

2004-03

**TOWNSHIP OF CARLOS
JOB OPPORTUNITY BUILDING ZONE
BUSINESS SUBSIDY AGREEMENT**

THIS JOB OPPORTUNITY BUILDING ZONE (JOBZ) BUSINESS SUBSIDY AGREEMENT is entered into on this 25th day of March, 2004, the Approval Date, by and between the Township of Carlos, a local governmental unit and subzone administrator with offices at 420 Hidden Oaks Drive NW, Minnesota, (hereinafter "Township") and Quick Attach Attachments, Inc., a business organized and operating under the laws of the State of Minnesota (hereinafter "Qualified Business") with its principal offices at 5181 State Highway 29 N, Alexandria, Minnesota. This Agreement shall become effective upon its Approval Date as defined herein. The Township and the Qualified Business acknowledge and agree that this Agreement is entered into in compliance with Minnesota Statutes 469.310 - 469.320 (Job Opportunity Building Zones) and Minnesota Statutes 116J.993 - 116J.995 (Business Subsidy).

I. RECITALS

WHEREAS, the Qualified Business is the fee owner of the Property located at 5181 State Highway 29 North in the Township of Carlos, Douglas County, Minnesota, with property tax identification number 12-1405-450, and,

WHEREAS, the Property is located within a designated Job Opportunity Building Zone as defined in Minnesota Statute 469.310, subd. 6 and is currently comprised of land and newly constructed facility, and,

WHEREAS, the Qualified Business has been approved by the subzone administrator to be a Qualified Business, with start-up operations in the Township, and,

WHEREAS, the Qualified Business plans to begin business operations in the subzone, and,

WHEREAS, the Job Zone Term shall be effective from the Approval Date until December 31, 2015, and,

WHEREAS, the Qualified Business agrees to satisfy the provisions of the business subsidy reporting requirements in Minnesota Statute 116J.993- 116J.995 and as required in Minnesota Statute 469.320, subd. 1,

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

II. Definitions: The following terms used in this Agreement are defined as:

- A. "Agreement" means this Job Opportunity Building Zone Business Subsidy Agreement by and between the "Township" and the "Qualified Business".

- B. "Approval Date" means the date upon which the final execution of this Agreement takes place and after which the Qualified Business has been approved by the subzone administrator which is the Township.
- C. "Benefit Date" means the date that the Qualified Business receives the business subsidy. (Minnesota Statute 116J.993, Subd. 2), which is defined as March 25, 2004.
- D. "Business Subsidy" is as defined in Minnesota Statute 116J.993 - 116J.995 and/or Minnesota Statute 469.310 - 469.320.
- E. "Business Subsidy Report" means the annual report required by Minnesota Statute 116J.994, Subd. 7 (b).
- F. "Capital Investment" means any investment that is defined as depreciable by the Internal Revenue Service.
- G. "Township" means the Township of Carlos, a local governmental unit, acting as the grantor of a business subsidy as defined in Minnesota Statute 116J.993, subd. 3 and as the sub-zone administrator.
- H. "DEED" means Minnesota Department of Employment and Economic Development.
- I. "JOBZ" means Job Opportunity Building Zone as defined in Minnesota Statute 469.310, subd. 6.
- J. "JOBZ Benefits" shall include all tax exemptions, job credits or other business subsidies, including, but not limited to, the following:
- a. Exemption from individual income taxes as provided in Minnesota Statute 469.316; and,
 - b. Exemption from corporate franchise taxes as provided in Minnesota Statute 469.317; and,
 - c. Exemption from the state sales and use tax and any local sales and use taxes on qualifying purchases as provided in Minnesota Statute 297A.68, subdivision 37; and,
 - d. Exemption from the state sales tax on motor vehicles and any local sales tax on motor vehicles as provided in Minnesota Statute 297B.03; and,
 - e. Exemption from property tax as provided in Minnesota Statute 272.02, subdivision 64; and
 - f. Exemption from the wind energy production tax under Minnesota Statute 272.029, subdivision 7; and,
 - g. Jobs credit allowed in Minnesota Statute 469.318.

