or a business that pays less than the living wage defined in this agreement;
- 9.12 **"Recipient"** mean any business entity that receives a business subsidy as defined by M.S. § 116J.993, and that has signed a Business Subsidy Agreement with a city;
- 9.13 **"Relocating Business"** A business relocating from another Minnesota non-JOB Zone location;
- 9.14 **"Relocation Agreement"** means a binding written agreement between a relocating qualified business and the commissioner of DEED pledging that the qualified business will either: (a) increase full-time for full-time equivalent employment in the first full year of operation within the job opportunity building zone by at least 20 percent, or (b) make a capital investment on the property equivalent to 10% of the gross revenues of operation that was relocated in the immediately preceding taxable year; and provides for repayment of all tax benefits if the requirements of (a) or (b) are not met;
- 9.15 **"Subzone"** means the parcel or parcel of land designated by the Commissioner of Employment and Economic Development within a Job Opportunity Building Zone within the boundaries of Arlington to receive certain tax credits and exemptions specified under M.S. § 469.310-469.320;
- 9.16 **"Zone"** means a Job Opportunity Building Zone or an Agricultural Processing Facility Zone designated by the commissioner of Employment and Economic Development under M.S. § 469.314.

**CITY OF ARLINGTON**

**PRE-APPLICATION FOR BUSINESS ASSISTANCE**

Legal name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ E-mail: \_\_\_\_\_

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

**REQUESTED INFORMATION:**

Applicant will attach an Addendum addressing all of the following in detail:

1. A map showing the proposed development's exact boundaries.
2. A general description of the project, including the size and location of all buildings, the business type or use, traffic information such as parking, projected vehicle counts and traffic flow, the project's timing, estimated market value following completion and other pertinent information.
3. The property's existing Comprehensive Guide Plan Land Use designation and zoning, along with a statement regarding how the proposed development will conform to the land use designation and how the property will be zoned.
4. A statement identifying the type of business assistance requested, how the assistance will be used and why it is necessary to undertake the project.
5. A statement identifying the public benefits of the proposal, including the estimated increase in property valuation, new jobs to be created, hourly wages and other community assets.
6. A written description of the applicant and developer including principals, history, qualifications, experience, past projects and other pertinent information.

I understand that the application fee will be used for City staff and consultant costs and is partially refundable if my assistance request is withdrawn after the City's costs are recovered. If the initial application fee is insufficient, I will be responsible for additional deposits.

**SIGNATURE**

Applicant's Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**CITY OF ARLINGTON**  
**BUSINESS ASSISTANCE APPLICATION**

**GENERAL INFORMATION:**

Business Name: \_\_\_\_\_ Date: \_\_\_\_\_

Address: \_\_\_\_\_

Type (Corporation, Partnership, etc): \_\_\_\_\_

Authorized Representative: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Cell: \_\_\_\_\_ E-mail: \_\_\_\_\_

Description of Business: \_\_\_\_\_

\_\_\_\_\_

Attorney: \_\_\_\_\_

Address: \_\_\_\_\_ Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

**FINANCIAL BACKGROUND:**

1. Have you ever filed for bankruptcy? \_\_\_\_\_

If yes, explain: \_\_\_\_\_

2. Have you ever defaulted on any loan commitment? \_\_\_\_\_

If yes, explain: \_\_\_\_\_

3. Have you applied for conventional financing for the project? \_\_\_\_\_

If yes, describe: \_\_\_\_\_

4. List financial references:

a. \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

5. Have you ever used Business Assistance Financing before? \_\_\_\_\_

If yes, what, where and when? \_\_\_\_\_

**PROJECT INFORMATION:**

1. Location of Proposed Project: \_\_\_\_\_

2. Amount of Business Assistance requested? \_\_\_\_\_

3. Need for Business Assistance: \_\_\_\_\_

4. Present ownership of site: \_\_\_\_\_

5. Number of permanent jobs created as a result of project? \_\_\_\_\_

6. Estimated annual sales: Present: \_\_\_\_\_ Future: \_\_\_\_\_

7. Market value of project following completion: \_\_\_\_\_

8. Anticipated start date: \_\_\_\_\_ Completion Date: \_\_\_\_\_

1. Estimated project related costs:

a. land acquisition \$ \_\_\_\_\_

b. site development \$ \_\_\_\_\_

c. construction/building costs \$ \_\_\_\_\_

d. machinery & equipment \$ \_\_\_\_\_

e. architectural/engineering fee \$ \_\_\_\_\_

f. legal fees \$ \_\_\_\_\_

g. off-site development costs \$ \_\_\_\_\_

h. interest during construction \$ \_\_\_\_\_

i. Other \$ \_\_\_\_\_

2. Financing sources:

a. private lending institution \$ \_\_\_\_\_

b. applicant equity \$ \_\_\_\_\_

c. other private funds \$ \_\_\_\_\_

d. Federal/State grants & loans \$ \_\_\_\_\_

e. tax increment funds \$ \_\_\_\_\_

f. tax abatement funds \$ \_\_\_\_\_

g. city/HRA loans \$ \_\_\_\_\_

h. other public funds \$ \_\_\_\_\_

**PLEASE INCLUDE:**

1. Bank's preliminary financial commitment
2. Project plans and drawing
3. Company's background materials
4. Pro Forma analysis
5. Business and Personal financial statements
6. Statement of property ownership or control
7. Payment of application fee (\$5,000.00) [\$15,000 if TIF District created]

**REVISED  
4/19/2021**

**CITY OF ROCHESTER POLICY ON DEVELOPMENT  
INCENTIVES FOR TAX INCREMENT FINANCING  
AND TAX ABATEMENT**

**I. GENERAL POLICY**

The purpose of this policy is to establish guidelines and procedures for the provision of development incentives to private businesses. The fundamental purpose of providing development incentives are to encourage the redevelopment of the city's older residential, commercial, and industrial areas; to preserve and expand the city's economic and employment base, and to provide affordable housing.

Development incentives may be provided when the city believes that the desired development would not occur without municipal involvement. The city reserves the sole right to accept or reject proposals for development assistance, taking into account the degree to which they adhere to the intent of this policy and any other factors the City Council may wish to consider

**II. OBJECTIVES**

Within these stated priorities, the City will consider providing development incentives to private projects to achieve one or more of the following objectives:

- A. Encourage development or redevelopment consistent with the City of Rochester Comprehensive Plan and the goals and objectives of the City of Rochester.
- B. To encourage the redevelopment of developed areas through the removal of blight and blighting conditions.
- C. To retain jobs and/ or increase the number and diversity of quality jobs.
- D. To provide a balanced and sustainable housing stock and to promote neighborhood stabilization and revitalization.
- E. To increase the city's tax base.
- F. To encourage additional unsubsidized private development, either directly, or through secondary "spin-off" development.
- G. To provide specific community benefits in addition to those included in these policies. Community benefits may include such things as

space for child care center or commercial spaces for small and local businesses and living wage jobs (The wage floor for wages to be paid for the jobs created shall be 110% of the established federal poverty income wage level for a family of four.) for jobs in the project. The specific community benefits will be determined by the type and nature of the proposed development and will be incorporated into the terms of a Development Assistance Agreement and articulated to the City Economic Development Authority (EDA) in the Request for EDA Action.

H. To meet other public objectives as determined by the Council.

### **III. PRIORITIES FOR USE OF DEVELOPMENT INCENTIVES**

(Projects that meet 1, 2 or 3 below are considered to be of equal priority and are a higher priority for the use of development incentives than other projects).

