

Table of Contents

I.	Policy Purpose.....	1
II.	Objectives of Tax Increment Financing.....	1
III.	City of Green Isle Policies for the Use of TIF	2
IV.	Qualifications.....	4
V.	Subsidy Agreement & Reporting Requirements.....	5
VI.	Application Process	5
VII.	Application	7
	Applicant Information.....	7
	Project Information.....	8
	Public Purpose.....	9
	Sources & Uses.....	10
	Checklist & Additional Information.....	11
VIII.	Application Review Worksheet.....	13
IX.	Exhibits.....	17
	A Corporation/Partnership Description	
	B Project Description	
	C Shareholders	
	D <i>But for</i> Analysis	
	E Prospective Lessees	

I. POLICY PURPOSE

The purpose of this policy is to establish the City of Green Isle position relating to the use of Tax Increment Financing (TIF) for private development above and beyond the requirements and limitations set forth by State Law. This policy shall be used as a guide in the processing and review of applications requesting tax increment assistance. The fundamental purpose of tax increment financing in Green Isle is to encourage desirable development or redevelopment that would not otherwise occur *but for* the assistance provided through TIF.

The City of Green Isle is granted the power to utilize TIF by the Minnesota Tax Increment Financing Act, as amended. It is the intent of the City to provide the minimum amount of TIF at the shortest term required for the project to proceed. The City reserves the right to approve or reject projects on a case by case basis, taking into consideration established policies, project criteria, and demand on city services in relation to the potential benefits from the project. Meeting policy criteria does not guarantee the award of TIF to the project, nor approval or denial of another project.

II. OBJECTIVES OF TAX INCREMENT FINANCING

As a matter of adopted policy, the City will consider using TIF to assist private development projects to achieve one or more of the following objectives:

- 1.) To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
- 2.) To remove blight and/or encourage redevelopment of commercial and industrial areas in the City that result in high quality redevelopment and private reinvestment.
- 3.) To encourage additional unsubsidized private development in the area, either directly or indirectly through “spin off development”.

- 4.) To facilitate the development process and to achieve development on site, which would not be developed without TIF assistance.
- 5.) To offset increased costs of redevelopment (i.e. contaminated site clean up) over and above the costs normally incurred in development.
- 6.) To create opportunities for affordable housing.
- 7.) To contribute to the implementation of other public policies, as adopted by the City from time to time, such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.

III. POLICIES FOR THE USE OF TIF

- a. When applicable, TIF shall be used to finance the public improvements associated with the project. The priority for the use of TIF funds is:
 1. Public improvements, legal, administrative, and engineering costs.
 2. Site preparation, site improvement, land purchase, and demolition.
 3. Capitalized interest, bonding costs.
- b. It is the City's policy to establish the following types of TIF districts:
 1. Economic Development Districts
 - It is desired that the project result in the creation of one full time job per \$20,000 of TIF.
 2. Redevelopment Districts
 - The market value of a redeveloped site shall increase by a minimum of 50% of the current market value.

Other types of TIF districts, along with specific criteria, may be considered on a case-by-case basis.

- c. TIF assistance shall be provided to the developer upon receipt of the increment by the City, preferred using *pay-as-you-go* method, but other forms of TIF assistance would be available.
- d. Ten percent (10%) of any tax increment received from the district shall be retained by the City to reimburse administrative costs. This is not to pay for the cost of establishing the tax increment district.
- e. Any developer receiving TIF assistance shall provide a minimum of twenty percent (20%) cash equity investment in the project.
- f. TIF shall not be used in circumstances where land and/or property price is in excess of fair market value.
- g. Developer shall demonstrate a market demand for a proposed project. TIF shall not be used to support purely speculative projects.
- h. TIF shall not be utilized in cases where it would create an unfair and significant competitive financial advantage over other projects in the area.
- i. TIF shall not be used for projects that would place extraordinary demands on City services or for projects that would generate significant environmental impacts.
- j. The developer shall provide adequate financial guarantees to ensure completion of the project, including, but not limited to: assessment agreements, letters of credit, personal guaranties, etc.
- k. The developer shall adequately demonstrate, to the City'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.
- l. For the purposes of underwriting the proposal, the developer shall provide any requested market, financial, environmental, or other data requested by the City or its consultants.

