

CITY OF MORA
BUSINESS SUBSIDY POLICY

Adopted: March 20, 2018
Effective: June 1, 2018

BUSINESS SUBSIDY POLICY

Section 1 Public Purpose and Statutory Limitations.

This Policy is adopted by the City of Mora ("City") in accordance with the Minnesota Business Subsidy Law ("the Act"), Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to business subsidies granted under the Act if and to the extent required thereby. Subd.1 of the Act states: "A business subsidy must meet a public purpose other than increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable."

It is the policy of the City to invest public funds or voluntarily forfeit property tax or other revenue that benefit private development only in cases where a project meets one or more of the City's stated community or economic development goals.

Section 2 Community and Economic Development Goals.

(A) The EDA shall use the available economic development financing tools to assist the EDA in satisfying its community and economic development goals and objectives. These goals and objectives include the following:

- (1) Broadening and diversifying the tax base.
- (2) Developing an enhanced employment base through high quality job creation.
- (3) Protecting the existing employment base through job retention.
- (4) Stimulating the redevelopment of underutilized, blighted, or obsolete land uses including rehabilitation or demolition of substandard structures and contaminated land.
- (5) Meeting the following housing related needs:
 - (a) Providing a diversity of housing not currently provided by the private market.
 - (b) Providing a variety of housing ownership alternatives and housing choices.
 - (c) Promoting affordable housing for low and moderate income individuals.
 - (d) Promoting neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.

(6) Providing essential basic services and more and better retail opportunities and services in the community.

(7) Encouraging additional unsubsidized private development either directly or through secondary development.

(8) Offsetting increased costs of redevelopment over and above the costs that a developer would incur in normal development.

(9) Accelerating the development process and achieve development on sites which would not be developed without this assistance.

(10) Enhancing the Central Business District.

(11) Addressing other community development needs identified in the comprehensive plan and other adopted policy statements.

(12) Leveraging funds for local projects.

(B) While it is recognized that the creation of good paying jobs is a desirable goal that benefits the community, the EDA also recognizes that not all projects that may be assisted with subsidies will derive their public purposes and importance solely by virtue of job creation.

Whereas job creation is highly sought after as a traditional measure of a subsidy's public benefit, it is also recognized that job creation is by no means the only measurable benefit. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

Therefore, where no other criteria apply, Job and Wage Goals under this policy shall be required of applicants on the basis of reasonable projections for comparable businesses, industries, or other organizations. The Job and Wage Goals subsequently required under this policy shall be fulfilled by the end of the second full year of operation. "Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable." (The Act, Subd. 1).

Section 3 Administrative Authority for Mora Business Subsidy Policy.

On March 3, 1992 the City established an Economic Development Authority (EDA) which is responsible, following City Council approval, for the administration and issuance of all business subsidies, pursuant to Minnesota Statutes. The EDA will consider business subsidy requests that meet one (1) or more of the City's stated development goals and objectives.

Section 4 Definitions.

(A) Administrator - Administrator of the Business Subsidy Policy shall be the Executive Director of the Economic Development Authority.

(B) Applicant - Individual, partnership, corporation, sole proprietorship or company acting on their own behalf, a developer or other private organization, or a public organization with less than one hundred (100) employees.

(C) Authorized Business Subsidy Signatory - means Executive Director of the Economic Development Authority who is authorized by this policy to execute business subsidy agreements on behalf of the City.

(D) Business Subsidy - means a state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business, and as defined by the Business Subsidy statute M.S. §§ 116J.993 - 116J.995. The following forms of financial assistance are not a business subsidy:

(1) assistance of less than twenty five thousand dollars (\$25,000);

(2) assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of businesses, size, location or similar general criteria;

(3) public improvements to buildings or lands owned by the City that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;

(4) property polluted by contaminants being redeveloped as defined in M.S. § 116J.552, Subd. 3.

(5) assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance to designated historic preservation sites or districts, provided that the assistance is equal to or less than fifty percent (50%) of the total cost of the development;

(6) assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;

(7) assistance for housing;

(8) assistance for pollution control or abatement, including assistance from a TIF hazardous substances sub-district;

(9) assistance for energy conservation;

(10) tax reductions resulting from conformity with federal tax law;

- (11) workers compensation and unemployment compensation;
 - (12) benefits derived from regulation;
 - (13) indirect benefits derived from assistance to educational institutions;
 - (14) funds from bonds allocated under M.S., Chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
 - (15) assistance for collaboration between a Minnesota higher education institution and a business;
 - (16) assistance for a tax increment financing soils condition district as defined under M.S.469.174, subd.19;
 - (17) redevelopment when the Recipients or Qualified Business' investment in the purchase of the site and in site preparation is seventy percent (70%) or more of the assessor's current years estimated market value;
 - (18) general changes in tax increment financing law and other general tax law changes of a principally technical nature;
 - (19) federal assistance until the assistance has been repaid to and reinvested by the City;
 - (20) funds from dock or wharf bonds issued by a seaway port authority;
 - (21) business loans or loan guarantees of seventy five thousand dollars (\$75,000) or less;
 - (22) Federal loan funds provided through the U.S. Economic Development Administration; and
 - (23) Property tax abatements granted under M.S., 469.1813 to property that is subject to valuation under Minnesota Rules, Chapter 8100.
- (E) Business Subsidy Report - means the annual report submitted by the City required to comply with M.S. § 116J.994 Subd. 7. (b).
- (F) City - City of Mora
- (G) City Consultant- Attorney, Engineer or other professional; individual, firm or governmental agency contracted with the City for the provision of legal, engineering or other professional services.
- (H) Criteria - means the equitably applied, uniform standards by which the Economic Development Agency and /or the City bases its decision to award any business subsidy to a private business or development project establishing a business and creating jobs in the City.

(I) DEED - means Minnesota Department of Employment and Economic Development.

(J) Developer- Individual, partnership, corporation, sole proprietorship, or company acting on their own behalf or on the behalf of a property owner, franchiser, franchisee, or utility company in developing or improving property within the City.

(K) Development Costs- Costs, expenses and fees directly related to a specific development or improvement within City limits.

