

PLANNING AND ECONOMIC DEVELOPMENT COMMITTEE

11-0382R

RESOLUTION AUTHORIZING A JOB OPPORTUNITY BUILDING ZONE
(JOBZ) BUSINESS SUBSIDY AGREEMENT WITH INVOLTA, LLC

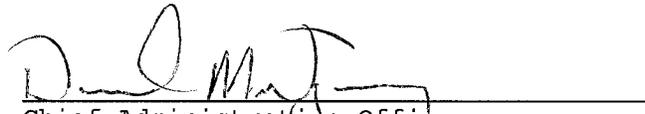
CITY PROPOSAL:

RESOLVED, that the proper city officials are authorized to enter into a JOBZ business subsidy agreement substantially in the form of that on file in the office of the city clerk as Public Document No. _____ with Involta, LLC (qualified business) related to property located at Rice Lake Road.

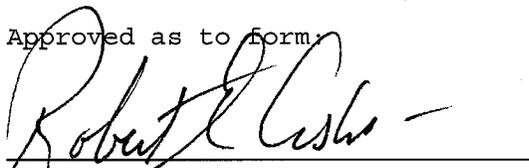
Approved:


Department Director

Approved for presentation to council:


Chief Administrative Officer

Approved as to form:


Attorney

Approved:


Auditor

DEDA HTB:bel 07/07/2011

STATEMENT OF PURPOSE: The purpose of this resolution is to authorize a JOBZ business subsidy agreement with the qualified business. Under the agreement, the qualified business agrees to create at least eight new FTEs within two years from Involta's start of operations. The qualified business will pay on an annualized basis compensation that is no less than 110 percent of the federal poverty level for a family of four, including benefits not mandated by law, until the end of the job zone term (December 31, 2015). This wage floor applies to all employees; currently the wage floor is established at \$11.82/hour and will be adjusted annually. As a point of information, the schedule of new jobs at Involta's Technology Park location indicates an average hourly salary of \$31.55; this increases to \$36.96/hour with non-mandated benefits such as insurance.

Currently, the land is owned by Minnesota Power. Involta intends to make a \$10,500,000 capital investment at the site, which will generate(at 2012 rates) an estimated \$175,788 property taxes per year. Property taxes captured on the land-which is not exempt under the JOBZ program-are estimated at \$37,103. The net annual property tax exemption to Involta, at 2012 rates, is \$138,685 in present value dollars. This will apply to taxes payable 2013-2016.

Pursuant to Resolution 11-0319 adopted June 13, 2011 the city authorized the "swap" of 14.4 acres of JOBZ subzone acreage to create the "Involta JOBZ subzone" (subzone #100-1), which was also approved by both the St. Louis County and ISD 709 Boards.

Minnesota Job Opportunity Building Zone Program

BUSINESS SUBSIDY AND RELOCATION AGREEMENT

THIS AGREEMENT is made and entered into by and between the City of Duluth (hereinafter referred to as the “Local Administrator”), a local unit of government with its offices located at 411 West First Street, Duluth, MN 55802, Involta, LLC (hereinafter referred to as “JOBZ Qualified Business”), with its principal offices located at 5055 REC Drive, Marion, IA 52302, and the Minnesota Department of Employment and Economic Development (hereinafter referred to as “DEED”) with its offices located at 1st National Bank Building, 332 Minnesota Street, Suite E200, St. Paul, MN 55101, and shall be effective and have an effective date that is the date on which this Agreement is approved by DEED. Provided, however, DEED shall only be a party to this Agreement if under Section 7 the JOBZ Qualified Business is relocating a trade or business from outside a JOBZ Zone, as hereinafter defined, into the Involta, LLC JOBZ Subzone, as hereinafter defined, and if no such relocation is occurring then DEED is not a party to this Agreement, any reference to DEED in the body of this Agreement shall be ignored as if such reference did not exist, and the only involvement by DEED shall be the need for DEED to approve this Agreement. This limitation as to the involvement of DEED in this Agreement only applies to DEED and does not apply to the Commissioner of DEED, and all references to the Commissioner of DEED shall remain in this Agreement and be of full force and effect even if the JOBZ is not relocating a trade or business as referred to hereinabove.

RECITALS

I. Minn. Stat. §§469.310 through 469.3201, and 116J.993 through 116J.995 (hereinafter cumulatively referred to as the “JOBZ Act”) authorizes the creation of a program (hereinafter referred to as the “JOBZ Program”) under which qualified entities are entitled to statutorily created tax benefits.

II. Under the JOBZ Act, the Commissioner of the Minnesota Department of Employment and Economic Development for the State of Minnesota (hereinafter referred to as the “Commissioner of DEED”), after consultation with the Commissioner of the Minnesota Department of Revenue (hereinafter referred to as the “Commissioner of Revenue”), is directed to designate up to ten zones in the State of Minnesota (hereinafter individually referred to as a “JOBZ Zone”) that would qualify for participation in the JOBZ Program.

III. Under the provisions contained in Minn. Stat. §469.312, Subd. 2, a JOBZ Zone may consist of one or more noncontiguous areas or subzones.

IV. The Local Administrator has submitted an application to the Commissioner of DEED, in which it requested that the portion of the State of Minnesota identified therein (hereinafter referred to as the “Involta, LLC JOBZ Subzone”) be approved as a JOBZ Zone or a subzone within a JOBZ Zone, which such Involta, LLC JOBZ Subzone being specifically shown in and identified as such in the plat, survey, map, drawing or other depiction attached hereto as **Attachment I**.

V. The Commissioner of DEED, in accordance with the statutory provisions contained in the JOBZ Act, has selected and designated the Involta, LLC JOBZ Subzone to be included in the JOBZ Program, and has designated the Local Administrator as the local government unit that will administer the Involta, LLC JOBZ Subzone under the JOBZ Program.

VI. Under the JOBZ Act and JOBZ Program certain businesses that are located in a JOBZ Zone, individuals who invest in such businesses, property that is located in a JOBZ Zone and the individuals who own such property may qualify for the following statutorily created economic benefits (hereinafter cumulatively the “JOBZ Economic Benefits”):

- A. Exemption from individual income taxes as provided in Minn. Stat. §469.316.
- B. Exemption from corporate franchise taxes as provide in Minn. Stat. §469.317.
- C. Exemption from state sales and use tax and any local sales and use taxes on qualifying purchases as provided in Minn. Stat. §297A.68, Subd. 37.
- D. Exemption from the state sales tax on motor vehicles and any local sales tax on motor vehicles as provided under Minn. Stat. §297B.03.
- E. Exemption from the property tax as provided in Minn. Stat. §272.02, Subd. 64.
- F. Exemption from the wind energy production tax under Minn. Stat. §272.029, Subd. 7.
- G. The jobs credit allowed under Minn. Stat. §469.318

VII. In order to obtain the JOBZ Economic Benefits, a business must (i) be located in a JOBZ Zone, (ii) meet the requirements for a “qualified business” under Minn. Stat. §469.310, Subd. 11, (iii) agree to create and maintain a certain number of new jobs in a JOBZ Zone, (iv) agree to pay a certain level of wages, and (v) enter into an agreement with the local government unit that administers the JOBZ Zone in which it will be located evidencing its intent to create and maintain such new jobs.

VIII. The parties hereto are entering into this Agreement in order to meet the statutory requirement that a business requesting benefits under the JOBZ Program and the local administrator for the specific JOBZ Zone must enter into an agreement under which said business intends to create and maintain new jobs within such JOBZ Zone and the additional statutory requirement that a business requesting benefits under the JOBZ Program that relocates a trade or business into a JOBZ Zone must enter into an agreement with the DEED.

IX. The JOBZ Qualified Business and the Local Administrator have jointly submitted a Job Opportunity Building Zone (JOBZ) Program Application, a copy of which is attached hereto as **Attachment II** and incorporated herein by reference, to DEED.

NOW, THEREFORE, the parties hereto do hereby covenant, warranty, represent, and agree as follows:

1. **Defined Terms.** As used in this Agreement, the following terms shall have the meanings set out respectively after each such term (the meanings to be equally applicable to both the singular and plural forms of the terms defined), unless the context specifically indicates otherwise:

“Agreement” – means this Minnesota Job Opportunity Building Zone Program Building Subsidy Agreement, and all amendments, modifications, restatements, and replacements thereof.

“Base Salary” – means hourly salary and any non-statutorily required benefits, and shall not include any statutorily required benefits. If the Base Salary is an annual amount per year and not an hourly amount, then the Base Salary shall be the annual amount divided by the greater of 2,080 hours or the actual number of hours normally worked during a calendar year. All non-statutorily required benefits that are included in the Base Salary shall be calculated in accordance with and comply with normally accepted accounting principles.

“Capital Investment”- means an investment that may be depreciated under the United States Internal Revenue Code and such regulations that are adopted pursuant thereto.

“Commissioner of DEED” – means the Commissioner of the Minnesota Department of Employment and Economic Development

“Commissioner of DOLI” – means the Commissioner of the Minnesota Department of Labor and Industry.

“Commissioner of Revenue” – means the Commissioner of the Minnesota Department of Revenue.

“DEED” – means the Minnesota Department of Employment and Economic Development.

“Existing FTE Jobs” – means those FTE Jobs that the JOBZ Qualifying Business maintains in the State of Minnesota as of the effective date of this Agreement, not including the New FTE Jobs.

“Disqualifying Event” - means one or more of those events delineated in Section 12 herein.

“FTE Job”- means one job or a combination of jobs that will produce annualized cumulative expected hours of work, without the inclusion of any hours of overtime work, equal to 2,080 hours, which such jobs are held by direct employees of the JOBZ Qualified Business for which it is required to pay social security and worker’s compensation taxes if such employees were to work the minimum number of hours to require such payment. A FTE Job may be seasonal in nature and need not be maintained through out a calendar year

as long as the required number of FTE Jobs are created and maintained for each calendar year. Student workers, interns, etc. are neither considered part-time, nor full time employees, and are not subject to the requirement for minimum wage requirements of the JOBZ program and will not be counted toward achieving job goals.

