

City of Victoria, Minnesota

Tax Increment Financing Plan Tax Increment Financing District No. 1-3 (Downtown Redevelopment Project)

Adopted: May 9, 2002



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Tax Increment Financing Plan for Tax Increment District No. 1-3 (Downtown Redevelopment)

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.

"Project" means the Development Program for Municipal Development District No. 1, as amended.

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

"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 District No. 1-3.

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

Section 2 Statement of Need and Public Purpose

See Section A of the Development Program for Municipal Development District No. 1, as amended.

Section 3 Statutory Authorization

The Authority is empowered under the provisions of the TIF Act to establish a tax increment financing district.

Section 4 Statement of Objectives

See Section D of the Development Program for Municipal Development District No. 1.

Section 5 Specific Development Expected to Occur in the TIF District

Through the creation of Tax Increment District No. 3 and in coordination with existing Tax Increment Districts Nos. 1 & 2, the City of Victoria proposes to aggressively promote development and redevelopment projects within the Project Area. There is presently one specific redevelopment proposal under consideration.

A developer has indicated an interest in purchasing three (3) substandard homes located on parcels 65-0141710, 65-0141600, 65-0141800, and 65-0141700 for the purpose of demolishing the existing substandard housing in order to construct a new high density housing project.

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 provided in Exhibit 1 and a listing of the parcels and current valuation is provided in Exhibit 2. Boundaries of the TIF District include all street rights-of-way and utility or drainage easements located upon or adjacent to the parcel listed.

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)

<u>Capital Costs:</u>	
Streets, Sidewalks, & Walkways	\$1,610,000
Parking	\$ 175,000
Utilities	\$ 520,000
Engineering (35%)	\$1,400,000
Acquisition & Relocation	\$1,000,000
Site Improvements	<u>\$ 750,000</u>
	\$5,455,000
<u>Finance Costs:</u>	
Capitalized interest	\$ 500,000
Debt principal payments	\$5,955,000
Debt interest payments	<u>\$5,455,000</u>
	\$11,910,000

<u>Administrative Costs</u>	
Planning, fiscal & legal	\$400,000
Total Uses of Funds	\$17,765,000
Sources of Funds	
Net tax increments	\$5,537,256
Developer Payments	\$6,272,744
<u>Debt proceeds</u>	<u>\$5,955,000</u>
Total Sources of Funds	\$17,765,000

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 4 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 a pay-as-you-go technique, internal funding, general obligation or other bonds in an amount not to exceed \$5,955,000, or any other financing mechanism authorized by law. In addition, in the event that tax increments from Tax Increment District No. 2 are insufficient to make debt service payments on the Steiger Lake Lane Bridge Project, the City of Victoria hereby pledges increments from District No. 3 to cover debt service shortfalls.

The City may incur "internal debt", including a negative balance in the TIF fund and/or other internal transfers of funds, and all such forms of internal debt are hereby explicitly authorized by this TIF Plan. Prior to incurring internal debt, the City Council must adopt a resolution which specifies the principal amount, the interest rate and the maximum term.

Internal debt payments may include interest at a rate not to exceed 6.5%, and may be funded with tax increment revenues or proceeds of tax increment bonds payable from tax increment revenues from the TIF District over the life of the TIF District. Internal debt shall be in addition to and not be counted against the bonded debt limit created by this section.

Section 11 Designation of TIF District as a 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, paved or gravel parking lots or similar structures 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 similar improvements" unless 15 percent of the area of the parcel contains improvements.

As summarized on Exhibit B-2, 96 percent of the area of the district is occupied by improved parcels, and 86 percent of the buildings within the District are found to be substandard (Inspection records are on file at the offices of the City Administrator). In addition, each parcel contains improvements covering over 15% of that parcel's area.

Because more than 70% of the area of the TIF District consists of improved parcels and more than 50% of buildings in the TIF District have been found to be substandard, the TIF District meets the criteria to qualify as a redevelopment district.