(L) Economic Development Agent - means the City department, local or regional economic development agency, or other authorized entity that is empowered to solicit, negotiate, and form business subsidy agreements on behalf of the City. The Economic Development Agent for the City shall be the Mora Economic Development Authority, hereinafter "Agent."

(M) EDA - shall mean the Mora Economic Development Authority.

(N) Full-Time Equivalent (FTE) Job - a Full-time equivalent job shall mean one (1) or more positions, that separately or when combined, represent an average forty hour (40) work week.

(O) Health Care Benefits - means basic health insurance employer premium payment for individual coverage or premium payment for family coverage.

(P) Owner- Individual, partnership, corporation, sole proprietorship, or company which owns property in fee simple or as a contract for deed purchaser or lessee.

(Q) Recipient - means any for-profit or nonprofit business entity that receives a business subsidy as defined by M.S. § 116J.993 and that has signed a Business Subsidy Agreement with a City. Only nonprofit entities with at least one hundred (100) FTE positions and with a ratio of highest to lowest paid employee, that exceeds ten (10) to one (1), determined on the basis of FTE positions, are included in this definition.

(R) Review Committee- Review Committee means three (3) EDA board members and the EDA Executive Director, established to recommend approval or denial of individual business subsidies.

Section 5 Administration.

The City Council of the City is required by law to approve all business subsidies. The Mora Economic Development Authority, its review committee and staff are responsible for ensuring that the project meets the requirements of the Business Subsidy Policy and would not otherwise occur "but for" the assistance being requested.

(A) City Council. All business subsidies shall be approved by the City Council prior to award.

(B) Economic Development Authority. The Economic Development Authority shall be responsible for reviewing the recommendations of the review committee and forwarding a recommendation on each application for a business subsidy to the City Council. The EDA shall also act on any recommended changes to these policy and program guidelines.

(C) Review Committee. The review committee will consist of three (3) representatives of the EDA and the EDA executive director. The duties of the review committee are as follows:

(1) Review and recommend approval or denial of all applications for business assistance under the terms of this program.

(2) From time to time, recommend changes to the Business Subsidy Policy and assistance program guidelines as deemed necessary.

(3) Report to the EDA.

(D) Staff. Staffing will be provided by the City. Staff duties for the Business Subsidy Policy include the following:

(1) Program Marketing – Staff will market the assistance programs through local media, speaking engagements, literature, and business visits. The goal is to have every eligible business aware of the assistance programs.

(2) Business Assistance Structuring and Packaging – Staff will assist applicants in structuring the financial package to coordinate with other programs, bank involvement, equity, and other necessary components. Staff will also assist applicants in completing the necessary forms and documentation for the loan.

(3) Management Assistance – Staff will assist applicants in locating additional business, financial and management training as may be needed by the business.

(4) Linking jobs to long term unemployed – in order to insure that long term unemployed and low and moderate income persons have maximum opportunity to be considered for jobs, staff will encourage all applicants to work with the Minnesota Department of Employment Services and Local Employment and Training providers.

(5) Financial Management – staff will provide all financial management of the assistance programs including, disbursements, loan servicing, audits, and record keeping.

Section 6 Business Subsidy Community and Economic Development Tools.

The City recognizes the need to stimulate private sector investment in industrial and commercial activities in order to maintain the vitality and viability of Mora's business community.

The City shall continue its support of community and economic development projects by utilizing any and all available economic development financing tools, including, but not limited to Revolving Economic Development (RED) Loan Program, Mora Industrial Commercial (MIC) Loan Program, Tax Increment Financing (TIF), Tax Abatement, and industrial park land sales. Policies that have been previously adopted for the EDA's financing tools shall be incorporated as a part of this Business Subsidy Policy. Compliance with the General Business Subsidy Policy shall not automatically mean compliance with such separate policies. Business Subsidies shall be applicable to projects that would not otherwise occur "but for" the assistance being requested.

Section 7 Business Eligibility Requirements for All Business Subsidies.

To be eligible for a Business Subsidy in the City:

(A) Applicants must have the authority to incur debt and carry out the proposed project purpose within the City.

(B) Applicants must be citizens of the United States or reside in the United States after being legally admitted for permanent residence. In the case of an organization, at least fifty one percent (51%) of the outstanding membership or ownership must be either citizens of the United States or reside in the United States after being legally admitted for permanent residence.

(C) An applicant must, along with its principal officers (including their immediate family) hold no legal or financial interest or influence within the Mora City Government. The City Government and its principal officers (including their immediate family) must hold no legal or financial interest or influence in the applicant.

(D) Any delinquent debt to the Federal Government, State, County, or City by the applicant or any of its principals shall cause the applicant to be ineligible to receive Business Subsidies in the City.

Section 8 General Criteria for All Business Subsidy Projects.

(A) The following criteria are applicable to all business subsidy programs. Individual programs may have additional criteria and may specifically waive some of the general criteria.

(1) The proposed project shall meet the goals, criteria, or guidelines of the specific business program for which the application is being considered.

(2) The proposed project must conform to the City's Comprehensive Plan, zoning ordinance and other development policies.

(3) The proposed project shall comply with the laws of the State of Minnesota.

(4) The proposed project shall not compete with or displace existing retail or service businesses operating within the community. This provision shall not apply to industrial or housing projects.

(5) The proposed project must lie entirely within the City.

(6) The proposed project shall be limited to an overall level of local public financing of no more than fifty percent (50%) of the total project cost.

(7) The proposed project shall not begin until the EDA and Council have approved the applicable business subsidy documents, and executed with the applicant, a corresponding Business Subsidy Agreement.

(B) A key indicator for the use of all business subsidies shall be the "but for" analysis that says the proposed development project would not occur but for the business subsidy assistance. Therefore, each business subsidy application shall demonstrate that the public financing fills an identifiable financing "gap" for the project due to such factors as inadequate lender financing or below-market return on investments.

Business subsidies will not be provided to projects that have the financial feasibility to proceed without benefit of the assistance. Assistance will not be provided solely to broaden a developer's profit margin on a project. Prior to consideration of a business subsidy application the EDA may undertake an independent underwriting of the project to ensure that the request for assistance is valid.

