

Meeting Date: 06/25/2019

By: Sean Sullivan, Community
Development

Information

Title:

PUBLIC HEARING: Adopt Resolution #19-143 Establishing TIF District 17 and Resolution #19-144 Approving a TIF Agreement and Approving a Business Subsidy Request, Case of SLP EX, LLC and AMP EX, LLC (Delta ModTech)

Purpose/Background:

PURPOSE

The purpose of this case is to consider multiple actions regarding the Delta ModTech TIF Business Assistance Application which was received by Staff in March 2019 and reviewed by the EDA at the June 13 meeting. This request is specifically related to Delta ModTech's proposed 210,000 square foot manufacturing facility

1. **TIF PLAN AND INTERFUND LOAN:** Consider support of the attached Resolution #19-143 Approving the Modification to the Development Program for Development District No. 1 and Establishing Tax Increment Financing District No. 17: Delta ModTech. This step does not award TIF but is a step in the process that allows the City to award TIF. Awarding the TIF Request is covered in Step 2 below. Some highlights included in the TIF Plan:
 - a. Geographical boundary of Development District No. 1 and TIF District 17
 - b. Statutory requirements relating to type of TIF District being created, duration of TIF District and impacts to future tax base. This district is considered an Economic Development District. Staff will provide a brief overview of types of TIF Districts at the meeting.
 - c. Provision of a a not-to-exceed budget number (\$1,317,235) for eligible development activities to take place within the proposed TIF District 17 that can be financed (\$972,000 in business assistance, remainder for uses such as administration of district).
 - d. Findings and "But For" Test (Appendix C) documenting that the TIF plan and project is in compliance with Minnesota Statutes.
 - e. The TIF Plan does not include inter fund loan language. However, Resolution #19-143 establishes an "ability" for the City to utilize an inter fund loan to pay for up front administrative/legal costs associated with TIF District #17; and repay said inter fund loan with TIF District #17 proceeds. The City is not borrowing any money in this request. It is set up as a 'pay as you go' package, meaning assistance is only provided if tax increment is created.
2. **(2) TIF AGREEMENT:** Consider support of the attached Resolution #19-144 authorizing execution of a Tax Increment Financing (TIF) Agreement: Delta ModTech. This is the actual TIF award for SLP EX, LLC and AMP EX, LLC and Delta Industrial Services, Inc. (\$972,000 Pay-Go TIF Note). This document includes all terms and conditions for this specific deal.

BACKGROUND (project)

The project consists of:

- A. The purchase of 43 acres of land from Hageman Holdings for the Delta ModTech site/expansion and further development of Bunker Lake Business Park. The estimated total cost for this step is \$3.6M. Assistance is only provided the the area related to the Delta ModTech project site, not areas for future development.
- B. Within the larger 43-acre parcel, the Developer desires to plat 16.03 acres to construct a 210,000 square foot manufacturing building to lease to Delta ModTech. The estimated total cost for the Delta ModTech first building is \$16M.

*** NOTE This new building size is 25,000 more square feet than originally proposed.**

BACKGROUND (subsidy request)

The Developer has asked the City for public financial incentives related to both items above in relation to the Delta ModTech project (A and B). Specifically, the Developer originally requested \$1,500,000 in Tax Increment Financing/Assistance to assist with eligible project costs. See analysis below outlining Staff recommendation of \$972,000. The Developer has accepted Staff's recommendation. The Developer is requesting the City provide 9 years of pay-as-you-go (PayGo) TIF for the 210,000 square foot building and lot to be leased to Delta ModTech. Based on their modeling and project pro-forma, the Developer believes financial assistance is needed, in order to make this project work.

Based on City and analysis by Ehlers, City Staff has communicated that it is willing to support \$972,000 in pay-as-you-go TIF assistance to write down the cost of the land acquisition for the Delta ModTech site (not the future development area). This has been communicated to the Developer and they wish to move forward with a request of \$972,000. TIF Runs conducted by Ehlers and City Staff support this level of TIF Assistance.

The Developer has completed and submitted a business subsidy application, including a \$10,000 non-refundable fee to establish a project escrow. Staff has reviewed and scored the application. The application scores a 33 out of 35 which is a moderate to high score. The application states that this project will bring approximately 120 jobs to Ramsey upon completion of the of construction and opening of the new building. In addition, 15 or more new jobs will be created within 2.5 years of executing the TIF Agreement, paying wages of at least \$22.00 per hour. In total, this project will result in at least 135 new good paying jobs in Ramsey.

The estimated tax assessed value of the completed project is \$11.1 Million and it is expected to generate in excess \$375,000 in total property taxes annually. Attached to this case is the Business Assistance Application and Policy for review. Ehlers has reviewed the updated request and has determined that it satisfies the "But-For" test and has conducted financial analysis determining that \$972,000 in assistance and the return on investment for the Developer is within industry standards and does not unduly enrich the Developer.

*** NOTE newly created job commitment by developer for TIF Agreement has been reduced from 20 to 15 jobs. The wage level of the new jobs still remains at \$22.00 per hour. This project will ultimately result in 135 new jobs for Ramsey.**

Notification:

Both the the Anoka Hennepin School District and Anoka County have been notified of this action, as required by Statute. The Public Hearing has been properly noticed and a copy of the notice has been attached to this case.

Observations/Alternatives:

Project Benefits Summary

- 135 new jobs for the City of Ramsey. 120 jobs will be retained and relocated to Ramsey from a neighboring community by Delta ModTech and an additional 15 jobs will be created paying a minimum wage of at least \$22.00 per hour.
- Opportunity for employment for Ramsey Residents. Delta ModTech is a growing company that will be providing employment opportunities for Ramsey Residents.
- Payment of pro-rated share of required outstanding 2011 and 2017 special assessments for the extension of Bunker Lake Boulevard and City Utilities (Bunker Lake Business Park / Puma Street) attributable to the developed parcel will be made at time of proposed property closing in July 2019.
- \$19.65 Million project investment (building plus site improvements).
- \$375,000 in additional annual property taxes kicks in 1.5 years after project is completed. The newly created local tax revenue will be captured by the TIF District 17 for 9 years (as allowed for Economic Development TIF Districts). When the district is decertified, the City can expect to receive around \$90,000 annually in property taxes (including fiscal disparities) from this project.
- The proposed 210,000 square foot manufacturing building is high-quality and market relevant. It will be one of the largest industrial buildings in Ramsey and be a significant investment for the City's new Bunker Lake

Industrial Park.

- The proposed funding sources for the subsidy request would be from a newly created TIF District 17. This subsidy will not have a direct impact on the existing general tax levy and Ramsey taxpayers. Also, like any TIF project, the existing tax base remains in place, 100%.
- The proposed \$972,000 in Tax Increment Financing will be through a TIF Note (pay-as-you-go) rather than "up-front" financing or bonding.
- The City of Ramsey is seeking retail and restaurant users. Common feedback from the development community and prospects is that Ramsey needs to improve their demographics in order attract these users. Ramsey can do that by increasing both population (rooftops) and increasing trip generation (i.e. large employers and destination users). The development proposed by Delta ModTech in Bunker Lake Industrial Park will help improve demographics needed by retail and restaurant users via new vehicle trip generation and increased daytime populations.

Further Analysis

- This business subsidy request has been reviewed and meets Ramsey's Business Subsidy Policy criteria.
- The Developer's request for \$972,000 is justified and meets State of Minnesota Business Subsidy Statutes.
- Staff has contracted with Ehlers to conduct a third party analysis of the project and to evaluate if the project meets the "But For" test and it has been determined that this project meets that criteria. Findings satisfying this "But-For" test can be found within the attached Ehlers Memo dated May 30, 2019 and the TIF 17 Plan.
- Projected cash on cost return on investment for the Developer is 8.42% which falls within the industry standard of 7-9%. The analysis by Ehlers concludes that the \$972,000 in proposed City assistance does not unduly enrich the company.

Funding Source:

New 9-year TIF District (TIF #17) for the business subsidy and \$10,000 fee from the Developer for processing the Application.

Recommendation:

STAFF

Staff recommends moving forward with this proposed project and supports the motions outlined in this case. Staff believes this project meets several goals outlined within the City's Adopted Strategic Plan and EDA Work Plan. Please see observations section for benefits and considerations regarding this request.

EHLERS

Ehlers completed the underwriting for this project. Please see the attached Ehlers MEMO. In summary, Ehlers' findings support moving forward with approving this request.

EDA

The EDA reviewed this project, completed application and analysis by Staff and Ehlers on June 13, 2019. The EDA in favor of moving forward with this project with the \$972,000 in TIF Pay-Go-Note Assistance. The EDA determined that this request is consistent with with the City of Ramsey Business Subsidy Policy. The EDA unanimously passed a motion recommending approval the two attached resolutions. Attached to this case are draft EDA minutes.

Action:

Motion to adopt Resolution #19-143 Approving establishing Tax Increment Financing District No. 17 and associated TIF financing plan, subject to review by the City Attorney as to legal form.

--and--

Motion to adopt Resolution #19-144 Authorizing Execution of a Tax Increment Financing (TIF) Agreement: Delta ModTech; subject to review by the City Attorney as to legal form.

Attachments

Project Location Map

Ehlers Analysis Memo

#19-143 Creation of TIF 17, Authorization of TIF Plan and Interfund Loan

#19-144 Execution of TIF Agreement

TIF Plan (TIF District 17)

TIF Agreement

Business Subsidy Application

Public Hearing Notice

DRAFT EDA Minutes 6.13.19

TIF Basics

Form Review

Inbox

Sean Sullivan (Originator)
Tim Gladhill
Sean Sullivan (Originator)
Tim Gladhill
Kurt Ulrich
Form Started By: Sean Sullivan
Final Approval Date: 06/20/2019

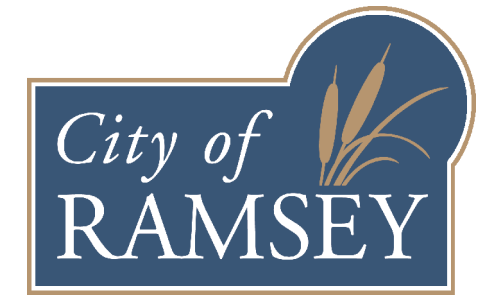
Reviewed By

Sean Sullivan
Tim Gladhill
Sean Sullivan
Tim Gladhill
Kurt Ulrich

Date

06/18/2019 04:19 PM
06/20/2019 08:03 AM
06/20/2019 08:19 AM
06/20/2019 08:23 AM
06/20/2019 02:32 PM
Started On: 06/18/2019 08:17 AM

COPY OF REGULAR AGENDA CASE



TIF Districts



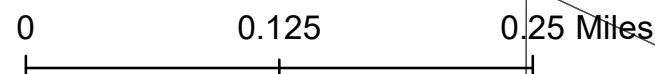
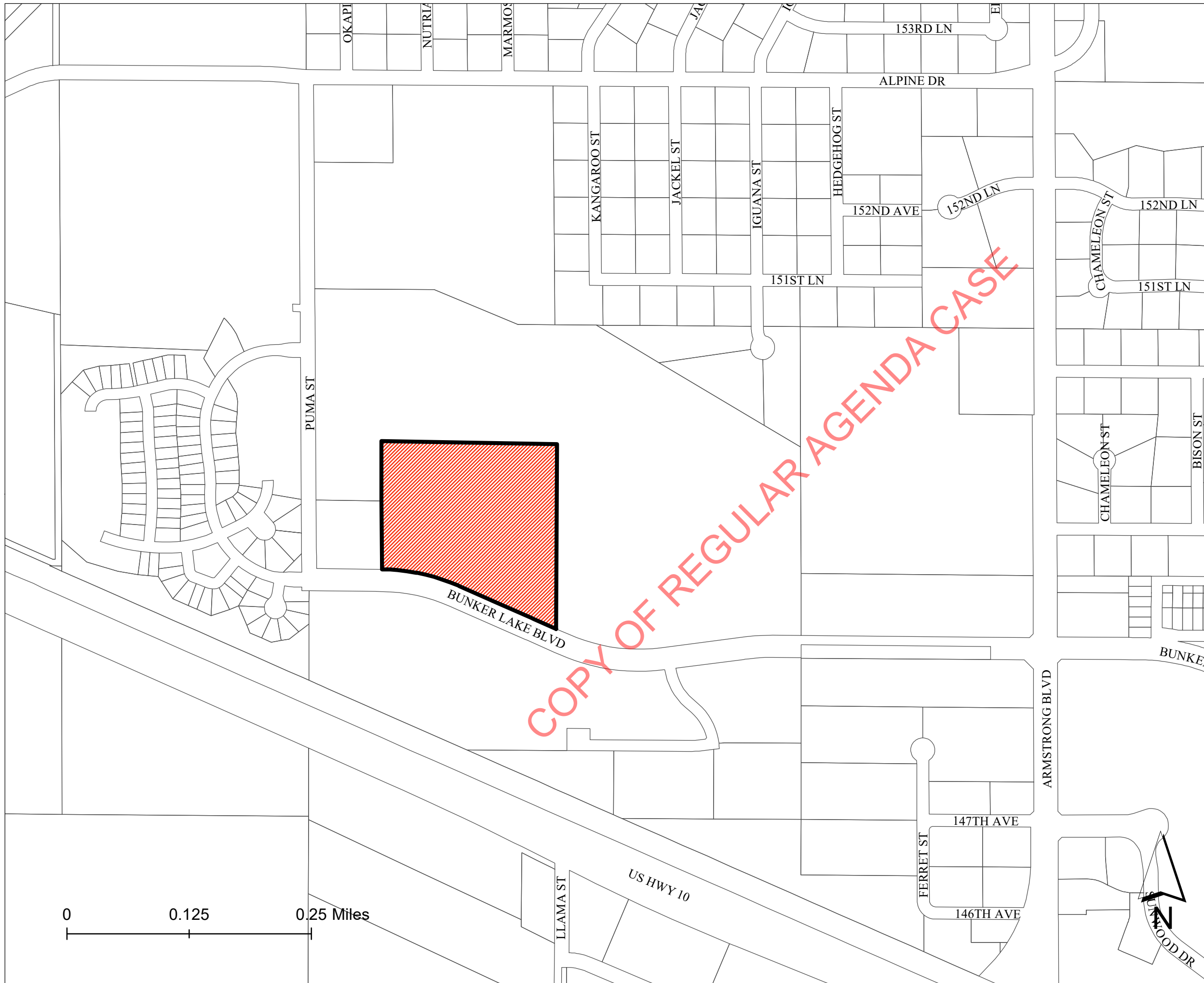
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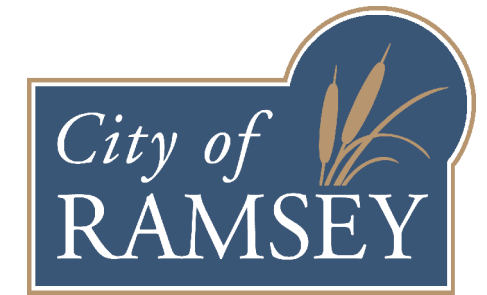
Map Prepared by the City of Ramsey
Data Source: Anoka County, City of Ramsey
June 3, 2019
Lampert Conformal Conic Projection
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This map has been compiled using information gathered from various governmental offices and other sources and is to be used for reference purposes only. It is neither a legally recorded map nor a survey and is not intended for use as one. The Geographic Information System (GIS) data used to develop this map is not warranted by the City as being error-free.



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TIF Districts

-  TIF District 17
-  Development District #1

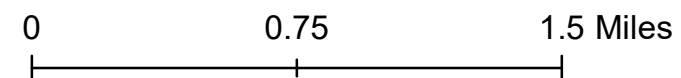
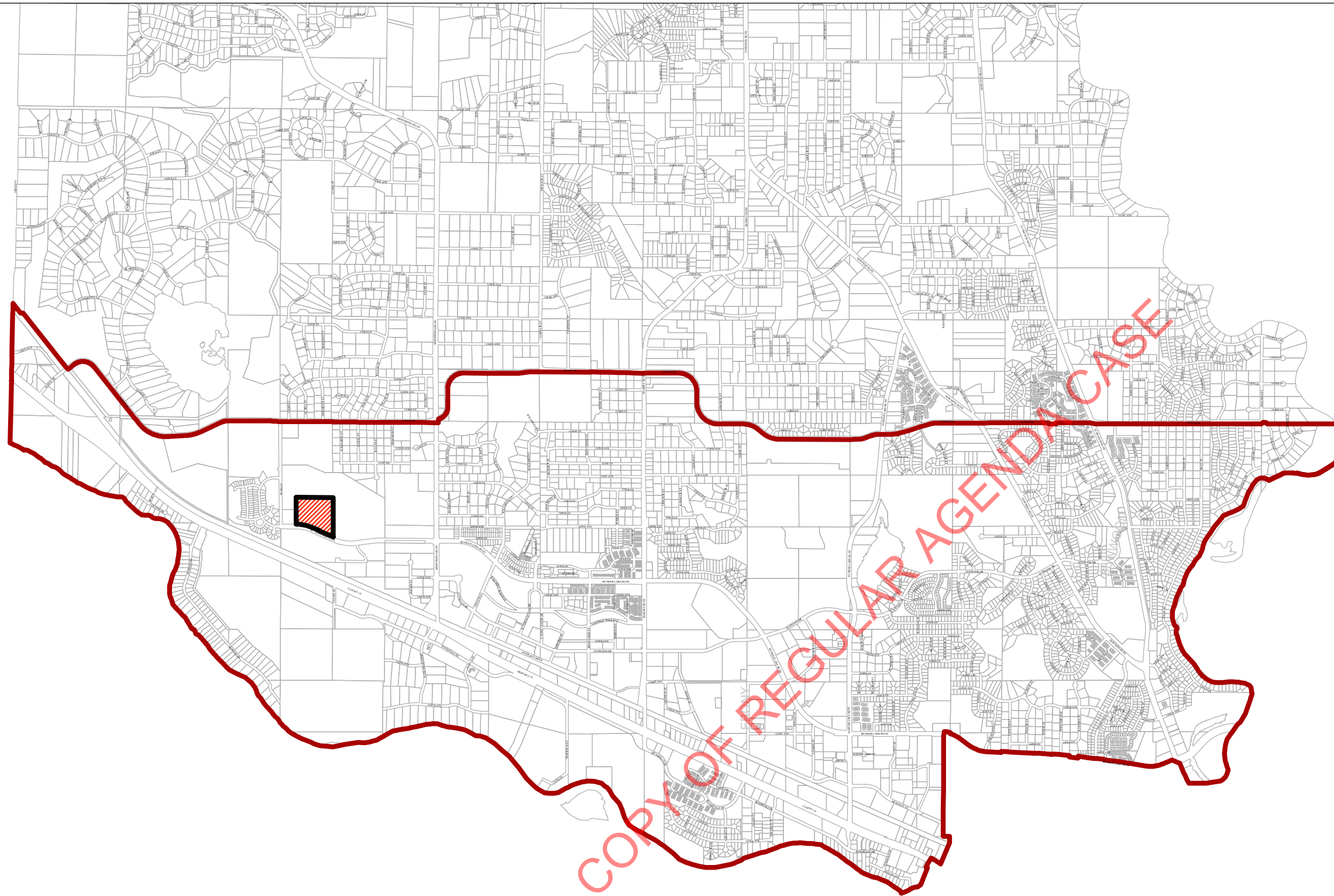
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Memo

To: Sean Sullivan, Economic Development Manager
From: Jason Aarsvold, Ehlers
Date: 5-30-19
Subject: Delta ModTech TIF request

The City of Ramsey requested that Ehlers review the Tax Increment Financing (TIF) request from Delta ModTech for their proposal to construct an approximately 210,000 square foot manufacturing facility along Bunker Lake Blvd. just east of Puma Street. If approved, the project is expected to commence in 2019 and be complete in 2020.

