

EXHIBIT A

CITY OF ROCKVILLE AND ROCKVILLE ECONOMIC DEVELOPMENT AUTHORITY CRITERIA FOR GRANTING BUSINESS SUBSIDIES

The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes, Sections 116J.993 through 116J.995 (the "Act") and be consistent with Minnesota Statutes, Sections 469.310 through 469.3201 (the "JOBZ Law"). The term "City" means collectively the City of Rockville and its Economic Development Authority.

Criteria

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

1. But-for Test

There is substantial likelihood that the project would not go forward without the business subsidy requested. These criteria must be supported by representations of the applicant for business subsidy.

2. Redevelopment

As applicable, 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.

3. Attraction of New Business

As applicable, 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 the land, consistent with the City'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

As applicable, 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 City Services and Infrastructure

The project will not significantly and adversely increase the demands for service needs in the City.

9. Wages and Job Creation

As applicable, the project will create or retain jobs that pay compensation, including benefits not mandated by law, that on an annualized basis is equal to at least the greater of (a) 110 percent of the federal poverty level for a family of four or (b) 200 percent of the minimum wage in effect at the time the subsidy is granted. 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; provided that, as provided in the JOBZ Law, a project that relocates into a job opportunity building zone from elsewhere in Minnesota must increase full-time employment in the first full year of operation by a minimum of five jobs or 20 percent, whichever is greater.

10. Retail Sales

To receive benefits under the JOBZ Law, the project must not be primarily engaged in making retail sales to purchasers who are physically present at the project's job opportunity building zone location.

11. Tax Base

As applicable, the project will increase the City's tax base and generate new property tax revenue.

Evaluation

The City 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 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 overall benefit to the community.

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 the 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 or tax abatement) the amount of the subsidy will be the sum of projected payments, discounted to present value using a discount factor determined by the City that approximates the interest rate available to the business from a commercial lender.

BUSINESS SUBSIDY ADDENDUM

Guidelines for considering business subsidy/tax abatement – each positive answer equals one point, #2 is worth three, to receive subsidy, project should have seven points:

1. Is the applicant a manufacturer, value-added processor or regionally significant wholesale distributor?
2. Is the project of sufficient size concerning:
 - a. Increased tax base (\$3,000+)
 - b. Job retention/expansion (\$10,000 of assistance could be available for each full time equivalent employee; the jobs must be created within a two-year period)
 - c. Aid in business growth and competitiveness
3. Does the business pay livable wages including benefits?
4. Does the project need public assistance in order to move forward?
5. Does the business contribute to the economic diversity of the City of Rockville?
6. Does the project fill a consumer need not currently addressed in the City (e.g. a grocery store when none currently exists)?
7. Does the project compliment existing business activities or maintain the heritage of the community's economic base?

**CITY COUNCIL
CITY OF ROCKVILLE
STEARNS COUNTY
STATE OF MINNESOTA**

RESOLUTION NO. 2006-38

RESOLUTION ADOPTING BUSINESS SUBSIDY CRITERIA


WHEREAS, Minnesota Statutes, Sections 116J.993 through 116J.994 (the "Business Subsidy Law") requires the adoption of criteria for the granting of business subsidies as defined in the Statutes; and,

WHEREAS, the City Council (the "Council") of the City of Rockville, Minnesota, has determined that it is necessary and appropriate to modify its existing business subsidy criteria pursuant to the Business Subsidy Law to be consistent with Minnesota Statutes, Sections 469.310 through 469.3201 (the "JOBZ Law"); and

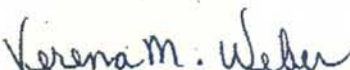
WHEREAS, the Council has performed all actions required by law to be performed prior to the adoption and approval of the proposed business subsidy criteria, including the holding of a public hearing upon published notice as required by law on October 18, 2006.

NOW, THEREFORE, BE IT RESOLVED by the Council, that the business subsidy criteria attached as Exhibit A to this resolution are hereby approved, ratified, established, and adopted and shall be placed on file at the City.

Dated: October 18, 2006

Mayor 

ATTEST:



Administrator-Clerk