(C) Due to the inherent inability to fully anticipate future situations and projects, this granting body retains the right to grant subsidies to projects that are deemed in the public interest, yet may deviate from the above criteria by documenting in writing the reason for the deviation and including it in the next annual report to DEED. Such decisions shall be supported by findings that meet the intent of the Act. The City shall have the option of amending or waiving sections of these criteria when determined necessary or appropriate. Amendments to these criteria are subject to public hearing requirements pursuant to Minnesota Statutes, Section 116J.993 to 116J.995. The City may waive any provision of these criteria without holding a public hearing.

Section 9 General Policies.

(A) The Developer shall pay all permits and fees normally charged by the City unless otherwise waived by the City Council.

(B) The Developer shall be required to provide any and all information requested in order to allow a thorough and accurate review of the proposed project.

(C) The Developer shall meet the goals set forth in the Business Subsidy Agreement within two (2) years of project completion.

(D) The Developer shall be required to remain in operation on the project site for a minimum of five (5) years after project completion.

(E) The Developer shall be required to report on compliance with the Business Subsidy Agreement on an annual basis

(F) The EDA shall retain ownership of all applications and supporting documents, and the classification of the data contained therein shall be governed by the Data Practices Act.

(G) The EDA shall be reimbursed by the applicant for costs associated with reviewing the business subsidy application, approving required documents, and executing the Business Subsidy Agreement. The applicant will deposit with the EDA an administrative fee according to the program guidelines for such documents and Business Subsidy Agreement that will be applied to costs incurred by the EDA in conjunction with the proposed project. In the event such costs exceed the deposit, the applicant may be required to pay the additional costs as billed by the EDA.

(H) The EDA reserves the right to select and retain, at the expense of the applicant, a third party to assist in the evaluation of the proposed development project and corresponding documents.

(I) The EDA and the Council reserve the right to deny any application that does not meet the goals or standards of this Policy.

(J) Business subsidies shall be kept to the lowest possible level and the least amount of time by maximizing the use of private debt and equity financing.

Section 10 Business Subsidy Application Process.

(A) Prior to any consideration by the EDA, the applicant must deliver to the EDA the following:

(1) Completed Business Subsidy Application providing all information and attachments as required for the subsidy being requested, without exceptions; and

(2) Letter of Intent; and

(3) A fee deposit as prescribed for the projected costs of the subsidy being requested according to the guidelines applicable to that subsidy; and

(4) The applicant shall agree to allow the EDA to check the backgrounds and financial history of the applicant(s) if requested.

(B) Staff and/or a third party and the Review Committee will review the application and provide a preliminary recommendation to the EDA and Council as to the feasibility of the project. Other required project approvals may proceed simultaneously with the business subsidy approval process.

Section 11 Preliminary and Final Project Approval.

The EDA will make a finding based upon information presented as to whether the proposed project is consistent with the Business Subsidy Law, Minnesota Statutes, and Sections 116J.993 through 116J.995 and other applicable statutes/ordinances and that the project is in the public interest as set forth in this Policy. If deemed appropriate, the EDA may direct staff and consultants to prepare the required Business Subsidy Agreement and other necessary documents.

Section 12 Default.

Developers failing to meet the requirements of the Business Subsidy Agreement shall be required to repay, with interest, the subsidy awarded. The repayment may be prorated to reflect partial fulfillment of the goals. The interest rate shall be set at the Implicit Price Deflator rate as defined in Minnesota Statutes, Section 275.70, Subd. 2 and administered by DEED.

Section 13 Tax Increment Financing Program Guidelines.

(A) Eligible Projects. In order to meet the stated goals and objectives of the City, the EDA may consider using Tax Increment Financing (TIF) to assist private development only in those circumstances where the proposed project includes one or more of the following targeted uses:

(1) Industrial Uses.

(2) Commercial Retail or Service Uses where one of the following conditions are met:

(a) The project is a part of a redevelopment plan; or otherwise meets the criteria for a redevelopment TIF district.

(b) The project will significantly enhance the overall appearance, character, and/or quality of the Zoning District.

(3) Housing.

(4) Infrastructure of a general municipal benefit.

(B) Eligible Uses. Project costs qualifying for TIF assistance is defined by state statute, including land acquisition, site preparation, soils correction, utilities, parking lots, landscaping, lighting, and associated design and utility fees. The EDA prefers to use TIF to address the following prioritized list of expenditures:

- (1) Soils correction
- (2) Deteriorated/obsolete building removal
- (3) Public streets and utilities improvements
- (4) Site improvements
- (5) Land acquisition

Projects that have already completed construction at the time of signing of the final Development Agreement are not eligible for TIF assistance.

(C) TIF Financing Structure

(1) There are two general options regarding the use of TIF relating to the type of financing structure:

(a) Up-front assistance is the most advantageous to the developer due to availability of funds at the beginning of the project; however, this type of financing is also the most risky for the City.

(b) Pay-as-you-go assistance is safe from the City's perspective since tax increments are paid annually to the project only to the extent that is available.

(2) To determine the type of financing offered the following guidelines will be used:

(a) If adequate funds are available in the TIF Fund up-front assistance may be used.

(b) If adequate funds for up-front assistance are not available in the TIF Fund the EDA will investigate pooling other TIF Funds or issuing debt.

(c) Pay-as-you-go financing is preferred over issuing debt; therefore, bonding will be used only if a significant public benefit is demonstrated.

(d) If public financing needs exceed the level of tax increments generated from within the corresponding TIF District, then the EDA will evaluate other sources of financing.

(D) Procedures for a New/Amended TIF District. The following procedures shall apply to establish a new/amended TIF District except that Minnesota Statutes shall supersede these procedures whenever they are applicable and more restrictive.

(1) A completed application with the required deposit as shown in the EDA fee schedule shall be submitted to the EDA Executive Director. The EDA may also initiate a proposed TIF District/Plan without application based upon a determination on the suitability of a particular area for inclusion in a TIF District (i.e. type of district; legal criteria; and future use of the area).

(2) The proposed (re)development project is presented to the EDA. If the EDA desires to proceed, it authorizes its staff and/or consultants to draft a new or amended TIF Plan for a District, or draft a Development Agreement if the project is within an existing district. The EDA approves a preliminary plan and requests a public hearing; the Council orders a public hearing on the proposed TIF District/Plan.