- K. "Job Zone Term" means the stated period of time as set forth in this Agreement.
- L. "Local unit of government" means the Township of Carlos.
- M. "Minimum Improvements" means the construction of a 6,000 square foot office/distribution facility and related site and land improvements associated with the facility.
- N. "Person" means an individual, corporation, partnership, limited liability corporation, association, or any other entity.
- O. "Project" means the project defined and set forth in this Agreement.
- P. "Property" means the parcel or parcels located within a subzone on which a qualified business is or will be operating excluding any building footprint of a business operating in a subzone prior to January 1, 2004, and, for purposes of this Agreement means the real property located at 5181 State Highway 29 North, Township of Carlos, County of Douglas, Minnesota, also described as Parcel Number 12-1405-450, and legally described as set forth in Exhibit A, which is attached hereto and incorporated by reference herein.
- Q. "Qualified Business" means a person that carries on a trade or business at a location within a JOBZ. (Minnesota Statute 469.310, Subd. 11) and complies with the reporting requirements in Minnesota Statute 469.313, Subd. 2 (5); and also is a "recipient" as defined in Minnesota Statute 116J.993, Subd. 3 and has signed a business subsidy agreement with a designated subzone administrator. A "qualified business" specifically excludes a retail, low-wage service, agricultural production business or a business which provides less than the minimum wage set forth in this Agreement. For this Agreement, the "Qualified Business" is Quick Attach Attachments, Inc., a Minnesota corporation with principal offices located at 5181 State Highway 29 North, Alexandria, Minnesota 56308.
- R. "Relocation Agreement" means a binding written agreement between a relocating qualified business and the Commissioner of DEED pledging that the qualified business will either: (a) increase full-time for full-time equivalent employment in the first full year of operation within the JOBZ by at least 20 percent, or (b) make a capital investment on the property equivalent to ten percent of the gross revenues of operation that was relocated in the immediately preceding taxable year; and, will provide for repayment of all tax benefits if the requirements of (a) or (b) are not met.

- S. "Subzone" means the parcel of land designated by the Commissioner of DEED within a JOBZ within the boundaries of the Township of Carlos, Minnesota to receive tax credits and exemptions specified in Minnesota Statute 469.310 - 469.320.
- T. "Subzone Administrator" means the legal representative designated by the local unit of government to administer the subzone and shall also mean the "Grantor" as defined in Minnesota Statute 116J.993, Subd. 4.
- U. "Zone" means a JOBZ or an Agricultural Processing Facility Zone designated by the Commissioner of DEED pursuant to Minnesota Statute 469.314.

III. Business Subsidy Requirements.

In compliance with the provisions of the Minnesota Business Subsidy statutes (Minnesota Statutes 116J.993 - 116J.995), the Township and the Qualified Business agree that:

A. The JOBZ business subsidy shall include all tax exemptions, job credits or other business subsidies provided from the Approval Date until the last date of the Job Zone Term, including, but not limited to:

- (1) Exemption from individual income taxes as provided in Minnesota Statute 469.316; and,
- (2) Exemption from corporate franchise taxes as provided in Minnesota Statute 469.317; and,
- (3) Exemption from the state sales and use tax and any local sales and use taxes on qualifying purchases as provided in Minnesota Statute 297A.68, subdivision 37; and,
- (4) Exemption from the state sales tax on motor vehicles and any local sales tax on motor vehicles as provided in Minnesota Statute 297B.03; and,
- (5) Exemption from property tax as provided in Minnesota Statute 272.02, subdivision 64; and
- (6) Exemption from the wind energy production tax under Minnesota Statute 272.029, subdivision 7; and,
- (7) Jobs credit allowed in Minnesota Statute 469.318.

B. Other business subsidies provided to the Qualified Business pursuant to the Minnesota Business Subsidy statutes (Minnesota Statutes 116J.993 - 116J.995) shall be identified, including the amount and type of subsidy provided, as applicable, which shall be set forth with the specific Township in appendix to this Agreement. Specifically, no other subsidies

are being provided to the Qualified Business in this Agreement.

