

## CITY OF HOLDINGFORD

### Policy Regarding 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 "City" means collectively the City of Holdingford, and its Economic Development Authority or Housing and Redevelopment Authority.

#### Criteria

The City hereby expresses its support for the use of business subsidies that meet the below listed criteria.

- But-for Test. There is a substantial likelihood that the project would not go forward without the business subsidy requested. This criteria must be supported by representations of the applicant for business subsidy.
- Redevelopment. The project will remove, prevent or reduce blight or other adverse conditions of the property, thereby protecting the City's property values and the general public health, safety, and welfare.
- 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.
- Highest and Best Land Use. The use of the business subsidy will encourage quality construction and promote the highest and best use of land.
- Needed Services. The project will provide a needed service in the community, including health care, convenience and social services which are not currently available.
- Unmet Housing Needs. The project will provide housing alternatives the community currently needs but are not available.
- 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.
- Impact on City Services and Infrastructure. The project will not significantly and adversely increase the demands for service needs in the City.
- Job Creation. The project will create or retain jobs which pay at least \$ 7.50 per hour in wages and benefits. The City may take into account the special needs of small or growth-phase businesses with potential to create high paying jobs in the future.
- Tax Base. The project will increase the City's tax base and generate new property tax revenue.

#### Evaluation

Applicants for assistance shall complete an application form and supply all additional information requested by the City. 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.

*Adopted: June 11, 2001*

### Valuation of a Business Subsidy

The City 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 City, 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 City which approximates the interest rate available to the business from a commercial lender.