(3) The Planning Commission adopts a resolution that the proposed use(s) are consistent with the City's Comprehensive Plan and Zoning Ordinance.

(4) The County Commissioner representing the area of the TIF District is notified in writing of the proposed district's creation (if required by state law). The notice of public hearing is published; and information on the proposed TIF District/Plan is sent to the County and School District at least thirty (30) days prior to the public hearing.

(5) The City Council holds a public hearing, where it approves or disapproves the TIF Plan District; the district is certified with Kanabec County and the State of Minnesota.

(6) Staff and/or consultants prepare a Development Agreement that identifies the responsibilities and obligations of all parties associated with the proposed project. The EDA approves recommendation on Development Agreement to the Council for final adoption. The Development Agreement (final, signed agreement) shall expressly state that any Preliminary Agreements are obsolete, or, shall explicitly state what sections are continuing to be in force in addition to the final Development Agreement.

(7) The City Council authorizes final approval for the Development Agreement.

(8) Staff executes Assessment Agreement with the Kanabec County Assessor.

(9) Record Assessment Agreement and Development Agreement with the Kanabec County Recorder.

(E) Other Policies

(1) Development Agreement and Assessment Agreement: Projects in the City must be accompanied by a signed Development Agreement with the developer to include an assessment agreement setting forth a minimum

market value and a guarantee by the developer of debt service on the tax increment bonds if the tax increments are insufficient for such purposes.

(2) The City shall require that the project to be financed in part by tax increment bonds or revenues must demonstrate that the tax increments to be generated solely by the project are sufficient to amortize the tax increment bonds or revenues for the project.

(3) Each tax increment district shall have a separate fund for which to account for the receipt of tax increments and other revenues and for the expenditures of the projects occurring in that district.

Section 14 Tax Abatement Program Guidelines.

(A) Purpose. The City of Mora is committed to enhancing the quality of life and stimulating the local economy through the attraction of high quality development along with the retention and creation of quality jobs. Tax Abatement is one technique to encourage private development projects by allowing the rebate of property taxes to the owner, reallocating the taxes to pay for public infrastructure costs or deferring the property taxes and rebating the interest penalty. This policy establishes minimum requirements and a uniform set of standards and procedures to be used when considering a request for Tax Abatement and is developed in conformance with Minnesota Statute 469.1812-1815.

(B) Minimum Requirements for Tax Abatements.

(1) Abatements shall be subject to duration and amount limits.

(2) Such duration and amount limits shall be for the minimum amount necessary to meet the financial goals of the project.

(3) Benefits to the City of the proposed abatement shall be:

(a) At least equal to or greater than the cost of the abatement; or

(b) Used to phase in a property tax increase and the City finds that the abatement will be in the public interest because it will accomplish at least one of the following purposes:

(i) Increase or preserve the tax base;

(ii) Provide employment opportunities within the City;

(iii) Provide or help acquire or construct public facilities;

(iv) Help redevelop or renew blighted areas;

(v) Help provide access to services for residents of the City;

(vi) Finance or provide public infrastructure; or

(vii) Phase in a property tax increase of the parcel resulting from an increase of fifty percent (50%) or more in one (1) year on established market value of the parcel, other than increase attributable to improvement made to the parcel.

(4) The City of Mora will not support Tax Abatement for proposals that are not economically feasible.

(5) The City of Mora will not support Tax Abatement for single family residential projects.

(6) All projects seeking Tax Abatement assistance, excluding residential projects, must meet or exceed the job creation and wage goals as established in the City of Mora Business Subsidy Policy.

(7) No property Tax Abatement agreements shall be allowed that provide for abatement of taxes on a parcel if the abatement will occur while the parcel is located in a Tax Increment Financing district.

(8) Property tax subject to abatement is the net tax capacity based tax of real property including land and buildings. Market value based taxes and special assessments are not eligible for abatement.

(9) In any calendar year, the total amount of property taxes abated by the City of Mora may not exceed ten percent (10%) of the net tax capacity of the City of Mora for the taxes payable year to which the abatement applies, or \$200,000, whichever is greater.

(10) The City of Mora will not issue bonds to provide advance payment of abatements.

(11) The City of Mora Tax Abatement Application must be submitted prior to any new construction or improvements being made to the proposed property.

(C) Evaluation Criteria.

(1) Private Development Objectives Applicable to All Projects. The City of Mora will consider using Tax Abatement to assist private development projects that strive to achieve one or more of the following objectives:

(a) To retain local jobs and/or increase the number and diversity of high quality jobs that offer attractive wages and benefits.

(b) To encourage additional unsubsidized private development in the City of Mora, either directly or indirectly through "spin off" development (without the use of Tax Abatement).

(c) To facilitate the development process and to achieve development of sites that would not be developed without Tax Abatement assistance.

(d) To remove blight and/or encourage redevelopment of residential, commercial, and industrial areas that result in high quality redevelopment, private investment, and an increase in the City's tax base.

(e) To offset increased costs of redevelopment (i.e. contaminated site clean-up) over and above the costs normally incurred in development.

(f) To provide infrastructure necessary to accommodate economic development.

(g) To meet other public policy goals, as adopted by the City of Mora from time to time.

(2) Commercial and Industrial Objectives. The City of Mora will consider the following factors when evaluating Tax Abatement requests to assist private development projects:

(a) In an effort to support local businesses, extra consideration will be given to existing businesses seeking to expand and grow within the City of Mora.

(b) The extent to which the proposed project creates high quality jobs in the City, paying wages equal to or greater than wages established in the City of Mora Business Subsidy Policy.

(c) The extent to which the proposed project adds to the net commercial, industrial, or general tax base of the City and optimizes the private development of the proposed site.

(d) Whether or not the proposed business would be in direct competition with existing businesses in the City of Mora. Abatements should not be given to businesses which would receive a competitive advantage over existing businesses in the City of Mora.

(e) The extent to which the proposed project represents "new" dollars into the City.

(f) The extent to which the proposed project requires improvements to City infrastructure, such as pollution control, utilities, road construction, or other traffic problems. Also to be considered is the impact of the proposal on other City services such as law enforcement, human services, or prosecutions.

(g) Whether or not the proposed project will significantly impact environmental / natural resources.

(h) Consistency of the proposed project with City land use regulations and Comprehensive Plan.

