

DRAFT
CITY OF VICTORIA, MINNESOTA

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

**ESTABLISHMENT OF TAX INCREMENT FINANCING PLAN FOR
TAX INCREMENT FINANCING (REDEVELOPMENT)
DISTRICT NO. 1-8 (DT WEST PHASE I)**

PUBLIC HEARING: SCHEDULED FOR JULY 25, 2022

PLAN APPROVED: _____, 2022

REQUEST FOR CERTIFICATION: _____, _____

DISTRICT CERTIFIED: _____, _____



Northland Securities, Inc.
150 South 5th Street, Suite 3300
Minneapolis, MN 55402
(800) 851-2920
Member NASD and SIPC
Registered with SEC and MSRB

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ARTICLE I – INTRODUCTION AND DEFINITIONS

SECTION 1.01 INTRODUCTION

The City of Victoria proposes to provide tax increment financing assistance to facilitate redevelopment of an approximate 2.1 acre site to provide for construction of a an approximate 144 unit market rate apartment building with approximately 176 covered parking stalls. This document contains the plan for achieving the objectives of the modified Development Program for Development District No. 1 through the establishment and use of Tax Increment Financing District No. 1-8.

SECTION 1.02 DEFINITIONS

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

1. "City" means the City of Victoria, Minnesota.
2. "City Council" means the City Council of the City.
3. "County" means Carver County, Minnesota.
4. "Developer" means the party undertaking construction of the Development in the TIF District, which is anticipated to be Anderson Companies, its successors or assigns.
5. "Development" means the construction of a an approximate 144 unit market rate apartment building with approximately 176 covered parking stalls.
6. "Development District" means Development District No. 1 in the City, created and established and modified pursuant to and in accordance with the Development District Act.
7. "Development District Act" means Minnesota Statutes, Sections 469.124 through 469.133, as amended and supplemented from time to time.
8. "Development Program" means the Development Program for the Development District, as amended and supplemented from time to time.
9. "DOR" means the Minnesota Department of Revenue.
10. "OSA" means the Office of the State Auditor of the State of Minnesota.
11. "Public Development Costs" means the cost of the development activities that will or are expected to occur within the Redevelopment Project or the TIF District.
12. "Project Area" means the geographic area of the Development District.
13. "School District" means Eastern Carver County Schools (Independent School District No. 112).
14. "State" means the State of Minnesota.
15. "TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1794, both inclusive.
16. "TIF District" means Tax Increment Financing (Redevelopment) District No. 1-8 (DT West Phase I).
17. "TIF Plan" means the tax increment financing plan for the TIF District (this document).

SECTION 1.03 PLAN PREPARATION

This document was prepared for the City by Northland Securities, Inc.

ARTICLE II - MODIFICATION TO DEVELOPMENT PROGRAM

SECTION 2.01 OVERVIEW

The City has heretofore established Municipal Development District No. 1, initially established in April 1990 and amended on May 1, 1997 (as amended, the “Development District”) and adopted a development program therefor (the “Development Program”) pursuant to the Minnesota Municipal Development District Act, Minnesota Statutes, Sections 469.124 through 469.134, and established Tax Increment Financing District Nos. 1-2, 1-3, 1-4, 1-5, 1-6, and 1-7 (together, the “Tax Increment Financing Districts”) within the Development District pursuant to the TIF Act.

Various amendments have been adopted to the Development Program, the Tax Increment Financing Districts and the plans for the Tax Increment Financing Districts, including the establishment of additional tax increment financing districts within the Development District.

The City has determined that it is necessary to further amend the Development Program to establish Tax Increment Financing District No. 1-8 within the Development District.

Except as herein or previously modified, all other provisions of the Development Program for the Municipal Development District No. 1 shall remain unchanged and in full force and effect.

SECTION 2.02 BOUNDARIES OF DEVELOPMENT DISTRICT

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

ARTICLE III - TAX INCREMENT FINANCING PLAN

SECTION 3.01 STATUTORY AUTHORITY

The TIF District and this TIF Plan are established under the authority of the TIF Act.

SECTION 3.02 PLANNED DEVELOPMENT

3.02.1 Project Description

The City desires to promote development of property within the boundaries of the TIF District and the Development District. The Developer is proposing the redevelopment of an approximate 2.1 acre site to provide for construction of a an approximate 144 unit market rate apartment building with approximately 176 covered parking stalls.

3.02.2 City Plans and Development Program

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

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

3.02.3 Land Acquisition

The City may acquire and sell any and all parcels within the TIF District.

3.02.4 Development Activities

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

3.02.5 Need for Tax Increment Financing

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

A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed as described above and is shown in Exhibit I.

The reasons and facts supporting this finding include the following:

- The Development is located in a residential and commercial area of the City that includes parcels that have been found to be occupied by blighted buildings and under-utilized areas which are a detriment to redevelopment by the private sector. Such conditions render properties within the TIF 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 will cause private redevelopment to occur.

- The Development requires public financial assistance to offset the cost of land acquisition, removal of blighted and substandard buildings, construction of public infrastructure, constructing parking, and site improvements and preparations to allow for the Developer to proceed with construction of the Development within the TIF District.

SECTION 3.03 TAX INCREMENT FINANCING DISTRICT

3.03.1 Designation

This TIF District is designated Tax Increment Financing (Redevelopment) District No. 1-8 (DT West Phase I).

3.03.2 Boundaries of TIF District

A legal description is being created through the City of Victoria subdivision process. The preliminary plat application was submitted by the Developer on May 9, 2022. The parcel includes portions of parcels identified by the County as Nos. 650144500 and 650141100.

The boundaries of the TIF District will include a new parcel (to be established through the subdivision process) and the immediate adjacent roads and right-of-way to the new parcel. The boundaries of the TIF District are further depicted in Exhibit V.

A description of the parcels within the TIF District will be included here in the final TIF Plan before the TIF Plan is submitted to the County Auditor requesting certification of the TIF District.

3.03.3 Type of District

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

The results of the building inspection and analysis performed by LHB, Inc. are contained in the “Report of Inspection Procedures and Results for Determining Qualifications of a Tax Increment Financing District as a Redevelopment District” dated June 3, 2022 (the “Report”). See Exhibit VI for a copy of the Report.

As summarized in the table that follows below, 100% of the area of the TIF District is occupied by improved parcels, and 100% of the buildings within the TIF District are found to be substandard. The parcels within the TIF District contains improvements covering over 15% of the parcel’s area. The facts supporting this finding are included in the Report.

Number of Parcels.....	2
Area Included (square feet)	244,700
Area of Improved Parcels (square feet)	244,700
Percent of Area Improved.....	100%
Number of Buildings.....	1
Number of Buildings found Substandard.....	1
Percent of Buildings found Substandard.....	100%

3.03.4 Fiscal Disparities Election

Pursuant to Section 469.177, Subd. 3 of the TIF Act, the City may elect one of two methods to calculate fiscal disparities. If the calculations pursuant to Section 469.177, Subd. 3, clause b of the TIF Act, are followed, the following method of computation shall apply:

- (1) The original net tax capacity shall be determined before the application of the fiscal disparity provisions of Minnesota Statutes, Chapter 276A or 473F. The current net

tax capacity shall exclude any fiscal disparity commercial-industrial net tax capacity increase between the original year and the current year multiplied by the fiscal disparity ratio determined pursuant to Minnesota Statutes, Section 276A.06, subdivision 7 or Minnesota Statutes, Section 473F.08, subdivision 6. Where the original net tax capacity is equal to or greater than the current net tax capacity, there is no captured tax capacity and no tax increment determination. Where the original tax capacity is less than the current tax capacity, the difference between the original net tax capacity and the current net tax capacity is the captured net tax capacity. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured net tax capacity of the authority.

(2) The county auditor shall exclude the retained captured net tax capacity of the authority from the net tax capacity of the local taxing districts in determining local taxing district tax rates. The local tax rates so determined are to be extended against the retained captured net tax capacity of the authority as well as the net tax capacity of the local taxing districts. The tax generated by the extension of the less of (A) the local taxing district tax rates or (B) the original local tax rate to the retained captured net tax capacity of the authority is the tax increment of the authority.

The City elects to calculate fiscal disparities by clause b. The election of clause b can also be generally described as electing to have fiscal disparities paid from “within” the TIF District.

According to Section 469.177, Subd. 3 of the TIF Act:

(c) The method of computation of tax increment applied to a district pursuant to paragraph (a) or (b) shall remain the same for the duration of the district, except that the governing body may elect to change its election from the method of computation in paragraph (a) to the method in paragraph (b).

SECTION 3.04 PLAN FOR USE OF TAX INCREMENT

3.04.1 Estimated Tax Increment

The original net tax capacity of value of the TIF District will be set by the county auditor upon request for certification. For purposes of the TIF Plan, the estimated original net tax capacity is \$8,995. This is based on an estimated taxable market of \$539,400.

The estimated total tax capacity value of the property after completion of the Development (for taxes payable in 2025) is \$360,000. This amount is based on a total estimated taxable market value of \$28,800,000.

