

City of Victoria, Minnesota Downtown TIF District Amendments

Amendment #1 of
Municipal Development District No. 1
Amendment #1 of
Tax Increment Financing District No. 1,
Tax Increment Financing District No. 2

adopted May 1, 1997

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Downtown TIF Districts

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Development Program

Municipal Development District No. 1

I. INTRODUCTION AND LEGAL BASIS

A Statement of Intent

The City of Victoria, Minnesota (the "City") proposes to undertake a Central Business District Redevelopment Program as outlined in the Victoria 1980 Comprehensive Plan. This plan is intended to reverse the deterioration of the downtown area, establish a theme and direction for future commercial development and revitalize the City's retail center. The City has been encouraged to take a leadership role in the implementation of a redevelopment plan as the result of recommendations made by a broad based citizen committee. The Victoria Improvement Committee, with the assistance of Ritter, Suppes, Plantz Architects LTD, prepared a Master Plan Study, dated October 1988, that plan analyzed the existing conditions and presented design concepts. The implementation of the activities (as hereinafter described) shall occur within the project area (see Exhibit A, Development Project Boundary Map). The City proposes to implement a comprehensive downtown redevelopment project which will involve many phases. For Phase I the City has a proposal from Zentrum, Inc., a local development group to construct the following:

15,000 square foot restaurant

10,000 square foot hotel

5,500 square foot general retail

35,500 square foot total estimated development

Phase I also involves a 16 unit apartment building to be built by Cal Haaskin at an approximate development cost of \$500,000.

The City will assist the private developers by assisting in land acquisition, relocation, demolition, construction of public parking lots and utility relocations to the extent financially feasible. Phase I development will start in the summer of 1990 and continue for approximately two years.

Since the original drafting of the Development Program in April 1990, only a small portion of the original implementation plan has been completed. By this amendment, the City of Victoria reaffirms its intentions for the redevelopment of the Central Business District. A new downtown study committee working in concert with Thibault Associates is updating the redevelopment plans for the downtown. The City will utilize tax increments from Tax Increment Financing District No. 1 as amended, and from Tax Increment Financing District No. 2 to accomplish the goals of the updated redevelopment plan.

B. Statement of Public Purpose

The City has determined that there exists conditions within the set forth project area which have prevented the redevelopment of the land by private enterprise and have resulted in a stagnant, unproductive, blighted and substandard conditions of land potentially useful and valuable for contributing to the City's public health, safety, and welfare. The City has further determined that in order to promote redevelopment and use of blighted, substandard, or underutilized real property and in order to insure the sound growth, development and financial stability of the City, there is a need for the City to exercise the powers granted in the Redevelopment Act for which private property may be required, public money spent and other such powers exercised.

Specific impediments to redevelopment of the project area include:

1. The lack of efficient public and/or private mechanisms for land acquisition for commercial or residential redevelopment.
2. The existing obsolete buildings that display signs of blight and deterioration.
3. Slumping retail area.

It has been further determined that there is a need for new development within the project area to correct substandard building conditions, provide employment opportunities, improve the tax base, and to improve the general economy of the City and State. It has been found that the project area is potentially more useful and valuable than has been realized under existing development; is less productive because of the lack of public streets and utilities, lack of proper utilization and lack of investment, and is not contributing to the tax base to its full potential. In addition, it is hereby found that there is a need to eliminate unsafe conditions and improve traffic circulation and implement long range planning objectives for a major development area. These public purpose goals are not attainable in the foreseeable future without the intervention of the City in the normal development process.

C. Development District Boundary or Project Area

The boundaries of the Victoria Central Business Redevelopment District are described as shown on the Development District Project Boundary Map, Exhibit A of this Plan.

Exhibit B of this Plan is a list of all the parcels and property identification numbers for all property within the Victoria Central Business Redevelopment District.

The project area is approximately 44 37 acres in size. All land included in the project area is within the legal boundaries of the City.

D. Statement of Authority

Minnesota Statutes Chapter 469.124 through 469-134 (Municipal Development District Act) grants municipalities the authority to designate development districts within the boundaries of the municipalities. Within these districts, the municipality may adopt a development program consistent with which the municipality may construct, reconstruct, improve, alter, extend, operate maintain, or promote developments aimed at improving the physical facilities, quality of life and quality of transportation.

The City anticipates the funding for necessary activities and improvements in the Redevelopment

District shall be financed in part through tax increment financing (TIF) in accordance with Minnesota Statutes, Section 469.174 through 469.179. The City anticipates that grants, loans and special assessments will also be pursued and utilized to finance the proposed public activities.

II THE DEVELOPMENT PROGRAM

A. Development Plan Objectives

Downtown development will be directed to take advantage of the following opportunities and accomplish the following objectives:

1. Alpine and German Heritage themes will be implemented in the CBD redevelopment efforts. The proposed site is well suited to take advantage of its strategic position on Highway 5 and Carver Park.
2. Land use within the project area will include civic, commercial-retail, commercial entertainment and high density residential uses upon parcels of land indicated.
3. Increased residential densities at the periphery of the CBD area shall create new local housing opportunities, expanded retail markets in close proximity to the CBD, and provide transitional land use areas between the commercial core and lower density neighborhoods.
4. Commercial redevelopment in the project area will enhance the role of the Victoria Drive as a retailing location.
5. Take advantage of the adjacent Carver Park Reserve by providing pedestrian connections between the park and CBD and establishing recreational and commercial goods and services that will be complemented by their proximity to this recreational facility.
6. Create a functional circulation pattern within the project area for both automobiles and pedestrians. Specific attention must be given to providing accessory elements such as parking area, storage areas and pedestrian rest areas.
7. Provide logical and organized land use for the project area consistent with the Comprehensive Land Use Plan and the Zoning Ordinance of the City.
8. Encourage the redevelopment of underutilized and substandard property.
9. Enhance the overall economy of the City and surrounding area by retaining current, and providing additional employment opportunities for the residents of the City and surrounding community.
10. Increase the City's tax base.
11. Afford existing businesses in the City the opportunity to expand or relocate within the Project Area.

12. To provide funds for the cost of activities or improvements within the Redevelopment District which are necessary for the orderly and beneficial development of the district.

B. Land Use

1. Current

The project area is primarily comprised of the old downtown. The old downtown is located in this area as are a number of non-retail commercial and industrial activities. There are also a number of activities located on the south side of Highway 5. The "downtown" area is best defined as either side of Victoria Drive and the south side of Steiger Lane to the east of Victoria Drive. The area is primarily retail trade and service in use. The intensity of use is not high; most of the structures are free-standing with open space between structures. This feature is unique since most downtowns developed in the early 20th century used all of the lot with no space between buildings. The structures in this area generally date from the early 1900's. New development has occurred to the east - a new bank was constructed and a school building has been converted to offices while new apartments have been developed to the north. The one-half block area between the bank and the downtown and the area to the west of downtown is a residential use. The land to the east of the bank and school is vacant. When this area is developed, the supply of sizeable tracts for commercial or industrial land will be exhausted.

2. Proposed Land Use

The "downtown area" and the associated land north of Minnesota #5 presents the following needs:

- Ultimate conversion to retail, commercial and high density housing.
- Definition of a "downtown" retail area.
- Development of an infrastructure that will support the long-term development of the area (transportation, public facilities, process for elimination of inappropriate land uses, segregation and location of land uses on a functional basis).

The Victoria Comprehensive Plan establishes a development plan (see Exhibit C) for the old downtown area. This downtown development plan will be directed to take advantage of the following opportunities and accomplish the following objectives:

- Take advantage of the traffic on the LRT/Trail System on the abandoned rail right-of-way.
- Take advantage of the adjacent Carver Park Reserve by providing recreation related goods and services.
- Provide neighborhood level shopping facilities -- groceries, drugs, hardware, general goods and services.
- Enhance the role of the main street (Victoria Drive) as a service and small business oriented activity center.