C. The public purposes for the JOBZ business subsidy in this Agreement between the Township and the Qualified Business shall include, but not be limited to:

1. The promotion and creation of additional employment opportunities within the Township will improve living standards and reduce unemployment, the loss of skilled and unskilled labor and other human resources in the Township and the surrounding area.

2. The promotion and development of property within the Township, which is not now in productive use or in its highest and best use, consistent with the Township's future Land Use Plan and with minimum adverse impact on the environment, and will help promote and secure the development of other property within the Township.

D. Description and Goals of Business Subsidy.

1. The Qualified Business shall construct the Minimum Improvements as described in this Agreement. The JOBZ Benefits generated by the Minimum Improvements shall be used to assist with the costs associated with the expansion.

2. As a condition to the receipt of the Business Subsidy from the Township, the Qualified Business hereby agrees that it will meet the following wage and job goals within two (2) years after the Benefit Date and within the subzone boundary.

a. Within two (2) years after the Benefit Date, the Qualified Business estimates the creation of five (5) additional full-time equivalent employment opportunities. In the first year after receiving a Business Subsidy, the Township will require that all jobs intended to be created as a result of a Business Subsidy awarded by the Township must meet or exceed the wage criteria established by the Township.

b. In the event that after execution of this Agreement the Qualified Business determines that it will not be able to meet the wage and job goals within the time specified in subparagraph D.2.a. above, the Qualified Business may request an extension of that deadline for up to one (1) additional year. The Township, in its discretion and after a public hearing as required by law, may grant such an extension.

- c. The Qualified Business must declare each created job by title, wage floor and benefit floor as stated on Exhibit B attached hereto and made a part of this Agreement.

E. Repayment of Business Subsidy.

1. The Qualified Business agrees that if the Qualified Business does not comply with the wage and job goals set forth in this Agreement and as defined in Minnesota Statute 469.319, it shall be obligated to repay the Business Subsidy received from all local and state governments. Such repayment shall be due and payable immediately upon notice from the Township to the Qualified Business of the Qualified Business' failure to meet the wage and job goals within the time required by this Agreement, or as extended, if applicable.

2. In the event that the Qualified Business only partially satisfies the wage and job goals by the deadline set forth in this Agreement, the Qualified Business's obligation to repay the Business Subsidy will be offset on a *pro rata* basis, measured by the number of full time equivalent jobs actually created compared to the wage and job goals.

3. If other business subsidies are provided to the Qualified Business pursuant to Minnesota Statutes 116J.993 - 116J.995, the Qualified Business agrees to repay tax benefits obtained if it does not meet the goals identified in this Agreement and as defined in Minnesota Statute 116J.994, Subd. 6.

F. Reporting Requirements.

1. The Qualified Business shall furnish the Minnesota Annual Business Subsidy Report to the Township as required by Minnesota Statute 116J.994, Subd. 7, covering the preceding twelve (12) months, certified to be accurate by the President of the Qualified Business, on or before March 1 immediately following the Benefit Date and continuing each year thereafter on or before March 1, until the applicable report evidences satisfaction of the wage and job goals set forth in this Agreement, or for two (2) years, whichever is later.

2. If the Qualified Business does not file a report by the due date set forth in subparagraph F.1. above, the Township will mail a deficiency notice to the Qualified Business. If the Qualified Business does not file the report within fourteen (14) days after the postmarked date of the deficiency notice, the Qualified Business shall pay the Township a penalty of \$100 for each day thereafter until the report is filed. The maximum penalty

shall not exceed \$1,000.