(i) How the proposed project furthers the goals and objectives of the City.

(j) The level of private financial investment into the project.

(3) Residential Objectives. The City of Mora will consider residential Tax Abatement requests meeting the following criteria:

(a) The project must include the creation of four (4) or more new residential dwelling units; and

(b) The project must be new construction or the conversion of an existing structure resulting in the creation of four (4) or more new dwelling units.

(D) Application

(1) A written application, available from the City of Mora, shall be submitted for all projects seeking Tax Abatement from the City of Mora.

(2) Applications shall include:

(a) A letter formally requesting Tax Abatement from the City of Mora;

(b) A completed Tax Abatement Application with all support materials attached; and

(c) An application fee as set forth in the City's Fee Schedule.

(3) Completed applications shall be submitted, along with required fees, to the Executive Director.

(E) Approval Process

(1) The City of Mora Economic Development Authority (EDA) will review the Tax Abatement Application and make a finding as to whether or not the proposed project is consistent with Minnesota Statutes 469.1812 to 469.1815 and the requirements and objectives of this policy. The EDA shall make a recommendation to the City Council pertaining to the requested abatement.

(2) A public hearing shall be scheduled before the City Council.

(3) An abatement resolution shall be submitted for consideration by the City Council who is the final authority on granting approval of Tax Abatement requests.

(F) Abatement Resolution and Duration

(1) The abatement may reduce all or part of the property tax amount for the City on the parcel(s). The City Council and the abatement resolution may limit the abatement:

- (a) To a specific dollar amount per year or in total;
- (b) To the increase in property taxes resulting from improvement to the property;
- (c) To the increases in property taxes resulting from increases in the market value or tax capacity of the property;
- (d) In any other manner the City Council determines is appropriate; or
- (e) To the interest and penalty that would otherwise be due on taxes that are deferred.

(2) A political subdivision may grant an abatement for a period no longer than fifteen (15) years, except as provided by Minnesota Statute 469.1813, Subd. 6b. The abatement period commences in the first year in which the abatement granted is either paid or retained. The City of Mora may specify in the abatement resolution a shorter duration. If the resolution does not specify a period of time, the abatement is for eight (8) years.

(3) If an abatement has been granted to a parcel of property and the period of abatement has expired, the City of Mora may not grant another abatement for eight (8) years after the expiration of the first abatement. This prohibition does not apply to improvements added after and not subject to the first abatement.

(4) The City of Mora may provide in the abatement resolution that the abatement may not be modified or changed during its term. If the abatement resolution does not provide that the abatement may not be modified or changed, the City Council may review and modify the abatement every second year after it was approved.

(G) Development Agreement and Annual Reporting Requirements

(1) Development Agreement. All projects granted Tax Abatement will be required to enter into a Development Agreement. The Development Agreement will be recorded against the property, will clearly define the responsibilities of the property owner(s) receiving the abatement, and will require annual reporting.

(2) Annual Reporting Requirements. All owners of projects granted Tax Abatement shall submit annual reports to the City, which comply with the Business Subsidy Reporting Requirements as established in Minnesota Statutes 116J.993-116J.995.

(H) Abatement Payment

(1) The total property taxes shall be levied on the property and shall be due and payable to the County of Kanabec in conformance with Minnesota Statute 279.01.

(2) The City of Mora will pay the abatement to the property owner, lessee, or a representative of the bondholders or will retain the abatement to pay public infrastructure costs, as provided by the abatement resolution.

(3) Abatement payments shall be made in December of each year, unless the abatement resolution specifies differently.

(4) Abatement payments shall be made to the property owner of record as of the date of the most recent annual report.

(I) Recapture of Abatement

(1) Imposition of any recapture is at the sole discretion of the City of Mora City Council and shall be considered on a case-by-case basis.

(2) Recapture considerations may include but are not limited to:

(a) Sale or closure of the facility and departure of the company from the City.

(b) Significant change in the use of the facility and/or the business activities of the company.

(c) Significant employment reductions not reflective of the company's normal business cycle and/or local and national economic condition.

(d) Failure to achieve the minimum number of net new jobs and wage level as specified in the Tax Abatement policy, Tax Abatement Application, City of Mora Business Subsidy Policy, or Development Agreement.

(e) Failure to comply with annual reporting requirements.

Section 15 Revolving Economic Development (RED) Loan Program Guidelines.

(A) Purpose and Goals. The purpose of the Revolving Economic Development (RED) Loan Program is to provide financial and technical assistance for the creation and retention of new employment. These objectives may be accomplished through the following means:

(1) Create / retain permanent private sector jobs to fuel above-average economic growth consistent with environmental protection;

(2) Invest in technology and equipment that increase productivity and provide for higher wages;

(3) Leverage of private investment to ensure economic renewal and competitiveness;

(4) Increase the local tax base to guarantee a diversified industry mix;

(5) Improve the quality of existing jobs, based on increases in wages or improvements in the job duties, training, or education associated with those jobs;

(6) Improve employment and economic opportunities and create a reasonable standard of living; and

(7) Enhance productivity growth through improved manufacturing or new technologies.

(B) Eligible Expenditures. RED Loan funds may be used in a variety of ways, including:

(1) Fund loans or grants for infrastructure, loans, loan guarantees, interest buy-downs, and other forms of participation with private sources of financing, provided that a loan to a private enterprise must be for a principal amount not to exceed one-half of the cost of the project for which financing is sought;

(2) Fund strategic investments in renewable energy market development, such as low interest loans for renewable energy equipment manufacturing, training grants to support renewable energy workforce, development of a renewable energy supply chain that represents and strengthens the industry throughout the state, and external marketing to garner more national and international investment into Minnesota's renewable sector. Expenditures in external marketing for renewable energy market development are not subject to the limitations in clause (H); and

(3) Provide private entrepreneurs with training, other technical assistance, and financial assistance as defined by federal guidelines.