The difference between the estimated total tax capacity value after completion of the Development and the estimated original net tax capacity value is the captured tax capacity value in the amount of \$351,105 for the creation of tax increment.

The combined total local tax capacity rates for taxes payable in 2022 is 100.82%. The TIF Plan assumes this rate for purpose of calculating tax increments for the TIF District. At the time of the certification of the original net tax capacity for the TIF District, the County Auditor will certify the original tax rate that will apply to the TIF District for its duration.

The original tax rate is the sum of all the local tax rates, excluding that portion of the school rate attributable to the general education levy under Minnesota Statutes section 126C.13, that apply to a property in the TIF District. The local tax rate to be certified is the rate in effect for the same taxes payable year applicable to the tax capacity values certified as the TIF District’s original tax capacity. The resulting tax capacity rate is the original local tax rate for the duration of the TIF District.

Under these assumptions, the estimated annual tax increment in the first year of the TIF District is an estimated \$353,975. The actual tax increment will vary according to the certified original

tax capacity value and original tax rate, the actual property value produced by the Development and the changes in property value and state tax policy over the duration of the TIF District.

The City will retain 100% of the captured tax capacity value for the duration of the TIF District. Exhibit II contains the projected tax increment over the duration of the TIF District.

3.04.2 Public Development Costs

The City will use tax increment to pay Public Development Costs. The City anticipates the use of tax increment to reimburse the City and the Developer for Public Development Costs. The Public Development costs to be paid from tax increments, including financing costs, are shown in Figure 3-1 in Section 3.04.3.

3.04.3 Estimated Sources and Uses of Funds

The estimated sources and uses of funds for Public Development Costs, including the estimated financing costs, are itemized in Figure 3-1 below. The estimates are based on the best available information for the sources and uses of funds. The City may administratively adjust the amount of any of the items listed in Figure 3-1, or to incorporate additional eligible items, so long as the Estimated Tax Increment Project Costs, not including estimated financing costs, is not increased.

3.04.4 Administrative Expense

Figure 3-1 in Section 3.04.3 provides the estimated amount of administrative costs to be paid from tax increments. The estimated administrative costs is less than 10% of the estimated tax

Figure 3.1
City of Victoria
Tax Increment Financing District No. 1-8
TIF Plan Estimated Sources and Uses of Funds
DT West Phase I

	Total
Estimated Tax Increment Revenues (from tax increment generated by the district)	
Tax increment revenues distributed from the county	\$10,445,224
Interest and investment earnings	\$50,000
Total Estimated Tax Increment Revenues	\$10,495,224
 Estimated Project/Financing Costs (to be paid or financed with tax increment)	
Project costs	
Land/building acquisition	\$2,870,000
Site improvements/preparation costs	\$930,000
Utilities	\$0
Other qualifying improvements	\$2,067,306
Administrative costs	\$181,463
Estimated Tax Increment Project Costs	\$6,048,769
 Estimated financing costs	
Interest expense	\$4,446,455
Total Estimated Project/Financing Costs to be Paid from Tax Increment	\$10,495,224
 Estimated Financing	
Total amount of bonds to be issued	\$10,495,224

increment revenues. Anticipated administrative expenses of the TIF District may include annual audit of the fund for TIF District, preparation of annual reporting, legal publication of annual report, and administration of the development agreement. The City may also reimburse itself for costs associated with the establishment of the TIF District, including the TIF Plan and preparation of agreements.

3.04.5 *County Road Costs*

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

3.04.6 *Bonded Indebtedness*

The total amount of bonds estimated to be issued is shown in Figure 3-1 in Section 3.04.3.

Pursuant to Section 469.178, subdivision 7 of the TIF Act, the City may advance or loan money to finance expenditures, under Section 469.176, subdivision 4 of the TIF Act, from the general funds of the City or any other legally authorized fund to finance qualified expenditures, subject to the following provisions:

- (a) Not later than 60 days after money is transferred, advanced, or spent, whichever is earliest, the loan or advance must be authorized by resolution of the City or of the Authority, whichever has jurisdiction over the fund from which the advance or loan is authorized.
- (b) The resolution may generally grant to the City the power to make interfund loans under one or more tax increment financing plans or for one or more districts. The resolution may be adopted before or after the adoption of the tax increment financing plan or the creation of the tax increment financing district from which the advance or loan is to be repaid.
- (c) The terms and conditions for repayment of the loan must be provided in writing. The written terms and conditions may be in any form, but must include, at a minimum, the principal amount, the interest rate, and maximum term. Written terms may be modified or amended in writing by the City before the latest decertification of any tax increment financing district from which the interfund loan is to be repaid. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under Minnesota Statutes, Section 270C.40 or 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under Minnesota Statutes, Section 270C.40 or 549.09 are from time to time adjusted. Loans or advances may be structured as draw-down or line-of-credit obligations of the lending fund.
- (d) The City shall report in the annual report submitted under Section 469.175, subdivision 6 of the TIF Act:
 - (1) the amount of any interfund loan or advance made in a calendar year; and
 - (2) any amendment of an interfund loan or advance made in a calendar year.

3.04.7 *First Year of Tax Increment Election and Duration of TIF District*

The duration to collect and spend tax increments on eligible purposes is set at the maximum duration of twenty-five (25) years after the date of receipt of the first tax increment or twenty-six (26) years of tax increment collection. The City elects tax year 2025 as the first year of increment for the TIF District. Based on this election, the estimated decertification date is December 31, 2050.

3.04.8 *Estimated Impact on Other Taxing Jurisdictions*

Exhibit III and IV shows the estimated impact on other taxing jurisdictions if the maximum projected retained captured net tax capacity of the TIF District was hypothetically available to

the other taxing jurisdictions. The City believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since the proposed development would not have occurred without the establishment of the TIF District and the provision of public assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified and the development therein becomes part of the general tax base.

The City has capacity to accommodate the additional impact on city-provided services related to the proposed development. Through previous infrastructure projects, water and sewer services to the proposed development site have been installed in anticipation of increased capacity needs of redevelopment. The City does not anticipate additional strain on fire or police protection duties and is positioned with the appropriate resources to support the proposed development.

The issuance of bonds payable from the TIF District would not effect the City's ability to issue other debt for general governmental purposes.

3.04.9 Prior Planned Improvements

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

ARTICLE IV – ADMINISTERING TIF DISTRICT

SECTION 4.01 FILING AND CERTIFICATION

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

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

SECTION 4.02 MODIFICATIONS OF THE TAX INCREMENT FINANCING PLAN

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

- Reduction or enlargement in the geographic area of the Development District or the TIF District.
- Increase in the amount of bonded indebtedness to be incurred.
- Increase in the amount of capitalized interest.
- Increase in that portion of the captured net tax capacity to be retained by the City.
- Increase in the total estimated Public Development Costs, not including the cost of financing.
- Designation of additional property to be acquired by the City.

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

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

SECTION 4.03 CORRECTING REDEVELOPMENT CONDITIONS

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

to development of the land, and installation of utilities, roads, sidewalks, and parking facilities for the site. The allocated administrative expenses of the City, including the cost of preparation of the development action response plan, may be included in the qualifying costs.

SECTION 4.04 4-YEAR KNOCKDOWN RULE

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

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

SECTION 4.05 POOLING/5-YEAR RULE

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

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

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

It is anticipated that all tax increments collected in the TIF District will be spent or obligated within this five year time period.

At least 90% of the revenues derived from tax increments from a redevelopment district or renewal and renovation district must be used to finance the cost of correcting conditions that allow designation of redevelopment and renewal and renovation districts under section 469.174 of the TIF Act. These costs include, but are not limited to, acquiring properties containing structurally substandard buildings or improvements or hazardous substances, pollution, or contaminants, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition and rehabilitation of structures, clearing of the land, the removal of

hazardous substances or remediation necessary to development of the land, and installation of utilities, roads, sidewalks, and parking facilities for the site. The allocated administrative expenses of the City may be included in the qualifying costs.

SECTION 4.06 FINANCIAL REPORTING AND DISCLOSURE REQUIREMENTS

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

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

SECTION 4.07 BUSINESS SUBSIDY COMPLIANCE

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

Exhibit I
City of Victoria
Tax Increment Financing District No. 1-8
Present Value Analysis As Required By Section
469.175(3)(2) of the TIF Act

1 Estimated Future Market Value w/ Tax Increment Financing	36,934,041	¹
2 Payable 2022 Market Value	711,600	
3 Market Value Increase (1-2)	36,222,441	
4 Present Value of Future Tax Increments	6,048,769	
5 Market Value Increase Less PV of Tax Increments	30,173,672	
6 Estimated Future Market Value w/o Tax Increment Financing	912,579	¹
7 Payable 2022 Market Value	711,600	
8 Market Value Increase (6-7)	200,979	
9 Increase in MV From TIF	29,972,694	²

¹ Assume 1.00% annual appreciation over 26 year life of district.