IV. PROJECT QUALIFICATIONS

In addition to attaining or exceeding the jobs and wages goals set forth in the *Subsidy Agreement*, the applicant shall meet the qualifications set forth in Section IV of this document.

- a. All TIF projects considered by the City of Green Isle must meet *at least one* if the following requirements:
 - 1.) The new construction of a minimum of 10,000 square feet; or
 - 2.) A minimum increase of \$5,000 per year in property taxes; or
 - 3.) Have a market value of at least \$250,000 upon completion.
- b. The project shall meet at least *two* of the objectives set forth in Section II and satisfy all the provisions set forth in Section III of this document.
- c. The developer shall demonstrate that the project is not financially feasible *but-for* the use of TIF.
- d. The project shall be consistent with the City's Comprehensive Plan, Land Use Plan, and Zoning Ordinances.
- e. The project shall serve at least *three* of the following public purposes:
 - 1.) Creation of jobs with livable wages and benefits.
 - 2.) Enhancement or diversification of the City's economic base.
 - 3.) Industrial development that will spur additional private investment in the area.
 - 4.) Fulfillment of the City's Comprehensive Plan for Economic Development.
 - 5.) Removal of blight or the rehabilitation of a high profile or priority site.

V. SUBSIDY AGREEMENT & REPORTING REQUIREMENT

All developers/businesses receiving tax increment financing assistance from the City of Green Isle shall be subject to the provisions and requirements set forth by state statute 116J.993 and summarized below.

All developers/businesses receiving TIF assistance shall enter into a *subsidy agreement* with the City of Green Isle 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 met, whichever is later. Reports shall be completed using the format drafted by the State of Minnesota and shall be filed with the City of Green Isle no later than March 1 of each year for the previous calendar year. Businesses fulfilling job creation requirements must file a report to that effect with the city within 30 days of meeting the requirements.

The developer/business owner shall maintain and operate its facility at the site where TIF assistance is used for a period equal to amount of time the benefit is received.

VI. APPLICATION PROCESS

1. Applicant submits the completed application along with all application fees.
2. City staff or EDA Director reviews the application and completes the Application Review Worksheet.

3. Results of the Worksheet are submitted to the Economic Development Authorities for preliminary approval of the proposal. Each Economic Development Abatement Worksheet will be reviewed by the members of the Economic Development Authority. Information on program applicants (including but not limited to: names, credit reports, financial statements, income calculations, and asset information) is private data, which must be administered in accordance with the Minnesota Government Data Practices Act.
4. If preliminary approval is granted, the Tax Increment Financing Plan, along with all necessary notices, resolutions and certificates are prepared by City staff and/or consultants.
5. Public notices are published and sent to the county and school board.
6. Public hearing(s) on the proposed project are held.
7. The EDA recommends approval or denial of the project to the City Council.
8. The City Council grants final approval or denial of the proposal.

VII. APPLICATION FOR TAX INCREMENT FINANCING

A. APPLICANT INFORMATION

Name of Applicant: _____

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. Attach as **Exhibit C**.

A *but-for* analysis. 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: _____

B. PROJECT INFORMATION

The project will be: *(please circle)*

Industrial Expansion or New Construction

Commercial Rehabilitation or New Construction

The project will be: ____ Owner Occupied ____ Leased Space

If leased space, please attach a list of names and addresses of future lessees and indicate the status of commitments or lease agreements. Attach as Exhibit E.

Project Address: _____

Legal Description: _____

Site Plan Attached: ____ Yes ____ No

Amount of Tax Increment Requested for:

Land Purchase \$ _____
Public Improvement \$ _____
Site Improvement \$ _____

Current Real Estate Taxed on Projected Site \$ _____

Estimate Real Estate Taxes upon Completion:

Phase I \$ _____
Phase II \$ _____

Construction Start Date: _____

Construction Completion Date: _____

If Phased Project: ____ Year ____ % Completed
____ Year ____ % Completed

C. PUBLIC PURPOSE

It is the policy of the City of Green Isle that the use of Tax Increment Financing 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 jobs created by project: _____
 Average hourly wage of jobs created: _____

