

CITY OF VICTORIA, MINNESOTA

**MODIFICATION OF DEVELOPMENT PROGRAM FOR
DEVELOPMENT DISTRICT NO. 1**

**ESTABLISHMENT OF TAX INCREMENT FINANCING PLAN FOR
TAX INCREMENT FINANCING (REDEVELOPMENT)
DISTRICT NO. 1-5 (ROSE STREET)**

PUBLIC HEARING: JUNE 13, 2016

PLAN APPROVED: JUNE 13, 2016

REQUEST FOR CERTIFICATION: _____

DISTRICT CERTIFIED: _____



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ARTICLE I – INTRODUCTION AND DEFINITIONS

SECTION 1.01 INTRODUCTION

The City of Victoria proposes to provide tax increment financing assistance to facilitate redevelopment of an approximate 0.6 acre site to provide for new commercial space and parking for the downtown area. This document contains the plan for achieving the objectives of the modified Development Program for Development District No. 1 through the establishment and use of Tax Increment Financing District No. 1-5.

SECTION 1.02 DEFINITIONS

For the purposes of this document, the terms below have the meanings given in this section, unless the context in which they are used indicates a different meaning:

1. "City" means the City of Victoria, Minnesota.
2. "City Council" means the City Council of the City.
3. "County" means Carver County, Minnesota.
4. "Developer" means a party undertaking construction or renovation within the TIF District.
5. "Development District" means Development District No. 1 in the City, created and established and modified pursuant to and in accordance with the Development District Act.
6. "Development District Act" means Minnesota Statutes, Sections 469.124 through 469.133, as amended and supplemented from time to time.
7. "Development Program" means the Development Program for the Development District, as amended and supplemented from time to time.
8. "Project Area" means the geographic area of the Development District.
9. "Project Costs" means the cost of the development activities that will or are expected to occur within the Project Area or TIF District.
10. "School District" means Eastern Carver County Schools (Independent School District No. 112).
11. "State" means the State of Minnesota.
12. "TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1794, both inclusive.
13. "TIF District" means Tax Increment Financing (Redevelopment) District No. 1-5 (Rose Street).
14. "TIF Plan" means the tax increment financing plan for the TIF District (this document).

SECTION 1.03 PLAN PREPARATION

This document was prepared for the City by Northland Securities, Inc. Project data was provided by City Staff.

ARTICLE II - MODIFICATION TO DEVELOPMENT PROGRAM

SECTION 2.01 OVERVIEW

The City has heretofore established Municipal Development District No. 1, initially established in April 1990 and amended on May 1, 1997 (as amended, the "Development District") and adopted a development program therefor (the "Development Program") pursuant to the Minnesota Municipal Development District Act, Minnesota Statutes, Sections 469.124 through 469.134, and established Tax Increment Financing District Nos. 1-2, 1-3 and 1-4 within the Development District pursuant to the TIF Act.

Various amendments have been adopted respecting the Development Program, the Tax Increment Financing Districts and Tax Increment Financing Plans, including the establishment of additional Tax Increment Districts within the Development District.

The City has determined that it is necessary to further amend the Development Program to establish Tax Increment Financing District No. 1-5 within the Development District.

SECTION 2.02 BOUNDARIES OF DEVELOPMENT DISTRICT

The boundaries of the Development District are contiguous with the boundaries of the City depicted in Exhibit VI, as approved by the modification to the Development District adopted on February 8, 2016 (Resolution No. 16-11).

ARTICLE III - TAX INCREMENT FINANCING PLAN

SECTION 3.01 STATUTORY AUTHORITY

The TIF District and this TIF Plan are established under the authority of the TIF Act (Minnesota Statutes 2015).

SECTION 3.02 PLANNED DEVELOPMENT

3.02.1 Project Description

The City plans to acquire property, perform site improvements, upgrade utilities, and construct parking within the TIF District, among other things, for the purpose of redevelopment.

The anticipated redevelopment will include construction of an approximately 7,600 square foot commercial building suitable for retail and office uses. Tax increment will assist with soil corrections to facilitate the redevelopment of the commercial building site, and construction of parking lot improvements consisting of: paving of 59-70 on-street and off-street parking spaces, site lighting, landscaping, defined pedestrian zones and corridors, curb and gutter, public storm sewer including storm water management for the project, sanitary and water utility services necessary for development within and adjacent to the project.

3.02.2 City Plans and Development Program

In addition to achieving the objectives of the Development Program, the proposed development is consistent with and works to achieve the development objectives of the City. The TIF Plan for the TIF District conforms to the general plan for development or redevelopment of the City as a whole.

The reasons and facts supporting this finding are that the City Council has reviewed the Development Program and found that the TIF Plan is consistent with the goals of the Comprehensive Plan and zoning ordinances and serves to promote the City's development objectives for the City.

3.02.3 Land Acquisition

The City has acquired land within the TIF District, financed from an interfund loan (City Resolutions No. 13-93 and No. 15-72). The City is in the process of acquiring additional land within the boundaries of the Development District, parcel number 65.0134500, for the purpose of retaining rights to existing public off-street parking necessary to support existing and future redevelopment. The City plans to finance the land acquisition from the issuance of bonds (see Section 3.04.6).

3.02.4 Development Activities

As of the date of approval of this TIF Plan, there are no development activities proposed in this TIF Plan that are subject to contracts.

3.02.5 Need for Tax Increment Financing

The reasons and facts supporting this finding are that this is a commercial area of the City that includes parcels that have been found to have been occupied by blighted buildings and under-utilized areas which are a detriment to redevelopment by the private sector. Such conditions render properties within the District unsuitable for redevelopment due to the excessive costs involved with redevelopment. It is only through a coordinated and comprehensive redevelopment effort using tax increment revenues to fund certain of these excessive development expenses and provide necessary improvements to public infrastructure serving the commercial area will private redevelopment occur. In the opinion of the City, the

proposed development would not reasonably be expected to occur solely through private investment within the foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan.

A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed as described above and is shown in Exhibit I. This analysis indicates that the increase in estimated market value of the proposed development (less the present value of the projected tax increments for the maximum duration permitted by the TIF Plan) exceeds the estimated market value of the site prior to the establishment of the TIF District.

SECTION 3.03 TAX INCREMENT FINANCING DISTRICT

3.03.1 Designation

This TIF District is designated Tax Increment Financing (Redevelopment) District No. 1-5 (Rose Street).

