

City of East Bethel City Council Agenda

Work Session Meeting – 6:00 PM

Date: September 19, 2012

City Hall



	Item	
6:00 PM	1.0	Call to Order
6:01 PM	2.0	Adopt Agenda
6:02 PM	3.0	TIF Report
7:15 PM	4.0	Adjourn



City of East Bethel City Council Agenda Information

Date:

September 19, 2012

Agenda Item Number:

3.0

Agenda Item:

Tax Increment Financing (TIF) Discussion

Requested Action:

Information only

Background Information:

Representatives from Ehler’s, Inc., the City’s financial consultants, will present information on tax increment financing, TIF development program and business assistance policy.

Attachment(s):

1. Ehler’s Memo
2. Draft Development Program
3. Draft Business Assistance Policy

Fiscal Impact:

To be determined

Recommendation(s):

None at this time.

City Council Action

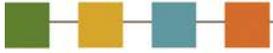
Motion by: _____

Second by: _____

Vote Yes: _____

Vote No: _____

No Action Required: _____



Memo

To: Jack Davis – City Administrator
From: Stacie Kvilvang and Todd Hagen
Date: August 16, 2012
Subject: Tax Increment Overview, Development District and Business Subsidy Policy

At the Council works session on September 19, 2012 we will provide an overview of the following:

1. Tax Increment and how it works
2. Development Program; and
3. Draft/sample business subsidy policy and application

The Development Program is required in order for the City to create any TIF district within the City. The draft Program that has been provided is the typical prototype utilized by most communities. We will review the aspects of this and will provide an opportunity for the City Council to make any changes to the document as appropriate at a future work session in order to provide them adequate time for review.

In addition, we have attached a draft Business Subsidy Policy and TIF Application (provided at the end of the Business Subsidy Policy). A Business Subsidy Policy is required by State Statute in order to provide assistance to any person or business that meets the statutory definition of a Business Subsidy. Much of the document relates to statutory references, but a portion relates to what the City will provide assistance for. To begin the process of preparing the City's business Subsidy Policy and application, we need to determine priorities of the City Council on what projects they want to provide assistance to and what criteria, if any, should be taken into consideration.

One of the main requirements of the Business Subsidy Policy is that it **MUST** state the number of jobs required to be created and set a wage floor for those jobs. We will spend time discussing what the options are for these and allow the City Council to consider those options over the next few weeks and will come back at a future work session to set the criteria. In addition, we will discuss the need for a TIF application and obtain feedback from the Council on whether to charge a non-refundable application fee and if an escrow deposit will be required by any developer to cover the City's costs for creating the TIF district and preparation of the required Development Agreement.

Please contact either of us at 651-697-8500 if you have any questions.



*As of August 16, 2012
Draft for Council Work Session*

**Draft Development Program
for the establishment of
Development District No. 1**

City of East Bethel
Anoka County
State of Minnesota

Public Hearing: October 3, 2012
Adopted:



Prepared by: EHLERS & ASSOCIATES, INC.
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Municipal Action Taken

(This Municipal Action is only for convenience of reference.)

Based upon the statutory authority described in the Development Program attached hereto, the public purpose findings by the City Council and for the purpose of fulfilling the City's development objectives as set forth in the Development Program, the City Council has created, established and designated Development District No. 1 pursuant to and in accordance with the requirements of the Municipal Development District Act and the TIF Act as defined in the definitions of this document.

Tax Increment Financing District No. 1-1, an economic development tax increment financing district, was established at the same time that Development District No. 1 was established.

The following municipal action was taken in connection therewith:

Development District No. 1:

October 3, 2012: The Development Program for Development District No. 1 was adopted by the City of East Bethel.

Tax Increment Financing District No. 1-1:

October 3, 2012: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-1 was adopted by the City of East Bethel.

**Section 1 - Development Program
for Development District No. 1**

Subsection 1-1. Definitions

The terms defined below shall, for purposes of this Development Program, have the meanings herein specified, unless the context otherwise specifically requires.

"City" means the City of East Bethel.

