MEDINA ECONOMIC DEVELOPMENT AUTHORITY

Business Subsidy Policy

I. PURPOSE

1.01 The purpose of this business subsidy policy is to establish criteria to be used by the Medina Economic Development Authority ("MEDA") to evaluate requests for business subsidies to assist private development. The terms used in this policy shall have the same meanings given to them in Minnesota Statutes, sections 116J.993 through 116J.995 (the "Act").

1.02 MEDA has the option of amending this policy when it determines it is necessary or appropriate to do so. In addition, section 116J.994, Subd. 2 of the Act allows MEDA to deviate from the criteria adopted in this policy by documenting in writing the reason for the deviation and attaching a copy of the document to its next annual report to the Minnesota Department of Employment and Economic Development.

II. COMPLIANCE WITH STATUTORY REQUIREMENTS

2.01 All business subsidies must meet a public purpose. All business subsidies shall comply with the requirements of the Act and any other applicable statutory or ordinance requirements.

III. ELIGIBLE USES FOR THE RECEIPT OF A BUSINESS SUBSIDY

3.01 MEDA will consider granting a business subsidy to assist private development only in those circumstances in which the proposed private project meets one or more of the following uses or purposes:

A. To redevelop blighted or under-utilized areas of Medina or areas which contain a concentration of structurally substandard buildings.

B. To encourage redevelopment of commercial, industrial or mixed use areas of Medina in order to promote high levels of property maintenance and private reinvestment in those areas.

C. To increase the non-residential tax base of Medina in order to ensure the long-term ability of the City to provide adequate services for its residents while lessening reliance on the residential property tax base.

D. To retain local jobs, increase the local job base, and provide diversity in Medina's job base.

E. To increase the local commercial, industrial and mixed-use market potential of Medina.

F. To encourage additional unsubsidized private development in Medina, either directly or through secondary "spinoff" development.

G. To mitigate the higher costs inherent in redevelopment compared to those costs incurred under non-redevelopment circumstances.

H. To assist development or redevelopment on sites which would not likely be developed within the reasonably foreseeable future without assistance.

IV. BUSINESS SUBSIDY PROJECT APPROVAL CRITERIA

4.01 All projects approved for business subsidies by MEDA should meet the following mandatory minimum criteria. However, nothing herein creates a presumption that a project meeting these criteria will automatically be approved. Meeting these criteria creates no contractual rights or entitlement on the part of any potential developer.

A. The assistance shall be provided in compliance with applicable statutory and ordinance requirements, Minnesota State Auditor interpretations, and appropriate financial requirements and policies.

B. The project should meet one or more of the uses or purposes identified in Section 3.01 of this policy.

C. The project must be consistent with Medina's comprehensive plan and official controls, or required changes to the comprehensive plan and official controls must be under active consideration by the City at the time of approval. Approval of the business subsidy shall be conditioned on necessary approvals by the City.

D. Public assistance will not be provided to projects that have the financial feasibility to proceed without the benefit of such assistance. Assistance will not be provided solely to increase a developer's profit margin on a project. MEDA may undertake an independent evaluation of the project to ensure that the request for assistance can be substantiated in MEDA's sole judgment.

E. Prior to approval of a business subsidy, the developer shall provide any required market and financial feasibility studies, appraisals, soil boring or environment information regarding the proposed site, and other information or data that MEDA or its financial consultants may require in order to proceed with an independent evaluation of the request.

F. Any developer requesting business assistance should be able to demonstrate past successful general development capability as well as specific experience in the type and size of development proposed.

G. The developer must retain ownership of the project at least long enough to complete it, stabilize its occupancy, establish the project management, and initiate repayment of the business assistance, if required.

H. The level of business subsidy funding shall be reduced to the lowest possible level by first maximizing the use of private debt and equity financing and by utilizing other funding sources or income producing vehicles that can reasonably be employed prior to using MEDA's business subsidy.

V. BUSINESS SUBSIDY PROJECT EVALUATION CRITERIA

5.01 All projects will be evaluated by MEDA on the criteria specified in section 5.3 of this policy for comparison with other proposed projects requesting business subsidies from MEDA and for comparison with other subsidy standards where appropriate. Changes in local markets, costs of construction, and interest rates may cause a change in the amount of business subsidy that a project may require at any given time.

5.02 Some criteria, by their nature, must remain subjective. Wherever possible, benchmark criteria have been established for review purposes. The fact that a given proposal meets one or more such benchmarks does not mean that it is entitled to funding under this policy. MEDA will conduct its evaluation and comparison of business assistance proposals using uniform standards whenever possible.

5.03 The following are the business subsidy evaluation criteria that will be used by MEDA:

A. The proposal should optimize the private development potential of a site, consistent with the City's comprehensive plan and official controls.

B. Unless the creation or retention of jobs is determined not to be a goal, the proposal should create or retain on the site the highest feasible number of jobs with the highest wages.

C. The project should encourage economic and commercial diversity and increase the range of goods and services available in Medina. Business subsidies will not generally be provided if the new or relocating business requesting assistance would be in competition with an established business in Medina.

D. The proposal should generate the highest possible increase in property taxes payable to Medina and other taxing jurisdictions. An increase in the tax base shall not be the sole grounds for granting a business subsidy.

E. Business subsidies will not generally be used to support speculative industrial, commercial or mixed-use projects.

F. Business subsidies will not generally be used to support a project that involves an excessive land price.

G. The project must meet the "but for" test, as determined by MEDA, if tax increment financing is used. A business subsidy will not be granted unless the need for MEDA's participation is such that, without that assistance, the project could not proceed in the manner as proposed.

H. Business subsidies will not be used when the developer's business resume, in the sole judgment of MEDA, is inadequate due to a failure to complete or a default on a previous project, bankruptcy by the developer or a closely related entity, or other problems or issues considered relevant by MEDA.

I. Business subsidies will not generally be granted for projects that would generate environmental problems or concerns which are significant in the opinion of MEDA or other local, state, or federal officials.

J. Business subsidies should not be provided to those projects that fail to meet good public policy criteria as determined by MEDA, including poor project quality; projects that are not consistent with Medina's comprehensive plan and official controls; projects that provide no significant improvement to surrounding land uses, the neighborhood, or the community; projects that do not meet financial feasibility criteria established by MEDA; and projects that do not provide the highest and best desired use for the property.

K. Except in those instances in which the creation or retention of jobs is determined by MEDA not to be a goal, projects receiving a business subsidy must create or retain at least one full-time equivalent qualifying job for each $150,000 in assistance. A qualifying job is one which pays at least 150 percent of the then-current Federal minimum wage. Any deviation from the established wage floor must be documented by MEDA in conformity with the Act.

Adopted January 17, 2012.