3.03.2 Boundaries of TIF District

The boundaries of the TIF District are depicted in Exhibit VIII and includes the following parcels and the adjacent roads and right-of-way:

- 65.0750190
- 65.0750231
- 65.0750260
- 65.0750232
- In addition to these four parcels, the boundaries of the TIF District includes a portion of parcel 65.0750200, with the portion to be included in the TIF District legally described as follows:

The South 37.00 feet of the East 85 feet of the following described parcel:

That part of Lot 2 Block 4, VICTORIA, Carver County, Minnesota, according to the recorded plat thereof, described as follows:

Commencing at the Northeast corner of the Southeast Quarter of the Northeast Quarter of Section 14, Township 116 North, Range 24 West of the 5th Principle Meridian, Carver County, Minnesota, said Northeast corner is assumed to be a point on the East line of said Northeast Quarter distant 1,320.88 feet North from the East Quarter corner of said Section 14; thence North along said East line a distance of 21.00 feet; thence Westdeflecting left 90 degrees a distance of 33.00 feet to the East line of said Lot 2 and the point of beginning of the property to be described; thence North deflecting right 90 degrees along the East line of said Lot 2 a distance of 124.00 feet; thence West deflecting left 90 degrees a distance of 209.00 feet; thence South deflecting left 90 degrees a distance of 124.00 feet; thence East deflecting left 90 degrees a distance of 104.50 feet; thence South deflecting right 90 degrees a distance of 38.00 feet; thence East deflecting left 90 degrees a distance of 104.50 feet to the East line of said Lot 2 to the point of beginning, EXCEPT that part of said Lot 2 lying Northerly of the following described line:

Commencing at the East Quarter corner of said Section 14; thence North along the East line of said Northeast Quarter a distance of 1408.19 feet to the point of

beginning of the line to be described; thence Westerly, deflecting left 91 degrees 29 minutes to the West line of said Lot 2 and there ending.

And Also:

That part of the adjacent vacated Easterly 10 feet of Rose Street right-of-way, originally Hill Street, lying between the Westerly extensions of the North and South line of the most Westerly part of the above described property.

The portion of parcel 65.0750200 legally described above must be removed from Tax Increment Financing District No. 1-3, by resolution of the City Council approving the modification, before it can be certified as part of the TIF District.

3.03.3 Type of District

The TIF District is established as a “redevelopment” district pursuant to Minnesota Statutes Section 469.174, Subd. 10. The City has determined that the property in the TIF District meets the statutory criteria for a redevelopment district.

As summarized in the table below, 100% of the area of the TIF District is occupied by improved parcels, and 100% of the buildings within the TIF District are found to be substandard. Each of the parcels within the TIF District, including the area of parcel 65.0750190 that is included within the boundaries of the TIF District, contain improvements covering over 15% of the individual parcel’s area. The facts supporting this finding are included in Exhibit V and Exhibit VI.

The results of the building inspection and analysis performed by Thomas P. Gray, Certified Building Inspector, are contained in the building inspections reports dated August 18, 2008 for the building located at 7951 Rose Street (parcel 65.0750190) and dated August 15, 2008 for the building located at 7948 Victoria Drive (parcel 65.0750230) and included in Exhibit V of the TIF Plan.

Number of Parcels.....	5
Area Included (sq.ft. without roads).....	25,357.60
Area of Improved Parcels	24,846.40
Percent of Area Improved.....	96.56%
Number of Parcels with Buildings	2
Number of Buildings found Substandard.....	2
Percent of Buildings found Substandard.....	100%

SECTION 3.04 PLAN FOR USE OF TAX INCREMENT

3.04.1 Estimated Tax Increment

The original tax capacity of value of the TIF District will be set by the County upon request for certification. The original tax capacity value may change over time based on the use and tax classification of each parcel. For the purposes of this TIF Plan, the estimated original tax capacity is \$1,830. This amount is based on the most recent published combined estimated taxable market value of the property of \$122,000 (including a portion of the taxable market value for parcel 65.0750190), with tax capacity value calculated for commercial property.

The total tax capacity value of the property after completion of all phases of redevelopment is estimated to be \$14,450. This amount is based on a total estimated taxable market value of \$760,000 with property classified as commercial property. The difference between the total tax capacity value and the original tax capacity value is the captured tax capacity value for the creation of tax increment. It is the City’s intent to retain 100% of the captured tax capacity Value

for the life of the TIF district.

The total local tax rate for taxes payable in 2016 is 116.016%. The original tax rate for the TIF District will be established by the County Auditor and is estimated to be based on this final total local tax rate for taxes payable in 2016, assuming the request for certification of TIF District is made prior to June 30, 2016.

The City elects that tax increment will be calculated as described in clause (a) of 469.177, Subd. 3, which means that the fiscal disparity contributions attributable to the TIF District will be made from property outside the boundaries of the TIF District.

Under these assumptions, the estimated annual tax increment in the first year upon completion of all phases of redevelopment will be \$14,641. The actual tax increment will vary according to the certified original tax capacity value and original tax rate, the actual estimated taxable market value resulting from future development and State tax policy over the life of the TIF District. Exhibit II contains the projected tax increment over the life of the TIF District.

3.04.2 Project (Redevelopment) Costs

The City will use tax increment to pay for Project Costs. The City reserves the right to use tax increment to reimburse the City and/or the Developer for Project Costs related to the redevelopment of the property in the TIF District. Project Costs eligible for reimbursement are for activities needed to correct the redevelopment conditions under the TIF Act, including land acquisition, public improvements, earthwork, site utilities, paving, site concrete, landscaping, site accessories, fencing, public and private utility services, building demolition, clearance of the site, abatement of contaminants, on-site parking and other site development expenses allowed by the TIF Act.

The City reserves the authority to use tax increments to pay principal and interest on bonds and to compensate for the interest expense of financing for these redevelopment costs at a rate to be set by the City or pursuant to a development agreement.

The City reserves the right to enter into a development agreement that defines the means for verifying Project Costs eligible for reimbursement and the means of disbursing tax increments collected by the City.

The City reserves the right to use any other legally available revenues to finance or pay for Project Costs associated with the development in the TIF District.

3.04.3 Estimated Sources and Uses of Funds

The estimated sources of revenue, along with the estimated Project Costs of the TIF District, are itemized in Figure 3-1 included in this section. The estimates are based on the best available information for the sources and uses of funds. Such costs are eligible for reimbursement from tax increments, and other listed sources of revenue from the TIF District.

The City reserves the right to administratively adjust the amount of any of the items listed in Figure 3-1, or to incorporate additional eligible items, so long as the total estimated tax increment project costs, as shown in Figure 3-1 on the next page, is not increased.

**Figure 3-1
Estimated Sources and Uses of Funds**

	Total
Estimated Tax Increment Revenues (from tax increment generated by the district)	
Tax increment revenues distributed from the county	\$570,000
Interest and investment earnings	\$5,000
Sales/lease proceeds	\$0
Market value homestead credit	\$0
Total Estimated Tax Increment Revenues	\$575,000
Estimated Project/Financing Costs (to be paid or financed with tax increment)	
Project costs	
Land/building acquisition	\$0
Site improvements/preparation costs	\$159,000
Utilities	\$0
Other qualifying improvements	\$300,000
Construction of affordable housing	\$0
Small city authorized costs, if not already included above	\$0
Administrative costs	\$56,000
Estimated Tax Increment Project Costs	\$515,000
Estimated financing costs	
Interest expense	\$60,000
Total Estimated Project/Financing Costs to be Paid from Tax Increment	\$575,000

3.04.4 Administrative Expense

The City reserves the right to spend up to a maximum of ten percent (10%) of annual tax increment revenues, less fees paid to the State and County on administrative expenses. The City will use these monies to pay for and reimburse the City for costs of administering the TIF District allowed by the TIF Act. Figure 3-1 in Section 3.04.3 provides the estimated amount of administrative costs to be paid from tax increments. Anticipated administrative expenses of the TIF District include annual audit of the fund for TIF District, preparation of annual reporting, legal publication of annual report, and administration of the development agreement. The City may also reimburse itself for costs associated with the establishment of the TIF District, including the TIF Plan and preparation of development agreement(s).