1. Development or redevelopment projects that are included in the Destination Medical Center Development Boundary Area that further the goals and objectives of the plans and research outlined below:
  - a. DMC Development Plan
  - b. Rochester Downtown Master Plan
  - c. DMC District Design Guidelines
  - d. Public Realm Plans
  - e. DMC Transportation Plan
  - f. City of Rochester Comprehensive Plan
  - g. DMC District Market Demand Studies
2. Economic development projects of an industrial or manufacturing nature, that are consistent with the Minnesota Statutes and that create or retain living wage jobs or increase the tax base in the City.
3. Housing TIF District projects must provide for at least 40% of the units to be affordable to persons at 60% area median income or 20% of the units to be affordable to persons at 50% area median income, as required by statute. For Housing TIF District proposed development projects seeking development incentives, priority will be given to those projects that
  - a. Secure other funding sources, such as Housing Tax Credits or Housing Revenue Bonds
  - b. Take advantage of an infill site.
  - c. Are within 1/4 mile of bus stop.
  - d. Are located within 1/2 mile of essential services, including schools, grocery, park and medical facilities that serve the property.
  - e. Are within the 4 minute EMS response time.
  - f. Have no tenant relocation issues associated with the project.
  - g. Single family dwelling owner occupied housing as permitted by Statute.
  - h. Provide rents affordable to persons at or below 50% AMI

- i. Provide for preservation of existing Naturally Occurring Affordable Housing stock.
- 4. Other Redevelopment projects. Determination of project approval should consider the following:
  - a. The project site is deemed to be blighted or distressed and in significant need of renovation or redevelopment, as evidenced by brownfield designation, declining property value, several years of high vacancy rates or negative impacts on the surrounding neighborhood; or
  - b. The site's proximity to the downtown core and transit availability; or
  - c. The site is deemed to have a concentration of households to support the proposed use of the site; or
  - d. If the project includes a housing component, a goal of 20 % of the units must be affordable to persons at 60% of the area median income or 10% of the units must be affordable to persons at 50% of the area median income; or if a project consists of only market rate units, that a percentage (to be determined by the Council) of the available tax increments is to be used for affordable housing purposes within the City.
  - e. For projects that do not propose a housing component as part of the project, that 5% of the available tax increments will be utilized for affordable housing purposes within the City.
  - f. The property is within a Qualified Opportunity Zone or other Federal or State economic development incentive zone.
- 5. Other projects deemed critical to the long range economic development of the City, or as identified for transit oriented redevelopment in the Comprehensive Plan, as determined by the Mayor and City Council.
- 6. As indicated by City of Rochester Economic Development Authority action taken on August 19, 2019, the development of stand alone hotel projects within the City will not be considered a priority for the use of tax increment financing assistance.

#### **IV. RELOCATION ASSISTANCE**

- 1. Prior to the execution of a Development Assistance Agreement (a TIF Plan may be approved) for City TIF assistance, it is the developer's obligation to ensure that appropriate relocation benefits are provided to displaced rental unit tenants whose incomes are at or below the 60% area median income (AMI) and who are otherwise entitled to such benefits under applicable law that have been displaced within the previous 6 months to an application submittal.
- 2. In order to qualify for the relocation assistance, a tenant must have resided in the unit for a period of 90 days prior to the displacement.

3. For those displaced tenants who do not utilize Housing Choice Vouchers, the relocation assistance amount shall be based upon the monthly difference between the tenant's current monthly rent amount and the maximum monthly gross rents identified by HUD for income levels at or below 50% AMI and number of bedrooms, for a period of 42 months.
4. For those displaced tenants that do utilize Housing Choice vouchers for part of the monthly rent payment, the amount of relocation assistance provided to the tenant would be the difference between the tenant's portion of the current monthly rent payment and any increase in monthly rent that would be the tenant's responsibility, for a period of 42 months.
5. In cases of displaced tenants with special needs, the developer will be obligated to provide additional relocation assistance in an amount to cover the costs of renovating a comparable dwelling unit to accommodate the tenant's needs, with a maximum cap of \$20,000 for renovation costs and no more than \$25,000 in aggregate, including rental assistance and moving related costs.
6. The developer will be obligated to pay a fixed cost fee per displaced tenant based upon the schedule listed below, which is the MnDOT standard.

Residential Moving Expense and Dislocation Allowance Payment Schedule The occupant owns furniture

Rooms	1	2	3	4	5	6	7	8	Each Add'l Room
Amount	\$575	\$725	\$925	\$1125	\$1325	\$1525	\$1725	\$1925	\$275

Residential Moving Expense and Dislocation Allowance Payment Schedule  
The occupant does not own furniture

Rooms	1	Each Add'l Room
Amount	\$450	\$100

## V. **POLICIES**

- 1) To directly link the level of assistance provided to a project to the attainment of the objectives defined above.

The level of public assistance provided to a project shall be commensurate with the extent to which the project addresses specific redevelopment, DMC Plan, economic development or housing goals and objectives. Assistance shall be limited to the minimum amount necessary for the successful construction of the project and to address an identified funding gap.

- 2) To keep the payback period for bonds, loans, abatements, or other forms of

assistance to the shortest term possible.

- 3) To structure any assistance in such a manner as to minimize financial risk to the city. Up front bonding will primarily be directed to City owned public infrastructure. All other assistance will be typically done on a "PAYGO" reimbursement basis.
- 4) To require proposers to provide full disclosure of project information so that the city can assess the need for incentives.
- 5) To require guarantees and other forms of financial security commensurate with risk incurred by the city.
- 6) Projects seeking City assistance will be more strongly considered if they meet one of the Sustainable Building Certification Standards as follows :
  - a. For commercial projects:
    - i. LEED for New Construction and Renovation; Certified Silver, Gold or Platinum.
    - ii. State of Minnesota B3 Guidelines; Certified Compliant.
  - b. For residential projects:
    - i. LEED for New Construction and Renovation; Certified Silver, Gold or Platinum.
    - ii. State of Minnesota B3 Guidelines; Certified Compliant.
    - iii. Green Star; Certified Silver , Gold or Platinum
    - iv. [ V. Green Communities; Certified
- 7) Redevelopment and Economic Development Projects must also meet the standards set forth below. Projects applying for City funding assistance shall also integrate the goals and requirements of the attached Exhibit A (Sustainable Building Appendix) into the project's application.
  - a. Predicted and actual energy use and greenhouse gas emissions - meet SB 2030
  - b. Energy Standard through design and operation
    - i. Predicted and actual use of potable water: 30% below Energy Policy Act of 1992 levels
  - c. Predicted and actual use of water for landscaping: 50% reduction from consumption of traditionally irrigated site
  - d. Utilization of renewable energy: Evaluation of 2% of on-site renewables; installation if cost-effective using SB 2030 guidance
  - e. Electric vehicle charging capability: install conduit that allows charging stations to be installed at a future date
  - f. Diversion of construction waste from landfills and incinerators: 75% diversion rate
  - g. Indoor Environmental Quality: Low VOC materials includes paints, adhesives, sealants, flooring, carpet as well as ASHRAE thermal and ventilation minimums
  - h. Stormwater Management: Quantity and quality requirements, including infiltration rate, suspended solid and phosphorous reductions

- i. Resilient Design: Document a design response to several identified potential shocks such as utility interruption, extreme rainfall and transportation interruption. Design Team shall integrate the identified strategies into the design of the project.
- j. Participate in the City of Rochester's Voluntary Benchmarking Program for a period of three years after construction is completed to report energy and water consumption of the project
- k. Performance standards outlined above must be verified by a third party proposed by the Developer and acceptable to the City of Rochester

## **VI. PERMISSIBLE COSTS**

The city may provide financial incentives to cover any cost permitted by regulation or statute. While the city will consider any eligible cost, it reserves the right to participate in only those costs it deems appropriate.

## **VII. PROVISIONS**

- A. Prior to application submittal for any required City land use / zoning approvals, the Proposers will be required to provide the City with a written notice of intent to seek City assistance and submit project and financial data in sufficient detail to document their need for assistance. Such information may include, but not be limited to, financial statements, project pro-formas, source and use of funds statements, market and feasibility studies and similar documents.
- B. Projects must be consistent with the city's comprehensive plan, zoning ordinance and other land use policies. Projects not consistent with such plans, ordinances and policies must obtain land use approvals prior to provision of any financial assistance.
- C. Redevelopment Projects should leverage the maximum private investment possible. Each project will be reviewed to determine funding gap and the level of assistance will be based upon that and the public benefits provided by the project. Desired goals of the City are a maximum city funding of no more than ten (10) years of present value tax increments be provided to the project, except that additional tax increments may be provided for eligible expenses that provide public amenities or benefit, as determined by the City. Projects that are provided more than 10 years of TIF will be required to meet one of the Sustainable Building Certification Standards indicated. Not more than 75% of the estimated project tax increments being provided to the developer on an annual reimbursement basis
- D. If incentives are to be provided, proposers must submit evidence of

private financing satisfactory to the city, or secure the city's costs before the city makes any significant financial commitment to a project

- E. In the case of tax increment financing projects, prior to the execution of any assistance agreements, the proposer must complete project plans and provide project financial data in sufficient detail to allow the Olmsted County Assessor to estimate the market value of the project upon completion, and provide evidence satisfactory to the City that private financing is secured
- F. The city may require collateralized guarantees, assessment agreements, and other forms of security to protect the public's investment in the project. The amount of security required will be based on the City's assessment of the risk of the project.
- G. In evaluating a project, the City may utilize outside legal, financial, real estate, marketing, design and other consultants. Unless waived by the Council, proposers will be required to pay the costs of such consultants.
- H. In the case of tax increment projects, proposers must agree to provide documentation of actual allowable costs no less than quarterly during project construction. These costs must be categorized as required by the State of Minnesota "Tax Increment Financing Authority Report".
- I. The City will require that all tax increment projects receiving City funding assistance shall be subject to prevailing wage requirements during project construction for the construction project laborers. In addition, the City of Rochester's Destination Medical Center Targeted Business Utilization Plan goals for Targeted Business and Workforce Participation and American made steel will also be applicable.

