

I. CITY OF NORTH MANKATO AND NORTH MANKATO PORT AUTHORITY BUSINESS SUBSIDY POLICY

1. This policy is adopted for the purposes of the Minnesota Statutes Sections 116J.993 through 116J.995, as amended (the Business Subsidy Act). Terms used in this policy are intended to have the same meaning as used in the Business Subsidy Act. This policy shall be applied as required by the Business Subsidy Act.
2. It is recognized that governmental units, at all levels, routinely provide subsidies of various form and structure to various recipient entities. This is done with the expectation that the subsidy will result in the creation or enhancement of a public benefit. This principle will be the underlying criteria used by the City of North Mankato and its Port Authority in evaluating subsidy requests.
3. Because projects vary greatly in structure and public benefit derived, each project will be considered on its own merits. Consideration will be given to projects providing public benefits in one or more of the following categories:
 - a) To retain and/or expand existing businesses located in the City
 - b) To increase the tax base
 - c) To diversify the local economy, encourage economic and commercial activity, including the range of goods and services available
 - d) To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits
 - e) To encourage additional unsubsidized private development in the area, either directly or indirectly through "spin off" development or attracting other businesses, jobs, and investments in the area
 - f) To facilitate the development process and to achieve development on sites which would not otherwise be developed or that would be underdeveloped without assistance
 - g) To remove blight and/or encourage redevelopment of commercial and industrial areas in the city that result in quality redevelopment and private reinvestment
 - h) To provide significant economic impact by attracting other businesses, jobs, or investment
 - i) To offset increased costs of development or redevelopment (i.e. contaminated site clean-up) over and above the costs normally incurred in development
 - j) To fully utilize existing or planned infrastructure improvements

- k) To encourage fast-growing businesses
 - l) To encourage businesses that provide basic goods and services
 - m) To create opportunities for affordable housing
 - n) To contribute to the implementation of other identifiable goals of the City
4. It is the intent of the City of North Mankato and the Port Authority to avoid participating in "bidding wars" between cities located within Nicollet County and Blue Earth County competing for the relocation of an existing business through attempts to offer the largest tax incentive or other public inducement, which is detrimental to the local economy and public interest. This policy does not preclude providing information to companies that inquire about North Mankato or are seeking an expansion rather than relocation. It also does not preclude the granting of an incentive in those situations where the business has already made a decision to relocate or expand in another city, or is seriously considering moving out of Nicollet County and Blue Earth County.
 5. The governing body retains the right to review and approve subsidies that result in public benefit but vary from the principles and criteria of this policy. The burden will be on the applicant to demonstrate, to the satisfaction of the City of North Mankato and the Port Authority, that the public benefit justifies the requested subsidy.
 6. In all cases of business subsidy (as that term is defined in the Business Subsidy Act), a subsidy agreement will be entered into between the funding entity and the recipient. This agreement will delineate the subsidy structure and amount, as well as the expected public benefit. The agreement will include provisions for repayment and other penalties if the expected public benefit is not achieved. All business subsidies will be subject to the criteria outlined in the Business Subsidy Act, except those subsidies as exempted by same.
 7. Every business subsidy recipient must create and retain the maximum number of jobs feasible for the proposed project and site, and these jobs must pay at least 110% of the federal poverty level for a family of four, as determined annually by the U.S. Department of Health and Human Services. The jobs created may include jobs to be retained, but only if job loss is specific and demonstrable. The goals may also specify wage goals for any jobs to be enhanced through increased wages. The City or Port Authority may deviate from these criteria by documenting in writing the reason(s) for the deviation. The documentation related to any deviation shall be submitted to the Minnesota Department of Employment and Economic Development (DEED) with the City's next annual report. Please note that wage requirements for business subsidies are not required if the project does not meet the definition of a business subsidy according to Minnesota State Statutes.