Delta ModTech is requesting \$1.5 million in tax increment assistance. The project meets the requirements necessary for the City to establish a 9-year Economic Development TIF district. Based on our estimates, the project is expected to generate a total of approximately \$972,000 in tax increment over the 9-year life of the district. Therefore, the maximum amount of any TIF assistance should be limited to the \$972,000 projected.

The purpose of this memorandum is to evaluate whether the available assistance for Delta ModTech's project is necessary for financial feasibility in comparison to typical market-based expectations and alternative investment options available to the company. This is commonly referred to as meeting the "but for" test, which means the project would not occur on this site "but for" the public assistance being provided.

"But For" Test

As the company evaluated potential locations to invest in this new facility, it was considering alternative investment options outside Ramsey. The business indicated that local assistance was necessary to make investment at this location financially feasible. Based on our discussions with the company, we were able to conclude that Delta ModTech was not likely to make this current investment at the City's location without some outside assistance.

While this conclusion generally meets the "but for" test, we believe it's good policy to subject these requests to a more rigorous analysis to determine whether the level assistance is necessary for financial feasibility. For this reason, we took a second approach to analyzing the request.

The second approach to the "but for" analysis treats this project as an independent income producing real estate venture that might be built by a third party (developer) and leased back to Delta ModTech. In this scenario, we explored whether the project costs

and end sources of funds (rent paid by the business) would meet typical market returns to attract private equity financing.

Summary of Analysis

For purposes of this analysis, we assumed the project receives the full 9 years of tax increment totaling an estimated \$972,000. Based on the anticipated development costs and potential rental income, the projected cash-on-cost return on investment to a potential developer would be 8.1% without TIF assistance and 8.42% with TIF assistance. Cash-on-cost return is simply the annual income from the property divided by the total development cost. Industrial developers typically need a cash-on-cost return of between 7% and 9% to attract private financing. With the requested TIF assistance, the projected returns are still within this range.

Recommendations

Based on our review of the project and market trends, we conclude that the proposed development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future. Therefore, if the City chooses to provide assistance, Ehlers concludes it will help facilitate the project and not unduly enrich the company.

TIF assistance could be provided on a “pay-as-you-go” basis in an amount up to \$972,000. With “pay-as-you-go” TIF assistance, the City does not provide any funding up-front. Instead, the City enters into an agreement to provide tax increment payments that are generated **solely** from the project’s actual increased property taxes for up to nine years. The applicant uses those future tax increment payments to obtain additional debt and/or support returns on investment. If the tax increment is insufficient to pay the \$972,000 TIF note in nine years, the City does **not** make up the shortfall.

Please contact me at 651-697-8512 with any questions.

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. #19-143

**RESOLUTION APPROVING THE MODIFICATION TO THE
DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 1
AND ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO.
17: DELTA MODTECH WITHIN DEVELOPMENT DISTRICT NO. 1
AND APPROVING THE TAX INCREMENT FINANCING PLAN
THEREFOR**

A. WHEREAS, it has been proposed that the City of Ramsey, Minnesota (the "City") (1) modify the Development Program for Development District No. 1 (the "Development District"); (2) establish Tax Increment Financing District No. 17: Delta ModTech therein (the "TIF District") and (3) approve and adopt the proposed Tax Increment Financing Plan therefor under the provisions of Minnesota Statutes, Sections 469.174 to 469.1794, as amended (the "Act"); and

B. WHEREAS, the City Council has investigated the facts and has caused to be prepared the Modification to the Development Program for the Development District (the "Development Program Modification"), and has caused to be prepared a proposed tax increment financing plan for the TIF District therein (the "TIF Plan"); and

C. WHEREAS, the City has performed all actions required by law to be performed prior to the approval of the modification of the Development District and the establishment of the TIF District therein, and the adoption of the Development Program Modification and TIF Plan therefor, including, but not limited to, notification of Anoka County and Independent School District No. 11 having taxing jurisdiction over the property to be included in the TIF District and the holding of a public hearing upon published and mailed notice as required by law.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Ramsey follows:

1. Development District. The City is not modifying the boundaries of the Development District.

2. Development Program Modification. The Modification to the Development Program for Development District No. 1, a copy of which is on file in the office of the City Administrator, is adopted.

3. Tax Increment Financing District No. 17: Delta ModTech. There is hereby established in the City within the Development District, Tax Increment District No. 17: Delta ModTech, an economic development tax increment financing district, the initial boundaries of which are fixed and determined as described in the TIF Plan.

4. Tax Increment Financing Plan. The TIF Plan is adopted as the tax increment financing plan for the TIF District, and the City Council makes the following findings:

(a) The TIF District is an economic development district as defined in Minnesota Statutes, Section 469.174, Subd. 12, the specific basis for such determination being that the construction of an approximately 210,000 square foot manufacturing facility (the "Project") will (i) result in increased employment in the state; and (ii) result in the preservation and enhancement of the tax base of the state.

(b) The proposed development in the opinion of the City Council, would not occur solely through private investment within the reasonably foreseeable future. The reasons supporting this finding are that:

- (i) The Developer has made a statement to the City that private investment will not finance these development activities because of prohibitive costs and modest rate of return. It is necessary to finance these development activities through the use of tax increment financing so that other development by private enterprise will occur within the Development District.
- (ii) A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed as described above. Such analysis is found in the TIF Plan, and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the TIF District and the use of tax increments.

(c) In the opinion of the City Council, 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. The reasons supporting this finding are set forth in Appendix B of the TIF Plan:

(d) The TIF Plan for the TIF District conforms to the general plan for development or redevelopment of the City as a whole. The reasons for supporting this finding are that:

- (i) the TIF District is properly zoned;
- (ii) The City has determined that the proposed TIF Plan conforms to the general plan for the development or redevelopment of the City as a whole;
- (iii) The TIF Plan will generally compliment and serve to implement policies adopted by the City; and

(e) The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the Development District by private enterprise. The reasons supporting this finding are that:

The development activities are necessary so that development and redevelopment by private enterprise can occur within the Development District.

5. Public Purpose. The adoption of the TIF Plan for the TIF District within the Development District conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the State which is already built up to provide employment opportunities, to improve the tax base and to improve the general economy of the State and thereby serves a public purpose.

6. Certification. The Auditor of Anoka County is requested to certify the original net tax capacity of the TIF District as described in TIF Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased in accordance with the Act; and the Community Development Director is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within the TIF District for which building permits have been issued during the 18 months immediately preceding the adoption of this Resolution.

7. Filing. The Community Development Director is further authorized and directed to file a copy of the Modification and TIF Plan for the TIF District with the Commissioner of Revenue and the Office of the State Auditor.

8. Administration. The administration of the Development District is assigned to the Community Development Director who shall from time to time be granted such powers and duties pursuant to Minnesota Statutes, Sections 469.130 and 469.131 as the City Council may deem appropriate.

9. Interfund Loan. The City has determined that it may pay for certain costs (the "Qualified Costs") identified in the TIF Plan which costs may be financed on a temporary basis from the City's general fund or any other fund from which such advances may be legally made (the "Fund"). Under Minnesota Statutes, Section 469.178, Subd. 7, the City is authorized to advance or loan money from the Fund in order to finance the Qualified Costs. The City intends to reimburse itself for the payment of the Qualified Costs, plus interest thereon, from tax increments derived from the TIF District in accordance with the following terms (which terms are referred to collectively as the "Interfund Loan"):

(a) The City shall repay to the Fund from which the Qualified Costs are initially paid, the principal amount of \$1,317,235 (or, if less, the amount actually paid from such fund) together with interest at 5.00% per annum (which is not more than the greater of (i) the rate specified under Minnesota Statutes, Section 270C.40, or (ii) the rate specified under Minnesota Statutes, Section 549.09) from the date of the payment.

(b) Principal and interest on the Interfund Loan ("Payments") shall be paid semi-annually on each February 1 and August 1 commencing with the first February 1 or August 1 occurring after the date the tax increments from the TIF District are available and not otherwise pledged to and including the earlier of (a) the date the principal and accrued interest of the Interfund Loan is paid in full, or (b) the date of last receipt of tax increment from the TIF District ("Payment Dates") which Payments will be made in the amount and

only to the extent of available tax increments. Payments shall be applied first to accrued interest, and then to unpaid principal.

(c) Payments on the Interfund Loan are payable solely from the tax increment generated in the preceding six (6) months with respect to the TIF District and remitted to the City by Anoka County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1794, as amended. Payments on this Interfund Loan are subordinate to any outstanding or future bonds, notes or contracts secured in whole or in part with tax increment, and are on parity with any other outstanding or future interfund loans secured in whole or in part with tax increments.

(d) The principal sum and all accrued interest payable under this Interfund Loan are pre-payable in whole or in part at any time by the City without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Interfund Loan.

(e) The Interfund Loan is evidence of an internal borrowing by the City in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and is a limited obligation payable solely from tax increment pledged to the payment hereof under this resolution. The Interfund Loan and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the City. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Interfund Loan or other costs incident hereto except out of tax increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on the Interfund Loan or other costs incident hereto. The City shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the termination of the TIF District.

(f) The City may amend the terms of the Interfund Loan at any time by resolution of the City Council, including a determination to forgive the outstanding principal amount and accrued interest to the extent permissible under law.

The motion for adoption of the foregoing resolution was duly seconded by member _____ and, after full discussion thereof, and upon a vote being taken thereof the following voted in favor thereof:

and the following voted against same:

and the following abstained:

and the following were absent

Whereupon said resolution was declared passed and adopted by the Ramsey City Council this 25th day of June, 2019.

Mayor

Attest: _____
City Clerk

COPY OF REGULAR AGENDA CASE

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. #19-144

RESOLUTION AUTHORIZING EXECUTION OF A TAX INCREMENT FINANCING (TIF) AGREEMENT: DELTA MODTECH

A. WHEREAS, SLP EX, LLC and AMP EX, LLC (collectively, the "Developer") has requested the City of Ramsey, Minnesota (the "City") to assist with the financing of certain costs incurred in connection with the construction of an approximately 210,000 square foot manufacturing facility in the City by the Developer (the "Project") for Delta ModTech (the "Tenant").

B. WHEREAS, the Developer, the Tenant and the City have determined to enter into a Tax Increment Financing (TIF) Agreement providing for the City's tax increment financing assistance for the Project (the "TIF Agreement").

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Ramsey, Minnesota, as follows:

1. The City Council hereby approves the TIF Agreement in substantially the form submitted, and the Mayor and City Administrator are hereby authorized and directed to execute the TIF Agreement on behalf of the City.

2. The approval hereby given to the TIF Agreement includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by the City officials authorized by this resolution to execute the TIF Agreement. The execution of the TIF Agreement by the appropriate officer or officers of the City shall be conclusive evidence of the approval of the TIF Agreement in accordance with the terms hereof.

The motion for adoption of the foregoing resolution was duly seconded by member _____ and, after full discussion thereof, and upon a vote being taken thereof, the following voted in favor thereof:

and the following voted against same:

and the following abstained:

and the following were absent

Whereupon said resolution was declared passed and adopted by the Ramsey City Council this this 25th day of June, 2019.

Mayor

Attest: _____
City Clerk

COPY OF REGULAR AGENDA CASE

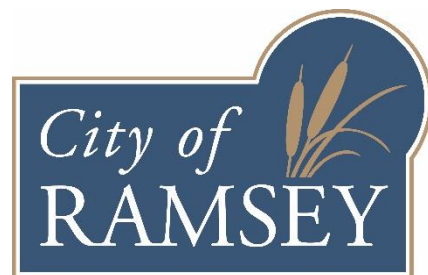


MODIFICATION TO THE DEVELOPMENT PROGRAM
Development District No. 1

- AND -

TAX INCREMENT FINANCING PLAN
Establishment Tax Increment Financing No. 17: Delta
Modtech
(an economic development district)

City of Ramsey, Anoka County, Minnesota



Public hearing: June 25, 2019

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(for reference purposes only)

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COPY OF REGULAR AGENDA CASE

**Section 1 - Modification to the Development Program
for Development District No. 1**

Foreword

The following text represents a Modification to the Development Program for Development District No. 1. This modification represents a continuation of the goals and objectives set forth in the Development Program for Development District No. 1. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 17: Delta Modtech.

For further information, a review of the Development Program for Development District No. 1, adopted August 27, 1985, is recommended. It is available from the Community Development Director at the City of Ramsey. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within Development District No. 1.

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Section 2 - Tax Increment Financing Plan for Tax Increment Financing District No. 17: Delta ModTech

Subsection 2-1. Foreword

The City of Ramsey (the "City"), staff and consultants have prepared the following information to expedite the establishment of Tax Increment Financing District No. 17: Delta ModTech (the "District"), an economic development tax increment financing district, located in Development District No. 1.

Subsection 2-2. Statutory Authority

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the City has certain statutory powers pursuant to *Minnesota Statutes ("M.S.")*, Sections 469.124 to 469.133, inclusive, as amended, and *M.S.*, Sections 469.174 to 469.1794, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Development Program for Development District No. 1.

Subsection 2-3. Statement of Objectives

The District currently consists of a portion of one parcel of land and adjacent and internal rights-of-way. The District is being created to facilitate the development of a 185,000 square foot manufacturing facility for Delta ModTech in the City. The City intends to enter into an agreement with SLP Ex, LLC and AMP Ex as the owner of the facility. Development is anticipated to begin in 2019. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Development District No. 1.

The activities contemplated in the Modification to the Development Program and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Development District No. 1 and the District.

Subsection 2-4. Development Program Overview

1. Property to be Acquired - Although not anticipated, selected property located within the District may be acquired by the City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.
3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
4. The City may perform or provide some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.
5. The City proposes both public and private infrastructure within the District. The proposed reuse of private property within the District will be for a manufacturing facility, and there will be continued operation of Development District No. 1 after the capital improvements within Development District No. 1 have been completed.

Subsection 2-5. Description of Property in the District and Property To Be Acquired

The District encompasses a portion of the property and adjacent rights-of-way and abutting roadways identified by the parcel listed below:

20-32-25-34-0004

This parcel will be subdivided prior to certification fo the district. The district will include approximately 16 acres of the larger existing parcel. Please also see the map in Appendix A for further information on the location of the District.

Subsection 2-6. Classification of the District

The City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, finds that the District, to be established, is an economic development district pursuant to *M.S., Section 469.174, Subd. 12*.

The District is in the public interest because it will meet the following statutory requirements: It will result in increased employment in the state, and it will result in preservation and enhancement of the tax base of the state.

Pursuant to *M.S., Section 469.176, Subd. 4c*, revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if more than 15 percent of the buildings and facilities (determined on the basis of square footage) are used for a purpose other than:

- (1) The manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;
- (2) Warehousing, storage, and distribution of tangible personal property, excluding retail sales;
- (3) Research and development related to the activities listed in items (1) or (2);
- (4) Telemarketing if that activity is the exclusive use of the property; or
- (5) Tourism facilities;
- (6) Space necessary for and related to the activities listed in items (1) to (5); or
- (7) A workforce housing project that satisfies the requirements of paragraph (d).

In meeting the statutory criteria the City relies on the following facts and findings:

The facilities in the District meet the conditions of Purposes 1, 2, and 6.

The District is being created to assist in the construction of a manufacturing facility for Delta ModTech. The proposed facility will be used for manufacturing, warehousing and related activities.

Subsection 2-7. Duration and First Year of Tax Increment of the District

Pursuant to *M.S., Section 469.175, Subd. 1, and M.S., Section 469.176, Subd. 1*, the duration of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 8 years after receipt of the first increment by the City. The date of receipt by the City of the first tax increment is expected to be 2021. Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2029, or when the TIF Plan

is satisfied. If increment is received in 2020, the term of the District will be 2028. The City reserves the right to decertify the District prior to the legally required date.

Subsection 2-8. Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2019 for taxes payable 2020.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2021) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the district;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the City.

