

City of Ramsey
Agenda
Economic Development Authority (EDA)
Thursday, June 13, 2019
7:30 am
Council Chambers, 7550 Sunwood Drive NW

- 1. Call to Order**
- 2. Approve Agenda**
- 3. Approve Minutes**
 1. Approve Meeting Minutes for April 11, 2019 & May 9, 2019
- 4. EDA Business**
 1. 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
 2. Review Real Estate Management Strategy for City Owned Land
- 5. Member/Staff Input**
- 6. Adjournment**

Economic Development Authority (EDA)

3. 1.

Meeting Date: 06/13/2019

Submitted For: Sean Sullivan, Community Development

By: Wendy Schlueter, Community Development

Title:

Approve Meeting Minutes for April 11, 2019 & May 9, 2019

Purpose/Background:

Purpose: The purpose is to approve the meeting minutes for the EDA meeting held the prior months.

Background: The meeting minutes are attached for review and approval.

Notification:

Observations/Alternatives:

Funding Source:

Recommendation:

Approval of April 11, 2019 EDA & May 9, 2019 meeting minutes

Action:

Motion to approve April 11, 2019 & May 9, 2019 EDA meeting minutes

Attachments

[April EDA Minutes](#)

[May EDA Minutes](#)

Form Review

Inbox

Sean Sullivan

Tim Gladhill

Form Started By: Wendy Schlueter

Final Approval Date: 05/22/2019

Reviewed By

Sean Sullivan

Tim Gladhill

Date

05/10/2019 12:08 PM

05/22/2019 05:59 PM

Started On: 05/09/2019 03:21 PM

**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, April 11, 2019, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Chairperson Jim Steffen
 Member Shang Berg
 Member Brian Burandt
 Member Glen Hardin
 Member Dominic Kanaventi
 Member Mark Kuzma
 Member Chris Riley

Members Absent: None

Also Present: Sean Sullivan, Economic Development Manager
 Associate Planner Erik Maass
 CBRE Vice President Brian Pankratz
 City Planner Chloe McGuire Brigl

1. CALL TO ORDER

Chairperson Steffen called the Economic Development Authority meeting to order at 7:32 a.m.

2. APPROVE AGENDA

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

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

3. APPROVE MINUTES

3.01: Approve Meeting Minutes Dated February 14, 2019

Motion by Member Riley, seconded by Member Kuzma, to approve the February 14, 2019, minutes as presented.

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

Chairperson Steffen welcomed the newest member of the EDA, Shang Berg.

Member Berg introduced herself to the group, noting that she has a background in real estate and has lived in Ramsey for seven years.

4. EDA BUSINESS

4.01: Appoint Chairperson and Vice Chairperson

Economic Development Manager Sullivan presented the staff report.

Member Riley nominated Jim Steffen for the position of Chairperson.

Motion by Member Riley, seconded by Member Hardin, to appoint Jim Steffen as Chairperson of the Economic Development Authority through March 31, 2020.

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

Member Hardin nominated Brian Burandt for Vice Chairperson.

Motion by Member Hardin, seconded by Member Kanaventi, to appoint Brian Burandt as Vice Chairperson of the Economic Development Authority through March 31, 2020.

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

4.02: Consider Purchase Agreement for 6590 141st Avenue NW; Case of MDBNK, LLC (All Seasons Garage Door)

Economic Development Manager Sullivan presented the staff report. The property has been vacant and off the tax rolls since 2006. The proposed project would secure a future for an existing and growing Ramsey business. Although the company is unwilling to commit to a future building and timeline to construct it, there is a possibility that it could happen. Construction of the parking lot and connecting sidewalk will improve the conditions of the site. Based on these factors, staff is recommending approval of the Purchase Agreement and to enter into a Right of Re-Entry Agreement with MDBNK, LLC for roughly .95 acres of City owned land located at 6590 141st Avenue NW, subject to City Attorney review and approval.

Mark Northfield, owner of All Seasons Garage Door, stated that they moved the business from Coon Rapids to Ramsey four years ago and love the community and business climate. He noted that the business has grown 40 percent since moving to Ramsey and has been able to increase the number of employees as well. He noted that they are looking for future expansion opportunities while transitioning to their succession planning, where their children will eventually take over the company. He stated that they do need additional parking at this time for employees and will expand that function first. He was unsure of the size and location of the building they would need in the future, or when they would want to build. He asked that requirements not be placed

on the size or timing of that future building. He stated that while they do not have specific expansion plans, they do know it is coming and want to be able to plan ahead.

Member Kuzma congratulated the business for their success and planning for the future. He asked if the business would be responsible for the curb cut.

Mr. Northfield replied that the business would be responsible for that.

Economic Development Manager Sullivan stated that when the parking is expanded, there are requirements within the purchase agreement that requires the current parcel and the additional parcel be combined and it would include a site plan.

Chairperson Steffen asked the likelihood that a future expansion would occur.

Mr. Northfield stated that since moving to Ramsey four years ago, the business has expanded by 40 percent. He stated that the business has a tremendous customer base that continues to be loyal and growing. He stated that the likelihood is very good that they will expand to a new building.