C. Development Plan:

The Development Plan addressed three time frames: short term (0-10 years), mid-term (5-15 years), and long term (10+ years). The time frames are overlapping due to the lead time needed for purchase, financing, planning, development and growth of demand.

Short Term:

- Gain access to the Carver Park Trail system with trail spur leading to the downtown or the abandoned trail right-of-way at a minimum.
- Establish a pedestrian way from the Victoria Point area to the downtown.
- Adopt a "theme" or development criteria for the downtown.
- Promote the establishment of recreation/entertainment oriented business in the downtown.

Mid-Term:

- Redevelop area to the east of the downtown as a neighborhood shopping center.
- Establish parking on the land south of the rail right-of-way.
- Close the south end of Quamoclit as part of the redevelopment of the area.
- Concentrate City and related functions in the City owned structures in the downtown.

Long-Term:

- Redevelopment of both sides of Quamoclit Street to commercial use.
- Develop parking and/or recreational service in the area north of the rail right-of-way and Minnesota #5.

D. Development Activities

The City proposes to seek and assist redevelopment within the project area. The procedural requirements fulfilled by this Plan for the possible use of tax increment financing furthers the City's commitment to the redevelopment within the project area. The project feasibility is strengthened by enabling the use of a major financial tool.

The City's role at this time is that of a facilitator and promotional until requests for assistance have been made. Specific development activities will be fully described in subsequent Tax Increment Financing Plans.

The City will assist the private developers by assisting in land acquisition, relocation, demolition, construction of public parking lots and utility relocations to the extent financially feasible. Phase I development will start in the summer of 1990 and continue for approximately two years.

The City will consider the use of tax increment financing, special assessments, grants and other possible funding sources in the future.

E. Development Contracts

Subject to all required public notices and hearings, the property in the project area will be developed pursuant to a Development Contract under which, among other things, the Developer will be required to build an industrial or commercial facility of at least a minimum cost and having a specified minimum Assessor's Market Value; to complete the work by a specified date pursuant to and in accordance with all other applicable governmental regulations; and to demonstrate its financial capability for so doing. No property will be acquired by the City within the project area prior to the City and Developer entering into a Development Contract.

The Developer will also be required to enter into an Assessment Agreement pursuant to Minnesota Statutes, Section 273.76, whereby it will agree to the minimum Assessor's Market Value of the land and the building to be built thereon when completed, and will agree not to take any action to challenge or otherwise cause said Assessor's Market Value to be reduced at any time while the bonds issued to finance the project remain outstanding. The Developer may be required to provide a guarantee of the tax increments.

F. Development Standards

The City will consider, among other things, the following factors when evaluating development proposals for projects within the project area seeking public assistance and support:

1. Degree to which development objectives are provided for or enhanced.
2. Consistency with this Plan and the Comprehensive Plan.
3. Ability of proposed tax increment projects to generate enough annual tax increment to retire the bonded debt created by the project.
4. Developer's ability to perform both from a standpoint of financial ability to perform and the necessary experience and expertise to complete the proposed development.

Developers should review the City's Tax Increment Financing Policy Statement for a complete description of the Tax Increment Development Standards.

G. Environmental Controls

It is presently anticipated that the proposed development in the project area will not present major environmental problems. All municipal actions, public improvements, and private development will be carried out in a manner that will comply with applicable environmental standards. The environmental controls to be applied within the area are contained within the codes and ordinances of the City.

The Minnesota Code of Agency Rules (6 MCAR 3.021-3-056) defines Minnesota's environmental policy. The threshold factor for industrial/commercial projects on third and fourth class cities is 500,000 square feet (gross floor area). Projects above this threshold would require an Environmental Impact Statement.

An Environmental Assessment Worksheet is required for industrial/commercial projects above 200,000 square feet (gross floor area).

There is no property located within the project area that is on either the National Register of Historic Places or eligible for such designation.

H. Relocation

The Redevelopment Plan does identify the displacement of existing residences or businesses by the implementation of the Plan. The City accepts the responsibility of providing certain specified relocation benefits pursuant to Minnesota Statutes, Sections 117.50 through 117.56, for all persons and businesses which may be displaced.

I. Operation of Public Improvements

All public improvements constructed under the provisions of this District shall be operated by the City in the same manner as all publicly owned streets and utilities.

J. Administration and Maintenance of Development Districts

Maintenance and operation of the public improvements in the Redevelopment District will be the responsibility of the City Administrator or such person as the City Council may designate as Redevelopment District Administrator, and will be accomplished pursuant to the provisions of Section 472A.10 of the Development District Act. Each year the Administrator shall submit to the City Council the maintenance and operation budget for the following year. The powers of the Administrator shall be exercised at the direction of the City Council and no action taken by the Administrator pursuant to these powers shall be effective without authorization by the City Council.

The City does not anticipate the need to create an advisory board to advise the City Council on the planning, construction, and implementation of the activities and

K. Open Space to be Created

This Redevelopment Plan does not provide for any open space to be created. Any space so created at a later date will be in accordance with the development controls of the City.

L. Plan Modifications

Modifications or revisions of this Plan which change the permitted uses, modify the project boundary set forth, revise or modify the Developer's contract with respect to any part of the project require approval of such modifications by the City, upon notice and other public hearing as required for the adoption of this Plan.

Tax Increment Financing Plan (amendment)

Tax Increment Financing (Redevelopment) District No. 1

Introduction and Intent of Amendment

On April 26, 1990, the Victoria City Council adopted the Financing Plan for Tax Increment Financing District No. 1. This plan included approximately 40 tax parcels within its boundaries, covering much of the City's downtown business district.

The objectives of the Financing plan were to fund acquisition, relocation and demolition expenses associated with the redevelopment of the Project Area. Objectives also included funding parking, street and utility expenses in conjunction with redevelopment activities. Budgeted project costs totaled \$2,880,000. Little significant private development or redevelopment has occurred in the Project Area to date.

Recently, the City has renewed its focus on and commitment to downtown redevelopment. An updated master plan for the downtown area is nearing completion which features significant investments in street relocation and public parking and open space. To achieve an effective and efficient implementation of this master plan, the City proposes to reduce the size TIF District No. 1 significantly, and incorporate the property into a second TIF District which covers a larger portion of the downtown business district.

M.S. 469.175, Subd. 4 allows parcels to be dropped from a TIF District without the requirement of a public hearing if the tax capacity of the dropped parcels equals or exceeds the original net tax capacity of the parcels. As shown in Exhibit B-1, the current tax capacity of the parcels to be dropped exceeds the original tax capacity of these parcels.

Parcels Included in TIF District No. 1, as amended

The boundaries of amended Tax Increment Financing District No. 1 are shown on Exhibit A of this document, and include the following two (2) tax parcels:

65-3640010
65-3640020

These boundaries shall be considered to include any an all street or utility rights of way located upon and/or adjacent to these parcels.

Pooling and Relationship to Tax Increment Financing District No. 2

It is the intention of the City of Victoria for both the amended TIF District No. 1 and TIF District No. 2 be utilized to achieve the redevelopment objectives of the Downtown Project Area. The City reserves the right to pool increments generated within TIF District No. 1 (originally adopted prior to April 30, 1990) for any and all project costs as authorized by Tax Increment Financing Plans within Municipal Development District No. 1.

Tax Increment Financing Plan for Tax Increment (Redevelopment) District No. 2

Section 1 Definitions

The terms defined in this section have the meanings given herein, unless the context in which they are used indicates a different meaning:

"Authority" means the City Council of the City of Victoria, Minnesota.

"City" means the City of Victoria, Minnesota.

"City Council" means the City Council of the City of Victoria, Minnesota.

"County" means Carver County, Minnesota.

"County Board" means the County Board of Carver County.

