

**CITY OF ZIMMERMAN
ZIMMERMAN ECONOMIC DEVELOPMENT AUTHORITY
TAX ABATEMENT POLICY**

THIS POLICY prepared and adopted by the City Council (the "Council") of the City of Zimmerman (the "City") and the Board of Commissioners (the "Board") of the Zimmerman Economic Development Authority (the "Authority") is intended to satisfy the requirements of Minnesota Statutes, Sections 469.1812 through 469.1815, inclusive, as amended and supplemented from time to time (the "Act") and shall be used to assist the City and Authority in their evaluations of tax abatement requests.. Terms used in this Policy are intended to have the same meanings as used in the Act. This Policy shall apply only with respect to tax abatements granted under the Act if and to the extent required thereby.

Section 1. Mandatory Criteria. All projects requesting a tax abatement must comply with the following criteria:

(a) But For Test. If a project would not proceed without a tax abatement, the recipient of the tax abatement must provide representations supporting the need.

(b) Tax Base Increase. A proposed project must assist in the enhancement and diversity of the City's economic base.

(c) Economic Feasibility. A recipient must demonstrate to the satisfaction of the City and Authority that it has adequate financing for the project and that the project will be completed in a timely manner.

(d) Goals. A project receiving a tax abatement must achieve one or more of the following goals.

(i) encourage additional unsubsidized private development in the area either directly or indirectly through "spin off" development

(ii) facilitate the development process and develop sites which would not be developed without assistance

(iii) remove blight and/or encourage redevelopment of commercial and industrial areas of the City that result in high quality redevelopment and private reinvestment

(iv) encourage the removal of blight or the rehabilitation of a high profile or priority site

(v) offset increased costs of redevelopment (i.e. contaminated site clean up, demolition, etc.) over and above the costs normally incurred in development

(vi) create housing opportunities

(vii) retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits

(viii) finance the costs associated with public infrastructure and public facilities

(ix) contribute to the implementation of other public policies, as adopted by the Council and the Board from time to time, such as the promotion of quality architectural design, enhanced recreational opportunities and decreasing capital and/or operating costs of local government

(x) improve the condition of existing commercial or industrial buildings, including but not limited to accessibility requirements, exterior/façade improvements and energy upgrades.

(xi) provide specific enhancements, including but not limited to signage for commercial and industrial projects

(xii) reduce or eliminate defined financing gaps associated with public improvement projects in commercial areas, including but not limited to access controls, pedestrian systems and parking improvements

(xiii) provide services not currently available or which are needed

(e) Compliance with Comprehensive Plan. A project receiving a tax abatement must be consistent with the City's comprehensive plan.

(f) Compliance with Ordinances. A project receiving a tax abatement must be consistent with the City's zoning ordinances.

(g) Tax Abatement Agreement. The recipient must enter into a Tax Abatement Agreement in accordance with the requirements of the Act.

(h) Business Subsidy Agreement. The recipient may be required enter into a Business Subsidy Agreement in accordance with the requirements of the Business Subsidy Act, Minnesota Statutes, Sections 116J.993 through 116J.995.

(i) Compliance with Act. The tax abatement, as reviewed and approved by the City and the Authority, must satisfy all requirements of the Act.

Section 2. Project Review and Evaluation Policy. The City and Authority will consider the following guidelines in determining whether to grant tax abatement assistance.

(a) The proposed project does not fit well within the City's and Authority's Tax Increment Financing Policy or is subject to other State statute restrictions.

(b) The proposed project addresses an identified need within the community, including but not limited to, reuse of underutilized property, development of property with site constraints, installation of design enhancements, compliance with safety or accessibility codes and financing within a targeted improvement area.

(c) The proposed project cannot be completed without public financing due to identified costs that are greater than normal or due to an identifiable financing gap.

Section 3. Compliance and Reporting Requirements.

(a) Every tax abatement must be approved by the City and the Authority.

(b) Every recipient, the City and the authority must comply with the reporting requirements and monitoring requirements of the Act.

(c) If a recipient fails to meet the goals set forth in the Tax Abatement Agreement, the City is not be obligated to make any additional payments to the recipient pursuant to the requirements of the Act.

(c) If a recipient fails to meet the goals set forth in the Business Subsidy Agreement within two years, if such Agreement is required, the business subsidy plus interest must be repaid pursuant to the requirements of the Business Subsidy Act.

Section 4. Application Process.

(a) The application for a tax abatement, along with the following attachments, must be completed and submitted to the City with an application deposit of \$2,500.00. The applicant shall be responsible for all costs, expenses and consulting services incurred by the Authority and City with respect to the tax abatement request.

(i) map or site plan showing the boundaries of the proposed development, the size and location of parking areas and buildings, and property's legal description

(ii) general description of the project, including size and type of buildings, business type or use, parking capacity, timing of construction and completion, and the estimated market value upon completion

(iii) traffic information, parking capacity, projected vehicle county, traffic flow, pedestrian safety

(iv) identification of public benefits from the project including jobs to be created, jobs to be retained, estimated wage projections and other community benefits

(v) financial information on the project including cash flow projections, income/expense statements, profit/loss projections or pro forma

(vi) written prospectus of the developer's company or corporation, principles, history and past projects

(vii) statement on the need for tax abatement assistance

(b) The application for a tax abatement must be submitted prior to the issuance of a building permit.

(c) City staff or the City's agent shall review the application materials, applicable credit analysis, financial structuring and legal compliance and make a formal recommendation to the Board and Council.

(d) After review of the City staff's or City's agent's formal recommendation, the Board shall consider approval of the tax abatement request and adopt a resolution recommending action to the Council.

(e) After review of the City staff's or City's agent's formal recommendation and the Board's recommendation, the Council shall hold a public hearing to consider final approval of the tax abatement request, pursuant to the Act. If the tax abatement request is approved, the Council shall adopt a resolution so indicating.

(g) All applications and supporting materials and documents shall become the property of the City.

adopted: November 19, 2007

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