1. General Purpose and Objectives

Goodhue County is committed to the enhancement of the economic and community vitality of the County. As a tool to meet these goals, Goodhue County will, on a case-by-case basis, give consideration to providing Economic Development Abatements as stimulation for economic development and redevelopment in Goodhue County. Nothing herein shall imply or suggest that Goodhue County be under any obligation to provide Economic Development Abatements to any applicant. Goodhue County reserves the right to approve or reject projects on a case-by-case basis, taking into consideration established policies, project criteria, and demand on County services in relation to the potential benefits from the project. Meeting policy criteria does not guarantee the award of an Economic Development Abatement to the project. Approval or denial of one project is not intended to set precedent for approval or denial of another project. It is the intent of Goodhue County to provide the minimum amount of Economic Development Abatement dollars, as well as other incentives, for the shortest term required for the project to proceed. This policy is derived from Minnesota Statutes 469.1812 to 469.1815.

2. Economic Development Abatements

A reduction of part of or all of the county's tax levy on a specified property as an incentive for economic development as authorized by MS 469.1812 to 469.1815.

3. Restrictions for Economic Development Abatements:

a. Before a Business Subsidy is considered for any project or property, it and all of the owners must be in compliance with all Goodhue County ordinances, tax payments, or any other legal or financial obligations to Goodhue County. In addition, Goodhue County can review the status of other properties owned by the owners outside of Goodhue County.

b. The benefits to the County must be at least equal to the costs of the Economic Development Abatements.

c. The County Board must also find that the Economic Development Abatement action is in the public interest because the tax abatement will meet at least one of the following criteria:

- Increase or preserve tax base
- Provide employment opportunities in the county
- Provide, acquire, or construct public facilities
- Redevelop or renew blighted areas, or
- Provide access to services for county residents; or
Goodhue County will not finance or use Economic Development abatement for retail business or market rate housing. The use of Economic Development abatement for housing would be considered if the project was to assist in worker based housing defined as meeting the low to moderate income threshold.

3.1 Duration and Other Restrictions

The Economic Development Abatement on a parcel of property may be granted for up to 15 years for each taxing entity (8 year maximum if no initial duration is specified) or 20 years if one taxing jurisdiction does not participate. If an abatement has been granted to a parcel of property and the period of the abatement has expired, the political subdivision that granted the abatement may not grant another abatement for eight years after the expiration of the first abatement. Taxes may be reimbursed on the entire Net Tax Capacity of a parcel including land or any area wide fiscal disparities tax. Goodhue County intends to restrict the abatement to new value that has not previously generated tax and was created by the project. Property in a Tax Increment Financing District is not eligible for Economic Development Abatement.

3.2 Limitations on Amount

In any given year, the total amount of property taxes abated by Goodhue County for economic development may not exceed the limit determined by the Goodhue County Board. This amount can be no more than that allowed by Statute (ten percent of the subdivision’s current levy or $200,000, whichever is greater).

The County may limit the amount of individual Economic Development Abatements to the following:

- To a specific dollar amount per year or in total
- To the increase in tax capacity resulting from improvement of the property
- To the increases in tax capacity resulting from increases in the market value or changes to the tax capacity rate of the property
- To an amount equal to or less than the local taxing jurisdiction for a given project. This does not include equal to or less than the local school district.

3.3 County Limitation on Economic Development Abatements.

Economic Development abatements are limited by Statute to ten percent of the taxing authority’s annual current levy or $200,000 whichever is greater. The Goodhue County Board will impose a more restrictive limit as described in Section 3.3. No economic development tax abatement will be paid if the property taxes on the parcel have not been paid on a timely basis - no later than December 31st of the year in which the tax is first due. In other words, Economic Development Abatement assistance will be provided to the developer upon receipt of taxes by the County otherwise referred to as the pay-as-you go method.

3.4 County Policy on Economic Development Abatements Bonds. Although the Statute allows the County to issue bonds to fund approved Economic Development Abatements,
Goodhue County declines to issue bonds for this purpose unless the bonds relate to County initiated projects on County or County EDA property.