"City Council" means the City Council of the City of East Bethel.

"Comprehensive Plan" means the documents which contain the objectives, policies, standards and programs to guide public and private land use, development, redevelopment and preservation for all lands and water within the City.

"County" means the County of Anoka County, Minnesota.

"Enabling Act" means Minnesota Statutes, 469.124 to 469.134, as amended and supplemented from time to time.

"Development District" means the real property within the City constituting Development District No. 1, as described in the Development Program.

"Development Program" means this Development Program for Development District No. 1, as initially proposed, and as it shall be modified.

"Land Use Regulations" means all federal, state and local laws, rules, regulations, ordinances, and plans relating to or governing the use of development of land in the City, including but not limited to environmental, zoning and building code laws and regulations.

"Municipal Development District Act" means Minnesota Statutes, 469.124 to 469.134, inclusive, as amended.

"Public Costs" means the costs set forth in the Tax Increment Financing Plan, and any other costs eligible to be financed by Tax Increments under the TIF Act, EDA Act, HRA Act or the Municipal Development District Act.

"Public Improvements" means the public improvements described in the Development Program and Tax Increment Financing Plan.

"State" means the State of Minnesota.

"Tax Increment Bonds" means any tax increment bonds or notes issued by the City to finance the Public Costs as stated in the Development Program for Development District No. 1 and in the Tax Increment Financing Plans, and any obligations issued to refund such bonds.

"TIF Act" means Minnesota Statutes, Sections 479.174 through 479.1799, inclusive, as amended.

"Tax Increment Financing District" means any tax increment financing district presently established or to be established in the future in Development District No. 1.

"Tax Increment Financing Plan" or "Plan" means the Plans adopted by the City for any Tax Increment Financing District.

Subsection 1-2. Statutory Authority

The City established Development District No. 1 pursuant to the Municipal Development District Act. It is authorized that the City will administer Development District No. 1 and any tax increment financing districts.

Within Development District No. 1, the City plans to create one or more tax increment financing districts established pursuant to the Tax Increment Act to finance the public improvements proposed for the Development District. The public improvements may be initially financed from other City sources, including, but not limited to the use of improvement bonds issued pursuant to Minnesota Statutes, Chapter 429, which sources the City may reimburse from tax increment proceeds derived from tax increment districts to be created with Development District No. 1.

The tax increment district or districts will be created at such time as will enable the City to capture the increase in taxable value of private improvements to be constructed within Development District No. 1.

Subsection 1-3. Statement of and Finding of Public Purpose

In recent months, the City has been reviewing the future development of the community. This review has defined several important roles for the City of East Bethel.

- Facilitating development activities that are compatible with overall community development objectives of the City.
- Removing the physical and economic barriers to development.
- Providing the infrastructure needed to support development.
- Providing sites for future development.

The City intends to use the powers allowed under the Enabling Act to fill these roles, to promote development and redevelopment throughout the City, and to pool resources in order to reduce financial barriers to providing decent housing and development and redevelopment opportunities.

The City has found that there is a need for development and redevelopment within the Development District based upon the following conditions:

1. The Development District suffers from a lack of necessary streets, utilities and site improvements essential to preparing and making sites available for meaningful development.
2. The Development District requires active promotion, attraction, encouragement and development of economically sound commerce through government action for the purpose of preventing merge and blight and the occurrence of conditions requiring redevelopment

3. The Development District contains vacant, unused, underused and inappropriately used land.

Therefore, the City has determined to exercise its authority to develop a program for improving the Development District to provide impetus for private development and redevelopment, to provide decent housing to residents, to maintain and increase employment, to provide infrastructure to serve citizens and employees of the City, to utilize existing land for potential redevelopment and to provide other facilities as are outlined in the Development Program.

The City has also determined that proposed developments to be assisted by the City would not occur solely through private investment in the foreseeable future. The City finds that the welfare of the City, as well as the State of Minnesota, requires active promotion, attraction, encouragement and development of economically sound industry and commerce to carry out its stated public purpose objectives.