The original local tax rate for the District will be the local tax rate for taxes payable 2020, assuming the request for certification is made before June 30, 2020. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Development District No. 1, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The City requests 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2021. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Estimated Tax Capacity upon Completion (PTC)	\$273,647	
Original Estimated Net Tax Capacity (ONTC)	\$16,050	
Fiscal Disparities	\$92,191	
Estimated Captured Tax Capacity (CTC)	\$165,406	
Original Local Tax Rate	0.96212	Pay 2019
Estimated Annual Tax Increment (CTC x Local Tax Rate)	\$159,140	
Percent Retained by the City	100%	

Tax capacity includes a 3.0% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 9. The tax capacity of the District in year one is estimated to be \$111,250.

Pursuant to *M.S., Section 469.177, Subd. 4*, the City shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S.*,

Section 469.175, Subd. 4, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to M.S., Section 469.175, Subd. 3. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The City has reviewed the area to be included in the District and determined no building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

Subsection 2-9. Sources of Revenue/Bonds to be Issued

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The City reserves the right to incur bonds or other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by a pay-as-you-go note and interfund loan. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the City to incur debt. The City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The total estimated tax increment revenues for the District are shown in the table below:

<u>SOURCES OF FUNDS</u>	<u>TOTAL</u>
Tax Increment	\$1,197,486
<u>Interest</u>	<u>\$119,749</u>
TOTAL	\$1,317,235

The City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of \$1,103,976. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

Subsection 2-10. Uses of Funds

Currently under consideration for the District is a proposal to facilitate the development of a 185,000 square foot manufacturing facility. The City has determined that it will be necessary to provide assistance to the project for certain District costs, as described. The City has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

<u>USES OF TAX INCREMENT FUNDS</u>	<u>TOTAL</u>
Land/Building Acquisition	\$984,228
Site Improvements/Preparation	\$0
Utilities	\$0
Other Qualifying Improvements	\$0
<u>Administrative Costs (up to 10%)</u>	<u>\$119,749</u>
PROJECT COST TOTAL	\$1,103,977
<u>Interest</u>	<u>\$213,258</u>
PROJECT AND INTEREST COSTS TOTAL	\$1,317,235

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in Subsection 2-9.

Estimated capital and administrative costs listed above are subject to change among categories by modification of the TIF Plan without hearings and notices as required for approval of the initial TIF Plan, so long as the total capital and administrative costs combined do not exceed the total listed above. Further, the City may spend up to 20 percent of the tax increments from the District for activities (described in the table above) located outside the boundaries of the District but within the boundaries of the Project (including administrative costs, which are considered to be spend outside the District), subject to all other terms and conditions of this TIF Plan.

Subsection 2-11. Fiscal Disparities Election

Pursuant to *M.S., Section 469.177, Subd. 3*, the City may elect one of two methods to calculate fiscal disparities.

The City will choose to calculate fiscal disparities by clause b.

Subsection 2-12. Estimated Impact on Other Taxing Jurisdictions

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

IMPACT ON TAX BASE

	2018/Pay 2019 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) Upon Completion	Percent of CTC to Entity Total
Anoka County	334,743,112	165,406	0.0494%
City of Ramsey	24,849,839	165,406	0.6656%
Anoka - Hennepin ISD No. 11	177,609,029	165,406	0.0931%

IMPACT ON TAX RATES

	Pay 2019 Extension Rates	Percent of Total	CTC	Potential Taxes
Anoka County	0.344730	35.83%	165,406	57,020
City of Ramsey	0.403550	41.94%	165,406	66,750
Anoka - Hennepin ISD No. 11	0.163300	16.97%	165,406	27,011
Other	<u>0.050540</u>	<u>5.25%</u>	<u>165,406</u>	8,360
Total	0.962120	100.00%		159,140

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2019 rate. The total net capacity for the entities listed above are based on Pay 2019 figures. The District will be certified under the Pay 2020 rates, which were unavailable at the time this TIF Plan was prepared.

Pursuant to *M.S. Section 469.175 Subd. 2(b)*:

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$1,197,486;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is not expected. The City does track all calls for service including property-type calls and crimes. With any addition of new residents or businesses, police calls for service will be increased. However, the City believes any new calls generated from the development will be negligible. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment.

The probable impact of the District on fire protection is not expected to be significant. Typically new buildings generate few calls, if any, and are of superior construction.

The impact of the District on public infrastructure is expected to be minimal. The development will require the construction of an internal public roadway for internal circulation and to maximize the are that can be developed with buildings. The City anticipates construction of this internal public roadway at the time of development. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on the development plans, there are minor additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the District is expected to contribute

to sanitary sewer (SAC) and water (WAC) connection fees, though costs are yet to be determined.

The probable impact of any District general obligation tax increment bonds on the ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that 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 \$203,249.
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that 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 \$429,062;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

Subsection 2-13. Supporting Documentation

Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S. Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District.

- (i) In making said determination, reliance has been placed upon (1) written representation made by the developer to such effects, and (2) upon EDA and City staff awareness of the feasibility of developing the project site(s) within the District, which is further outlined in the City Council resolution approving establishment of the TIF District.
- (ii) A comparative analysis of estimated market values both with and without establishment of the District and the use of tax increments has been performed as described above. Such analysis is included with the cashflow in Appendix C, and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the District and the use of tax increments.

Subsection 2-14. Administration of the District

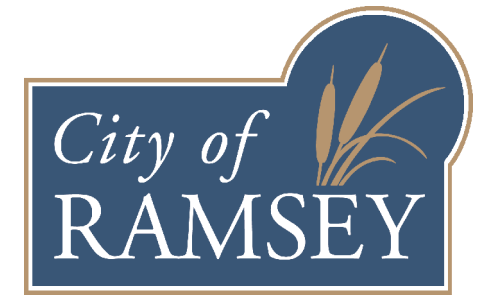
Administration of the District will be handled by the Community Development Director.

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Appendix A

Map of Development District No. 1 and the District

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TIF Districts

-  TIF District 17
-  Development District #1

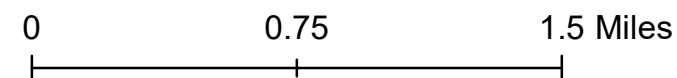
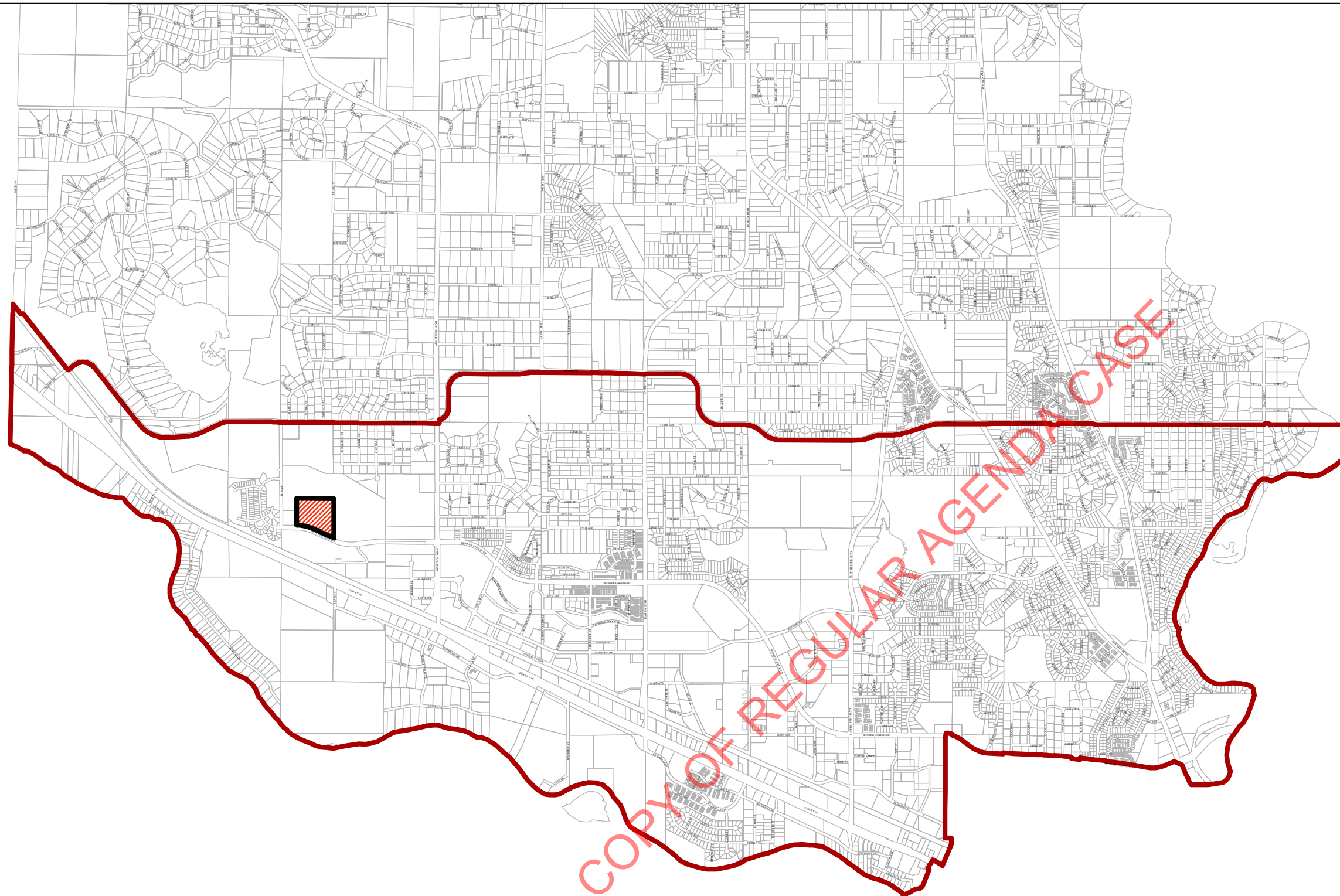
Site to be platted as:
Lot 1, Block 1, Amsterdam Extension

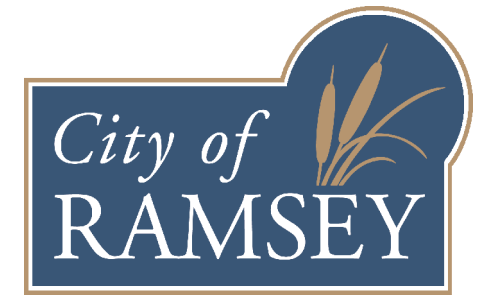
Map Prepared by the City of Ramsey
Data Source: Anoka County, City of Ramsey
June 3, 2019
Lampert Conformal Conic Projection
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This map has been compiled using information gathered from various governmental offices and other sources and is to be used for reference purposes only. It is neither a legally recorded map nor a survey and is not intended for use as one. The Geographic Information System (GIS) data used to develop this map is not warranted by the City as being error-free.

The City does not represent that the GIS data can be used for exact measurement of distance or direction or precision in the depiction of geographic features. If errors or discrepancies are found, please contact (763) 427-1410.

The City of Ramsey disclaims any responsibility for or liability for the accuracy of the information at any point of initial contact with a GIS to which the public has general access. The preceding disclaimer is provided pursuant to Minnesota Statute 466.03, Subd. 21 (2000), and the user of this map acknowledges that the City of Ramsey is immune from any and all claims brought by User, its





TIF Districts



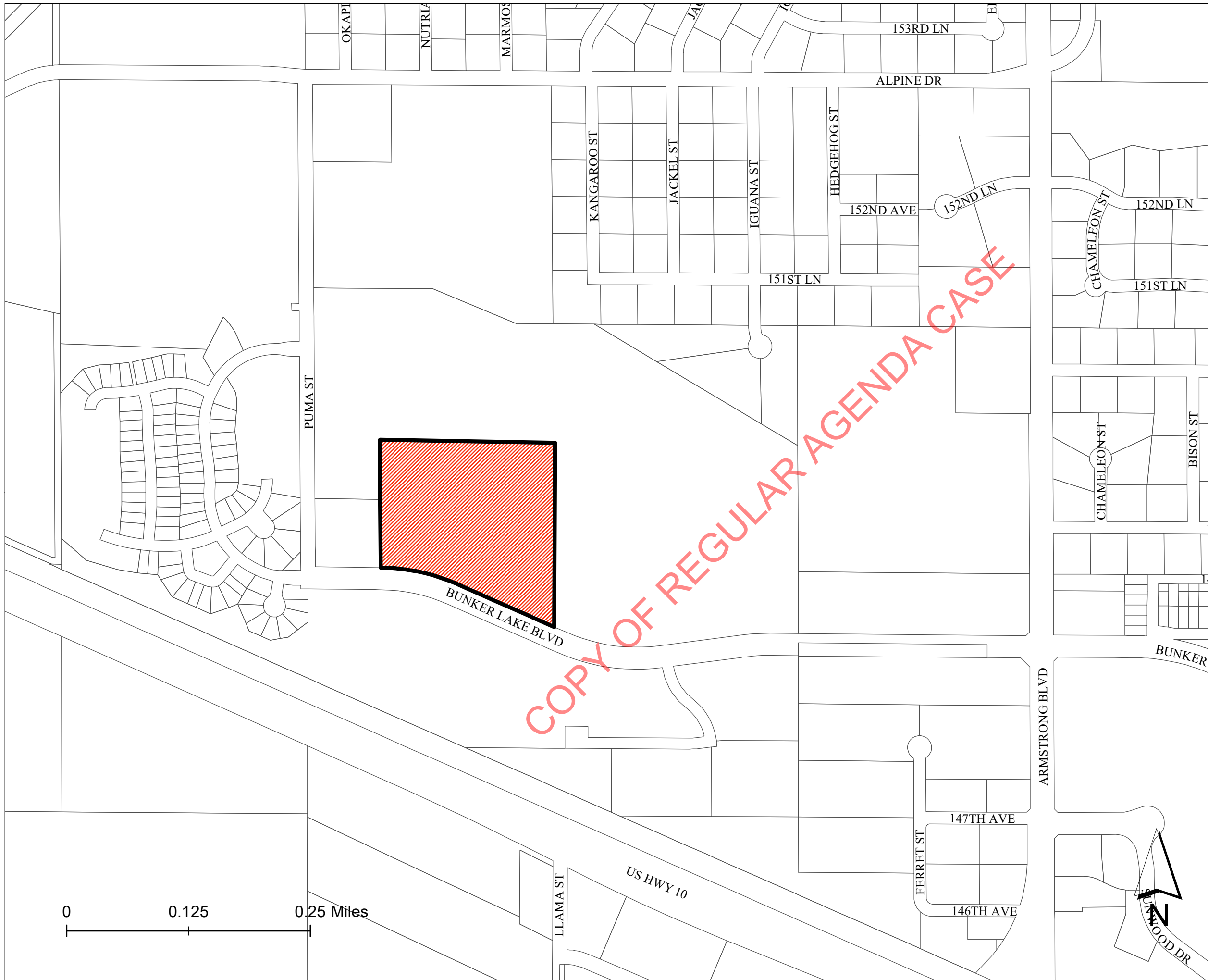
Site to be platted as:
Lot 1, Block 1, Amsterdam Extension

Map Prepared by the City of Ramsey
Data Source: Anoka County, City of Ramsey
June 3, 2019
Lampert Conformal Conic Projection
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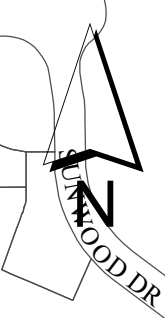
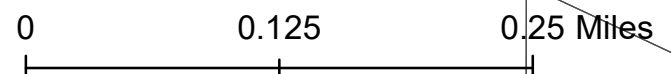
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Appendix B

Estimated Cash Flow for the District

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Delta Mod Tech - No Inflation

City of Ramsey, MN

185,000 sq. ft. Manufacturing

ASSUMPTIONS AND RATES

DistrictType:	Economic Development	
District Name/Number:		
County District #:		
First Year Construction or Inflation on Value	2019	
Existing District - Specify No. Years Remaining		
Inflation Rate - Every Year:	3.00%	
Interest Rate:	4.00%	
Present Value Date:	1-Aug-20	
First Period Ending	1-Feb-21	
Tax Year District was Certified:	2020	
Cashflow Assumes First Tax Increment For Development:	2021	
Years of Tax Increment	9	
Assumes Last Year of Tax Increment	2029	
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	Inside(B)	
Incremental or Total Fiscal Disparities	Incremental	
Fiscal Disparities Contribution Ratio	35.7888%	Pay 2019
Fiscal Disparities Metro-Wide Tax Rate	143.9920%	Pay 2019
Maximum/Frozen Local Tax Rate:	96.212%	Pay 2019
Current Local Tax Rate: (Use lesser of Current or Max.)	96.212%	Pay 2019
State-wide Tax Rate (Comm./Ind. only used for total taxes)	42.4160%	Pay 2019
Market Value Tax Rate (Used for total taxes)	0.26028%	Pay 2019

Tax Rates

Exempt Class Rate (Exempt)	0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)	
First \$150,000	1.50%
Over \$150,000	2.00%
Commercial Industrial Class Rate (C/I)	2.00%
Rental Housing Class Rate (Rental)	1.25%
Affordable Rental Housing Class Rate (Aff. Rental)	
First \$150,000	0.75%
Over \$150,000	0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)	
First \$500,000	1.00%
Over \$500,000	1.25%
Homestead Residential Class Rate (Hmstd. Res.)	
First \$500,000	1.00%
Over \$500,000	1.25%
Agricultural Non-Homestead	1.00%

BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/Phase
1	20-32-25-34-0004	Hageman	8200 Bunker	840,000	0	840,000	100.0%	840,000	2020	C/I Pref.	16,050	C/I Pref.	16,050	1
				840,000	0	840,000		840,000			16,050		16,050	

Note:

1. Base value is from the County Assessor for a portion of the larger parcel (the project will use 16 of the 86.42 acre parcel). The value is for pay 2020.
2. Located in SD # 11 and WS - Lower Rum River



Delta Mod Tech - No Inflation
 City of Ramsey, MN
 185,000 sq. ft. Manufacturing

PROJECT INFORMATION (Project Tax Capacity)													
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2019	Percentage Completed 2020	Percentage Completed 2021	Percentage Completed 2022	First Year Full Taxes Payable
1	Manufacturing	60	60	185,000	11,125,000	C/I	222,500	1	50%	100%	100%	100%	2022
TOTAL					11,125,000		222,500						
Subtotal Residential				0	0		0						
Subtotal Commercial/Ind.				185,000	11,125,000		222,500						