“JOBZ Act” – means the provisions contained in Minn. Stat. §§469.310 through 469.3201 and 116J.993 through 116J.995 that exist as of the effective date of this Agreement and as such may subsequently be amended, modified or replaced from time to time.

“JOBZ Economic Benefits” – means the economic benefits delineated in Recital VI herein.

“JOBZ Benefits Period” – means the time period from the effective date of this Agreement until the earlier of the date on which a Disqualifying Event shall occur or the date on which the Involta, LLC JOBZ Subzone terminates as provided in Minn. Stat. §469.312, Subd. 5.

“JOBZ Economic Benefits Recipients” – cumulatively means those individuals, estates, trusts, and entities that are eligible for JOBZ Economic Benefits under the JOBZ Act and JOBZ Program.

“JOBZ Program” – means the program described in Minn. Stat. §§469.310 through 469.3201 that exist as of the effective date of this Agreement and as such may subsequently be amended, modified or replaced from time to time.

“JOBZ Qualified Business” – means the entity indentified as such in the lead in paragraph to this Agreement.

“JOBZ Zone” – means those portions of the State of Minnesota that are situated in the ten zones that the Commissioner of DEED, after consultation with the Commissioner of Revenue have designated for inclusion in the JOBZ Program.

“Local Administrator” – means the entity identified as such in the lead-in paragraph to this Agreement.

“New FTE Jobs” – means new FTE Jobs that the JOBZ Qualifying Business will add for the business that it will operate on the Property from and after the effective date of this Agreement. Such new jobs must be in addition to and not in replacement of other jobs that the JOBZ Qualified Business has at any of its operations in the State of Minnesota as of the effective date of this Agreement, whether or not such operations are located on or off of the Property.

“Program Application” – means that certain Job Opportunity Building Zone (JOBZ) Program Application that the JOBZ Qualified Business and the Local Administrator jointly

submitted to DEED, a copy of which is attached hereto as **Attachment II** and incorporated herein by reference.

“Property” – means the real property and all structures situated thereon on and in which the JOBZ Qualified Business is operating, or intends to operate, the portion of its business that is, or will be, situated in the Involta, LLC JOBZ Subzone, which such real property (i) is located at 207 Technology Drive, in the City of Duluth, County of St. Louis, State of Minnesota, (ii) has property tax identification numbers of 010-1356-00010, 010-1356-00020, 010-1356-00030; (iii) consists of 14.4 acres, and (iv) is specifically shown in and indentified as the “Property” in the plat, survey, map, drawing or other depiction attached hereto as **Attachment I**.

“Revenue” – means the Minnesota Department of Revenue.

“Involta, LLC JOBZ Subzone” – means that portion of the State of Minnesota that is identified in an application that the Local Administrator submitted to the Commissioner of DEED to have such portion of the State of Minnesota included in the JOBZ Program as a JOBZ Zone, and which is specifically shown in and indentified as the “Involta, LLC JOBZ Subzone” in the plat, survey, map, drawing or other depiction attached hereto as **Attachment I**.

2. **JOBZ Subzone and Qualified Business.** The following statements are based upon the information contained in the Program Application or additional information supplied by the JOBZ Qualified Business or independently obtained by the Local Administrator:

A. The Property is situated entirely within the Involta, LLC JOBZ Subzone

B. The business operation that the JOBZ Qualified Business will operate in the Involta, LLC JOBZ Subzone will not be primarily engaged in making retail sales to purchasers who are physically present at the location of such business operation.

C. The business operation that the JOBZ Qualified Business will operate in the Involta, LLC JOBZ Subzone will not be a public utility as such term is defined in Minn. Stat. §336B.01.

3. **Job Existence, Creation, and Maintenance.** With respect to current and future employment levels, the JOBZ Qualified Business represents to the Local Administrator, by way of the information contained in the Program Application or other information submitted to or independently obtained by the Local Administrator, as follows:

A. It has the following number of Existing FTE Jobs at all of its operations located in the State of Minnesota:

Location	Number of Existing FTE Jobs
N/A	N/A

B. N/A of the Existing FTE Jobs are situated in the Involta, LLC JOBZ Subzone, the individuals filling each of the Existing FTE Jobs that are located in the Involta, LLC JOBZ Subzone are paid a Base Salary that is equal to or greater than 110% of the federal poverty level for a family of four for such location as adjusted annually, and it will continue to maintain such number of Existing FTE Jobs in the Involta, LLC JOBZ Subzone for as long as this Agreement is in effect.

C. The JOBZ Qualified Business will create the following number of New FTE Jobs with the following Base Salaries at the business it is operating, or intends to operate, on the Property within the delineated time periods, and will continue to maintain such jobs at such Base Salaries for as long as this Agreement is in effect.

Number of New FTE Jobs	Base Salary	Date by which New FTE Jobs are to Created
8	\$ 11.82	Two years of start of operations

D. All of the Base Salaries for the New FTE Jobs are equal to or greater than 110% of the federal poverty level for a family of four for such location adjusted as provided in Minn. Stat. §469.310, Subd. 11(g).

4. **Capital Investment.** As of the effective date of this Agreement, the JOBZ Qualified Business intends to does not intend to [*check appropriate space*] make a Capital Investment in the facilities that it will operate on the Property. If the JOBZ Qualified Business will make a Capital Investment, then the Capital Investment shall be in the following amount and shall be completed within the indicated time period.

Amount of Capital Investment:	Date by which Capital Investment is to be completed:
\$ 10,500,000	September, 2013

5. **Term of this Agreement.** Upon the JOBZ Qualified Business' full and complete compliance with all of the terms, conditions, provisions, and representations contained herein for the full JOBZ Benefits Period, this Agreement shall terminate and no longer have any force or effect.

6. **Business Subsidy Requirements.** The creation of the Involta, LLC JOBZ Subzone and the providing of the JOBZ Economic Benefits to the JOBZ Qualified Business and the JOBZ Economic Benefits Recipients will satisfy one or more of the following public purposes:

A. The creation or maintenance of jobs that pay wages equal to or greater than 110% of the federal poverty level for a family of four for such location.

B. The expansion of the tax base in the Involta, LLC JOBZ Subzone.

C. The enhancement of regional economic growth in the Involta, LLC JOBZ Subzone.

D. The support of businesses that make a long term commitment to operate in the Involta, LLC JOBZ Subzone.

E. The encouragement of neighborhood stability and growth in the Involta, LLC JOBZ Subzone that is consistent with good planning.

7. **Relocation Provisions.** The JOBZ Qualified Business represents that it is is not [Check appropriate space. If no space is checked, then it is rebuttable presumed that "is" was checked.] relocating a trade or business from outside of a JOBZ Zone into the Involta, LLC JOBZ Zone. *If the JOBZ Qualified Business is not relocating a trade or business from outside a JOBZ Zone into the Involta, LLC JOBZ Zone, then this section is not needed and should be ignored as if it were not included in this Agreement and all references to this Section in this Agreement shall be ignored as if they did not exist.*

A. Relocates or Relocating. By representing that it is (i) relocating a trade or business from outside a JOBZ Zone into the Involta, LLC JOBZ Subzone, the JOBZ Qualified Business is representing that it is ceasing one or more operations or functions at another location in the State of Minnesota and will begin performing substantially the same operations or functions within the Involta, LLC JOBZ Subzone, or (ii) it has or will reduce employment at another location in the State of Minnesota during the time period starting 1 year before and ending 1 year after it begins operating in the Involta, LLC JOBZ Subzone and its employees in the Involta, LLC JOBZ Subzone are or will be engaged in the same line of business as the employees that are at the location where it reduced employment. Relocation or relocating does not include an expansion by the JOBZ Qualified Business that establishes a new facility that does not, in whole or in part, replace or supplant an existing operation or employment.

B. Trade or Business. The reference to trade or business includes any business entity that is substantially similar in operation or ownership to the JOBZ Qualified Business.

C. Increase in Employment. In the 1st full year of operation within the Involta, LLC JOBZ Zone, the JOBZ Qualified Business shall, including but not limited to the New FTE Jobs delineated in Section 3.C herein, increase the number of FTE Jobs for the business that it will operate on the Property by no less than the greater of 5 FTE Jobs or 20 percent measured relative to the operations that were relocated, and maintain the required level of employment for each year the Involta, LLC JOBZ Subzone designation applies. If

the number of New FTE Jobs delineated in Section 3.C herein is not sufficient to meet such increased employment requirement imposed by this subsection, then the JOBZ Qualified Business shall add such additional New FTE Jobs necessary to met such requirement within such 1st year of operation and maintain them for such designated period of time.

8. **Reports and Certifications.** The JOBZ Qualified Business shall prepare and deliver the following reports and certifications:

A. Business Subsidy Report. On or before the 1st day of March of each calendar year, the JOBZ Qualified Business shall deliver to the Local Administrator and DEED a report that contains all of the information required under Minn. Stat. §116J.994, Subd. 7 on a form or forms to be developed by and available from DEED.

B. Certification of Continuing Eligibility. In addition to the report required under Section 8.A herein, on or before the 1st day of December of each calendar year, the JOBZ Qualified Business shall deliver to the Local Administrator and Revenue a certification in a form to be developed by and available from Revenue in which the JOBZ Qualified Business certifies, under oath, whether or not it is in full and complete compliance with the terms, conditions, provisions, representations and warranties contained in this Agreement, and if it is not in such compliance a statement as to which of the terms, conditions, provisions, representations and warranties contained herein for which it is not in compliance and an explanation of how it is out of compliance.

