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RESOLUTION NO. 03-02

COTTAGE GROVE ECONOMIC DEVELOPMENT AUTHORITY

BUSINESS SUBSIDY CRITERIA

(Revised July 8, 2003)

SECTION I. PURPOSE; STATUTORY COMPLIANCE

- 1.01. The purpose of this document is to establish criteria to be considered by the Cottage Grove Economic Development Authority (the "EDA") in processing, evaluating and reviewing applications for business subsidies for private development. It is the intent of the EDA to comply with Minnesota Statutes, sections 116J.993 through 116J.995, as amended (the "Act"). The EDA hereby adopts the definitions contained in the Act for application in the criteria.
- 1.02. Business subsidy criteria were adopted on April 19, 2000 and are hereby revised. The EDA has the option to amend these criteria again in the future if doing so is determined necessary or appropriate. Amendments to these criteria are subject to the public hearing requirements of the Act.
- 1.03. These criteria are intended to set specific minimum requirements which recipients must meet to be eligible to receive business subsidies. The EDA will not adopt business subsidy criteria on a case by case basis.
- 1.04. In accordance with the Act, all business subsidy requests must comply with the Act and other applicable Minnesota statutes. The EDA's ability to grant business subsidies is subject to the limitations established in the Act.

SECTION II. GOALS AND OBJECTIVES

- 2.01. It is the EDA's intent to advance the following measurable and specific goals and objectives in granting business subsidies:
 - A. Projects must be consistent with the city of Cottage Grove's comprehensive plan and other land use plans or guides for development of the community.
 - B. Business subsidies will not be provided for projects which have the financial feasibility to proceed without a public subsidy.
 - C. Potential recipients will be required to provide such studies, reports, appraisals, financial information or other data as may be requested by the EDA prior to consideration of a request for a business subsidy.
- 2.02. Business subsidies must be justified by evidence that the project cannot proceed without the subsidy. If tax increment financing is used to grant a subsidy, the

recipient must demonstrate compliance with all statutory requirements of the TIF Act, including the "but for" test. The recipient will be required to provide all documentation necessary for the EDA to make the requisite findings under the TIF Act and the Act.

- 2.03. Recipients will be required to enter into an agreement with the EDA which is consistent with statutory requirements and which contains measurable, specific and tangible goals. The agreement shall include a commitment for the business to remain in Cottage Grove for a minimum of five years after the benefit date, unless waived by the EDA, and a requirement to comply with the specific job and wage goals established for the project, if any. The agreement must also be approved by the Cottage Grove city council.

SECTION III. BUSINESS SUBSIDY CRITERIA

- 3.01. The EDA recognizes that every proposal is unique. Nothing in these criteria shall be deemed to be an entitlement nor shall these criteria establish a contractual right to a subsidy. The EDA may modify these criteria from time to time and reserves the right to evaluate each project on its individual merits. The EDA may deviate from these criteria by documenting in writing the reason for the deviation and attaching a copy of the document to its next annual report to the Minnesota state agency charged with administration thereof.
- 3.02. The following criteria shall be utilized in evaluating a request for a business subsidy:
 - A. Public Purpose. A business subsidy must meet a public purpose, including but not limited to increasing the tax base. Job retention may only be considered a public purpose if the loss of jobs is specific and demonstrable.
 - B. Increase in tax base. While an increase in the tax base cannot be the sole grounds for granting a subsidy, the EDA believes it is a necessary condition for any subsidy.
 - C. Jobs and Wages. In those instances in which job creation is determined to be a goal, it is the EDA's intent that the recipient create the maximum number of qualifying jobs at the site. This may include jobs to be retained but only if job retention is specific and demonstrable. The wage and job goal must be attained within two years of the benefit date. The EDA may, after a public hearing, extend for up to one year the period for meeting the wage and job goal. A qualifying job is defined as one which pays at least \$11.00 per hour. Any deviation from the established wage floor must be documented in conformity with the requirements set forth in the Act. If the EDA, following a public hearing, determines that job creation or retention is not part of the public purpose of the subsidy, the wage and job goal may be set at zero.

D. Economic Development. Projects must promote one or more of the following:

1. Encourage economic and commercial diversity within the community;
2. Contribute to the establishment of a critical mass of commercial, industrial or manufacturing development within the area;
3. Increase the range of goods and services available or encourage fast-growing or other desirable businesses to locate or expand within the community;
4. Promote redevelopment objectives and removal of blight, including pollution cleanup;
5. Promote the retention or adaptive reuse of buildings of historical or architectural significance;
6. Promote additional or spin-off development within the community; or
7. Encourage full utilization of existing or planned public infrastructure improvements.

SECTION IV. MINIMUM REQUIREMENTS.

- 4.01 In order for a recipient to be eligible for a business subsidy, the following minimum requirements must be met:
- A. Compliance with Sections 2.01 A, B and C;
 - B. Compliance with Section 3.02 B; and
 - C. Compliance with Sections 3.02 C or D.

SECTION V. COMPLIANCE AND REPORTING REQUIREMENTS.

- 5.01. Any subsidy granted by the EDA will be subject to the requirement of a public hearing, if necessary.
- 5.02 It will be necessary for both the recipient and the EDA to comply with the reporting and monitoring requirements of the Act.
- 5.03. A recipient may be authorized to move from Cottage Grove within five years of the benefit date only if, after a public hearing, the EDA approves the request to move.

Adopted this 8th day of July, 2003, by the Cottage Grove Economic Development Authority.


President

ATTEST:

Executive Director

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