3.04.5 County Road Costs

The proposed development will not substantially increase the use of county roads and necessitate the need to use tax increments to pay for county road improvements.

3.04.6 Bonded Indebtedness

The total amount of bonds estimated to be issued is \$1,200,000 and is included in Figure 3-1 in Section 3.04.3. The City anticipates both the authorization of an interfund loan and the issuance of general obligation tax increment bonds (the "G.O. TIF Bonds").

Before money is transferred, advanced, or spent, the obligation financing the expenditure shall be authorized by resolution of the City. For the loan or advance to be repaid with TIF revenues, an interfund loan agreement must be in place before any loans or advances are made. The terms and conditions for repayment of the loan must be in writing and include, at minimum, (i) the principal amount of the loan or advance, (ii) the interest rate to be charged, and (iii) its

maximum term. The maximum rate of interest that can be charged is limited to the annual rate charged by the State Courts or by the Department of Revenue, whichever is greater.

The issuance of G.O. TIF Bonds is anticipated to finance Project Costs both within the boundaries of the TIF District and outside of the boundaries of the TIF District but within the boundaries of the Development District. The City plans to use tax increment from the TIF District to pay a minimum of 20% of the G.O. TIF Bonds. The remaining debt service is anticipated to be paid from a property tax levy.

3.04.7 Duration of TIF District

The TIF Act allows tax increments to be collected from the TIF District for a period not to exceed 25 years from the date of receipt of the first tax increment. The City reserves the right to collect tax increments for this period to undertake additional eligible activities in the TIF District and the Development District. The first tax increment is estimated to be collected in 2018 (assuming start and completion of construction in 2016) creating the authority to collect tax increments through 2043. The City expects to request decertification of the TIF District after reimbursement of all Project Costs, but no later than the end of the 25th year following the first year of receipt of tax increment, whichever occurs first.

3.04.8 Estimated Impact on Other Taxing Jurisdictions

Exhibit III and IV shows the estimated impact on other taxing jurisdictions if the maximum projected retained captured net tax capacity of the TIF District was hypothetically available to the other taxing jurisdictions. The City believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since the proposed development would not have occurred without the establishment of the TIF District and the provision of public assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified and the development therein becomes part of the general tax base.

The City anticipates minimal impact of the proposed development on city-provided services. There should be minimal, if any, impact on water and sewer usage. The City does not anticipate an increase in police and fire protection duties due to the development.

3.04.9 Prior Planned Improvements

There have been no building permits issued in the last 18 months in conjunction with any of the properties within the TIF District. The City will include this statement with the request for certification to the County Auditor. If building permits had been issued during this time period, then the County Auditor would increase the original net tax capacity of the TIF District by the net tax capacity of each improvement for which a building permit was issued.

ARTICLE IV – ADMINISTERING THE TIF DISTRICT

SECTION 4.01 FILING AND CERTIFICATION

The filing and certification of the TIF Plan consists of the following steps:

1. Upon adoption of the TIF Plan, the City shall submit a copy of the TIF Plan to the Minnesota Department of Revenue and the Office of the State Auditor.
2. The City shall request that the County Auditor certify the original net tax capacity and net tax capacity rate of the TIF District. To assist the County Auditor in this process, the City shall submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements.
3. The City shall send the County Assessor any assessment agreement establishing the minimum market value of land and improvements in the TIF District, and shall request that the County Assessor review and certify this assessment agreement as reasonable.

SECTION 4.02 MODIFICATIONS OF THE TAX INCREMENT FINANCING PLAN

The City reserves the right to modify the TIF District and the TIF Plan. Under current State Law, the following actions can only be approved only after satisfying all the necessary requirements for approval of the original TIF Plan (including notifications and public hearing):

- Reduction or enlargement in the geographic area of the Development District or the TIF District.
- Increase in the amount of bonded indebtedness to be incurred.
- Increase in the amount of capitalized interest.
- Increase in that portion of the captured net tax capacity to be retained by the City.
- Increase in the total estimated Project Costs.
- Designation of additional property to be acquired by the City.

Other modifications can be made by resolution of the City Council. In addition, the original approval process does not apply if (1) the only modification is elimination of parcels from the TIF District and (2) the current net tax capacity of the parcels eliminated equals or exceeds the net tax capacity of those parcels in the TIF District's original net tax capacity, or the City agrees that the TIF District's original net tax capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

The City must notify the County Auditor of any modification that reduces or enlarges the geographic area of the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

SECTION 4.03 CORRECTING REDEVELOPMENT CONDITIONS

Section 469.176, Subd. 4j of the TIF Act requires that at least 90% of the revenues derived from tax increments from the TIF District be used to finance the cost of correcting conditions that allow designation as a redevelopment district. These costs include, but are not limited to, acquiring properties containing structurally substandard buildings or improvements or hazardous substances, pollution, or contaminants, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition and rehabilitation of structures, clearing of the land, the removal of hazardous substances or remediation necessary to development of the land, and installation of utilities, roads, sidewalks, and parking facilities

for the site. The allocated administrative expenses of the City, including the cost of preparation of the development action response plan, may be included in the qualifying costs.

SECTION 4.04 4-YEAR KNOCKDOWN RULE

The 4-year Knockdown Rule requires that if after four years from certification of the TIF District no demolition, rehabilitation, renovation or site improvement, including a qualified improvement of an adjacent street, has commenced on a parcel located within the TIF District, then that parcel shall be excluded from the TIF District and the original net tax capacity shall be adjusted accordingly. Qualified improvements of a street are limited to construction or opening of a new street, relocation of a street, or substantial reconstruction or rebuilding of an existing street. The City must submit to the County Auditor, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

If a parcel is excluded from the TIF District and the City or owner of the parcel subsequently commences any of the above activities, the City shall certify to the County Auditor that such activity has commenced and the parcel shall once again be included in the TIF District. The County Auditor shall certify the net tax capacity of the parcel, as most recently certified by the Commissioner of Revenue, and add such amount to the original net tax capacity of the TIF District.

SECTION 4.05 POOLING/5-YEAR RULE

At least 75 percent of the tax increments (net of administrative expenses) from this TIF District (the "In-District Percentage") must be expended on activities within the TIF District, including payment on any bonds for which the proceeds were used to finance activities within the TIF District. Up to 25 percent of the tax increments from this TIF District may be used to finance activities outside the TIF District but within the Development District.

Tax increments are considered to have been "spent" within the TIF District if such amounts are:

- actually paid to a third party for activities performed within the TIF District within five years after certification of the district;
- used to pay bonds that were issued and sold to a third party, the proceeds of which are reasonably expected on the date of issuance to be spent within the later of the five-year period or a reasonable temporary period or are deposited in a reasonably required reserve or replacement fund.
- used to make payments or reimbursements to a third party under binding contracts for activities performed within the TIF District, which were entered into within five years after certification of the district; or
- used to reimburse a party for payment of eligible costs (including interest) incurred within five years from certification of the district; or
- in the case of a housing district, used for a housing project, as defined in section 469.174, subdivision 11.