Note:

1. Market values are based upon estimates from the County Assessor on 5-8-19.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Manufacturing	222,500	79,630	142,870	137,458	114,661	93,527	28,956	374,602	2.02
TOTAL	222,500	79,630	142,870	137,458	114,661	93,527	28,956	374,602	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	374,602
less State-wide Taxes	(93,527)
less Fiscal Disp. Adj.	(114,661)
less Market Value Taxes	(28,956)
less Base Value Taxes	(9,916)
Annual Gross TIF	127,542



**Delta Mod Tech - No Inflation
City of Ramsey, MN
185,000 sq. ft. Manufacturing**

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TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
100%	111,250	(16,050)	(34,071)	61,129	96.212%	58,813	29,407	(106)	(2,930)	26,371	25,347	0.5	2021	02/01/21
100%	222,500	(16,050)	(73,886)	132,564	96.212%	127,542	29,407	(106)	(2,930)	26,371	50,197	1	2021	08/01/21
100%	229,175	(16,050)	(76,275)	136,850	96.212%	131,666	63,771	(230)	(6,354)	57,188	103,029	1.5	2022	08/01/22
100%	236,050	(16,050)	(78,735)	141,265	96.212%	135,914	63,771	(230)	(6,354)	57,188	154,825	2	2022	02/01/23
100%	243,132	(16,050)	(81,270)	145,812	96.212%	140,289	65,833	(237)	(6,560)	59,037	207,248	2.5	2023	08/01/23
100%	250,426	(16,050)	(83,880)	150,495	96.212%	144,795	65,833	(237)	(6,560)	59,037	258,643	3	2023	02/01/24
100%	257,938	(16,050)	(86,569)	155,319	96.212%	149,436	67,957	(245)	(6,771)	60,941	310,656	3.5	2024	08/01/24
100%	265,677	(16,050)	(89,338)	160,288	96.212%	154,217	67,957	(245)	(6,771)	60,941	361,648	4	2024	02/01/25
100%	273,647	(16,050)	(92,191)	165,406	96.212%	159,141	70,144	(253)	(6,989)	62,903	413,250	4.5	2025	08/01/25
							70,144	(253)	(6,989)	62,903	463,841	5	2025	02/01/26
							72,397	(261)	(7,214)	64,923	515,032	5.5	2026	08/01/26
							72,397	(261)	(7,214)	64,923	565,220	6	2026	02/01/27
							74,718	(269)	(7,445)	67,004	616,000	6.5	2027	08/01/27
							74,718	(269)	(7,445)	67,004	665,785	7	2027	02/01/28
							77,108	(278)	(7,683)	69,148	716,156	7.5	2028	08/01/28
							77,108	(278)	(7,683)	69,148	765,538	8	2028	02/01/29
							79,570	(286)	(7,928)	71,355	815,498	8.5	2029	08/01/29
							79,570	(286)	(7,928)	71,355	864,479	9	2029	02/01/30
Total							1,201,812	(4,327)	(119,749)	1,077,737				
	Present Value From 08/01/2020	Present Value Rate	4.00%				964,003	(3,470)	(96,053)	864,479				

Appendix C

Findings and But-For Analysis

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 17: Delta ModTech as required pursuant to *M.S., Section 469.175, Subd. 3* are as follows:

1. *Finding that the Tax Increment Financing District No. 17: Delta ModTech is an economic development district as defined in M.S., Section 469.174, Subd. 12.*

Tax Increment Financing District No. 17: Delta ModTech is a contiguous geographic area within the City's Development District No. 1, delineated in the TIF Plan, for the purpose of financing economic development in the City through the use of tax increment. The District is in the public interest because it will facilitate development of a 185,000 square foot manufacturing facility for Delta ModTech in the City which will discourage commerce, industry, or manufacturing from moving their operations to another state or municipality; it will increase employment in the state, and preserve and enhance the tax base of the state.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably 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 Tax Increment Financing District No. 17: Delta ModTech permitted by the TIF Plan.*

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: This finding is supported by the fact that the development proposed in this plan is a manufacturing facility that meets the City's objectives for economic development. The cost of land acquisition, site and public improvements and utilities relative to the business investment alternatives in other areas makes development of the facility infeasible without City assistance.

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 market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan: The City supported this finding on the grounds that the cost of The City supported this finding on the grounds that the cost of land acquisition, site and public improvements and utilities add to the total development cost. In addition, the City is competing for investment on this site with lower-cost options available to the business elsewhere. The City reasonably determines that no other development of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.
- b. If the proposed development occurs, the total increase in market value will be \$10,285,000. (see

Appendix A of the TIF Plan)

- 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 \$964,003. (see Appendix A of the TIF Plan).
 - 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 \$9,320,997. (the amount in clause b less the amount in clause c) without tax increment assistance.
3. *Finding that the TIF Plan for Tax Increment Financing District No. 17: Delta ModTech conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the Tax Increment Financing Plan for Tax Increment Financing District No. 17: Delta ModTech will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of Development District No. 1 by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, increased tax base of the State, and add a high quality development to the City.

COPY OF REGULAR AGENDA CASE

TAX INCREMENT FINANCING (TIF) AGREEMENT

BY AND BETWEEN

CITY OF RAMSEY, MINNESOTA

AND

SLP EX, LLC

AND

AMP EX, LLC

AND

DELTA INDUSTRIAL SERVICES, INC.

COPY OF REGULAR AGENDA CASE

This document drafted by:

BRIGGS AND MORGAN (MLI)
Professional Association
2200 IDS Center
80 South 8th Street
Minneapolis, Minnesota 55402

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TAX INCREMENT FINANCING (TIF) AGREEMENT

THIS AGREEMENT, made as of the 1st day of July, 2019, by and between the City of Ramsey, Minnesota (the "City"), a municipal corporation existing under the laws of the State of Minnesota and SLP EX, LLC, a Minnesota limited liability company and AMP EX, LLC, a Minnesota limited liability company (collectively, the "Developer"); and Delta Industrial Services, Inc., a Minnesota corporation (the "Tenant").

WITNESSETH:

WHEREAS, pursuant to Minnesota Statutes, Section 469.124 to 469.133, the City has heretofore established Development District No. 1 (the "Development District") and has adopted a development program therefor (the "Development Program"); and

WHEREAS, pursuant to the provisions of Minnesota Statutes, Section 469.174 through 469.1794, as amended (hereinafter, the "Tax Increment Act"), the City has heretofore established, within the Development District, Tax Increment Financing District No. 17: Delta ModTech (the "Tax Increment District") and has adopted a tax increment financing plan therefor (the "Tax Increment Plan") which provides for the use of tax increment financing in connection with certain development within the Development District; and

WHEREAS, in order to achieve the objectives of the Development Program and particularly to make the land in the Development District available for development by private enterprise in conformance with the Development Program, the City has determined to assist the Developer with the financing of certain costs of a Project (as hereinafter defined) to be constructed within the Tax Increment District as more particularly set forth in this Agreement; and

WHEREAS, the City believes that the development and construction of the Project, and fulfillment of this Agreement are vital and are in the best interests of the City, the health, safety, morals and welfare of residents of the City, and in accordance with the public purpose and provisions of the applicable state and local laws and requirements under which the Project has been undertaken and is being assisted; and

WHEREAS, the requirements of the Business Subsidy Law, Minnesota Statutes, Section 116J.993 through 116J.995, apply to this Agreement; and

WHEREAS, the City has adopted criteria for awarding business subsidies that comply with the Business Subsidy Law, after a public hearing for which notice was published; and

WHEREAS, the Council has approved this Agreement as a subsidy agreement under the Business Subsidy Law; and

WHEREAS, the Developer intends to lease the Project to the Tenant;

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. All capitalized terms used and not otherwise defined herein shall have the following meanings unless a different meaning clearly appears from the context:

Agreement means this Agreement, as the same may be from time to time modified, amended or supplemented;

Business Day means any day except a Saturday, Sunday or a legal holiday or a day on which banking institutions in the City are authorized by law or executive order to close;

City means the City of Ramsey, Minnesota, its successors and assigns;

County means Anoka County, Minnesota;

Developer means SLP EX, LLC, a Minnesota limited liability company, its successors and assigns; and AMP EX, LLC, a Minnesota limited liability company, its successors and assigns;

Development District means the real property included in Development District No. 1 heretofore established;

Development Program means the Development Program approved in connection with the Development District;

Development Property means the real property described in Exhibit A attached to this Agreement;

Event of Default means any of the events described in Section 4.1 hereof;

Note Payment Date means August 1, 2021, and each February 1 and August 1 of each year thereafter to and including February 1, 2030; provided, that if any such Note Payment Date should not be a Business Day, the Note Payment Date shall be the next succeeding Business Day;

Prime Rate means the rate of interest from time to time publicly announced by U.S. Bank National Association in St. Paul, Minnesota, as its "prime rate" or "reference rate" or any successor rate, which rate shall change as and when that rate or successor rate changes;

Project means the construction of an approximately 210,000 square foot manufacturing facility on the Development Property located in the City;

State means the State of Minnesota;

Tax Increments means 90% of the tax increments derived from the Development Property which have been received by the City in accordance with the provisions of Minnesota Statutes, Section 469.177;

Tax Increment Act means Minnesota Statutes, Sections 469.174 through 469.1794, as amended;

Tax Increment District means Tax Increment Financing District No. 17: Delta ModTech located within the Development District, a description of which is set forth in the Tax Increment Financing Plan, which was qualified as an economic development district under the Tax Increment Act;

Tax Increment Financing Plan means the tax increment financing plan approved for the Tax Increment District by the City Council on June 25, 2019, and any future amendments thereto;

Tenant means Delta Industrial Services, Inc. (DBA Delta ModTech), a Minnesota corporation, its successors and assigns;

TIF Note means the Tax Increment Revenue Note (Delta ModTech Project) to be executed by the City and delivered to the Developer pursuant to Article III hereof, the form of which is attached hereto as Exhibit B; and

Unavoidable Delays means delays, outside the control of the party claiming its occurrence, which are the direct result of strikes, other labor troubles, unusually severe or prolonged bad weather, acts of God, fire or other casualty to the Project, litigation commenced by third parties which, by injunction or other similar judicial action or by the exercise of reasonable discretion, directly results in delays, or acts of any federal, state or local governmental unit (other than the City) which directly result in delays.

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ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of the City. The City makes the following representations and warranties:

(1) The City is a municipal corporation and has the power to enter into this Agreement and carry out its obligations hereunder.

(2) The Tax Increment District is an "economic development district" within the meaning of Minnesota Statutes, Section 469.174, Subdivision 12, and was created, adopted and approved in accordance with the terms of the Tax Increment Act.

(3) The development contemplated by this Agreement is in conformance with the development objectives set forth in the Development Program.

(4) To finance certain costs within the Tax Increment District, the City proposes, subject to the further provisions of this Agreement, to apply Tax Increments to reimburse the Developer for a portion of the costs of the acquisition of the Development Property in connection with the Project as further provided in this Agreement.

(5) The City makes no representation or warranty, either expressed or implied, as to the Development Property or its condition or the soil conditions thereon, or that the Development Property shall be suitable for the Developer's purposes or needs.

Section 2.2. Representations and Warranties of the Developer and Tenant. The Developer and Tenant make the following representations and warranties:

(1) The Developers are Minnesota limited liability companies and have the power and authority to enter into this Agreement and to perform their obligations hereunder, and doing so will not violate their articles of organization, member control agreement, operating agreement or the laws of the State and by proper action has authorized the execution and delivery of this Agreement.

(2) The Developer shall cause the Project to be constructed in accordance with the terms of this Agreement, the Development Program, and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, energy conservation, building code and public health laws and regulations).

(3) The construction of the Project would not be undertaken by the Developer, and in the opinion of the Developer would not be economically feasible within the reasonably foreseeable future, without the assistance and benefit to the Developer provided for in this Agreement.

(4) The Developer will use its best efforts to obtain, or cause to be obtained, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner,

all requirements of all applicable local, state, and federal laws and regulations which must be obtained or met before the Project may be lawfully constructed.

(5) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provision of any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which the Developer and Tenant are now a party or by which it is bound, or constitutes a default under any of the foregoing.

(6) The Developer and Tenant will cooperate fully with the City with respect to any litigation commenced with respect to the Project.

(7) The Developer and Tenant will cooperate fully with the City in resolution of any traffic, parking, trash removal or public safety problems which may arise in connection with the construction and operation of the Project.

(8) Construction shall begin by September 1, 2019 and the construction of the Project will be substantially completed by July 1, 2020, subject to Unavoidable Delays.

(9) The Developer acknowledges that Tax Increment projections contained in the Tax Increment Financing Plan are estimates only and the Developer acknowledges that it shall place no reliance on the amount of projected Tax Increments and the sufficiency of such Tax Increments to reimburse the Developer for a portion of the costs of the acquisition of the Development Property as provided in Article III.

(10) The Developer will not seek a reduction in the market value as determined by the Anoka County Assessor of the Project or other facilities that it constructs on the Development Property, pursuant to the provisions of this Agreement, for so long as the TIF Note remains outstanding.

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ARTICLE III

UNDERTAKINGS BY DEVELOPER AND CITY

Section 3.1. Development Property. The parties agree that the acquisition of the Development Property is essential to the successful completion of the Project. The costs of the Development Property and the Project shall be paid by the Developer. The City shall reimburse the Developer for \$972,000 of the cost of acquisition of the Development Property actually incurred and paid by the Developer (the "Reimbursement Amount"), as further provided in Section 3.3 hereof.

Section 3.2. Limitations on Undertaking of the City. Notwithstanding the provisions of Section 3.1, the City shall have no obligation to the Developer under this Agreement to reimburse the Developer for the costs identified in Section 3.1, if the City, at the time or times such payment is to be made, is entitled under Section 4.2 to exercise any of the remedies set forth therein as a result of an Event of Default which has not been cured.

Section 3.3. Reimbursement: TIF Note. The City shall reimburse the payments made by the Developer under Section 3.1 for costs of the acquisition of the Development Property through the issuance of the City's TIF Note in substantially the form attached to this Agreement as Exhibit B, subject to the following conditions:

(1) The TIF Note shall be dated, issued and delivered when the Developer shall have demonstrated in writing to the reasonable satisfaction of the City and that the Developer has incurred and paid the costs of the acquisition of the Development Property, as described in and limited by Section 3.1 and shall have submitted a settlement statement or other evidence of payment of the costs of the Development Property in an amount not less than the Reimbursement Amount.

(2) The principal amount of the TIF Note shall be payable solely from the Tax Increments.

(3) On each Note Payment Date and subject to the provisions of the TIF Note and Section 3.5, the City shall pay, against the principal outstanding on the TIF Note, any Tax Increments received by the City during the preceding 6 months. All such payments shall be applied to reduce the principal of the TIF Note.

(4) The TIF Note shall be a special and limited obligation of the City and not a general obligation of the City, and only Tax Increments shall be used to pay the principal of the TIF Note.

(5) The City's obligation to make payments on the TIF Note on any Note Payment Date or any date thereafter shall be conditioned upon the requirements that: (A) there shall not at that time be an Event of Default that has occurred and is continuing under this Agreement and (B) this Agreement shall not have been rescinded pursuant to Section 4.2.

(6) The TIF Note shall be governed by and payable pursuant to the additional terms thereof, as set forth in Exhibit B. In the event of any conflict between the terms of the TIF Note

and the terms of this Section 3.2, the terms of the TIF Note shall govern. The issuance of the TIF Note pursuant and subject to the terms of this Agreement, and the taking by the City of such additional actions as bond counsel for the TIF Note may require in connection therewith, are hereby authorized and approved by the City.

Section 3.4. Business Subsidies Act.

(1) In order to satisfy the provisions of Minnesota Statutes, Sections 116J.993 to 116J.995 (the "Business Subsidies Act"), the Developer acknowledges and agrees that the amount of the "Business Subsidy" granted to the Developer under this Agreement is \$972,000 which is the Reimbursement Amount for the acquisition of the Development Property and that the Business Subsidy is needed because the Project is not sufficiently feasible for the Developer to undertake without the Business Subsidy. The Tax Increment District is an economic development district and the public purpose of the Business Subsidy is to encourage the construction of manufacturing facilities in the City. The Developer agrees that it will cause the Tenant to meet the following goals (the "Goals") in connection with the development of the Development Property. The Tenant will create at least fifteen (15) full time jobs in the City at an average hourly wage totaling of at least \$22.00 per hour, including benefits, within two years from the "Benefit Date", which is the earlier of the date the Developer completes the construction of the Project or the Tenant occupies the Project.

(2) If no Goals are met, the Developer agrees to repay all of the Business Subsidy to the City, plus interest ("Interest") set at the implicit price deflator defined in Minnesota Statutes, Section 275.70, Subdivision 2, accruing from and after the Benefit Date, compounded semiannually. If the Goals are met in part, the Developer will repay a portion of the Business Subsidy (plus Interest) determined by multiplying the Business Subsidy by a fraction, the numerator of which is the number of jobs in the Goals which were not created at the wage level set forth above and the denominator of which is fifteen (15) (i.e. number of jobs set forth in the Goals).

(3) The Developer agrees to (i) report the progress of the Tenant on achieving the Goals to the City until the later of the date the Goals are met or two years from the Benefit Date, or, if the Goals are not met, until the date the Business Subsidy is repaid, (ii) include in the report the information required in Minnesota Statutes, Section 116J.994, Subdivision 7 on forms developed by the Minnesota Department of Employment and Economic Development, and (iii) send completed reports to the City. The Developer agrees to file these reports no later than March 1 of each year commencing March 1, 2021, and within 30 days after the deadline for meeting the Goals. The City agrees that if it does not receive the reports, it will mail the Developer a warning within one week of the required filing date. If within 14 days of the post marked date of the warning the reports are not made, the Developer agrees to pay to the City a penalty of \$100 for each subsequent day until the report is filed up to a maximum of \$1,000.

