

BUSINESS SUBSIDY CRITERIA 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 collectively the City of Chatfield, and its Economic Development Authority.

CRITERIA

The City hereby expresses its support for the use of business subsidies that meet the below listed criteria.

1. But-for Test. There is a substantial likelihood that the project would not go forward without the business subsidy requested. This criteria must be supported by representations of the applicant for business subsidy.
2. Redevelopment. The project will remove, prevent or reduce blight or other adverse conditions of the property, thereby protecting the City's property values and the general public health, safety, and welfare.
3. Attraction of New Business. The project will attract or retain competitive and financially strong commercial and industrial companies, which offer the potential for significant growth in employment and tax base.
4. Highest and Best Land Use. The use of the business subsidy will encourage quality construction and promote the highest and best use of land, consistent with the City's Comprehensive Plan.
5. Needed Services. The project will provide a needed service in the community, including health care, convenience and social services which are not currently available at a level that satisfies the local needs.
6. Unmet Housing Needs. The project will provide housing alternatives the community currently needs but are not available at a level that satisfies the local needs.
7. Economic Feasibility. The recipient can demonstrate that it has experience and adequate financing for the project, and that the project can be completed in a timely manner.

8. Impact on City Services and Infrastructure. The project will not significantly and adversely increase the demands for service needs in the City.
9. Job Creation. The project will create or retain jobs which pay at least \$ \$8.00 in wages and benefits. The City may take into account the special needs of small or growth-phase businesses with potential to create high paying jobs in the future.
10. Tax Base. The project will increase the City's tax base and generate new property tax revenue.

EVALUATION

The City will evaluate each request for a business subsidy on a case by case basis. Applicants for assistance shall complete an application form and supply all additional information requested by the City. Meeting all or a majority of our criteria does not mean a subsidy will be awarded or denied. A decision to approve or reject a request for subsidy will be based on the merits of the project and the overall benefit to the community.

VALUATION OF A BUSINESS SUBSIDY

The City will calculate the value of assistance provided to a business in the following manner.

1. If the subsidy is a contribution or sale of real or personal property, the amount of the subsidy will be the fair market value of the property as determined by the City, less any amount paid.
2. If the subsidy is a loan, the amount of the subsidy will be the principal amount of the loan.
3. If the subsidy is a loan guarantee, the amount of the subsidy will be principal amount of the loan guaranteed.
4. If the subsidy takes the form of payments over time (such as pay-as-you-go tax increment) the amount of the subsidy will be the sum of projected payments, discounted to a present value using a discount factor determined by the City which approximates the interest rate available to the business from a commercial lender.

The Common Council of the City of Chatfield held a public hearing on Monday, July 14, 2003. Mayor Curt Sorenson presided and opened the hearing at 7:00 p.m. by stating that this was the time and place to hear public comments on the City of Chatfield's Business Subsidy Criteria.

Members Present: Councilors Russ Smith, Les Knutson, Brenda Johnson, Paul Novotny, and Pat Donahoe

Members Absent: None

Others Present: Fred Suhler, Sue Kester, Jon Martin, Pete Pederson, Zach Linnell, Mary Peterson, Tony Lammers, Tony Pangal, Jerry Fritsch, Phil Minkinen, Carol Cerney, Matt Opat, Dave Morrill, and Judge Robert Benson.

City Clerk, Joel Young, explained that the EDA had developed business subsidy criteria in regards to the Minnesota Statutes 116J.993 through 116J.995. The law requires cities to:

1. Establish written criteria for future business subsidies;
2. Enter into binding agreements with businesses receiving assistance which establish goals and require repayment of assistance if goals are not met;
3. Complete and submit annual reports to DTED.

Young further explained that the City of Chatfield's Business Subsidy Criteria Policy included the following criteria:

1. But-for Test. There is a substantial likelihood that the project would not go forward without the business subsidy requested. This criteria must be supported by representations of the applicant for business subsidy.
2. Redevelopment. The project will remove, prevent or reduce blight or other adverse conditions of the property, thereby protecting the City's property values and the general public health, safety, and welfare.
3. Attraction of New Business. The project will attract or retain competitive and financially strong commercial and industrial companies, which offer the potential for significant growth in employment and tax base.
4. Highest and Best Land Use. The use of the business subsidy will encourage quality construction and promote the highest and best use of land, consistent with the City's Comprehensive Plan.
5. Needed Services. The project will provide a needed service in the community, including health care, convenience and social services which are not currently available at a level that satisfies the local needs.
6. Unmet Housing Needs. The project will provide housing alternatives the community currently needs but are not available at a level that satisfies the local needs.

