
**RESOLUTION
OF THE COUNTY
OF
REDWOOD**

to state
its Resolution # _____ entitled
“Business Subsidies Criteria Policy”

Dated: _____, 2004

RESOLVED, by the County Board of the County of Redwood that it shall adopt the following **Business Subsidies Criteria Policy**:

I. Public Purpose

Determining whether to grant a business subsidy is an inherently inexact process that greatly depends on individual situations. This policy is a general statement of guidelines. The County, in adopting this policy, retains the sole and absolute discretion to deny or grant any subsidy request for any reason. The County shall have the option, by action of the County Board of Commissioners, to amend or waive sections of this policy when determined necessary, appropriate, and in keeping with the best interests of the County.

This policy is adopted by the Redwood County Board of Commissioners in accordance with the Minnesota Business Subsidy Law codified at Minnesota Statutes, Sections 116J.993 through 116J.995, as it may hereafter be amended (“Act”). Terms used in this Policy are intended to have the same meanings as used in the Act. Section 116J.994, subd. 1 of the Act states: “A business subsidy 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 specific and demonstrable.”

II. Administrative Authority for Redwood County Business Subsidies Criteria

The Redwood County Board of Commissions, acting as the Economic Development Authority for Redwood County (“EDA”), is responsible for the administration, approval and issuance of all business subsidies. The EDA will consider business subsidy requests that meet one or more of the EDA’s stated development goals and objectives. The EDA is responsible for ensuring that the project would not otherwise occur “but for” the assistance being requested.

This policy supercedes and replaces all prior County and EDA policies concerning the use of public financing tools. Compliance with this Business Subsidies Criteria Policy shall not automatically mean compliance with such separate public financing policies. Federal, State or local funding sources may have additional requirements or benefits.

III. Definitions

Administrator – Administrator of the Business Subsidies Criteria Policy shall be the EDA and EDA staff.

Applicant – Any person who applies for a business subsidy.

County – Redwood County, Minnesota.

County Attorney – the Redwood County Attorney or authorized representative.

Developer – any sole proprietorship, partnership, corporation, utility company or other business entity or individual developing or improving property within the County.

Development Costs – costs, expenses and fees directly related to a specific development or improvement within County limits.

EDA – the Redwood County Board of Commissioners, acting as the Redwood County Economic Development Authority.

Full-time Equivalent (FTE) Job – A Full-time Equivalent (FTE) Job shall mean one or more positions that separately, or when combined, represent an average forty-hour work week.

Other Professional – any individual, firm or governmental agency contracted with the County for the provision of professional services in connection with a requested business subsidy.

Owner - any sole proprietorship, partnership, corporation, utility company or other business entity or individual that owns real property within the County in fee simple, as a purchaser on a contract for deed or as a lessee.

IV. General Business Subsidies Criteria

To insure that publicly assisted economic development projects guarantee a public benefit, and to assist the EDA in satisfying its community and economic development goals and objectives, the EDA may grant business subsidies to projects in accordance with the criteria listed below. The EDA will evaluate each request for a business subsidy on a case-by-case basis.

- A. “But For” Test. A key indicator for the use of all business subsidies shall be the “but for” analysis. At issue is whether the proposed development project would not occur “but for” the business subsidy assistance. Therefore, the County and EDA will review each business subsidy application on the following criteria:
1. Whether development obstacles exist on the site (e.g. deteriorated/obsolete buildings; poor soil conditions);
 2. Whether the site has been targeted by the County or EDA for redevelopment or development based on specified needs and policy;
 3. Whether the development project will locate or relocate to a different county and/or state without local public financing or assistance;
 4. Whether public infrastructure is necessary in order to serve a large area or targeted site;
 5. Whether land acquisition assistance is required in order to address a specified public strategy or need; or