It is anticipated that all tax increments collected in the TIF District will be spent or obligated within this five year time period. Unless the TIF Plan is modified within this five-year period and additional expenditures are authorized, tax increments will only be used to pay for authorized redevelopment costs and administrative expenses.

At least 90 percent of the revenues derived from tax increments from a redevelopment district or renewal and renovation district must be used to finance the cost of correcting conditions that allow designation of redevelopment and renewal and renovation districts under section 469.174. These costs include, but are not limited to, acquiring properties containing structurally

substandard buildings or improvements or hazardous substances, pollution, or contaminants, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition and rehabilitation of structures, clearing of the land, the removal of hazardous substances or remediation necessary to development of the land, and installation of utilities, roads, sidewalks, and parking facilities for the site. The allocated administrative expenses of the authority, including the cost of preparation of the development action response plan, may be included in the qualifying costs.

SECTION 4.06 FINANCIAL REPORTING AND DISCLOSURE REQUIREMENTS

The City will comply with the annual reporting requirements of State Law pursuant to the guidelines of the Office of the State Auditor. Under current law, the City must prepare and submit a report on the TIF district on or before August 1 of each year. The City must also annually publish in a newspaper of general circulation in the City an annual statement for each tax increment financing district.

The reporting and disclosure requirements outlined in this section begin with the year the district was certified, and shall end in the year in which both the district has been decertified and all tax increments have been spent or returned to the county for redistribution. Failure to meet these requirements, as determined by the State Auditors Office, may result in suspension of distribution of tax increment.

SECTION 4.07 BUSINESS SUBSIDY COMPLIANCE

The City will comply with the business subsidies requirements, if applicable, specified in Minnesota Statutes, Sections 116J.993 to 116J.995.

Exhibit I

**City of Victoria
Tax Increment Financing District No. 1-5
Present Value Analysis As Required By
Minnesota Statutes 469.175(3)(2)
Rose Street**

1 Estimated Future Market Value w/ Tax Increment Financing	1,246,861
2 Payable 2016 Market Value	122,000
3 Market Value Increase (1-2)	1,124,861
4 Present Value of Future Tax Increments	338,365
5 Market Value Increase Less PV of Tax Increments	786,496
6 Estimated Future Market Value w/o Tax Increment Financing	200,154 ¹
7 Payable 2016 Market Value	122,000
8 Market Value Increase (6-7)	78,154
9 Increase in MV From TIF	708,342 ²

¹ Assume 2.00% annual appreciation over 25 year life of district.

² Statutory compliance achieved if increase in market value from TIF (Line 9) is greater than or equal to zero.

TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 1-5

Exhibit II
City of Victoria
 Tax Increment Financing District No. 1-5
 Projected Tax Increment
 Rose Street

TIF District	Value Year	Taxes Payable Year	New Tax Capacity ₁	Base Tax Capacity	Fiscal Disparities Contribution	Captured Tax Capacity	Assumed Original Tax Rate	100.00% Estimated Tax Increment	10.00% City Admin.	0.36% State Auditor Deduct.	Available Net Annual Tax Increment	Total PV of Est. TIF 3.00%
1	2017	2018	14,450	(1,830)	0	12,620	116.016%	14,641	(1,464)	(53)	13,124	14,283
2	2018	2019	14,739	(1,830)	0	12,909	116.016%	14,977	(1,492)	(54)	13,431	28,464
3	2019	2020	15,034	(1,830)	0	13,204	116.016%	15,319	(1,526)	(55)	13,737	42,544
4	2020	2021	15,334	(1,830)	0	13,504	116.016%	15,667	(1,561)	(56)	14,050	56,522
5	2021	2022	15,641	(1,830)	0	13,811	116.016%	16,023	(1,597)	(58)	14,369	70,397
6	2022	2023	15,954	(1,830)	0	14,124	116.016%	16,386	(1,633)	(59)	14,694	84,171
7	2023	2024	16,273	(1,830)	0	14,443	116.016%	16,756	(1,670)	(60)	15,026	97,842
8	2024	2025	16,599	(1,830)	0	14,769	116.016%	17,134	(1,707)	(62)	15,365	111,412
9	2025	2026	16,930	(1,830)	0	15,100	116.016%	17,519	(1,746)	(63)	15,710	124,879
10	2026	2027	17,269	(1,830)	0	15,439	116.016%	17,912	(1,785)	(64)	16,063	138,245
11	2027	2028	17,614	(1,830)	0	15,784	116.016%	18,313	(1,825)	(66)	16,422	151,509
12	2028	2029	17,967	(1,830)	0	16,137	116.016%	18,721	(1,865)	(67)	16,788	164,671
13	2029	2030	18,326	(1,830)	0	16,496	116.016%	19,138	(1,907)	(69)	17,162	177,731
14	2030	2031	18,693	(1,830)	0	16,863	116.016%	19,563	(1,949)	(70)	17,543	190,689
15	2031	2032	19,066	(1,830)	0	17,236	116.016%	19,997	(1,993)	(72)	17,933	203,547
16	2032	2033	19,448	(1,830)	0	17,618	116.016%	20,440	(2,037)	(74)	18,330	216,303
17	2033	2034	19,837	(1,830)	0	18,007	116.016%	20,891	(2,082)	(75)	18,734	228,959
18	2034	2035	20,233	(1,830)	0	18,403	116.016%	21,351	(2,127)	(77)	19,147	241,514
19	2035	2036	20,638	(1,830)	0	18,808	116.016%	21,821	(2,174)	(79)	19,568	253,968
20	2036	2037	21,051	(1,830)	0	19,221	116.016%	22,299	(2,222)	(80)	19,997	266,322
21	2037	2038	21,472	(1,830)	0	19,642	116.016%	22,788	(2,271)	(82)	20,435	278,577
22	2038	2039	21,901	(1,830)	0	20,071	116.016%	23,286	(2,320)	(84)	20,882	290,732
23	2039	2040	22,339	(1,830)	0	20,509	116.016%	23,794	(2,371)	(86)	21,338	302,788
24	2040	2041	22,786	(1,830)	0	20,956	116.016%	24,313	(2,423)	(88)	21,803	314,745
25	2041	2042	23,242	(1,830)	0	21,412	116.016%	24,841	(2,475)	(89)	22,276	326,604
26	2042	2043	23,707	(1,830)	0	21,877	116.016%	25,381	(2,529)	(91)	22,761	338,365
TOTAL =								509,271	(50,749)	(1,833)	456,689	

Key Assumptions

- 1 Base value annual growth assumption = 2.00%
- 2 Property Tax = Final Pay 2016.
- 3 Base Value = \$122,000
- 4 New Value = \$760,000 (assumes 7,600 sf building with taxable market value of \$100/SF inclusive of land and building value)
- 5 Present value is based on semi-annual payments.
- 6 Parcels included in TIF District: 1) "old" city hall; 2) area occupied by municipal parking; and 3) land area previously occupied by residential home fronting Victoria Drive.
- 7 Assumes Fiscal Disparities paid from outside of the TIF District.