"Developer" means any person undertaking construction or renovation of taxable property within the Project Area.

"Development District" means Municipal Development District No. 1 in the City, which is described in the corresponding Development Program.

"Development Program" means the Development Program for the Development District.

"Project Area" means the geographic area of the Development District.

"School District" means the Chaska School District #112 and/or Waconia School District #110.

"State" means the State of Minnesota.

"TIF Act" means Minnesota Statutes, Sections 469.174 through 469.179, both inclusive.

"TIF District" means Tax Increment Financing (Redevelopment) District No. 2.

"TIF Plan" means the tax increment financing plan for the TIF District (this document).

Section 2 Statement of Need and Public Purpose

See Section I-B of the Development Program for the Development District.

Section 3 Statutory Authorization

See Section I-D of the Development Program for the Development District.

Section 4 Statement of Objectives

See Section II-A of the Development Program for the Development District.

Section 5 Specific Development Expected to Occur in the TIF District

Through the creation of Tax Increment District No. 2 and in coordination with existing Tax Increment District No. 1, the City of Victoria proposes to aggressively promote development and redevelopment projects within the Project Area. Currently, two (2) specific redevelopment proposals are under consideration.

Cabin Fever Sporting Goods, Inc. proposes to demolish a substandard home and bait shop located upon parcel # 65-0130400 and construct a 15,882 sq. ft. retail building.

Kahnke Brothers propose a renovation of the existing substandard structure and site improvements upon parcel #65-0121700 for operation as a garden center.

The City intends to actively promote other private development and redevelopment projects throughout the Project Area.

Section 6 Property to be Included in the TIF District

A map showing the location of the TIF District is shown in Exhibit A. Sixty (60) parcels covering approximately 35 acres of land and are included in the District. The majority of the parcels are already developed, and occupied by existing residential and commercial buildings

The area encompassed by the TIF District shall also include all street rights-of-way and utility or drainage easements located upon or adjacent to the property described above.

Section 7 Estimated Sources and Uses of Funds (Public Costs)

The estimated costs of the proposed development in the TIF District which are eligible for reimbursement with tax increments of the TIF District and the projected sources of revenue available to fund these costs are summarized below.

Uses of Funds (Public Costs)

Capital Costs:

Commercial Ave Extension to Victoria	220,000
Quamoclit Street Realignment	150,000
City Park Plaza and Trailhead Improvements	250,000
City Hall Block Parking Lots (30	100,000
Rose Street Bridge Replacement	250,000

Drainage, Water, Sanitary Sewer	280,000
Indirect Costs (35%)	437,500
Acquisition & Relocation	812,500
Development Site Imps. & Contingency	<u>500,000</u>
Subtotal	\$3,000,000

Finance Costs:

Capitalized Interest	\$300,000
Bond & Note Principal Payments	\$3,300,000
Bond & Note Interest Payments	<u>\$3,000,000</u>
Subtotal	\$6,600,000

Administrative Costs

TIF Planning	\$50,000
Bond Issuance and Legal	\$100,000
Ongoing Administration	<u>\$100,000</u>
	\$250,000

Total Uses of Funds	\$9,850,000
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Sources of Funds

Tax Increments	\$5,000,000
Local Contributions	\$500,000
Bond and Note Proceeds	\$3,300,000
Special Assessments & Developer Funds	<u>\$ 1,050,000</u>
Total Sources of Funds	\$9,850,000

The City reserves the right to adjust the amount of any of the items listed above or to incorporate additional eligible items, so long as the total estimated public cost is not increased. The City also reserves the right to fund the full amount of public costs with tax increment revenues.

Section 8 Estimated Impact on Other Taxing Jurisdictions

Exhibit D shows the estimated impact on other taxing jurisdictions if the projected Retained Captured Net Tax Capacity of the TIF District was hypothetically available to the other jurisdictions. The Authority 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.

Section 9 Property to be Acquired in the TIF District

The City may acquire and sell any or all of the property located within the TIF District.

Section 10 Estimated Amount of Bonded Indebtedness

The City reserves the right to fund all public costs using internal funding, general obligation bonds, or any other financing mechanism authorized by law. The City may issue General Obligation bonds in an amount not to exceed \$3,300,000.

Section 11 Designation of TIF District as an Redevelopment District

The Tax Increment District qualifies as a redevelopment district. M.S. 469.174, Subd. 10 defines a redevelopment district where the following conditions are reasonably distributed throughout the district:

- (a) Parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or other improvements and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance; or
- (b) The property consists of vacant, unused, underused, inappropriately used, or infrequently used rail yards, rail storage facilities or excessive or vacated railroad rights-of-way.

For purposes of this section, "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 parcel cannot be considered "occupied by buildings, streets, utilities or other improvements" unless 15 percent of the area of the parcel contains improvements.

As summarized on Exhibit B-2, 86 percent of the area of the district is occupied by improvements, and 78 percent of the buildings within the District are found to be substandard.

Section 12 Original Net Tax Capacity & Fiscal Disparities Election

The County Auditor shall certify the Original Net Tax Capacity of the TIF District, which will be the total net tax capacity of all property in the TIF District as certified by the State Commissioner of Revenue. For districts certified between January 1 and June 30, inclusive, this value is based on the previous assessment year. For districts certified between July 1 and December 31, inclusive, this value is based on the current assessment year.

The Estimated Market Value of all property within the TIF District as of January 2, 1996, for taxes payable in 1997 is \$5,112,700, consisting of \$1,253,400 of land value and \$3,860,400 of building value. At these values, the original net tax capacity of the TIF District will be approximately **\$124,207**.

Each year the County Auditor shall certify the amount that the Original Net Tax Capacity has increased or decreased as a result of:

- 1. changes in the tax-exempt status of property;
- 2. reductions or enlargements of the geographic area of the TIF District;
- 3. changes due to stipulation agreements or abatements; or
- 4. changes in classification rates.

The City elects method (a), where the original net tax capacity and the current net tax capacity are determined before the application of the fiscal disparity provisions of M.S. 276A or 473F.

Section 13 Original Tax Capacity Rate

The County Auditor shall also certify the Original Tax Capacity Rate of the TIF District. This rate shall be the sum of all local tax rates that apply to property in the TIF District. This rate shall be for the same taxes payable year as the Original Net Tax Capacity.

In future years, the amount of tax increment generated by the TIF District will be calculated using the lesser of (a) the sum of the current local tax rates at that time or (b) the Original Tax Capacity Rate of the TIF District.

The sum of all local tax rates that apply to property in the TIF District for taxes levied in 1996 and payable in 1997 is **147.810%**.

<u>Taxing Jurisdiction</u>	<u>1996/1997 Local Tax Rate</u>
City of Victoria	28.536%
Carver County	46.606%
Chaska ISD #112	69.138%
Other	<u>3.530%</u>
Total	147.810%

Section 14 Projected Retained Captured Net Tax Capacity and Tax Increment

Each year the County Auditor shall determine the current net tax capacity of all property in the TIF District. To the extent that this total exceeds the Original Net Tax Capacity, the difference shall be known as the Captured Net Tax Capacity of the TIF District.

It is the City's intention to retain 100% of the Captured Net Tax Capacity of the TIF District. Such amount shall be known as the Retained Captured Net Tax Capacity of the TIF District.

Exhibit C estimates the total amount of retained net captured tax capacity, gross tax increments, adjustments, and the net tax increment revenues which will be available annually and cumulatively over the life of the TIF District.

Section 15 Statutory Duration of the TIF District

Redevelopment districts may remain in for 25 years from receipt of the first tax increment. The Authority anticipates that the TIF District will remain in existence the maximum duration allowed by law (projected to be through 2023). Modifications of this plan (see Section 28) shall not extend these duration limits.