6. Whether public financing fills an identifiable financing “gap” for the project due to such factors as inadequate lender financing or below-market return on investments.
- B. Redevelopment. The project will remove, prevent, or reduce blight or other adverse conditions of the property, thereby protecting the County’s property values and the general public health, safety, and welfare.
 - C. Encourage New/Existing Business. The project will attract or retain competitive and financially strong commercial and industrial businesses which offer a potential for significant growth in employment and tax base.
 - D. Highest and Best Land Use. The use of the business subsidy will encourage a high quality of construction and promote the highest and best use of land consistent with the County’s Comprehensive Plan, zoning ordinance, and other local regulations.
 - E. Needed Services. The project will provide a needed service in the community, including health care, convenience and social services with are not currently available.
 - F. Economic Feasibility. The project is economically feasible and the recipient can demonstrate that it has experience, sufficient other financing for the project, and that the project can be completed in a timely manner.
 - G. Impact on County Services and Infrastructure. The project will not significantly and adversely increase the demands for service needs in the County.
 - H. Job and Wage Goals. The project will create or retain jobs which pay desirable wages and benefits in the area. The County may take into account the special needs of small or growth-phase business with potential to create high-paying jobs in the future.
 1. Minimum Requirement. Within two years after the date of the business subsidy development agreement (the “Compliance Date”) and continuing from the Compliance Date until the termination date (as specified in the business subsidy development agreement), the Developer shall cause to be created at least one (1) new Full-time Equivalent Job on the Development Property (excluding any jobs previously existing in the State as of the date of completion of construction or relocation of the improvements to the Development Property), and shall cause the wages for all employees on the Development Property to average no less than the greater of: (i) 105% of the minimum wage as established by federal law; or (ii) 105% of the minimum wage as established by state law.
 2. While it is recognized that the creation of well paying jobs is a desirable goal which benefits the count community, the EDA also recognizes that not all projects that may be assisted with subsidies will derive their public purpose and importance solely by virtue of job creation.

3. Whereas job creation is highly sought after as a traditional measure of a subsidy's public benefit, it is also recognized that job creation is by no means the only measurable benefit. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstance of an individual business.
 4. Therefore, where no other criteria apply, job and wage goals under this policy shall be required of Applicants on the basis of reasonable projections for comparable businesses, industries, or other organizations, and whether these jobs constitute "head of household" opportunities. The job and wage goals subsequently required under this policy shall be fulfilled by the end of the second full year of operation. Job retention may only be used as a public purpose, however, in cases where job loss is specific and demonstrable.
- I. Tax Base. The project will broaden or diversify and thereby increase the County's tax base and generate new property tax revenue.

V. Eligibility Requirements For All Business Subsidies

To be eligible for a business subsidy in the County:

- A. Applicants must have the authority to incur debt and carry out the proposed project purpose within the County.
- B. Applicants must have the legal right to own and operate the project for which a business subsidy is requested.
- C. Applicants must be unable to adequately finance the proposed project from their own resources or through commercial credit or other federal or state programs at reasonable rates and terms.
- D. A business subsidy must not result in a conflict of interest prohibited by law.
- E. Any delinquent debt to the federal, state or local government by the Applicant or by any of its principals shall cause the Applicant to be ineligible to receive a business subsidy in Redwood County.

VI. General Limitations For All Business Subsidies Projects

- A. Business subsidies shall be generally limited to projects within Redwood County.
- B. The EDA may require that the overall level of public financing necessary, as a percentage of the total project cost, is not more than fifteen percent (15%) for economic development or twenty-five percent (25%) for redevelopment projects.
- C. The EDA may require at least as much Applicant/Owner cash or private equity in the project as the level of public financing. The balance of the project costs may be funded privately or through a private lender.