## **VIII. LIMITATIONS**

- A. Development incentives will not be used to support projects that place extraordinary demands on city services and infrastructure, unless such demand is mitigated as part of the project.
- B. Because tax abatement requires an offsetting levy increase, it will be used in very limited instances, primarily used to encourage development or redevelopment of the central business district or DMC Plan boundary area. Tax abatement will not be used for retail or office projects located outside of the central business district. In limited circumstances, the Council may consider the use of tax abatements to assist manufacturing and technology, housing, historic preservation and public infrastructure projects. For manufacturing and technology projects, tax abatements will be considered only if it is not feasible to provide assistance through tax increment financing and then, only when there is an imminent threat of significant job loss, or when there will be a significant increase in new jobs.

C. Where new job creation provides the primary rationale for the granting of development incentives, the city will consider providing assistance to employers paying a living wage, shall consider the number of jobs generated and the wage and benefit levels provided by the Company as factors in determining the amount of assistance for the project. Assistance agreements may include provision for repayment of all or a portion of the assistance granted if, the business fails to either create or maintain the targeted number of jobs at the stated pay level thresholds.

D. For Statutory Housing TIF District projects that typically include housing revenue bonds or other state or federal housing assistance, the following guidelines will be considered:

1. For projects that include Housing Tax Credits, Bonds or other State or Federal funding assistance, a threshold of no more than \$12,000 / dwelling unit or a maximum of 15 years of available tax increments, whichever is less.
2. For housing projects that meet underserved market needs such as senior housing or special needs supportive housing in the community, a greater threshold of assistance may be considered.
3. Priority for TIF assistance will be given to those housing projects that have been successful in leveraging other sources of funding such as housing tax credits, housing bond funding or other sources,
4. The City reserves the right to limit the number of housing units assisted annually.

## **IX. PROCESS**

- A. Prior to submission of a formal application requesting development incentives and land use / zoning approval, the proposer shall meet with staff to discuss the nature of the proposal and its relationship to the City's and or DMC Plan development goals, objectives, and priorities. Procedures and submission requirements will also be reviewed. For projects located within the DMC Development Plan boundary area, the City/ DMC EDA joint staff application submittal and review process will be followed.
- B. The proposer shall submit sufficient copies of his / her proposal to the City Administrator for distribution to appropriate officials and staff.
- C. Staff will review the proposal and submit a written report to the Council and/or City Economic Development Authority (EDA) outlining its findings. The Council and City EDA may accept the proposal, reject it, or indicate to the proposer those modifications to the proposal necessary for continued consideration.

- D. A recommendation to accept the proposal shall include the basic terms and conditions of an agreement to be entered into by the city and the proposer.
- E. The terms of the agreement and staff report and recommendation will be presented to the Common Council and/or the City EDA for final action.

## **X. SUBMISSION OF PROPOSALS**

Proposals for development incentives shall include the following information:

- A. A completed application form and application fee.
- B. Qualifications of the proposer including prior experience with similar projects. Qualifications, where applicable, of principal members of development team, including the architect, construction company, and financial advisor.
- C. Financial capability of the proposer to undertake the project.
- D. Site plans, schematics, and narrative describing the location, type, scope, and size of the project.
- E. Identification of all public assistance being sought.
- F. Preliminary analysis showing existing taxes, estimated future taxes, and for economic development projects, the number of new jobs created, by wage level.
- G. The proposer's source and use of funds including any public assistance being requested.
- H. A preliminary listing of any approvals, permits, licenses or other authorizations required for the project.
- I. A statement identifying the specific public objectives the project will address.
- J. A preliminary schedule identifying significant milestone dates leading to the completion of the project.
- K. Any other pertinent data the city may require.

## **XI. APPLICATION INFORMATION**

Applicants shall include the information listed in the City or DMCC application form that will be provided. Not all of the information will be needed for every proposal. The applicant will work with city staff to assure all appropriate information is provided.

- A. A \$5,000 application fee must be attached to the application. This fee is designed to cover a portion of the city's costs associated with evaluating the proposal. If warranted by the complexity of the proposal, additional deposits may be required to cover City out of pocket expenses related to the application process. If the project is determined to be a DMC Plan project, the application filing fee shall be \$10,000.



**City of Roseville and  
Roseville Economic Development Authority  
Public Financing Criteria and Business Subsidy Policy  
Adopted October 17, 2016**

**INTRODUCTION:**

This Policy is adopted for purposes of the business subsidies act, which is Minnesota Statutes, Sections 116J.993 through 116J.995 (the “Statutes”). Terms used in this Policy are intended to have the same meanings as used in Statutes. Subdivision 3 of the Statutes specifies forms of financial assistance that are not considered a business subsidy. This list contains exceptions for several activities, including redevelopment, pollution clean-up, and housing, among others. By providing a business subsidy, the city commits to holding a public hearing, as applicable, and reporting annually to the Department of Employment and Economic Development on job and wage goal progress.

**1. PURPOSE AND AUTHORITY**

- A. The purpose of this document is to establish criteria for the City of Roseville and the Roseville Economic Development Authority (“EDA”) for granting of business subsidies and public financing for private development within the City. As used in this Policy, the term “City” shall be understood to include the EDA. These criteria shall be used as a guide in processing and reviewing applications requesting business subsidies and/or City public financing.
- B. The City's ability to grant business subsidies is governed by the limitations established in the Statutes. The City may choose to apply its Business Subsidy Criteria to other development activities not covered under this statute. City public financing may or may not be considered a business subsidy as defined by the Statutes.
- C. 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, tax increment financing (TIF), abatement of property taxes, loans made from City funds, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.

- D. These criteria are to be used in conjunction with other relevant policies of the City. Compliance with the Business Subsidy Criteria and City Public Financing Guidelines shall not automatically mean compliance with such separate policies.
- E. The City may deviate from the job and wage goals criteria outlined in Section 5 D and E below by documenting in writing the reason(s) for the deviation. The documentation shall be submitted to the Department of Employment and Economic Development with the next annual report.
- F. The City may amend this document at any time. Amendments to these criteria are subject to public hearing requirements contained in the Statutes.

## **2. CITY'S OBJECTIVE FOR THE USE OF PUBLIC FINANCING**

- A. As a matter of adopted policy, the City may consider using public financing which may include tax increment financing (TIF), tax abatement, bonds, and other forms of public financing as appropriate, to assist private development projects. Such assistance must comply with all applicable statutory requirements and accomplish one or more of the following objectives:
  - 1. Remove blight and/or encourage redevelopment in designated redevelopment/development area(s) per the goals and visions established by the City Council and EDA.
  - 2. Expand and diversify the local economy and tax base.
  - 3. Encourage additional unsubsidized private development in the area, either directly or through secondary "spin-off" development.
  - 4. Offset increased costs for redevelopment over and above the costs that a developer would incur in normal urban and suburban development (determined as part of the But-For analysis).
  - 5. Facilitate the development process and promote development on sites that could not be developed without this assistance.
  - 6. Retain local jobs and/or increase the number and diversity of quality jobs
  - 7. Meet other uses of public policy, as adopted by the City Council from time to time, including but not limited to promotion of quality urban design, quality architectural design, energy conservation, sustainable building practices, and decreasing the capital and operating costs of local government.