Section 12 Original Net Tax Capacity & Fiscal Disparities Election

The County Auditor will 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 TIF District No. 1-3, as of January 2, 2000, for taxes payable in 2001 is \$4,619,000, consisting of \$1,510,200 of land value and \$3,108,800 of building value. Based upon these values, the original net tax capacity of the TIF District will be approximately **\$53,993**.

Each year the County Auditor will 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 (b), where the current net tax capacity excludes any fiscal disparity commercial and industrial net tax capacity increase between the original year and the current year. This produces lower tax increments.

Section 13 Original Local Tax Rate

The County Auditor will also certify the Original Local Tax Rate of the TIF District. This rate will be the sum of all local tax rates that apply to property in the TIF District, but will not include the rate attributable to the State tax levy. This rate will 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 (excluding the State tax rate) at that time or (b) the Original Local Tax Rate of the TIF District.

The sum of all local tax rates that apply to property in the TIF District for taxes levied in 2001 and payable in 2002 is estimated to be **136.253%**.

<u>Taxing Jurisdiction</u>	<u>2001/2002 Local Tax Rate</u>
City of Victoria	45.953%
Carver County	54.465%
ISD#. 112	29.826%
Other	<u>6.009%</u>
Total	136.253%

Section 14 Projected Retained Captured Net Tax Capacity and Tax Increment

Each year the County Auditor will 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 will 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 3 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 existence for 25 years from the date of receipt of the first tax increment. This produces 26 annual collections of tax increment. The Authority anticipates that the TIF District may remain in existence the maximum duration allowed by law (projected to be 2029). Modifications of this plan (see Section 28) may not extend these limitations unless the Authority elects under certain circumstances to extend the duration of TIF District in order to recover eligible pollution cleanup costs incurred by the City (see M.S. Section 469.176, Subd. 1g for details).

For certain TIF districts for which certification was requested prior to August 1, 2001, the Authority must obtain approval from the commissioner of revenue to decertify that TIF district prior to the statutory duration. This TIF District is not subject to that limitation.

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 but are not limited to 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 an estimated 0.33% 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 3 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, except that the Authority must obtain approval from the commissioner of revenue to decertify a TIF District before the required decertification date.

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 may 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 75% 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 25% 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:

- a) actually paid to a third party for activities performed within the TIF District within five years after certification of the district;
- b) 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

- c) 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 75% 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.

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:

- a) prepay any outstanding tax increment bonds, notes or other obligations;
- b) discharge the pledge of tax increments thereon.
- c) pay amounts into an escrow account dedicated to the payment of the tax increment bonds, notes or other obligations; or
- d) 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:

- a) amounts paid for the purchase of land;
- b) amounts paid for materials and services, including architectural and engineering services directly connected with the proposed development within the TIF District;
- c) relocation benefits paid to, or services provided for, persons or businesses located within the TIF District; or
- d) 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

The local government aid penalty provision was repealed in 2001.

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 provide a listing of all building permits issued over the preceding 18 months at the time certification is requested.

Section 25 Development Agreements

If more than 25% of the acreage of a project (which contains a 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.

The Authority has no current plans to acquire property with tax increment bonds, but does intend to enter into development agreement(s) for all projects in the District.

Section 26 Requirement for Business Subsidy Agreement

Minnesota Statutes 116J.991 requires a City or Authority providing a business with a subsidy worth \$25,000 or more to complete a subsidy approval process. Certain redevelopment projects are exempt from the requirements if:

- a. Assistance provided is for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50% of the total cost; or
- b. Assistance is for redevelopment property polluted by contaminants as defined in Section 116J.552, subdivision 3; or
- c. Assistance is for redevelopment property where the recipient's investment in the purchase of the site and in site preparation is 70% or more of the assessor's current year's estimated market value.

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 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 August 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 August 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.

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 a redevelopment district;

See Section 11 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 improvements, 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 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 downtown area will private redevelopment take place.