Exhibit III
 City of Victoria
 Tax Increment Financing District No. 1-5
 Impact on Other Taxing Jurisdictions
 (Taxes Payable 2016)
 Rose Street

ANNUAL TAX INCREMENT

Estimated Annual Captured Tax Capacity (Full Development)	\$21,877
Payable 2016 Local Tax Rate	<u>116.016%</u>
Estimated Annual Tax Increment	\$25,381

Percent of Tax Base

	Net Tax Capacity (NTC)	Captured Tax Capacity	Percent of Total NTC
City of Victoria	12,724,544	21,877	0.17%
Carver County	118,630,750	21,877	0.02%
ISD 112	68,349,546	21,877	0.03%

Dollar Impact of Affected Taxing Jurisdictions

	Net Tax Capacity (NTC)	% of Total	Tax Increment Share	Added Local Tax Rate
City of Victoria	38.880%	33.513%	8,506	0.067%
Carver County	31.520%	27.169%	6,896	0.006%
ISD 112	39.245%	33.828%	8,586	0.013%
Other	6.370%	5.491%	1,394	
Totals	<u>116.016%</u>	<u>100.000%</u>	25,382	

NOTE NO. 1: Assuming that ALL of the captured tax capacity would be available to all taxing jurisdictions even if the City does not create the Tax Increment District, the creation of the District will reduce tax capacities and increase the local tax rate as illustrated in the above tables.

NOTE NO. 2: Assuming that NONE of the captured tax capacity would be available to the taxing jurisdiction if the City did not create the Tax Increment District, then the plan has virtually no initial effect on the tax capacities of the taxing jurisdictions. However, once the District is established, allowable costs paid from the increments, and the District is terminated, all taxing jurisdictions will experience an increase in their tax base.

TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 1-5

Exhibit IV

City of Victoria
Tax Increment Financing District No. 1-5
Estimated Tax Increments Over Maximum Life of District
Rose Street

Based on Pay 2016 Tax Rate = 116.016% 38.880% 31.520% 39.245% 6.370%

TIF District Year	Taxes Payable Year	New Tax Capacity	Base Tax Capacity	Captured Tax Capacity	Estimated Total Tax Increment	City TIF Related Share	County TIF Related Share	School TIF Related Share	Other TIF Related Share
1	2018	14,450	(1,830)	12,620	14,641	4,907	3,978	4,953	803
2	2019	14,739	(1,830)	12,909	14,977	5,019	4,069	5,066	823
3	2020	15,034	(1,830)	13,204	15,319	5,134	4,162	5,182	841
4	2021	15,334	(1,830)	13,504	15,667	5,251	4,257	5,300	859
5	2022	15,641	(1,830)	13,811	16,023	5,370	4,353	5,420	880
6	2023	15,954	(1,830)	14,124	16,386	5,491	4,452	5,543	900
7	2024	16,273	(1,830)	14,443	16,756	5,616	4,553	5,668	919
8	2025	16,599	(1,830)	14,769	17,134	5,742	4,655	5,796	941
9	2026	16,930	(1,830)	15,100	17,519	5,871	4,760	5,926	962
10	2027	17,269	(1,830)	15,439	17,912	6,003	4,866	6,059	984
11	2028	17,614	(1,830)	15,784	18,313	6,137	4,975	6,195	1,006
12	2029	17,967	(1,830)	16,137	18,721	6,274	5,086	6,333	1,028
13	2030	18,326	(1,830)	16,496	19,138	6,414	5,200	6,474	1,050
14	2031	18,693	(1,830)	16,863	19,563	6,556	5,315	6,618	1,074
15	2032	19,066	(1,830)	17,236	19,997	6,702	5,433	6,765	1,097
16	2033	19,448	(1,830)	17,618	20,440	6,850	5,553	6,914	1,123
17	2034	19,837	(1,830)	18,007	20,891	7,001	5,676	7,067	1,147
18	2035	20,233	(1,830)	18,403	21,351	7,155	5,801	7,223	1,172
19	2036	20,638	(1,830)	18,808	21,821	7,313	5,928	7,381	1,199
20	2037	21,051	(1,830)	19,221	22,299	7,473	6,059	7,543	1,224
21	2038	21,472	(1,830)	19,642	22,788	7,637	6,191	7,709	1,251
22	2039	21,901	(1,830)	20,071	23,286	7,804	6,327	7,877	1,278
23	2040	22,339	(1,830)	20,509	23,794	7,974	6,465	8,049	1,306
24	2041	22,786	(1,830)	20,956	24,313	8,148	6,605	8,224	1,336
25	2042	23,242	(1,830)	21,412	24,841	8,325	6,749	8,403	1,364
26	2043	23,707	(1,830)	21,877	25,381	8,506	6,896	8,586	1,393
Total					509,271	170,673	138,364	172,274	27,960

EXHIBIT V

INSPECTION REPORTS AND FACTS FOR REDEVELOPMENT FINDINGS

Substandard Building Determination Form

I, Thomas P. Gray, a certified building inspector have conducted a building inspection on the following date at the following location:

Date: August 5, 2008

PIN #: 65.0750190

Location/Legal Description: 7951 Rose Street

The building is located within the proposed Tax Increment Financing District No. 4 in the City of Victoria, Minnesota. The purpose of the building inspection was to determine if the building is a structurally substandard building under the following definition:

"Structurally substandard" means containing defects in structural elements, essential utilities, light and ventilation, fire protection, interior layout and condition or similar factors of significant total significance to justify substantial renovation or clearance. A building is not substandard if it could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. A building will be determined to be substandard if the cost of rehabilitation or renovation necessary to bring the building in compliance with building codes applicable to new building exceeds fifteen percent (15%) of the cost of a new building of similar size and design on the subject property.

Inspection Notes:

- The building lacks the code required ventilation per ASHRAE Standard 62-2001.
- The building does not contain a required fire suppression sprinkler system.
- The building's kitchen does not have a Class 1 hood with associated Ansul system.
- The building's three furnaces have reached the end of their expected useful life (15 years).
- The 200 amp electrical service is undersized for the building's occupant load and use.


Existing building square footage:	5459
Estimated replacement cost per sq. ft.	\$90.35
Estimated Replacement Cost:	\$493,225.00
Estimated Cost to bring building up to code:	\$155,016.00

{ X } This building has been determined to be substandard under the above definition.

{ } This building is not substandard under the above definition.



Authorized Building Official



Date:

TIF DETERMINATION WORKSHEET

Date: 8-5-08

VICTORIA CITY HALL

Address: 7951 ROSE ST.

PID: 65 075 0190

Occupancy: A-3/B Type of Construction: V-B

Square Footage Above Grade: 5459 (2303 ϕ A-3) (3096 ϕ B)

Square Footage Basement Finished:

Square Footage Basement Unfinished:

Square Footage Garage (Attached Only):

Total Square Footage: 5459

Valuation of New Building: (A-3) \$204,895 (B) \$288,330 = \$493,225.00
= \$90.35/sq ft.