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

Exhibit II
City of Victoria
Tax Increment Financing District No. 1-8 (Redevelopment)
DT West Phase I
Projected Tax Increment Financing (TIF) Cash Flow

TIF District Year	Taxes Payable Year	Taxable Market Value (TMV)	Tax Capacity	Original Base Tax Capacity	Captured Tax Capacity for TIF	Original Tax Rate	TIF from District	PV Available TIF from District
1	2025	28,800,000	360,000	8,895	351,105	100.82%	352,701	328,015
2	2026	29,088,000	363,600	8,895	354,705	100.82%	356,318	646,526
3	2027	29,378,880	367,236	8,895	358,341	100.82%	359,970	955,807
4	2028	29,672,669	370,908	8,895	362,013	100.82%	363,659	1,256,125
5	2029	29,969,395	374,617	8,895	365,722	100.82%	367,385	1,547,738
6	2030	30,269,089	378,364	8,895	369,469	100.82%	371,148	1,830,898
7	2031	30,571,780	382,147	8,895	373,252	100.82%	374,949	2,105,851
8	2032	30,877,498	385,969	8,895	377,074	100.82%	378,787	2,372,832
9	2033	31,186,273	389,828	8,895	380,933	100.82%	382,665	2,632,073
10	2034	31,498,136	393,727	8,895	384,832	100.82%	386,581	2,883,797
11	2035	31,813,117	397,664	8,895	388,769	100.82%	390,536	3,128,222
12	2036	32,131,248	401,641	8,895	392,746	100.82%	394,531	3,365,558
13	2037	32,452,561	405,657	8,895	396,762	100.82%	398,566	3,596,012
14	2038	32,777,086	409,714	8,895	400,819	100.82%	402,640	3,819,781
15	2039	33,104,857	413,811	8,895	404,916	100.82%	406,756	4,037,059
16	2040	33,435,906	417,949	8,895	409,054	100.82%	410,913	4,248,035
17	2041	33,770,265	422,128	8,895	413,233	100.82%	415,112	4,452,890
18	2042	34,107,968	426,350	8,895	417,455	100.82%	419,352	4,651,802
19	2043	34,449,047	430,613	8,895	421,718	100.82%	423,635	4,844,942
20	2044	34,793,538	434,919	8,895	426,024	100.82%	427,961	5,032,479
21	2045	35,141,473	439,268	8,895	430,373	100.82%	432,330	5,214,573
22	2046	35,492,888	443,661	8,895	434,766	100.82%	436,742	5,391,382
23	2047	35,847,817	448,098	8,895	439,203	100.82%	441,199	5,563,060
24	2048	36,206,295	452,579	8,895	443,684	100.82%	445,701	5,729,755
25	2049	36,568,358	457,104	8,895	448,209	100.82%	450,247	5,891,611
26	2050	36,934,041	461,676	8,895	452,781	100.82%	454,839	6,048,769
TOTAL =							10,445,224	6,048,769

Key Assumptions for Cash Flow:

- 1 Taxable market value (TMV) annual growth assumption = 1.0%
- 2 Original Tax Capacity Rate estimated based on Taxes Payable Year 2022
- 3 Election for captured tax capacity is 100.00%
- 4 Base Tax Capacity is calculated based on a TMV = \$711,600
- 5 Present Value (PV) calculated based on semi-annual payments and rate of 4.0%, estimated dated date 1/1/2024
- 6 TIF from District is after deduction of State Auditor fee of 0.36%

Exhibit III
City of Victoria
Tax Increment Financing District No. 1-8
Impact on Other Taxing Jurisdictions
(Taxes Payable 2022)

Annual Tax Increment

Estimated Annual Captured Tax Capacity (Full Development)	\$452,781
Payable 2022 Local Tax Rate	100.818%
Estimated Annual Tax Increment	\$456,482

Percent of Tax Base

	Net Tax Capacity (NTC)	Captured Tax Capacity	Percent of Total NTC
City of Victoria	20,686,056	452,781	2.19%
Carver County	182,016,644	452,781	0.25%
ISD 112	109,905,974	452,781	0.41%

Dollar Impact of Affected Taxing Jurisdictions

	Net Tax Capacity (NTC)	% of Total	Tax Increment Share	Added Local Tax Rate
City of Victoria	31.249%	30.996%	141,491	0.684%
Carver County	34.170%	33.893%	154,716	0.085%
ISD 112	31.220%	30.966%	141,356	0.129%
Other	4.178%	4.145%	18,919	
Totals	100.818%	100.000%	456,482	

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

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

TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 1-8

Exhibit IV
City of Victoria
Tax Increment Financing (Redevelopment) District No. 1-8
Estimated Tax Increments Over Maximum Life of District

Based on Pay 2022 Tax Rate = 100.818% 31.249% 34.170% 31.220% 4.178%

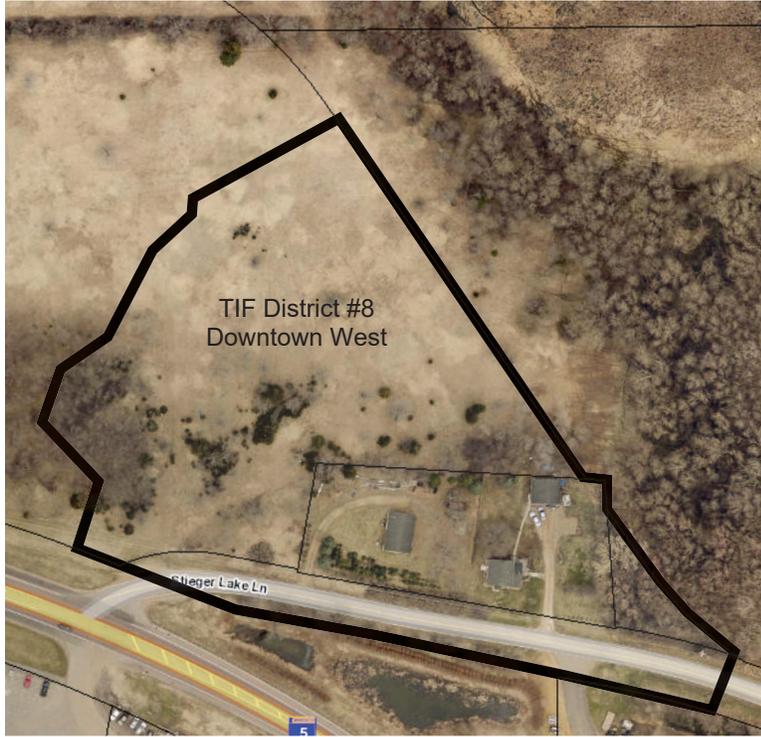
TIF District Year	Taxes Payable Year	New Taxable Market Value	New Tax Capacity	Base Tax Capacity	Captured Tax Capacity	Estimated Total Tax Increments	City TIF Related Share	County TIF Related Share	School TIF Related Share	Other TIF Related Share
1	2025	28,800,000	360,000	8,895	351,105	353,975	109,718	119,973	109,613	14,671
2	2026	29,088,000	363,600	8,895	354,705	357,605	110,843	121,203	110,737	14,822
3	2027	29,378,880	367,236	8,895	358,341	361,271	111,979	122,446	111,872	14,974
4	2028	29,672,669	370,908	8,895	362,013	364,973	113,127	123,700	113,019	15,127
5	2029	29,969,395	374,617	8,895	365,722	368,712	114,286	124,968	114,177	15,281
6	2030	30,269,089	378,364	8,895	369,469	372,489	115,457	126,248	115,346	15,438
7	2031	30,571,780	382,147	8,895	373,252	376,304	116,639	127,541	116,528	15,596
8	2032	30,877,498	385,969	8,895	377,074	380,156	117,833	128,847	117,721	15,755
9	2033	31,186,273	389,828	8,895	380,933	384,048	119,039	130,165	118,926	15,918
10	2034	31,498,136	393,727	8,895	384,832	387,978	120,258	131,497	120,143	16,080
11	2035	31,813,117	397,664	8,895	388,769	391,947	121,488	132,843	121,372	16,244
12	2036	32,131,248	401,641	8,895	392,746	395,956	122,731	134,202	122,613	16,410
13	2037	32,452,561	405,657	8,895	396,762	400,006	123,986	135,574	123,867	16,579
14	2038	32,777,086	409,714	8,895	400,819	404,095	125,253	136,960	125,134	16,748
15	2039	33,104,857	413,811	8,895	404,916	408,226	126,534	138,360	126,413	16,919
16	2040	33,435,906	417,949	8,895	409,054	412,398	127,827	139,774	127,705	17,092
17	2041	33,770,265	422,128	8,895	413,233	416,612	129,133	141,202	129,009	17,268
18	2042	34,107,968	426,350	8,895	417,455	420,867	130,452	142,645	130,327	17,443
19	2043	34,449,047	430,613	8,895	421,718	425,166	131,784	144,102	131,658	17,622
20	2044	34,793,538	434,919	8,895	426,024	429,507	133,130	145,573	133,003	17,801
21	2045	35,141,473	439,268	8,895	430,373	433,892	134,489	147,059	134,361	17,983
22	2046	35,492,888	443,661	8,895	434,766	438,320	135,862	148,560	135,732	18,166
23	2047	35,847,817	448,098	8,895	439,203	442,793	137,248	150,076	137,117	18,352
24	2048	36,206,295	452,579	8,895	443,684	447,311	138,649	151,607	138,516	18,539
25	2049	36,568,358	457,104	8,895	448,209	451,874	140,063	153,154	139,929	18,728
26	2050	36,934,041	461,676	8,895	452,781	456,482	141,491	154,716	141,356	18,919
Total						10,482,963	3,249,299	3,552,995	3,246,194	434,475

Note: The Estimated Total Tax Increment shown above is before deducting the State Auditor's fee, which is payable at a rate of 0.36% of the Total Tax Increment collected. Exhibit II provides Estimated Total Tax Increment after deducting for the State Auditor's fee.