- (3) The TIF Plan 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 Planning Commission of the City of Victoria has reviewed the TIF Plan and the development proposal and has 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 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.

Exhibits

Exhibit A Location Map

Exhibit B Parcels and Valuations

Exhibit C Tax Increment Projections

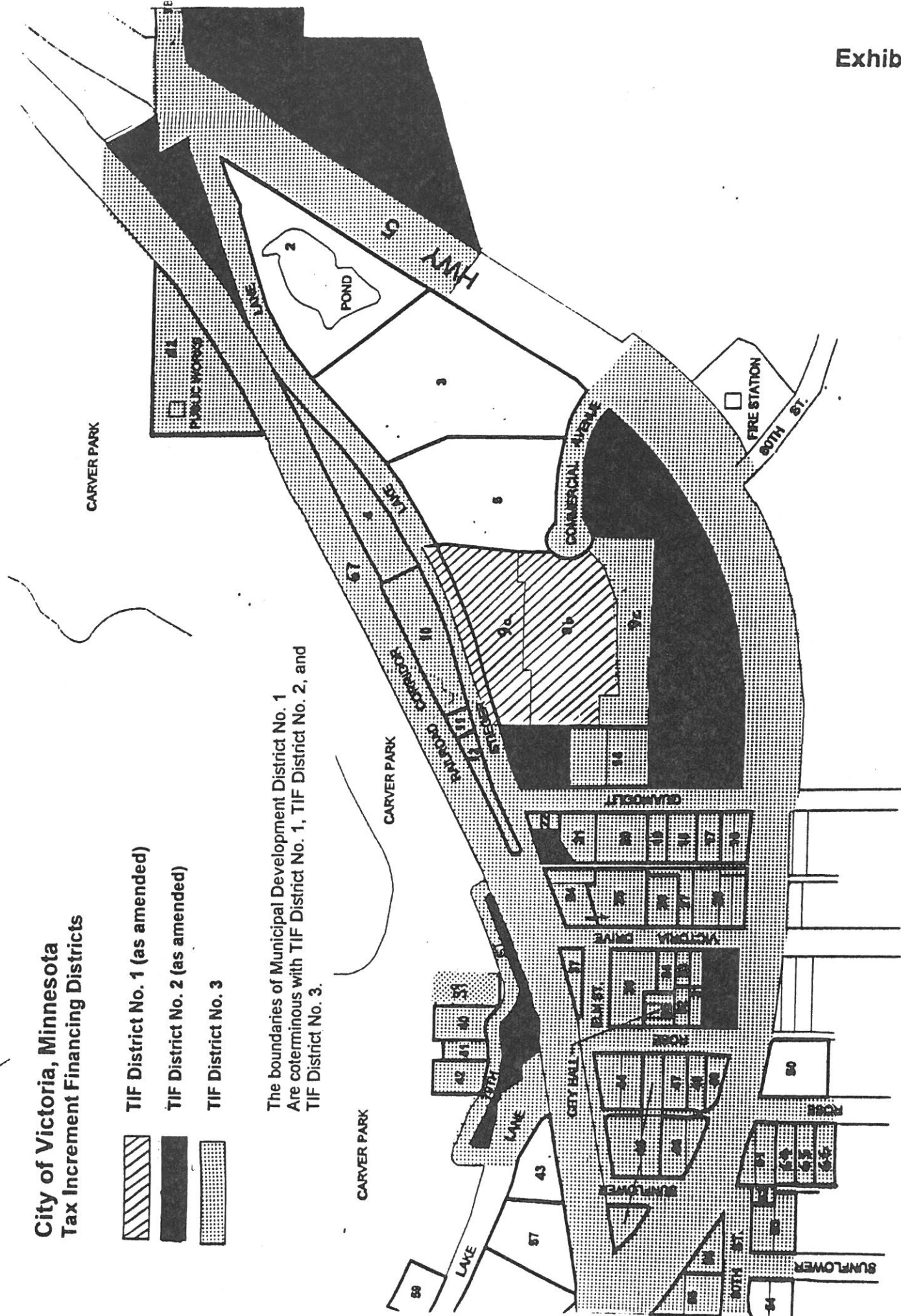
Exhibit D Statement of Estimated Fiscal and Economic Impact

