

**Amendments relating to Blaine  
Economic Development Project Plan of  
the Blaine Economic Development  
Authority, including establishment and  
approval of the**

**Tax Increment Financing Plan**

**for**

**Tax Increment Financing (Economic  
Development) District No. 1-22**

**(Phase 1 – 35W Industrial Park Development)**

**City of Blaine, Minnesota**

Prepared by

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## TABLE OF CONTENTS

<u>Section</u>	<u>Page(s)</u>
A. Definitions.....	1
B. Amendment of Project Plan and Enlargement of Project Area .....	1
C. Background and Purpose.....	2
D. Statement of Objectives .....	2
E. Designation of Tax Increment Financing District as an Economic Development District .....	3
F. Duration of the TIF District .....	3
G. Property to be Included in the TIF District.....	4
H. Property to be Acquired in the TIF District .....	4
I. Specific Development Expected to Occur Within the TIF District .....	4
J. Findings and Need for Tax Increment Financing .....	4
K. Estimated Public Costs .....	6
L. Estimated Sources of Revenue.....	6
M. Estimated Amount of Bonded Indebtedness.....	7
N. Original Net Tax Capacity .....	7
O. Original Tax Capacity Rate .....	7
P. Projected Retained Captured Net Tax Capacity and Projected Tax Increment.....	8
Q. Use of Tax Increment.....	9
R. Excess Tax Increment.....	9
S. Tax Increment Pooling and the Five-Year Rule .....	10
T. Limitation on Administrative Expenses .....	10
U. Limitation on Property Not Subject to Improvements - Four Year Rule.....	11
V. Estimated Impact on Other Taxing Jurisdictions.....	11
W. Prior Planned Improvements.....	12
X. Development Agreements.....	12
Y. Assessment Agreements .....	12
Z. Modifications of the Tax Increment Financing Plan .....	13
AA. Administration of the Tax Increment Financing Plan .....	13
AB. Financial Reporting and Disclosure Requirements.....	14
Map of the Tax Increment Financing District .....	EXHIBIT I
Assumptions Report.....	EXHIBIT II
Projected Tax Increment Report.....	EXHIBIT III
Estimated Impact on Other Taxing Jurisdictions Report.....	EXHIBIT IV
Market Value Analysis Report.....	EXHIBIT V

**SECTION I – Amendment of Project Plan for Blaine Economic Development Project**

**Section A Definitions**

The terms defined below, for purposes hereof, shall have the following respective meanings, unless the context specifically requires otherwise. The term “development” includes redevelopment, and the term “developing” includes redeveloping.

“Board” means the Board of Commissioners, the governing body, of the EDA.

“City” means the City of Blaine, Minnesota.

“Council” means the City Council of the City, its governing body.

“Development” means the approximately 118,500 square industrial facility described in Section 1.3 and Section II hereof.

“Development District” means Development District No. 1, initially established on August 20, 1981, as amended.

“Development Program” means the Development Program for the Development District, initially adopted on August 20, 1981, as amended.

“EDA” means the Blaine Economic Development Authority, established pursuant to the Enabling Act.

“Enabling Act” means (1) the Housing and Redevelopment Authority Act, as previously codified in Minnesota Statutes, Section 462.411 et seq. and as now codified in Minnesota Statutes, Sections 469.001 through 469.047, and (2) the Economic Development Authority Act, Minnesota Statutes, Sections 469.090 through 469.1082, including all powers provided or referenced therein, and as the same may be amended or supplemented.

“Project Area” means the Blaine Economic Development Project, including without limitation the areas of the City encompassed therein.

“Project Plan” means the plan for the development of the Project Area including the Redevelopment Plan and Development Program, all as amended from time to time.

“Redevelopment Plan” means the Redevelopment Plan for the Redevelopment Project, initially adopted on August 15, 1985, as amended.

“Redevelopment Project” means the Housing and Redevelopment Project No. 1, initially established on August 15, 1985, as amended.

“Tax Increment District” means any of the tax increment financing districts (as amended) established pursuant to the Tax Increment Act within the Project Area, including without limitation any such districts originally established within the Development District or the Redevelopment Project.

“Tax Increment Act” means Minnesota Statutes, Sections 469.174 through 469.1794, as amended or supplemented.

“Tax Increment Plans” means the tax increment financing plans, as amended, adopted pursuant to the Tax Increment Act for the Tax Increment Districts.