_____ New industrial development that will result in additional private investment in the area.

_____ Enhancement or diversification of the City's economic base.

_____ The project contributes to the fulfillment of the City's Strategic Plan for Economic Development.

_____ Removal of blight or the rehabilitation of a high profile or priority site.

_____ Other: _____

D. SOURCES & USES

<u>SOURCES</u>	<u>NAME</u>	<u>AMOUNT</u>
Bank Loan	_____	\$ _____
Other Private Funds	_____	\$ _____
Equity	_____	\$ _____
Fed Grant/Loan	_____	\$ _____
State Grant/Loan	_____	\$ _____
EDA Micro Loan	_____	\$ _____
Tax Increment	_____	\$ _____
ID Bonds	_____	\$ _____
TOTAL		\$ _____

USES

Land Acquisition	\$ _____
Site Development	\$ _____
Construction	\$ _____
Machinery & Equipment	\$ _____
Architectural & Engineering Fees	\$ _____
Legal Fees	\$ _____
Interest During Construction	\$ _____
Debt Service Reserve	\$ _____
Contingencies	\$ _____
TOTAL	

E. ADDITIONAL DOCUMENTATION

Applicants will also 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) Two Year Financial Projections

- _____ E) Letter of Commitment from applicant pledging to complete during the proposed project duration

- _____ F) Letter of Commitment from the other sources of financing, stating terms and conditions of their participation in project

_____ G) Application fee (see City of Green Isle Annual Fee Schedule) Fifty (50%) percent of fee is not reimbursed to the developer.

The following information may be required if the project utilizes financing other than pay-as-you-go:

_____ H) Personal Financial Statements of all Major Shareholders
_____ Profit & Loss
_____ Current Tax Return

Note: All major shareholders will be required to sign personal guarantees if up front financing of the project is required.

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 the City of Green Isle 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 City after the filing of this application.

Applicant Name: _____ Date: _____

By: _____

Its: _____

Tax Increment Financing Proposal Review Worksheet

1.) The project meets the criteria set forth in Section III of the City's Tax Increment Financing policy.

- _____ a) Meets minimum thresholds for size, value, and tax capacity.
- _____ b) Meets at least one of the objectives in Section III and satisfies the provision set forth in Section IV.
- _____ c) Demonstrates need for TIF with the *but-far* analysis.
- _____ d) Consistent with all City plans and ordinances.
- _____ e) Serves at least two public purposes as defined in Section IV.

2.) Job Creation in the city of Green Isle

POINTS

Number of new jobs as a result of the project	20+	5
	15+	4
	10+	3
	5+	<u>2</u>

Points:

3.) Ratio of TIF to new jobs created:

POINTS

TIF Request per number of new jobs created	\$20,000 or less	5
	\$25,000 or less	4
	\$30,000 or less	3
	\$40,000 or less	2
	Over \$40,000	<u>1</u>

Points:

4.) Wage level of jobs created: **POINTS**

Average hourly wage of jobs created	Over \$24/hour	5
	\$21-23.99/hour	4
	\$18-20.99/hour	3
	\$12-14.99/hour	2
	Less than \$14.99/hour	<u>1</u>

Points:

5.) Project size: **POINTS**

The project will result in the construction of square feet.

50,000	5
35,000	4
20,000	3
10,000	2
5,000	<u>1</u>

Points:

6.) Type of project: **POINTS**

100% Owner Occupied	5
Mix Owner Occupied & Investment	4
Investment Property	<u>3</u>

Points:

7.) Use:	<u>POINTS</u>
Manufacturing or Redevelopment	5
Research & Development	4
Commercial	3
Warehouse/Distribution	2
Housing	<u>1</u>

Points:

8.) The project will pay annual property taxes	<u>POINTS</u>
in the first fully assessed year of \$_____	

\$50,000+	5
\$40,000+	4
\$30,000+	3
\$20,000+	2
\$19,999 or less	<u>1</u>

Points:

9.) Likelihood that the project will result	<u>POINTS</u>
in unsubsidized, spin-off development	
High	5
Moderate	3
Low	1

Points:

Sub-Total Points: _____ of a possible 40 points.

11.) Bonus Points

POINTS

The project contributes to the goals of
rehabilitating, blighted buildings as classified 4
under state statutes.

Points

Bonus Points:		_____
Total Points:		_____
Overall project analysis	High	44-33 Points
	Moderate	32-24 Points
	Low	23-15 Points
	Not Eligible	14-0 Points

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