Exhibit E Market Value Analysis

City of Victoria, Minnesota Tax Increment Financing Districts

-  TIF District No. 1 (as amended)
-  TIF District No. 2 (as amended)
-  TIF District No. 3

The boundaries of Municipal Development District No. 1
Are coterminous with TIF District No. 1, TIF District No. 2, and
TIF District No. 3.



City of Victoria, Minnesota
TIF District No. 2

Exhibit B-1

Parcels Retained by Amendment #1

Map #	Existing Land Use	Parcel I.D.# (65-)	Parcel sq.ft.	Payable 01 Valuations				Adjusted Original Tax Cap.	Captured Tax Cap	1997 Substd Bldgs?	
				MV Land	MV Bldg	MV Total	Tax Cap.				
1	1a	nursery	0121700	14,375	34,400	-	34,400	1,170	480	690	Substd
2	1b	nursery	0131900	37,026	92,600	171,500	264,100	10,555	1,536	9,019	Substd
3	6	convenience store	4920030	47,916	124,900	222,000	346,900	10,295	8,700	1,595	ok
4	7	commercial	0130400	47,916	78,300	647,800	726,100	23,187	1,987	21,200	Substd
5	8	office building	4900020	58,828	134,200	237,400	371,600	11,134	8,108	3,026	ok
6	13	auto repair	0133700	21,344	25,200	86,300	111,500			-	Substd
7	15	bank	4900010	46,174	112,400	422,500	534,900	16,687	13,933	2,754	ok
8	23	restaurant	0133400	13,939	44,300	143,600	187,900	4,889	2,669	2,220	Substd
9	29	bar	0750290	10,454	26,300	58,200	84,500	1,647	1,016	631	Substd
10	30	restaurant	0750280	6,970	13,500	62,200	75,700	1,817	1,618	199	ok
11	38	vacant	0140400	2,614	1,100	-	1,100	26	26	-	vac
12	63	vacant	0130300	209,959	75,900	215,000	290,900	8,391	487	7,904	vac
				515,515	763,100	2,266,500	3,029,600	89,798	40,560	49,238	