**Section B Amendment of Project Plan and Enlargement of Project Area**

The Project Plan is hereby amended to include the following additional goals, objectives, activities, and public improvement and development costs to be made or incurred within the Project Area and financed in whole or in part by tax increment or other revenues of the EDA. The Company is expected to acquire and construct on the property located in Tax Increment Financing District No. 1-22 an approximate 118,500 square foot industrial facility to be located at the intersection of 85<sup>th</sup> Avenue NE and West 35W Service Drive NE in the City (the “Development”).

The Project Plan is hereby amended to include all of the goals, objectives, activities, and public improvement and development costs to be made or incurred within the Project Area and financed in whole or in part by tax increment or other revenues of the EDA, as provided in this Section I, including without limitation a portion of the estimated costs of the Development as provided in Section K:

### **Section C      Background and Purpose**

The City established the Development District and adopted the Development Program pursuant to Minnesota Statutes, Sections 469.124 through 469.134, and established various Tax Increment Financing Districts within the Development District pursuant to the Tax Increment Act.

The Housing and Redevelopment Authority in and for the City of Blaine, Minnesota (the "HRA"), established the Redevelopment Project and adopted the Redevelopment Plan pursuant to Minnesota Statutes, Sections 469.001 through 469.047, and established various Tax Increment Financing Districts within the Redevelopment Project pursuant to the Tax Increment Act.

Pursuant to the Enabling Act, on December 29, 1988, the Council adopted an enabling resolution and thereby established the EDA. Pursuant to Section 469.094, Subdivision 2, of the Enabling Act, the City transferred to the EDA, and the EDA accepted from the City transfer of, the control, authority, and operation of the Development District and the Redevelopment Project, including the existing Tax Increment Districts therein, thereby empowering the EDA to exercise all of the powers that the City and the HRA could exercise with respect to the Development District and the Redevelopment Project, respectively, subject to the covenant and pledge by the EDA to perform the terms, conditions, and covenants of all bond indentures and other agreements executed for the security of any bonds issued and any other activities undertaken with respect to the Development District and the Redevelopment Project, respectively.

Various amendments have been adopted respecting the Project Area, the Project Plan, and the Tax Increment Districts and Plans, including the establishment of additional Tax Increment Districts within the Project Area.

In maintaining the Project Area and carrying out the Project Plan it is the EDA's purpose, consistent with the stated purposes of the Council, to consolidate the City's development areas, goals, objectives, development costs, and activities to the fullest extent permitted by the Enabling Act and other applicable law. The Board and the Council found that through such consolidation the necessary development of the City can be accomplished more consistently, efficiently, and economically.

Pursuant to Section 469.094, Subdivision 2, of the Enabling Act, the EDA is authorized to exercise the powers of a city with respect to a development district under Minnesota Statutes, Sections 469.124 through 469.134, and the powers of a housing and redevelopment authority under Minnesota Statutes, Sections 469.001 through 469.047, among other powers, and it is the intention of the Council and the Board that the EDA shall exercise any and all of said powers as may be necessary or appropriate for the development of the Project Area in accordance with the Project Plan.

## **SECTION II – ESTABLISHMENT OF THE TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING (ECONOMIC DEVELOPMENT) DISTRICT NO. 1-22**

### **Section D      Statement of Objectives**

The objectives which the EDA seeks to achieve through the implementation of this Tax Increment District and Plan are set out in the Project Plan for the Project Area, including the Redevelopment Plan and Development Program, all as amended from time to time, and as further provided in Section I above.

**Section E      Designation of Tax Increment Financing District as an Economic Development District**

Economic development districts are a type of tax increment financing district which consist of any project, or portions of a project, which the City finds to be in the public interest because:

- (1) it will discourage commerce, industry, or manufacturing from moving their operations to another state or municipality;
- (2) it will result in increased employment in the state; or
- (3) it will result in preservation and enhancement of the tax base of the state.

The TIF District qualifies as an economic development district in that the proposed development described in this TIF Plan (see Section I) meets the criteria listed above in (2) and (3). Without establishment of the TIF District, the proposed development would not occur within the City. The proposed development will also result in increased employment and enhancement of the tax base in both the City and the State.

Tax increments from an economic development district must be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or other assistance in which at least 85% of the square footage of the facilities to be constructed are used for any of the following purposes:

- (1) manufacturing, production, or processing of tangible personal property;
- (2) warehousing, storage and distribution of tangible personal property, excluding retail sales;
- (3) research and development related to the activities listed in (1) or (2) above;
- (4) telemarketing if that activity is the exclusive use of the property;
- (5) tourism facilities (see M.S. Section 469.174, Subd. 22);
- (6) space necessary for and related to the activities listed in (1) through (5) above;
- (7) a workforce housing project that satisfies the requirements of paragraph (d).

