

EXHIBIT A**CITY OF INVER GROVE HEIGHTS
AMENDED BUSINESS SUBSIDY CRITERIA
Adopted August 9, 2004****1. PURPOSE AND AUTHORITY**

1.01. The purpose of the document is to establish the criteria for the City of Inver Grove Heights the ("Grantor") for granting of business subsidies for private development. These criteria shall be used as a guide in the processing and reviewing of applications requesting business subsidies.

1.02. The Grantor's ability to grant business subsidies is governed by the limitations established in Minnesota Statutes 116J.993 through 116J.994 (the "Statutes"). Terms used in this document are intended to have the same meanings as used in the Statutes, and these criteria shall apply only with respect to subsidies granted under the Statutes if and to the extent required thereby.

1.03. These criteria are to be used in conjunction with other relevant policies of the Grantor.

1.04. The criteria set forth in this document are guidelines only. The Grantor reserves the right in its discretion to approve business subsidies that vary from the criteria stated herein if the Grantor determines that the subsidy nevertheless serves a public purpose, and the Grantor documents in writing the reason for the deviation and attaches a copy of that document to its next annual report to the Department of Employment and Economic Development.

1.05. The Grantor may amend this document at any time. Amendments to these criteria are subject to public hearing requirements contained in the Statutes.

2. PUBLIC POLICY REQUIREMENT

2.01. All business subsidies must meet a public purpose other than increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable.

3. BUSINESS SUBSIDY APPROVAL CRITERIA

3.01. 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, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business

3.02. All new projects approved by the Grantor should meet the following minimum approval criteria. However, it should not be presumed that a project meeting these criteria will automatically be approved. Meeting these criteria creates no contractual rights on the part of the City to any potential developer.

3.03. The business subsidy shall be provided within applicable state legislative restrictions, debt limit guidelines, and other appropriate financial requirements and policies.

3.04. The project must be in accord with the Comprehensive Plan and Zoning Ordinances, or required changes to the Plan and Ordinances must be under active consideration by the Grantor at the time of approval.

3.05. Business subsidies will not be provided to projects that have the financial feasibility to proceed without the benefit of the subsidy. In effect, business subsidies will not be provided solely to broaden a developer's profit margins on a project. Prior to consideration of a business subsidy request, the Grantor may undertake an independent underwriting of the project to help ensure that the request for assistance is valid.

3.06. Prior to approval of a business subsidy, the developer shall provide any required market and financial feasibility studies, appraisals, soil borings, information provided to private lenders for the project, and other information or data that the Grantor or its financial consultants may require in order to proceed with an independent underwriting.

3.07. Any developer requesting a business subsidy should be able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed.

3.08. The developer must retain ownership of the project at least long enough to complete it, to stabilize its occupancy, to establish the project management, and to initiate repayment of the business subsidy, if applicable.

3.09. A recipient of a business subsidy must enter into a subsidy agreement with the Grantor as described in Section 4.

3.10. A recipient of a business subsidy must make a commitment to continue operations at the site where the subsidy is used for at least five years after the benefit date.

3.11. Any business subsidy will be at the lowest possible level and for the least length of time necessary, after the recipient first maximizes the use of private debt and equity financing.

3.12. Recipients of any business subsidy will be required to meet specific job and wage goals unless, after a public hearing, the creation or retention of jobs is determined not to be a goal and the business subsidy will achieve other measurable, specific, and tangible goals (the "Other Goals"), such as the following: 1) removal, rehabilitation or redevelopment of a blighted area; 2) prevention of the development or spread of a blighted area; 3) provision of public infrastructure or facilities; or 4) removal of physical impediments

to development such as poor soil conditions. Wage and job goals may be set to zero after the hearing at which Other Goals are set.

3.13 Jobs created, jobs enhanced through increased wages, or, in cases where job loss is specific and demonstrable, jobs retained must in each instance pay wages that, at a minimum, equal 150% of the federal minimum wage, or more if determined to be appropriate in consideration to the nature of the development, the purpose of the subsidy, local economic conditions and similar factors. Job and wage goals must be met within two years of receipt of the subsidy, or by the "benefit date" as defined in the Statutes.

3.14. Any business subsidy recipient must pay back assistance received if the job and wage goals or other specified goals are not met within two (2) years of the Benefit Date as defined in the Statutes. Assistance provided by the City must be paid back, with interest as determined in the Business Subsidy Act. Any repayment may be prorated by the City to reflect partial fulfillment of goals. After a public hearing, the period for meeting job and wage goals may be extended for up to one year. The period for meeting other goals may be extended for any specified period at the discretion of the Grantor.

4. SUBSIDY AGREEMENT

4.01. In granting a business subsidy, the Grantor shall enter into a subsidy agreement with the recipient that provides the information, wage and job goals, commitments to provide necessary reporting data and recourse for failure to meet goals required by the Statutes.

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

EXHIBIT B

The following forms of financial assistance are not a business subsidy per section 116J.993, subdivision 3:

1. a business subsidy 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 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.

**CITY OF INVER GROVE HEIGHTS
DAKOTA COUNTY, MINNESOTA**

RESOLUTION NO. 04-127

**RESOLUTION ADOPTING AMENDED
BUSINESS SUBSIDY CRITERIA**

WHEREAS, Minnesota Statutes, Section 116J.993 to 116J.995 (the "Statutes") require the adoption of criteria for the granting of business subsidies as defined in the Statutes; and

WHEREAS, by Resolution No. 99-202 approved December 13, 1999, the City Council adopted business subsidy criteria; and

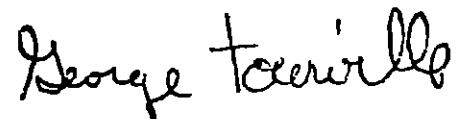
WHEREAS, the City has now determined to modify the business subsidy criteria in certain respects, and has performed all actions required by law to be performed prior to the adoption and approval of the amended criteria, including the holding of a duly noticed public hearing on August 9, 2004.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Inver Grove Heights, Minnesota, that the amended business subsidy criteria contained in Exhibit A of this resolution are hereby approved.

Adopted by the City Council of Inver Grove Heights, Minnesota this 9th day of August, 2004.

Ayes: 5

Nays: 0



George Tourville, Mayor

ATTEST:



Catherine Iago
Deputy Clerk