The City has also determined that any tax increment financing plans to be proposed herein will be consistent with the Development Program, and that the tax increment financing plans will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the Development District by private enterprise.

Subsection 1-4. Statement of Objectives

The City determines that it is necessary, desirable and in the public interest to establish, designate, develop and administer the Development District. The City determines that the establishment of Development District No. 1 will provide the City with the ability to achieve certain public purpose objectives not otherwise obtainable in the foreseeable future without City intervention in the normal development process. The City seeks to achieve the following program objectives:

1. Promoting and securing the prompt development of property in the Development District in a manner consistent with the City's planning and with a minimal adverse impact on the environment, which property is less productive because of the lack of proper utilization and lack of investment, and thereby promoting and securing the development of other land in the City;
2. Promoting and securing additional employment opportunities within the Development District and the City for residents of the City and the surrounding area, thereby improving living standards and preventing unemployment and the loss of skilled and unskilled labor and other human resources in the City;
3. Securing the increase in value of property subject to taxation by the City, Independent School District No. 15 and Anoka County, and any other taxing jurisdictions in order to better enable such entities to pay for public improvements and governmental services and programs required to be provided by them;
4. Securing the construction and providing of moneys for the payment of the cost of public improvements in the Development District, which are necessary for the orderly and beneficial development of the Development District; and
5. Providing and securing the development of increased opportunities for families to reside in quality owner-occupied housing, for senior citizens to choose from housing options which offer a wide array of services without regard to income, and for residents looking for a wide range of multi-family units.

Subsection 1-5. Statement of Public Facilities and Costs to Be Financed

The preceding objectives will be promoted by providing improvements and opportunities within the Development District which may include various types of site improvements, land acquisition, redevelopment, demolition, parking, street, sewer, water and other public improvements. A description of the items of expenditure and the estimated costs can be found in the Tax Increment Financing Plans for the Tax Increment Financing Districts created within this Development District.

Subsection 1-6. Funding of Developments and Redevelopments

To implement the established objectives, the City plans to utilize a number of public and private financing tools. Funding of the necessary activities and improvements in the Development District is expected to be accomplished through, and is not limited to, tax increment financing, special assessments, state aid for road construction, proceeds from the sale of property, and federal and state grants.

Any public facilities within the Development District will be financially feasible and compatible with longer range development plans. Any acquisition of property for the public improvements will be done to provide the impetus for private development within the Development District.

Subsection 1-7. Environmental Controls

All municipal actions, public improvements and private development shall be carried out in a manner consistent with existing environmental controls and all applicable Land Use regulations.

Subsection 1-8. Proposed Reuse of Property

The Development Program contemplates that the City may acquire property and reconvey the same to another entity. Prior to formal consideration of the acquisition of any property, the City will require the execution of a binding development agreement with respect thereto and evidence that Tax Increments or other funds will be available to repay the Public Costs associated with the proposed acquisition. It is the intent of the City to negotiate the acquisition of property whenever possible. Appropriate restrictions regarding the reuse and redevelopment of property shall be incorporated into any development agreement to which the City is a party.

Subsection 1-9. Open Space to Be Created

Any open space within the Development District will be created in accordance with the zoning and ordinances of the City.

Subsection 1-10. Administration and Maintenance of Development District No. 1

Maintenance and operation of the Development District will be the responsibility of the City Administrator. Each year, the administrator of the Development District will submit to the City Council the maintenance and operation budget for the following year.

The administrator of the Development District will administer the Development District pursuant to the provision of the Enabling Act; provided, however, that such powers may only be exercised at the direction of the City. No action taken by the administrator of the Development District pursuant to the above-mentioned powers shall be effective without authorization by the City.

Subsection 1-11. Rehabilitation

Owners of properties within the Development District may be encouraged to rehabilitate their properties to conform with the applicable state and local codes and ordinances, as well as any design standards. Persons who purchase property within the Development District from the City may be required to rehabilitate their properties as a condition of sale of land. The City may provide such rehabilitation assistance as may be available from federal, state or local sources.