## **3. PUBLIC FINANCING PRINCIPLES**

- A. The guidelines and principles set forth in this document pertain to all applications for City public financing regardless of whether they are considered a Business Subsidy as defined by the Statutes. The following general assumptions of development/redevelopment shall serve as a guide for City public financing:

1. All viable requests for City public financing assistance shall be reviewed by staff, and, if staff so designates, a third party financial advisor who will inform the City of its findings and recommendations. This process, known as the “But For” analysis is intended to establish the project would not be feasible but for the City assistance.
2. The City shall establish mechanisms within the development agreement to ensure that adequate checks and balances are incorporated in the distribution of financial assistance where feasible and appropriate, including but not limited to:
  - a. Third party “but for” analysis
  - b. Establishment of “look back provisions”
  - c. Establishment of minimum assessment agreements
3. TIF and abatement will be provided on a pay-as-you-go-basis. Any request for upfront assistance will be evaluated on its own merits and may require security to cover any risks assumed by the City.
4. The City will set up TIF districts in accordance with the maximum number of statutory years allowable. However, this does not mean that the developer will be granted assistance for the full term of the district.
5. The City will elect the fiscal disparities contribution to come from inside applicable TIF district(s) to eliminate any impact to the existing tax payers of the community.
6. Public financing will not be used to support speculative commercial, office or housing projects. In general the developer should be able to provide market data, tenant letters of commitment or finance statements which support the market potential/demand for the proposed project.
7. Public financing will generally not be used to support retail development. The City may consider projects that include a retail component provided they meet a Desired Qualification as identified in Section 4.2.C(8) of this policy.
8. Public financing will not be used in projects that would give a significant competitive financial advantage over similar projects in the area due to the use of public subsidies. Developers should provide information to support that assistance will not create such a competitive advantage. Priority consideration will be given to projects that fill an unmet market need.
9. Public financing will not be used in a project that involves a land and/or property acquisition price in excess of fair market value.
10. The developer will pay all applicable application fees and pay for the City and EDA’s fiscal and legal advisor time as stated in the City’s Public Assistance Application.

11. The City will not consider waiving fees including, but not limited to, building permit fees, park dedication fees, SAC charges, and planning and zoning application fees. The City may consider using SAC credits, to the extent they are available, to off-set a project's SAC expenses.
12. The developer shall proactively attempt to minimize the amount of public assistance needed through the pursuit of grants, innovative solutions in structuring the deal, and other funding mechanisms.
13. All developments are subject to execution and recording of a Minimum Assessment Agreement.

#### **4. PROJECTS WHICH MAY QUALIFY FOR PUBLIC FINANCING ASSISTANCE**

- A. All new applications for assistance considered by the City must meet each of the following minimum qualifications. However, it should **not** be presumed that a project meeting these qualifications will automatically be approved for assistance. Meeting the qualifications does not imply or create contractual rights on the part of any potential developer to have its project approved for assistance.

##### **4.1 MINIMUM QUALIFICATIONS/REQUIREMENTS:**

- A. In addition to meeting the applicable requirements of State law, the project shall meet one or more of the public financing objectives outlined in Section 2.
- B. The developer must demonstrate to the satisfaction of the City that the project is not financially feasible "but for" the use of tax increment or other public financing.
- C. The project must be consistent with the City's Comprehensive Plan and Zoning Ordinances, Design Guidelines or any other applicable land use documents.
- D. Prior to approval of a financing plan, the developer shall provide any requested market and financial feasibility studies, appraisals, soil boring, private lender commitment, and/or other information the City or its financial consultants may require in order to proceed with an independent evaluation of the proposal.
- E. The developer must provide adequate financial guarantees to ensure the repayment of any public financing and completion of the project. These may include, but are not limited to, assessment agreements, letters of credit, personal deficiency guarantees, guaranteed maximum cost contract, etc.
- F. Any developer requesting assistance must be able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed. Public financing will not be used when the developer's credentials, in the sole judgment of the City, are inadequate due to past history relating to completion of projects, general reputation, and/or bankruptcy, or other problems or issues considered relevant to the City.

- G. The developer, or its contractual assigns, shall retain ownership of any portion of the project long enough to complete it, to stabilize its occupancy, to establish project management and/or needed mechanisms to ensure successful operation.

#### **4.2 DESIRED QUALIFICATIONS:**

- A. Projects providing a high ratio of private investment to City public investment will receive priority consideration. Private investment includes developer cash, government and bank loans, conduit bonds, tax credit equity, and land if already owned by the developer.
- B. Proposals that significantly increase the amount of property taxes paid after redevelopment will receive priority consideration.
- C. Proposals that encourage the following will receive priority consideration:
1. Implements the City's vision and values for a City-identified redevelopment area
  2. Provides significant improvement to surrounding land uses, the neighborhood, and/or the City
  3. Attracts or retains a significant employer within the City
  4. Promotes multi-family housing investment that meets the following City goals:
    - a. Extensive rehabilitation of existing multi-family housing stock
    - b. Demonstration of need for the type of multi-family housing proposed through a market study or other reliable market data.
    - c. Multi-family workforce housing proposals that include amenities similar to those found in market rate housing
    - d. Workforce housing proposals that consider innovative and alternative forms of development and do not include high-rise buildings
  5. Provides significant rehabilitation or expansion and/or replacement of existing office or commercial facility
  6. Provides opportunities for corporate campus or medical office development
  7. Provides opportunity for hi-tech, med-tech, R & D facilities/office or major manufacturer
  8. Provides opportunities for small businesses (under 50 employees) that are non, start-up companies
  9. Provides opportunities for small businesses that may enhance the quality of life within neighborhoods
  10. Redevelops a blighted, contaminated and/or challenged site

11. Adds needed road, access and multi-modal improvements
12. Addition of specific project enhancements including, but not limited to, architectural upgrades, pedestrian and transit connections, green building practices and enhanced site planning features.

**5. BUSINESS SUBSIDY PUBLIC PURPOSE, JOBS AND WAGE REQUIREMENT**

- A. All business subsidies must meet a public purpose with measurable benefit to the City as a whole.
- B. 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.
- C. The creation of tax base shall not be the sole public purpose of a subsidy.
- D. Unless the creation of jobs is removed from a particular project pursuant to the requirements of the Statutes, the creation of jobs is a public purpose for granting a subsidy. Creation of at least **3** Full Time, or Full Time Equivalent (FTE) jobs is a minimum requirement for consideration of assistance. For purposes of this Policy, FTE's must be permanent positions with set hours, and be eligible for benefits.
- E. The wage floor for wages to be paid for the jobs created shall be not less than 300% of the State of MN Minimum Wage. The City will seek to create jobs with higher wages as appropriate for the overall public purpose of the subsidy. Wage goals may also be set to enhance existing jobs through increased wages, which increase must result in wages higher than the minimum under this Section.
- F. 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.

**6. SUBSIDY AGREEMENT**

- A. In granting a business subsidy, the City shall enter into a subsidy agreement with the recipient that provides the following information: wage and job goals (if applicable), commitments to provide necessary reporting data, and recourse for failure to meet goals required by the Statutes.
- B. The subsidy agreement may be incorporated into a broader development agreement for a project.
- C. The subsidy agreement will commit the recipient to providing the reporting information required by the Statutes.

**7. PUBLIC FINANCING PROJECT EVALUATION PROCESS**

- A. The following methods of analysis for all public financing proposals will be used:
1. Consideration of project meeting minimum qualifications
  2. Consideration of project meeting desired qualifications
  3. Project meets “but-for” analysis and/or statutory qualifications
  4. Project is deemed consistent with City’s Goals and Objectives

***Please note that the evaluation methodology is intended to provide a balanced review. Each area will be evaluated individually and collectively and in no case should one area outweigh another in terms of importance to determining the level of assistance.***

**CITY OF ST. CLOUD**  
**BUSINESS SUBSIDY CRITERIA**

**ADOPTED MAY 9, 2011**

The following business subsidy criteria satisfy the requirements of Minnesota Statutes, §§ 116I.993 through 116J.995 (the "Act"). In accordance with the Act, the City caused due notice to be given and held a public hearing on May 9, 2011 allowing all persons attending the public hearing to address the City Council. The City Council adopted these criteria on May 9, 2011 to be applied by the City in determining whether to make grants, loans or provide other assistance to a business.