C. JOBZ Tax Benefit Report. On or before the 15th day of October of each calendar year, the JOBZ Qualified Business shall deliver to Revenue a report in a form to be developed by and available from Revenue in which the JOBZ Qualified Business reports on the amount of tax benefits claimed in the previous tax year.

D. Report on Anniversary Dates. Businesses new to the JOBZ program will be required to report on the numbers of jobs created and wages paid two years after they either put equipment into service or occupy a new or improved property. Businesses that are relocating their operations into a JOB Zone must report on jobs and wages one year after they begin their operations. These “Anniversary” reports are separate from the normally required Minnesota Business Assistance Form (MBAF) that must continue to be sent to DEED by April 1 for the preceding calendar year.

E. Other such performance reports as may be required by DEED on forms to be developed and made available by DEED.

9. **Record Keeping and Preservation of Items.** For as long as this Agreement is in effect the JOBZ Qualified Business shall maintain or cause to be maintained books, records, documents and other evidence pertaining to the operation of the business it is operating, or intends to operate, at the Property that are needed to comply with the provisions and requirements contained in this Agreement and the JOBZ Act, and upon request shall allow, or cause the entity which is maintaining such items to allow, the Local Administrator, DEED,

Revenue, the Legislative Auditor for the State of Minnesota, and the State Auditor for the State of Minnesota, to inspect, audit, copy, and abstract, all of such items. The JOBZ Qualified Business shall use, or cause the entity which is maintaining such items to use, generally accepted accounting principles in the maintenance of such items, and shall retain, or cause to be retained, all of such items for a period of 6 years from the end of the JOBZ Benefits Period.

In addition and for as long as this Agreement is in effect, the JOBZ Qualified Business shall preserve the existence of all licenses, permits, certificates of good standing, and other similar items needed and required for its continued operation of the business it is operating, or intends to operate, on the Property, and shall produce and provide copies thereof to the Local Administrator, DEED, and Revenue upon request thereby.

10. Prevailing Wages. The JOBZ Qualified Business must fully and completely comply with all of the applicable requirements regarding prevailing wages that are contained in Minn. Stat. §116J.871. These requirements include, but are not limited to, providing a certification to the Commissioner of DOLI that laborers and mechanics that are involved with any construction, installation, remodeling or repair activities at the project site for which the financial assistance will be paid the prevailing wage rate, as provided in Minn. Stat. §116J.871, Subd. 2.

The certification to be provided to the Commissioner of DOLI shall be under oath and in the form attached hereto as **Attachment III**. The JOBZ Qualified Business shall supply such certification to the Commissioner of DOLI at the address shown in such certification even if no construction, installation, remodeling or repair activities will occur at the referenced project sit, and shall do so no later then 30 days after the date that this Agreement is approved by DEED. The JOBZ Qualified Business shall also promptly supply to the Local Administrator and DEED copies of the certification that it supplies to the Commissioner of DOLI along with any correspondence that was used to supply such certification to such commissioner.

The JOBZ Qualified Business shall maintain all documentation necessary to establish that it paid any required prevailing wage, and shall allow the Commissioner of DOLI, the Local Administrator, and DEED reasonable access to such data.

11. JOBZ Qualified Business Representations. The JOBZ Qualified Business covenants with, and represents and warrants to the Local Administrator and DEED as follows:

A. The location of the Involta, LLC JOBZ Subzone and the Property are as shown in **Attachment I**.

B. All of the structures in which the JOBZ Qualified Business is operating, or intends to operate, in the Involta, LLC JOBZ Subzone are located entirely within the boundaries of the Property.

C. It has legal authority to enter into, execute, and deliver this Agreement, and it has taken all actions necessary for its execution and delivery of such documents.

D. It has legal authority to operate the business it has represented that it is operating, or intends to operate, on the Property.

E. This Agreement is the legal, valid and binding obligations of the JOBZ Qualified Business and is enforceable against it in accordance with its contents.

F. It will comply with all of the terms, conditions, provisions, covenants, requirements, and warranties in this Agreement.

G. It will comply with all of the provisions and requirements contained in and imposed by the JOBZ Act.

H. It has made no material false statement or misstatement of fact in connection with its application for inclusion in the JOBZ Program and receipt of the JOBZ Economic Benefits, and all of the information it has submitted, or will submit, regarding its inclusion in the JOBZ Program or receipt of JOBZ Economic Benefits is, or will be, true and correct, and will continue to be true and correct.

I. It is not in violation of any provisions of its charter or of the laws of the State of Minnesota, and there are no actions, lawsuits, or proceedings pending, or to its knowledge threatened, before any judicial body or governmental authority against or affecting it relating to the Property, its ownership interest therein, or its operation of the business it is operating, or intends to operate, on the Property.

J. It is not in default with respect to any order, writ, injunction, decree, or demand of any court or any governmental authority which would impair (i) its ability to enter into this Agreement, (ii) the performance any of the acts required of it herein, (iii) its ownership interest in the Property, or (iv) its operation of the business it is operating, or intends to operate, on the Property.

K. Neither the execution and delivery of this Agreement, nor compliance with any of the terms, conditions, requirements, or provisions contained herein is prevented by, is a breach of, or will result in a breach of, any term, condition, or provision of any agreement or document to which it is now a party or by which it is bound.

L. The contemplated use of the Property and the operation of the business that it is operating, or intends to operate, on the Property will not violate any applicable zoning or use statute, ordinance, building code, rule or regulation, or any covenant or agreement of record relating thereto.

M. It will operate the business it is operating, or intends to operate, on the Property in full compliance with all applicable laws, statutes, rules, ordinances, and regulations issued by any federal, state, or local political subdivisions having jurisdiction over such operation. Provided, however, nothing herein shall require it to comply with, observe or conform to any such law, statute, rule, ordinance or regulation for any time period during

which it is contesting, in good faith, the validity thereof by way of a duly initiated legal and pursued legal action.

N. All applicable licenses, permits and bonds required for its operation of the business that it is operating, or intends to operate, on the Property have been, or will be, obtained.

O. It shall promptly pay or otherwise satisfy and discharge all of its obligations and indebtedness, independent of whether or not such obligations or indebtedness involve the business it is operating, or intends to operate, on the Property, when such become due and payable other than those whose validity, amount, enforceability, or collectability are being contested, in good faith, by appropriate proceedings.

P. It shall furnish such satisfactory evidence regarding the representations and warranties described herein as may be required and requested by the Local Administrator, or Revenue.

12. Disqualifying Event(s). The following events shall constitute a Disqualifying Event under this Agreement, and such a Disqualifying Event may not be waived in any manner or form:

A. If the JOBZ Qualified Business fails to fully comply with any provision, term, condition, covenant, or warranty contained in this Agreement, including but not limited to its failure to:

(i) Maintain the number of Existing FTE Jobs that are located in the Involta, LLC JOBZ Subzone and designated in Section 3.B herein for as long as it is receiving any of the JOBZ Economic Benefits;

(ii) Create the number of New FTE Jobs required under in Section 3.C herein within the time periods delineated therein, and maintain such jobs for as long as it is receiving any of the JOBZ Benefits;

(iii) Create the number of New FTE Jobs required under in Section 7.C herein within the time periods delineated therein, and maintain such jobs for the time period specified in such section;

(iv) Pay the level of wages to employees as specified in Section 3 herein;

(v) Make the Capital Investment required under Section 3 herein;

(vi) Deliver the information required under Section 8 herein; or

(v) Comply with the prevailing wage requirements contained in Section 10 herein.

B. If the JOBZ Qualified Business fails to fully comply with any requirement imposed by the JOBZ Act or JOBZ Program.

C. If the JOBZ Qualified Business ceases to perform a substantial level of activities in the Involta, LLC JOBZ Subzone.

D. If the JOBZ Qualified Business ceases to be a qualified business under the JOBZ Act or the JOBZ Program.

E. If any representation, covenant, or warranty made by the JOBZ Qualified Business in this Agreement or in order to induce the Local Administrator to qualify it for inclusion in the JOBZ Program, shall prove to have been untrue or incorrect in any material respect or materially misleading as of the time such representation, covenant, or warranty was made.

13. Effect of Disqualifying Event. In accordance with the repayment provisions contained in the JOBZ Act and subject to enforcement actions by the appropriate taxing entities or authorities, upon the occurrence of a Disqualifying Event the JOBZ Qualified Business and any and all other entities and individuals who claimed a JOBZ Economic Benefit may be required, subject to any limitations imposed by the JOBZ Act, to repay the JOBZ Economic Benefits they received during the two years immediately prior to date on which Disqualifying Event occurred and for the years in which a Disqualifying Event continued to exist.

The repayment of such JOBZ Economic Benefits and the amount thereof to be repaid, if required, shall be in accordance with the provisions contained in the JOBZ Act and Minn. Stat. §§ 469.319 and 469.3191 that exist as of the date that such repayment is first required.

In addition and not in limitation, upon the occurrence of a Disqualifying Event and at any time during the existence of such Disqualifying Event, the Local Administrator and/or DEED may, subject to any limitations imposed by the JOBZ Act, assert any or all of the following remedies:

A. Terminate this Agreement and rescind all of the benefits that the JOBZ Qualified Business and JOBZ Economic Benefits Recipients acquired hereunder.

B. Terminate the JOBZ Qualified Business' status as a "qualified business" under the JOBZ Act.

C. Enforce any and all additional remedies that they may have in law or equity.

The rights and remedies herein specified are cumulative and not exclusive of any rights or remedies that the Local Administrator, DEED, and the appropriate taxing entities or authorities would otherwise possess.