(C) Eligible Projects. Assistance must be evaluated on the existence of the following conditions as noted in M.S., 116J.8731:

(1) Creation of new jobs, retention of existing jobs, or improvements in the quality of existing jobs as measured by the wages, skills, or education associated with those jobs;

(2) Increase in the tax base;

(3) The project can demonstrate that investment of public dollars induces investment of private funds;

(4) The project can demonstrate an excessive public infrastructure or improvement cost beyond the means of the affected community and private participants in the project;

(5) The project provides higher wage levels to the community or will add value to current workforce skills;

(6) The project supports the development of microenterprises, as defined by federal guidelines, through financial assistance, technical assistance, advice, or business services;

(7) Whether assistance is necessary to retain existing business;

(8) Whether assistance is necessary to attract out-of-state business;
and

(9) The project promotes or advances the green economy as defined in Minnesota Statute 116J.437.

A grant or loan cannot be made based solely on a finding that the conditions in clause (7) or (8) exist; other conditions must also be present.

(D) Eligible Activities. RED Loan funds may be used to fund a variety of business activities, including:

(1) Land acquisition;

(2) Construction or rehabilitation of facilities;

(3) Site improvements;

(4) Utilities or infrastructure;

(5) Machinery, equipment and fixtures;

(6) Training; and

(7) Working capital.

(E) Ineligible Activities. RED Loan funds may not be used for the following activities:

(1) Residential real estate;

(2) Construction and / or renovation of residential units;

(3) Retail / service business activities;

(4) Taxes;

(5) Professional fees;

(6) Refinancing debt unless debt is a current RED Loan;

(7) Operation, construction, or expansion of a casino; and

(8) A sports facility that has a professional sports team as a principal tenant or any firm engaged in retailing merchandise.

(F) Other Eligible Uses. Loans or grants to a regional development commission, other regional entities, or certain statewide community capital

funds to provide the local match required for capitalization of a regional or statewide revolving loan fund. MIF funds held by the City never lose their state identity and must follow all applicable laws and regulations. The City must request permission from DEED before it may commit to providing funds to any of these organizations. The City does not have the authority to turn over to another entity, such as the EDA or HRA, revolving loan funds for any purpose. These entities may administer MIF transactions provided the MIF grantee still maintains control over the revolving loan fund.

(G) Wage Goals. Persons or entities receiving grants or loans must pay each employee total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least one hundred ten percent (110%) of the federal poverty level for a family of four (4).

(H) Financing Structure.

(1) Loan Amounts.

(a) The minimum loan amount will be two thousand five hundred dollars (\$2,500) and the maximum loan amount will be twenty five thousand dollars (\$25,000). Additionally, up to seven thousand five hundred dollars (\$7,500) per FTE job created meeting the wage goals described in Section (G) may be loaned above the maximum amount.

(b) A loan cannot exceed fifty percent (50%) of the estimated project.

(c) The minimum owner equity requirement for participation in a RED Loan is equal to ten percent (10%) of project costs.

(2) Interest Rate. The interest rate for RED Loans will be set based upon the prime interest rate adjusted for local economic conditions and loan term.

(3) Terms.

(a) Financing terms generally will not exceed ten (10) years.

(b) While the EDA is prepared to consider longer-term loans, attempts will be made to structure debt in such a manner as to encourage prepayment or early recapture of the proceeds. One method to accomplish this is to provide a twenty (20) year amortization period with a balloon payment at the end of three (3) years and work with the borrower to find private sources of capital to replace the loan at the end of the initial term.

(c) The EDA may provide deferments on principal repayments and subordination of loans to meet the credit needs of borrowers.

(d) Loans will only be restructured if the restructuring improves the borrower repayment ability.

(4) Collateral and Personal Guarantees.

(a) Each loan will be secured by collateral and / or personal guarantees adequate to safeguard the RED Loan Program.

(b) The EDA will require the business owner, partners, or officers to personally guarantee the loan. In addition, loans may be secured with a first or a subordinated position on real estate or a UCC filing on equipment, inventory, and / or receivables.

(c) The applicant must demonstrate that the assets involved are insured for an amount not less than total outstanding loans. The EDA will be named as a loss payee on said assets.

(d) The applicant will be responsible for all legal, recording, and other fees required for perfecting a security interest in a loan.

(5) Timing of Project Expenses. No project may commence until the City Council has approved the loan application. Any costs incurred before the loan application has been approved are not eligible expenditures.

(6) Forgivable Loans. A forgivable loan may be made to a business locating in the industrial park based on employee compensation rates.

(a) For each new job created in the industrial park a two thousand five hundred dollar (\$2,500) forgivable loan may be made.

(b) To be eligible for the forgivable loan the total compensation, including benefits not mandated by law, on an annualized basis must be equal to at least one hundred ten percent (110%) of the federal poverty level for a family of four (4).

(c) Jobs eligible for the forgivable loan must be retained for a period of two (2) years or the loan shall be required to be repaid with accrued interest.

(I) Job Listing Requirements. Per Minnesota Statute 116L.66, a business that receives grants or loans in an amount greater than two hundred thousand dollars (\$200,000) must agree to list any vacant or new positions related to the financial assistance on the MinnesotaWorks.net job bank website.

(J) Prevailing Wage. Per Minnesota Statute 116J.871, laborers and mechanics at the project site during construction, installation, remodeling, and repairs must be paid the state prevailing wage if the financial assistance is greater than five hundred thousand dollars (\$500,000) for a loan. All contracts for publicly owned infrastructure using RED Loan funds must comply with the prevailing wage provisions.

(K) Other Policies.

(1) Loan Servicing.

(a) Loan servicing will be handled by EDA staff. A separate accounting system within the City's general ledger will be established. EDA staff will monitor and keep records of all accounts in terms of repayments and special provisions. Monthly reports will be generated for individual loans.

(b) Delinquency will be handled in a firm yet flexible way with provisions for modifying or restructuring consistent with program objectives and responsible money management. Any modifications of loan terms and conditions must be requested in writing by the applicant and approved by the City Council upon recommendation by the EDA.

(c) Defaults will be handled on a case by case basis. Specific action will depend on the nature and circumstances, amount and availability of collateral and costs versus benefit of liquidating assets or other collateral. Any action taken will be handled by EDA staff and at the direction of the EDA.

(2) Sources of Funding to Cover Administrative Costs. Administrative costs will be financed through application and closing fees charged to the borrower and an annual administration fee per loan paid by the RED Loan Program to the EDA. Said administration fee shall be determined annually by the Administrator based on loan administration costs. Initial administrative costs will be financed through the EDA.