***A. BUSINESS SUBSIDY PURPOSE AND RECITALS***

1. The Act. The Minnesota State Legislature has enacted the Business Subsidy Act, set forth in Minnesota Statutes Sections 116J.993 through 116J.995, as amended (the "Act").
2. City. The term "City" means the City of St. Cloud, Minnesota.
3. Requirements. The City is subject to the requirements of the Act for business subsidies granted. The City may not grant a business subsidy until the City has adopted criteria, after a public hearing, for awarding business subsidies that comply with the Act.
4. Business Subsidy. The Act defines a business 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.
5. Recipient. The Act defines a recipient as any for-profit and certain nonprofit business entities that receive a business subsidy.
6. Project. The term "project" means the property with respect to which the business subsidy is provided.

***B. BUSINESS SUBSIDY POLICIES***

1. The fundamental purpose of business subsidies in the City is to encourage desirable development or redevelopment that would not otherwise occur "but for" the assistance. Business subsidies do not exist to enhance the return on investment for projects that would otherwise occur, but to facilitate development that would not otherwise occur.
2. Any developer that applies for business subsidy assistance may look to these criteria for guidance regarding the City's evaluation of an application. The City will work to maximize the subsidies to those projects that, in the City's judgment, will address the most pressing public purpose. The ability to demonstrate that the project will most likely achieve its stated goals and therefore address the most pressing public purpose will be the primary factor in determining whether a project receives a business subsidy.

3. 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 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 Employment and Economic Development in accordance with the Act.

### **C. BUSINESS SUBSIDY CRITERIA**

The City will consider providing business subsidies to projects in an attempt to achieve one or more of the following public purposes, which shall serve as the evaluation criteria:

1. *Jobs and Wages.* Whether the project will retain local jobs and/or increase the number and diversity of jobs offering stable employment and/or attractive wages and benefits.

a. *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.

c. *Wage.* The setting of wage and job goals based on (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. *Tax Base.* Whether the project will enhance and diversity the City's property tax base.

a. *Property Tax.* The net increase in property taxes estimated to be generated by the project after it is fully operational.

3. *Land Use.* Whether the project will assist in the orderly growth of the community and/or foster a greater sense of community.

a. *Compliance with Comprehensive or Other Plans.* The project/use is more compatible with the comprehensive plan's goals and objectives than other uses of the property allowed by its zoning.

b. *Marginal Property.* The project is located on property which needs, but is not likely, to be developed or redeveloped because of blight or other adverse conditions making site preparation costs exceed the property's fair market value.

c. *Design and/or Other Amenities.* The business subsidy will result in a project including site design, architectural detail, and/or functional amenities not otherwise required by law.

4. *Impact on Existing and Future Public Investment.* Whether the project provides a return on past public investments or creates opportunity for further public investment in economic development.

a. *Utilization of Existing Infrastructure Investment.* To what extent the project will utilize existing public infrastructure capacity or assist in funding additional public infrastructure necessary to meet the City's economic development objectives.

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 from an interest bearing loan or other revenue sharing arrangement.

5. *Economic Development.* Whether the project will encourage additional unsubsidized private development in the area of strengthen existing businesses.

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.* Whether the project will provide professional, personal, retail, and/or social services needed in the community.

7. *Other.* 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. BUSINESS SUBSIDY REQUIREMENTS**

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.

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 for a period of two years from the date assistance is received (as defined in the Act) be 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. *Reporting.* The recipient, regardless of the size of that subsidy, shall be subject to the subsidy reporting requirements set forth by the MN Business Subsidy Law and summarized below:

a. *Responsibility to Report.* The recipient will provide information regarding the goals and results for two years after the subsidy is granted, or until the goals are met, whichever is later. If the goals go unmet beyond two years, then the recipient will provide reports until the subsidy is fully repaid.

b. *Public Purpose.* The recipient will restate in each report the public purpose of the subsidy.

c. *Wages.* The recipient will report on the hourly wage of each job created by the subsidy.

d. *Benefits.* The recipient will report on the sum of hourly wages and any health insurance provided by the developer.

e. *Goal Date.* Each year the recipient will reassess the date it expects to meet its specific job and wage goals and report what that date is.

f. *Update.* Each year the recipient will provide an informal update on the likelihood that the goals will be achieved and indicate the progress made during the year toward achieving the stated goals.

g. *Recipient Information.* Each year the recipient will report its name, address of itself and any parent corporation. Furthermore, the report will include a summary of all financial assistance received from the Authority or any other organization and any other information the Commissioner of Employment and Economic Development may request.

**City of Shakopee, Minnesota**  
**BUSINESS SUBSIDY POLICY**

**1) POLICY PURPOSE**

*For the purposes of this document, the term “City” includes the Shakopee City Council, staff, the Economic Development Authority, advisory boards and commissions, financial consultants and legal counsel.*

Economic development incentives are financial tools that enable the City to provide opportunities and benefits for its businesses and residents. Incentives can take a variety of forms, including, but not limited to, cash, debt financing, tax and fee waivers, credits and rebates. The City of Shakopee provides economic development incentives in order to achieve its long-range vision of creating a diverse and sustainable economic base. A sustainable economic base is achieved in part through the creation and retention of quality, high paying jobs. A diverse and sustainable economy offers opportunity for improved quality of life for the residents of Shakopee. 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.

This document sets forth the specific criteria the City uses to evaluate a request for Business Subsidy. In adopting these criteria, it is the intent of the City to comply with Minnesota Statutes, Sections 116J.993-116J.995 as amended (the Act). The City hereby adopts the definitions contained in the Act for application of the criteria, and they are incorporated herein by reference. The City has adopted this policy and these criteria after a public hearing in accordance with the Act.

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 business assistance to the project. Approval or denial of one project is not intended to set precedent for approval or denial of another project.

The City can deviate from this policy for projects that supersede the objectives identified herein. Any applicant who is not in good standing with the City, in regards to licenses, fees or other specific charges, will not be considered for business subsidies.

The City may charge a fee for requests under this policy, and these fees will be adopted annually during the fee schedule review.

## 2) BUSINESS SUBSIDY OBJECTIVES

As a matter of adopted policy, the City will consider offering a business subsidy to assist private development projects that achieve one or more of the following objectives:

- To increase the City's tax base.
- To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits. Preference will be given to higher paying jobs that also provide benefits such as health care coverage.
- To encourage new head of household job creation paying at least \$19.00/hour (200% of the state minimum wage), exclusive of benefits. Jobs to be retained are not required to meet the above wage standard. After a public hearing, the City may establish wage goals for new jobs to be created that vary from the above standard, and take into account these additional factors;
  - The size of the business and its potential to create higher paying jobs in the future;
  - Local economic conditions;
- To support projects that provide value in the forms of needed transportation and other utility infrastructure improvements that would be completed in conjunction with the project.
- 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 otherwise be developed but for the use of a business subsidy.
- To remove blight and/or encourage redevelopment of commercial and industrial areas that will 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 and/or a diversification of housing stock available within the community.
- To support a project that will improve the quality of life in the City by providing a desirable good or service and addressing an unmet demand in the community.
- 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.
- To support the retention and/or adaptive re-use of buildings of historical or architectural significance.
- To promote revitalization and redevelopment in the Main Street Corridor.

### 3) ECONOMIC DEVELOPMENT INCENTIVE PROGRAMS

*Criteria for these programs are at the discretion of the governing body and may include additional policies and procedures.*

- a. **Tax Abatement:** The City of Shakopee is granted the power to utilize tax abatement by Minnesota Statutes 469.1812 through 469.1816 as amended and the City of Shakopee Tax Abatement Policy approved on March 18, 2014, authorized by EDA Resolution No. 2014-3 and City Council Resolution No. 7435. The fundamental purpose of tax abatement in Shakopee is to encourage desirable development or redevelopment that would not otherwise occur *but for* the assistance provided through the tax abatement. The City utilizes “Pay-As-You-Go” Tax Abatement, which relies on the developer to pay for the up-front project costs with reimbursement from tax abatement.
- b. **Tax Increment Financing:** The City of Shakopee is granted the power to utilize TIF by the Minnesota Tax Increment Financing Act, Minnesota Statutes 469.174 through 469.1794 as amended and the City of Shakopee Tax Increment Financing Policy approved on March 18, 2014, authorized by EDA Resolution No. 2014-2 and City Council Resolution No. 7434. The fundamental purpose of tax increment financing in the City of Shakopee is to encourage desirable development or redevelopment that would not otherwise occur *but for* the assistance provided through TIF. The City utilizes “Pay-As-You-Go” TIF, which relies on the developer to pay for the up-front project costs with reimbursement from tax increment.
- c. **Metropolitan Council Sewer Availability Charge (SAC) Credit:** When new construction or a change in use of a property requires additional sanitary sewer capacity, a fee is charged by the Metropolitan Council-Environmental Services. The fee is based on the Metropolitan Council’s determination of the number of sewer availability charge (SAC) units.
- d. **City of Shakopee Sanitary Sewer Availability Charge (SAC) Credit:** In 1994, the City adopted access fees for the sanitary sewer system (SAC). Those fees are used for construction of other MCES interceptors and long-term maintenance of the City sanitary sewer system. For any construction project or change in use, the City SAC is the same as the number of units determined by the Metropolitan Council. However, City fees will be imposed only for the units resulting from an expansion or a change of use that requires additional charges.
- e. **Minnesota Investment Fund:** The City of Shakopee is granted the power to utilize the Minnesota Investment Fund Program by Minnesota Statute 116J.8731 as amended.
- f. **Commercial Exterior Improvement Program:** The City of Shakopee is granted the power to utilize the Commercial Exterior Improvement Program by the Municipal Commercial Rehabilitation Loan Program, Minnesota Statute 469.184 as amended.