If the JOBZ Qualified Business does not meet the goals specified in this Agreement but performs a substantial level of activities described in this Agreement, such business will be allowed to remain in the JOBZ Program if the Local Administrator, the Commissioner of DEED, and the such business mutually agree on a new set of goals, as provided in Minn. Stat. §469.3191. A new or amended Minnesota Job Opportunity Building Zone Program Business Subsidy Agreement must be entered into and executed by such business in order to remain as a qualified business under the JOBZ Program. However, the duration of the Involta, LLC JOBZ Subzone will be shortened proportionately by the degree to which the JOBZ Qualified Business attained the goals in the original Minnesota Job Opportunity Building Zone Program Business Subsidy Agreement. This is a one-time reduction. Failing to meet their revised goals will be a Disqualifying Event, and such business will be terminated from the JOBZ Program.

14. Amendments to Agreement. Except as authorized under Minn. Stat. §469.3192, under no circumstances shall the terms, conditions, or provisions contained herein that relate to job creation, job retention, or wage goals be amended, modified or otherwise changed.

15. Non-Discrimination. The JOBZ Qualified Business agrees to not engage in discriminatory employment practices regarding the operation of the business it is operating, or intends to operate, on the Property, and it shall, with respect to such activities, fully comply with all of the provisions contained in Chapters 363A and 181 of the Minnesota Statutes that exist as of the effective date of this Agreement and as such may subsequently be amended, modified or replaced from time to time.

16. Worker's Compensation. The JOBZ Qualified Business agrees to comply with all of the provisions relating to worker's compensation contained in Minn. Stat. §§ 176.181 Subd. 2 & 176.182 that exist as of the date of this Agreement and as such may subsequently be amended, modified or replaced from time to time, with respect to the business it is operating or intends to operate on the Property.

17. E-Verification. The JOBZ Qualified Business agrees and acknowledges that it has been informed of the requirements included in Governor Pawlenty's Executive Order 08-01 regarding E-Verify, and further agree that it will determine the eligibility of all employees hired and will only hire from and after effective date of this Agreement, employees determined to be eligible by the E-Verify system.

18. Liability. The JOBZ Qualified Business, the Local Administrator and DEED agree that they will, subject to any indemnifications provided herein, be responsible for their own acts and the results thereof to the extent authorized by law, and they shall not be responsible for the acts of any other party and the results thereof.

19. Indemnification by the JOBZ Qualified Business. The JOBZ Qualified Business shall bear all loss, expense (including attorneys' fees), and damage in connection with the business it is operating, or intends to operate, on the Property, and agrees to indemnify and hold harmless the Local Administrator, DEED, Revenue, and the State of Minnesota, and their officers and employees from all claims, demands and judgments made or recovered against such

entities arising out of, incidental to, or in connection with the granting or receipt of JOBZ Economic Benefits or the JOBZ Qualified Business's operation of the business it is operating, or intends to operate, on the Property, whether or not due to any act of omission or commission, including negligence of the JOBZ Qualified Business or any contractor or his or their employees, servants or agents, and whether or not due to any act of omission or commission (excluding, however, negligence or breach of statutory duty) of any such indemnified entity.

The JOBZ Qualified Business's liability hereunder shall not be limited to the extent of insurance carried by or provided by the JOBZ Qualified Business, or subject to any exclusions from coverage in any insurance policy.

20. Relationship of the Parties. Nothing contained in this Agreement is intended or should be construed in any manner as creating or establishing the relationship of co-partners or a joint venture between the JOBZ Qualified Business, the Local Administrator, DEED, Revenue, or the State of Minnesota, nor shall the JOBZ Qualified Business be considered or deemed to be an agent, representative, or employee of either the Local Administrator, DEED, Revenue, or the State of Minnesota in the performance of this Agreement.

The JOBZ Qualified Business represents that it has already or will secure or cause to be secured all personnel required for the performance of this Agreement and its operation of the business it is operating, or intends to operate, on the Property. All personnel of the JOBZ Qualified Business or other persons while engaging in the Qualifying JOBZ Business' operation of the business it is operating, or intends to operate, on the Property shall not have any contractual relationship with either the Local Administrator, DEED, Revenue, or the State of Minnesota, and shall not be considered employees of any of such entities. In addition, all claims that may arise on behalf of said personnel or other persons out of employment or alleged employment including, but not limited to, claims under the Workers' Compensation Act of the State of Minnesota, claims of discrimination against the JOBZ Qualified Business, its officers, agents, contractors, or employees shall in no way be the responsibility of either the Local Administrator, DEED, Revenue, or the State of Minnesota. Such personnel or other persons shall not require nor be entitled to any compensation, rights or benefits of any kind whatsoever from either the Local Administrator, DEED, Revenue, or the State of Minnesota including, but not limited to, tenure rights, medical and hospital care, sick and vacation leave, disability benefits, severance pay and retirement benefits.

21. Binding Effect and Assignment or Modification. This Agreement shall be binding upon and inure to the benefit of the JOBZ Qualified Business, the Local Administrator, DEED, and their respective successors and assigns. Provided, however, that a party hereto may not assign any of its rights or obligations under this Agreement without the prior written consent of all of the other parties. No change or modification of the terms or provisions of this Agreement shall be binding on a party hereto unless such change or modification is in writing and signed by an authorized official of the party against which such change or modification is to be imposed.

22. Waiver. Neither the failure by the JOBZ Qualified Business, the Local Administrator, DEED, or Revenue, in any one or more instances to insist upon the complete and

total observance or performance of any term or provision hereof, nor the failure of the JOBZ Qualified Business, the Local Administrator, DEED, or Revenue to exercise any right, privilege, or remedy conferred hereunder or afforded by law shall be construed as waiving any breach of such term, provision, or the right to exercise such right, privilege, or remedy thereafter. In addition, no delay on the part of either the JOBZ Qualified Business, the Local Administrator, DEED, or Revenue in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy preclude other or further exercise thereof or the exercise of any other right or remedy.

23. **Choice of Law and Venue.** All matters relating to the validity, construction, performance, or enforcement of this Agreement shall be determined in accordance with the laws of the State of Minnesota.

24. **Severability.** If any provision of this Agreement is finally judged by any court to be invalid, then the remaining provisions shall remain in full force and effect and they shall be interpreted, performed, and enforced as if the invalid provision did not appear herein.

25. **Time of Essence.** Time is of the essence with respect to all of the matters contained in this Agreement.

26. **Third-Party Beneficiary.** The State of Minnesota, by and through its Commissioner of DEED, Revenue, and DEED if it is not a direct party to this Agreement, shall be third-party beneficiaries of this Agreement.

27. **Conflict with Program Application.** The provisions, representations, and warranties contained in this Agreement shall control over any conflicting provision, warranty, or representation contained in the Program Application.

(THE REMAINING PORTION OF THIS PAGE WAS INTENTIONALLY LEFT BLANK.)

This Minnesota Job Opportunity Building Zone Program Business Subsidy Agreement was entered into and executed on the day and date shown immediately below the following signatures.

LOCAL ADMININSTRATOR

_____,
a local unit of government.

By: _____

Its: _____

And: _____

Its: _____

Dated the ____ day of _____, 20__

JOBZ QUALIFIED BUSINESS

_____,
a _____.

By: _____

Its: _____

And: _____

Its: _____

Dated the ____ day of _____, 20__

[The following signature block for the Minnesota Department of Employment and Economic Development shall only be used if the JOBZ Qualified Business indicated in Section 7 herein that it is relocating a trade or business from outside a JOBZ Zone into the _____ JOBZ Subzone, and shall not be used for any other circumstance. The use of this signature block by the Minnesota Department of Employment and Economic Development makes such department a direct party to this Agreement.]

MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

By: _____

Its: _____

Dated the ____ day of _____, 20__

[The following approval by the Minnesota Department of Employment and Economic Development shall be used in all circumstances and instances.]

This Minnesota Job Opportunity Building Program Business Subsidy Agreement was submitted to and approved by the Minnesota Department of Employment and Economic Development on the day and date shown immediately below the following signature.

MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

By: _____

Its: _____

Dated the ____ day of _____, 20__

Attachment I

**Plat, survey, map, drawing or other depiction of
Involta, LLC JOBZ Subzone and Property**

2710-02310
HOVLAND
GEORGE JR

3461-00400
NORTHRIDGE
ESTATES ASSOC

2710-02515
HOVLAND
GEORGE JR

2710-02516
FISCHER CREEK DULUTH BUILDING CO
3801 TECHNOLOGY DR

1356-00010
MINN
POWER/LIGHT CO

1356-00020
MINN
POWER/LIGHT CO

2710-02711
MINN
POWER/LIGHT CO

1356-00030
MN POWER &
LIGHT CO INC

Technology Dr

2710-02514
DULUTH UNITED LLC
4316 RICE LAKE RD

2710-02714
DULUTH
UNITED LLC

Rice Lake Road

2710-02540
NELSON
RANDY J

46	1	0570-00020	MINN-POWER/LIGHT CO	46
0570-00042	2	45	3217 PERSONS ST	45
DULUTH	3	44		44
UNITED LLC	4	43		43
42	5	42		42
41	6	41		41
40	7	40		40
39	8	39		39
38	9	38		38
37	10	37		37
36	11	36		36
	12	35		35

14.4 Acres JobZ Site

City of Duluth
Job Z Site



1:2,400

1 inch = 200 feet

Feet



Print Date: 7/07/2011

The City of Duluth warrants that the map data was reproduced to the best of its ability from the most current information available to it. The City of Duluth warrants that the map data was reproduced to the best of its ability from the most current information available to it. The City of Duluth warrants that the map data was reproduced to the best of its ability from the most current information available to it.