Subsection 1-12. Relocation

Any person or business that is displaced as a result of the Development Program will be relocated in accordance with Minnesota Statutes, Section 117.50 to 117.56. The City accepts its responsibility for providing for relocation assistance pursuant to the Enabling Act.

Subsection 1-13. Property Acquisition

The City intends to acquire such property, or appropriate interest therein, within the Development District as the City may deem to be necessary or desirable to assist in the implementation of the Development Program.

Subsection 1-14. Modification of the Development Program and/or Development District No. 1

The City reserves the right to alter and amend the Development Program and the Tax Increment Financing Plans, subject to the provisions of state law regulating such action. The City specifically reserves the right to enlarge or reduce the size of the Development District and the Tax Increment Financing District, the Development Program, the Public Costs and the amount of Tax Increment Bonds to be issued to finance such cost by following the procedures specified in Minnesota Statutes, Section 469.175, subdivision 4.

Subsection 1-15. Description of Development District No. 1

The Development District will include the following parcels:

Appendix A

Boundary Map of Development District No. 1

CITY OF EAST BETHEL, MINNESOTA

DRAFT BUSINESS ASSISTANCE POLICY

Public Hearing: October 3, 2012

Adopted: _____

I. PURPOSE

The purpose of this policy is to provide guidance for the City of East Bethel (the "City") in its provision of assistance for commercial and housing development and redevelopment projects. As a matter of adopted policy, the City will consider using public assistance to assist private development only in those circumstances in which the proposed private project shows a demonstrated financing gap, meets one of more of the goals presented in the City's Development Program, and is consistent with the City's Comprehensive Plan.

This policy shall be used as a guide in processing and reviewing applications requesting public financing assistance. The City shall have the option of amending or waiving sections of this policy when determined necessary or appropriate.

II. STATUTORY LIMITATIONS

All forms of business assistance provided by the City must comply with applicable state law and regulation, including *Minnesota Statutes* 116J.993 through 116J.995. *Minnesota Statutes* 116J.993, Subd. 3 defines a Business Subsidy as "a state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business." Appendix A lists forms of financial assistance that state law does not consider business subsidies.

A business subsidy may not be granted until the grantor has adopted criteria after a public hearing for awarding business subsidies. A grantor may deviate from its criteria by documenting in writing the reason for the deviation and attaching a copy of the document to its next annual report to the Department of Employment and Economic Development (DEED). A copy of the criteria must be submitted to DEED along with the first annual report following the enactment of the Policy or with the first annual report after it has adopted criteria, whichever is earlier. Notwithstanding *Minnesota Statutes* 116J.993, subdivision 3, clauses (1) and (21), "business subsidies" as defined under section 116J.993 includes the following forms of financial assistance: (1) a business subsidy of \$25,000 or more; and (2) business loans and guarantees of \$75,000 or more.

III. GOALS

As a matter of adopted policy, the City will consider using a business assistance tool to assist private development only in those circumstances in which the proposed private project shows a demonstrated financing gap, meets one of more of the goals presented in the City's Development Program, and is consistent with the City's Comprehensive Plan. The City's primary development priority is to encourage high-value commercial development, including but not limited to manufacturing, warehousing, distribution, office and retail uses. Single-family residential and multi-family housing proposals may be considered for assistance on a case-by-case basis. In all instances, the terms and conditions of any business assistance are to be decided at the discretion of the City Council.

IV. PUBLIC ASSISTANCE TOOLS

1. Tax Increment Financing

Tax increment may be spent only for specified purposes permitted in the underlying development statutes. The Minnesota Tax Increment Act is codified as *Minnesota Statutes* 469.174 through 469.1799. In addition, the Tax Increment Act specifies the qualifying conditions and/or development purposes for several types of TIF districts, and the required process for establishing and reporting on a TIF district.

2. Tax Abatement

Tax abatement may be spent only for specified purposes permitted in the underlying development statutes. The Minnesota Tax Abatement Act is codified as *Minnesota Statutes* 469.1812 through 469.1815.