Tax increments from the TIF District will be used to provide financial assistance to the proposed development (see Section I), in which over 85% of the square footage of the facilities to be constructed will be used for warehousing, storage and distribution of tangible property, excluding retail sales, or other purposes as listed in (1) through (7) above.

**Section F      Duration of the TIF District**

Economic development districts may remain in existence 8 years from the date of receipt by the EDA of the first tax increment. The EDA anticipates that the TIF District will remain in existence the maximum duration allowed by law (projected to be through the year 2031, due to anticipated receipt of first increment in 2023). Modifications of this plan (see Section AA) shall not extend these limitations.

**Section G Property to be Included in the TIF District**

The TIF District is an area of land comprising of the parcel listed below and approximately 10 acres that is located within the Project Area. A map showing the boundaries of the TIF District is shown in Exhibit I.

Parcel ID Number      Legal Description

34-31-23-43-0001 *	Lot 1, Block 2, Blaine 35
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*\* The parcel listed above will be split prior to development occurring and only a portion of the parcel will remain within the boundaries of the district. The legal description listed above is the new description for the portion of the property to be included within the district. The new parcel ID is not available at the time of drafting of the TIF Plan.*

The area encompassed by the TIF District shall also include all street or utility right-of-ways located upon or adjacent to the property described above.

**Section H Property to be Acquired in the TIF District**

The EDA may acquire and sell any or all of the property located within the TIF District. It will not be acquiring or selling any property at this time.

**Section I Specific Development Expected to Occur Within the TIF District**

The proposed project is anticipated to consist of approximately 29.07 acres consisting of the property generally located north of the intersection of 85<sup>th</sup> Avenue NE and West 35W Service Drive NE in the City owned by the Developer. The Developer is planning to construct one building on the site for a total of approximately 118,500 square feet of light industrial space. The square footage of the completed building will comply with the requirements of an economic development district with at least 85% being used for a qualifying purpose and less than 15% will be office space.

It is anticipated that the EDA will use the tax increment to finance a portion of the extraordinary site development and infrastructure improvement costs that are necessary for this project to proceed. In addition, the EDA may use tax increment for related administrative expenses, and any other eligible expenditures associated with development of the site that may include additional necessary public improvements.

Construction of the project is expected to commence in 2021. The 118,500 square foot building is expected to be 100% assessed and on the tax rolls as of January 2, 2022 for taxes payable in 2023.

At the time this document was prepared there were no signed construction contracts with regards to the above described development.

**Section J Findings and Need for Tax Increment Financing**

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

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

See Section E of this document for the reasons and facts supporting this finding.
- (2) The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and

the increased market value of the site that could reasonably be expected to occur without the use of tax increment 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 district permitted by the TIF Plan.

**Factual basis:**

*Proposed development not expected to occur:*

The proposed development consists of the construction of approximately 118,500 square feet of light industrial space. The new facility will be used primarily for industry/manufacturing to allow for further business growth and development. The Developer has requested financial assistance to write down a portion of the site development and infrastructure costs associated with development of the site. The Developer has provided supplemental financial information demonstrating that the development of this site would not occur without the assistance provided in this TIF Plan.

Therefore, the City has determined that the proposed development would not occur but for the financial assistance provided in this TIF Plan because of the increased costs related to development within the TIF District. The location and condition of the property requires expenditures related to acquisition, wetland mitigation, stormwater storage, high water table, soils correction and other related site development costs which currently do not allow development on the property.

*No higher market value expected:*

The land located within TIF District No. 1-22 requires site improvements including wetland mitigation, stormwater storage, high water table, and soils correction. To commence construction of the new facilities, assistance with financing a portion of those costs will be necessary. The financial assistance provided under this TIF Plan will help offset the costs of these improvements. Given the nature of this property, there is no reasonable expectation of any development occurring that would generate as much market value increase as is estimated to be generated by the proposed development by the new business. Therefore, the City has concluded that substantial development at this particular site--and hence any significant increase in market value--is not reasonably expected to occur unless the City provides tax increment assistance as described in this Tax Increment Plan.

To summarize the basis for the City's findings regarding alternative market value, in accordance with Minnesota Statutes, Section 469.175, Subd. 3(d), the City makes the following determinations:

- a. The City's estimate of the amount by which the market value of the site will increase without the use of tax increment financing is \$0 (for the reasons described above), except some unknown amount of appreciation.
- b. If the proposed development to be assisted with tax increment occurs in the District, the total increase in market value would be approximately \$9,776,912, including the value of the building (See Exhibit II).
- c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$822,334 (See Exhibit V).
- d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$8,954,578 (the amount in clause b less the amount in clause c) without tax increment assistance.