Parcels Eliminated by Amendment #1

Map #		Existing Land Use	Parcel I.D.# (65-)	Parcel sq.ft.	Payable 01 Valuations				Original Tax Cap.	Captured Tax Cap.	Substd Bldgs?
					MV Land	MV Bldg	MV Total	Tax Cap.			
1	4a	commercial	0134400	24,394	65,900	48,600	114,500	4,889	2,669	2,220	ok
2	4b	commercial	0134410	12,197	32,900	55,600	88,500	2,654	1,750	904	ok
3	9c	vacant	3640021	44,352	26,600	-	26,600	242	235	7	ok
4	10	lumber storage	0134800	44,431	110,600	25,600	136,200	3,374	1,054	2,320	Substd
5	11	bulk oil storage	0134500	4,792	11,600	36,000	47,600	1,142	998	144	Substd
6	12	wood warehouse	0134600	4,792	17,500	6,900	24,400	586	209	377	Substd
7	14a	vacant	0134900	14,810	4,500	-	4,500	74	51	23	vac
8	14b	home	0134100	15,681	30,000	64,000	94,000	1,057	730	327	vac
9	16	home	0750040	9,583	24,000	54,300	78,300	950	812	138	Substd
10	17	home	0750030	7,841	25,300	54,600	79,900	824	624	200	Substd
11	18	home	0750020	10,019	27,000	75,200	102,200	1,192	777	415	Substd
12	19	home	0750010	6,534	29,100	81,800	110,900	1,336	790	546	Substd
13	20	block warehouse	0133900	14,810	47,000	107,400	154,400	2,610	2,278	332	Substd
14	21	home	0133300	15,682	30,300	80,800	111,100	1,491	1,051	440	Substd
15	22	tavern	0133800	5,663	20,300	83,200	103,500	2,484	1,918	566	Substd
16	24,25	resid & comm.	0133500	43,996	29,100	72,000	101,100	1,174	741	433	Substd
17	26	apartment	0750070	10,890	29,700	76,400	106,100	-	-	-	Substd
18	27	vacant	0750060	6,970	19,700	-	19,700	-	-	-	vac
19	28	lumber yard	0750050	20,038	85,400	120,900	206,300	5,514	4,688	826	Substd
20	31	hair and postoffice	0750270	6,970	28,400	46,000	74,400	1,786	1,457	329	Substd
21	32	distribution ctr.	0750260	4,356	16,800	57,000	73,800	1,771	1,615	156	Substd
22	33	café	0750240	3,485	24,100	33,900	58,000	580	426	154	Substd
23	34	home	0750230	5,227	24,700	54,200	78,900	-	-	-	Substd
24	35	city hall	0750190	27,443	30,000	350,400	380,400	-	-	-	Substd
25	36	resid & comm.	0750200	21,344	85,200	95,400	180,600	2,167	1,349	818	Substd
26	37	auto repair	0750180	6,534	29,400	45,700	75,100	1,802	1,512	290	Substd
27	40	home	0141600	11,761	30,000	50,000	80,000	826	646	180	Substd
28	41	home	0141800	10,454	30,000	51,900	81,900	857	641	216	Substd
29	42	home	0141700	18,731	30,000	72,200	102,200	1,192	958	234	ok
30	44	resid & comm.	0750310	13,939	27,100	103,100	130,200	1,654	1,014	640	Substd
31	45	resid & comm.	0750320	28,314	65,100	41,900	107,000	2,568	1,351	1,217	Substd
32	46	home	0750360	13,504	27,500	31,100	58,600	703	494	209	Substd
33	47	home	0750330	9,148	28,200	67,600	95,800	1,087	673	414	Substd
34	48	home	0750340	6,316	29,600	65,900	95,500	1,082	670	412	Substd
35	49	vacant	0750350	6,316	1,600	-	1,600	26	18	8	vac
36	50	gas station	2050010	21,750	43,900	220,100	264,000	-	-	-	ok
37	51	home	5100130	11,761	24,800	63,800	88,600	968	619	349	Substd
38	52	organic food store	5100110	2,814	22,900	56,800	79,700	821	717	104	Substd
39	53	auto repair	3450010	15,246	26,800	104,500	131,300	3,151	3,108	43	Substd
40	55a	auto sales	0140200	10,000	37,400	36,100	73,500	1,764	1,296	468	Substd
41	55b	auto sales	0140400	4,375	1,100	-	1,100	26	26	-	vac
42	56	parking	3450020	7,841	26,800	-	26,800	724	574	150	vac
43	62	public works garage	0130800	70,567	39,000	140,000	179,000	-	-	-	ok
44	64	home	5100140	8,000	28,500	48,600	77,100	690	453	237	Substd
45	65	home	5100150	8,000	27,300	52,600	79,900	824	606	218	Substd
46	66	home	5100160	8,000	27,500	101,500	129,000	1,635	999	636	Substd
47	67	Railroad Corridor	360,000							-	Improved
				1,039,671	1,480,200	3,033,600	4,513,800	60,297	42,597	17,700	