3. City Fees

The City may consider deferring or assessing City fees for purposes permitted in the development statutes and City Code. Whether a particular fee is eligible to be deferred or assessed over time may depend on the City Fund's ability to support the deferment.

V. BUT FOR TEST

With tax increment financing, the City is statutorily required to find that the increased market value of the site that could reasonably be expected to occur without the use of TIF would be less than the increase in the market value of the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the TIF Plan according to *Minnesota Statutes*, Section 469.175, subd. 3(d).

This market value-based "but for" analysis is required only for TIF projects. To allow for this evaluation, the developer must provide a complete development budget and operating pro forma, and an accompanying statement explaining the need for assistance.

VI. TYPES OF FINANCING

The City will consider "pay as you go" financing arrangement with the developer. With pay as you go financing, the developer pays for various costs initially, and the authority promises to reimburse the developer from tax increment, tax abatement, or other identified economic development and redevelopment tools over time as it is generated. This arrangement may be structured as a revenue note or bond issued to the developer, with an interest component to compensate the developer for costs of financing the improvements up front.

Interfund loans and transfers secured by tax increments or tax abatements may be used when there is an extraordinary capital requirement that cannot be met through conventional private debt and/or equity, and to benefit a project of high priority and interest to the City.

Bonds secured by tax increments or tax abatements may be issued only when there is an extraordinary capital requirement that cannot be met through conventional private debt and/or equity, and to benefit a project of high priority and interest to the City. The bonds may be general obligation bonds backed by the full faith and credit of the City.

VII. TERM OF ASSISTANCE

The City retains the ability to provide a shorter term for the tax increment or tax abatement than the Minnesota Tax Increment Act and Minnesota Tax Abatement Act, respectively.

VIII. BUSINESS ASSISTANCE PROJECT APPROVAL CRITERIA

All new projects approved by the City must meet the following mandatory minimum approval criteria. However, it should not be presumed that the business assistance request of a project meeting these criteria will automatically be approved. Meeting these criteria creates no contractual rights on the part of any potential developer.

1. The assistance shall be provided within applicable state legislative restrictions, State Auditor interpretation, debt limit guidelines, and other appropriate financial requirements and policies.
2. The project should meet one or more of the goals referenced in the City's Strategic Plan.
3. The project must be in accord with the City's Comprehensive Plan and Zoning Ordinances, or required changes to the Comprehensive Plan and Zoning Ordinances must be under active consideration by the City at the time of approval.
4. Prior to approval of business assistance, the developer shall provide any required market and financial feasibility studies, appraisals, soil boring, information provided to private lenders for the project, and other information or data that the City or its financial consultants may require in order to proceed with an independent underwriting.
5. Any developer requesting business assistance should be able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed.
6. The developer must retain ownership of the project at least long enough to complete it, to stabilize its occupancy, to establish the project management, and to initiate repayment of the business assistance.
7. The level of business assistance funding should be reduced to the lowest possible level and least amount of time by maximizing the use of private debt and equity financing first, and then using other funding sources or income producing vehicles that can be structured into the project financing, prior to using additional business assistance funding.

IX. BUSINESS ASSISTANCE PROJECT EVALUTATION CRITERIA

If a business meets the criteria in Section 4 and is eligible for assistance, the following criteria will be used to determine the amount of assistance and type of assistance that may be provided. All projects will be evaluated by the East Bethel City Council on the following criteria for comparison with other proposed business assistance projects reviewed by the City, and for comparison with other subsidy standards (where appropriate). It is realized that changes in local markets, costs of construction, and interest rates may cause changes in the amounts of business assistance subsidies that a given project may require at any given time. In applying the criteria to a specific project, the following will apply:

The City may consider the requirements of any other business subsidy received, or to be received, from a grantor other than the City.