- G. The Qualified Business acknowledges that it is receiving a Business Subsidy in connection with the Qualified Business's expansion and, in consideration thereof, hereby agrees to maintain its business operations in the Township for at least five (5) years after the Benefit Date, unless the Qualified Business obtains consent from the Township before any move from the Property; said consent shall not be unreasonably withheld or delayed., subject to the provisions of subparagraph (2) below.
- H. If, during the five (5) year period referred to in subparagraph III. G. above, the Qualified Business decides to move its operations from the Property to another location, the Qualified Business must first notify the Township and include in its notification the specific business reasons for such decision. Following receipt of such notice, the Township will promptly schedule and conduct the public hearing required by law.
- I. The Qualified Business hereby agrees to pay and indemnify and hold the Township harmless from any and all costs, expenses, and fees, including reasonable attorney's fees, which may be incurred by the Township in enforcing this Agreement.
- J. This Agreement and all terms, conditions and obligations contained herein shall run with the Property and shall be binding upon and inure to the benefit of the Township, the Qualified Business and their respective successors and assigns.
- K. The Qualified Business and the Township agree that in the event of the default by the Qualified Business in performance of the obligations set forth in this Agreement, money damages shall not provide an adequate remedy. As a result, the parties agree that in the event of a default by the Qualified Business in the performance of its obligations, the Township shall be entitled to seek specific performance by the Qualified Business of such obligations.
- L. The term of this Agreement shall extend from the day and year set forth in the Preamble to this Agreement until the date on which all requirements of this Agreement have been satisfied, but in no case shall it extend beyond December 31, 2015.
- M. The Qualified Business agrees not to displace or compete with any local businesses currently operating in the sub-zone.
- N. The Qualified Business represents and warrants that, other than the Business Subsidy from the Township, it has not been awarded financial

assistance for the Project by any other state or local government. The Qualified Business shall notify the Township if benefits are awarded by such entities in the future with respect to the land and improvements governed by the Agreement.

- O. The Township shall provide the Qualified Business with all the local tax benefits and property tax benefits permitted under Minnesota Statute 469.315.

IN WITNESS WHEREOF, the Township has caused this Agreement to be duly executed in its name and on its behalf by its duly authorized representatives, and the Qualified Business has caused this Agreement to be duly executed in its name and on its behalf by its duly authorized representative, on the date below and both the Township and the Qualified Business agree to be bound by the terms of this Agreement.

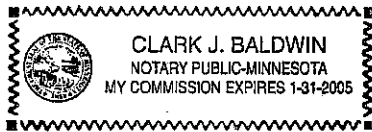
Dated: March 26, 2004

QUICK ATTACH ATTACHMENTS, INC.

By Todd A. Olson
President

STATE OF MINNESOTA)
)ss
COUNTY OF DOUGLAS)

On this 26th day of March, 2004, before me, a Notary Public, personally appeared Todd A. Olson, to me personally known who by me duly sworn, did say that he is the President of Quick Attach Attachments, Inc., a Minnesota Corporation, and acknowledged the foregoing instrument on behalf of said corporation.



Notary Public Clark J. Baldwin

Dated: March 25, 2004

TOWNSHIP OF CARLOS

By Dwayne Waldorf
Chair, Township of Carlos

By Rebecca Anderson
Township Clerk

STATE OF MINNESOTA)
)ss
COUNTY OF DOUGLAS)

On this 25th day of March, 2004, before me, a Notary Public,
personally appeared _____ and _____, to me
personally known who by me duly sworn, did say that they are the Chair and Township Clerk,
respectively, of the Township of Carlos, and acknowledged the foregoing instrument on behalf of
said Township.

Rebecca Anderson
Attest

Notary Public

EXHIBIT A

DESCRIPTION OF PROPERTY

PIN 12-1405-450

That part of the West Half of the Northwest Quarter, Section 35, Township 129 North, Range 37 West, Douglas County, Minnesota described as follows:

Beginning at the northwest corner of said West Half of the Northwest Quarter;

Thence on a record bearing of South 00 degrees 25 minutes 28 seconds East along the west line of said West Half of the Northwest Quarter a distance of 870.16 feet;

Thence South 89 degrees 31 minutes 20 seconds East 1053.32 feet to the westerly right of way line of the Soo Line Railroad;

Thence North 18 degrees 17 minutes 03 seconds East along said westerly right of way line 833.28 feet to the east line of said West Half of the Northwest Quarter;

Thence North 00 degrees 20 minutes 21 seconds West 62.67 feet to the northeast corner of said West Half of the Northwest Quarter;

Thence North 88 degrees 54 minutes 50 seconds West 1321.02 feet to the point of beginning.

Containing 23.73 acres more or less. Subject to existing easements for highway purposes of record over and across part of the westerly and northerly portion thereof.