City of Victoria, Minnesota
TIF District No. 3

Exhibit B-2

Parcel Summary -- Areas, Values & Conditions

Map #	Apr-02 Land Use	Parcel I.D.# (65-)	Parcel sq.ft.	Substd Bldgs?	Land Improved?	Pay '01 MV Land	Pay '01 MV Bldg	Pay '01 MV Total	Est. Original Tax Cap.	
1	4a	commercial	0134400	24,394	ok	yes	65,900	48,600	114,500	1,718
2	4b	"	0134410	12,197	ok	yes	32,900	55,600	88,500	1,328
3	9c	vacant	3640021	44,352	ok	yes	26,600	-	26,600	399
4	10	lumber storage	0134800	44,431	Substd	yes	110,600	25,600	136,200	2,043
5	11	bulk oil storage	0134500	4,792	Substd	yes	11,600	36,000	47,600	714
6	12	wood warehouse	0134600	4,792	Substd	yes	17,500	6,900	24,400	366
7	14a	vacant	0134900	14,810	vac	yes	4,500	-	4,500	68
8	14b	home	0134100	15,681	Substd	yes	30,000	64,000	94,000	940
9	16	home	0750040	9,583	Substd	yes	24,000	54,300	78,300	783
10	17	home	0750030	7,841	Substd	yes	25,300	54,600	79,900	799
11	18	home	0750020	10,019	Substd	yes	27,000	75,200	102,200	1,022
12	19	home	0750010	6,534	Substd	yes	29,100	81,800	110,900	1,109
13	20	block warehouse	0133900	14,810	ok	yes	47,000	107,400	154,400	2,338
14	21	home	0133300	15,682	Substd	yes	30,300	80,800	111,100	1,111
15	22	tavern	0133800	5,663	Substd	yes	20,300	83,200	103,500	1,553
16	24,25	resid & comm.	0133500	43,996	Substd	yes	29,100	72,000	101,100	1,517
17	26	apartment	0750070	10,890	Substd	yes	29,700	76,400	106,100	1,910
18	27	vacant	0750060	6,970	vac	yes	19,700	-	19,700	296
19	28	lumber yard	0750050	20,038	Substd	yes	85,400	120,900	206,300	3,376
20	31	hair and postoffice	0750270	6,970	Substd	yes	28,400	46,000	74,400	1,116
21	32	distribution ctr.	0750260	4,356	Substd	yes	16,800	57,000	73,800	1,107
22	33	café	0750240	3,485	Substd	yes	24,100	33,900	58,000	870
23	34	home	0750230	5,227	Substd	yes	24,700	54,200	78,900	789
24	35	city hall	0750190	27,443	Substd	yes	30,000	350,400	380,400	-
25	36	resid & comm.	0750200	21,344	Substd	yes	85,200	95,400	180,600	2,862
26	37	auto repair	0750180	6,534	Substd	yes	29,400	45,700	75,100	1,127
27	39	home	0141710	8,120	Substd	yes	30,000	75,200	105,200	1,052
28	40	home	0141600	11,761	Substd	yes	30,000	50,000	80,000	800
29	41	home	0141800	10,454	Substd	yes	30,000	51,900	81,900	819
30	42	home	0141700	18,731	Substd	yes	30,000	72,200	102,200	1,022
31	44	resid & comm.	0750310	13,939	Substd	yes	27,100	103,100	130,200	1,953
32	45	resid & comm.	0750320	28,314	Substd	yes	65,100	41,900	107,000	1,605
33	46	home	0750360	13,504	Substd	yes	27,500	31,100	58,600	586
34	47	home	0750330	9,148	Substd	yes	28,200	67,600	95,800	958
35	48	home	0750340	6,316	Substd	yes	29,600	65,900	95,500	955
36	49	vacant	0750350	6,316	vac	no	1,600	-	1,600	24
37	50	gas station	2050010	21,750	Substd	yes	43,900	220,100	264,000	4,530
38	51	home	5100130	11,761	Substd	yes	24,800	63,800	88,600	886
39	52	organic food store	5100110	2,814	Substd	yes	22,900	56,800	79,700	1,196
40	53	auto repair	3450010	15,246	Substd	yes	26,800	104,500	131,300	1,970
41	55a	Auto sales	0140200	10,000	Substd	yes	37,400	36,100	73,500	1,103
42	55b	"	0140400	4,375	vac	yes	1,100	-	1,100	17
43	56	parking	3450020	7,841	vac	yes	26,800	-	26,800	402
44	62	public works garage	0130800	70,567	ok	yes	39,000	140,000	179,000	-
45	64	house	5100140	8,000	Substd	yes	28,500	48,600	77,100	771
46	65	house	5100150	8,000	Substd	yes	27,300	52,600	79,900	799
47	66	house	5100160	8,000	Substd	yes	27,500	101,500	129,000	1,290
48	67	Railroad Corridor ??		360,000	Improved	yes				-
			1,047,791			1,510,200	3,108,800	4,619,000	53,993	