(3) Capital Management Strategy. Upon recapture of loan proceeds the RED Loan Program will have additional capital for relending. The EDA may consider selling off loans in order to more quickly replenish capital. In addition to the increase in the capital account due to the return on interest the EDA will attempt to expand the capital base by soliciting additional contributions from various public and private sources.

(4) Data Privacy. The provision of any information related to any applications for assistance is guided by Minnesota Statute 13.591.

(5) Business Subsidy Law. Administration of the RED Loan Program must comply with Minnesota Statutes 116J.993 and 116J.994. Said statutes pertain to the definition of a business subsidy, public purpose of the subsidy, criteria, subsidy agreements, wage and job goals, timing of the project, public notice, public hearing requirements, failure to meet goals, and reporting of information regarding the outcomes of the subsidy.

Section 16 Mora Industrial Commercial (MIC) Loan Program Guidelines.

(A) Purpose. The purpose of the Mora Industrial Commercial (MIC) Loan Program is to provide low interest financing to assist private development only in those circumstances where the proposed project includes one or more of the following targeted industries:

(1) Industrial / Manufacturing

(2) Commercial Retail / Service

(B) Eligible Projects. Any project located within the City or any orderly annexation area that meets the eligibility requirements stated below may apply for a MIC Loan.

(C) Eligible and Ineligible Expenditures. In pursuing economic development goals and objectives established by the EDA, uses of loan funds are deemed eligible and ineligible as follows:

(1) Eligible Uses of Funds

- (a) Land acquisition
- (b) Site improvements
- (c) New building construction or rehabilitation
- (d) Renovation and modernization of interior and exterior of buildings,
- (e) Machinery, equipment, and fixtures
- (f) Inventory
- (g) Working capital
- (h) Utilities or public infrastructure

(2) Ineligible Uses of Funds

- (a) Residential real estate
- (b) Construction and/or renovation of residential units.
- (c) Taxes
- (d) Professional fees
- (e) Refinancing debt unless debt is a current MIC Loan

(D) Other Eligible Uses

(1) Partnering with other economic development agencies and/or financial institutions in order to better leverage funds for eligible projects.

(2) Loans or grants to a regional development commission, other regional entities, or certain statewide community capital funds to provide the local match required for capitalization of a regional or statewide revolving loan fund.

(E) Financing Structure

(1) Loan Amounts

(a) Minimum loan amount will be five thousand dollars (\$5,000) and the maximum amount will be twenty five thousand dollars

(\$25,000). Additionally, up to seven thousand five hundred dollars (\$7,500) per full-time job created may be loaned above the maximum amount. To be eligible to receive additional loan funds, each job created must have a total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least one hundred ten percent (110%) of the federal poverty level for a family of four (4).

(b) A loan cannot exceed fifty percent (50%) of the estimated project costs.

(c) The minimum owner equity requirement for participation in a MIC Loan is equal to ten percent (10%) of project costs.

(2) Interest Rate. The interest rate for any loan will be set based upon the prime interest rate adjusted for local economic conditions and loan term.

(3) Terms

(a) Financing terms generally will not exceed ten (10) years.

(b) While the EDA is prepared to consider longer-term loans, attempts will be made to structure debt in such a manner as to encourage prepayment or early recapture of the proceeds. One method to accomplish this is to provide a twenty (20) year amortization period with a balloon payment at the end of three (3) years and work with the borrower to find private sources of capital to replace the loan at the end of the initial term.

(c) The EDA may provide deferments on principal repayments and subordination of loans to meet the credit needs of borrowers.

(d) Loans will only be restructured if the restructuring improves the borrower repayment ability.

(4) Collateral and Personal Guarantees

(a) Each loan will be secured by collateral and/or personal guarantees adequate to safeguard the MIC Loan Program.

(b) The EDA will require the business owner, partners or officers to personally guarantee the loan. In addition, loans may be secured with a first or second mortgage on real estate or a UCC filing on equipment, inventory, and/or receivables.

(c) The applicant must demonstrate that the assets involved are insured for an amount not less than total outstanding loans. The EDA will be named as a loss payee on said assets.

(d) The applicant will be responsible for all legal, recording, and other fees required for perfecting a security interest in a loan.

(5) Timing of Project Expenses. No project may commence until the City of Council has approved the loan application. Any costs incurred before the loan application has been approved are not eligible expenditures.

(F) Other Policies

(1) Loan Servicing

(a) Loan servicing will be handled by EDA and City staff. A separate accounting system within the City's general ledger will be established. EDA and City staff will monitor and keep records of all accounts in terms of repayments and special provisions.

(b) Delinquency will be handled in a firm yet flexible way with provisions for modifying or restructuring consistent with program objectives and responsible money management. Any modifications of loan terms and conditions must be requested in writing by the applicant and approved by the EDA.

(c) Defaults will be handled on a case by case basis. Specific action will depend on the nature and circumstances, amount and availability of collateral and costs versus benefit of liquidating assets or other collateral. Any action taken will be handled by EDA and City staff and at the direction of the EDA.

(2) Sources of Funding to Cover Administrative Costs. Administrative costs will be financed through application and closing fees charged to the borrower and an annual administration fee per loan paid by the MIC Loan Program to the EDA. Said administration fee shall be determined annually by the Administrator based on loan administration costs. Initial administrative costs will be financed by the EDA.

(3) Capital Management Strategy. Upon recapture of loan proceeds the MIC Loan Program will have additional capital for relending. The EDA may consider selling off loans in order to more quickly replenish capital. In addition to the increase in the capital account due to the return on interest the EDA will attempt to expand the capital base by soliciting additional contributions from various public and private sources.

(4) Data Privacy. The provision of any information related to any applications for assistance is guided by Minnesota Statute 13.591.

(5) Business Subsidy Law. Administration of the MIC Loan Program must comply with Minnesota Statutes 116J.993 and 116J.994. Said statutes pertain to the definition of a business subsidy, public purpose of the subsidy, criteria, subsidy agreements, wage and job goals, timing of the project, public notice and hearing requirements, failure to meet goals, and reporting of information regarding the outcomes of the subsidy.

Section 17 Industrial Park Land Sales Program Guidelines.