1. If the business subsidy is a guaranty, the amount of the business subsidy may be valued at the principal amount of the guaranteed payment obligation.
2. If the business subsidy is real or personal property, the amount of the subsidy will be the fair market value of the property as determined by the City.
3. If the business subsidy is received over time, the City may value the subsidy as it determines is fair and reasonable under the circumstances.
4. As used herein, "Benefit Date," means the date the business subsidy is received. If the business subsidy involves the purchase, lease, or donation of physical equipment, then the benefit date occurs when the recipient puts the equipment into service. If the business subsidy is for improvements to property, then the Benefit Date refers to the earliest date of either when the improvements are finished for the entire project or when a business occupies the property.
5. All business assistance projects will need to meet a "Reasonable Rate of Return." Assistance will not be used unless the need for the City's economic participation is sufficient that, without that assistance the project could not proceed in the manner as proposed. The Reasonable Rate of Return will be based on market standards at the time of the application for assistance.
6. Business assistance will not be used when the developer's credentials, in the sole judgment of the City, are inadequate due to past track record relating to: completion of projects, general reputation and/or bankruptcy, or other problems or issues considered relevant by the City.
7. Business assistance funding should not be provided to those projects that fail to meet good public policy criteria as determined by the Council, including: poor project quality; projects that are not in accord with the City's comprehensive plan, zoning, redevelopment plans, and city policies; projects that provide no significant improvement to surrounding land uses, the neighborhood, and/or the City; projects that do not meet one or more of the goals referenced in the City's Strategic Plan; projects that do not meet financial feasibility criteria established by the City; and projects that do not provide the highest and best desired use for the property.
8. All projects receiving business assistance under the criteria listed in *Minnesota Statutes* 116J.993, Subd. 3 must meet the job and wage goals described below. *Minnesota Statutes* 116J.994, Subd. 2 allows the City to deviate from its criteria by documenting in writing the reason for the deviation and attaching a copy of the document to its next annual report to the Department of Employment and Economic Development.

Projects receiving business assistance must create or maintain a minimum of _____ full time job(s) paying an average wage of 150% of Federal minimum wage, including benefits **(TO BE DISCUSSED)**.

9. The amount of assistance available to a project will be limited by the amount of proceeds that TIF or other financing tools may support.
10. Job creation or retention is not required for businesses subsidies as long as the grantor identifies an alternate public purpose in addition to tax base increase. If after Council consideration of the alternate public purpose(s) proposed, the creation or retention of jobs is determined not to be a goal, the wage and job goals may be set at zero.

11. In lieu of job creation or retention, other measurable, specific, and tangible goals shall be established. Examples of tangible goals may include tax base diversification, property redevelopment, enhanced economic diversity, community stabilization, investment in the community and/or other goals identified in the City's Strategic Plan and City's Comprehensive Plan.
12. Business assistance will normally be used for projects that address the following land use issues: (1) high value development consistent with the City's Comprehensive Plan; (2) location on property which needs but is not likely to be developed or redeveloped because of blight or other adverse conditions of the property; and possibly (3) the inclusion of design and/or amenity features not otherwise required by law.
13. Business assistance will be evaluated on the project's impact on existing and future public investment: (1) whether and to what extent the project will utilize existent public infrastructure capacity and the extent it requires additional publicly funded infrastructure investments; (2) arrangements for the City to receive a direct monetary return on its investment in the project.
14. Business assistance will normally be used for projects that demonstrate to the satisfaction of the City adequate financing for the project is available and that the project will be completed in a timely fashion.
15. Business assistance from the City must satisfy all requirements of *Minnesota Statutes* 116J.993 through 116J.995.

X. LOOK BACK PROVISION

The City reserves the ability to include a Look Back Provision in the Development Agreement for a project. Under the Look Back Provision, the City has the ability to review the development proforma and grant assistance based on the estimates for the project. After completion of the project, the City has the ability to compare the actual project costs and performance with the estimates and adjust the assistance provided so a "Reasonable Rate of Return" is achieved. This adjustment will be made only in circumstances when the business subsidy can be reduced to achieve a "Reasonable Rate of Return." The adjustment will not be made to increase the amount of the business subsidy.