Attachment II

**[Copy of JOBZ Qualified Business' Job Opportunity Building Zone (JOBZ)
Program Application]**

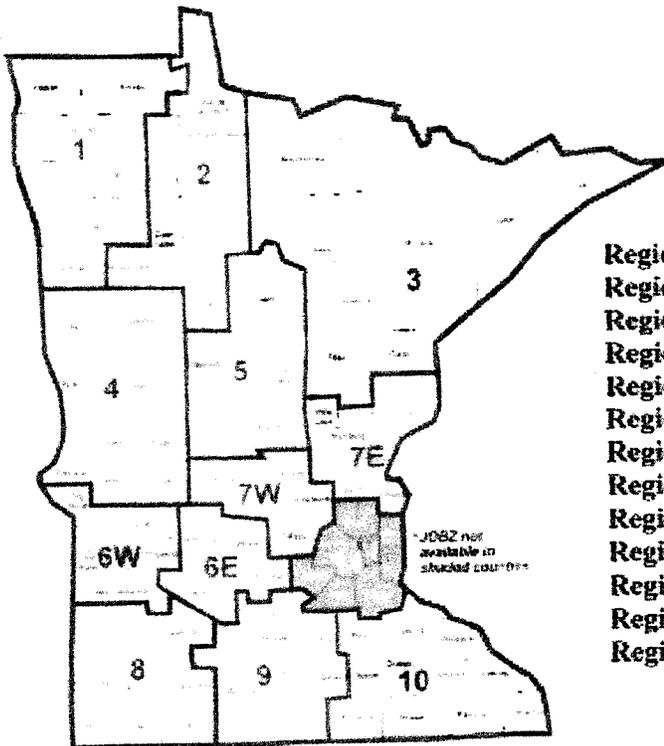
JOB OPPORTUNITY BUILDING ZONE (JOBZ) PROGRAM APPLICATION

APPLICATION PROCEDURES

The Job Opportunity Building Zone Program, or JOBZ, is a program that provides tax exemptions to qualified businesses in order to create jobs and stimulate economic development in distressed regions in Minnesota. JOBZ is intended for high-paying manufacturing businesses, although other businesses may be eligible.

In order to be eligible to receive JOBZ benefits, an application must be submitted and approved by the Department of Employment and Economic Development (DEED). The application and a step-by-step guide explaining the approval process is shown on the next page. Once you complete this application, submit it to the DEED Representative shown below who is responsible for the region or county in which the qualified business will be located.

For more information, visit www.deed.state.mn.us/bizdev/jobz.htm or please contact:



Region	Representative	Phone
Region 1	Emily Patin	651-259-7450
Region 2	Emily Patin	651-259-7450
Region 3	Emily Patin	651-259-7450
Region 4	Bart Bevins	651-259-7424
Region 5	Emily Patin	651-259-7450
Region 6E	Brad Simenson	651-259-7428
Region 6W	Brad Simenson	651-259-7428
Region 7E	Carol Pressley	651-259-7427
Region 7W	Samantha DiMaggio	651-259-7426
Region 8	Brad Simenson	651-259-7428
Region 9	Samantha DiMaggio	651-259-7426
Region 10	Carol Pressley	651-259-7427

COMPLETING THE JOBZ PROGRAM APPLICATION STEP-BY-STEP INSTRUCTIONS

1. The business contacts the local community to express interest in the JOBZ program. The subzone administrator provides the business with general information related to JOBZ and makes a preliminary determination regarding whether the business meets those requirements and if the JOBZ program is the best fit for the project. Sub-zone administrators should also contact the DEED representative for the region or county in which the business is located.

During these discussions, other forms of assistance that could be used in place of or as a supplement for JOBZ should be explored. A statement will be required from the subzone administrator certifying that they have considered other forms of financial assistance common in economic development including at a minimum: tax abatement, tax increment financing, private financial assistance, additional DEED programs including the Minnesota Investment Fund, workforce development and training assistance, other technical or financial assistance, etc. In addition, the administrator must certify that JOBZ assistance is required on this project in lieu of, or in addition to, the additional forms of assistance for the project are needed.

2. The business and subzone administrator jointly complete this JOBZ Program Application and submit it to DEED. In addition to completing the required application, the following attachments must be attached:
 - JOBZ Benefit Calculator (business);
 - Map, plat, survey, etc. showing the location and boundaries of the JOBZ zone, as well as the footprint of the building(s) included in the JOBZ zone (local government); and
 - Other attachments described in Part III of this application.
3. DEED will consider the application based on the factors described in its State Register notice of October 6, 2008, and notify the local government whether it has been approved or denied. DEED will also draft a Business Subsidy Agreement (BSA), to be signed by the local government, the business applicant and DEED.
4. If approved by DEED, an approval letter and a partially completed BSA will be sent to the local government. The local government should schedule a public hearing in order to consider the proposed project as described in the application.
5. If a zone modification is required, resolutions from the city, county and school board are also required and these resolutions should be forwarded to DEED.
6. If a JOBZ Relocation Agreement is necessary, the local government should notify DEED of the proposed project. DEED will draft the Relocation Agreement and forward it to the business for their signature. The business must then return it to DEED for signature by DEED's Commissioner.
7. After the BSA is signed by the local government, the business applicant, and DEED, DEED will notify the Department of Revenue as to the existence of the new BSA.
8. The business owner or subzone administrator must deliver a copy of the executed BSA to the local tax assessor, so that the property tax exclusion may be claimed.
9. The subzone administrator continues to provide assistance to the qualified business. This includes continuing reminders of the specific obligations in the Business Subsidy Agreement, particularly wage and job goals and notification that the wage floor requirements are adjusted annually. Both entities are responsible for reporting JOBZ progress and activity to DEED, the Department of Revenue and other officials as required.

JOBZ PROGRAM APPLICATION

PART I – To be completed by the local government

1. Local Government (Entity Name): City of Duluth		Date: 6/6/2011
Name of Contact Person: Heidi Timm-Bijold		Title: Manager, Business Resources
Address: 402 City Hall, 411 West First Street		
City: Duluth	State: MN	Zip: 55802
Phone: 218-730-5324		Website: www.duluthmn.gov
Fax: 218-730-5904		Email: htimm@duluthmn.gov

2. Parcel Identification Number: _____ Number of Acres: 14.4
 010 - 1356 - 00010 , 010 - 1356 - 00020, 010 - 1356 - 00030

3. This is a: new business ~~for MN~~ business expansion ^{from Iowa} business relocation
 (*Relocating businesses are those that relocate existing employees or business functions from another Minnesota location, in whole or in part, to a JOBZ zone without replacing those employees or functions in the former location.)

4. The business will move into: an existing building new construction

5. a. Is a zone modification required for this business? Yes No
 b. If yes, does the city have sufficient JOBZ acres to swap within the city? Yes No
 c. If no, do you have an agreement with another community to provide acres? Please provide community name: N/A Yes No
 d. Parcel Identification Numbers being removed if a zone modification is required: 010-2746-01330
 e. Total number of acres being removed if a zone modification if required: 14.4

6. Explain the proposed sources and uses of funds for project:

USE OF FUNDS	SOURCE OF FUNDS					TOTAL
	Private Debt bank	Equity	-City Gap Partners	Other State Funds SBA	Other (Explain)	
Land Acquisition	130,000					130,000
Building Construction	6,695,000	865,000	750,000	1,090,000		9,400,000
Site Work		520,000				520,000
Renovation of Existing Building						
Equipment Purchases		400,000				400,000
Working Capital F+F		50,000				50,000
Contingency						
TOTAL	6,825,000	1,835,000	750,000	1,090,000		10,500,000



JOBZ PROGRAM APPLICATION

Part II – To be completed by the business applicant

1. Business Name: Involta, LLC		
Current Address: 5055 REC Drive		
City: Marion	State: IA	Zip: 52302
Contact Person: Jeff Quint		Title: Chief Financial Officer
Phone: 319-261-3006		Email: jquint@involta.com
Fax: 319-365-9824		Website: www.involta.com
Street address where JOBZ business will be located: 207 Technology Drive		
City: Duluth	State: MN	Zip: 55811-4012
2. Industry Sector:		
NAICS Code Number: 541513 and Classification Name: Computer Facilities Management		
3. What date does the business expect to begin operations within the JOBZ zone? September 2012		
4. a. What is the current number of employees in Minnesota: 0		
b. What is the current number of employees the business has in the local government unit where the JOBZ project will occur: 0		
5. If applicable, provide the number of current FTE jobs that will be <u>relocated</u> to the JOBZ zone: 0		
6. List construction spending that you anticipate for this project:		
Type of Construction	Cost	Projected Construction Period
Property acquisition & Site Improvement	650,000	Oct. 2011 - Sept. 2012
Data Center Construction	9,400,000	Oct. 2011 - Sept. 2012
7. List equipment that you anticipate purchasing for this project:		
Type of Equipment	Cost	Projected Purchase Date
Network Equipment	175,000	June 2012
Rack Enclosures	125,000	Aug. 2012
Furniture	50,000	Aug. 2012
Security Systems	100,000	July 2012

JOBZ PROGRAM APPLICATION

Part II – To be completed by the business applicant

8. List the public infrastructure costs, if any associated with this project:

Type of Infrastructure	Cost	Projected Construction Date
Extend sewer	125,000	Q4 2011
Extend paved road	125,000	Q4 2011

9. List other public incentives or support being provided for this project:

Type of Incentive	Amount	Projected Date Provided
Tax Increment Financing	TBD	TBD
	<i>estimated 434,000</i>	<i>8/1/2011 start 10 years to follow JOBZ.</i>

Part III – Required Attachments

***Please attach additional pages as needed.**

Attachment A - JOBZ Benefit Calculator (to be completed by business). Attach all pages showing inputs as well as output. The JOBZ Benefit Calculator is located at <http://www.positivelyminnesota.com/bizdev/jobz.htm>.

Attachment B - Map, plat, survey, etc. showing the location and boundaries of the JOBZ zone, as well as the footprint of the building(s) included in the JOBZ zone.

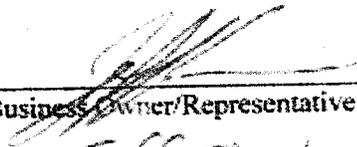
Attachment C - Business Description - Briefly describe the business, major activities, products or services offered, etc. If available, please attach existing information (brochures, web links, etc.). Also describe the markets served by this business (i.e. local, regional, statewide, national, and global).