EXHIBIT V

MAP OF BOUNDARIES OF DEVELOPMENT DISTRICT NO. 1 AND TAX INCREMENT FINANCING DISTRICT NO. 1-8

City of Victoria TIF District #8 (Downtown West) & DEVELOPMENT BOUNDARY MAP (Date June 14, 2022)



Above: Location of Victoria TIF District #8 (Downtown West) | Below: Location of Development District Boundary

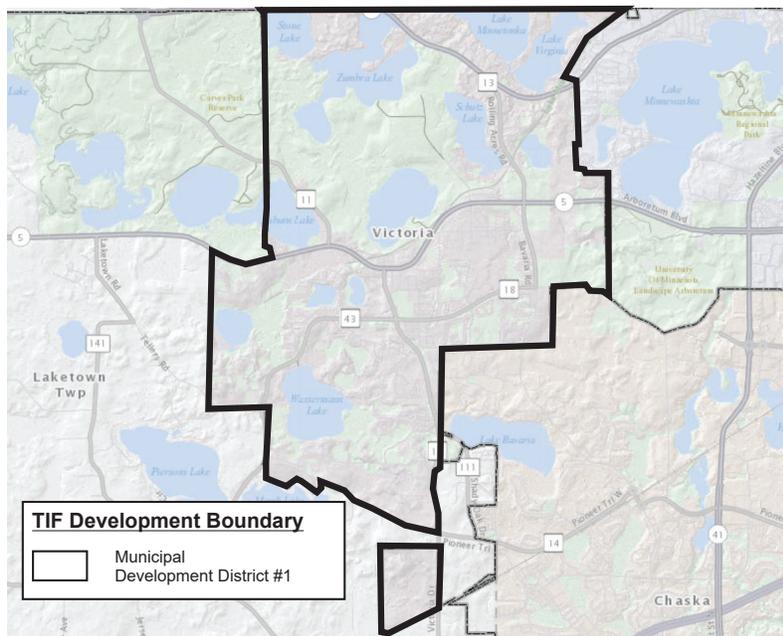


EXHIBIT VI

INSPECTION REPORT OF BUILDING FOR REDEVELOPMENT FINDINGS

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REPORT OF INSPECTION PROCEDURES AND RESULTS
FOR
DETERMINING QUALIFICATIONS
OF A
TAX INCREMENT FINANCING DISTRICT

DOWNTOWN WEST
REDEVELOPMENT TIF DISTRICT 1-8

Prepared for

CITY OF VICTORIA, MINNESOTA

June 3, 2022

Copy of Inspection Report by LHB



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APPENDIX C Building Replacement Cost Report
Code Deficiency Cost Report
Photographs

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Part 1: Executive Summary

Purpose of the Evaluation

LHB was hired by the City of Victoria to inspect and evaluate the properties within a Tax Increment Financing Redevelopment District ("TIF District") proposed to be established by the City. The proposed TIF District is located at 1940 Stieger Lake Lane (Diagram 1). The purpose of LHB's work is to determine whether the proposed TIF District meets the statutory requirements for coverage, and whether one building on two parcels, located within the proposed TIF District, meets the qualifications required for a Redevelopment District.

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Diagram 1: Proposed TIF District

Scope of Work

The proposed TIF District consists of two parcels with one structure and two outbuildings. One building was inspected on April 25, 2022. A Building Code and Condition Deficiency report for the building that was inspected and found substandard is located in Appendix B.

Conclusion

After inspecting and evaluating the properties within the proposed TIF District and applying current statutory criteria for a Redevelopment District under *Minnesota Statutes, Section 469.174, Subdivision 10*, it is our professional opinion that the proposed TIF District qualifies as a Redevelopment District because:

- The proposed TIF District has a coverage calculation of 100 percent which is above the 70 percent requirement.
- 100 percent of the buildings are structurally substandard which is above the 50 percent requirement.
- The substandard buildings are reasonably distributed.

The remainder of this report describes our process and findings in detail.

Part 2: Minnesota Statute 469.174, Subdivision 10 Requirements

The properties were inspected in accordance with the following requirements under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, which states:

Interior Inspection

“The municipality may not make such determination [that the building is structurally substandard] without an interior inspection of the property...”

Exterior Inspection and Other Means

“An interior inspection of the property is not required, if the municipality finds that

- (1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and
- (2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard.”

Documentation

“Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained under section 469.175, subdivision 3(1).”

Qualification Requirements

Minnesota Statutes, Section 469.174, Subdivision 10 (a) (1) requires three tests for occupied parcels:

1. COVERAGE TEST

- a. *Minnesota Statutes, Section 469.174, Subdivision 10(a)(1)* states:

“parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or paved or gravel parking lots...”

- b. The coverage required by the parcel to be considered occupied is defined under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which states:

“For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or other similar structures.”

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2. CONDITION OF BUILDINGS TEST

- a. Minnesota Statutes, Section 469.174, Subdivision 10(a) states:

“...and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;”

- b. Structurally substandard is defined under Minnesota Statutes, Section 469.174, Subdivision 10(b), which states:

“For purposes of this subdivision, ‘structurally substandard’ shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.”

- i. We do not count energy code deficiencies toward the thresholds required by *Minnesota Statutes, Section 469.174, Subdivision 10(b)* defined as “structurally substandard”, due to concerns expressed by the State of Minnesota Court of Appeals in the *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.

- c. Buildings are not eligible to be considered structurally substandard unless they meet certain additional criteria, as set forth in Subdivision 10(c) which states:

“A building is not structurally substandard if it follows the building code applicable to new buildings or 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. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence based on reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence.”

“Items of evidence that support such a conclusion [that the building is not disqualified] include recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence.”

- i. LHB counts energy code deficiencies toward the 15 percent code threshold required by Minnesota Statutes, Section 469.174, Subdivision 10(c)) for the following reasons:
 - 1) The Minnesota energy code is one of ten building code areas highlighted by the Minnesota Department of Labor and Industry website where minimum construction standards are required by law.
 - 2) Chapter 13 of the 2015 *Minnesota Building Code* states, “Buildings shall be designed and constructed in accordance with the *International Energy Conservation Code*.” Furthermore, Minnesota Rules, Chapter 1305.0021 Subpart 9 states, “References to the *International Energy Conservation Code* in this code mean the *Minnesota Energy Code*...”
 - 3) Chapter 11 of the 2015 Minnesota Residential Code incorporates Minnesota Rules, Chapters, 1322 and 1323 *Minnesota Energy Code*.
 - 4) The Senior Building Code Representative for the Construction Codes and Licensing Division of the Minnesota Department of Labor and Industry confirmed that the Minnesota Energy Code is being enforced throughout the State of Minnesota.
 - 5) In a January 2002 report to the Minnesota Legislature, the Management Analysis Division of the Minnesota Department of Administration confirmed that the construction cost of new buildings complying with the Minnesota Energy Code is higher than buildings built prior to the enactment of the code.
 - 6) Proper TIF analysis requires a comparison between the replacement value of a new building built under current code standards with the repairs that would be necessary to bring the existing building up to current code standards. For an equal comparison to be made, all applicable code chapters should be applied to both scenarios. Since current construction estimating software automatically applies the construction cost of complying with the Minnesota Energy Code, energy code deficiencies should also be identified in the existing structures.

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3. DISTRIBUTION OF SUBSTANDARD BUILDINGS

- a. Minnesota Statutes, Section 469.174, Subdivision 10, defines a Redevelopment District and requires one or more of the following conditions “reasonably distributed throughout the district.”:
 - “(1) Parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;
 - (2) 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;
 - (3) tank facilities, or property whose immediately previous use was for tank facilities...”
- b. Our interpretation of the distribution requirement is that the substandard buildings must be reasonably distributed throughout the district as compared to the location of all buildings in the district. For example, if all of the buildings in a district are located on one half of the area of the district, with the other half occupied by parking lots (meeting the required 70 percent coverage for the district), we would evaluate the distribution of the substandard buildings compared with only the half of the district where the buildings are located. If all of the buildings in a district are located evenly throughout the entire area of the district, the substandard buildings must be reasonably distributed throughout the entire area of the district. We believe this is consistent with the opinion expressed by the State of Minnesota Court of Appeals in the *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.

Part 3: Procedures Followed

LHB inspected one building on April 25, 2022.