At the time the Development Agreement is being negotiated, the City will consider if and how any assistance above the "Reasonable Rate of Return" may be shared.

Some criteria, by their very nature, must remain subjective. However, wherever possible "benchmark" criteria have been established for review purposes. The fact that a given proposal meets one or more "benchmark" criteria does not mean that it is entitled to funding under this policy, but rather that the City is in a position to proceed with evaluations of (and comparisons between) various business assistance proposals, using uniform standards whenever possible.

Mayor

APPENDIX A

The Business Subsidies Statutes specifically exclude 23 items from the definition. The following are NOT business subsidies:

- 1) A business subsidy of less than \$150,000;
- 2) Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
- 3) Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
- 4) Redevelopment property polluted by contaminants as defined in *M.S. Section 116J.552, Subd. 3*;
- 5) Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50% of the total cost;
- 6) Assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
- 7) Assistance for housing;
- 8) Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance sub-district as defined under *M.S. Section 469.174, Subd. 23*;
- 9) Assistance for energy conservation;
- 10) Tax reductions resulting from conformity with federal tax law;
- 11) Workers' compensation and unemployment compensation;
- 12) Benefits derived from regulation;
- 13) Indirect benefits derived from assistance to educational institutions;
- 14) Funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501 (c) (3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
- 15) Assistance for a collaboration between a Minnesota higher education institution and a business;
- 16) Assistance for a tax increment financing soils condition district as defined under *M.S. Section 469.174, Subd. 19*;
- 17) Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;
- 18) General changes in tax increment financing law and other general tax law changes of a principally technical nature;
- 19) Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;
- 20) Funds from dock and wharf bonds issued by a seaway port authority;

- 21) Business loans and loan guarantees of \$150,000 or less;
- 22) Federal loan funds provided through the United States Department of Commerce, Economic Development Administration; and
- 23) Property tax abatements granted under section 469.1813 to property that is subject to valuation under Minnesota Rules, chapter 8100

DRAFT

City of East Bethel

2241 221st Avenue • East Bethel, MN 55011 • Phone (763) 434-9569 • Fax (763) 434-9578

Application for Tax Increment Financing/Business Subsidy Program

A. APPLICANT INFORMATION:

1. **Applicant Name:**

(Name should be the officially registered name of the business entity.)

Address: _____

Telephone: _____

Fax: _____

2. **Name:**

(Information should be that of the person completing the application)

Address: _____

Telephone: _____

3. **PID#'s, legal description, address, and size of project site.**

4. **If the applicant is a corporation, please name officers, directors, or stockholders holding more than 5% of the stock of the corporation. If the corporation is not formed, provide as much information as possible concerning potential officers, directors, or stockholders:**

4.a. If the applicant is a general partnership, name of the general partners and if a limited partnership, state the general partners and limited partners with more than 5% interest in the limited partnership. If the partnership is not formed, provide as much information as possible concerning potential officers, directors or stockholders.

4.b. Description of the business nature and principal products of the applicant.

5. If property is to be subdivided, describe the planned division.

6. Estimated project costs: (Please enclose development *Pro Formas*, if available).

- a. Land Acquisition: \$ _____
- b. Soil Corrections: _____
- c. Soil Survey: _____
- d. Public Improvements: _____
- e. Site Development: _____
- f. Demolition: _____
- g. Building(s): _____
Shell _____

Tenant Improvements

- h. Equipment: _____
 - i. Architectural & Engineering Fees: _____
 - j. Legal Fees/Other Consulting Fees: _____
 - k. Financing Costs: _____
 - l. SAC/WAC: _____
 - m. Park Dedication: _____
 - n. Survey: _____
 - o. Appraisal: _____
 - p. Taxes: _____
 - q. Contingencies: _____
 - r. Other: _____
 - s. Other: _____
- TOTAL \$ _____

7. Source of Financing.

- a. Equity: \$ _____
 - b. Bank Financing: _____
 - c. Tax Increment Assistance: _____
 - d. Business Subsidy Assistance: _____
 - e. Other governmental loans/grants: _____
 - f. Other: _____
 - g. Other: _____
 - h. Cap Rate: _____
 - i. Construction Interest: _____
 - j. Title Insurance: _____
 - k. Mortgage Registration: _____
 - l. Bank/Borrower Legal: _____
 - m. Recording/Closing: _____
 - n. Construction Loan Fees: _____
- TOTAL \$ _____

Terms of Financing: _____

Rate of Financing: _____

8. a. Names and Addresses of Architect, Engineer, and General Contractor for this project:

b. Names, addresses and telephone numbers of the applicant's legal counsel and accountant.

