

ZIMMERMAN ECONOMIC DEVELOPMENT AUTHORITY
TAX INCREMENT FINANCING POLICY STATEMENT

A. Introduction

The City of Zimmerman (the "City") and the Zimmerman Economic Development Authority (the "EDA") have received numerous informal inquiries regarding the availability of tax increment financing as set forth in Minnesota Statutes Section 469.174 to 469.179 inclusive. The City and the EDA will consider each request on a case-by-case basis. In order to evaluate proposals, conserve the time of staff, advisors, developers, the EDA and the City Council, as well as answer preliminary questions, this Policy Statement will set forth basic information for all persons involved. For the benefit of interested parties, this Policy Statement also outlines the general procedures which need to be followed in creating a tax increment financing district. It is the intent of this Policy Statement to serve as both a procedural and informational guide for all interested persons. .

B. Statutory Intent

The purpose of the Minnesota Tax Increment Financing Act is to provide a uniform set of standards and procedures for cities and authorities to follow when utilizing tax increment financing in conjunction with Minnesota Statutes 469.001 to 469.047, 469.090 to 469.108 and 469.124 to 469.134. Generally, tax increment financing is a technique which allows cities and authorities in cooperation with private developers to redevelop blighted and deteriorated urban areas, to construct low and moderate income housing, and/or to stimulate local economic growth.

C. EDA Policy

In some cases interested parties might not be able to accomplish the desired development or redevelopment unless the City and EDA makes tax increment financing available. Tax increment financing is an effective method for the EDA to assist local developers in attracting housing, commercial and industrial development and to redevelop existing blighted areas. The City welcomes and understands that as a community it receives a direct benefit from properly designed residential, commercial and industrial development or redevelopment. In reaching a decision with respect to whether or not to provide tax increment financing for a project, the City Council will consider the following factors:

1. Whether the project will add to the City's tax base and/or increase employment opportunities.
2. Whether the project will acquire, remove, reconstruct or rehabilitate structurally substandard or blighted areas which make potential development economically unfeasible.
3. Whether the project will acquire or develop vacant, under used or inappropriately used land which make potential development economically unfeasible.
4. Whether the project will correct physical deterrents impeding development or provide adequate streets, utilities and other public improvements which are deemed necessary to enhance the area for both existing and/or new development.
5. Whether the project will provide decent, safe and sanitary housing for low and moderate income persons.
6. The extent to which the project requires significant City involvement for sewer, water, streets, storm sewer, sidewalk, etc. and the extent of which such public expenditures can be recovered by a tax increment financing bond or by special assessments against benefited properties.
7. Whether the annual captured net tax capacity of the tax increment financing district is sufficient to generate the tax increment necessary to repay the bonded indebtedness incurred to finance the public costs associated with the project.

8. Whether the project will assist in the removal and clean up of any polluted properties.

D. Application

Prior to any consideration by the City Council and the EDA, the applicant must deliver to the City the following:

1. Completed Application for Tax Increment Financing (attached);
2. Letter of Agreement substantially in the form attached; and
3. A fee deposit in the amount of \$5,000.

E. Preliminary Approval

The EDA will make a finding based upon information presented as to whether the proposed project is consistent with Minnesota Statutes Section 469.174 to 469.179 inclusive and is in the public interest as set forth in Section C of this Policy Statement. If deemed appropriate, the EDA may direct staff and advisors to prepare the tax increment financing plan, amend the development program, if necessary, and prepare supportive documents. The purpose of the development program is to provide a legal guide for the planning and implementation of the tax increment financing district. The tax increment financing plan is designed to compliment the development program by providing an economic and feasibility analysis of the proposed development or redevelopment.

F. Redevelopment Contract

To receive tax increment assistance, the applicant will be required to enter into a redevelopment contract with the EDA. The Redevelopment Contract shall specify the obligations of each party.

G. Final Approval

The development program, the tax increment financing plan, and the redevelopment contract require approval by the EDA; the development program and tax increment financing plan require approval by the City.

H. Use of Fees

1. Fees shall be used for the cost of securing appropriate consultants to assist the EDA in processing the inquiry or application. Representatives of appropriate consultants include, but are not limited to, EDA Attorney, Planning Consultant, Development and Financial Consultant, Bond Counsel, Traffic and other consulting engineers. The determination and use of EDA consultants is and remains the exclusive determination of the EDA.
2. To all Consultant's invoices, there shall be added a 5% administrative charge for the processing of such invoices.
3. Upon completion of any inquiry or decision on an application for assistance, the EDA shall render a total of all claims and charges paid. The EDA shall refund any outstanding balance.
4. If the application is approved, the applicant shall be reimbursed its fees from bond proceeds or tax increments but only if such reimbursement is statutorily authorized and financially feasible.

FORM
[Letterhead of Applicant]

Honorable President and Commissioners of
the Zimmerman Economic Development Authority
City of Zimmerman
12980 Fremont Avenue
Zimmerman, MN 55398

RE: Application of for Tax Increment Financing of a Project

President and Commissioners of the Zimmerman EDA:

This Letter of Agreement (the "Agreement") is given by _____ as (a) (the) (general partner) (president-vice president) of _____, a _____ organized under the laws of the State of Minnesota (the "Applicant") in connection with the review and consideration of Tax Increment Financing for the _____ (the "Project"). In consideration, the Applicant hereby covenants and agrees as follows:

1. Consulting Services. The City shall have the right to employ legal counsel, bond counsel, accounting, real estate, financial, engineering, architectural and other consultants to review the proposed Project and all proposed financing therefore in accordance with the policy statement (the "Policy Statement") attached to this letter.