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

**Factual basis:** The proposed development is the construction of light industrial space in the Project Area that is expected to create new jobs in the City and State, plus create new tax base for the City and the state. The development meets the City's economic development goals in terms of land use, job retention, and wage levels.

- (4) The TIF Plan conforms to general plans for development of the City as a whole.

**Factual basis:** The City Council has determined that the development proposed in the TIF Plan conforms to the City comprehensive plan.

- (5) The City is electing the method of tax increment computation set forth in Minnesota Statutes, Section 469.177, Subdivision 3(b) (see Section P).

**Section K Estimated Public Costs**

The estimated public costs of the TIF District are listed below. Such costs are eligible for reimbursement from tax increments of the TIF District.

Estimated Public Costs	Estimated Amount
Land/Building acquisition	\$0
Site Improvements/Preparation costs	\$1,004,167
Utilities	\$0
Other public improvements	\$0
Construction of affordable housing	\$0
Administrative expenses	\$52,851
Total Estimated Public Costs	\$1,057,018
Interest expenses	\$0
Total Costs	\$1,057,018

The EDA reserves the right to administratively adjust the amount of any of the items listed above or to incorporate additional eligible items, so long as the total estimated public costs (\$1,057,018) do not increase. The EDA also reserves the right to fund any of the identified costs with any other legally available revenues, such as grants and/or loans, but anticipates that such costs will be primarily financed with tax increments.

**Section L Estimated Sources of Revenue**

Estimated Sources of Revenue	Estimated Amount
Tax Increment revenue	\$1,057,018
Interest on invested funds	
Total	\$1,057,018

The EDA anticipates providing financial assistance to the proposed development through pay-as-you-go financing in which the EDA will provide funding to the Developer to offset a portion of the project costs



and collect annual increments to repay the note. As tax increments are collected from the TIF District in future years, a portion will be retained by the EDA and the remaining funds will be provided as reimbursement for certain identified costs as necessary within the TIF District to assist with financing the public costs incurred (see Section K).

The EDA reserves the right to finance any or all public costs of the TIF District using pay-as-you-go assistance, internal funding, general obligation or revenue debt, or any other financing mechanism authorized by law. The EDA also reserves the right to use other sources of revenue legally applicable to the Project Area to pay for such costs including, but not limited to, special assessments, utility revenues, federal or state funds, and investment income. The projected tax increment report is included as Exhibit III.

**Section M Estimated Amount of Bonded Indebtedness**

The maximum principal amount of bonds (as defined in the TIF Act) secured in whole or part with tax increment from the TIF District is \$1,057,018. The EDA currently plans to finance the improvement costs through pay-as-you-go financing. The EDA reserves the right to issue an interfund loan or issue bonds in any form, including without limitation any interfund loan with interest not to exceed the maximum permitted under Section 469.178, subd. 7 of the TIF Act.

**Section N Original Net Tax Capacity**

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

The Estimated Market Value of all property within the TIF District as of January 2, 2020, for taxes payable in 2021, is \$580,833. Upon establishment of the TIF District, it is estimated that the original net tax capacity of the TIF District will be \$10,867, upon classification as commercial-industrial.

Each year the County Auditor shall certify the amount that the original net tax capacity has increased or decreased as a result of:

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

**Section O Original Tax Capacity Rate**

The County Auditor shall also certify the original tax capacity rate of the TIF District. This rate shall be the sum of all local tax rates that apply to property in the TIF District. This rate shall be for the same taxes payable year as the original net tax capacity.

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

It is anticipated the request for certification of the District will occur after June 30, 2020 but before June 30, 2021, and the local tax rates for taxes levied in 2020 and payable in 2021 will apply. The sum of the local tax rates for taxes levied in 2020 and payable in 2021 of 103.276% are shown below:

<u>Taxing Jurisdiction</u>	<u>2020/2021 Local Tax Rate</u>
City of Blaine	35.336%
Anoka County	30.935%
ISD 12	31.428%
Other	<u>5.577%</u>
Total	103.276%

**Section P      Projected Retained Captured Net Tax Capacity and  
Projected Tax Increment**

The EDA anticipates that the construction of the first industrial building will be completed by December 31, 2021 creating a total tax capacity for TIF District No. 1-22 of \$162,780 as of January 2, 2022. The captured tax capacity as of that date is estimated to be \$100,235 and the first full year of tax increment is estimated to be \$103,519 payable in 2023. A complete schedule of estimated tax increment from the TIF District is shown in Exhibit III.

The estimates shown in this TIF Plan assume that commercial class rates remain at 1.50% of the estimated market value up to \$150,000 and 2.0% of the estimated market value over \$150,000; and assume 3% annual increase in market values.