9. Project Construction Schedule:

a. Construction Start Date: _____

b. Construction Completion Date: _____

c. If phased Project :
Year _____ % Completed _____
Year _____ % Completed _____

10. Total Estimated Market Value of Project upon completion \$ _____

11. Projected number of new jobs created:

Low Range: _____
of Employees: _____
Medium Range: _____
of Employees: _____
High Range: _____
of Employees: _____

12. How many employees does the applicant currently employ?

Low Range: _____
of Employees: _____
Medium Range: _____
of Employees: _____
High Range: _____
of Employees: _____

13. How many employees will be retained as the result of the development at the site?

Low Range: _____
of Employees: _____
Medium Range: _____
of Employees: _____
High Range: _____
of Employees: _____

14. How many jobs are guaranteed to be created over the next three (3) years as a result of the development on this site?

Full Time: _____
Part Time: _____
Seasonal: _____

Wage categories for these employees:

Low: _____
Medium: _____
High: _____

15. References:

- a. Explain any previous or current requests that the applicant has with the City or other governments for business subsidy assistance. The term “applicant” includes principals or affiliates.**

b. Has the applicant ever been in bankruptcy? If yes, please describe the circumstances.

c. Has the applicant ever been convicted of a felony? Is yes, please describe the circumstances.

d. Has the applicant ever defaulted on any bond or mortgage commitment?

f. Will any public official of the City, either directly or indirectly, benefit from the issuance of business subsidy assistance within the meaning of Minnesota Statutes, Section 412.311 or 471.87? If yes, please explain the circumstances.

4. The following documents must accompany the Application:

- A Project Pro Forma
- Preliminary financial commitment from bank
- Background material of company
- Personal and/or corporate financial statements, as applicable
- Statement of property ownership or control

Note: Significant additional information may be requested at any time by the City and may be in addition to the materials outlined in this application. The Applicant shall be required to submit any and all information as requested by the City.

5. Applicant acknowledges and agrees to pay the \$3,000 TIF Application Fee and is **non-refundable**. Additionally, the Applicant acknowledges and agrees to
6. At the time a final TIF application is submitted, the City does require a minimum deposit of \$10,000 with the City as an escrow to pay all fees and expenses incurred by the City in connection with the application or established for the TIF District, whether or not approved. This amount may be adjusted upward on a project-by-project basis.
7. The Applicant shall hold the City, its officers, consultants, attorneys, and agents harmless from any and all claims arising from or in connection with the Project or TIF Application, including but not limited to, any legal or actual violations of any State or Federal securities laws.
8. The Applicant recognizes and agrees that the City reserves the right to deny any application for Tax Increment Financing (TIF) at any stage of the proceedings prior to adopting the resolution approving the district, that the Applicant is not entitled to rely on any preliminary actions by the City prior to the final resolution, and that all expenditures, obligations, costs, fees, or liabilities incurred by the Applicant in connection with the Project are incurred by the Applicant at its sole risk and expense and not in reliance on any actions of the City.

The undersigned, a duly authorized representative of the Applicant, hereby certifies that the foregoing information is true, correct, and complete as of the date hereof and agrees that the Applicant shall be bound by the terms and provisions herein.

APPLICANT'S NAME

DATE

SUBMITTED BY

TITLE

EMAIL ADDRESS

TELEPHONE NUMBER

CITY ACCEPTANCE OF APPLICATION

DATE

\$ _____
FEE AMOUNT REMITTED

DATE

DRAFT