Section 16 Use of Tax Increments – Redevelopment Districts

Ninety percent (90%) of the tax increments generated from the TIF District must be used to finance the cost of correcting conditions that allow designation as a redevelopment district. These costs include acquiring properties containing substandard buildings or improvements, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition of structures, clearing of the land, and installation of

utilities, roads, sidewalks and parking facilities for the site. The allocated administrative expenses of the City may be included in the qualifying costs.

Section 17 Use of Tax Increments – General

Each year the county treasurer shall deduct 0.1 % of the annual tax increment generated by the TIF District and pay such amount to the state general fund. Such amounts will be appropriated to the state auditor for the cost of financial reporting and auditing of tax increment financing information throughout the state. Exhibit C shows the projected deduction for this purpose over the anticipated life of the TIF District.

The Authority has determined that it will use 100% of the remaining tax increment generated by the TIF District for any of the following purposes:

1. pay for the estimated public costs of the TIF District (including administrative expenses, see Section 7) and City administrative costs associated with the TIF District (see Section 29);
2. pay principal and interest on tax increment bonds, notes or other financial obligations issued to finance the public costs of the TIF District;
3. accumulate a reserve securing the payment of tax increment bonds or other bonds issued to finance the public costs of the TIF District;
4. pay all or a portion of the county road costs as may be required by the County Board under M.S. Section 469.175, Subdivision 1a; or
5. return excess tax increments to the County Auditor for redistribution to the City, County and School District in proportion to their local tax capacity rates.

Tax increments from property located in one county must be expended for the direct and primary benefit of a project located within that county, unless both county boards involved waive this requirement. Tax increments shall not be used to circumvent levy limitations.

Tax increment shall not be used to finance the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the State or federal government. This prohibition does not apply to the construction or renovation of a parking structure, a common area used as a public park, or a facility used for social, recreational, or conference purposes and not primarily for conducting the business of the community.

If there exists any type of agreement or arrangement providing for the developer, or other beneficiary of assistance, to repay all or a portion of the assistance that was paid or financed with tax increments, such payments shall be subject to all of the restrictions imposed on the use of tax increments. Assistance includes sales of property at less than the cost of acquisition or fair market value, grants, ground or other leases at less than fair market rent, interest rate subsidies, utility service connections, roads, or other similar assistance that would otherwise be paid for by the developer or beneficiary.

Section 18 3-Year Rule

No tax increments shall be paid to the Authority from the TIF District after three years from the date of certification unless within that time period:

- (1) bonds have been issued in aid of the Project Area (except revenue bonds issued pursuant to M.S. Sections 469.152 to 469.165);
- (2) the Authority has acquired property within the TIF District; or
- (3) the Authority has constructed public improvements within the TIF District.

Section 19 4-Year Knock-Down Rule

If after four years from certification of the TIF District no demolition, rehabilitation, renovation, or 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 Authority 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 Authority or owner of the parcel subsequently commences any of the above activities, the Authority 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 20 Tax Increment Pooling – 5-year Rule

At least 80% of the tax increments from the TIF District must be expended on activities within the district or to pay for bonds used to finance the estimated public costs of the TIF District. No more than 20% of the tax increments may be spent on costs outside of the TIF District, but within the boundaries of the Project Area. All administrative expenses are considered to have been spent outside of the TIF District. Tax increments are considered to have been spent within the TIF District if such amounts are:

1. actually paid to a third party for activities performed within the TIF District within five years after certification of the district;
2. 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
3. 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-

Beginning with the sixth year following certification of the TIF District, at least 80% of the tax increments must be used to pay outstanding bonds or make contractual payments

obligated within the first five years. When outstanding bonds have been defeased and sufficient money has been set aside to pay for such contractual obligations, the TIF District must be decertified.

The Authority does not anticipate that tax increments will be spent outside of the TIF District (except for allowable administrative expenses); however, the Authority does reserve the right to allow for tax increment pooling from the TIF District in the future.

Section 21 Excess Tax Increment

In any year in which the tax increments from the TIF District exceed the amount necessary to pay the estimated public costs authorized by the TIF Plan, the City shall use the excess tax increments to:

1. prepay any outstanding tax increment bonds, notes or other obligations;
2. discharge the pledge of tax increments thereon.
3. pay amounts into an escrow account dedicated to the payment of the tax increment bonds, notes or other obligations; or
4. return excess tax increments to the County Auditor for redistribution to the City, County and School District in proportion to their local tax capacity rates. The County Auditor must report to the Commissioner of Education the amount of any excess tax increment redistributed to the School District within 30 days of such redistribution.

Section 22 Limitation on Administrative Expenses

Administrative expenses are defined as all costs of the Authority other than:

1. amounts paid for the purchase of land;
2. amounts paid for materials and services, including architectural and engineering services directly connected with the proposed development within the TIF District;
3. relocation benefits paid to, or services provided for, persons or businesses located within the TIF District; or
4. amounts used to pay interest on, fund a reserve for, or sell at a discount, tax increment bonds.

Administrative expenses include amounts paid for services provided by bond counsel, fiscal consultants, planning or economic development consultants, and actual costs incurred by the City in administering the TIF District. Tax increments may be used to pay administrative expenses of the TIF District up to the lesser of (a) 10% of the total estimated public costs authorized by the TIF Plan or (b) 10% of the total tax increment expenditures of the project.

Section 23 Local Government Aid Penalty and Local Contribution Election

Cities who establish or expand a TIF District after April 30, 1990 may experience a reduction in the local government aid (LGA/HACA) received from the State. Such

reduction is to "compensate" the State for increased school aids resulting from captured tax capacity not being available to the School District. Typically, the full LGA penalty is equal to approximately 30 to 45% of the tax increments. For redevelopment districts, the LGA penalty phased in starting in the 7th year after certification.

The City is exempted from the LGA penalty for redevelopment districts if the City elects a qualifying local contribution equal to five percent (5%) of the tax increment generated by the TIF District each year, as set forth in Minnesota Statutes, Section 273.1399, Subd. 6(d). This election must be included in the originally adopted TIF plan. Local contributions may be made out of unrestricted money of the municipality or authority, and/or contributions from other local government entities. If the state contributes to the TIF District project, the required local contribution is reduced by 50% of the state grant. Grants or loans from the federal government do not qualify towards a local contribution.

If the full local contribution is not made in any year, the full LGA penalty is imposed upon the City and subtracted from state aids due in the following year.

The City elects to make qualifying local contribution for the TIF District, and will be exempt from the LGA penalty.

Section 24 Prior Planned Improvements

The City shall accompany its request for certification to the County Auditor with a listing of all properties within the TIF District for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan. The County Auditor shall 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.

The City will include a complete listing of all building permits issued in the last 18 months in conjunction with all properties within the TIF District.

Section 25 Development Agreements

If more than 25% of the acreage of a project (which contains an redevelopment district) is to be acquired by the Authority with proceeds from tax increment bonds then, prior to such acquisition, the Authority must enter into an agreement for the development of the property. Such agreement must provide recourse for the Authority should the development not be completed.

Section 26 Wage & Job Goals

Minnesota Statutes 116J.991 requires a business receiving at least \$25,000 of state or local government assistance or tax increment financing to create a net increase in jobs in Minnesota within two years of receiving assistance and meet wage level and job creations goals established by the funding agency. Businesses not meeting these conditions must repay the assistance to the funding agency.

The Authority will include in its development agreement wage level and job goals for the project.

Section 27 Assessment Agreements

The City may, upon entering into a development agreement, also enter into an assessment agreement with the developer, which establishes a minimum market value of the land and improvements for each year during the life of the TIF District.

The assessment agreement shall be presented to the County or City Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land, and so long as the minimum market value contained in the assessment agreement appears to be a reasonable estimate, shall certify the assessment agreement as reasonable. The assessment agreement shall be filed for record in the office of the County Recorder of each county where the property is located. Any modification or premature termination of this agreement must first be approved by the City, and if the project is valued below the minimum market value, also approved by the County and School District.