(4) The Developer and the Tenant agree to continue operations within the City for at least five (5) years after the Benefit Date.

(5) There are no other state or local government agencies providing financial assistance for the Project.

(6) There is no parent corporation of the Developer.

(7) The Developer and Tenant certify that they do not appear on the Minnesota Department of Employment and Economic Development's list of recipients that have failed to meet the terms of a business subsidy agreement.

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ARTICLE IV

EVENTS OF DEFAULT

Section 4.1. Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean whenever it is used in this Agreement any one or more of the following events:

(1) Failure by the Developer or the Tenant to timely pay any ad valorem real property taxes and special assessments levied against the Development Property and all public utility or other City payments due and owing with respect to the Development Property.

(2) Failure of the Developer or the Tenant to observe or perform any covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement.

(3) The holder of any mortgage on the Development Property or any improvements thereon, or any portion thereof, commences foreclosure proceedings as a result of any default under the applicable mortgage documents.

(4) If the Developer or Tenant shall:

(a) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act of 1978, as amended or under any similar federal or state law; or

(b) make an assignment for the benefit of their creditors; or

(c) admit in writing its inability to pay their debts generally as they become due; or

(d) be adjudicated a bankrupt or insolvent; or if a petition or answer proposing the adjudication of the Developer or the Tenant as bankrupt or their reorganization under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within sixty (60) days after the filing thereof; or a receiver, liquidator or trustee of the Developer, or of the Project, or part thereof, shall be appointed in any proceeding brought against the Developer or Tenant, and shall not be discharged within sixty (60) days after such appointment, or if the Developer or Tenant, shall consent to or acquiesce in such appointment.

Section 4.2. Remedies on Default. Whenever any Event of Default referred to in Section 4.1 occurs and is continuing, the City, as specified below, may take any one or more of the following actions after the giving of thirty (30) days' written notice to the Developer and the Tenant, but only if the Event of Default has not been cured within said thirty (30) days:

(1) The City may suspend its performance under this Agreement and the TIF Note until it receives assurances from the Developer or the Tenant, deemed adequate by the City, that

the Developer or the Tenant will cure their respective default and continue their performance under this Agreement.

(2) The City may cancel and rescind the Agreement and the TIF Note.

(3) The City may take any action, including legal or administrative action, in law or equity, which may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement.

Section 4.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 4.4. No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 4.5. Agreement to Pay Attorney's Fees and Expenses. Whenever any Event of Default occurs and the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of the Developer or Tenant herein contained, the Developer agrees that it shall, on demand therefor, pay to the City the reasonable fees of such attorneys and such other expenses so incurred by the City.

Section 4.6. Indemnification of City.

(1) The Developer (a) releases the City and its governing body members, officers, agents, including the independent contractors, consultants and legal counsel, servants and employees (collectively, the "Indemnified Parties") from, (b) covenants and agrees that the Indemnified Parties shall not be liable for, and (c) agrees to indemnify and hold harmless the Indemnified Parties against, any claim, cause of action, suit or liability for loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Project or on the Development Property.

(2) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, the Developer agrees to protect and defend the Indemnified Parties, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from the actions or inactions of the Developer (or other persons acting on its behalf or under its direction or control) under this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project; provided, that this indemnification shall not apply to the warranties made or obligations undertaken by the City in this Agreement or to any actions undertaken by the City which are not contemplated by this

Agreement but shall, in any event and without regard to any fault on the part of the City, apply to any pecuniary loss or penalty (including interest thereon from the date the loss is incurred or penalty is paid by the City at a rate equal to the Prime Rate) as a result of the Developer operating the Project so that the Tax Increment District does not qualify or ceases to qualify as an "economic development district" under Section 469.174, Subdivision 12, of the Act and Section 469.176, Subdivision 4c. or to violate limitations as to the use of Tax Increments as set forth in Section 469.176, Subdivision 4c.

(3) All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any governing body member, officer, agent, servant or employee of the City.

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ARTICLE V

DEVELOPER'S OPTION TO TERMINATE AGREEMENT

Section 5.1. The Developer's Option to Terminate. This Agreement may be terminated by the Developer, if (i) the Developer is in compliance with all material terms of this Agreement and no Event of Default has occurred; and (ii) the City fails to comply with any material term of this Agreement, and, after written notice by the Developer of such failure, the City has failed to cure such noncompliance within ninety (90) days of receipt of such notice, or, if such noncompliance cannot reasonably be cured by the City within ninety (90) days, of receipt of such notice, the City has not provided assurances, reasonably satisfactory to the Developer, that such noncompliance will be cured as soon as reasonably possible.

Section 5.2. Action to Terminate. Termination of this Agreement pursuant to Section 5.1 must be accomplished by written notification by the Developer to the City within sixty (60) days after the date when such option to terminate may first be exercised. A failure by the Developer to terminate this Agreement within such period constitutes a waiver by the Developer of its rights to terminate this Agreement due to such occurrence or event.

Section 5.3. Effect of Termination. If this Agreement is terminated pursuant to this Article V, this Agreement shall be from such date forward null and void and of no further effect; provided, however, the termination of this Agreement shall not affect the rights of either party to institute any action, claim or demand for damages suffered as a result of breach or default of the terms of this Agreement by the other party, or to recover amounts which had accrued and become due and payable as of the date of such termination. Upon termination of this Agreement pursuant to this Article V, the Developer shall be free to proceed with the Project at its own expense and without regard to the provisions of this Agreement; provided, however, that the City shall have no further obligations to the Developer with respect to reimbursement of the expenses set forth in Section 3.2.

ARTICLE VI

ADDITIONAL PROVISIONS

Section 6.1. Restrictions on Use. Until termination of this Agreement, the Developer agrees for itself, its successors and assigns and every successor in interest to the Development Property, or any part thereof, that the Developer and such successors and assigns shall operate, or cause to be operated, the Project as a manufacturing facility and shall devote the Development Property to, and in accordance with, the uses specified in this Agreement.

Section 6.2. Conflicts of Interest. No member of the governing body or other official of the City shall have any financial interest, direct or indirect, in this Agreement, the Development Property or the Project, or any contract, agreement or other transaction contemplated to occur or be undertaken thereunder or with respect thereto, nor shall any such member of the governing body or other official participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No member, official or employee of the City shall be personally liable to the City in the event of any default or breach by the Developer or successor or on any obligations under the terms of this Agreement.

Section 6.3. Titles of Articles and Sections. Any titles of the several parts, articles and sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 6.4. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

- (1) in the case of the Developer is addressed to or delivered personally to:

SLP EX, LLC and AMP EX, LLC
Attention: Jeffrey Peterson
200 South 6th Street, Suite 1300
Minneapolis, MN 55402

- (2) in the case of the Tenant is addressed to or delivered personally to:

Delta ModTech
11501 Eagle Street NW
Minneapolis, MN 55448

(3) in the case of the City is addressed to or delivered personally to the City at:

City of Ramsey, Minnesota
Attention: City Administrator
Ramsey City Hall
7550 Sunwood Drive NW
Ramsey, MN 55303

with a copy to:

Briggs and Morgan, P.A.
Attention: Mary Ippel
2200 IDS Center
80 South 8th Street
Minneapolis, MN 55402

or at such other address with respect to any such party as that party may, from time to time, designate in writing and forward to the other, as provided in this Section.

Section 6.5. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 6.6. Law Governing. This Agreement will be governed and construed in accordance with the laws of the State.

Section 6.7. Expiration. This Agreement shall expire on the earlier of (i) February 1, 2030, (ii) the date the TIF Note is paid in full or (iii) the date this Agreement is terminated or rescinded in accordance with its terms.

Section 6.8. Provisions Surviving Rescission or Expiration. Sections 4.5 and 4.6 shall survive any rescission, termination or expiration of this Agreement with respect to or arising out of any event, occurrence or circumstance existing prior to the date thereof.

Section 6.9. Assignability of Agreement. This Agreement may be assigned only with the consent of the City. The TIF Note may only be assigned pursuant to the terms of the TIF Note.

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and on its behalf and the Developer has caused this Agreement to be duly executed in its name and on its behalf, on or as of the date first above written.

CITY OF RAMSEY, MINNESOTA

By _____
Its Mayor

By _____
Its City Administrator

COPY OF REGULAR AGENDA CASE

This is a signature page to the Tax Increment Financing Agreement by and between the City of Ramsey, Minnesota, SLP EX, LLC, AMP EX, LLC and Delta Industrial Services, Inc.

SLP EX, LLC

By _____
Its _____

COPY OF REGULAR AGENDA CASE

This is a signature page to the Tax Increment Financing Agreement by and between the City of Ramsey, Minnesota, SLP EX, LLC, AMP EX, LLC and Delta Industrial Services, Inc.

AMP EX, LLC

By _____
Its _____

COPY OF REGULAR AGENDA CASE

This is a signature page to the Tax Increment Financing Agreement by and between the City of Ramsey, Minnesota, SLP EX, LLC, AMP EX, LLC and Delta Industrial Services, Inc.

DELTA INDUSTRIAL SERVICES, INC.

By _____
Its _____

COPY OF REGULAR AGENDA CASE

This is a signature page to the Tax Increment Financing Agreement by and between the City of Ramsey, Minnesota, SLP EX, LLC, AMP EX, LLC and Delta Industrial Services, Inc.

EXHIBIT A

Description of Development Property

Property located in the City of Ramsey, Anoka County, Minnesota with the following legal description:

Lot 1, Block 1, Amsterdam Extension

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EXHIBIT B

Form of TIF Note

No. R-1

\$ _____

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF ANOKA
CITY OF RAMSEY

TAX INCREMENT REVENUE NOTE
(DELTA MODTECH PROJECT)

The City of Ramsey, Minnesota (the "City"), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay the amounts hereinafter described (the "Payment Amounts") to SLP EX, LLC and AMP EX, LLC (collectively, the "Developer") or its registered assigns (the "Registered Owner"), but only in the manner, at the times, from the sources of revenue, and to the extent hereinafter provided.

The principal amount of this Note shall equal from time to time the principal amount stated above, as reduced to the extent that such principal installments shall have been paid in whole or in part pursuant to the terms hereof; provided that the sum of the principal amount listed above shall in no event exceed \$972,000 as provided in that certain Tax Increment Financing Agreement, dated as of July 1, 2019, as the same may be amended from time to time (the "TIF Agreement"), by and between the City and the Developer. This Note bears no interest.

The amounts due under this Note shall be payable on August 1, 2021, and on each February 1 and August 1 thereafter to and including February 1, 2030, or, if the first should not be a Business Day (as defined in the TIF Agreement), the next succeeding Business Day (the "Payment Dates"). On each Payment Date, subject to the provisions of Section 3.5 the City shall pay by check or draft mailed to the person that was the Registered Owner of this Note at the close of the last business day of the City preceding such Payment Date an amount equal to the sum of the Tax Increments (hereinafter defined) received by the City during the six month period preceding such Payment Date. All payments made by the City under this Note shall be applied to principal. This Note is prepayable by the City, in whole or in part, on any date.

The Payment Amounts due hereon shall be payable solely from 90% of tax increments (the "Tax Increments") from the Development Property (as defined in the TIF Agreement) within the City's Tax Increment Financing District No. 17: Delta ModTech (the "Tax Increment District") within its Development District No. 1 which are paid to the City and which the City is entitled to retain pursuant to the provisions of Minnesota Statutes, Sections 469.174 through 469.1794, as the same may be amended or supplemented from time to time (the "Tax Increment Act"). This Note shall terminate and be of no further force and effect following the last Payment Date defined above, on any date upon which the City shall have terminated the TIF Agreement under Section 4.2(2) thereof or the Developer shall have terminated the TIF Agreement under

Article V thereof, on the date the Tax Increment District is terminated, or on the date that all principal payable hereunder shall have been paid in full, whichever occurs earliest.

The City makes no representation or covenant, expressed or implied, that the Tax Increments will be sufficient to pay, in whole or in part, the amounts which are or may become due and payable hereunder.

The City's payment obligations hereunder shall be further conditioned on the fact that no Event of Default under the TIF Agreement shall have occurred and be continuing at the time payment is otherwise due hereunder, but such unpaid amounts shall become payable if said Event of Default shall thereafter have been cured; and, further, if pursuant to the occurrence of an Event of Default under the TIF Agreement the City elects to cancel and rescind the TIF Agreement, the City shall have no further debt or obligation under this Note whatsoever. Reference is hereby made to all of the provisions of the TIF Agreement, including without limitation Section 3.2 thereof, for a fuller statement of the rights and obligations of the City to pay the principal of this Note, and said provisions are hereby incorporated into this Note as though set out in full herein.

This Note is a special, limited revenue obligation and not a general obligation of the City and is payable by the City only from the sources and subject to the qualifications stated or referenced herein. This Note is not a general obligation of the City and neither the full faith and credit nor the taxing powers of the City are pledged to the payment of the principal of this Note and no property or other asset of the City, save and except the above-referenced Tax Increments, is or shall be a source of payment of the City's obligations hereunder.

This Note is issued by the City in aid of financing a project pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including the Tax Increment Act.

This Note may be assigned only with the consent of the City which consent shall not be unreasonably withheld. In order to assign the Note, the assignee shall surrender the same to the City either in exchange for a new fully registered note or for transfer of this Note on the registration records for the Note maintained by the City. Each permitted assignee shall take this Note subject to the foregoing conditions and subject to all provisions stated or referenced herein.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; and that this Note, together with all other indebtedness of the City outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the City to exceed any constitutional or statutory limitation thereon.

IN WITNESS WHEREOF, City of Ramsey, Minnesota, by its City Council, has caused this Note to be executed by the manual signatures of its Mayor and City Administrator and has caused this Note to be dated as of _____, 20__.

City Administrator

Mayor

DO NOT EXECUTE UNTIL A SETTLEMENT STATEMENT OR OTHER EVIDENCE OF PAYMENT FOR LAND ACQUISITION IS GIVEN TO THE CITY - REFER TO SECTION 3.3(1).

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CERTIFICATION OF REGISTRATION

It is hereby certified that the foregoing Note was registered in the name of SLP EX, LLC and AMP EX, LLC, and that, at the request of the Registered Owner of this Note, the undersigned has this day registered the Note in the name of such Registered Owner, as indicated in the registration blank below, on the books kept by the undersigned for such purposes.

NAME AND ADDRESS OF REGISTERED OWNER

DATE OF REGISTRATION

SIGNATURE OF CITY ADMINISTRATOR

SLP EX, LLC and AMP EX, LLC
200 South 6th Street, Suite 1300
Minneapolis, MN 55402

COPY OF REGULAR AGENDA CASE

The Economic Development Authority and City of Ramsey, Minnesota

Business Subsidy Policy
Tax Abatement Policy
Tax Increment Policy

Dated January 13, 2009

COPY OF REGULAR AGENDA CASE

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1. City and EDA of Ramsey Business Subsidy Policy

The following business subsidy criteria are intended to satisfy the requirements of Minnesota Statutes, §§116J.993 through 116J.995 (the "Act"). The term "City" means the City of Ramsey. The term "project" means the property with respect to which the business subsidy is provided.

A. MANDATORY CRITERIA

All projects must comply with the following criteria:

1. But For Test. There is a substantial likelihood that the project would not go forward without the business subsidy.
2. Wage Policy. If the project results in the creation of any jobs, the wage for each part-time and full-time job created must be, within two years of the date assistance is received (as defined in the Act), at least equal to 70% of the most recent median wage figure for the Twin City 7 County Metro County as published by the Minnesota Department of Employment and Economic Development or such greater amount as the City may require for a specific project.
3. Economic Feasibility. The recipient must demonstrate to the satisfaction of the City that it has adequate financing for the project and that the project will be completed in a timely fashion.
4. Compliance with Act. The business subsidy from the City must satisfy all requirements of the Act.
5. Minimum Subsidy Amount: Financial assistance in the form of a business subsidy of \$25,000 or more; and business loans and guarantees of \$75,000, must be reported to the Department of Employment and Economic Development. A public hearing is only required if the business subsidy is greater than \$150,000.

B. POLICY

1. The City recognizes that the creation of good paying jobs is a desirable goal which benefits the community. Nevertheless, not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage level requirements may be unrealistic and counter-productive in the face of larger economic forces of influence and the financial and competitive circumstances of an individual business. In determining the requirements for a project under consideration for a business subsidy, the determination of the number of jobs to be created and the wage levels therefore will be guided by the following principles and criteria:

- a. The evaluation of projects will take into consideration the project's importance in and benefit to the community from all perspectives, including created or retained jobs.
 - b. If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, assistance may be approved without any specific job or wage goals if permitted by applicable law.
 - c. In cases where the objective is the retention of existing jobs, the recipient of the subsidy will be required to provide evidence which demonstrates that the loss of those jobs is specific and demonstrable.
 - d. The setting of wage and job goals will be informed by (i) prevailing wage rates, (ii) local economic conditions, (iii) external economic forces over which neither the City nor the recipient of the subsidy has control, (iv) the financial resources of the recipient and (v) the competitive environment in which the recipient's business exists.
2. Because it is not possible to anticipate all the needs and requirements of every type of project and the ever-changing needs of the community and in order to retain the flexibility necessary to respond to all proposed projects, the City retains the right to approve projects and business subsidies which may vary from the principles and criteria set forth herein.

C. PROJECT EVALUATION CRITERIA

The project review and evaluation criteria are the following:

1. Jobs and Wages
 - a. New Jobs. The minimum net number of direct full time equivalent jobs to be created or retained by the proposed project for a period of at least two years from the estimated benefit date.
 - b. Payroll. The minimum annual net payroll (including employer contributions for health benefits) to be generated at the end of the second anniversary date of the estimated benefit date.
2. Tax Base
 - a. Increase in Tax Base. The net increase in property taxes estimated to be generated by the project in the second full year of operation.

