

Township of Carlos, Minnesota Business Subsidy Criteria

The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes 116J.993 through 116J.995 (the "Act"). The Term "Township" means collectively the Township of Carlos.

Criteria

The Township 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. The 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 Township'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 Township'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.
6. Unmet Housing Needs. The project will provide housing alternatives the community currently needs but are not available.
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 Township Services and Infrastructure. The project will not significantly and adversely increase the demands for service needs in the Township.
9. Job Creation. The project will create or retain jobs which *pay at least 112% of the federal poverty rate* in wages and benefits. The Township 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 Township's tax base and generate new property tax revenue.

Evaluation

The Township 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 Township. 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 Township 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 Township, 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 Township.
5. If the subsidy is in a JOBZ Zone, the amount of subsidy be the sum of projected benefits eligible under the JOBZ Program.

Township of Carlos Policy on Business Subsidies

Business subsidies are an important economic development tool. The Township of Carlos utilizes such subsidies as Tax Increment Financing, Tax Abatement, and Job Opportunity Building Zones to encourage development within the township. The State of Minnesota has established guidelines regulating such subsidies, and the Township has therefore established the following criteria to be utilized as guidelines when considering awarding a business subsidy:

1. Business subsidies as defined in Minnesota Statutes 116J.993 through 116J.995 are subject to business subsidy agreements. The agreement must contain a statement of public purpose (in addition to expanded tax base) such as:
 - a. Enhanced Economic Diversity. (Does the project improve the mix of businesses in the area)
 - b. Creation of High Quality Job Growth (how many new jobs will be created, in what period of time, what with the company pay?)
 - c. Job Retention, if job loss is imminent and demonstrable.
 - d. Stabilization of the community.
 - e. Increased or expanded Tax Base.
2. The agreement shall spell out a description of the subsidy to be awarded, the amount and type of subsidy and the type of district if the subsidy is TIF; a statement of public purpose for the subsidy; goals for the subsidy (employment, wage, etc); a description of the financial obligation of the recipient if the goals are not met; a statement of why the subsidy is needed; a commitment on the part of the recipient to continue operations at the site where the subsidy is used for five years; the name and address of the parent corporation of the recipient, if any; and a list of all financial assistance by all grantors for the project.
3. All business subsidy agreements must include job and wage goals with specific goals to be attained within two years of the benefit date, and additional goals to be attained within five years of the benefit date.
4. All other provisions of Minnesota Statutes 116J.993 through 116J.995 are fully incorporated by reference as though stated word-for-word.

These guidelines may be modified by the Township of Carlos Supervisors on a case-by-case basis in instances demanding appropriate action to address unusual circumstances or unanticipated conditions, provided the provisions of Minnesota Statutes 116J.993 through 116J.995 are followed.

EXTRACT OF MINUTES OF A MEETING OF THE
TOWNSHIP BOARD OF THE TOWNSHIP OF
CARLOS, MINNESOTA

2004-02

HELD: March 25, 2004

Pursuant to due call and notice thereof, a meeting of the Township Board of the Township of Carlos, Douglas County, Minnesota, was duly held at the Carlos Elementary School on Thursday, the 25th day of March, 2004 at 7:30 p.m. for the purpose, in part, of conducting a public hearing on the adoption of business subsidy criteria.

The following Supervisors were present:

and the following were absent;

Supervisor Dwayne Waldorf introduced the following resolution and moved its adoption;

**Resolution Adopting
Business Subsidy Criteria**

WHEREAS, the Township of Carlos, Minnesota (the "Township") acknowledges the need to provide financial assistance to businesses in the Township to further the economic and development objectives of the Township; and

WHEREAS, of Minnesota Statutes 116J.993 through 116J.995 requires the Township to establish Business Subsidy Criteria before any new business subsidy can be provided; and

WHEREAS, the Township has performed all actions required by law to be performed prior to the adoption of Business Subsidy Criteria, including the holding of a public hearing upon published notice as required by law.

BE IT RESOLVED by the Township Board (the "Board") of the Township as follows

1. The Township hereby adopts a Business Subsidy Criteria Policy as attached hereto as Exhibit A, in fulfillment of the requirements of Minnesota Statutes 116J.993 through 116J.995 ^{11290 above the wages of federal poverty level.}

The motion for the adoption of the foregoing resolution was duly seconded by Supervisor Bill Kovacek and upon vote being taken thereon, the following voted in favor:
Waldorf, Krivanek

and the following voted against the same None Kevin Burghuber absent

Whereupon said resolution was declared duly passed and adopted.