- g. **Property Sales:** The City of Shakopee may negotiate the sale price of property owned by the City or EDA for new or expanding businesses and/or multi-family housing developments.
- h. **Bonds:** The City of Shakopee, Minnesota (the “City”) has the authority to issue revenue bonds pursuant to Minnesota Statutes, Sections 469.152 to 469.1651 (the “Industrial Development Act”), Minnesota Statutes, Chapter 462C (the “Housing Act”) and the City of Shakopee Private Activity Revenue Bond Policy approved on June 18, 2013, authorized by City Council Resolution No. 7318. The City Council of the City will consider the issuance of private activity bonds (both taxable and tax-exempt) to finance the following types of projects; manufacturing/industrial facilities, multifamily housing, health care facilities, other projects on behalf of 501(c)(3) organizations and other projects authorized by state statutes and federal law. In extraordinary circumstances, the City Council of the City may consider and approve the issuance of Private Activity Bonds by the Economic Development Authority for the City of Shakopee (the “EDA”).

#### **4) APPLICATION PROCESS**

- a. The applicant will complete and submit the City's Application for Business Subsidy along with the required application fee (refer to the current year's adopted fee schedule). The application fee covers the City's outside legal counsel review and financial analysis costs. The applicant will also provide any additional information requested by the City. The applicant will be liable for any additional costs beyond the initial deposit. All materials submitted to the City in connection with a business subsidy application shall become the property of the City and is subject to data privacy law.
- b. City staff or the City's agent shall review the application materials and make a preliminary recommendation to the City regarding the completeness of the application, whether the application meets the goals of this policy, and whether the application complies with the criteria established in the incentive program's policy.
- c. When necessary, Public Hearing Notices are published and sent to the county and/or school board.
- d. In the event that the City concurs with the recommendation above, the City will consider the application during a public meeting. The City will grant final approval or denial of the proposal.
- e. Additional agreements and program requirements (including annual reporting) may be necessary depending on the form of business subsidy and/or the value of the award, as defined in Minnesota Business Subsidy Statute, Sections 116J.993-116J.995 as amended (the Act).

*Economic Development Policies  
City of Virginia, Minnesota*



*Business Subsidy  
Tax Abatement  
Tax Increment Financing Policy*

*Prepared by the City of Virginia*

*in partnership with:*  
Springsted Incorporated  
85 East Seventh Place, Suite 100  
St. Paul, MN 55101

**Minnesota Offices**

**Corporate Headquarters**

85 East Seventh Place, Suite 100  
St. Paul, MN 55101-2887  
651.223.3000  
651.223.3002 Fax

520 Marquette Avenue, Suite 900  
Minneapolis, MN 55402-1122  
612.333.9177  
612.349.5230 Fax

**Iowa Office**

100 Court Avenue, Suite 204  
Des Moines, IA 50309-2257  
515.244.1358  
515.244.1508 Fax

**Kansas Office**

7211 West 98<sup>th</sup> Terrace, Suite 100  
Overland Park, KS 66212-2257  
913.345.8062  
913.341.8807

**Virginia Offices**

1206 Laskin Road, Suite 210  
Virginia Beach, VA 23451-5263  
757.422.1711  
757.422.6617 Fax

12 Culpeper Street  
Warrenton, VA 20186-3205  
540.341.4290  
540.349.4713 Fax

**Washington D.C. Office**

2121 K Street NW, Suite 800  
Washington, D.C. 20037-1829  
202.261.6505  
202.261.3508 Fax

**Wisconsin Office**

1001 West Glen Oaks Lane, Suite 108  
Mequon, WI 53092-3366  
262.241.4422  
262.241.4994 Fax

[advisors@springsted.com](mailto:advisors@springsted.com)

[www.springsted.com](http://www.springsted.com)

## Page(s)

<b>CITY OF VIRGINIA BUSINESS SUBSIDY POLICY .....</b>	<b>3</b>
A. MANDATORY CRITERIA.....	3
B. POLICY.....	3
C. PROJECT EVALUATION CRITERIA .....	4
D. ADDITIONAL CONSIDERATIONS .....	6
E. FINANCIAL ASSISTANCE NOT CONSIDERED A BUSINESS SUBSIDY .....	6
 <b>CITY OF VIRGINIA TAX ABATEMENT AND TAX INCREMENT FINANCING POLICY.....</b>	 <b>8</b>
A. PURPOSE .....	8
B. PUBLIC PURPOSE OBJECTIVES.....	8
C. POLICY POSITIONS .....	9
D. PROJECT REQUIREMENTS.....	9
E. APPLICATION PROCESS .....	10
 <b>EXHIBIT A: BUSINESS ASSISTANCE APPLICATION .....</b>	 <b>11</b>
 <b>EXHIBIT B: BUSINESS ASSISTANCE REVIEW WORKSHEET FOR COMMERCIAL/INDUSTRIAL PROJECTS .....</b>	 <b>16</b>
 <b>EXHIBIT C: BUSINESS ASSISTANCE REVIEW WORKSHEET FOR HOUSING PROJECTS .....</b>	 <b>19</b>

## City of Virginia 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 Virginia. 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 45.45% of the most recent average weekly wage figures for St. Louis County as published by the Federal Bureau of Labor Statistics or such greater amount as the City may require for a specific project. Please Note: if City assists in securing State or Federal Grant dollars, Prevailing Wage laws will apply.
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. 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 therefore 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 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, 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.
- b. Natural Environment. Whether the project will add to, or detract from, the environment. The natural environment surrounding our community plays an integral part in the local tourist and forest based economy. It is a reflection of what is important to the community - clean air and water, beautiful scenery, recreational opportunities, and a strong desire to pass along these attributes to future generations.

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. ADDITIONAL CONSIDERATIONS**

The City will give consideration to one or more of the issues listed below in determining whether to provide financial or other assistance to a project as a business subsidy:

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.

## **E. FINANCIAL ASSISTANCE NOT CONSIDERED A BUSINESS SUBSIDY**

The following forms of financial assistance are not a business subsidy as per Minnesota Statutes, §§116J.993, Subd.3:

1. A business subsidy of less than \$25,000 as per MN Statutes §§116J.994;
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.552, subdivision 3;
5. Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, 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 assistance for a tax increment financing hazardous substance subdistrict as defined under section [469.174](#), subdivision 23;
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, 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 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;
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; and
22. Federal loan funds provided through the United States Department of Commerce, Economic Development Administration.

Adopted by: The Virginia City Council

Date of Adoption: November 29, 2016

Date of Public Hearing: November 15, 2016

## City of Virginia Tax Abatement and Tax Increment Financing Policy

### A. PURPOSE

The purpose of this policy is to establish the City's position relative to the use of Tax Abatement and Tax Increment Financing (TIF), also referred to in this document as the *business assistance programs*, or *business assistance*. This policy shall be used as a guide in the processing and review of applications requesting the use of Tax Abatement and Tax Increment Financing. It is the expressed intent of the City to minimize the risk and amount of business assistance to a project and to leverage its public dollars to maximize private sector funding.