Attachment D - Project Description - Briefly describe the proposed project, including how this project will build on existing regional strengths or diversify the regional economy. Also describe why the project needs JOBZ (i.e. What funding gap would JOBZ fill?)

JOBZ Program Application Certifications

Business Owner:

1. I hereby certify that I have been informed of the requirements included in Executive Order 08-01 regarding E-Verify. I certify I will determine the eligibility of all employees hired after the later date of the date of the JOBZ Business Subsidy Agreement or January 29, 2008, and that I will only hire those employees determined to be eligible by the E-Verify system.
2. I hereby certify that I have been informed of other financing alternatives to the JOBZ program. I have determined that the JOBZ program is necessary to my business start-up, expansion or relocation and that without JOBZ that start-up, expansion or relocation would not happen to this extent.
3. I hereby certify that I participated directly in completing the JOBZ Benefit Calculator by providing information necessary to do so. The results of the Calculator contain my best estimate that the benefits listed are correct, subject to the performance of the Calculator mechanics. I understand, however, the JOBZ Benefit Calculator is an estimation tool and that the actual amount of benefits received by my company may be different.
4. I hereby certify that I have been made aware of the ongoing reporting requirements for the JOBZ program and I agree to provide the required information in a timely and complete manner.
5. I further hereby certify that all information that concerns my business contained within this Application, including attached exhibits, is true and correct, under penalty of law.


Business Owner/Representative

Jeff Quint, CEO
Print name, Title

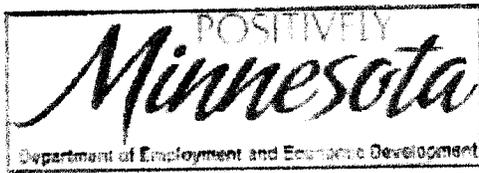
JOBZ PROGRAM APPLICATION CERTIFICATIONS

Local Government Organization:

1. I hereby certify that I am authorized to provide information regarding this community for this application and that such information is true and correct to the best of my knowledge.
2. I have assisted this business owner in completing this application and provided information regarding the JOBZ program to the business owner to the best of my ability. The information contained within this application, including attached exhibits, is true and correct under penalty of law.
3. I certify that other forms of financial assistance common in economic development were considered for this project including at a minimum: tax abatement, tax increment financing, private financial assistance, additional DEED programs including the Minnesota Investment Fund, workforce development and training assistance, other technical or financial assistance, etc

Meredith Lumm-Bjork
Local Economic Development Official,
Manager, Business Resources
JOBZ Subzone Administrator
Print name, Title

6-7-2011
Date completed



Assessment

[Positively Minnesota Home](#)

**Minnesota Department of Employment and Economic Development
JOBZ Tax Benefits Calculator Results**

SUMMARY OF ESTIMATED TAX SAVINGS

[Print This Page](#)

CY	Corp. Franchise Tax Savings	Sales Tax Savings	State Property Tax Savings	Local Property Tax Savings, Excl. School District	Job Creation Credit	Annual Benefit	Cumulative Benefits
2012	0	326,600	0	0	15,900	342,500	342,500
2013	0	19,500	0	0	16,500	36,000	378,500
2014	0	19,500	48,350	93,400	17,100	178,350	556,850
2015	0	19,500	48,350	93,400	17,700	178,950	735,800
Total	0	385,100	96,700	186,800	67,200		735,800

NOTE: Estimates are in nominal dollars and exclude the impact of JOBZ exemptions on other tax liabilities.

Last updated: December 2007

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[Positively Minnesota Home](#)

**Minnesota Department of Employment and Economic Development
Welcome to the JOBZ Calculator.**

To receive a confidential estimate of tax savings possible with the JOBZ program, please enter basic information about your business' potential facility

Definitions of terms will appear when you select (click on) the term or when your cursor is in the box to the right of the term. If you prefer to view all terms listed together, visit the [glossary](#).

This calculator is for estimation purposes only.

1. Please enter the county you are interested in: St. Louis

2. Please enter the community you are interested in: Duluth

Start-up of proposed facility in the JOBZone:

3. Is building new or existing: New

4. Year of construction/renovation: 2012

5. Construction/renovation purchases: \$ 10500000.00

Operation of your potential facility in the JOBZone:

6. Year operations in the JOBZone begin: 2012

Please provide the following data for benchmark year 2003:

7. 2003 JOBZone payroll: \$ 0

8. 2003 Total Minnesota payroll: \$ 0

9. 2003 number of full-time equivalent employees in JOBZone: 0

Please provide the following data based on the first full year of operations in the JOBZone:

10. Payroll in the JOBZone: \$ 525000.00

11. Expected average annual percent change for duration of JOBZone: % 3

12. Adjusted payroll in the JOBZone: \$ 525000.00

- 13 Expected average annual percent change for duration of JOBZone: % 3
- 14 Total payroll in Minnesota: \$ 525000.00
- 15 Expected average annual percent change for duration of JOBZone: % 3
- 16 Number of full-time equivalent employees in JOBZone during the taxable year: 8
- 17 Expected annual percent change for duration of JOBZone: % 0
- 18 Minnesota taxable income from the qualified business operating in the zone: \$ 0
- 19 Estimated annual percent change for duration of JOBZone: % 0
- 20 Assessed value of building in JOBZone (do not include land value): \$ 5300000.00
- 21 Estimated annual percent change for duration of JOBZone: % 0
- 22 Annual purchases subject to sales tax (excluding construction purchases included above): \$ 300000.00
- 23 Expected annual percent change for duration of JOBZone: % 0
- 24 Company's JOBZone tangible property as a percent of total Minnesota tangible property: % 75
- 25 Adjusted basis of the property at the time your property is first used in the zone: \$ 5300000.00
- 26 Is this business an ethanol plant with a business subsidy agreement executed after April 30, 2006? Yes No

If your business is relocating from an existing Minnesota location into a JOBZone please provide the following data:

27. Payroll from the relocated operation for the last full year prior to relocation: \$

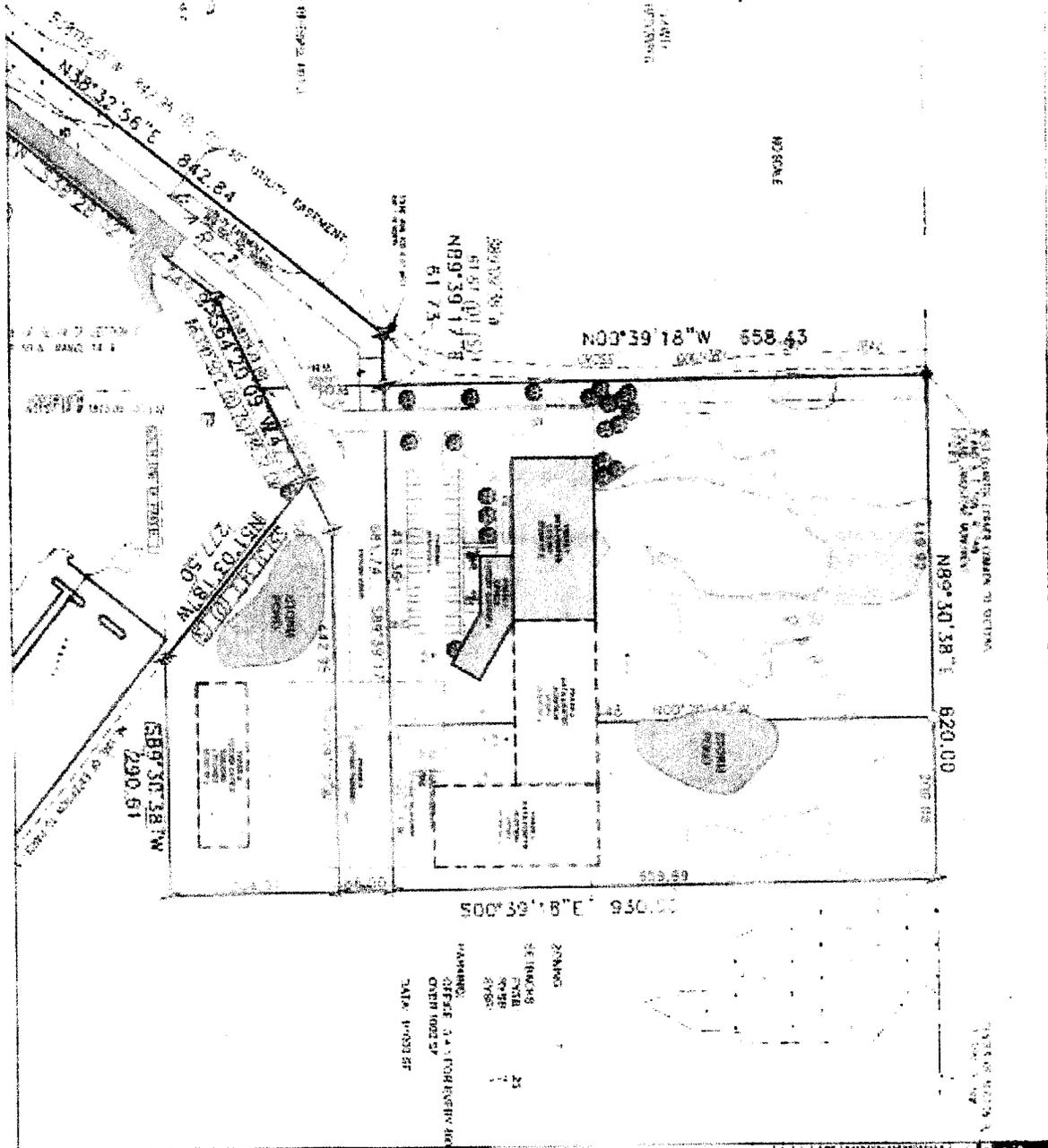
Last updated: December 2007

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4-11-11

NOT TO SCALE
 ALL DIMENSIONS ARE IN FEET AND INCHES
 UNLESS OTHERWISE NOTED
 THIS PLAN IS FOR INFORMATION ONLY
 AND DOES NOT CONSTITUTE A CONTRACT
 FOR THE WORK DESCRIBED THEREON
 THE CONTRACTOR SHALL BE RESPONSIBLE FOR
 VERIFYING ALL DIMENSIONS AND CONDITIONS
 BEFORE BEGINNING WORK

- LEGEND
- 1. EXISTING CONCRETE
 - 2. EXISTING ASPHALT
 - 3. EXISTING GRAVEL
 - 4. EXISTING GRADE
 - 5. EXISTING CURB
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ATTACHMENT C – Business Description

Involta, LLC (“Involta” or the “Company”) is a limited liability company that owns and operates secure data facilities and network operation centers. Involta currently operates facilities in Marion, Cedar Rapids, Muscatine and Cedar Falls, Iowa. These facilities provide space, power and cooling for colocation services, network and managed services primarily for businesses with significant data security and storage needs. Colocation refers to placing computer servers and other technology equipment and IT systems in a leased location, usually a high-quality data center, without the capital expense of the building and operating expense of managing and operating such a facility.