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

For communities affected by the fiscal disparity provisions of Minnesota Statutes, Chapter 473F and Chapter 276A, the original net tax capacity of the TIF District shall be determined before the application of fiscal disparity. In subsequent years, the current net tax capacity shall either (a) be determined before the application of fiscal disparity or (b) exclude the product of any fiscal disparity increase in the TIF District (since the original net tax capacity was certified) times the appropriate fiscal disparity ratio. The method the Authority elects shall remain the same for the life of the TIF District, except that a single change may be made at any time from method (a) to method (b) above. The EDA elects method (b), or M.S. Section 469.177, Subdivision 3(a).

The County Auditor shall certify to the EDA the amount of captured net tax capacity each year. The EDA may choose to retain any or all of this amount. It is the EDA'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 II gives a listing of the various information and assumptions used in preparing a number of the exhibits contained in this TIF Plan, including Exhibit III which shows the projected tax increment generated over the anticipated life of the TIF District.

**Section Q      Use of Tax Increment**

Each year the County Treasurer shall deduct 0.36% of the annual tax increment generated by the TIF District and pay such amount to the State's 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 III shows the projected deduction for this purpose over the anticipated life of the TIF District.

The EDA 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 (see Section K) and County administrative costs associated with the TIF District (see Section T);
- (2) pay principal and interest on tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (3) accumulate a reserve securing the payment of tax increment bonds or other bonds issued to finance the estimated 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.

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 applicable to the City.

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

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 sale 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 R      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 EDA shall use the excess tax increments to:

- (1) prepay any outstanding tax increment bonds;
- (2) discharge the pledge of tax increments thereof;

- (3) pay amounts into an escrow account dedicated to the payment of the tax increment bonds; or
- (4) return excess tax increments to the County Auditor for redistribution to the City, County and School District. 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 S Tax Increment Pooling and the Five-Year Rule**

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

- (1) actually paid to a third party for activities performed within the TIF District within five years after certification of the district;
- (2) used to 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.
- (3) 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
- (4) used to reimburse a party for payment of eligible costs (including interest) incurred within five years from certification of the district.

Beginning with the sixth year following certification of the TIF District, at least 80% of the tax increments must be used to pay outstanding bonds or make contractual payments obligated within the first five years. When outstanding bonds have been defeased and sufficient money has been set aside to pay for such contractual obligations, the TIF District must be decertified.

The EDA anticipates that a portion of the tax increments may be spent outside of the TIF District (including allowable administrative expenses); but the EDA reserves the right to allow for tax increment pooling from the TIF District in the future.

### **Section T Limitation on Administrative Expenses**

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

- (1) amounts paid for the purchase of land;
- (2) amounts paid for materials and services, including architectural and engineering services directly connected with the physical development of the real property in the project;
- (3) relocation benefits paid to, or services provided for, persons residing or businesses located in the project;

- (4) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to section 469.178; or
- (5) amounts used to pay other financial obligations to the extent those obligations were used to finance costs described in clause (1) to (3).

Administrative expenses include amounts paid for services provided by bond counsel, fiscal consultants, planning or economic development consultants, and actual costs incurred by the County 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 tax increment expenditures authorized by the TIF Plan or (b) 10% of the total tax increments received by the TIF District.

#### **Section U      Limitation on Property Not Subject to Improvements - Four Year Rule**

If after four years from certification of the TIF District no demolition, rehabilitation, renovation of property or other site preparation, including 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 EDA 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 EDA or owner of the parcel subsequently commences any of the above activities, the EDA 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 V      Estimated Impact on Other Taxing Jurisdictions**

Exhibit 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 EDA 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 fiscal and economic implications of the proposed tax increment financing district, as pursuant to Minnesota Statutes, Section 469.175, Subdivision 2, are listed below.

1. The total amount of tax increment that will be generated over the life of the district is estimated to be \$1,060,839.
2. To the extent the facility in the proposed TIF District generates any public cost impacts on city-provided services such as police and fire protection, public infrastructure, and borrowing costs attributable to the district, such costs will be levied upon the taxable net tax capacity of the City, excluding that portion captured by the District. The EDA does not anticipate issuing tax increment revenue bonds in conjunction with this project but reserves the right to issue bonds as necessary to facilitate development.

3. The amount of tax increments over the life of the district that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is estimated to be \$322,825.
4. The amount of tax increments over the life of the district that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same is estimated to be \$317,761.
5. No additional information has been requested by the county or school district that would enable it to determine additional costs that will accrue to it due to the development proposed for the district.