The City is granted the power to utilize the business assistance programs by Minnesota Statutes 2001 chapters 469.1812 through 469.1815 and chapters 469.174 through 469.1799, as amended. The fundamental purpose of the business assistance programs is to encourage desirable private development or redevelopment, renovation, and reuse within the City that would not occur *but for* the assistance provided.

The City will approve or reject requests for business assistance on a case by case basis taking into consideration established policies, project criteria, and the project's demonstrated public purpose. Meeting all policy criteria does not guarantee approval of the requested business assistance. The City maintains its ability to approve or deny the request at its discretion.

### B. PUBLIC PURPOSE OBJECTIVES

The City will consider the use of business assistance programs which demonstrate the achievement of one or more of the following public purpose objectives:

1. To encourage the creation of higher wage service, manufacturing type jobs, code compliance, energy efficiency and/or to encourage redevelopment, renovation and reuse of existing buildings and infrastructure.
2. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
3. To enhance and/or diversify the City's economic base.
4. To encourage additional unsubsidized private (re)development.
5. To remove blight and/or encourage (re)development of commercial and industrial areas.
6. To create housing opportunities for senior and low to moderate income families.
7. To provide a variety of family housing ownership alternatives and housing choices.

8. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
9. To accomplish other public policies which may be adopted such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government, or any of the following:
  - Utilization of architectural and landscaping techniques that will enable the components of the project to blend with the natural environment.
  - Mitigation of project impact on the natural environment.

### **C. POLICY POSITIONS**

1. Business assistance shall be provided primarily through pay-as-you-go financing in order to minimize the risk of public participation.
2. Business assistance requests for up-front project financing through the sale of bonds or other internal sources will require personal guarantees of the developer. These requests shall be addressed on a case by case basis and be limited to the following highest priority projects:
  - To encourage the creation of higher wage service, manufacturing type jobs, and/or to encourage redevelopment, renovation and reuse of existing buildings and infrastructure.
  - Projects proposed which will remediate environmentally contaminated sites where such costs exceed the fair market value of the property.
3. Business assistance shall not be provided for projects without a minimum developer equity injection of 20%.
4. Business assistance shall not be provided for projects requiring land and/or building purchases at prices in excess of fair market value.
5. Business assistance shall only be provided for projects with a demonstrated market demand.
6. Business assistance shall not be provided in cases where it would create an unfair competitive advantage for the assisted project(s).
7. Business assistance shall not be provided to developers/projects that cannot adequately demonstrate an ability to complete the proposed project on time and on budget.

### **D. PROJECT REQUIREMENTS**

All projects requesting business assistance must demonstrate the following:

1. That the project is not financially feasible but-for the use of Tax Abatement or Tax Increment Financing.
2. That the project will comply with all provisions set forth in Minnesota Statute chapters 116j.993 through 116j.995, as amended (Business Subsidies).
3. That the business assistance request complies with all provisions set forth in Minnesota Statutes 2001 chapters 469.1812 through 469.1815 as amended (Tax Abatement), and chapters 469.174 through 469.1799 as amended (Tax Increment Financing).
4. That the project is consistent with the City's comprehensive plan, land use plan, and zoning ordinances.

## **E. APPLICATION PROCESS**

1. Applicant submits a Business Assistance Application (Exhibit A) to the City.
2. Staff reviews the application and completes the Application Review Worksheet (Exhibit B/C).
3. Staff submits results of the Worksheet for review by the EDA (commercial/industrial project), or the HRA (housing project), or both if appropriate for a mixed use project.
4. EDA and/or HRA review proposal, provide comments, and make an advisory recommendation to the City Council on denial or approval of the request within 30 days.
5. If advisory approval is granted, staff directs financial and legal consultants to prepare all necessary plans, notices, resolutions and certificates.
6. City Council holds public hearing(s) on the proposed project to consider the advisory recommendation(s).
7. The City Council grants or denies the request.

**EXHIBIT A**  
**BUSINESS ASSISTANCE APPLICATION**

**A. APPLICANT INFORMATION**

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

Address \_\_\_\_\_

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

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ E-mail \_\_\_\_\_

Type of business assistance requested (select one):

☐ Tax Abatement ☐ Tax Increment Financing

Have you been, or are you currently, involved in any bankruptcy proceedings or lawsuits related to other development projects with which you have been involved? If yes, please provide an explanation.

☐ Yes ☐ No

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 Part 1.**
- List names of officers and shareholders/partners with more than five percent (5%) interest in the corporation/partnership. **Attach as Part 2.**
- Brief description of the proposed project. **Attach as Part 3.**
- A *but for* analysis and narrative. **Attach as Part 4.**

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

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ E-mail \_\_\_\_\_

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

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ E-mail \_\_\_\_\_

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

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ E-mail \_\_\_\_\_

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

Address \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ E-mail \_\_\_\_\_

**B. PROJECT INFORMATION**

1. The project will be: (Check all that apply)

- ☐ Industrial: ( ☐ New Construction    ☐ Redevelopment/Rehab    ☐ Expansion )  
☐ Office/research facility: ( ☐ New Construction    ☐ Redevelopment/Rehab    ☐ Expansion )  
☐ Commercial: ( ☐ New Construction    ☐ Redevelopment/Rehab    ☐ Expansion )  
☐ Housing: ( ☐ New Construction    ☐ Redevelopment/Rehab    ☐ Expansion )  
☐ Other \_\_\_\_\_

2. The project will be:    ☐ Owner Occupied    ☐ Leased Space

- If leased space, please attach a list of names and addresses of future tenants and indicate the status of commitments or lease agreements. **Attach as Part 5.**

3. Project Address \_\_\_\_\_

- Include Legal Description and PID number(s). **Attach as Part 6.**

4. Site Plan Attached:    ☐ Yes    ☐ No

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

6. Estimated Real Estate Taxes Upon Completion:	Phase I	\$ _____
	Phase II	\$ _____
	Phase III	\$ _____
	Total	\$ _____

7. Construction Start Date: \_\_\_\_\_

8. Construction Completion Date: \_\_\_\_\_

If Phased Project:    \_\_\_\_\_ % Completed in \_\_\_\_\_ years  
                                  \_\_\_\_\_ % Completed in \_\_\_\_\_ years  
                                  \_\_\_\_\_ % Completed in \_\_\_\_\_ years

**C. PUBLIC PURPOSE OBJECTIVES**

It is the policy of the City of Virginia that the business assistance should result in a public benefit as identified in items 1-11 below. Please indicate how the proposed project will accomplish this by checking the appropriate boxes. **Attach additional narrative as Part 7.**

- ☐ 1. To encourage the creation of higher wage service, manufacturing type jobs, code compliance, energy efficiency and/or to encourage redevelopment, renovation and reuse of existing buildings and infrastructure.
- ☐ 2. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
- ☐ 3. To enhance and/or diversify the City's economic base.
- ☐ 4. To encourage additional unsubsidized private (re)development.
- ☐ 5. To remove blight and/or encourage (re)development of commercial and industrial areas.
- ☐ 6. To create housing opportunities for senior and low to moderate income families.
- ☐ 7. To provide a variety of family housing ownership alternatives and housing choices.
- ☐ 8. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
- ☐ 9. To accomplish other public policies which may be adopted such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government, or any of the following:
  - Utilization of architectural and landscaping techniques that will enable the components of the project to blend with the natural environment.
  - Mitigation of project impact on the natural environment

**D. SOURCES & USES OF FUNDS**

Attach additional information as Part 8

<u>SOURCES</u>	<u>AMOUNT</u>
Bank Loan	\$ _____
Other Loans	\$ _____
Owner Equity	\$ _____
Fed Grant/Loan	\$ _____
State Grant/Loan	\$ _____
Tax Abatement	\$ _____
Tax Increment Financing	\$ _____
Industrial Development Bonds	\$ _____
Other	\$ _____
<b>TOTAL</b>	<b>\$ _____</b>

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

Total Amount of business assistance requested from either Abatement or Tax Increment Financing: \$ \_\_\_\_\_

**E. ADDITIONAL DOCUMENTATION AND CHECKLIST**

Applicants will also be required to provide the following documentation.

All personal financial information will be kept private and confidential.

