CITY New York Mills
Policy Regarding
Business Subsidy Criteria
Approved April 13, 2010
(Replacing the criteria previously approved by the City Council on September 26, 2000)

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 New York Mills, and its' Economic Development Authority.

Criteria

The City hereby expresses its support for the use of business subsidies that meet at least one the below listed criteria in addition to increasing the tax base.

- But-for Test. There is a 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.
- 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.
- Infrastructure Needs. The project will promote completion of major public improvement projects within the community with special emphasis given to the installation of trunk sewer and water lines and major transportation projects.
- Compatibility with Comprehensive Plan. The project proposed is generally compatible with the City's overall development plans and objections and with those of the area for which the project is to be located.
- 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 federal minimum, wage as adjusted. 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

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 the 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 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.

EXTRACT OF MINUTES OF A MEETING OF THE CITY COUNCIL OF THE CITY OF NEW YORK MILLS, MINNESOTA

HELD: MARCH 9, 2010

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of New York Mills, Ottertail County, Minnesota, was duly held at the City Hall on Tuesday, the 9th day of March, 2010 at 4:30 o'clock p.m. for the purpose, in part, of calling a public hearing on the adoption of an amendment to the locally adopted business subsidy policy.

The following Council members were present: Hodgson, Wallgren, Rankka, Warner, and Gerber and the following were absent:

Councilmember Wallgren introduced the following resolution and moved its adoption;

RESOLUTION NO. 03-09-2010a

RESOLUTION CALLING PUBLIC HEARING ON THE PROPOSED ADOPTION OF AN AMENDMENT TO THE BUSINESS SUBSIDY POLICY

WHEREAS, the Business Subsidy Policy of the City of New York Mills was adopted on November 14, 2000; and

WHEREAS, the business climate and economic conditions have changed in the ensuing years, and

WHEREAS, it is prudent for the City to revisit how to best meet the diversity and mixed needs in the community given the current economic conditions; and

WHEREAS the City proposes to review and amend its Business Subsidy Policy in order to ensure that it is assisting the local community in achieving positive and continuing community and economic development; and

WHEREAS, M.S. 116J. 993 through 116J.995 require the City to conduct a public hear prior to the amendment of the locally adopted Business Subsidy Policy;

BE IT RESOLVED by the City Council (the "Council") of the City of New York Mills, Minnesota (the "City"), as follows:

1. Public Hearing. This Council shall meet on Tuesday, April 13, 2010, at approximately 5:00 p.m. to hold a public hearing on the proposed adoption of an amendment to the locally adopted business subsidy policy, in accordance with the requirements of Minnesota Statutes 116J.993 through 116J.995

2. Notice of Hearing. The City Clerk is hereby authorized to cause a notice of the hearing, substantially in the form attached hereto as Exhibit A, to be published as required by the Act and to place a copy of the proposed Business Subsidy Criteria on file in the Administrator's office at City Hall and to make such copies available for inspection by the public.

The motion for the adoption of the foregoing resolution was duly seconded by Councilmember Gerber and upon vote being taken thereon, the following voted in favor: Hodgson, Wallgren, Rankka, Warner, and Gerber

and the following voted against the same. (None)

Whereupon said resolution was declared duly passed and adopted.

APPENDIX A

CITY OF NEW YORK MILLS
COUNTY OF OTTERTAIL
STATE OF MINNESOTA

NOTICE OF PUBLIC HEARING
on
PROPOSED AMENDMENT TO BUSINESS SUBSIDY POLICY

NOTICE IS HEREBY GIVEN that the City Council (the "Council") of the City of New York Mills, Ottertail County, Minnesota, will hold a public hearing on Tuesday, April 9th, 2010 at approximately 5:00 p.m., at the New York Mills City Hall in the City of New York Mills, Minnesota, relating to the proposed amendment to the City's Business Subsidy Policy, pursuant to Minnesota Statutes, Section 116J.993 through 116J.995, inclusive, as amended. A summary of the proposed Business Subsidy Policy as proposed to be adopted will be on file and available for public inspection at the office of the City Clerk-Treasurer at City Hall.

All interested persons may appear at the hearings and present their view orally or in writing.

Dated _____, 2010

BY ORDER OF THE CITY COUNCIL

/s/ _____
City Clerk-Treasurer

STATE OF MINNESOTA
COUNTY OF OTTER TAIL
CITY OF NEW YORK MILLS

I, the undersigned, being the duly qualified Clerk of the City of New York Mills, Minnesota, DO HEREBY CERTIFY that the attached resolution is a true and correct copy of an extract of the minutes of a meeting of the City Council of the City of New York Mills, Minnesota, duly called and held, as such minutes relate to the calling of a public hearing on the City's business subsidy criteria.

Darla Berry
City Clerk