2. Other Costs and Expenses. The City shall also have the right to allocate and charge to the proposed Project costs and expenses for photocopies, publications, postage and other similar items rendered or incurred with respect thereto.

3. Payment of Costs. The Applicant shall pay all costs, expenses and consulting services incurred by the City with respect to the Project and the issuance of Tax Increment Obligations to finance all or part of the cost thereof, including but not limited to costs and expenses of the types enumerated in paragraphs 1 and 2, whether or not the Project is approved and constructed or the City issues Tax Increment Obligations therefore. The Applicant submits herewith a check in the amount of \$5,000, the proceeds of which may be deposited in a savings account by the City and used and disbursed by the City to pay such costs, expenses and consulting services when due. Upon completion of consideration of the Project or the issuance of Tax Increment Obligations therefore, all such costs, expenses and consulting services not otherwise paid shall be paid from such deposit by the City and any unexpended balance of such deposit shall be returned to the Applicant. The fees advanced by the Applicant and expended for costs, expenses and consulting services may be reimbursed in accordance with the Policy Statement.

4. Termination of Consideration. The EDA shall have the right at any time prior to the adoption of a resolution approving the documents pursuant to which Tax Increment Obligations are to be issued and their issuance, to terminate its consideration of Applicant's Project and the issuance of Tax Increment Obligations to finance the cost thereof, without any liability of the City and EDA, their respective officers, employees and agents.

Applicant hereby releases the City and EDA, their officers, employees and agents, from any claims or causes of action which it may have against them or any of them for any costs, expenses, losses, damages or liabilities which it may incur in connection with the City's consideration of the Project; the failure of the City and EDA, in their discretion, to issue Tax Increment Obligations for Applicant's Project; the issuance and sale of the Tax Increment Obligations; the construction of the Project; or any other matter or thing of any type or nature whatsoever which may arise in connection with any of the foregoing.

5. Indemnification. Applicant agrees to indemnify and hold the City and EDA, their officers, employees and agents harmless from and against any and all losses, claims, damages, expenses or liabilities, including attorneys' fees incurred in their defense, to which the City and EDA, the officers, employees and agents or any of them may become subject in connection with the City and EDA's consideration, issuance or sale of the Tax Increment Obligations for Applicant's Project and the carrying out of the transactions contemplated by this

Agreement and any resolutions adopted or Agreements executed by the City and EDA in connection with the issuance of Tax Increment Obligations for Applicant's Project.

6. Assignment. The Applicant shall have no right to assign any claimed rights it may acquire by reason of any action taken with respect to Applicant's Project and the issuance of Tax Increment Obligations therefore by the City and EDA or their officers, employees or agents.

7. Effective Date. The effective date of this Agreement is _____, 20____.

Very truly yours,

Applicant

By _____

It's _____

Date _____

ZIMMERMAN ECONOMIC DEVELOPMENT AUTHORITY
APPLICATION FOR TAX INCREMENT FINANCING

Business Name: _____

Address: _____

Type (Partnership, etc): _____

Representative: _____

Telephone: _____

Name of Counsel: _____

Name and Telephone of Accountant: _____

List Financial References: Name/Address/Contact/Telephone

Other Comments Pertinent to Your Application: _____

Have You Ever Filed for Bankruptcy? Yes _____ No _____

If yes, provide details on separate sheet.

Have You Ever Defaulted on any Loan Commitment? Yes _____ No _____

If yes, provide details on separate sheet.

INFORMATION CONCERNING APPLICANT'S PROPOSED PROJECT

Location of Proposed Development: _____

Nature of Proposed Business: _____

Principal Business or Product of the Company? _____

Is the Proposed Project a New Facility or Rehabilitation and/or Expansion of Existing Facility?

Industrial/Commercial/Residential: _____

What is the Present Employment of Your Firm? _____

What is Your Estimate of Employment One Year After Completion of Project? _____

What is Your Estimate of Employment Five Years After Completion of Project? _____

Total Estimated project Cost: _____

Total Estimated Construction Costs: _____

Potential Other Use(s) of Proposed Development? _____

Will this Development Attract Other Related Industries? Yes ____ No ____

How? _____

What Types? _____

What is the Current Zoning Status of the Project Site? _____

Will Rezoning, Zoning variances or Conditional Use Permits be Required in Connection with the Project?

Is the Property Properly Subdivided for the Proposed Use? _____

Has Site Approval been Obtained for this Project? Yes ____ No ____

If So, when? _____

By Planning Commission? _____

By City Council? _____

Have You Applied for Conventional Financing of the Project? Yes ____ No ____

If Yes, Provide Details on Separate Sheet.

If No, Why Not? _____

INFORMATION TO ATTACH

Please Include:

Statement of Public Purpose

Description of project

Schematic Drawing of Project

Breakdown of Project Costs

Amount of Subsidy Request

Construction Schedule

Legal Description - (Include PIN # (s))

Other Pertinent Information

Deposit

TAX INCREMENT ELIGIBLE EXPENSES

Land acquisition

Site work

- demolition/site clearance
- grading/backfilling/compaction of fill
- erosion control
- paving - include costs of base construction up to laying of asphalt

Utility hook-up

Traffic control

- lights/signs

Relocation

Landscaping on public right-of-ways

Public right-of-way costs

- lighting
- signage
- driveway aprons
- curbs
- sidewalks
- boulevards
- berms

Interest cost during construction period of eligible expenses

Administrative costs supervision

- contractor fees
- inspection fees
- overhead

Environmental costs assessment

- work program
- abatement
- clean-up

Consultants' fees

- architectural/design
- engineering
- financial consulting
- legal/bond counsel

City assessments

- sanitary sewer
- storm sewer
- streets
- other assessable public improvement costs

Contingency