Chairperson Steffen asked how the employees would gain access from a new parking lot.

Mr. Northfield explained how the access would be provided from the new parking lot area which included the construction of a sidewalk from the parking lot to the existing building.

Chairperson Steffen asked if the expansion would be built on the existing fenced outdoor storage area to attach to the existing building in the future.

Mr. Northfield stated that they would be open to different options in the future. He confirmed that the new parking area would only be parking and would not include outside storage.

Chairperson Steffen referenced the right of re-entry relating to the construction of a building, and confirmed that the applicant would like that clause removed. The right of re-entry would remain in force for construction of the parking lot within a year. He asked if there is language that the applicant would be comfortable with that would ensure that a building is constructed one day.

Mr. Northfield replied that he is unsure what the economy would be in the future and he would not want to be forced into a decision that could impact the business.

Chairperson Steffen asked if the applicant would be comfortable with the right of re-entry set at five years and if the building is not constructed, the City could purchase that land back at the same price and lease the parking area to the business.

Mr. Northfield stated that he would like ownership of the land. He stated that the building cost would be \$750,000 to \$1,000,000 and he would not want to put that constraint on his children to have to build within five years. He stated that there are many elements in the air at this time in terms of needs and design and would simply like the ability to purchase the land and the City to have the ability to grow.

RECESS AND RECONVENE

Motion by Member Hardin, seconded by Member Burandt, to recess the meeting into Closed Session at 7:47 a.m.

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

The meeting reconvened to Open Session at 8:08 a.m.

4.02: Consider Purchase Agreement for 6590 141st Avenue NW; Case of MDBNK, LLC (All Seasons Garage Door) (Continued)

Economic Development Manager Sullivan summarized that during the closed session the EDA discussed land negotiation strategy and negotiation parameters.

Chairperson Steffen stated that City staff will continue negotiations with the applicant.

4.03: Review Site Concept and Recommendation for Public Hearing for Delta ModTech

Economic Development Manager Sullivan presented the staff report. He stated that staff recommends that the EDA recommend to the City Council to call for a public hearing for the modification to the Development Program for Development District No. 1 and the proposed establishment of TIF District No. 17: Delta ModTech. The Planning Commission reviewed the project from site plan layout and land use perspective and the consensus was positive, recommending to move forward in the process.

Evan Shiebout, Delta ModTech, stated that they have been an actively growing company and continue to grow. He noted that they currently have three properties in Coon Rapids and would like to consolidate under one roof in Ramsey. He stated that the layout has been designed to support the current needs and would also include future expansion opportunity for manufacturing and office space.

Chairperson Steffen asked if this is the only site being considered.

Mr. Shiebout stated that they looked at many other sites in surrounding communities including Coon Rapids. He confirmed that they have been working with the City for some time and this is the only option they are pursuing at this time and they have put a significant amount of time and planning into this.

Member Kuzma referenced the northern boundary of the property and asked if that would be included in the greenway.

Economic Development Manager Sullivan stated that there is an area along the north lot boundary that is identified in the greenway corridor. He noted that the greenway corridor would be addressed during the site plan process by the Planning Commission.

Chairperson Steffen asked if there is information on a financial ask.

Economic Development Manager Sullivan stated that based it is approximately a \$15,000,000 project and that there was a request for \$1,500,000 in TIF financing in the business assistance application. He noted that analysis would be done to determine the need for assistance, potential TIF, to address the “But For” test and to review the rate of return.

Member Riley stated that this is not City owned land and therefore a different request than the previous and would not require a city purchase agreement.

Economic Development Manager Sullivan confirmed that the action requested today would be to ask the City Council to call for a public hearing to consider creating a TIF district and awarding a business subsidy.

Chairperson Steffen asked for additional information on what Delta ModTech does.

Mr. Shiebout provided additional information on what the business does and how it has evolved.

Motion by Member Burandt, seconded by Member Hardin, to recommend to City Council to call for a public hearing for the modification to the Development Program for Development District No. 1 and the proposed establishment of TIF District No. 17: Delta ModTech.

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

4.04: Consider Purchase Agreement with Knoll Properties, LLC (Portions may be closed to the public)

Economic Development Manager Sullivan presented the staff report. He recommended approval of the Purchase Agreement as presented.

Mr. Dave Knoll provided background information on previous expansions, noting that the 100,000 square foot expansion was expected to last five to seven years but only lasted one year. He stated that they would like to build this new facility across the street from their existing business for efficiency and to provide the business with the space it needs to keep up with the demand of its customers.

Member Riley stated that this is exactly what the City would want to see on this land and it would help an existing Ramsey business expand.

Chairperson Steffen states that there seems to be a trend this morning with existing businesses doing well and wanting more space. He asked if the public works facility would be dependent on these proceeds.

Member Riley stated that the space needed for the public works facility has been determined and therefore this land is available. He stated that although the proceeds could be put towards the public works facility, the facility is not dependent on the sale of this land.