Barns and outbuildings:

For the purposes of our work, we are defining buildings as those structures inhabited by human beings. These structures would typically include water, sewer, and electricity. Barns and small storage facilities are considered “outbuildings” which are not typically considered in TIF analysis because they have very few code requirements and are not intended for human occupation.

Part 4: Findings

1. Coverage Test

- a. The total square foot area of the parcel in the proposed TIF District was obtained from City records, GIS mapping and site verification.
- b. The total square foot area of buildings and site improvements on the parcels in the proposed TIF District was obtained from City records, GIS mapping and site verification.
- c. The percentage of coverage for each parcel in the proposed TIF District was computed to determine if the 15 percent minimum requirement was met. The total square footage of parcels meeting the 15 percent requirement was divided into the total square footage of the entire district to determine if the 70 percent requirement was met.

FINDING

The proposed TIF District met the coverage test under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which resulted in parcels consisting of 100 percent of the area of the proposed TIF District being occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures (Diagram 2). This exceeds the 70 percent area coverage requirement for the proposed TIF District under *Minnesota Statutes, Section 469.174, Subdivision (a) (1)*.

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Diagram 2 – Coverage Diagram

Shaded area depicts a parcel more than 15 percent occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures

2. Condition of Building Test

a. BUILDING INSPECTION

- i. The first step in the evaluation process is the building inspection. After an initial walk-thru, the inspector makes a judgment whether a building “appears” to have enough defects or deficiencies of sufficient total significance to justify substantial renovation or clearance. If it does, the inspector documents with notes and photographs code and non-code deficiencies in the building.

b. REPLACEMENT COST

- i. The second step in evaluating a building to determine if it is substandard to a degree requiring substantial renovation or clearance is to determine its replacement cost. This is the cost of constructing a new structure of the same square footage and type on site. Replacement costs were researched using R.S. Means Cost Works square foot models for 2022.
- ii. A replacement cost was calculated by first establishing building use (office, retail, residential, etc.), building construction type (wood, concrete, masonry, etc.), and building size to obtain the appropriate median replacement cost, which factors in the costs of construction in Victoria, Minnesota.
- iii. Replacement cost includes labor, materials, and the contractor’s overhead and profit. Replacement costs do not include architectural fees, legal fees or other “soft” costs not directly related to construction activities. Replacement cost for each building is tabulated in Appendix A.

c. CODE DEFICIENCIES

- i. The next step in evaluating a building is to determine what code deficiencies exist with respect to such building. Code deficiencies are those conditions for a building which are not in compliance with current building codes applicable to new buildings in the State of Minnesota.
- ii. Minnesota Statutes, Section 469.174, Subdivision 10(c), specifically provides that a building cannot be considered structurally substandard if its code deficiencies are not at least 15 percent of the replacement cost of the building. As a result, it was necessary to determine the extent of code deficiencies for each building in the proposed TIF District.
- iii. The evaluation was made by reviewing all available information with respect to such buildings contained in City Building Inspection records and making interior and exterior inspections of the buildings. LHB utilizes the current Minnesota State Building Code as the official code for our evaluations. The Minnesota State Building Code is a series of provisional codes written specifically for Minnesota only requirements, adoption of several international codes, and amendments to the adopted international codes.
- iv. After identifying the code deficiencies in each building, we used R.S. Means Cost Works 2022; Unit and Assembly Costs to determine the cost of correcting the identified deficiencies. We were then able to compare the correction costs with the replacement cost of each building to determine if the costs for correcting code deficiencies meet the required 15 percent threshold.

FINDING

One out of one buildings (100 percent) in the proposed TIF District contained code deficiencies exceeding the 15 percent threshold required by Minnesota Statutes, Section 469.174, Subdivision 10(c). Building Code, Condition Deficiency and Context Analysis reports for the buildings in the proposed TIF District can be found in Appendix B of this report.

d. SYSTEM CONDITION DEFICIENCIES

- i. If a building meets the minimum code deficiency threshold under Minnesota Statutes, Section 469.174, Subdivision 10(c), then for such building to be “structurally substandard” under Minnesota Statutes, Section 469.174, Subdivision 10(b), the building’s defects, or deficiencies should be of sufficient total significance to justify “substantial renovation or clearance.” Based on this definition, LHB re-evaluated each of the buildings that met the code deficiency threshold under Minnesota Statutes, Section 469.174, Subdivision 10(c), to determine if the total deficiencies warranted “substantial renovation or clearance” based on the criteria we outlined above.
- ii. System condition deficiencies are a measurement of defects or substantial deterioration in site elements, structure, exterior envelope, mechanical and electrical components, fire protection and emergency systems, interior partitions, ceilings, floors, and doors.

- iii. The evaluation of system condition deficiencies was made by reviewing all available information contained in City records, and making interior and exterior inspections of the buildings. LHB only identified system condition deficiencies that were visible upon our inspection of the building or contained in City records. We did not consider the amount of "service life" used up for a particular component unless it was an obvious part of that component's deficiencies.
- iv. After identifying the system condition deficiencies in each building, we used our professional judgment to determine if the list of defects or deficiencies is of sufficient total significance to justify "substantial renovation or clearance."

FINDING

In our professional opinion, one out of one buildings (100 percent) in the proposed TIF District are structurally substandard to a degree requiring substantial renovation or clearance, because of defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance. This exceeds the 50 percent requirement of Subdivision 10a(1).

3. Distribution of Substandard Structures

- e. Much of this report has focused on the condition of individual buildings as they relate to requirements identified by Minnesota Statutes, Section 469.174, Subdivision 10. It is also important to look at the distribution of substandard buildings throughout the geographic area of the proposed TIF District (Diagram 3).

FINDING

The parcels with substandard buildings are reasonably distributed compared to all parcels that contain buildings.



Diagram 3 – Substandard Buildings

Shaded green area depicts parcels with buildings.
 Shaded orange area depicts substandard buildings.

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Part 5: Team Credentials

Michael A. Fischer, AIA, LEED AP - Project Principal/TIF Analyst

Michael has 34 years of experience as project principal, project manager, project designer and project architect on planning, urban design, educational, commercial, and governmental projects. He has become an expert on Tax Increment Finance District analysis assisting over 100 cities with strategic planning for TIF Districts. He is an Architectural Principal at LHB and currently leads the Minneapolis office.

Michael completed a two-year Bush Fellowship, studying at MIT and Harvard in 1999, earning master's degrees in City Planning and Real Estate Development from MIT. He has served on more than 50 committees, boards, and community task forces, including a term as a City Council President, Chair of a Metropolitan Planning Organization, and Chair of the Edina Planning Commission. Most recently, he served as a member of the Edina city council and Secretary of the Edina HRA. Michael has also managed and designed several award-winning architectural projects and was one of four architects in the Country to receive the AIA Young Architects Citation in 1997.

Phil Fisher – Inspector

For 35 years, Phil Fisher worked in the field of Building Operations in Minnesota including White Bear Lake Area Schools. At the University of Minnesota he earned his Bachelor of Science in Industrial Technology. He is a Certified Playground Safety Inspector, Certified Plant Engineer, and is trained in Minnesota Enterprise Real Properties (MERP) Facility Condition Assessment (FCA). His FCA training was recently applied to the Minnesota Department of Natural Resources Facilities Condition Assessment project involving over 2,000 buildings.

Appendices

- APPENDIX A** Property Condition Assessment Summary Sheet
- APPENDIX B** Building Code, Condition Deficiency and Context Analysis Report
- APPENDIX C** Building Replacement Cost Report
 - Code Deficiency Cost Report
 - Photographs

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APPENDIX A

Property Condition Assessment Summary Sheet

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Downtown West Redevelopment TIF District 1-8

Property Condition Assessment Summary Sheet

Victoria, Minnesota

TIF Map No.	PID #	Property Address	Improved or Vacant	Survey Method Used	Site Area (S.F.)	Coverage Area of Improvements (S.F.)	Coverage Percent of Improvements	Coverage Quantity (S.F.)	No. of Buildings	Building Replacement Cost	15% of Replacement Cost	Building Code Deficiencies	No. of Buildings Exceeding 15% Criteria	No. of buildings determined substantial	
A	TBD	N/A	Vacant	Exterior	152,029	28,350	18.6%	152,029	0						
B	TBD	1940 Slegler Lake Lane	Improved	Interior/Exterior	92,671	28,658	30.9%	92,671	1	\$302,277	\$45,342	\$75,897	1	1	
TOTALS									1	244,700			1	1	
Total Coverage Percent: 100.0%									Percent of buildings exceeding 15 percent code deficiency threshold: 100.0%						Percent of buildings determined substantial: 100.0%

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APPENDIX B

Building Code, Condition Deficiency and Context Analysis Report

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Downtown West Redevelopment TIF District 1-8

Building Code, Condition Deficiency and Context Analysis Report

Parcel B

Single Family Residence

Address: 1940 Stieger Lake Lane, Victoria, Minnesota 55386
 Parcel ID: TBD
 Inspection Date(s) & Time(s): April 25, 2022, 10:00 am
 Inspection Type: Interior and Exterior
 Summary of Deficiencies: It is our professional opinion that this building is Substandard because:
 - Substantial renovation is required to correct Conditions found.
 - Building Code deficiencies total more than 15% of replacement cost, NOT including energy code deficiencies.