Section 28 Modifications of the Tax Increment Financing Plan

Any reduction or enlargement in the geographic area of the Project Area 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 Authority; increase in the total estimated public costs; or designation of additional property to be acquired by the Authority shall be approved only after satisfying all the necessary requirements for approval of the original TIF Plan. This paragraph does not apply if:

1. the only modification is elimination of parcels from the Project Area or 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 Authority 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 Authority must notify the County Auditor of any modification that reduces or enlarges the geographic area of the Project Area or 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 29 Administration of the Tax Increment Financing Plan

Upon adoption of the TIF Plan, the Authority shall submit a copy of such plan to the State Auditor's Office. The Authority shall also 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 Authority 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. The Authority shall also 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.

The County shall distribute to the Authority the amount of tax increment as it becomes available. The amount of tax increment in any year represents the applicable property taxes generated by the Retained Captured Net Tax Capacity of the TIF District. The

amount of tax increment may change due to development anticipated by the TIF Plan, other development, inflation of property values, or changes in property classification rates or formulas. In administering and implementing the TIF Plan, the following actions should occur on an annual basis:

1. prior to July 1, the Authority shall notify the County Assessor of any new development that has occurred in the TIF District during the past year to insure that the new value will be recorded in a timely manner.
2. if the County Auditor receives the request for certification of a new TIF District, or for modification of an existing TIF District, before July 1, the request shall be recognized in determining local tax rates for the current and subsequent levy years. Requests received on or after July 1 shall be used to determine local tax rates in subsequent years.
3. each year the County Auditor shall certify the amount of the Original Net Tax Capacity of the TIF District. The amount certified shall reflect any changes that occur as a result of the following:
 - a) the value of property that changes from tax-exempt to taxable shall be added to the Original Net Tax Capacity of the TIF District. The reverse shall also apply;
 - b) the Original Net Tax Capacity may be modified by any approved enlargement or reduction of the TIF District;
 - c) if the TIF District is classified as an economic development district, then the Original Net Tax Capacity shall be increased by the amount of the annual adjustment factor; and
 - d) if laws governing the classification of real property cause changes to the percentage of Estimated Market Value to be applied for property tax purposes, then the resulting increase or decrease in net tax capacity shall be applied proportionately to the Original Net Tax Capacity and the Retained Captured Net Tax Capacity of the TIF District.

The County Auditor shall notify the Authority of all changes made to the Original Net Tax Capacity of the TIF District.

Section 30 Financial Reporting and Disclosure Requirements

The Authority is responsible for information and financial reporting on the activities of the TIF District. These responsibilities include:

1. Prepare and Publish an Annual Statement. No later than July 1 of each year, the Authority must prepare and publish an annual statement which includes at least the following information:
 - (a) tax increment received and expended in that year
 - (b) original net tax capacity
 - (c) captured net tax capacity
 - (d) amount of outstanding bonded indebtedness
 - (e) increments paid to other government bodies
 - (f) administrative costs
 - (g) increments paid directly or indirectly outside of the district

- (h) if a fiscal disparities contribution is computed under section 469.177, Subd. 3(a), the increase in property tax imposed on other properties in the municipality as a result of the fiscal disparities contribution in the manner prescribed by the commissioner of revenue.

A copy of the annual statement must also be provided to the State Auditor, county board and county auditor, school board, and the municipality.

2. Prepare an Annual Report. (469.175 Subds. 5 and 6) The State Auditor enforces the provisions of the TIF Act and has full responsibility for financial and compliance auditing of the Authority's use of tax increment financing. The State Auditors office provides detailed tax increment reporting forms for use in complying with annual reporting requirements. On or before July 1 of each year, the Authority and/or the City must prepare a status and financial report for the TIF District and submit it to the state auditor, the county board, the county auditor, the school board, and the governing body of the municipality, if the municipality is not also the authority.
3. Prepare a Report of Local Contributions. (273.1399. subd. 6(d)) A municipality that makes a local contribution to a TIF District to qualify for an exemption from the LGA penalty must complete and return the required report to the Department of Revenue on or before March 17th. A standard reporting form is provided by the Department of Revenue.
4. Prepare a Minnesota Business Assistance Form. (116J.991) By April 1, the Authority must submit a report to the Department of Trade and Economic Development on wage and job goals and progress made in achieving them. A reporting form is provided by the Department, and must be submitted for each business which has received TIF assistance.

Section 31 Findings and Need for Tax Increment Financing

In establishing the TIF District, the City makes the following findings:

- (1) The TIF District qualifies as an redevelopment district;

See Section E of this document for the reasons and facts supporting this finding.

- (2) The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future, and the increased market value of the site that could reasonably be expected to occur without the use of tax increment would be less than the increase in 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;

The reasons and facts supporting this finding are that the downtown area of Victoria contains significant deficiencies in street layout, utility services, parking and other public, and obsolete substandard structures which are a detriment to redevelopment by the private sector. Such conditions render properties within the District unsuitable for redevelopment due to the excessive redevelopment 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 the necessary improvements to public infrastructure serving the downtown area will private redevelopment take place.

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. Such analysis is on file with the City, and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the TIF District and the use of tax increments.

(3) The TIF Plan conforms to the general plan for development or redevelopment of the City as a whole; and has been approved by the planning commission.

The reasons and facts supporting this finding are that the Planning Commission of the City of Victoria has reviewed the TIF Plan and the development proposal and has found that the TIF Plan is generally consistent with the Comprehensive plan and zoning ordinances, and serves to promote the City's development objectives for the downtown area.

(4) The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of the Project Area by private enterprise.

The reasons and facts supporting this finding are that the development activities are necessary so that development and redevelopment by private enterprise can occur within the Development District.