4. **Criteria for Economic Development Abatements.**

In considering whether or not the county board should approve Economic Development Abatements for a specific project, the following will be considered, in addition to the statutory and County restrictions listed above. These points will be specifically defined in an Economic Development Agreement between Goodhue County and the Developer:

a. Equal consideration will be given to both existing business expansion and new businesses locating in the county.

b. The extent that the use of Economic Development Abatements would create an unfair and significant competitive financial advantage over existing projects in the area.

c. The extent that the developer is able to demonstrate a market demand for a proposed project.

d. Economic Development Abatements will not be used in circumstances where land and/or property price is in excess of fair market value.

e. The extent to which the project increases county costs for road construction, traffic control, law enforcement, human services and other budgetary items.

f. The extent to which other levels of local government are in support of the project. The County Board shall, prior to their consideration, receive a resolution from all other taxing jurisdictions from which the applicant intends to seek Economic Development Abatement funds to determine how these entities will be providing Economic Development abatements for the project.

g. The extent to which other public assistance is provided to the project. The County abatement will not exceed other local abatements excluding the local school districts. Goodhue County will give higher consideration to those projects that have local and school abatement support.

h. The nature and type of the new development.

i. Redevelops area that has experienced blight or contamination as described in M.S. 469.174, Subd. 10, 10a, 16; and/or Brownfields remediation and environmental cleanup. For this purpose, the term "brownfields" is defined as abandoned, idled or under-used industrial or commercial facilities where expansion or redevelopment is complicated by real or perceived environmental contamination.

j. If the Economic Development Abatements will be used to facilitate the relocation of commercial or industrial enterprises within the County, the effects of the relocation on the former neighborhood will be considered and analyzed.

k. The proposal must include property identification numbers or legal descriptions and must be an existing parcel of record.

l. The extent, to which the project adds to, diversifies or preserves the county's net commercial, industrial or general tax base.

m. The project must be consistent with the County’s Comprehensive Plan, Land Use Plan, Zoning Ordinance, and Transportation Plan.

n. The extent that Economic Development Abatements will result in development on sites which would not otherwise be developed.

o. The developer shall demonstrate that the project is not financially feasible but-for the use of Economic Development abatements. This requirement must include Economic Development abatements and all other Sources of Funds from other government jurisdictions, private sector and non-profit organizations.
4.1 Goodhue County requires that an Economic Development Agreement be completed for each Economic Development Abatement project. Recommendations of the County EDA will be the basis of the Agreement. The Agreement will contain specific language regarding the following items:

a. A base application fee of $1000 will be charged at the time the application is formerly submitted. After an initial analysis of the project, the County may propose a fee for administrative and investigative work on the project. The County may deduct administrative fees from the abatement during the life of the project, if so outlined at the beginning of the project.

b. A cash equity investment by the developer will be determined through analysis of the project by an EDA recommendation.

c. The developer must provide adequate financial guarantees to ensure completion of the projects, including, but not limited to: assessment agreements, letters of credit, and personal guaranties, etc.

d. The Developer shall adequately demonstrate, to the County's sole satisfaction, an ability to complete the proposed project based on past development experience, general reputation, and credit history, among other factors, including the size and scope of the proposed project.

e. For the purposes of underwriting the proposal, the developer shall provide any requested market, financial, environmental, or other data requested by Goodhue County or its consultants, at a cost to be paid by the Developer.

f. The Economic Abatement will not be transferable to another party without County Board of Commissioners approval.

g. Uniform Recapture of Benefits Policy.
   - Imposition of any recapture is at the sole discretion of the taxing authority and is considered on a case-by-case basis, and will be stated in each Economic Development Agreement. Reasons for recapture of the abatement benefits, interest, and penalties include:
      1. Sale or closure of the facility and departure of the company from the jurisdiction
      2. Significant change in the use of the facility and/or the business activities of the company.
      3. Significant employment reductions not reflective of the company's normal business cycle and/or local and national economic conditions.
      4. Failure to comply with annual reporting requirements.
      5. Significant departure from the goals of the project.

SUBSIDY AGREEMENT & REPORTING REQUIREMENTS

Business Subsidy

Economic Development Abatement is a business subsidy, as defined in MS 116J.993 to 116J.995, and is subject to the reporting requirements under that law as summarized below.

All developers/businesses receiving Economic Development abatement assistance shall enter into a Subsidy Agreement with Goodhue County that identifies: the reason for the subsidy, the
public purpose served by the subsidy, and the goals for the subsidy, as well as other criteria set forth by statute 116J.993.

The developer/business shall file a report annually for two years after the date the benefit is received or until all goals set forth in the application and performance agreement have been meet, whichever is later. Reports shall be completed using the format drafted by the State of Minnesota and shall be filed with Goodhue County no later than March 1 of each year for the previous calendar year. Applicants fulfilling job creation requirements must file a report to that effect with the Goodhue County within 30 days of meeting the requirements.

The developer/business owner shall maintain and operate its facility at the site where Economic Development Abatement assistance is used for a period of five years after the benefit is received.