Estimated Replacement Cost:	\$302,277
Estimated Cost to Correct Building Code Deficiencies:	\$75,897
Percentage of Replacement Cost for Building Code Deficiencies:	25.4%

DEFECTS IN STRUCTURAL ELEMENTS

1. Floor joist framing does not comply with code

COMBINATION OF DEFICIENCIES

1. Essential Utilities and Facilities
 - a. Plumbing system does not comply with code.
2. Light and Ventilation
 - a. Electrical wiring does not comply with code.
 - b. HVAC system does not comply with code.
3. Fire Protection/Adequate Egress
 - a. Stairways do not comply with code.
 - b. There are no code required Ground Fault Circuit Interrupters in the kitchen.
 - c. There are no code required Arc Fault Circuit Interrupters.
 - d. Smoke detectors do not comply with code.
 - e. Carbon monoxide detectors do not comply with code.
4. Layout and Condition of Interior Partitions/Materials.
 - a. Walls should be repainted.
 - b. Ceilings should be repainted.
 - c. Wood floors should be refinished.

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- 5. Exterior Construction
 - a. Windows are failing allowing for water intrusion, contrary to code.
 - b. Exterior doors should be replaced.
 - c. Chimney is not properly flashed per code.
 - d. Roofing material is failing allowing for water intrusion which is contrary to code.

DESCRIPTION OF CODE DEFICIENCIES

- 1. Floor joists should be made code compliant.
- 2. Plumbing system should be made code compliant.
- 3. Electrical wiring should be made code compliant.
- 4. A code compliant HVAC system should be installed.
- 5. Stairways should be modified to comply with code.
- 6. Code required Ground Fault Circuit Interrupters should be installed in the kitchen.
- 7. Code required Arc Fault Circuit Interrupters should be installed.
- 8. Code compliant smoke detectors should be installed.
- 9. Code compliant carbon monoxide detectors should be installed.
- 10. Failing windows should be replaced to prevent water intrusion per code.
- 11. Flashing around the chimney should be added per code.
- 12. Roofing material should be replaced to prevent water intrusion per code.

OVERVIEW OF DEFICIENCIES

*Note – The owner provided some information regarding this property.

This residential home was built in 1900. The windows should be replaced to prevent water intrusion per code. The electrical wiring and HVAC systems do not comply with code. Plumbing is not code compliant. There are no code required GFCI's in the kitchen. There are no code required AFCI's in the building. There are no code compliant smoke detectors or carbon monoxide detectors in the building. Wood flooring should be refinished. Walls and ceilings should be repainted. Flashing should be added around the chimney per code. Roofing material should be replaced to prevent water intrusion per code.

ENERGY CODE DEFICIENCIES

In addition to the building code deficiencies listed above, the existing building does not comply with the current energy code. These deficiencies are not included in the estimated costs to correct code deficiencies and are not considered in determining whether the building is substandard:

M:\22Proj\220437\300 Design\Reports\Building Reports\B- 1940 Stieger Lake Lane Building Report Redevelopment District.docx

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APPENDIX C

Building Replacement Cost Report

Code Deficiency Cost Report

Photographs

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TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 1-8



Square Foot Cost Estimate Report

Date: 4/25/2022

Estimate Name:	1940 Steiger Lake Lane
Building Type:	Economy 2 Story with Vinyl Siding - Wood Frame
Location:	VICTORIA, MN
Story Count:	2
Story Height (L.F.):	8.00
Floor Area (S.F.):	2036
Labor Type:	RES
Basement:	Unfinished
Data Release:	Year 2022 Quarter 2
Cost Per Square Foot:	\$146.59
Building Cost:	\$298,466.85



Costs are derived from a building model with basic components. Scope differences and market conditions can cause costs to vary significantly.

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		% of Total	Cost Per S.F.	Cost
01	Site Work	1.35%	\$1.72	\$3,493.71
0104034	Footing excavation, building, 26' x 46', 4' deep		\$1.72	\$3,493.71
02	Foundation	12.60%	\$16.06	\$32,692.61
0204030	Footing systems, 10" thick by 20" wide footing		\$1.99	\$4,056.71
0208034	Block wall systems, 8" wall, grouted, full height		\$5.89	\$11,995.54
0208034	Block wall systems, 8" wall, grouted, full height		\$5.16	\$10,496.10
0220034	Floor slab systems, 4" thick slab		\$3.02	\$6,144.26
03	Framing	21.01%	\$26.79	\$54,537.71
0302028	Floor framing systems, 2" x 8", 16" OC		\$5.47	\$11,133.46
0302106	Floor framing, wood joists, #2 or better, pine, 2" x 8", 16" OC		\$1.52	\$3,087.02
0302112	Floor framing, bridging, wood 1" x 3", joists 16" OC		\$0.23	\$459.87
0302119	Box sills, #2 or better pine, 2" x 8"		\$0.23	\$464.37
0308026	Exterior wall framing systems, 2" x 4", 16" OC		\$0.32	\$650.67
0308026	Exterior wall framing systems, 2" x 4", 16" OC		\$6.75	\$13,735.31
0316138	Furring, 1" x 3", 16" OC		\$1.16	\$2,353.11
0320034	Hip roof framing systems, 2" x 6", 16" OC, 4/12 pitch		\$7.56	\$15,402.34
0348026	Partition framing systems, 2" x 4", 16" OC		\$3.56	\$7,251.56
04	Exterior Walls	21.45%	\$27.35	\$55,674.82
0408034	Vinyl/Metal siding systems, 1/2" x 8" beveled cedar siding		\$14.49	\$29,498.65
0420043	Non-rigid insul, batts, fbgl, kraft faced, 3-1/2" thick, R13, 15" W		\$1.27	\$2,577.00
0420051	Non-rigid insul, batts, fbgl, kraft faced, 12" thick, R38, 23" wide		\$1.20	\$2,443.32
0428026	Double hung window systems, builder's quality wood window 2' x 3'		\$7.29	\$14,838.37
0452046	Door systems, solid core birch, flush, 3' x 6'-8"		\$2.58	\$5,260.95
0460025	Storm door, al, combination, storm & screen, anodized, 3'-0" x 6'-8"		\$0.52	\$1,056.53
05	Roofing	3.22%	\$4.10	\$8,357.78
0508034	Hip roof, asphalt, roof shingles, class A		\$4.10	\$8,357.78
06	Interiors	27.94%	\$35.61	\$72,509.63
0604026	Wall system, 1/2" drywall, taped & finished		\$7.78	\$15,837.06
0604026	Wall system, 1/2" drywall, taped & finished		\$3.24	\$6,591.64
0608026	1/2" gypsum wallboard, taped & finished ceilings		\$2.87	\$5,845.60
0620026	Lauan, flush door, hollow core, interior		\$9.21	\$18,750.27
0660017	Carpet, Olefin, 15 oz		\$3.01	\$6,120.18
0660027	Padding, sponge rubber cushion, minimum		\$0.94	\$1,907.00
0660038	Underlayment plywood, 1/2" thick		\$4.58	\$9,320.77
0664029	Resilient flooring, vinyl sheet goods, backed, .070" thick, minimum		\$0.79	\$1,598.47
0664048	Resilient flooring, sleepers, treated, 16" OC, 1" x 3"		\$0.62	\$1,264.30
0690036	Stairways 14 risers, oak treads, box stairs		\$1.91	\$3,885.52
0690137	Basement stairs, open risers		\$0.68	\$1,388.82
07	Specialties	2.78%	\$3.55	\$7,223.59
0708026	Kitchen, economy grade		\$1.71	\$3,472.14

TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 1-8

0712035	Sinks, stainless steel, single bowl 16" x 20"		\$1.16	\$2,355.71
0712039	Water heater, electric, 30 gallon		\$0.69	\$1,395.74
08	Mechanical	6.59%	\$8.40	\$17,104.75
0812046	Three fixture bathroom with wall hung lavatory		\$2.74	\$5,586.63
0860101	Furnace, gas heating only, 100 MBH, area to 1200 SF		\$0.74	\$1,513.65
0860109	Intermittent pilot, 100 MBH furnace		\$0.28	\$577.53
0860111	Supply duct, rectangular, area to 1200 SF, rigid fiberglass		\$0.95	\$1,926.67
0860121	Return duct, sheet metal galvanized, to 1500 SF		\$1.13	\$2,292.84
0860123	Lateral ducts, flexible round 6" insulated, to 1200 SF		\$1.16	\$2,368.36
0860135	Register elbows, to 1500 SF		\$0.61	\$1,243.16
0860137	Floor registers, enameled steel w/damper, to 1500 SF		\$0.48	\$968.95
0860139	Return air grille, area to 1500 SF 12" x 12"		\$0.13	\$263.35
0860143	Thermostat, manual, 1 set back		\$0.07	\$149.06
0860147	Plenum, heating only, 100 MBH		\$0.11	\$214.55
09	Electrical	3.06%	\$3.90	\$7,941.79
0910036	100 amp electric service		\$0.76	\$1,552.53
0930018	Duplex receptacles using non-metallic sheathed cable		\$0.21	\$417.80
0935112	Wiring device systems, economy to 1200 S.F.		\$2.27	\$4,619.18
0945112	Light fixture systems, economy to 1200 S.F.		\$0.66	\$1,352.28
SubTotal		100%	\$127.47	\$259,536.39
Contractor Fees (General Conditions,Overhead,Profit)		15.0%	\$19.12	\$38,930.46
Architectural Fees		0.0%	\$0.00	\$0.00
User Fees		0.0%	\$0.00	\$0.00
Total Building Cost			\$146.59	\$298,466.85

