

**LINO LAKES ECONOMIC DEVELOPMENT AUTHORITY
BUSINESS SUBSIDY CRITERIA
(Revised June 23, 2003)**

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Section 1. Purpose; Statutory Compliance

- 1.01 The purpose of this document is to establish the criteria to be considered by the Lino Lakes Economic Development Authority (the "EDA") in processing, evaluating and reviewing requests for business subsidies. It is the intent of the EDA in adopting these revised criteria to comply with Minnesota Statutes, Sections 116J.993 through 116J.995 (the "Act"). The EDA hereby adopts the definitions contained in the Act for application in the criteria.
- 1.02. Business subsidy criteria were adopted by the EDA on June 23, 2003 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 2. Goals and Objectives

- 2.01 It is the EDA's intent to advance the following goals and objectives in granting business subsidies:
 - (a) Projects must be consistent with Lino Lakes' comprehensive plan and any other similar plan or guide 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 benefit of 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, and any TIF policy adopted by the EDA. The recipient will be required to provide all documentation

necessary for the EDA to make the requisite fundings 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 must include a commitment to remain in business in Lino Lakes 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 Lino Lakes City Council.

Section 3. Business Subsidy Criteria

- 3.01 The EDA recognizes that every proposal is unique. Nothing in these criteria shall be deemed to be an entitlement or to 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 rounds for granting a subsidy, the EDA believes it is a necessary condition for any subsidy.
 - (c) Jobs and Wages. In 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 livable wage jobs at the site. This may include jobs to be retained but only if retention is specific and demonstrable. The job and wage 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 job and wage goal. Livable wage jobs are those which pay, at a minimum, 110 percent of the federal minimum wage, plus benefits. Any deviation from the established wage level 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 should 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 development within an 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 infrastructure improvements.

Section 4. 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 5. Compliance and Reporting Requirements

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

LINO LAKES ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. 03-01

RESOLUTION ADOPTING REVISED BUSINESS SUBSIDY CRITERIA

WHEREAS, Minnesota Statutes, Sections 116J.993 through 116J.995 called the Business Subsidy Act (the "Act") which became effective on August 1, 1999, required the adoption of criteria for the granting of business subsidies as defined in the Statutes; and

WHEREAS, the Economic Development Authority of the City of Lino Lakes (the "Authority") adopted Business Subsidy Criteria on November 8, 1999;

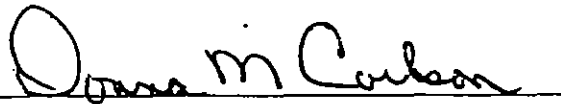
WHEREAS, requirements of the Act were amended by the Minnesota Legislature in 2000, with an effective date of 2003;

WHEREAS, The Authority has determined that it is necessary and appropriate to adopt revised business subsidy criteria pursuant to the amended Statutes; and

WHEREAS, The Authority has performed all actions required by law to be performed prior to the adoption and approval of the proposed revised business subsidy criteria, including the holding of a public hearing upon published notice as required by law on June 23, 2003.

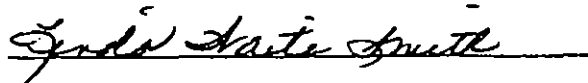
NOW, THEREFORE, BE IT RESOLVED by the Economic Development Authority of the City of Lino Lakes, Minnesota, that the revised business subsidy criteria, contained in Exhibit A of this resolution are hereby approved, ratified, established, and adopted and shall be placed on file at the City Hall.

Dated: June 23, 2003



President

ATTEST:



Executive Director

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