Section

E

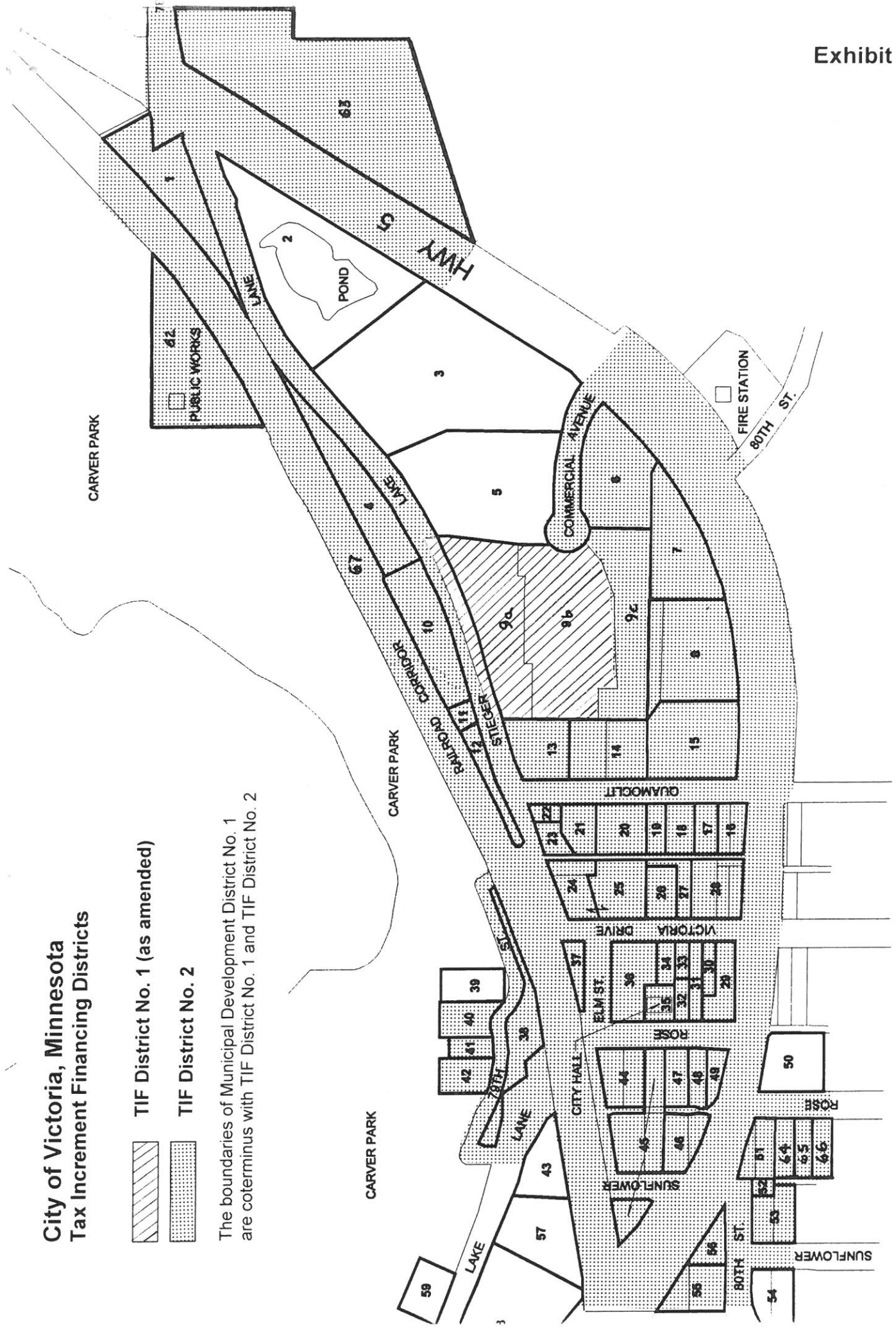
Exhibits

Map of Financing District(s) and Project Area.....	Exhibit A
Parcels Retained and Removed from TIF District No. 1	Exhibit B-1
Parcels contained in TIF District No. 2.....	Exhibit B-2
TIF District No. 2 Estimated Valuations and Increments	Exhibit C
Statement of Fiscal and Economic Impacts; ISD#112	Exhibit D-1
Statement of Fiscal and Economic Impacts: ISD#110	Exhibit D-2
Market Value Analysis	Exhibit E

**City of Victoria, Minnesota
Tax Increment Financing Districts**

-  TIF District No. 1 (as amended)
-  TIF District No. 2

The boundaries of Municipal Development District No. 1 are coterminous with TIF District No. 1 and TIF District No. 2



City of Victoria, Minnesota
TIF District No. 1

Exhibit B-1

Parcels Retained by Amendment #1

								Adjusted		1990	
Thibault	Existing	Parcel	Parcel	Payable 97 Valuations				Original	Captured	Substd	
Study #	Land Use	I.D.# (65-)	sq.ft.	MV Land	MV Bldg	MV Total	Tax Cap.	Tax Cap.	Tax Cap.	Bldgs?	
1	9a	multi-family	3640010 ✓	42,967	45,600	334,400	380,000	12,920	510	12,410	ok
2	9b	multi-family	3640020 ✓	50,034	53,100	437,500	490,600	10,555	15,086	(4,531)	ok
			93,001	98,700	771,900	870,600	23,475	15,596	7,879		

Parcels Eliminated by Amendment #1

	Thibault Study #	Existing Land Use	Parcel I.D.# (65-)	Parcel sq.ft.	Payable 97 Valuations				Original Tax Cap.	Captured Tax Cap.	Substd Bldgs?
					MV Land	MV Bldg	MV Total	Tax Cap.			
1	9c	vacant	3640021 ✓	23,085	24,500	-	24,500	833	340	493	ok
2	10	lumber storage	0134800 ✓	44,431	18,000	25,900	43,900	2,019	2,792	(773)	Substd
3	11	bulk oil storage	0134500 ✓	4,792	5,600	36,000	41,600	1,914	2,110	(196)	Substd
4	12	wood warehouse	0134600 ✓	4,792	2,000	6,700	8,700	400	630	(230)	Substd
5	13	auto repair	0133700 ✓	21,344	25,200	34,000	59,200	1,776	1,701	75	Substd
6	14a	home	0134900 ✓	14,810	19,400	58,500	77,900	740	41	699	vac
7	14b	vacant	0134100 ✓	15,681	4,300	-	4,300	86	607	(521)	Substd
8	16	home	0750040 ✓	9,583	16,100	51,600	67,700	1,557	591	966	ok
9	17	home	0750030 ✓	7,841	14,800	51,600	66,400	664	570	94	Substd
10	18	home	0750020 ✓	10,019	14,900	62,100	77,000	820	659	161	Substd
11	19	home	0750010 ✓	6,534	17,300	60,500	77,800	836	680	156	Substd
12	20	block warehouse	0133900 ✓	14,810	24,500	70,400	94,900	2,847	2,730	117	ok
13	21	home	0133300 ✓	15,682	18,800	66,700	85,500	990	774	216	ok
14	22	tavern	0133800 ✓	5,663	11,600	68,400	80,000	2,400	1,572	828	Substd
15	23	restaurant	0133400 ✓	13,939	25,000	85,000	110,000	3,460	2,199	1,261	ok
16	24,25	resid & comm.	0133500 ✓	43,996	51,800	22,300	74,100	762	696	66	Substd
17	26	apartment	0750070 ✓	10,890	18,000	50,100	68,100	1,419	2,181	(762)	Substd
18	27	vacant	0750060 ✓	6,970	13,300	-	13,300	399	960	(561)	Substd
19	28	lumber yard	0750050 ✓	20,038	63,000	119,000	182,000	6,772	6,591	181	Substd
20	29	bar	0750290 ✓	10,454	31,900	59,300	91,200	1,296	942	354	Substd
21	30	restaurant	0750280 ✓	6,970	9,800	57,600	67,400	2,022	2,022	-	ok
22	31	hair and postoffice	0750270 ✓	6,970	15,700	45,000	60,700	1,821	1,704	117	Substd
23	32	distribution ctr.	0750260 ✓	4,356	11,200	56,100	67,300	2,019	2,019	-	Substd
24	33	café	0750240 ✓	3,485	10,200	32,400	42,600	426	356	70	Substd
25	34	home	0750230 ✓	5,227	11,100	44,800	55,900	559	472	87	ok
26	35	city hall	0750190 ✓	27,443	10,000	400,000	410,000	-	-	-	ok
27	36	resid & comm.	0750200 ✓	21,344	47,000	93,000	140,000	4,535	4,777	(242)	ok
28	37	auto repair	0750180 ✓	6,534	16,500	46,500	63,000	1,890	1,746	144	Substd
29	38	vacant	0140600 ✓	2,614	200	-	200	4	-	4	vac
30	39	vacant ⁽¹⁾	0141720 ✓	13,440			-	-	-	-	vac
31	40	home	0141600 ✓	11,761	17,000	47,600	64,600	646	566	80	Substd
32	41	home	0141800 ✓	10,454	17,200	46,900	64,100	641	535	106	Substd
33	42	home	0141700 ✓	18,731	25,500	62,500	88,000	1,040	1,820	(780)	ok
34	44	resid & comm.	0750310 ✓	13,939	18,600	72,800	91,400	1,108	876	232	Substd
35	45	resid & comm.	0750320 ✓	28,314	16,700	39,600	56,300	1,689	1,587	102	Substd
36	46	home	0750360 ✓	13,504	19,700	21,500	41,200	412	950	(538)	Substd
37	47	home	0750330 ✓	9,148	18,600	48,700	67,300	673	579	94	ok
38	48	home	0750340 ✓	6,316	17,300	49,700	67,000	670	587	83	ok
39	49	vacant	0750350 ✓	6,316	1,100	-	1,100	25	13	12	vac
40		HennCo Parks	0134300 ✓							-	vac
41		HennCo Parks	0140700 ✓							-	vac
				522,220	703,400	2,092,800	2,796,200	52,170	49,975	2,195	