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DOWNTOWN WEST REDEVELOPMENT TIF DISTRICT 1-8

Code Deficiency Cost Report

Parcel B - 1940 Stieger Lake Lane, Victoria, Minnesota 55386

Building Name or Type

Parcel ID TBD

Residential House

Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
Accessibility Items					
					\$ -
Structural Elements					
	Floor Joists				
	Install code compliant floor joists	\$ 7.45	SF	2,036	\$ 15,168.20
Exiting					
	Stairs				
	Modify stairs to comply with code	\$ 2.59	SF	2,036	\$ 5,273.24
Fire Protection					
	Ground Fault Circuit Interrupters				
	Install code required GFCI's in the kitchen	\$ 150.00	EA	2	\$ 300.00
	Smoke Detectors				
	Install code compliant smoke detectors	\$ 150.00	EA	6	\$ 900.00
	Carbon Monoxide Detectors				
	Install code compliant carbon monoxide detectors	\$ 150.00	EA	4	\$ 600.00
	Arc Fault Circuit Interrupters				
	Install code required AFCI's	\$ 150.00	EA	20	\$ 3,000.00
Exterior Construction					
	Windows				
	Replace windows to prevent water intrusion per code	\$ 7.29	SF	2,036	\$ 14,842.44
Roof Construction					
	Roofing Material				
	Install new roofing material to prevent water intrusion per code	\$ 8.20	SF	1,018	\$ 8,347.60
Mechanical- Electrical					
	Mechanical				
	Install a code compliant HVAC system	\$ 5.66	SF	2,036	\$ 11,523.76
	Install a code compliant plumbing system	\$ 4.59	SF	2,036	\$ 9,345.24
	Electrical				
	Install a code compliant electrical wiring system	\$ 3.24	SF	2,036	\$ 6,596.64
Total Code Improvements					\$ 75,897

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Downtown West Redevelopment TIF District 1-8 | Parcel B: 1940 Stieger Lake Lane



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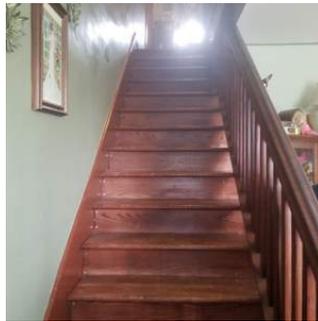
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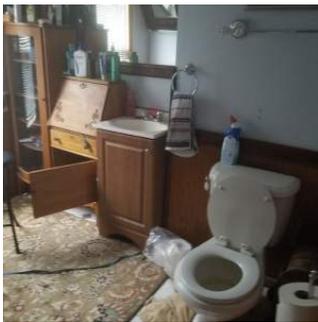
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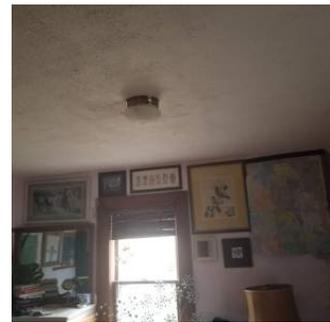
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Downtown West Redevelopment TIF District 1-8 | Parcel B: 1940 Stieger Lake Lane

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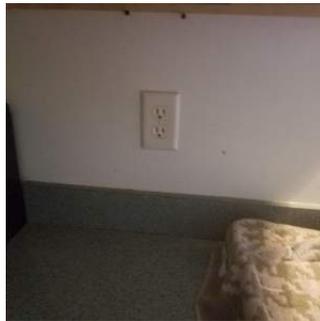
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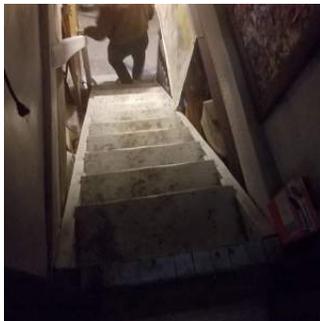
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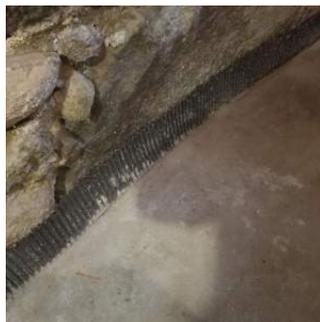
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Downtown West Redevelopment TIF District 1-8 | Parcel B: 1940 Stieger Lake Lane

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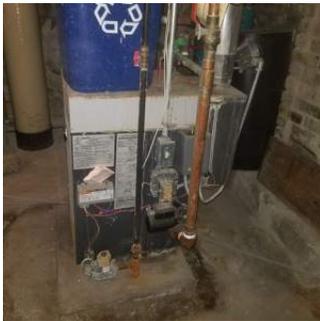
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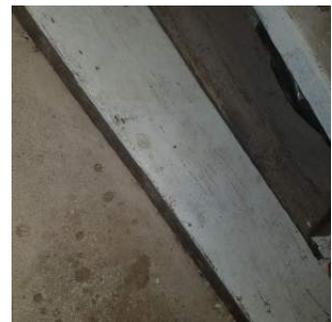
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Downtown West Redevelopment TIF District 1-8 | Parcel B: 1940 Stieger Lake Lane



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Downtown West Redevelopment TIF District 1-8 | Parcel B: 1940 Stieger Lake Lane



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Downtown West Redevelopment TIF District 1-8 | Parcel B: 1940 Stieger Lake Lane



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Resolution No.

Moved by

A RESOLUTION ADOPTING A MODIFICATION TO THE DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 1, ESTABLISHING TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 8 THEREIN, ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR, AND APPROVING INTERFUND LOAN

WHEREAS, the City Council of the City of Victoria (the “City”) has heretofore established Development District No. 1 (the “Development District”) and adopted a Development Program therefor. It has been proposed that the City adopt a Modification to the Development Program (the “Development Program Modification”) for the Development District and establish Tax Increment Financing District (Redevelopment) No. 8 (the “District”) therein and adopt a Tax Increment Financing Plan (the “TIF Plan”) therefor (the Development Program Modification and the TIF Plan are referred to collectively herein as the “Program and Plan”); all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.124 through 469.133 and Sections 469.174 through 469.1794, all inclusive, as amended, (the “Act”) all as reflected in the Program and Plan, and presented for the Council’s consideration; and

WHEREAS, the City has investigated the facts relating to the Program and Plan and has caused the Program and Plan to be prepared; and

WHEREAS, the City has performed all actions required by law to be performed prior to the establishment of the District and the adoption and approval of the proposed Program and Plan, including, but not limited to, notification of the Board of Commissioners of Carver County (the “County”) and the Board of Independent School District No. 112 (Eastern Carver County) (the “School District”), a review of and written comment on the Program and Plan by the City Planning Commission, and the holding of a public hearing by the City thereon on date hereof following notice thereof published in the City’s official newspaper at least 10 but not more than 30 days prior to the public hearing, which was held on the date hereof; and

WHEREAS, certain information, written reports and other documentation and materials (collectively, the “Materials”) relating to the establishment of the TIF District and the approval and adoption of the Program and Plan and to the activities contemplated therein have heretofore been prepared and submitted to the Council and/or made a part of the City files and proceedings on the Program and Plan. The Materials, which are incorporated herein by reference, include data, information and/or substantiation constituting or relating to (1) the “studies and analyses” on why the new TIF District meets the requirements to be a redevelopment tax increment financing district, including a “Report of Inspection Procedures and Results for Determining Qualifications of a Tax Increment Financing District: Downtown West Redevelopment TIF District 1-8”; dated June 3, 2022, prepared by LHB, Inc., Minneapolis, Minnesota, (2) why the TIF District meets the so-called “but for” test, including an analysis of the proforma and other materials submitted by a private developer; and (3) the bases for the other findings and determinations made in this resolution. The Council hereby confirms, ratifies, and adopts the Materials, which are hereby

incorporated into and made as fully a part of this resolution to the same extent as if set forth in full herein; 2 VC115-\218-\796032.v23; and

WHEREAS, the City is not modifying the boundaries of Development District No. 1, but is however, modifying the Development Program therefor; and

WHEREAS, the TIF District is being established to facilitate the demolition of an existing substandard building and to facilitate the construction of an approximately 145-unit market rate apartment building with approximately 177 covered parking stalls, to be constructed, owned, and operated by Anderson Companies (the “Developer”) on property within the TIF District, together with any necessary and directly related infrastructure (collectively, the “Development”).