Involta is in position to build, own and operate Tier III data centers in Tier II markets. Tier III data centers refer to the Uptime Institute rankings of data center attributes and Tier II markets refers to Metropolitan Statistical Areas (MSAs) that have population in excess of 250,000 or, if smaller, are located within two hours of a much larger ranking MSA. Involta positions itself to serve the overall trend of colocating high-value servers into fully redundant enterprise data centers.

Involta has an established approach to identifying underserved Tier II Midwest cities, establishing market entry positions through the build of a new facility or the retrofit of an existing facility. This approach includes the consideration of risks, hazards, capabilities and opportunities for sites, as well as the potential to provide anchor tenants with the necessary advantages to colocate.

Involta believes that many companies choose data center colocation facilities for three main reasons:

- To avoid the capital investments necessary to create and operate a data center that has redundancy in power, cooling and network;
- To provide protection for their business in terms of security, regulation compliance, business continuance and disaster recovery;
- To improve overall levels of information technology service to the business, including establishing Service Level Agreements and repeatable, predictable processes.

Involta was formed July 2007 through the merger of Technology Resources Company (“TRC”) and CoVault, LLC. TRC was formed in 1998 as an information technology management, consulting and administration services company. CoVault was formed in 2006 and provided data center colocation services. Beyond providing physical colocation space to its customers, Involta believes that facility development and management is the single most important critical

path items for the Involta business plan to succeed. Quality, redundancy, and security are essential. Processes around facility management must be auditable, efficient and cutting edge for success. Four areas require competent technical management: Network, Power, Space and Security. Using the IT industry established service management tools and processes (ITIL), Involta has maintained compliance with SAS 70 requirements and confirmed these activities with both Type I and Type II SAS 70 audits.

Involta has a data center located in downtown Cedar Rapids, Iowa that provides cost effective connectivity for a Metropolitan Area Network that connects to the Tier III data center in Marion, Iowa. This data center has been operational since March 2006. This former Global Crossing facility allows Involta a presence within the concentration of fiber and business downtown.

Involta's data center in Marion, Iowa was opened in September 2008 and is a 20,000 square foot facility with 10,000 square feet of conditioned data center space available. This facility provides customers with locking cabinets, caged areas, fully redundant power and HVAC, controlled temperature and humidity environment, fire-threat detection and suppression, 24x7x365 critical systems monitoring, secure biometric access and on-site NOC staffing. The facility features redundant generators and redundant fiber optic connectivity. The Marion data center includes dual power feeds from the local area utility, highly reliable electrical and mechanical systems and is designed to withstand natural hazards. It is powered from separate paths independent of any one electrical generation plant. The Marion data center is designed to accommodate approximately 300 racks, is approximately 85% occupied and the property can accommodate expansion. In addition, the corporate headquarters of Involta are presently maintained at the Marion data center.

Even though the hosting elements (bandwidth, power, rack space) are commodity items, sales to businesses wanting to relocate their network assets is largely based on relationships. Involta plans to utilize a reseller sales channel to be able to progress more quickly on relationships. Value-added technology partners include: local technology distributors, software development companies and technology service companies. In addition, Involta's direct sales personnel develops a list of target companies from the area's economic development organizations, the local business organizations (such as the Chamber of Commerce), state manufacturer's directory, local referrals, business partners and online research. These companies are then profiled to build a sales funnel of qualified prospects.

In addition to building relationships with prospective customers and creating a profiled sales funnel, Involta's other marketing initiatives include maintaining a robust website with relative content and Search Engine Optimization, joining local business organizations such as the Duluth

and Hermantown Chamber of Commerce, media interviews and press conference to announce new facility. Involta's website is www.involta.com. Additional marketing material is attached.

Involta is led by a team with proven capacity in the critical areas of technology, operations, development, entrepreneurship and strong business acumen.

Bruce Lehrman – Chief Executive Officer

Lonnie Bloomquist – Chief Technology Officer

Ken Kremer – Chief Operating Officer

Randy Rings – Chief Administrative Officer

Jeff Quint – Chief Financial Officer

Jeff Thorsteinson – Chief Security Officer

Chris Shroyer – Senior Vice President of Sales & Marketing

Tom Wilcox – Vice President, Field Operations

Involta currently employs 48 full-time personnel across four states: IA (41), OH (4), TN (2) and MI (1).

Involta

Business Critical Collocation and Build-to-Suit Data Centers

Involta...

- SAS 70 Certification
- LEED Silver
- ITIL Operations
- PCI Compliant Clients
- Tier III Facilities
- Highly Secure
- Low Power Costs
- Carrier Neutral
- A&B Substation Power
- Build to suit with lease back options
- High Density Power
- Hardened Shell
- Managed Services



Involta.com

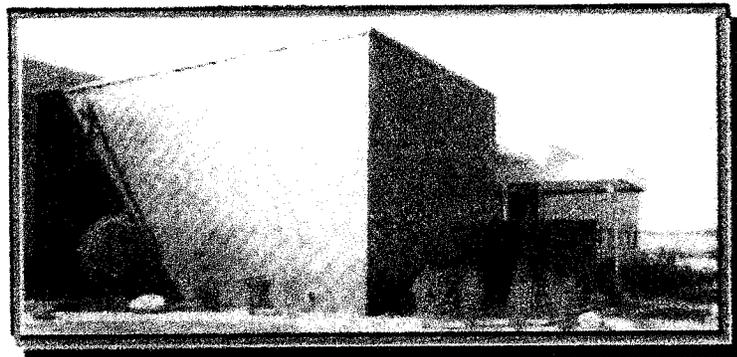
Contact Information
Christopher Schrover
(319) 651-9773
CSchrover@Involta.com

P.O. Box 1986
Clear Lake, IA 52826

Involta builds, owns, and operates data centers in the Midwest. Our newest multi-tenant facility in Marion, Iowa provides standardized lockable cabinets, video surveillance throughout the facility, biometric security access, electronic badge access to the cage level, remote hands, fully redundant power to independent substations, fully redundant HVAC, a controlled temperature and humidity environment, VESDA fire-threat detection and ECARQ25 dry fire suppression, loading dock access and 24x7x365 critical monitoring. The facility features redundant generators and redundant fiber optic connectivity.

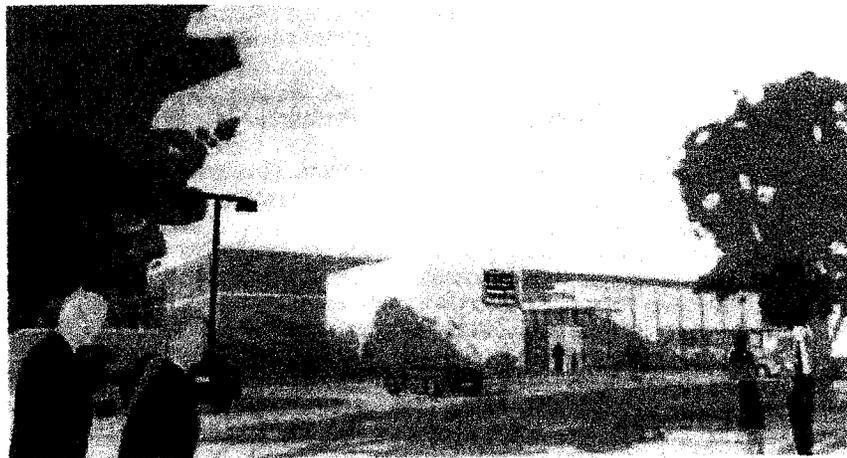
The Involta operations staff has expertise in all common technology disciplines and follows ITIL procedures. The onsite staff provides network and facilities management services to businesses that choose to locate their equipment in our multi-tenant locations. These services allow our clients to avoid large capital expenditures, improve scalability, system availability, and protect their Business Critical IT infrastructure with our cyber and physical security procedures. The Midwest location of Involta provides a low probability of natural or man-made disasters, an educated and dependable work force, low cost real estate and low cost power.

Should your needs call for a build-to-suit relationship, Involta will partner to build a cost effective state-of-the-art data center solution to meet your specific requirements. Our experience in building and operating data centers is valuable to a build-to-suit partnership and could include a lease-back provision to assist with required capital expenditures. Involta is currently looking for anchor tenant relationships in multiple markets.



Involta, LLC

Involta, LLC Overview



Involta, LLC manages multiple data centers in Iowa. The main purpose of a data center is to run the applications that handle the core business and operational data of an organization. Involta helps customers locate their mission critical technology infrastructure in the data center, provides support for the customer in the process and optimizes performance and expense throughout the term of the contract.