3. Land Use
 - a. Compliance with Comprehensive or Other Plans. Whether, apart from any needed services to the community described in section 5 below, the project is compatible with the comprehensive plan and permitted uses for the property.
 - b. Marginal Property. Whether the project is located on property which needs but is not likely to be developed or redeveloped because of blight or other adverse conditions of the property. For example property may be so blighted that the cost of making land ready for redevelopment exceeds the property's fair market value.
 - c. Design and/or Other Amenities. Whether, as a result of the business subsidy, the project will include design and/or amenity features not otherwise required by law. For example, the project may, at the request of the City, include landscaping, open space, public trails, employee work out facilities or day care facilities which serve a public purpose but are not required by law.
4. Impact on Existing and Future Public Investment
 - a. Utilization of Existing Infrastructure Investment. Whether and to what extent (a) the project will utilize existing public infrastructure capacity and (b) the project will require additional publicly funded infrastructure investments.
 - b. Direct Monetary Return on Public Investment. Arrangements made or to be made for the City to receive a direct monetary return on its investment in the project. For example, the business subsidy may be in the form of an interest bearing loan or may involve a project sharing arrangement.
5. Economic Development
 - a. Leveraged Funds. For every dollar of business subsidy to be provided for the project, the minimum amount of private funds which will be applied towards the capital cost of the project.
 - b. Spin Off Development. The dollar amount of non-subsidized development the project is expected to generate in the surrounding area and the need for and likelihood of such spin off development.

- c. Growth Potential. Based on recipient's market studies and plans for expansion, whether and to what extent the project is expected within five years of its completion, be expanded to produce a net increase of full time equivalent jobs and of payroll, over and above the minimum net increase in jobs and payroll described in section 1 above.
6. Quality of Life
 - a. Community Services. Whether the project will provide services in the community and the need for such services. For example, the project may provide health services, retail convenience services such as a nearby grocery store, or social services needed in the community.
 - b. Natural Environment. Whether the project will add to, or detract from, the environment. It is a reflection of what is important to the community - clean air and water, beautiful scenery, recreational opportunities, and a strong desire to pass along these attributes to future generations.
 7. Other
 - a. Other Factors. Depending on the nature of the project, such other factors as the City may deem relevant in evaluating the project and the business subsidy proposed for it.

D. ADDITIONAL CONSIDERATIONS

The City will give consideration to one or more of the issues listed below in determining whether to provide financial or other assistance to a project as a business subsidy:

1. The City may consider the requirements of any other business subsidy received, or to be received, from a grantor other than the City.
2. If the business subsidy is a guaranty, the amount of the business subsidy may be valued at the principal amount of the guaranteed payment obligation.
3. If the business subsidy is real or personal property, the amount of the subsidy will be the fair market value of the property as determined by the City.

4. If the business subsidy is received over time, the City may value the subsidy at its present value using a discount rate equal to an interest rate which the City determines is fair and reasonable under the circumstances.

As used herein "benefit date" means the date the business subsidy is received. If the business subsidy involves the purchase, lease, or donation of physical equipment, then the benefit date occurs when the recipient puts the equipment into service. If the business subsidy is for improvements to property, then the benefit date refers to the earliest date of either: when the improvements are finished for the entire project, or when a business occupies the property.

E. FINANCIAL ASSISTANCE NOT CONSIDERED A BUSINESS SUBSIDY

The following forms of financial assistance are not a business subsidy as per Minnesota Statutes, §§116J.993, Subd.3 and therefore do not require a public hearing:

1. A business subsidy of less than \$150,000;
2. Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
3. Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
4. Redevelopment property polluted by contaminants as defined in section [116J.552](#), subdivision 3;
5. Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50 percent of the total cost;
6. Assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
7. Assistance for housing;
8. Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under section [469.174](#), subdivision 23;
9. Assistance for energy conservation;
10. Tax reductions resulting from conformity with federal tax law;

11. Workers' compensation and unemployment insurance;
12. Benefits derived from regulation;
13. Indirect benefits derived from assistance to educational institutions;
14. Funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
15. Assistance for a collaboration between a Minnesota higher education institution and a business;
16. Assistance for a tax increment financing soils condition district as defined under section [469.174](#), subdivision 19;
17. Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;
18. General changes in tax increment financing law and other general tax law changes of a principally technical nature;
19. Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;
20. Funds from dock and wharf bonds issued by a seaway port authority;
21. Business loans and loan guarantees of \$150,000 or less; and
22. Federal loan funds provided through the United States Department of Commerce, Economic Development Administration; and
23. Property tax abatements granted under section 469.1813 to property that is subject to valuation under Minnesota Rules, chapter 8100.

Adopted by: Ramsey EDA / City Council

Date of Adoption: 11-13-08/1-13-09

Date of Public Hearing: 1-13-09

2. City and EDA of Ramsey Tax Abatement and Tax Increment Financing Policy

A. PURPOSE

The purpose of this policy is to establish the City's position relative to the use of Tax Abatement (§§469.1812 through §§469.1815) and Tax Increment Financing (§§469.174 through §§469.1799) (TIF), also referred to in this document as the *business assistance programs*, or *business assistance*. This policy shall be used as a guide in the processing and review of applications requesting the use of Tax Abatement and Tax Increment Financing. It is the expressed intent of the City to minimize the risk and amount of business assistance to a project and to leverage its public dollars to maximize private sector funding.

The City is granted the power to utilize the business assistance programs by Minnesota Statutes 2008 as cited. The fundamental purpose of the business assistance programs is to encourage desirable private development or redevelopment within the City that would not occur *but for* the assistance provided. Further information related to the States business assistance programs and links to State Statutes can be found at www.state.mn.us.

The City will approve or reject requests for business assistance on a case by case basis taking into consideration established policies, project criteria, and the project's demonstrated public purpose. Meeting all policy criteria does not guarantee approval of the requested business assistance. The City maintains its ability to approve or deny the request at its discretion.

B. PUBLIC PURPOSE OBJECTIVES

The City will consider the use of business assistance programs which demonstrate the achievement of one or more of the following public purpose objectives:

1. To encourage redevelopment of priority sites within the City as determined by the City Council and EDA.
2. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
3. To enhance and/or diversify the City's economic base.
4. To encourage additional unsubsidized private (re)development.
5. To remove blight and/or encourage (re)development of commercial and industrial areas.

6. To assist in creating environmental sustainability.
7. To provide a diversity of family housing and alternative housing choices.
8. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
9. To accomplish other public policies which may be adopted such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government, or any of the following:
 - Utilization of architectural and landscaping techniques that will enable the components of the project to blend with the natural environment.
 - Mitigation of project impact on the natural environment.

C. POLICY POSITIONS

1. Business assistance shall be provided in a form that minimizes the risk of public participation.
2. Business assistance requests for up-front project financing through the sale of bonds or other internal sources may require personal guarantees of the developer. These requests shall be addressed on a case by case basis.
3. Business assistance shall not be provided for projects requiring land and/or building purchases at prices in excess of fair market value.
4. Business assistance shall not be provided to developers/projects that cannot adequately demonstrate an ability to complete the proposed project on time and on budget.
5. Assistance will be provided based on \$25,000 per qualified job created as referenced in Section 1.A.2 in the Business Subsidy Policy unless a waiver is provided by the City Council.

D. PROJECT REQUIREMENTS

All projects requesting business assistance must demonstrate the following:

1. That the project is not financially feasible but-for the use of Revolving Loan Fund, Tax Abatement or Tax Increment Financing.
2. That the project will comply with all provisions set forth in Minnesota Statute chapters 116j.993 through 116j.995, as amended (Business Subsidies).

3. That the business assistance request complies with all provisions set forth in Minnesota Statutes 2008 chapters 469.1812 through 469.1815 as amended (Tax Abatement), and chapters 469.174 through 469.1799 as amended (Tax Increment Financing).
4. That the project is consistent with the City's comprehensive plan, land use plan, and zoning ordinances.

E. APPLICATION PROCESS

1. Applicant submits a Business Assistance Application (Exhibit A) to the EDA and/or City.
2. Staff reviews the application and completes the Application Review Worksheet (Exhibit B).
3. Staff uses results of the Worksheet to inform the EDA/City.
4. EDA reviews proposal, provides comments, and makes an advisory recommendation to the City Council on denial or approval of the request within 30 days.
5. If advisory approval is granted, staff prepares all necessary notices, resolutions and certificates.
6. City Council holds public hearing(s) on the proposed project to consider the advisory recommendation(s).
7. The City Council grants final approval or denies the request.

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C. PUBLIC PURPOSE OBJECTIVES

It is the policy of the City and EDA of Ramsey that the business assistance should result in a public benefit as identified in items 1-10 below. Please indicate how the proposed project will accomplish this by checking the appropriate boxes. **Attach additional narrative as Part 7.**

- 1. To encourage redevelopment.
- 2. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
- 3. To enhance and/or diversify the City's economic base.
- 4. To encourage additional unsubsidized private (re)development.
- 5. To remove blight and/or encourage (re)development of commercial and industrial areas.
- 6. To create housing opportunities.
- 7. To provide a diversity of housing.
- 8. To provide a variety of family housing ownership alternatives and housing choices.
- 9. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading of existing housing stock in residential areas.
- 10. To accomplish other public policies which may be adopted such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.
 - Utilization of architectural and landscaping techniques that will enable the components of the project to blend with the natural environment.
 - Mitigation of project impact on the natural environment.

D. SOURCES & USES OF FUNDS
Attach additional information as Part 8

<u>SOURCES</u>	<u>AMOUNT</u>
Bank Loan	\$ _____
Other Loans	\$ _____
Owner Equity	\$ _____
Fed Grant/Loan	\$ _____
State Grant/Loan	\$ _____
Industrial Development Bonds	\$ _____
Tax Increment Financing	\$ _____
Tax Abatement	\$ _____
Revolving Loan Fund	\$ _____
Other	\$ _____
TOTAL	\$ _____

<u>USES</u>	<u>AMOUNT</u>
Land Acquisition	\$ _____
Site Development	\$ _____
Construction	\$ _____
Machinery & Equipment	\$ _____
Architectural/Engineering Fees	\$ _____
Debt Service Reserve	\$ _____
Contingencies	\$ _____
Other	\$ _____
TOTAL	\$ _____

Total Amount of business assistance requested from either Revolving Loan Fund, Abatement, Tax Increment Financing or another source: \$ _____

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E. ADDITIONAL DOCUMENTATION AND CHECKLIST

Applicants will also be required to provide the following documentation. All personal financial information will be kept private and confidential.

- 1. Written business plan or a description of the business, ownership/ management, date established, products and services, and future plans.
- 2. Financial statements for past two years, including profit and loss statements and balance sheets.
- 3. Two year financial projections.
- 4. Personal financial statements of all major shareholders (principals) including the most recent 2 years of tax returns. (If requested.)
- 5. Letter of commitment from other sources of financing, stating terms and conditions of their participation in the project.
- 6. Administrative fee of up to \$5,000. In addition to defraying the cost of staff time, the fee will be used to pay costs associated with processing this request for financial assistance such as legal, engineering and financial analysis. The City reserves the right to stop the processing of the request until additional fees are paid should the original amount be insufficient to pay such costs. That portion which remains unspent, if any, will be returned only if the project is denied approval.
- 7. Attach the following documentation:
 - _____ Part 1 – Corporation/Partnership Description
 - _____ Part 2 – List of Shareholders/Partners
 - _____ Part 3 – Description of Project
 - _____ Part 4 – *But For* Analysis
 - _____ Part 5 – List of Prospective Lessees (If requested)
 - _____ Part 6 – Legal Description, Property Identification Numbers, maps of the project area, and project renderings
 - _____ Part 7 – Public Purpose Narrative
 - _____ Part 8 – Sources & Uses of Funds – Additional Information

The undersigned certifies that all information provided in this application is true and correct to the best of the undersigned’s knowledge. The undersigned authorizes the City and EDA of Ramsey to check credit references, verify financial and other information, and share this information with other political subdivisions as needed. The undersigned also agrees to provide any additional information as may be requested by the City after the filing of this application.

Applicant Name _____ Date _____

By _____

Its _____

EXHIBIT B
BUSINESS ASSISTANCE REVIEW WORKSHEET
FOR COMMERCIAL/INDUSTRIAL PROJECTS
TO BE COMPLETED BY APPLICANT AND CITY STAFF

A. The project meets which of the following objectives as set forth in Section C of the Business Assistance policy:

- 1. To encourage redevelopment.
- 2. To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
- 3. To enhance and/or diversify the City's economic base.
- 4. To encourage additional unsubsidized private (re)development.
- 5. To remove blight and/or encourage (re)development of commercial and industrial areas.
- 6. To accomplish other public policies which may be adopted such as the promotion of quality urban or architectural design, energy conservation, and decreasing capital and/or operating costs of local government.
 - Utilization of architectural and landscaping techniques that will enable the components of the project to blend with the natural environment.
 - Mitigation of project impact on the natural environment.

B. Ratio of Private to Public Investment in Project:

\$ _____	Private Investment	5:1	<u>5</u>
\$ _____	Public Investment	4:1	<u>4</u>
_____	Ratio Private : Public Financing	3:1	<u>3</u>
		2:1	<u>2</u>
		Less than 2:1	<u>1</u>

C. Job Creation:

	Net <i>new</i> jobs (minimum 40 hours per week) or fulltime equivalents	50+	<u>5</u>
<u>120</u>	Jobs relocated to Ramsey	20+	<u>4</u>
<u>135</u>	Total new jobs to Ramsey	10+	<u>3</u>
		5+	<u>2</u>
		Less than 2	<u>1</u>

D. Wage Level of jobs created:

	Average hourly wage	Over \$21/hour	<u>5</u>
	Of <i>new</i> jobs _____	\$18-21/hour	<u>4</u>
		\$14-17/hour	<u>3</u>
		\$10-13/hour	<u>2</u>
		Under \$10/hour	<u>1</u>

E. Ratio Of Business Assistance To New Jobs Created:	Points:
\$ _____ Business assistance requested	\$5,000 or less <u>5</u>
_____ Number of net <i>new</i> jobs created	\$15,000 or less <u>4</u>
\$ _____ of business assist. per net <i>new</i> job created	\$25,000 or less <u>3</u>
	\$50,000 or less <u>2</u>
	Over \$75,000 <u>1</u>

F. Project size:	Points:
The project will result in the construction of _____ square feet	75,000+ <u>5</u>
	50,000+ <u>4</u>
	25,000+ <u>3</u>
	10,000+ <u>2</u>
	5,000 or less <u>1</u>

G. Type of Project:	Points:
_____ 100% Owner Occupied	<u>5</u>
_____ Mix Owner Occupied & Investment	<u>3</u>
_____ Investment Property	<u>1</u>

H. Likelihood that the project will result in unsubsidized, spin-off development:	Points:
_____ High	<u>5</u>
_____ Moderate	<u>3</u>
_____ Low	<u>1</u>

I.	_____

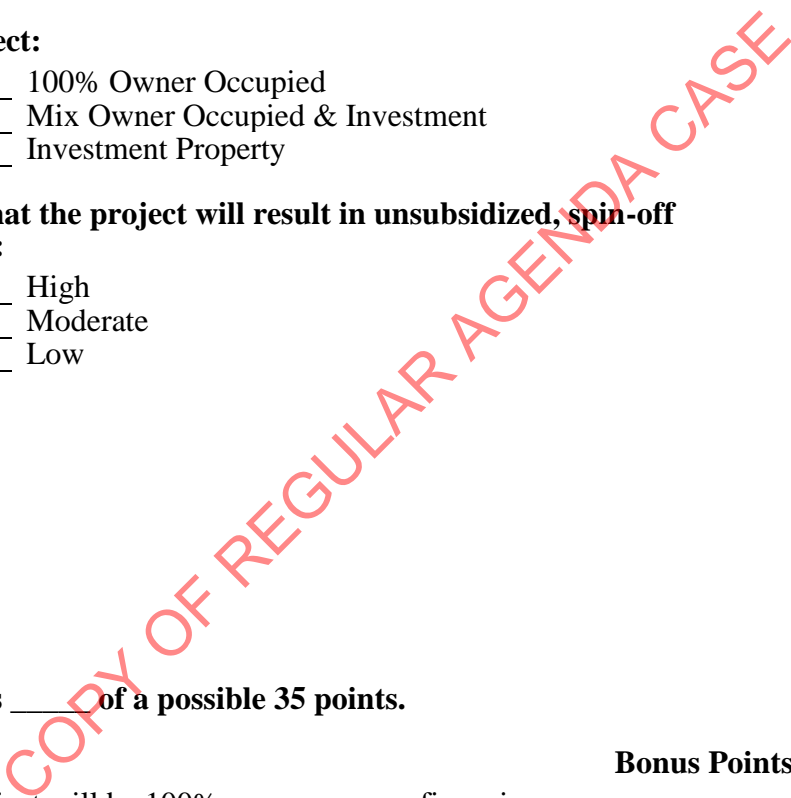
	<u>3</u>

Sub-Total Points _____ of a possible 35 points.

Bonus Points	Bonus Points:
The project will be 100% <i>pay-as-you-go</i> financing.	<u>3</u>
The project is a redevelopment project.	<u>3</u>

Total Points: _____

Overall project analysis:	High	35 points
	Moderate	25 points
	Low	15 points
	Not Eligible	5 points



APPENDIX I
Business Subsidy Statute 2008

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APPENDIX II
Sample Business Subsidy Agreement

COPY OF REGULAR AGENDA CASE

APPENDIX III
Business Subsidy Reporting Form

COPY OF REGULAR AGENDA CASE

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Section E. Additional Documentation and Checklist

1. See parts 1-4 above.
2. Financials will be available via secure upload. Will send separate email link.
3. We plan on stable production with our limited space and resources, around the \$50-60 million/year level with steady profits- subject to minor business interruption due to relocation.
4. N/A
5. N/A
6. Check made out to the City of Ramsey. The check will be sent as soon as funds are available.
7. See below.

Part 1

From our founding in 1978 as a service provider for servo systems and motion control in the machine tool industry, to today's technology of full production Delta ModTech converting and packaging lines, Delta ModTech has successfully pursued excellence in the design, implementation, and service of motion-controlled converting and packaging systems.