Not in
original
TIF #1

65-0141710 - NOT
but in original

City of Victoria, Minnesota
TIF District No. 2

Exhibit B-2

Parcel Summary -- Areas, Values & Conditions

Map #	May-97 Land Use	Parcel I.D.# (65-)	Parcel sq. ft.	Substd Bldgs?	Land Improved?	Pay '97 MV Land	Pay '97 MV Bldg	Pay '97 MV Total	Est. Original Tax Cap.
1 1a	nursery	0121700	14,375	Substd	yes	10,000	10,000	20,000	600
2 1b	"	0131900	37,026	Substd	yes	39,000	27,000	66,000	1,920
3 4a	commercial	0134400	24,394	ok	yes	29,200	43,300	72,500	2,175
4 4b	"	0134410	12,197	ok	yes	17,400	55,500	72,900	2,187
5 6	convenience store	4920030	47,916	ok	yes	78,000	222,000	300,000	12,200
6 7	commercial	0130400	47,916	Substd	yes	30,000	62,800	92,800	1,236
7 8	office building	4900020	56,828	ok	yes	62,600	220,000	282,600	11,400
8 9c	vacant	3640021	17,622	ok	yes	24,500	-	24,500	833
9 10	lumber storage	0134800	44,431	Substd	yes	18,000	25,900	43,900	2,019
10 11	bulk oil storage	0134500	4,792	Substd	yes	5,600	36,000	41,600	1,914
11 12	wood warehouse	0134600	4,792	Substd	yes	2,000	6,700	8,700	400
12 13	auto repair	0133700	21,344	Substd	yes	25,200	34,000	59,200	1,776
13 14a	home	0134900	14,810	vac	yes	19,400	58,500	77,900	740
14 14b	vacant	0134100	15,681	vac	yes	4,300	-	4,300	86
15 15	bank	4900010	46,174	ok	yes	59,000	394,900	453,900	19,279
16 16	home	0750040	9,583	Substd	yes	16,100	51,600	67,700	1,557
17 17	home	0750030	7,841	Substd	yes	14,800	51,600	66,400	664
18 18	home	0750020	10,019	Substd	yes	14,900	62,100	77,000	820
19 19	home	0750010	6,534	Substd	yes	17,300	60,500	77,800	836
20 20	block warehouse	0133900	14,810	Substd	yes	24,500	70,400	94,900	2,847
21 21	home	0133300	15,682	Substd	yes	18,800	66,700	85,500	990
22 22	tavern	0133800	5,663	Substd	yes	11,600	68,400	80,000	2,400
23 23	restaurant	0133400	13,939	Substd	yes	25,000	85,000	110,000	3,460
24 2,25	resid & comm.	0133500	43,996	Substd	yes	51,800	22,300	74,100	762
25 26	apartment	0750070	10,890	Substd	yes	18,000	50,100	68,100	1,419
26 27	vacant	0750060	6,970	vac	yes	13,300	-	13,300	399
27 28	lumber yard	0750050	20,038	Substd	yes	63,000	119,000	182,000	6,772
28 29	bar	0750290	10,454	Substd	yes	31,900	59,300	91,200	1,296
29 30	restaurant	0750280	6,970	ok	yes	9,800	57,600	67,400	2,022
30 31	hair and postoffice	0750270	6,970	Substd	yes	15,700	45,000	60,700	1,821
31 32	distribution ctr.	0750260	4,356	Substd	yes	11,200	56,100	67,300	2,019
32 33	café	0750240	3,485	Substd	yes	10,200	32,400	42,600	426
33 34	home	0750230	5,227	Substd	yes	11,100	44,800	55,900	559
34 35	city hall	0750190	27,443	Substd	yes	10,000	400,000	410,000	-
35 36	resid & comm.	0750200	21,344	Substd	yes	47,000	93,000	140,000	4,535
36 37	auto repair	0750180	6,534	Substd	yes	16,500	46,500	63,000	1,890
37 38	vacant	0140600	2,614	vac	no	200	-	200	4
39 40	home	0141600	11,761	Substd	yes	17,000	47,600	64,600	646
40 41	home	0141800	10,454	Substd	yes	17,200	46,900	64,100	641
41 42	home	0141700	18,731	ok	yes	25,500	62,500	88,000	1,040
42 44	resid & comm.	0750310	13,939	Substd	yes	18,600	72,800	91,400	1,108
43 45	resid & comm.	0750320	28,314	Substd	yes	16,700	39,600	56,300	1,689
44 46	home	0750360	13,504	Substd	yes	19,700	21,500	41,200	412
45 47	home	0750330	9,148	Substd	yes	18,600	48,700	67,300	673
46 48	home	0750340	6,316	Substd	yes	17,300	49,700	67,000	670
47 49	vacant	0750350	6,316	vac	no	1,100	-	1,100	25
48 50	gas station	2050010	21,750	ok	yes	43,900	220,100	264,000	10,544
49 51	home	5100130	11,761	Substd	yes	17,000	44,900	61,900	619
50 52	organic food store	5100110	2,814	Substd	yes	12,400	59,300	71,700	717
51 53	auto repair	3450010	15,246	Substd	yes	23,900	106,600	130,500	4,357
52 55a	Auto sales	0140200	10,000	Substd	yes	19,400	34,600	54,000	1,620
53 55b	"	0140400	4,375	vac	yes	1,100	-	1,100	51
54 56	parking	3450020	7,841	vac	yes	22,900	-	22,900	687
55 62	public works garage	0130800	70,567	ok	yes	26,000	120,900	146,900	-
56 63	vacant parcel	0130300	209,959	vac	no	20,300	-	20,300	609
57 64	house	lot2, bk6	8,000	Substd	yes	18,000	31,600	49,600	496
58 65	house	lot 3, bk 6	8,000	Substd	yes	18,000	42,600	60,600	606
59 66	house	lot 4, bk 6	8,000	Substd	yes	1,900	71,500	73,400	734
60 67	Railroad Corridor ??		360,000	vac	yes				-
			1,528,456			1,253,400	3,860,400	5,112,700	124,207

Summary Statistics

Number of Parcels	63	Number of Parcels with Buildings	51
Area Included (sq.ft.w/out roads)	1,528,456	Number of Buildings found Substandard	40
Area of Improved Parcels	1,309,567	Percent of Buildings found Substandard	78%
Percent of Area Improved	86%		

City of Victoria, Minnesota
Downtown TIF Districts
Expanded Downtown District

As Adopted

Valuations & Projected Increases

Original Tax Capacity	124,207
Inflation factor	0.00%
Market Value Upon Completion	12,443,900
Projected TC Increase upon Completion	370,690
Phase In Period (years)	15

Tax Rate Assumptions:

	97 Payable Rate	Projected Avg. Rate	Original Rate
City	28.536%	28.536%	-
County	46.606%	46.606%	-
School	69.138%	69.138%	-
Other	3.530%	3.530%	-
	147.810%	147.810%	147.810%