The new Involta data center in Marion, Iowa is a 20,000 square foot facility with a 10,000 square foot data center providing customers locking cabinets, fully redundant power and HVAC, a controlled temperature and humidity environment, fire-threat detection and suppression, 24x7x365 critical monitoring and 24x7x365 secure access with biometric security. The facility features redundant generators and redundant fiber optic connectivity. The data center is a reinforced concrete building located in a secure area and collocated with the area electrical utility headquarters. It is powered from separate paths independent of any one electrical generation plant.

Data Center Benefits

- High physical security means less risk of loss from unauthorized access – more uptime
- High data security results in fewer problems associated with internal and external threats
- High quality redundant systems mean virtually no downtime and true business continuity
- Generally lower power costs due to an industrial rate schedule and volume discounts (Data centers today use more electricity than all the televisions in America, and usage is growing)
- Lower priced, more diverse Internet connectivity resulting from direct fiber connections to Internet as well as redundant edge routing mean more uptime for less cost
- Data center experts manage all systems allowing customers to focus on their core businesses rather than complex computer facilities issues
- Defined processes for managing implementation, changes, incidents and growth.

Users can secure many benefits locating infrastructure in a data center rather in their own office space.

In addition to data center space, Involta provides business customers a wide array of critical infrastructure services including information security services, disaster recovery/business continuity services, IT business consulting and data infrastructure support.

Disaster Recovery is the process of regaining access to the data, hardware and software necessary to resume critical business operations after a natural or human-induced disaster. Businesses face risks of data loss as the result of natural disasters, fire, power failure, terrorist attacks, organized or deliberate disruptions, theft, system and/or equipment failures, human error, computer viruses, legal issues, worker strikes and/or testing. Some companies spend up to 25% of their budgets on disaster recovery planning in order to avoid larger losses. Of companies that had a major loss of computerized records, 43% never reopen, 51% close within two years, and only 6% will survive long-term. Disaster Recovery involves secure, off site backups including software, hardware and all data information.

Involta offers data center customers complete Disaster Recovery planning, development and execution services. Customers are provided with a fully documented and validated Disaster Recovery technology plan. Involta assists the customer by developing custom procedures that support objectives related to an information availability strategy including the creation of a Technology Availability Plan to document the specific metrics that will serve as a measurement of successful recovery. Involta identifies Recovery Timing Objectives (RTO) and Recovery Point Objectives (RPO) and assists business in defining process priorities and availability requirements. Involta also assists the customer with the total implementation of the plan execution including logical, physical and network set up. Finally, Involta offers customers a structured approach to reviewing and assessing internal and external data threats overseen by a Certified Information Systems Security Professional (CISSP). Involta also helps businesses find innovative ways to make use of disaster recovery equipment in day-to-day operations thus reducing costs and increasing efficiency. This allows business to acquire performance as well as insurance in Disaster Recovery systems.

Data Storage: Involta offers customers remote, online, or managed backup service providing users with an online system for backing up and storing computer files. Involta systems are built around a client software program that runs on a schedule, typically once a day. This program collects, compresses, encrypts, and transfers the data to the remote backup in the data center. Involta can also provide remote continuous data protection (CDP). Data storage is the first step in providing businesses assurance against loss. It is the very minimum needed for business continuity in the event of a disaster and loss of data. It does not, however, replicate applications, systems or hardware as does full Disaster Recovery Planning.

Business Continuity Planning and Hot Site Management, along with Disaster Recovery systems, provide customers with computer, network, forwarded telephone lines and physical facilities to continue operations in the event of the loss of the primary business location. Involta, through a partnership with community colleges throughout Iowa, provides customers with guaranteed workspace, computers and telephones available around the clock and with 24 hours of notification. Additionally, Involta ensures that customer application images are loaded on community college systems and customer inbound telephone lines are forwarded appropriately. Disaster Recovery systems in a data center are a critical component of Business Continuity Planning.

Data Infrastructure Support: Involta supports its customers through systems support as well. Involta offers Full Life-Cycle Management of its customer firewalls with guaranteed performance. This includes proactive refinement of security policies, software patches and upgrades as well as quarterly security consultations. Involta provides customer security monitoring including 24x7 monitoring of Network and security events, which are captured, analyzed and correlated in real-time. Involta also offers health and performance monitoring - 24x7 proactive monitoring for health and performance of systems. Involta proactively addresses developing operational problems prior to actual service failures.

Contact
Sales
Involta, LLC
PO Box 1986
Cedar Rapids, Iowa 52406-1986
(319) 354-3051
sales@involta.com

ATTACHMENT D: Project Description

Involta has developed its own processes to analyze Metropolitan Statistical Areas, electrical prices, fiber availability, number of headquarters in a given location, as well as the business climate through contact with the local economic development organization. The output of this analysis is identification of locations that have sizable populations within 150 mile radius; locations where Involta can establish competitive electrical supply; locations with building sites that may be cost effectively served by fiber infrastructure; and locations with anchor prospect insights.

A data center in Duluth, MN would place a Tier III data center within 150 miles of the 16th largest MSA, Minneapolis/St. Paul, which we believe is underserved with respect to data center facilities. The Duluth MSA is #165. Involta believes it can establish robust and competitive electrical supply as Duluth is served by diverse sources of generation supply, redundant transmission supply and the distribution supply is shared with the local utility control center. Involta also believes it can partner with customers and carriers to establish access to nearby fiber. Involta has established relationships with several anchor prospects and has a developed prospect sales funnel for non-anchor accounts. Involta projects that the location could support a data center as large as 10,000 square feet and can accommodate approximately 300 racks.

Involta has negotiated and executed an option agreement with the local power utility to acquire a parcel of real estate to be used for the Duluth Data Center.

Current anchor prospects for the Duluth data center include significant healthcare companies and other businesses headquartered in the region.

ATTACHMENT E: Business Competitors

Involta does not believe there is any company similar or competitive to Involta in the city of Duluth or county of St. Louis.

Minneapolis/St. Paul:

VISI/TDS – Under new ownership, this company is very similar to Involta, offering Tier III facility. However, they do not seem to offer similar security features as Involta. They do not offer many of the managed services Involta offers, nor do they offer CIP or similar consultative services.

IRON GATE – While they advertise themselves as a data center company, in reality, the company buys and sells used data center equipment and is striving to enter the data center facility business. They do not offer the same security as Involta. They are not SAS 70 certified, nor do they offer any CIP or similar consultative services.

Alexandria:

VAULTAS – This is a relatively new company providing collocation and business continuity/disaster recovery services located between Minneapolis, MN and Fargo, ND. Facility appears to be small and estimated to be Tier II.

ATTACHMENT F – New Jobs

Job Title: General Manager
Number of Jobs Created: 1
Annual Salary: \$100,000
Full-Time
Expected Hiring Date: March 2012

Job Title: Sales Account Manager
Number of Jobs Created: 1
Annual Salary: \$100,000
Full-Time
Expected Hiring Date: May 2012

Job Title: Administrative Assistant/Office Manager
Number of Jobs Created: 1
Annual Salary: \$35,000
Full-Time
Expected Hiring Date: July 2012

Job Title: Data Center Manager
Number of Jobs Created: 1
Annual Salary: \$80,000
Full-Time
Expected Hiring Date: July 2012

Job Title: NOC Operator
Number of Jobs Created: 1
Annual Salary: \$50,000
Full-Time
Expected Hiring Date: August 2012

Job Title: Network Analyst
Number of Jobs Created: 1
Annual Salary: \$60,000
Full-Time
Expected Hiring Date: August 2012

Job Title: Systems Analyst
Number of Jobs Created: 1
Annual Salary: \$50,000
Full-Time
Expected Hiring Date: September 2012

Job Title: Telecom Analyst
Number of Jobs Created: 1
Annual Salary: \$50,000
Full-Time
Expected Hiring Date: September 2012

Benefits Provided: Involta provides a wide array of benefits for its employees including Medical Insurance, Dental Insurance, Eyecare Program, Prescription Drug Plan, Life Insurance, Short-term Disability and Long-term Disability Insurance. In addition, Involta provides a matching 401(k) plan.

Value of Benefits: Total annual salary projected for the above positions created for the Duluth Data Center is \$525,000. With the benefits provided by Involta, the value of these positions is in the range of \$600,000 to \$630,000.

Attachment III

PREVAILING WAGE CERTIFICATION

TO: Commissioner of the Minnesota Department of Labor and Industry
443 Lafayette Road N.
St. Paul, MN 55155
Attention: _____

Being duly sworn under oath the undersigned does hereby certify as follows:

1. I have the following relationship with the following business, which is a “qualified business” under the Minnesota JOBZ Program created by Minn. Stat. §§469.310-469.3201:

Relationship (i.e. owner, partner, President, Vice President, etc)

Name of “qualified business”:

2. The above identified “qualified business” intends on operating the following trade or business at the following business address in the Involta, LLC JOBZ Subzone:

Name of Trade or Business:

Business Address of Trade or Business

3. That the operation of the trade or business identified in Paragraph 2 hereinabove in the Involta, LLC JOBZ Subzone will will not [Check appropriate box] involve the hiring of laborers and mechanics for construction, installation, remodeling or repair activities.
4. That if the operation of the trade or business identified in Paragraph 2 hereinabove in the Involta, LLC JOBZ Subzone will involve the hiring of laborers and mechanics for construction, installation, remodeling or repair activities, then such trade or business will pay such laborers and mechanics the prevailing wages required under the laws of the State of Minnesota, as the term prevailing wage rate is defined in Minn. Stat. § 177.42, Subd. 6, or any replacement statute.

[Signature of person executing this Prevailing Wage Certification]

[Type or print name of person executing this Prevailing Wage Certification]

Sworn to before me on this ____ day of _____, 20__.

(Notary Public for the State of Minnesota)

[Place Notary Seal at this point]