In addition to attaining or exceeding the jobs and wages goals set forth in the Subsidy Agreement, the borrower shall achieve at least one of the criteria set forth in each of Sections 3.1 A and 3.1 B of this document.

Developers/Businesses failing to comply with the above provisions will be subject to fines, repayment requirements, and be deemed ineligible by the State to receive any loans or grants from public entities for a period of five years. Costs will be assessed against the property.
APPLICATION PROCESS FOR ECONOMIC DEVELOPMENT ABATEMENTS

The developer will submit a completed application with any requested information to the Goodhue County Administration Office. The Administrator and Auditor/Treasurer will make an initial assessment of the application and may request other data, or request input from other County departments depending on the scope of the project. The developer will present his/her project and application to the Goodhue County Economic Development Authority at a scheduled meeting of that body. A report from the Administrator and/or Auditor/Treasurer will also be submitted. If the County EDA denies the application, the process is ended. If the County EDA approves, a public hearing is scheduled with appropriate notice. The County Board will hold the public hearing and make the final decision on approval or denial of the project.

1. Applicant submits the completed application along with a base application fee of $1000.

2. County staff reviews the application.

3. If the application is complete, the application is placed on the agenda of the Goodhue County EDA.

4. The EDA recommends approval or denial of the proposal to the County Board, including recommendations for an Economic Development Agreement.

5. Staff completes all necessary notices, resolution and certificates.

6. Public notification and hearing is held prior to the County Board considering the abatement.

7. The County Board grants final approval or denial of the proposal. If approved, an Economic Development Agreement is completed.

APPLICATIONS TO OTHER POLITICAL SUBDIVISIONS

To avoid unnecessary delays, it is recommended that applicants intending to seek Economic Development Abatements from other authorized jurisdictions make their applications to those bodies prior to their application to Goodhue County. For more information on applying for Economic Development abatements through Goodhue County and/or other taxing jurisdictions, contact:

Goodhue County Government Center
APPLICATION FOR TAX REBATE FINANCING

APPLICANT INFORMATION

Name of Corporation/Partnership______________________________

Address _________________________________________________

Primary Contact __________________________________________

Address _________________________________________________

Phone __________ Fax __________ Email __________

On a separate sheet, please provide the following:

- Brief description of the corporation/partnership’s business, including history, principal product or service, etc. Attach as Exhibit A.

- Brief description of the proposed project. Attach as Exhibit B.

- List names of officers and shareholders/partners with more than five percent (5%) interest in the corporation/partnership. (both current and planned owners in the project) Attach as Exhibit C.

- A but-for analysis and narrative. Attach as Exhibit D.

Attorney Name ____________________________________________
Address _________________________________________________
Phone __________ Fax __________ Email __________

Accountant Name __________________________________________
Address _________________________________________________
Phone __________ Fax __________ Email __________

Contractor Name __________________________________________
Address _________________________________________________
Phone __________ Fax __________ Email __________

Engineer Name ____________________________________________
Address _________________________________________________
Phone __________ Fax __________ Email __________

Architect Name ____________________________________________
Address _________________________________________________
Phone __________ Fax __________ Email __________
PROJECT INFORMATION

1. The project will be:

- Office/research facility that conforms to business park standards
- Commercial Redevelopment/Rehabilitation/Development
- Retail
- Other

2. In addition to Goodhue County, applicant is requesting Economic Development Abatement funds from:

City of: ____________________________
School District: ____________________________

3. The project will be:  ____ Owner Occupied  ____ Leased Space
   • If leased space, please attach a list names and addresses of future lessees and indicate the status of commitments or lease agreements. Include rental rates, terms, and length of lease. **Attach as Exhibit E.**

4. Project Address __________________________
   • Include Legal Description and PID Number. **Attach as Exhibit F**

5. Site Plan and Floor Plan (foot print) Attached:  ____ Yes  ____ No

6. Total Amount of ECONOMIC DEVELOPMENT ABATEMENTS Requested:

   $______ over _______ years.
   - City Portion of Economic Development Abatements: Annual $______ Total $______
   - County Portion of Economic Development Abatements: Annual $______ Total $______
   - ISD ____ Portion of Economic Development Abatements: Annual $______ Total $______
   - Township Portion of Economic Development Abatements: Annual $______ Total $______

7. Current Real Estate Taxes on Project Site:  $________________
   Estimated Real Estate Taxes upon Completion:  
   - Phase I $________________
   - Phase II $________________

8. Construction Start Date: __________________________
   Construction Completion Date: __________________________
   If Phased Project:  ____________ Year  ____________ % Completed
   ____________ Year  ____________ % Completed

**Public Hearing May 20th, 2008**
PUBLIC PURPOSE
It is the policy of Goodhue County that the use of Economic Development abatements should result in a benefit to the public. Please indicate how this project will serve a public purpose.