Projected Tax Increment

Payable Year	Original Tax Capacity	Projected Tax Capacity	Net Captured Tax Capacity	Less Fiscal Disparities	Retained Net Captured Tax Capacity	Projected Tax Rate*	Gross Tax Increment	2.50% Admin. Retainage	0.10% State Auditor's Deduction	5.00% Annual Local Contributions	TOTAL NET REVENUES
1997	124,207	124,207	-	-	-	-	-	-	-	-	-
1998	124,207	124,207	-	-	-	147.81%	36,528	913	37	1,826	37,404
1999	124,207	148,920	24,713	-	24,713	147.81%	73,056	1,826	73	3,653	74,809
2000	124,207	173,632	49,425	-	49,425	147.81%	109,583	2,740	110	5,479	112,213
2001	124,207	198,345	74,138	-	74,138	147.81%	146,111	3,653	146	7,306	149,618
2002	124,207	223,058	98,851	-	98,851	147.81%	182,639	4,566	183	9,132	187,022
2003	124,207	247,770	123,563	-	123,563	147.81%	219,167	5,479	219	10,958	224,427
2004	124,207	272,483	148,276	-	148,276	147.81%	255,695	6,392	256	12,785	261,831
2005	124,207	297,196	172,989	-	172,989	147.81%	292,223	7,306	292	14,611	299,236
2006	124,207	321,909	197,702	-	197,702	147.81%	328,750	8,219	329	16,438	336,640
2007	124,207	346,621	222,414	-	222,414	147.81%	365,278	9,132	365	18,264	374,045
2008	124,207	371,334	247,127	-	247,127	147.81%	401,806	10,045	402	20,090	411,449
2009	124,207	396,047	271,840	-	271,840	147.81%	438,334	10,958	438	21,917	448,854
2010	124,207	420,759	296,552	-	296,552	147.81%	474,862	11,872	475	23,743	486,258
2011	124,207	445,472	321,265	-	321,265	147.81%	511,390	12,785	511	25,569	523,663
2012	124,207	470,185	345,978	-	345,978	147.81%	547,917	13,698	548	27,396	561,067
2013	124,207	494,897	370,690	-	370,690	147.81%	547,917	13,698	548	27,396	561,067
2014	124,207	494,897	370,690	-	370,690	147.81%	547,917	13,698	548	27,396	561,067
2015	124,207	494,897	370,690	-	370,690	147.81%	547,917	13,698	548	27,396	561,067
2016	124,207	494,897	370,690	-	370,690	147.81%	547,917	13,698	548	27,396	561,067
2017	124,207	494,897	370,690	-	370,690	147.81%	547,917	13,698	548	27,396	561,067
2018	124,207	494,897	370,690	-	370,690	147.81%	547,917	13,698	548	27,396	561,067
2019	124,207	494,897	370,690	-	370,690	147.81%	547,917	13,698	548	27,396	561,067
2020	124,207	494,897	370,690	-	370,690	147.81%	547,917	13,698	548	27,396	561,067
2021	124,207	494,897	370,690	-	370,690	147.81%	547,917	13,698	548	27,396	561,067
2022	124,207	494,897	370,690	-	370,690	147.81%	547,917	13,698	548	27,396	561,067
2023	124,207	494,897	370,690	-	370,690	147.81%	547,917	13,698	548	27,396	561,067
2024	494,897	494,897	-	-	-	147.81%	-	-	-	-	-
							9,862,515	246,563	9,863	493,126	10,099,215

Net Present Value @ 25 years @ 7% > 3,486,624
 Net Present Value @ 20 years @ 7% > 2,931,026
 Net Present Value @ 15 years @ 7% > 2,151,771

City of Victoria, Minnesota
Downtown TIF Districts
Expanded Downtown District

Portion in School District #112

Statement of Estimated Fiscal and Economic Impact

Taxing Jurisdiction	Without TIF District			With TIF District					
	97 Payable Taxable Net Tax Capacity ⁽¹⁾	97 Payable Local Tax Rate	97 Payable Tax Capacity ⁽¹⁾	Projected Captured Net Tax Capacity	Hypothetical Tax Generated By TIF	New Taxable Net Tax Capacity	Hypothetical Adjusted Local Tax Rate	Hypothetical Decrease in Tax Rate	Hypothetical Tax Rate
City of Victoria	3,641,542	28.536%	3,641,542	310,058	88,478	3,951,600	26.297%	2.239%	2.239%
Carver County	56,140,622	46.606%	56,140,622	310,058	144,506	56,450,680	46.350%	0.256%	0.256%
Chaska ISD # 112	34,757,155	69.138%	34,757,155	310,058	214,368	35,067,213	68.527%	0.611%	0.611%
Other ⁽²⁾	--	3.530%	--	310,058	10,945	--	--	--	--
Totals		147.810%			458,297				3.106%

Statement #1: If all of the projected captured net tax capacity of the project were hypothetically available to each taxing jurisdiction if TIF were not used, the tax capacities of each jurisdiction would be increased by the amounts shown above, and the local tax rates of each jurisdiction would be decreased by the amounts shown.

Statement #2: Since none of the projected captured tax capacity of the project would be available without the use of TIF, the tax capacities and tax rates of each jurisdiction will be unaffected.

⁽¹⁾ Taxable net tax capacity = total net tax capacity less value captured in TIF Districts and powerline value.

⁽²⁾ The impacts upon other taxing jurisdictions not included since they represent a small percentage of the total tax rate.

City of Victoria, Minnesota
Downtown TIF Districts
Expanded Downtown District

Portion in School District #110

Statement of Estimated Fiscal and Economic Impact

Taxing Jurisdiction	Without TIF District			With TIF District					
	97 Payable Taxable Capacity ⁽¹⁾	97 Payable Local Tax Rate	97 Payable Taxable Net Tax Capacity ⁽¹⁾	Projected Captured Net Tax Capacity	Hypothetical Tax Generated By TIF	New Taxable Net Tax Capacity	Hypothetical Adjusted Local Tax Rate	Hypothetical Decrease in Tax Rate	
City of Victoria	3,154,513	28.536%	3,154,513	60,632	17,302	3,215,145	27.998%	0.538%	
Carver County	35,727,041	46.606%	35,727,041	60,632	28,258	35,787,673	46.527%	0.079%	
Waconia ISD # 110	7,011,789	60.197%	7,011,789	60,632	36,499	7,072,421	59.681%	0.516%	
Other ⁽²⁾	--	3.530%	--	60,632	2,140	--	--	--	
Totals		138.869%			84,199			1.133%	

Statement #1: If all of the projected captured net tax capacity of the project were hypothetically available to each taxing jurisdiction if TIF were not used, the tax capacities of each jurisdiction would be increased by the amounts shown above, and the local tax rates of each jurisdiction would be decreased by the amounts shown.

Statement #2: Since none of the projected captured tax capacity of the project would be available without the use of TIF, the tax capacities and tax rates of each jurisdiction will be unaffected.

- ⁽¹⁾ Taxable net tax capacity = total net tax capacity less value captured in TIF Districts and powerline value.
⁽²⁾ The impacts upon other taxing jurisdictions not included since they represent a small percentage of the total tax rate.

City of Victoria, Minnesota

Downtown TIF Districts

Expanded Downtown District

Market Value Analysis

Increased Market Value of Site*	9,615,000
Less Present Value of TIF Revenues	<u>2,962,567</u>
	6,652,433
Estimated Increased Site Value w/out TIF*	<u>3,000,000</u>
Net Value Increase	3,652,433

**estimate only*

Present Value of Tax Increments

Calculation Date	12/1/97
Present Value Factor	7.50%

#	Year	Gross Tax Increment	Present Value
0	1997	-	-
1	1998	-	-
2	1999	36,528	29,403
3	2000	73,056	54,704
4	2001	109,583	76,331
5	2002	146,111	94,675
6	2003	182,639	110,087
7	2004	219,167	122,887
8	2005	255,695	133,366
9	2006	292,223	141,785
10	2007	328,750	148,379
11	2008	365,278	153,364
12	2009	401,806	156,930
13	2010	438,334	159,253
14	2011	474,862	160,487
15	2012	511,390	160,774
16	2013	547,917	160,240
17	2014	547,917	149,061
18	2015	547,917	138,661
19	2016	547,917	128,987
20	2017	547,917	119,988
21	2018	547,917	111,617
22	2019	547,917	103,829
23	2020	547,917	96,586
24	2021	547,917	89,847
25	2022	547,917	83,579
26	2023	547,917	77,748
		<u>9,862,515</u>	<u>2,962,567</u>