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

Section 1. Findings for the Adoption and Approval of the Development Program Modification.

1.01. The Council approves the Development Program Modification, and specifically finds that: (a) the land within the Development District would not be available for redevelopment without the financial aid to be sought under the Development Program Modification; (b) the Development Program Modification will afford maximum opportunity, consistent with the needs of the City as a whole, for the development of the Development District by private enterprise; and (c) that the Development Program Modification conforms to the general plan for the development of the City as a whole. The Development District is not being expanded and the only modification of the Program relates to the incorporation by reference of the proposed TIF District and the terms of the TIF Plan therefor.

Section 2. Findings for the Establishment of the District.

2.01. The Council hereby finds that the District is in the public interest and is a “redevelopment district,” as defined in Minnesota Statutes, Section 469.174, Subdivision 10 of the Act for the following reasons:

The District is a “redevelopment district” because it consists of a project or portions of a project within which the following conditions, reasonably distributed throughout the District, exist: (1) parcels consisting of at least 70% of the area of the District are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and (2) more than 50% of the buildings located within the District are deemed “structurally substandard” (within the meaning of Minnesota Statutes, Section 469.174, Subdivision 10(b) and (c) to a degree requiring substantial renovation or clearance. Such conditions are reasonably distributed throughout the geographic area of the District.

The District consists of 2 parcels, and (1) 100% of the parcels (which is more than 70%) are “occupied” as defined in Minnesota Statutes, Section 469.174, Subdivision 10(e), in that at least 15% of the area of each parcel is occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and (2) the only building in the District (i.e. 100% of the buildings in the TIF District) is structurally substandard to a degree requiring substantial renovation or clearance and the costs of bringing the structurally substandard building into compliance with building codes applicable to new

buildings would exceed 15% of the cost of constructing a new structure of the same size and type on the site. 3 VC115-218-796032.v23 The Materials, including, without limitation, the report of LHB, Inc. and the supporting facts for these determinations, are on file with the staff of the City. There have been no building permits issued or improvements made to the parcel or building since the date of the report.

2.02. The Council further finds that the proposed development would not occur solely through private investment within the reasonably foreseeable future and, therefore, the use of tax increment financing is deemed necessary; The specific basis for such finding being:

The property on which the proposed Development will occur would not be developed in the reasonably foreseeable future. The estimated total redevelopment costs for this property make the total cost of this effort significantly higher than costs reasonably incurred for similar developments on a clean site. The demolition and redevelopment costs are higher than for new development and would make development infeasible. The developers of the Development have represented that they could not proceed with the Development without tax increment assistance.

2.03. The Council further finds that the Program and Plan conform to the general plan for the development or redevelopment of the City as a whole. The specific basis for such finding being:

The Planning Commission reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City. The TIF Plan will generally complement and serve to implement policies adopted in the City's comprehensive plan. The City has determined that the Development proposed in the TIF Plan conforms to the City comprehensive plan and is or will be in substantial accordance with the existing zoning or any permitted exception for the property and is consistent with other uses in the area. The anticipated redevelopment of the project site and any subsequent demolition, reconstruction, or renovation related to the project will remain consistent with the City's design goals.

2.04. The Council further finds that the Program and Plan will afford maximum opportunity consistent with the sound needs of the City as a whole, for the development or redevelopment of the District by private enterprise. The specific basis for such finding being:

The Development proposed to occur within the TIF District will afford maximum opportunity for the removal of the substandard building and the development of the applicable parcel consistent with the needs of the City. The Development will increase the taxable market valuation of the City. The Development will expand the number and type of available housing options in the City and help fulfill the need for such housing in the City.

2.05. For purposes of compliance with Minnesota Statutes, Section 469.175, Subdivision 3(b)(2), the Council hereby finds that the increased market value of the property to be developed within the TIF District that could reasonably be expected to occur without the use of tax increment financing is likely \$200,979 (assuming 1.00% annual appreciation over 26 year life of the TIF district), which is less than the market value estimated to result from the proposed development (approximately \$36,222,441), after subtracting the present value of the projected tax increments for the maximum duration of the TIF District (approximately

Resolution # - Resolution Establishing TIF 1-8, Adopting TIF Plan and Approving Interfund Loan

Adopted:

Page 3 of 6

\$6,048,769), which is approximately 4 VC115-\218-\796032.v23 \$30,173,672. In making these findings, the Council has noted that the existing building on the Development Property is blighted and would likely remain in its current condition or further deteriorate if tax increment financing were not available. Thus, the use of tax increment financing will be a positive net gain to the City, the School District, and the County, and the tax increment assistance does not exceed the benefit which will be derived therefrom.

2.06. The provisions of Sections 2 are hereby incorporated by reference into and made a part of the TIF Plan and the findings in the TIF Plan are incorporated herein by reference and made a part hereof.

Section 3. Public Purpose.

3.01. The Council further finds that the Program and Plan are intended and in the judgment of the Council its effect will be to promote the public purposes and accomplish the objectives specified therein.

3.02. The adoption of the Program and Plan conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the City which is already built up, to provide housing and commercial opportunities, to improve the tax base and to improve the general economy of the State of Minnesota and thereby serves a public purpose. For the reasons described in Section 2, the City believes these benefits directly derive from the tax increment assistance provided under the TIF Plan. A private developer will receive only the assistance needed to make this development financially feasible. As such, any private benefits received by a developer are incidental and do not outweigh the primary public benefits.

Section 4. Approval and Adoption of the Program and Plan.

4.01. The Program and Plan, as presented to the Council on this date, including without limitation the findings and statements of objectives contained therein, are hereby approved, ratified, established, and adopted and shall be placed on file in the office of the City Manager.

4.02. The City elects to retain all of the captured tax capacity to finance the costs of the TIF District and the Development District. The City elects the method of tax increment computation set forth in Minnesota Statutes, Section 469.177, Subd. 3(b).

4.03. In accordance with Minnesota Statutes, Section 469.175, Subd. 1(b), the City elects to delay the receipt of the first increment until tax payable year 2025.

4.04. The staff of the City, the City's advisors and legal counsel are authorized and directed to proceed with the implementation of the Program and Plan and to negotiate, draft, prepare and present to this Council for its consideration all further plans, resolutions, documents and contracts necessary for this purpose. The Council, staff and its consultants are authorized to negotiate the terms of any development agreement, if necessary, with developers in connection with the establishment of the TIF District.

4.05 The County Auditor is requested to certify the original net tax capacity of the District, as described in the Program and Plan, and to certify in each year thereafter the amount by which

the original net tax capacity has increased or decreased; and the City is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the 5 VC115-218-796032.v23 Auditor may specify, together with a list of all properties within the District, for which building permits have been issued during the 18 months immediately preceding the adoption of this resolution.

4.06. The City Manager is further authorized and directed to file a copy of the Program and Plan with the Commissioner of the Minnesota Department of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes 469.175, Subdivision 4a of the Act.

Section 5. Interfund Loans.

5.01. The Council hereby approves interfund loans or advances (“Loans”) for the District, as follows:

(a) The authorized tax increment eligible costs (including without limitation out-of-pocket administrative expenses in an amount up to \$50,000 and costs associated with street and utility improvements in an amount up to \$2,067,306) payable from the District as provided in the TIF Plan as originally adopted or as it may be amended, may need to be financed on a short-term and/or long-term basis via one or more Loans, as may be determined by the City Finance Director from time to time.

(b) The Loans may be advanced if and as needed from available monies in the City’s general fund or other City funds designated by the City Finance Director. Loans may be structured as draw-down or “line of credit” obligations of the lending fund(s).

(c) Neither the maximum principal amount of any one Loan nor the aggregate principal amount of all Loans may exceed \$2,117,306 outstanding at any time.

(d) All Loans shall mature not later than February 1, 2050 or such earlier date as the City Finance Director may specify in writing. All Loans may be pre-paid, in whole or in part, whether from tax increment revenue, tax increment revenue bond proceeds, or other eligible sources including, but not limited to, other bonds to be issued by the City.

(e) The outstanding and unpaid principal amount of each Loan shall bear interest at the rate of 4.00% which does not exceed the rate prescribed by the statute (Minnesota Statutes, Section 469.178, Subdivision 7), which is the greater of the rates specified under Sections 270C.40 or 549.09 at the time a Loan, or any part of it, is first made, subject to the right of the City Finance Director to specify a lower rate (but not less than the City’s then-current average investment return for similar amount and term).

(f) Such Loans within the above guidelines are pre-approved. The Loans need not take any particular form and may be undocumented, except that the City Finance Director shall specify the principal amount and interest rate and maintain all necessary or applicable data on the Loans.

This Resolution is adopted by the City of Victoria and approved by the Mayor this day of

Debra McMillan, Mayor

ATTEST:

Claudia Ettesvold, Deputy City Clerk