Summary Statistics

Number of Parcels	48	Number of Parcels with Buildings	43
Area Included (sq.ft.w/out roads)	1,047,791	Number of Buildings found Substandard	37
Area of Improved Parcels	1,007,479	Percent of Buildings found Substandard	86%
Percent of Area Improved	96%		

City of Victoria, Minnesota
Downtown TIF District No. 3

As Adopted

Valuations & Projected Increases

Original Tax Capacity	53,993
Inflation factor	0.00%
Market Value Upon Completion	9,950,000
Projected TC Increase upon Completion	165,966
Phase In Period (years)	15

Tax Rate Assumptions:

	02 Payable Rate	Projected Avg. Rate	Original Rate
City	45.953%	45.953%	-
County	54.465%	54.465%	-
School	29.826%	29.826%	-
Other	6.009%	6.009%	-
	136.253%	136.253%	136.253%

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	Adjustments	10.00% Admin. Retainage	0.33% State Auditor's Deduction	0.00% Annual Local Contributions	TOTAL NET REVENUES
2002	53,993	53,993	-	-	-	136.25%	-	-	-	-	-	-
2003	53,993	53,993	-	-	-	136.25%	168,080	16,808	555	-	-	150,718
2004	53,993	177,352	123,359	-	123,359	136.25%	188,871	18,887	623	-	-	169,361
2005	53,993	192,611	138,618	-	138,618	136.25%	223,989	22,399	739	-	-	200,851
2006	53,993	218,385	164,392	-	164,392	136.25%	226,134	22,613	746	-	-	202,774
2007	53,993	219,959	165,966	-	165,966	136.25%	226,134	22,613	746	-	-	202,774
2008	53,993	219,959	165,966	-	165,966	136.25%	226,134	22,613	746	-	-	202,774
2009	53,993	219,959	165,966	-	165,966	136.25%	226,134	22,613	746	-	-	202,774
2010	53,993	219,959	165,966	-	165,966	136.25%	226,134	22,613	746	-	-	202,774
2011	53,993	219,959	165,966	-	165,966	136.25%	226,134	22,613	746	-	-	202,774
2012	53,993	219,959	165,966	-	165,966	136.25%	226,134	22,613	746	-	-	202,774
2013	53,993	219,959	165,966	-	165,966	136.25%	226,134	22,613	746	-	-	202,774
2014	53,993	219,959	165,966	-	165,966	136.25%	226,134	22,613	746	-	-	202,774
2015	53,993	219,959	165,966	-	165,966	136.25%	226,134	22,613	746	-	-	202,774
2016	53,993	219,959	165,966	-	165,966	136.25%	226,134	22,613	746	-	-	202,774
2017	53,993	219,959	165,966	-	165,966	136.25%	226,134	22,613	746	-	-	202,774
2018	53,993	219,959	165,966	-	165,966	136.25%	226,134	22,613	746	-	-	202,774
2019	53,993	219,959	165,966	-	165,966	136.25%	226,134	22,613	746	-	-	202,774
2020	53,993	219,959	165,966	-	165,966	136.25%	226,134	22,613	746	-	-	202,774
2021	53,993	219,959	165,966	-	165,966	136.25%	226,134	22,613	746	-	-	202,774
2022	53,993	219,959	165,966	-	165,966	136.25%	226,134	22,613	746	-	-	202,774
2023	53,993	219,959	165,966	-	165,966	136.25%	226,134	22,613	746	-	-	202,774
2024	53,993	219,959	165,966	-	165,966	136.25%	226,134	22,613	746	-	-	202,774
2025	53,993	219,959	165,966	-	165,966	136.25%	226,134	22,613	746	-	-	202,774
2026	53,993	219,959	165,966	-	165,966	136.25%	226,134	22,613	746	-	-	202,774
2027	53,993	219,959	165,966	-	165,966	136.25%	226,134	22,613	746	-	-	202,774
2028	53,993	219,959	165,966	-	165,966	136.25%	226,134	22,613	746	-	-	202,774
2029	219,959	219,959	-	-	-	136.25%	-	-	-	-	-	-
							5,555,881	555,588	18,334	-	-	4,981,958