___Job Creation: Number of existing jobs ______________________
Number of FTE jobs created by project ______________________
Average hourly wage of jobs created* ______________________
* attach a position specific hourly wage
Minimum hourly wage of jobs created ______________________
Minimum benefits provided to all employees ______________________

___New industrial or, commercial, which will result in additional private investment in the area.

___Enhancement and/or diversification of the County's economic base.

___The project contributes to the fulfillment of Goodhue County's Economic Development Strategic Plan, Comprehensive Plan, Transportation Plan and Land Use Ordinance.

___Removal of blight.

___Rehabilitation of a high profile or priority site.

___Finance or improve public infrastructure; or

___Other: __________________________________________________
### SOURCES & USES

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<td><strong>TOTAL</strong></td>
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<td>$</td>
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***Please include loan terms also, including interest rates, payment and amortization schedule, etc.***

### USES

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<td>$</td>
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<tr>
<td><strong>TOTAL</strong></td>
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### ADDITIONAL DOCUMENTATION

Applicants may be required to provide the following documentation.

A) Written business plan, including a description of the business, ownership/management, date established, products and services, and future plans

B) Financial Statements for Past Two Years
   - Profit & Loss Statement
   - Balance Sheet

C) Current Financial Statements
   - Profit & Loss Statement to Date
   - Balance Sheet to Date

D) Future Financial Projections

E) Personal Financial Statements of all Major Shareholders
   - Profit & Loss
   - Current Tax Return
F) Letter of Commitment from Applicant Pledging to Complete During the Proposed Project Duration

G) Letter of Commitment from the Other Sources of Financing Stating Terms and Conditions of their Participation in Project

H) Debt schedules for all loans applicable to the project.

The undersigned certifies that all information provided in this application is true and correct to the best of the undersigned's knowledge. The undersigned authorizes Goodhue County to check credit references and verify financial and other information. The undersigned also agrees to provide any additional information as may be requested by the County after the filing of this application.

Applicant Name ____________________________ Date _____________

By ______________________________________

Its ______________________________________
ECONOMIC DEVELOPMENT ABATEMENT PROPOSAL REVIEW WORKSHEET

TO BE COMPLETED BY COUNTY STAFF

Does the project meet the following qualifications?
___ a) Meets all the statutory restrictions
___ b) Demonstrates need for Economic Development Abatements with the but-for analysis.
___ c) Consistent with all Goodhue County plans and ordinances.
___ d) Does not violate any provisions of this Abatement Policy
___ e) Has Economic Abatement Agreements in place with the city/township
___ f) Has Economic Abatement Agreement in place with the school district

1. Ratio of Private to Public Investment in Project:
   $$_______$$ Private Investment
   $$_______$$ Public Investment
   $$_______$$ Ratio: Private : Public Financing

2. Job Creation in Goodhue County:
   _____ Number of new FTE jobs as a result of the project.
   _____ Number of FTE retained jobs at risk without project
   _____ Total

3. Likelihood that the project will result in unsubsidized, spin-off development.
   Yes _______  No _______

4. The project will provide a _______ service/business to its host community.
   Essential (acquire or retain vital community business or service)
   Complementary (will enhance/strengthen current business/services)
   Competitive (will damage current business/services)

5. Type of Project:
   _____ 100% Owner Occupied
   _____ Mix Owner Occupied & Investment
   _____ Investment (tenant-occupied) Property
EXHIBIT A
Description of the corporation or partnership

EXHIBIT B
Description of the proposed project

EXHIBIT C
Names of officers and shareholders/partners with more than five percent (5%) interest in the corporation/partnership.

EXHIBIT D
But-for analysis

EXHIBIT E
Prospective Lessees

EXHIBIT F
Legal Description and PID Number
### SAMPLE - BUT-FOR ANALYSIS

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<th>WITH TAX ABATEMENT FINANCING</th>
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#### Income Statement

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<td>8,667,000 Principal</td>
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| Net Income | 185,854 | 288,061 |
| Total Return on Equity | 7.74% | 12.00% |
This document was approved/amended by the Goodhue County Board of Commissioners on

Goodhue County Board Chair

Date

ATTEST:

Scott Arneson, Administrator

Date