Part 2

David Schiebout-CEO Ronda Schiebout-Secretary Toby Fuerst- CFO Evan Schiebout- >5% owner Emily Allegra >5% owner Wendy Stromberg >5% owner

Part 3

Desiring to purchase land and build a 185,000 sq ft manufacturing building with 50,000 ft. of office, on 40 acres in order to house our entire manufacturing operation as well as engineering and support staff. This will leave us ample land and space to further develop and expand over time. We have planned an additional 50,000 sq ft in future warehouse expansion on the proposed building, but may choose to develop this extra space immediately due to efficiencies in building and costs.

COPY OF REGULAR AGENDA CASE

Part 4

We are looking to make an expansion of our business so that we can handle more and larger projects, and continue to hire teams of high-tech and engineering personnel. There are more companies that could take advantage of the advanced automation equipment solutions that we provide. However, it will only be possible for us to make this great investment if we know that there is support from the communities that we are looking to partner with on this relocation. There are options to stay and expand in our current facility, to move into existing warehouse space, etc. that are less expensive options. We have looked at buildings in Coon Rapids on Xeon St, Lino Lakes, and Fridley, and several others that we explored as options. They would all require rework and additions, and the cities' assistance in doing so was not on pace with the proposal of building new in Ramsey and its TIF proposal. We are looking to the future and for potential growth that can come from designing a plant to our needs and have space for future expansion. This Ramsey site allows us to have the greatest growth opportunity. Along with expected volume and revenue growth within an expanded footprint, there will be an increase from our current 125 person team. Our staff, roughly 40% of whom are engineers, will grow significantly with our increased capacity. Our initial estimates show that total combined costs of land acquisition, building, new equipment purchases, and increase in labor, exceeds our current funding by roughly 10 – 15%. This type of expansion project will not be possible without assistance from a City who encourages our presence locally, and shares investment in the economic benefit our company will bring.

Part 5

Developing long-term lease – Delta ModTech 11501 Eagle Street

Part 6

Anoka County PID # 20-32-25-34-0004

Western 43.21 acres north of Bunker Lake Blvd, East of Puma St. Currently owned by Hageman Holdings, LLC. 8200 BUNKER LAKE BLVD, RAMSEY, MN 55303

Property Description LOT 1 BLOCK 1 ALPHA DEVELOPMENT

Part 7

N/A

Part 8

N/A



Ad Proof
Enlarged

-Public Notice Ad Proof-

This is the proof of your ad scheduled to run on the dates indicated below. Please proof read carefully if changes are needed, please contact us prior to deadline at Cambridge (763) 691-6000 or email at publicnotice@ecm-inc.com

<p>Date: 06/03/19</p> <p>Account #: 370702 Customer: CITY RAMSEY ~</p> <p>Address: 7550 SUNWOOD DRIVE RAMSEY</p> <p>Telephone: (763) 427-1410 Fax: 42553</p>	<p>Publications: Anoka County Union Herald</p>
<p>Ad ID: 945163 Copy Line: Modification to Development Dis</p> <p>PO Number: Sean Sullivan Start: 06/07/19 Stop: 06/07/2019</p> <p>Total Cost: \$145.13 # of Lines: 60 Total Depth: 6.75 # of Inserts: 1</p> <p>Ad Class: 150 Phone # (763) 691-6000 Email: publicnotice@ecm-inc.com Rep No: CA700</p>	

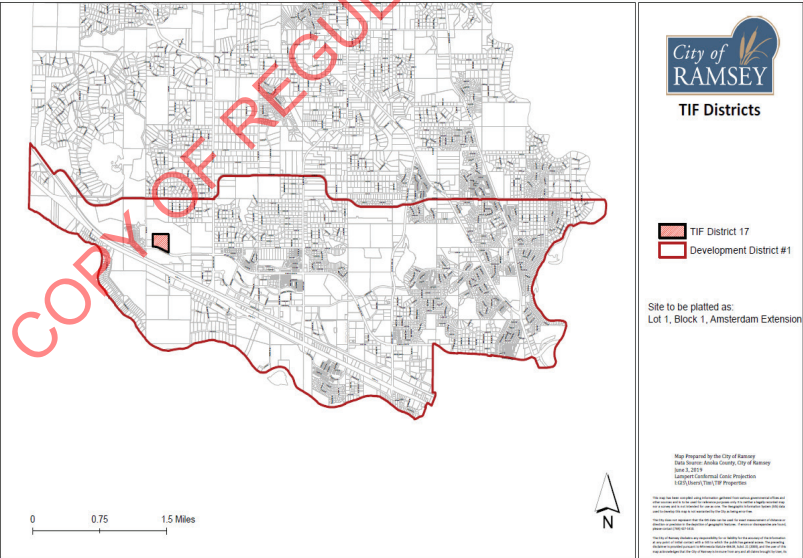
COPY OF REGULAR AGENDA CASE

**CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA
NOTICE OF PUBLIC HEARING**

NOTICE IS HEREBY GIVEN that the City Council of the City of Ramsey (the "City"), Anoka County, State of Minnesota, will hold a public hearing on June 25, 2019, at approximately 7:00 P.M. at the Ramsey Municipal Center, 7550 Sunwood Dr. NW, Ramsey, Minnesota, relating to the City's proposed adoption of a Modification to the Development Program (the "Modification") for Development District No. 1 (the "Development District"), the proposed establishment of Tax Increment Financing District No. 17: Delta ModTech (an economic development tax increment financing district) (the "TIF District") within the Development District, and the proposed adoption of a Tax Increment Financing Plan (the "TIF Plan") therefor (collectively, the "Modification and Plan"), and to adopt a business subsidies agreement, all pursuant to Minnesota Statutes, 469.124 to 469.133 and Sections 469.174 to 469.1799, and Sections 116J.993 to 116J.995 all inclusive, as amended. Copies of the Modification and Plan and a summary of the subsidy agreement are on file and available for public inspection at the office of the Community Development Director at City Hall.

A person with residence in or the owner of taxable property in the granting jurisdiction may file a written complaint with the grantor if the grantor fails to comply with sections 116J.993 to 116J.995, and that no action may be filed against the grantor for the failure to comply unless a written complaint is filed.

The property to be included in the TIF District is located within the Development District and the City. A map of the Development District and the TIF District therein is set forth below. Subject to certain limitations, tax increment from the TIF District may be spent on eligible uses within the boundaries of the Development District.



All interested persons may appear at the hearing and present their views orally or prior to the meeting in writing.

BY ORDER OF THE CITY COUNCIL OF
THE CITY OF RAMSEY, MINNESOTA
/s/ Jo Ann Thieling, City Clerk

Published in the
Anoka County UnionHerald
June 7, 2019
945163

Ad: 1

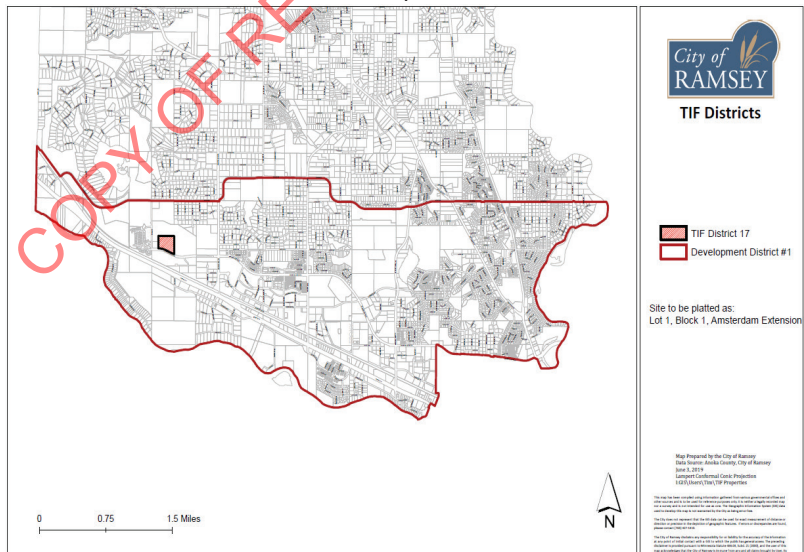
\$145.13

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BY ORDER OF THE CITY COUNCIL OF
THE CITY OF RAMSEY, MINNESOTA
/s/ Jo Ann Thieling, City Clerk

Published in the
Anoka County UnionHerald
June 7, 2019
945163

**ECONOMIC DEVELOPMENT AUTHORITY
CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

The City of Ramsey Economic Development Authority (EDA) conducted a regular meeting on Thursday, June 13, 2019, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson Jim Steffen
Member Glen Hardin
Member Dominic Kanaventi
Member Mark Kuzma
Member Chris Riley

Members Absent: Member Shang Berg
Member Brian Burandt

Also Present: Sean Sullivan, Economic Development Manager
Tim Gladhill, Community Development Director
Kurt Ulrich, City Administrator

1. CALL TO ORDER

Chairperson Steffen called the Economic Development Authority meeting to order at 7:30 a.m.

2. APPROVE AGENDA

Motion by Member Hardin, seconded by Member Kanaventi, to approve the agenda.

Motion carried. Voting Yes: Chairperson Steffen, Members Hardin, Kanaventi, Kuzma, and Riley. Voting No: None. Absent: Members Berg and Burandt.

3. APPROVE MINUTES

3.01: Approve Meeting Minutes Dated April 11, 2019 and May 9, 2019

Motion by Member Hardin, seconded by Member Kuzma, to approve the April 11, 2019 and May 9, 2019 minutes as presented.

Motion carried. Voting Yes: Chairperson Steffen, Members Hardin, Kuzma, Kanaventi, and Riley. Voting No: None. Absent: Members Berg and Burandt.

Motion by Member Hardin, seconded by Member Kuzma, to approve the April 11, 2019 and May 9, 2019 minutes as presented.

Motion carried. Voting Yes: Chairperson Steffen, Members Hardin, Kuzma, Kanaventi, and Riley. Voting No: None. Absent: Members Berg and Burandt.

4. EDA BUSINESS

4.01: Consider Recommendation to Establish TIF District 17, Adopt TIF Plan and Approve TIF Agreement for Delta Mod Tech; Case of SLP EX, LLC and AMP EX LLC

Economic Development Manager Sullivan presented the staff report.

Jason Aarsvold, Ehlers, stated that he worked with the Developer and City to determine the amount of TIF that could be available for this project. He noted that the original assistance request was for \$1,500,000. Based on negotiations with the Developer, the amount of \$972,000 is being brought forth for consideration by the EDA. He noted that the provision TIF was a deciding factor in selecting this site in Ramsey, compared to sites reviewed in other communities. He indicated that the analysis conducted by Ehler's meets the "But For" test. He provided details on the cash on cost analysis that was completed, noting that generally he would like to see seven to nine percent within this industry. He noted that with the \$972,000 in assistance the rate would be rate of return of 8.42 percent and falls within the suggested range. He stated that providing this assistance will help facilitate the project on this site and would not unduly enrich the applicant.

Chairperson Steffen stated that this seems to be three tenths of a percent annually and asked if that would be enough to "move the needle" for a business.

Mr. Aarsvold stated that for a business this can help level the playing field in choosing between this site and a site in another community.

Chairperson Steffen noted that a statement was made that the applicant would not have chosen this site but for the TIF and asked for additional details.

Mr. Aarsvold noted that the incentive was the driving factor in choosing this site over sites in other communities.

Chairperson Steffen referenced the plat, which shows additional pads and asked for details.

Community Development Director Gladhill stated that would be future development by the ownership group. He noted that ultimately Delta Mod Tech would be a tenant from the two investment companies.

Chairperson Steffen asked if a future expansion for Delta Mod Tech would be connected to the building or it would occur to the north.

Evan Schiebout stated that they have built in the ability to expand office and manufacturing onto the proposed 210,000 square foot building to the east. He provided details on the expansions

that have occurred on their site in Coon Rapids, noting that should they have a continued need they would mimic that development pattern. He estimated a ten month build cycle, noting that they would like to begin construction in August. He confirmed that the existing employees and new employees would occupy the site.

Member Riley stated that this discussion is regarding TIF and asked if TIF is being used for the construction of this building or to purchase the additional land for future development.

Economic Development Manager Sullivan stated that the total land purchase has a cost of \$3,600,000, but the TIF is prorated based on the size of the lot with construction and is not spread across the entire parcel purchased.

Member Hardin referenced the business assistance application, which requested \$1,500,000, and asked if the gap has been identified between the requested amount and amount proposed to be provided by the City.

Mr. Schiebout stated that the gap would be covered by the Developer. He noted that although the TIF is not the amount requested, it was still enough to tip the scale to choose this site.

Member Kanaventi asked the estimated length of time for the 15 additional jobs to be created.

Mr. Schiebout replied that the timeline is within two years but estimated that time period would be shorter based on their current demands.

Economic Development Manager Sullivan stated that the job creation can begin once the agreement is approved by the City Council and executed. Any jobs added after that point would count towards the 15 required by the proposed agreement.

Member Hardin asked for details on the benefit date.

Economic Development Manager Sullivan clarified that the benefit date is the completion of construction.

Chairperson Steffen stated that this is a great project that he is excited about.

Councilmember Riley stated that the proposed assistance is pay-as-you-go, which does not cost the City money upfront and is a benefit. He noted that this project fits well within the EDA mission and priorities of the City Council. He stated that this would bring jobs and is the first business being developed in the business park (north of Bunker Lake Boulevard). He noted that there are unpaid special assessments on the parcel relating to development of the Bunker Lake Business Park that would be paid with if this project moves forward. He stated that he is supportive of this project based on those reasons.

Motion by Member Hardin, seconded by Member Kuzma, to recommend to City Council to adopt a resolution approving the modification to the Development Program for Development

District No. 1, Establishing Tax Increment Financing District No. 17, and approving the Tax Increment Financing Plan, subject to City Attorney Review.

Motion carried. Voting Yes: Chairperson Steffen, Members Hardin, Kuzma, Kanaventi, and Riley. Voting No: None. Absent: Members Berg and Burandt.

Motion by Member Hardin, seconded by Member Kanaventi, to recommend to City Council to adopt a resolution authorizing execution of a Tax Increment Financing (TIF) Agreement awarding a business subsidy of \$972,000 and requiring the creation of 15 new jobs with minimum wages of \$22 per hour, subject to City Attorney review.

Motion carried. Voting Yes: Chairperson Steffen, Members Hardin, Kanaventi, Kuzma, and Riley. Voting No: None. Absent: Members Berg and Burandt.

4.02: Review Real Estate Management Strategy for City Owned Land

Economic Development Manager Sullivan presented the staff report. He stated the listing agreement with CBRE under consideration includes only parcels within The COR.

Chairperson Steffen asked if any properties west of Armstrong would be included.

Economic Development Manager Sullivan noted that those parcels would not be included and only parcels within The COR would be included in the CBRE agreement. Parcel 45 is west of Armstrong but is currently under contract.

Chairperson Steffen asked if individual parcels could be removed if desired.

Economic Development Manager Sullivan confirmed that individual parcels could be removed if desired with a 30-day notice. He noted that he is proposing a six-month contract and would give the City time to evaluate how the new contract is working. He stated that under the current proposal the commission rate would be reduced from five percent to three percent if the City brings forward the lead.

Councilmember Kuzma noted that Ramsey is competing with other cities for land sales and development and did not want to drive the commission down too low, as the broker or developers would most likely go where they can earn commission. He noted that this is a competitive market and the City should be mindful of the going rates for commission.

Economic Development Manager Sullivan stated that the commission rate would remain at five percent for CBRE involved sales, while the reduced rate would only come into play for staff generated leads. He noted that even on staff generated leads, CBRE has put effort into marketing prior to that time.

Brian Pankratz, CBRE, provided input on how commission is split when two brokers are involved. He noted that CBRE splits the commission rate 50/50.

Member Hardin asked if there is any situation where the City would pay more than seven percent when there is a second broker involved.

Mr. Pankratz stated that the agreement specifies five percent when only CBRE is involved or seven percent if two brokers are involved. He stated that if a second broker requested additional commission, that request would need to go before the City.

Economic Development Manager Sullivan stated that he would not recommend paying additional revenue above the seven percent and therefore that additional request would need to be added to the purchase price.

Member Hardin noted that a second broker could actually come within CBRE and in that situation the seven percent is being split by two CBRE brokers. He noted that under this contract a longtime developer within the City would need to contact CBRE to negotiate and asked if that is the intent of the City.

Economic Development Manager Sullivan stated that would not be the intent. He explained that although the City is paying CBRE for those services, the City can still generate leads.

Mr. Pankratz explained that the intent is to allow the City to utilize the market knowledge and resources of CBRE for all negotiations.

Member Hardin stated that if that is not the intent perhaps the language should be changed. He stated that he met with staff following the last meeting to express his concerns but was frustrated that his concerns did not appear to be addressed.

Economic Development Manager Sullivan stated that following the discussion with Commissioner Hardin he informed him that his concerns should be brought forward at this meeting in a public forum to support transparency in the process. That is why the changes were not incorporated into the proposed listing agreement. He noted that he appreciated that comments and suggestions that Commissioner Hardin had made.

Chairperson Steffen stated that it appears this language would be standard in most CBRE contracts.

Mr. Pankratz confirmed that this is standard contract language, with some items specific to Ramsey. He noted that CBRE is working with the City as a team in attempt to market and sell land and thought the relationship has ran smoothly.

Economic Development Manager Sullivan referenced parcel 45, which has a sales price of \$600,000. He stated that the City is completing a land swap on the properties, which will still result in a loss of \$15,000 for the City. He noted that technically CBRE could take a commission on that transaction but is not requesting a commission. He stated that the willingness to add language to call out City generated leads is not something in a typical contract.

Community Development Director Gladhill stated that if that paragraph is of concern, the EDA could make a recommendation to correct that paragraph and staff would work with the City Attorney prior to this moving forward to the City Council.

Chairperson Steffen stated that most likely that paragraph has remained in the contract for the past five years.