#### **Section W     Prior Planned Improvements**

The EDA shall accompany its request for certification to the County Auditor (or notice of district enlargement), 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.

There have been no building permits issued in the last 18 months in conjunction with any of the properties within the TIF District.

#### **Section X     Development Agreements**

If within a project containing an economic development district, more than 10% of the acreage of the property to be acquired by the EDA is purchased with tax increment bonds proceeds (to which tax increment from the property is pledged), then prior to such acquisition, the EDA must enter into an agreement for the development of the property. Such agreement must provide recourse for the EDA should the development not be completed.

The EDA anticipates entering into an agreement with the Developer relating to the project but does not anticipate acquiring any property located within the TIF District.

#### **Section Y     Assessment Agreements**

The EDA 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 an accurate 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, County and School District.

The EDA does not anticipate entering into an assessment agreement.

**Section Z      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; determination to capitalize interest on the debt if it was not part of original plan; increase in that portion of the captured net tax capacity to be retained by the EDA; increase in the total estimated public costs; or designation of additional property to be acquired by the EDA 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 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 EDA 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 EDA 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 AA      Administration of the Tax Increment Financing Plan**

Upon adoption of the TIF Plan, the EDA shall submit a copy of such plan to the Minnesota Department of Revenue. The EDA 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 EDA 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 EDA 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 EDA 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 EDA shall notify the County Assessor of any new development that has occurred in the TIF District during the past year to ensure 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 EDA of all changes made to the original net tax capacity of the TIF District.

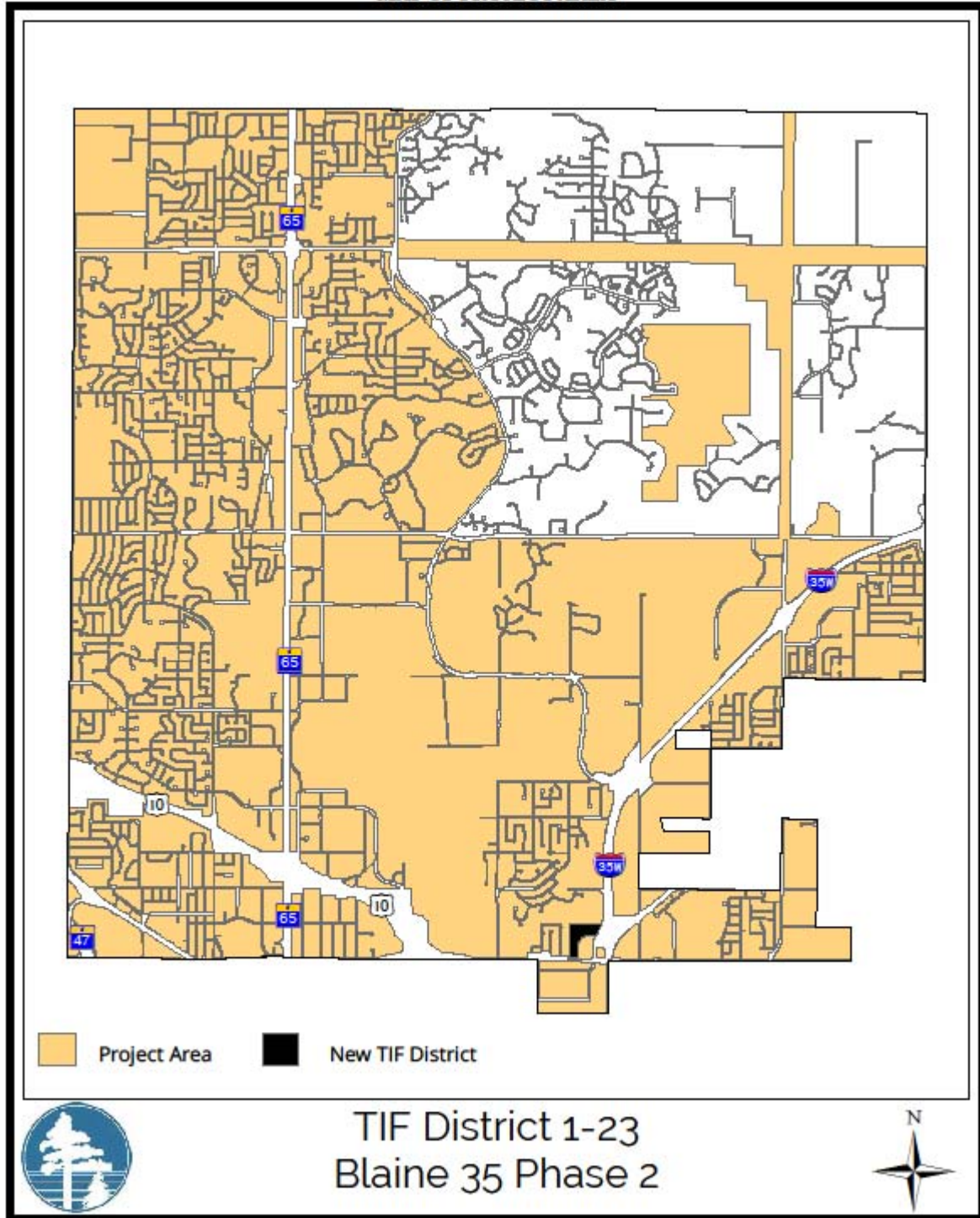
**Section AB Filing TIF Plan, Financial Reporting and Disclosure Requirements**