(A) Eligible Uses. The primary objective of the industrial park is to provide a home for industrial operations.

(B) Land Sales. The EDA has set the price of land in the industrial park at twelve thousand five hundred dollars (\$12,500) per acre. This price includes all improvements to the property including paved street, curb & gutter, street lighting, storm drainage, water and sanitary sewer. The Developer shall be responsible for all costs in transferring the land, including all closing costs. A deposit as shown in the EDA fee schedule shall accompany all purchase agreements to cover said costs. The unused balance shall be returned to the Developer.

Notwithstanding the above, the EDA may deviate from its asking price by accepting a lesser amount for sale to a business which meets its community and economic development goals and objectives. A premium may be charged on those properties with extra amenities.

(C) Program Criteria

(1) All businesses locating in the industrial park must meet the following criteria:

(a) Developer must construct a building covering a minimum of five and three-quarters percent (5.75%) of the lot.

(b) Developer must begin construction of a building within one (1) year of the date of sale.

(c) Building must meet design criteria as determined by the City.

(D) Subsidies and Incentives

(1) To receive a subsidy the business must meet the following criteria:

(a) Developer will receive a reimbursement of one thousand dollars (\$1,000) per acre from the purchase price for each FTE job created and retained for two (2) years. The hourly wage plus health care benefits for each employee must be equal to at least one hundred ten percent (110%) of the federal poverty level for a family of four (4). The EDA shall establish the dollar amount of the federal poverty level formula from time to time as deemed necessary.

(b) The Business Subsidy Agreement shall establish a job creation goal and the business will have two (2) years from the time the Agreement is fully executed to begin the hiring process.

(c) The two (2) year retention period shall begin upon hiring of the final job identified in the Business Subsidy Agreement's job creation goal.

(d) In order to receive the incentive, the business must provide the City with documentation of hire dates and corresponding compensation for all jobs included in the Business Subsidy Agreement's job creation goal.

(e) The total dollar amount of the incentive shall not exceed the purchase price of the land.

(2) A five thousand dollar (\$5,000) incentive is offered to a third party initiating a development proposal for construction of a building in the industrial park. To receive the incentive the proposal must meet the following criteria:

(a) The building proposal must be in writing and signed by the city, the business, and the third party developer, if any, and contain language regarding the incentive payment.

(b) The incentive shall be paid after a Certificate of Occupancy has been issued by the City's Building Official.

(c) Employees of the City of Mora and members of its City Council, boards, and commissions are not eligible for the incentive payment.

(E) Default

(1) Should a building not be built within one (1) year the property shall revert back to the City at the price paid by the Developer less costs of reverting the land.

(2) Should the Developer fail to retain the stated number of jobs the Developer shall repay to the City the subsidy created by the jobs not retained.

Section 18 Technical Assistance.

(A) Technical and Management Assistance. The EDA will provide technical and management assistance to existing or start-up companies by referring them to appropriate organizations. These organizations all have professionally trained staff that can provide technical and management consultation to business owners and their executives.

(B) Loan Packaging. Companies seeking assistance with loan packaging services may be aided by the EDA staff and/or other appropriate public or private sources including Small Business Administration, East Central Regional Development Commission, Mora EDA, Kanabec County EDA, DEED or private consulting firms.

(C) Linking Jobs to the Long-Term Unemployed. The EDA will work closely with the State of Minnesota's Department of Jobs and Training Offices to ensure that recipients of business subsidies receive referrals with a placement of unemployed and underemployed individuals. In addition the Job Training Offices and the area technical colleges can provide other benefits to these companies by identifying and designing specialized training programs to meet both the needs of the companies and their employees.

(D) Federal and State Programs. The EDA will provide assistance and sponsorship for qualifying applicants in support of application for financial assistance to Federal and State agencies.

FEES FOR SERVICES

Section 19 In General.

(A) The EDA shall establish a schedule of fees and deposits and submit said schedule to the City Council for adoption and inclusion in the City Code.

(B) Deposits may be in cash, check, irrevocable letter of credit, or other instrument acceptable to the EDA.

(C) A memorandum of understanding may be entered into between the City/EDA and the Developer outlining responsibilities and expenses regarding any project, plan, study, or document preparation.

(D) The EDA may waive or defer fees on a case by case basis.

Section 20 Tax Increment Financing and Tax Abatement.

(A) Prior to the EDA engaging a consultant or committing significant amounts of staff time to a TIF project a Developer shall be required to deposit with the City an amount, as set forth in the fee schedule as shown in "Appendix A" attached, as a deposit against expenses.

(B) If the Developer withdraws a request for assistance in writing, the deposit shall be refunded less consultant fees, expenses and staff time, shall be returned to the Developer.

Section 21 Revolving Economic Development (RED) Loan.

(A) The loan application fee shall be in the amount set forth in the fee schedule as shown in "Appendix A" attached.

(B) The fee is due at the time of the loan application.

(C) No portion of the fee shall be returned whether the loan closes or not.

Section 22 Mora Industrial Commercial (MIC) Loan.

(A) The loan application fee shall be in the amount set forth in the fee schedule as shown in "Appendix A" attached.

(B) The fee is due at the time of the loan application.

(C) No portion of the fee shall be returned whether the loan closes or not.

Section 23 Industrial Park Land Sales.

(A) The deposit shall be the amount set forth in the fee schedule as shown in "Appendix A" attached.

(B) Consultant fees, expenses, and staff time related to the purchase agreement transaction shall be tracked and a statement provided to the Developer at closing.

(C) If the purchase agreement transaction is subsequently closed between the EDA/City and Developer the deposit shall be returned, less EDA/City expenses, at closing.

(D) If the purchase agreement transaction is not subsequently closed between the EDA/City and Developer the deposit shall not be returned.

Section 24 Technical Assistance.

(A) For small technical assistance projects requiring minimal staff time and no out of pocket expenses there will be no fee charged.

(B) For larger technical assistance projects requiring significant staff time and out-of-pocket expenses the following rules will apply:

(1) Responsibilities and costs will be spelled out in advance in writing.

(2) Staff time will be charged at a rate set forth in the fee schedule as shown in "Appendix A" attached.

(3) Out-of-pocket expenses will be charged at cost.

(4) Periodic invoices will be sent to the Developer.