VII. Minimum Standards And Costs For All Business Subsidy Projects

- A. The Applicant shall be responsible for costs associated with Other Professionals for reviewing the business subsidy application, preparing and approving required documents, and executing all agreements. The Applicant shall deposit with the County and administrative fee equal to one hundred percent (100%) of such projected costs, which amounts will be applied to such costs incurred by the County in conjunction with the proposed project. In no event shall the County or the EDA be required to pay any invoices which exceed the Applicant's deposit. In the event such costs are reasonable expected to exceed the Applicant's initial deposit, the Applicant shall be required to deposit additional amounts upon request by the County or the EDA. In the event the deposit exceeds such costs, the balance of the Applicant's deposit shall be refunded to the Applicant.
- B. At all times, policies and procedures related to the proposed or actual approval of the business subsidy project shall comply with all federal, state and local laws and regulations.
- C. All applications and supporting documents shall become the property of the County, and the classification of such submitted data shall be governed by the Minnesota Data Practices Act.
- D. The EDA reserves the right to select and retain, at the expense of the Applicant, Other Professionals to assist in the evaluation of the proposed development project and corresponding documents and agreements.
- E. The Applicant shall obtain and pay for all permits and fees normally required or charged by the County as part of the approval process unless otherwise waived by the County.

VIII. Application Review and Project Approval

- A. Application. An Applicant must provide all supplementary information as requested by the EDA or EDA staff, including, if applicable: a letter of commitment from lender; appraisals; information addressing compliance with federal and state environmental review requirements; building and site plans; permits; surveys; property legal description; proof of property ownership and control; Applicant's business plan; business financial statement/profit-loss statements for the previous three years; resumes and personal financial statements from the Applicant's principals with 20% or more ownership in the business; and a list of other development projects the Applicant has completed.
- B. Preliminary Approval. County EDA staff, the County Attorney and/or Other Professionals will review the full application and provided documentation to ensure completeness. Upon the receipt of all necessary supplemental material, the County EDA staff shall forward the Applicant's supplemental information to the EDA for preliminary approval. The EDA shall make a preliminary finding based upon the information presented as to whether the proposed project is consistent with this policy. If deemed appropriate, the EDA may direct staff and consultants to prepare the required documents and agreements. If required by the

Act, the EDA shall provide the requisite published notice and public hearing prior to preliminary approval.

- C. **Final Approval.** Final approval of a business subsidy shall be made by the EDA. If required by the Act, the EDA shall provide the requisite published notice and public hearing prior to final approval. Upon final approval, the EDA and the Applicant shall sign all required documents and agreements, including, but not limited to: (i) a Business Subsidy/Development Agreement; (ii) a Loan Agreement and Promissory Note; (iii) collateral or other security agreements deemed adequate by the EDA to safeguard the business subsidy, with the understanding that the County's interest in the assets financed may be subordinate to the primary lender; (iv) personal guarantees may be required of the Applicant's principals at the sole discretion of the EDA and shall be documented in a manner reasonably acceptable to the EDA; (v) a certificate of insurance coverage listing the County as loss payee; and (vi) any other agreement or supplemental documentation reasonably requested by the EDA or EDA staff.

IX. Follow-Up Reporting

The Act requires follow-up reporting on the part of the Applicant to the County and from the County to the State of Minnesota or other funding entity. The EDA staff shall provide the Applicant a description of the information required and the forms/format for such reporting requirements. Failure to abide by the EDA guidelines, the Act, the approved plans and agreements may result in the calling of the loan at the EDA's request. Calling of the loan means that the loan shall be considered in default and the Applicant shall be required to repay the loan in full including any accrued interest.

A business subsidy provided by the County shall be non-transferable without the prior written consent of the EDA.

X. Provision for Amendments

This Business Subsidies Criteria Policy may be amended by the Redwood County Board of Commissioners after published notice and a public hearing on such amendment(s) in accordance with the Act.

REDWOOD COUNTY, MINNESOTA
BUSINESS SUBSIDIES CRITERIA POLICY

Date of Public Hearing: _____

Adopted by the Redwood County Board of Commissioners this ____ day of _____, 2004.

BY: _____
Chair, Redwood County
Board of Commissioners

ATTEST: _____
Redwood County Auditor/Treasurer