Repair/Replacement Costs for each Noted Item from the Inspection:

- VENTILATION (\$6.50/ ϕ) = \$35,483.50
 - SPRINKLER (\$7.50/ ϕ) = \$40,942.50
 - KITCHEN HOOD = \$4,000.00
 - ELECTRICAL SERVICE = \$54,590.00
 - FURNACES (3 @ \$8000 EACH) = \$24,000.00
- \$159,016

Notes: ^{REPLACEMENT}
\$493,225 x 0.15 = \$73,983.75 < \$159,016

Substandard (Y/N): YES

Substandard Building Determination Form

I, Thomas P. Gray, a certified building inspector have conducted a building inspection on the following date at the following location:

Date: August 15, 2008

PIN #: 65.0750230

Location/Legal Description: 7948 Victoria Drive

The building is located within the proposed Tax Increment Financing District No. 4 in the City of Victoria, Minnesota. The purpose of the building inspection was to determine if the building is a structurally substandard building under the following definition:

"Structurally substandard" means containing defects in structural elements, essential utilities, light and ventilation, fire protection, interior layout and condition or similar factors of significant total significance to justify substantial renovation or clearance. A building is not substandard if it could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. A building will be determined to be substandard if the cost of rehabilitation or renovation necessary to bring the building in compliance with building codes applicable to new building exceeds fifteen percent (15%) of the cost of a new building of similar size and design on the subject property.

Inspection Notes:

-Access to the building was not allowed by the owner. From past experience and a search of the City's address file, it is my professional opinion that this home would reach the threshold to be considered substandard.

Existing building square footage:	2040 (1204 Main/2nd + 836 Basement)
Estimated replacement cost per sq. ft.	\$85.47 (Main/2 nd Floor + \$16.50 Basement)
Estimated Replacement Cost:	\$116,699.88
Estimated Cost to bring building up to code:	\$0.00

{X} This building has been determined to be substandard under the above definition.

{ } This building is not substandard under the above definition.


Authorized Building Official

8-15-08
Date:

TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 1-5

RUTH JOHNSON

TIF DETERMINATION WORKSHEET

Date: 8-15-08

Address: 7948 Victoria Dr.

PID: 650750230

Occupancy: R-3 Type of Construction: V-B

Square Footage Above Grade: 1204

Square Footage Basement Finished: 0

Square Footage Basement Unfinished: 30132 - 8x15.5x124 830

Square Footage Garage (Attached Only): 0

Total Square Footage: 2040

257027
BMP

Valuation of New Building:
 $1204 \times \$85.47 = 102,905.88 + 830 \times \$16.50 = 13,795 = \overset{78100}{\$116,699.88}$

Repair/Replacement Costs for each Noted Item from the Inspection:

- NOT ALLOWED IN BUILDING.

Notes:

- PROFESSIONAL ~~OPINION~~ WOULD BE SUBSTANDARD

Substandard (Y/N): YES

EXHIBIT VI

RESOLUTION NO. 14-77

**RESOLUTION DESIGNATING A BUILDING AS STRUCTURALLY
SUBSTANDARD WITHIN DEVELOPMENT DISTRICT NO. 1**

Section 1. Recitals.

1.01. Under Minnesota Statutes, Section 469.174, subd. 10(d), the City is authorized to deem parcels as occupied by structurally substandard buildings despite prior demolition or removal of the buildings, subject to certain terms and conditions as described in this resolution.

1.02. In connection with the demolition of a building located on the property described in **Exhibit A** hereto (the "Designated Property"), and the proposed future inclusion of the Designated Property in a redevelopment or renewal and renovation tax increment financing district as defined in Minnesota Statutes, Section 469.174, Subd. 10 or Subd. 10a, (the "TIF District") to be established at a later date pursuant to Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the "TIF Act"), the City's legal counsel prepared the resolution set forth below for consideration by the Council on November 18, 2013.

1.03. Prior to the City's December 9, 2013 Council meeting, the Council received from the City's Building Inspector the "Substandard Building Determination Form", dated December 5, 2013, finding that based on an inspection conducted on November 22, 2013, the building located on the Designated Property was determined to be substandard under the definition set forth in the TIF Act (the "Inspection Report").

1.04. Due to a processing error the resolution finding that the Designated Property was occupied by a structurally substandard building was inadvertently not considered by the Council on November 18, 2013 or on December 9, 2013 and the error was not discovered until September of 2014. In the meantime, in the spring of 2014, the City demolished the structurally substandard building located on the Designated Property.

1.05. However, at the November 18, 2013 meeting, the Council did approve Resolution No. 13-93 Authorizing an Interfund Loan for Advance of Certain Costs in Connection with a Tax Increment Financing District (the "Interfund Loan Resolution") which recites that "[t]he City is proposing to establish a Tax Increment Financing District which will include certain blighted and underused real parcel(s) located on Victoria Drive (the "TIF District") within Municipal Development District No. 1 (the "Development District") pursuant to Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the "TIF Act").

1.06. The Interfund Loan Resolution further authorizes the use of tax increments from the TIF District proposed to be created to reimburse the City for certain costs "incurred in connection with the proposed development of the TIF District, including but not limited to land acquisition, demolition and site preparation costs".

1.07. In addition, at the November 18, 2013 meeting, the Council authorized the execution of the Contract for Exchange of Real Estate and Private Redevelopment between the City of Victoria, Minnesota, and Hartman Brothers LLC, dated as of December 3, 2013 (the "Development Agreement").

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1.08. Section 4.1.1 of the Development Agreement provides that the City Parcels (which are defined to include the Designated Property) “currently consist of vacant land and blighted and structurally deficient buildings... the City agrees... that after the closing of the Land Exchange, the City will proceed with demolition of existing structures... on the Victoria Drive Redevelopment Property” (which is defined as a newly created parcel which includes the Designate Property). The closing referred to in the Development Agreement occurred on January 16, 2014.

1.09. Based on the foregoing, there is substantial evidence and documentation that a substandard building existed on the Designated Property prior to the demolition thereof and that the City intended to find and determine the existence thereof for purposes of establishing a TIF District in the future; therefore, the City is adopting the following resolution with the intent to establish its findings and determinations retroactive to December 9, 2013.

NOW THEREFORE BE IT RESOLVED By the City Council (“Council”) of the City of Victoria, Minnesota (“City”) as follows:

Section 2. Building Designated Substandard; Other Proceedings.

2.01. The City finds that the building located on the Designated Property as described in Exhibit A as of December 9, 2013, was structurally substandard to a degree requiring substantial renovation or clearance, based upon the analysis of such building set forth in the Inspection Report on file in City Hall.

2.02. The building on the Designated Property shall be and has been demolished or removed by the City, and such demolition or removal may be financed by the City.

2.03. The City intends to include Designated Property in a redevelopment or renewal and renovation tax increment financing district, and to file the request for certification of such district with the Carver County auditor within 3 years after the date of building demolition on the Designated Property.