Net Present Value @ 25 years @ 7% > 2,134,242
Net Present Value @ 20 years @ 7% > 1,933,445
Net Present Value @ 15 years @ 7% > 1,651,816

City of Victoria, Minnesota
Downtown TIF District No. 3

Portion in School District #112

Statement of Estimated Fiscal and Economic Impact

Taxing Jurisdiction	Without TIF District			With TIF District				
	02 Payable Taxable Net Tax Capacity ⁽¹⁾	02 Payable Local Tax Rate	02 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	3,934,878	45.953%	3,934,878	42,607	19,579	3,977,485	45.461%	0.492%
Carver County	44,976,241	54.465%	44,976,241	42,607	23,206	45,018,848	54.413%	0.052%
Chaska ISD # 112	24,002,754	29.826%	24,002,754	42,607	12,708	24,045,361	29.773%	0.053%
Other ⁽²⁾	--	6.009%	--	42,607	2,560	--	--	--
Totals		136.253%			58,053			0.597%

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 District No. 3**

Portion in School District #110

Statement of Estimated Fiscal and Economic Impact

Taxing Jurisdiction	Without TIF District			With TIF District				
	02 Payable Taxable Net Tax Capacity ⁽¹⁾	02 Payable Local Tax Rate		02 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
City of Victoria	3,934,878	45.953%		3,934,878	123,359	56,687	4,058,237	44.556%
Carver County	44,976,241	54.465%		44,976,241	123,359	67,187	45,099,600	54.316%
Waconia ISD # 110	7,063,870	31.772%		7,063,870	123,359	39,194	7,187,229	31.227%
Other ⁽²⁾	--	6.009%		--	123,359	7,413	--	--
Totals		138.869%				170,481		2.091%

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 District No. 3

Market Value Analysis

Increased Market Value of Site*	8,898,400
Less Present Value of TIF Revenues	<u>2,105,117</u>
	6,793,283
Estimated Increased Site Value w/out TIF*	<u>3,000,000</u>
Net Value Increase	3,793,283

**estimate only*

Present Value of Tax Increments

Calculation Date	12/1/1997
Present Value Factor	7.50%

#	Year	Gross Tax Increment	Present Value
0	2002	-	-
1	2003	-	-
2	2004	168,080	135,298
3	2005	188,871	141,427
4	2006	223,989	156,021
5	2007	226,134	146,526
6	2008	226,134	136,303
7	2009	226,134	126,794
8	2010	226,134	117,948
9	2011	226,134	109,719
10	2012	226,134	102,064
11	2013	226,134	94,943
12	2014	226,134	88,319
13	2015	226,134	82,157
14	2016	226,134	76,425
15	2017	226,134	71,093
16	2018	226,134	66,133
17	2019	226,134	61,520
18	2020	226,134	57,227
19	2021	226,134	53,235
20	2022	226,134	49,521
21	2023	226,134	46,066
22	2024	226,134	42,852
23	2025	226,134	39,862
24	2026	226,134	37,081
25	2027	226,134	34,494
26	2028	226,134	32,088
		<u>5,555,881</u>	<u>2,105,117</u>