Member Kuzma stated that CBRE has put a lot of work in during the past five years and there has been success with the growth of The COR. He attributed a lot of that success to what CBRE brings to the table. He stated that he will support extending the contract for an additional six months.

Member Riley stated that a few years ago this got off to a slow start and the City perhaps paid commission on City generated sales. He noted that changes have been made over time to address that issue. He stated that the City should be willing to pay for services rendered when there is a need. He stated that selling land is a huge priority for him. He believed that this agreement meets all the needs of the City.

Chairperson Steffen agreed that he also likes the split of CBRE handling COR properties and the City handling properties outside The COR. He noted that he believes the six-month contract provides flexibility.

Motion by Member Kanaventi, seconded by Member Kuzma, to recommend to City Council to approve the draft contract dated May 2, 2019.

Further discussion: Economic Development Manager Sullivan noted that he would ensure the contract language is changed to specify six months. Mr. Pankratz stated that the contract could be structured for six months or could be written that after six months the contract could be canceled with 30-day notice but could run through one year. Economic Development Manager Sullivan stated that he would recommend a six-month period. Member Riley asked if the paragraph 6. in question should be restructured. Economic Development Manager Sullivan noted that he could have the City Attorney review that language to ensure that the concerns were addressed relating to City generated leads.

Motion by Member Riley, seconded by Member Kuzma, to amend the motion to recommend to City Council to approve the draft contract dated May 2, 2019, pending a review of the language related to exclusive clause 6, pending City Attorney review.

Motion carried. Voting Yes: Chairperson Steffen, Members Riley, Kuzma, and Kanaventi.
Voting No: Member Hardin. Absent: Members Berg and Burandt.

5. MEMBER / STAFF UPDATE

Economic Development Manager Sullivan provided an update on a recent conference that he attended. He indicated he made many contacts with restaurant and retailers. He received positive feedback from retailers and restaurants he met with regarding the City marketing materials.

6. ADJOURNMENT

Motion by Member Hardin, seconded by Member Steffen, to adjourn the meeting.

Motion carried. Voting Yes: Chairperson Steffen, Members Hardin, Kanaventi, Kuzma, and Riley. Voting No: None. Absent: Members Berg and Burandt.

The regular meeting of the Economic Development Authority adjourned at 8:27 a.m.

Respectfully submitted,

Sean Sullivan
Economic Development Manager

ATTEST:

Wendy Schlueter
Economic Development Administrative Assistant

Draft by Amanda Staple
TimeSaver Off Site Secretarial, Inc.



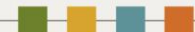
EHLERS
LEADERS IN PUBLIC FINANCE

Training Camp: TIF 101 & Tax Abatement

Rebecca Kurtz – Ehlers
Mary Ippel -- Briggs

COPY OF REGULAR AGENDA CASE

February 1, 2018



Session Outline

- Basics of Tax Increment
 - Framework of a District
 - Types of Districts
 - Uses of TIF
- Basics of Tax Abatement

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Basics of Tax Increment

Minnesota Statutes 469.174 – 469.1794

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What is TIF?

Tax Increment Financing (TIF):

The ability to capture and use **most** of the increased local property tax revenues from **new development** within a **defined geographic area** for a **defined period of time** without approval of the other taxing jurisdictions.

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Why use TIF?

- Encourage certain types of development or redevelopment that would not normally occur without assistance (“but for” test)
 - Create or retain jobs
 - Redevelop blighted areas
 - Remediate polluted sites
 - Construct affordable housing

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Building Blocks of TIF

There is a starting property value in the TIF District when it is created (also called “base value”)

Original Tax Capacity



Tax revenues go to all local units of government

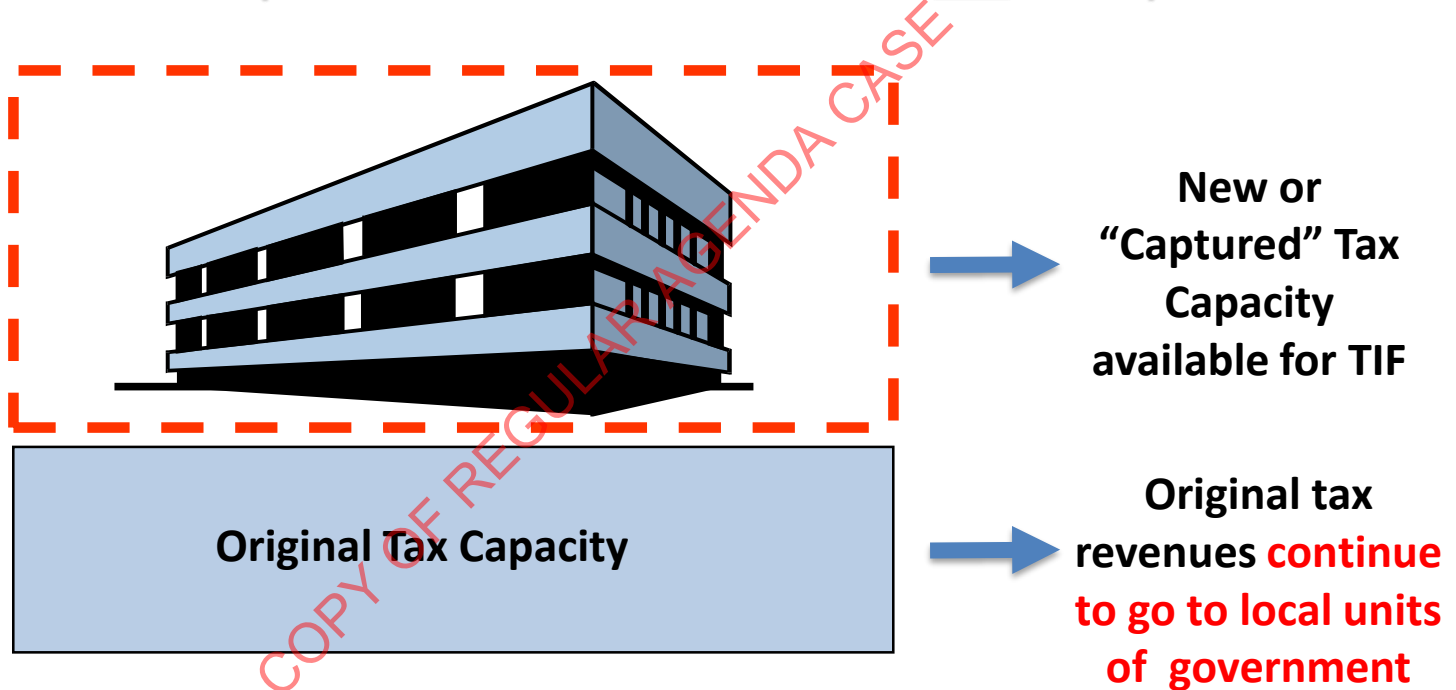
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Building Blocks of TIF

Development Occurs = New Tax Capacity

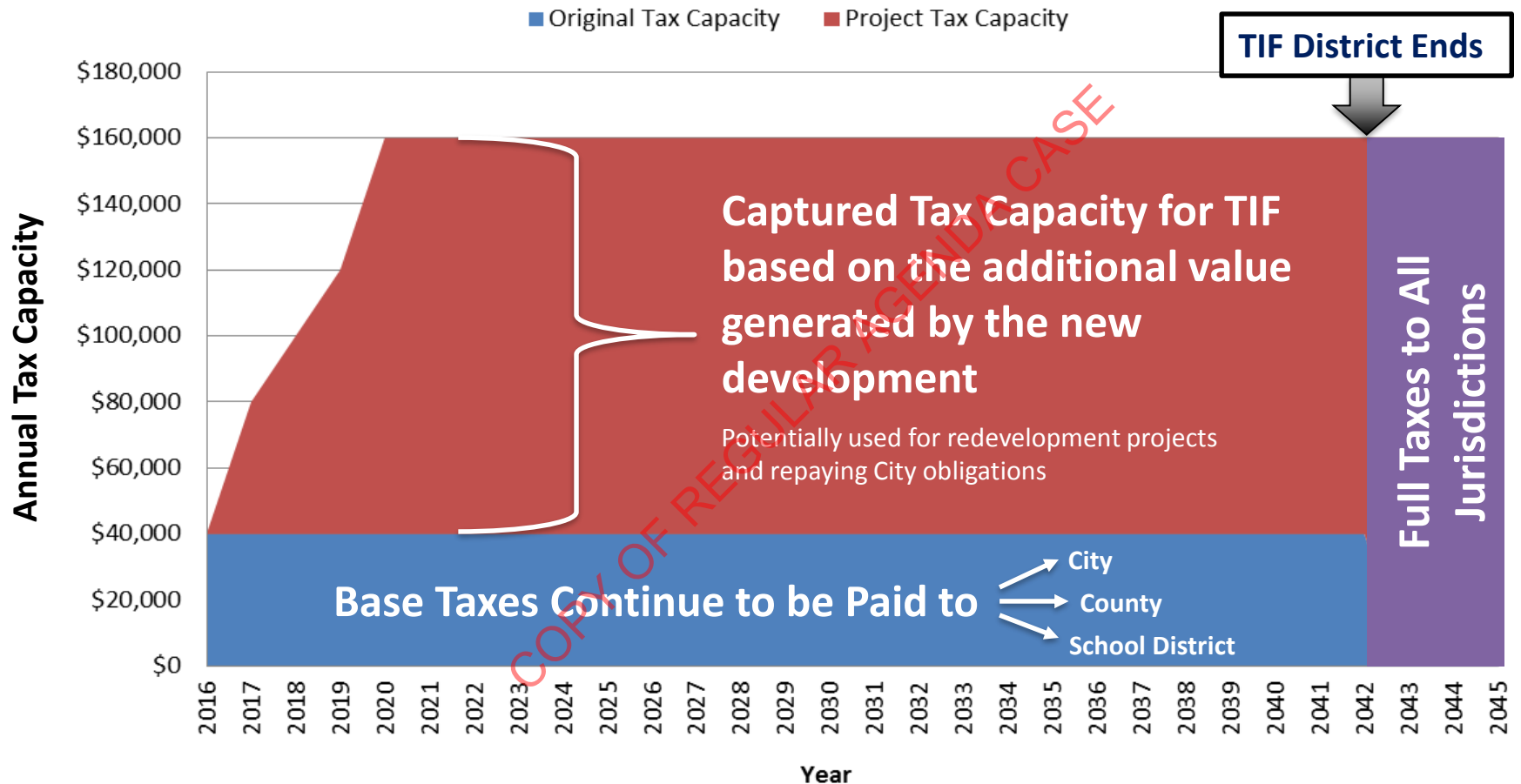
TIF District can “capture” the increased value from the new development



$$\text{TIF} = \text{Captured Tax Capacity} \times \text{Tax Rate}$$

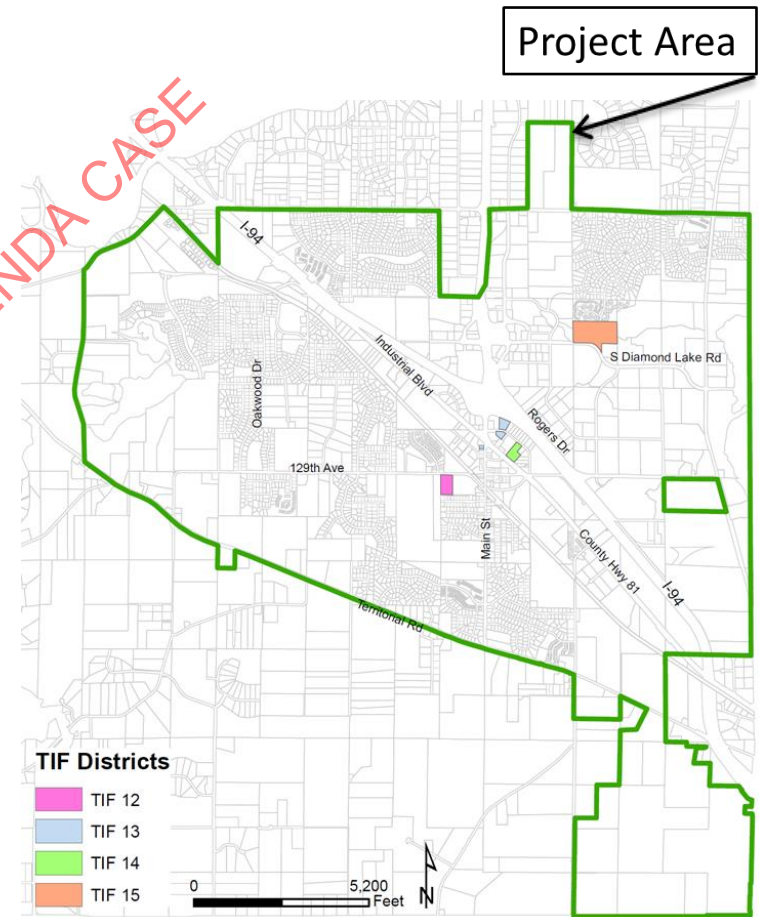


TIF Example (26 year district)



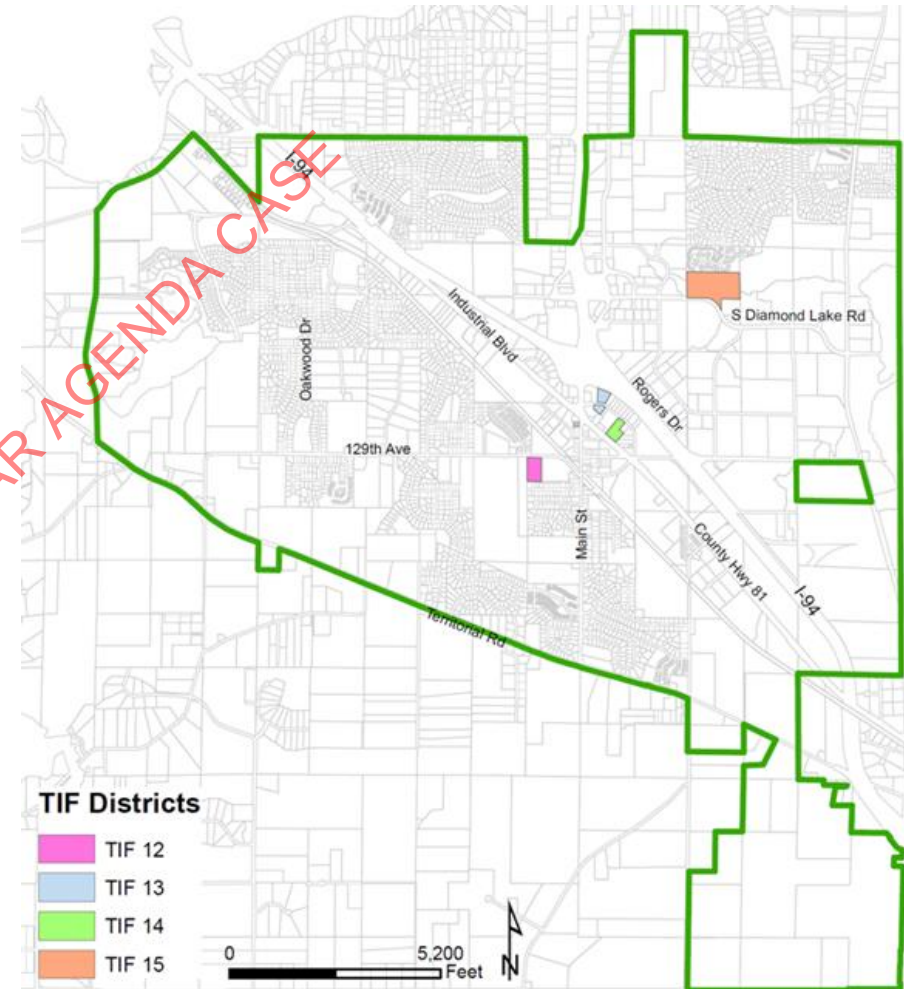
Project Area: Where increment may be spent

- TIF Districts must be located in a Project Area or Development District
- Multiple TIF Districts can be in a Project Area
- Increment can be spent outside a TIF District in Project Area (aka “pooling”)



TIF District: Where increment is collected

- Defines parcels whose increased value will be captured
- Parcels do not have to be contiguous, but usually are
- Must meet criteria in State law for type of District being established



TIF District Approval

- Can be established by City, EDA, HRA or County
- TIF Plan and Project Area Plan
 - Set forth policy objectives
 - Provide maximum budget authority for TIF revenues and expenditures
- Must have approval of elected officials following public hearing

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Types of Districts

Purpose	Type of District	Max. Term
Redo substandard / obsolete buildings	Redevelopment	26
	Renovation & Renewal	16
Affordable housing	Housing	26
	Economic Development - Workforce Housing	9
Job & tax base creation	Economic Development	9



Economic Development

- At least 85% of new building space must be:
 - Manufacturing
 - Warehousing, storage, distribution
 - Research and development
 - Telemarketing
 - Space necessary and related to the above



How can increment be spent?

- Must meet policy objectives in TIF Plan
- Must be in TIF Plan Budget



How can increment be spent?

- Must be costs associated with new development:
 - Land Acquisition
 - Demolition and Relocation
 - Site improvements
 - Utilities, Streets, Sidewalks
 - Environmental Clean-up
 - Parking
 - Buildings
 - Administration

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“But For” Test

- The development is only possible *but for* the use of tax increment
- Elected body has to make this finding

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Common Financing Options

- Pay-as-you-go Note
 - Developer funds eligible expenses
 - Authority repays developer with interest over time from available TIF / abatement
 - Minimal risk to authority
- General Obligation Bonds
 - Authority issues bonds to fund eligible expenses
 - Debt service paid with TIF / abatement
 - IF TIF / abatement < debt service, authority is required to cover the gap

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EHLERS

LEADERS IN PUBLIC FINANCE

**Rebecca Kurtz
Ehlers**

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rkurtz@ehlers-inc.com

**Mary Ippel
Briggs & Morgan**

(612) 977-8122
mippel@briggs.com

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