- ☐ 1. Administrative fee of \$10,000. In addition to defraying the cost of staff time, the fee will be used to pay costs associated with processing this request for financial assistance such as legal, engineering and financial analysis. The City reserves the right to stop the processing of the request until additional fees are paid should the original amount be insufficient to pay such costs. That portion which remains unspent, if any, will be returned only if the project is denied approval.
- ☐ 2. Written business plan or a description of the business, ownership/management, date established, products and services, and future plans.
- ☐ 3. Financial statements for past two years, including profit and loss statements and balance sheets.
- ☐ 4. Two year financial projections, or if housing project, or leased space, include a 10-year operating pro-forma.
- ☐ 5. Personal financial statements of all major shareholders (principals) including the most recent 2 years of tax returns.
- ☐ 6. Letter of commitment from other sources of financing, stating terms and conditions of their participation in the project.
- ☐ 7. Attach the following documentation:

_____	Part 1 – Corporation/Partnership Description
_____	Part 2 – List of Shareholders/Partners
_____	Part 3 – Description of Project
_____	Part 4 – <i>But For</i> Analysis
_____	Part 5 – List of Prospective Lessees
_____	Part 6 – Legal Description, Property Identification
_____	Numbers, maps of the project area, and project renderings
_____	Part 7 – Public Purpose Narrative
_____	Part 8 - Sources & Uses Of Funds

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 Virginia 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 \_\_\_\_\_

**EXHIBIT B**  
**BUSINESS ASSISTANCE REVIEW WORKSHEET**  
**FOR COMMERCIAL/INDUSTRIAL PROJECTS**  
TO BE COMPLETED BY APPLICANT AND CITY STAFF

**1. The project meets which of the following objectives as set forth in Section C of the Business Assistance policy:**

- ☐ 1. To encourage the creation of higher wage service, manufacturing type jobs, code compliance, energy efficiency and/or redevelopment, renovation and reuse.
- ☐ 2. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
- ☐ 3. To enhance and/or diversify the City's economic base.
- ☐ 4. To encourage additional unsubsidized private (re)development.
- ☐ 5. To remove blight and/or encourage (re)development of commercial and industrial areas.
- ☐ 6. To create housing opportunities for senior and low to moderate income families.
- ☐ 7. To provide a variety of family housing ownership alternatives and housing choices.
- ☐ 8. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
- ☐ 9. To accomplish other public policies which may be adopted such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.
- Utilization of architectural and landscaping techniques that will enable the components of the project to blend with the natural environment.
  - Mitigation of project impact on the natural environment.

**2. Ratio of Private to Public Investment in Project:**

**Points:**

\$ \_\_\_\_\_ Private Investment  
 \$ \_\_\_\_\_ Public Investment  
 \_\_\_\_\_ **Ratio Private : Public Financing**

5:1	5
4:1	4
3:1	3
2:1	2
Less than 2:1	1

**3. Job Creation:**

**Points:**

\_\_\_\_\_ Net *new* jobs (minimum 40 hours per week) w/ health insurance benefits

50+	5
40+	4
25+	3
15+	2
Less than 15	1

**4. Wage Level of jobs created:**

Average hourly wage \_\_\_\_\_  
 Of *new* jobs \_\_\_\_\_

**Points:**

Over \$21/hour	5
\$18-21/hour	4
\$14-17/hour	3
\$10-13/hour	2
Under \$10/hour	1

**5. Ratio Of Business Assistance To New Jobs Created:**

\$ \_\_\_\_\_ Business assistance requested  
 \_\_\_\_\_ Number of net *new* jobs created  
 \$ \_\_\_\_\_ **of business assist. per net *new* job created**

**Points:**

\$8,000 or less	5
\$10,000 or less	4
\$12,000 or less	3
\$15,000 or less	2
Over \$15,000	1

**6. Project size:**

The project will result in the construction  
 of \_\_\_\_\_ square feet

**Points:**

75,000+	5
60,000+	4
30,000+	3
15,000+	2
15,000 or less	1

**7. Type of Project:**

\_\_\_\_\_ 100% Owner Occupied  
 \_\_\_\_\_ Mix Owner Occupied & Investment  
 \_\_\_\_\_ Investment Property

**Points:**

5
3
1

**8. Likelihood that the project will result in unsubsidized, spin-off development:**

\_\_\_\_\_ High  
 \_\_\_\_\_ Moderate  
 \_\_\_\_\_ Low

**Points:**

5
3
1

**9. What are the estimated total construction costs for the project?**

\$1M - above  
 \$500,000 - \$1M  
 \$200,000 - \$500,000  
 \$50,000 - \$200,000  
 \$0 - \$50,000

**Points:**

5
4
3
2
1

**11. Project size:**

The project will result in the redevelopment  
 of \_\_\_\_\_ square feet

**Points:**

25,000+	5
15,000+	4
5,000+	3
2,500+	2
2,500 or less	1

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

**Bonus Points**

**Bonus Points:**

The project will be 100% *pay-as-you-go* financing 5

Project is of an Industry Code (NCAIS) not currently  
within the City limits 5

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

Overall project analysis:	High	36 - 50 points
	Moderate	26 - 36 points
	Mid-Level	16 - 26 points
	Low	6 - 16 points
	Not Eligible	0 - 6 points

**EXHIBIT C**  
**BUSINESS ASSISTANCE REVIEW WORKSHEET**  
**FOR HOUSING PROJECTS**  
TO BE COMPLETED BY APPLICANT AND CITY STAFF

**A. The project meets which of the following objectives as set forth in Section C of the Business Assistance policy:**

- ☐ 1. To encourage the creation of higher wage service, manufacturing type jobs code compliance, energy efficiency and/or redevelopment, renovation and reuse.
- ☐ 2. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
- ☐ 3. To enhance and/or diversify the City's economic base.
- ☐ 4. To encourage additional unsubsidized private (re)development.
- ☐ 5. To remove blight and/or encourage (re)development of commercial and industrial areas.
- ☐ 6. To create housing opportunities for senior and low to moderate income families.
- ☐ 7. To provide a diversity of housing adjacent to the Central Business District.
- ☐ 8. To provide a variety of family housing ownership alternatives and housing choices.
- ☐ 9. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
- ☐ 10. To accomplish other public policies which may be adopted such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.
- Utilization of architectural and landscaping techniques that will enable the components of the project to blend with the natural environment.
  - Mitigation of project impact on the natural environment.

**B. Ratio of Private to Public Investment in Project:**

\$ \_\_\_\_\_ Private Investment  
 \$ \_\_\_\_\_ Public Investment  
 \_\_\_\_\_ **Ratio Private : Public Financing**

**Points:**

5:1	5
4:1	4
3:1	3
2:1	2
Less than 2:1	1

**C. Project provides housing that is low-moderate income or restricted to persons 55 years and older:**

**Points:**

	3
--	---

- D. Project provides that at least 30% of the total units are three-bedroom or more:** **Points:** 3
- E. Project proposes rehabilitation of existing housing, housing stock, and maximizes utilization of existing infrastructure:** **Points:** 5
- F. Project proposes a location within walking distance of existing jobs, transportation, recreation, retail services, social services, and schools:** **Points:** 5
- G. Project size:** **Points:**
- |   |                |          |
|---|----------------|----------|
| The project will result in the construction or redevelopment of _____ square feet | 40,000+        | <u>5</u> |
|   | 30,000+        | <u>4</u> |
|   | 20,000+        | <u>3</u> |
|   | 10,000+        | <u>2</u> |
|   | 10,000 or less | <u>1</u> |
- H. Likelihood that the project will result in unsubsidized, spin-off development:** **Points:**
- |                |          |
|----------------|----------|
| _____ High     | <u>3</u> |
| _____ Moderate | <u>2</u> |
| _____ Low      | <u>1</u> |
- I. What are the estimated total construction costs for the project?** **Points:**
- |  |          |
|--|----------|
| <input type="checkbox"/> \$1M - above          | <u>5</u> |
| <input type="checkbox"/> \$500,000 - \$1M      | <u>4</u> |
| <input type="checkbox"/> \$200,000 - \$500,000 | <u>3</u> |
| <input type="checkbox"/> \$50,000 - \$200,000  | <u>2</u> |
| <input type="checkbox"/> \$0 - \$50,000        | <u>1</u> |

**Sub-Total Points** \_\_\_\_\_ **of a possible 34 points.**

**Bonus Points**

The project will be 100% *pay-as-you-go* financing

**Bonus Points:**

5

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

Overall project analysis:	High	31 - 39 points
	Moderate	21 - 30 points
	Low	11 - 20 points
	Not Eligible	0 - 10 points