7. Economic Feasibility. The recipient can demonstrate that it has experience and adequate financing for the project, and that the project can be completed in a timely manner.
8. Impact on City Services and Infrastructure. The project will not significantly and adversely increase the demands for service needs in the City.
9. Job Creation. The project will create or retain jobs which pay at least \$ \$8.00 in wages and benefits. The City may take into account the special needs of small or growth-phase businesses with potential to create high paying jobs in the future.
10. Tax Base. The project will increase the City's tax base and generate new property tax revenue.

Upon hearing no comment from the public, Mayor Sorenson closed the public hearing at 7:06 p.m.

REGULAR MEETING

JULY 14, 2003

The Common Council of the City of Chatfield met in regular session on Monday, July 14, 2003. Mayor Curt Sorenson presided and called the meeting to order at 7:06 p.m.

Members Present: Councilors Russ Smith, Les Knutson, Brenda Johnson, Paul Novotny, and Pat Donahoe

Members Absent: None

Others Present: Fred Suhler, Sue Kester, Jon Martin, Pete Pederson, Zach Linnell, Mary Peterson, Tony Lammers, Tony Pangal, Jerry Fritsch, Phil Minkkinen, Carol Cerney, Matt Opat, Dave Morrill, and Judge Robert Benson.

Mayor Sorenson asked for a motion to amend the agenda to include approval of the school district raffle permit under item G of the consent agenda, and to add item C – approval of pay adjustment and employee review for Monica Erickson under the Clerk's Report.

Councilor Donahoe entered a motion, with a second by Councilor Johnson, to amend the agenda to include approval of the school district raffle permit under item G of the consent agenda, and to add item C – approval of pay adjustment and employee review for Monica Erickson under the Clerk's Report.

All ayes/motion carried.

Councilor Johnson entered a motion, with a second by Councilor Smith, to approve the amended consent agenda:

- A. Approval of minutes of prior meeting
- B. Approve payment of claims
- C. Approve split of property re: Tuohy-AMCO
- D. Approve Amendment to Manahan Orderly Annexation Agreement
- E. Adopt Resolution to establish Fees for Certain Police Services

F. Approve temporary liquor license for Chatfield Firefighter's Activities Association Aug. 9 & 10

G. Approve school district raffle permit.

All ayes/motion carried.

Councilor Johnson entered a motion, with a second by Councilor Novotny, to adopt the Business Subsidy Policies.

All ayes/motion carried.

Clerk Young informed the Council that the Planning and Zoning Commission held a public hearing on Monday July 7, to hear comments on the Chatfield School District's requested to close 4th street from Highway 52 to Twiford Street. Young explained that the public members that spoke at the hearing spoke against closing the street. The Planning and Zoning Commission recommended that the Council deny the request from the school board to close the street.

Councilor Novotny entered a motion, with a second by Councilor Smith, to approve the Planning and Zoning Commission recommendation to deny the request to close 4th street between Highway 52 South and Twiford Street.

All ayes/motion carried

Councilor Johnson expressed that she was glad that the Planning and Zoning Commission went through the public hearing process as it allowed the public to voice their views. Johnson also felt that putting the modular units on 4th street was not a good location.

Carol Cerney, representing Southern Minnesota Initiative Foundation, gave an overview of the Foundation. Ms. Cerney stated that their main goal was to help build stronger businesses and communities. Ms Cerney also requested of the Council to keep them in mind in the budgeting process and thanked the Council for being a past financial sponsor, and hoped that the City would continue to be a financial contributor.

Mayor Sorenson recessed the regular meeting at 7:30 p.m.

Public Hearing

July 14, 2003

The Common Council of the City of Chatfield held a public hearing on Monday, July 14, 2003. Mayor Curt Sorenson presided and opened the hearing at 7:30 p.m. by stating that this was the time and place to hear public comments to abate public nuisances.

Members Present: Councilors Russ Smith, Les Knutson, Brenda Johnson, Paul Novotny, and Pat Donahoe

Members Absent: None

Others Present: Fred Suhler, Sue Kester, Jon Martin, Pete Pederson, Zach Linnell, Mary Peterson, Tony Lammers, Tony Pangal, Jerry Fritsch, Phil Mikkinen, Carol Cerney, Matt Opat, Dave Morrill, and Judge Robert Benson.