2.04. Upon filing the request for certification of the new tax increment financing district, the City will notify the Carver County auditor that the original tax capacity of the Designated Property must be adjusted to reflect the greater of (a) the current net tax capacity of the parcel, or (b) the estimated market value of the parcel for the year in which the building was demolished or removed, but applying class rates for the current year, all in accordance with Minnesota Statutes, Section 469.174, subd. 10(d).

2.05. City staff and consultants are authorized to take any actions necessary to carry out the intent of this resolution.

NOW, THEREFORE, BE IT RESOLVED,

Adopted this 13th day of **October, 2014** by the Victoria City Council.

Tom O’Connor, Mayor _____ AYE _____ Lani Basa _____ ABSENT _____

Jim Crowley _____ ABSENT _____

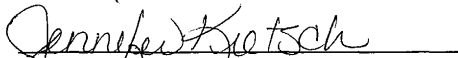
Joe Pavelko _____ AYE _____

Tom Strigel _____ AYE _____

ATTEST:



Tom O'Connor, Mayor


Jennifer Kretsch, City Clerk

CERTIFICATION

The undersigned, being the duly qualified and acting Clerk of the City of Victoria, hereby certifies the foregoing Resolution No. 14-** is a true and correct copy of a resolution presented to and adopted by the Council of the City of Victoria at a duly authorized meeting thereof held on the 13th day of October 2014, as shown by the minutes of the aforesaid meeting in possession of the undersigned.


Jennifer Kretsch, City Clerk

(Seal)

EXHIBIT A

Description of Designated Property

The Designated Property is described as Parcel Identification Number 65.0750230 and is located at 7948 Victoria Drive in the City of Victoria

RESOLUTION NO. 15-37

**RESOLUTION DESIGNATING A BUILDING AS STRUCTURALLY
SUBSTANDARD WITHIN DEVELOPMENT DISTRICT NO. 1**

BE IT RESOLVED By the City Council (“Council”) of the City of Victoria, Minnesota (“City”) as follows:

Section 1. Recitals.

1.01. Under Minnesota Statutes, Section 469.174, subd. 10(d), the City is authorized to deem parcels as occupied by structurally substandard buildings despite prior demolition or removal of the buildings, subject to certain terms and conditions as described in this resolution.

1.02. The City intends to cause demolition of the building located on the property located at 7951 Rose Street, Parcel ID #65.0750190 (the “Designated Property”), and may in the future include the Designated Property in a redevelopment or renewal and renovation tax increment financing district as defined in Minnesota Statutes. Sections 469.174, Subd. 10.

Section 2. Building Designated Substandard; Other Proceedings.

2.01. The Council has received from the City’s Building Inspector the “Substandard Building Determination Form”, dated September 11, 2008 (the “Inspection Report”), finding that, based on an inspection of the building located on the Designated Property, such building was determined to be substandard under the definition set forth in the Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the “TIF Act”). The City Building Official has confirmed in a report dated June 8, 2015 on file in City Hall that there have been no improvements to the building since the date of the Inspection Report which change the determination that the building is structurally substandard to a degree requiring substantial renovation or clearance as provided in the TIF Act. Based on the Inspection Report and other information available to the Council, the City finds that the building on the Designated Property located at 7951 Rose Street is structurally substandard to a degree requiring substantial renovation or clearance.

2.02. After the date of approval of this resolution, the building on the Designated Property may be demolished or removed by the City, or such demolition or removal may be financed by the City, or may be undertaken by a developer under a development agreement with the City.

2.03. The City intends to include Designated Property in a redevelopment or renewal and renovation tax increment financing district pursuant to the TIF Act, and to file the request for certification of such district with the Carver County auditor within 3 years after the date of building demolition on the Designated Property.

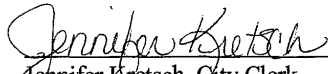
2.04. Upon filing the request for certification of the new tax increment financing district, the City will notify the Carver County auditor that the original tax capacity of the Designated Property must be adjusted to reflect the greater of (a) the current net tax capacity of the parcel, or (b) the estimated market value of the parcel for the year in which the building was demolished or removed, but applying class rates for the current year, all in accordance with Minnesota Statutes, Section 469.174, subd. 10(d).

2.05. City staff and consultants are authorized to take any actions necessary to carry out the intent of this resolution.


Adopted this 8th day of **June, 2015** by the Victoria City Council.

Tom O'Connor, Mayor	<u> AYE </u>	Lani Basa	<u> AYE </u>
Jim Crowley	<u> AYE </u>	Joe Pavelko	<u> ABSENT </u>
Tom Strigel	<u> AYE </u>		

ATTEST:



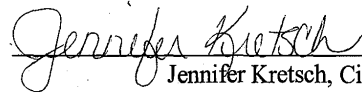
Jennifer Kretsch, City Clerk



Tom O'Connor, Mayor

CERTIFICATION

The undersigned, being the duly qualified and acting Clerk of the City of Victoria, hereby certifies the foregoing Resolution No. 15-37 is a true and correct copy of a resolution presented to and adopted by the Council of the City of Victoria at a duly authorized meeting thereof held on the 8th day of June, 2015 as shown by the minutes of the aforesaid meeting in possession of the undersigned.



Jennifer Kretsch, City Clerk

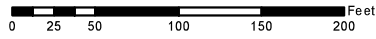
(Seal)

EXHIBIT VII

TIF #5 - AREA COVERAGE TEST MAP

Date Created: 05/06/2016

Created by: Victoria Community Development Department



Property Information Summary						
PARCEL #	Property Address	PID #	Total Property Area [sf]	Area(s) of Improvements [sf]	Areas of Improvements for Purposes of Coverage Findings	% of Property Coverage
1	7951 Rose Street	650750190	8,712.00	8,712.00	8,712.00	100.00%
2	7975 Rose Street	650750260	5,227.20	5,149.20	5,227.20	100.00%
3	N/A	650750231	871.20	0.00	0.00	0.00%
4	7940 Victoria Drive	650750232	7,405.20	1,640.00	7,405.20	100.00%
5	That Part of 7924 Victoria Dr (See Legal)	N/A	3,142.00	3,142.00	3,142.00	100.00%
TOTALS:			25,357.60	18,643.20	24,486.40	96.56%

LEGAL DESCRIPTION OF PARCEL #5:

The South 37.00 feet of the East 85 feet of the following described parcel:

That part of Lot 2 Block 4, VICTORIA, Carver County, Minnesota, according to the recorded plat thereof, described as follows:

Commencing at the Northeast corner of the Southeast Quarter of the Northeast Quarter of Section 14, Township 116 North, Range 24 West of the 5th Principle Meridian, Carver County, Minnesota, said Northeast corner is assumed to be a point on the East line of said Northeast Quarter distant 1,320.88 feet North from the East Quarter corner of said Section 14; thence North along said East line a distance of 21.00 feet; thence West deflecting left 90 degrees a distance of 33.00 feet to the East line of said Lot 2 and the point of beginning of the property to be described; thence North deflecting right 90 degrees along the East line of said Lot 2 a distance of 124.00 feet; thence West deflecting left 90 degrees a distance of 209.00 feet; thence South deflecting left 90 degrees a distance of 124.00 feet; thence East deflecting left 90 degrees a distance of 104.50 feet; thence South deflecting right 90 degrees a distance of 38.00 feet; thence East deflecting left 90 degrees a distance of 104.50 feet to the East line of said Lot 2 to the point of beginning, EXCEPT that part of said Lot 2 lying Northerly of the following described line:

Commencing at the East Quarter corner of said Section 14; thence North along the East line of said Northeast Quarter a distance of 1408.19 feet to the point of beginning of the line to be described; thence Westerly, deflecting left 91 degrees 29 minutes to the West line of said Lot 2 and there ending.