The EDA will file the TIF Plan, and any subsequent amendments thereto, with the Commissioner of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes, Section 469.175, subdivision 4A. The EDA will comply with all reporting requirements for the TIF District under Minnesota Statutes, Section 469.175, subdivisions 5 and 6.



Map of  
Tax Increment Financing (Economic Development) District No. 1-22  
within Economic Development Project

MAP OF PROJECT AREA



## Assumptions Report

**City of Blaine, Minnesota**  
**Tax Increment Financing (Economic Development) District No. 1-22**  
**Industrial Park Development**  
**Draft TIF Plan Exhibits: 118,500 SF bldg with \$69/SF value and 3% Annual MV Inflator**

Type of Tax Increment Financing District	Economic Development
Maximum Duration of TIF District	8 years from 1st increment

Projected Certification Request Date	07/01/21
Decertification Date	12/31/31 (9 Years of Increment)

	<u>2020/2021</u>
Base Estimated Market Value	\$580,833

Original Net Tax Capacity	\$10,867
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	Assessment/Collection Year			
	2021/2022	2022/2023	2023/2024	2024/2025
Base Estimated Market Value	\$580,833	\$580,833	\$580,833	\$580,833
Estimated Increase in Value - New Construction	0	7,595,667	7,840,962	8,093,616
Total Estimated Market Value	580,833	8,176,500	8,421,795	8,674,449
Total Net Tax Capacity	\$10,867	\$162,780	\$167,686	\$172,739

City of Blaine	35.336%	
Anoka County	30.935%	
ISD #12	31.428%	
Other (7 06012B)	5.577%	
Local Tax Capacity Rate	103.2760%	2020/2021
Fiscal Disparities Contribution From TIF District	34.0178%	
Administrative Retainage Percent (maximum = 10%)	5.00%	
Pooling Percent	0.00%	

<u>Bonds</u>		<u>Note (Pay-As-You-Go)</u>	
Bonds Dated	NA	Note Dated	12/31/21
Bond Rate	NA	Note Rate	4.00%
Bond Amount	NA	Note Amount	\$790,000
Present Value Date & Rate	12/31/21	4.00% PV Amount	\$791,135

**Notes**

Projections assume no future changes to classification rates and current tax rates remain constant  
 Projections are based on pay 2021 rates  
 Projections are based on a preliminary value estimate of \$69/SF  
 Projections assume project 100% completed in 2021  
 Projections assume 3% market value inflation

**Projected Tax Increment Report**

**City of Blaine, Minnesota**  
**Tax Increment Financing (Economic Development) District No. 1-22**  
**Industrial Park Development**  
**Draft TIF Plan Exhibits: 118,500 SF bldg with \$69/SF value and 3% Annual MV Inflatior**

Annual Period Ending (1)	Total Market Value (2)	Total Net Tax Capacity (3)	Less: Original Net Tax Capacity (4)	Less: Fiscal Disp. @ 34.0178% (5)	Retained Captured Net Tax Capacity (6)	Times: Tax Capacity Rate (7)	Annual Gross Tax Increment (8)	Less: State Aud. Deduction 0.360% (9)	Subtotal Net Tax Increment (10)	Less: City Retainage 5.00% (11)	Annual Net Revenue (12)	P.V. Annual Net Rev. To 07/01/21 4.00%
12/31/21	580,833	10,867	10,867	0	0	103.276%	0	0	0	0	0	0
12/31/22	580,833	10,867	10,867	0	0	103.276%	0	0	0	0	0	0
12/31/23	8,176,500	162,780	10,867	51,678	100,235	103.276%	103,519	373	103,146	5,157	97,989	90,596
12/31/24	8,421,795	167,686	10,867	53,346	103,473	103.276%	106,863	385	106,478	5,324	101,154	89,926
12/31/25	8,674,449	172,739	10,867	55,065	106,807	103.276%	110,306	397	109,909	5,495	104,414	89,254
12/31/26	8,934,682	177,944	10,867	56,836	110,241	103.276%	113,852	410	113,442	5,672	107,770	88,579
12/31/27	9,202,723	183,304	10,867	58,660	113,778	103.276%	117,505	423	117,082	5,854	111,228	87,905
12/31/28	9,478,804	188,826	10,867	60,538	117,421	103.276%	121,268	437	120,831	6,042	114,789	87,230
12/31/29	9,763,169	194,513	10,867	62,473	121,174	103.276%	125,143	451	124,692	6,235	118,457	86,555
12/31/30	10,056,064	200,371	10,867	64,465	125,040	103.276%	129,136	465	128,671	6,434	122,237	85,882
12/31/31	10,357,746	206,405	10,867	66,518	129,020	103.276%	133,247	480	132,767	6,638	126,129	85,208
							\$1,060,839	\$3,821	\$1,057,018	\$52,851	\$1,004,167	\$791,135