And Also:

That part of the adjacent vacated Easterly 10 feet of Rose Street right-of-way, originally Hill Street, lying between the Westerly extensions of the North and South line of the most Westerly part of the above described property.

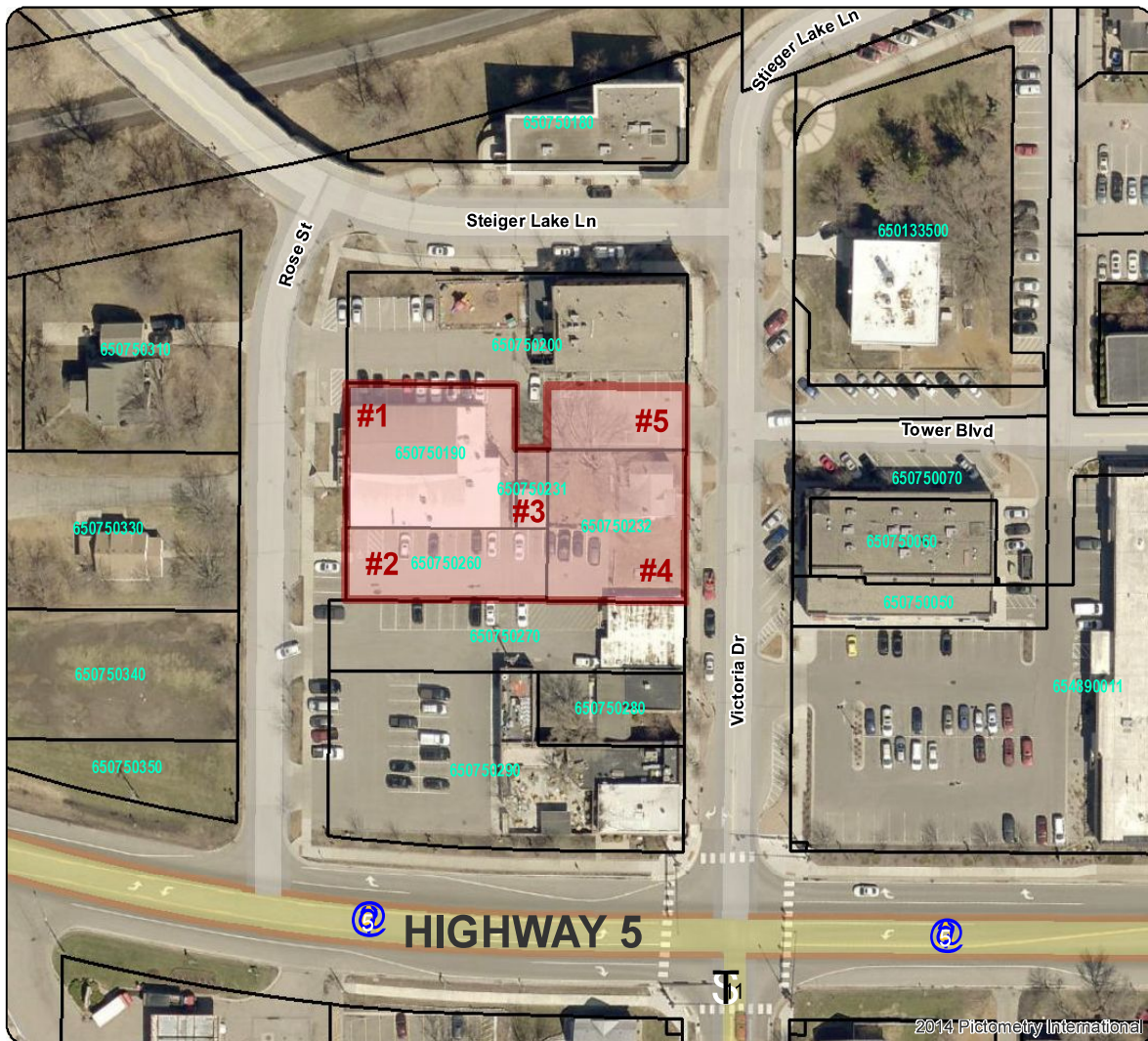
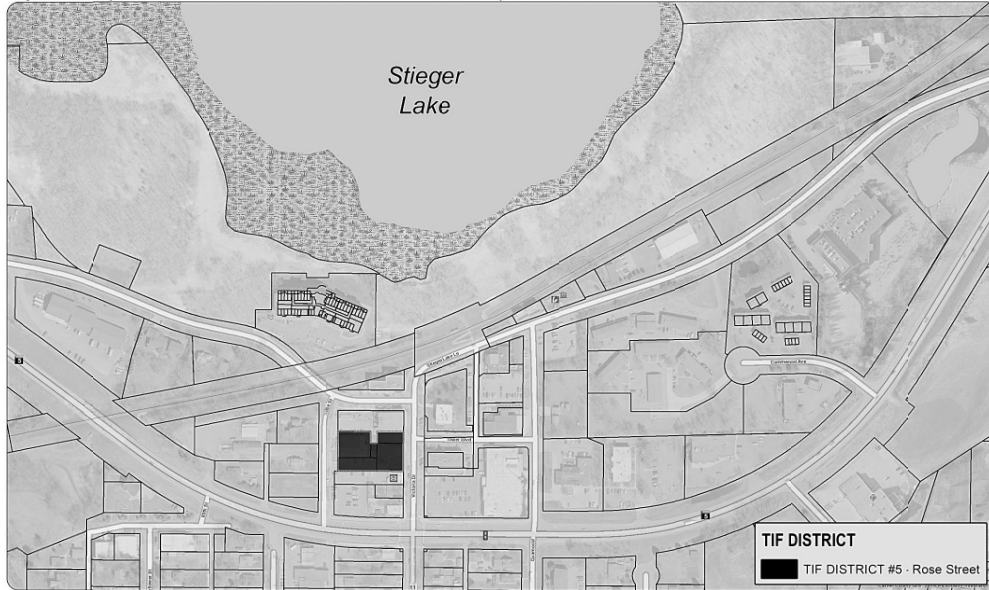


EXHIBIT VIII

MAP OF BOUNDARIES OF DEVELOPMENT DISTRICT NO. 1 AND TAX INCREMENT FINANCING DISTRICT NO. 1-5

City of Victoria | TIF DISTRICT #5 & DEVELOPMENT BOUNDARY MAP | Date: 5/24/2016



Above: Close-up Location of Victoria TIF District #5 | Below: Location of Development District Boundary