(1) Total estimated market value based on information provided by developer, subject to review by County Assessor **very preliminary and subject to further review. Includes 3% annual market value inflator**

(2) Total net tax capacity based on commercial-industrial class rate of 1.5% first \$150,000 value and 2% value above \$150,000

(3) Original net tax capacity based on a portion of existing land value for the parcel to be included in development

(4) Total local tax capacity rate for taxes payable 2021

**Estimated Impact on Other Taxing Jurisdictions Report**

**City of Blaine, Minnesota  
 Tax Increment Financing (Economic Development) District No. 1-22  
 Industrial Park Development  
 Draft TIF Plan Exhibits: 118,500 SF bldg with \$69/SF value and 3% Annual MV Inflator**

Taxing Jurisdiction	Without Project or TIF District		With Project and TIF District					
	Final 2020/2021 Taxable Net Tax Capacity (1)	2020/2021 Local Tax Rate	2020/2021 Taxable Net Tax Capacity (1)	Projected Retained Captured Net Tax Capacity +	New Taxable Net Tax Capacity =	Hypothetical Adjusted Local Tax Rate (*)	Hypothetical Decrease In Local Tax Rate (*)	Hypothetical Tax Generated by Retained Captured N.T.C. (*)
City of Blaine	95,087,044	35.336%	95,087,044	\$129,020	95,216,064	35.288%	0.048%	45,529
Anoka County	454,373,022	30.935%	454,373,022	129,020	454,502,042	30.926%	0.009%	39,901
ISD #12	301,895,093	31.428%	301,895,093	129,020	302,024,113	31.415%	0.013%	40,531
Other	-	5.577%	-	-	-	5.577%	-	-
Totals		103.276%				103.206%	0.070%	

**\* Statement 1:** If the projected Retained Captured Net Tax Capacity of the TIF District was hypothetically available to each of the taxing jurisdictions above, the result would be a lower local tax rate (see Hypothetical Adjusted Tax Rate above) which would produce the same amount of taxes for each taxing jurisdiction. In such a case, the total local tax rate would decrease by 0.070% (see Hypothetical Decrease in Local Tax Rate above). The hypothetical tax that the Retained Captured Net Tax Capacity of the TIF District would generate is also shown above.

**Statement 2:** Since the projected Retained Captured Net Tax Capacity of the TIF District is not available to the taxing jurisdictions, then there is no impact on taxes levied or local tax rates.

(1) Taxable net tax capacity = total net tax capacity - captured TIF - fiscal disparity contribution, if applicable.

(2) The impact on these taxing jurisdictions is negligible since they represent only 5.40% of the total tax rate.

**Market Value Analysis Report**

**City of Blaine, Minnesota**

**Tax Increment Financing (Economic Development) District No. 1-22**

**Industrial Park Development**

**Draft TIF Plan Exhibits: 118,500 SF bldg with \$69/SF value and 3% MV Inflator**

Assumptions

Present Value Date 07/01/21  
 P.V. Rate - Gross T.I. 4.00%

Increase in EMV With TIF District	\$9,776,912
Less: P.V of Gross Tax Increment	835,884
Subtotal	\$8,941,028
Less: Increase in EMV Without TIF	0
Difference	\$8,941,028

	Year	Annual Gross Tax Increment	Present Value @ 4.00%
1	2023	103,519	95,720
2	2024	106,863	95,011
3	2025	110,306	94,300
4	2026	113,852	93,588
5	2027	117,505	92,876
6	2028	121,268	92,164
7	2029	125,143	91,451
8	2030	129,136	90,739
9	2031	133,247	90,027
		\$1,060,857	\$835,884