Member Hardin referenced the Purchase Agreement and noted that CBRE is listed on the PA.

Economic Development Manager Sullivan stated that would be amended to remove CBRE. He noted that CBRE lists most other sites in the City but this site was not one of those.

Chairperson Steffen noted that this request does not include a business subsidy request.

Motion by Member Hardin, seconded by Member Kanaventi, to recommend to City Council to approve the Purchase Agreement with Knoll Properties, LLC, contingent upon final review and amendments from the City Attorney.

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

4.05: Review Concept Plan for Zeolite/Bunker Townhomes; Case of Lennar

City Planner McGuire Brigl presented the staff report. The EDA is asked to provide the applicant with high-level feedback on the use and whether or not to move forward with an official application and request for a Purchase Agreement. The Planning Commission was supportive of this development north of Sunwood Drive as presented, but was not supportive of medium density/townhomes south of Sunwood Drive.

Chairperson Steffen asked if the applicant was open to decreasing the size of the project in response to the Planning Commission comments.

City Planner McGuire Brigl confirmed that based on Planning Commission comments, the townhomes south of Sunwood Drive were removed from the revised concept plan by Lennar that was reviewed with staff this week.

Member Riley stated that he was happy to see the change on the plan. He noted that it is rare that residents want to see more residential properties in The COR; they are asking for more restaurants and retail. He agreed that the original concept would not have matched well with the resident desires and City vision for the area but believes that this concept is a better fit.

Member Kuzma stated that this parcel of land seems to be low and at one point there was mention of a fair amount of fill that would be needed.

City Planner McGuire Brigl stated that official numbers have not been discussed but the applicant is aware that fill will be needed.

Chairperson Steffen referenced the Sunwood Drive connection shown and asked if that was always a planned extension.

City Planner McGuire Brigl confirmed that an extension was always planned and noted that when the official application is submitted, they will work with Anoka County to determine proper alignment.

Chairperson Steffen asked if the remnant parcel to the northwest would still support commercial/retail development.

Economic Development Manager Sullivan confirmed that parcel was large enough to support commercial/retail development. He stated that the intent today was to obtain input and identify any potential issues before the applicant continues to move forward. He stated that he would anticipate a purchase agreement coming forward in the future.

4.06: Review Strategy for Listing City-Owned Land for Sale

Economic Development Manager Sullivan presented the staff report. He reviewed the recommendation to continue to list the industrial listings (Sites 28, 37, and 55) and consider adding 6b (water tower #3 remnant site in Elmcrest District – 167th Ave/Highway 47) and 11 (former gas station on Highway 47); to retain CBRE for all other listing types; and on parcels that CBRE is retained, language should be added into the contract that reduces or eliminates commission on prospects that originate with staff.

Member Hardin noted that this topic has been discussed on multiple occasions. He noted that after reviewing the information in the case, over \$200,000 has been paid in commissions to CBRE and those funds could better be spent in the City. He recommended that the City take over marketing of all the remaining lots for sale. He believed it to be a disservice to the taxpayers to pay out fees to CBRE, as many of the land sales are being made to businesses already in the City.

Member Berg asked and obtained background information on the marketing and services that CBRE provides. She asked how the marketing would be done if CBRE is not used, as capturing the right buyers is a large percentage of marketing.

Member Hardin noted that the properties would continue to be listed on MNCAR by utilizing the partnership with Anoka County rather than CBRE.

Member Kuzma stated that while he understands the opinion of bringing the marketing inhouse, that would limit the reach of marketing to the local businesses, whereas CBRE has a national reach. He noted that the housing numbers for Ramsey continue to increase and having CBRE onboard as an agent is a benefit to help the retail area in The COR and he would support retaining their services.

Member Riley agreed that the residents are looking for commercial and retail opportunities and CBRE has exposure in that area for The COR. He stated that there are situations in the past where CBRE has been paid commission for land sales that they were not involved in and believed that this hybrid option presented by staff would be a solution to that problem. He explained that if City staff obtains the lead, a reduced or no commission would be paid to CBRE. He agreed that the expertise of CBRE is needed.

Member Burandt stated that he agrees that the value of taxpayer dollars needs to be realized. He stated that he would support either bringing the sales inhouse or ensuring that CBRE would not be paid for commissions that they did not earn.

Chairperson Steffen stated that he has not heard from staff that they can handle all the listings inhouse. He stated that price is what you pay and value is what you get. He asked if the commission for CBRE is the right number and if the value obtained in return is equal. He explained that the City can put up a sign and list properties on MNCAR but is there value provided by CBRE beyond that. He asked the value and services that would be provided by CBRE moving forward. He also referenced a large case that was closed and asked the value that CBRE brought.

Mr. Pankratz stated that the properties are listed on MNCAR and additional listing opportunities such as Costar-Loopnet and others. He noted that cross selling is also an element. He explained that someone may call on a property in Lakeville and CBRE may provide opportunities that fit those parameters in Ramsey for that client as well. He used the example of Lennar, which the EDA considered on today's agenda, and explained how CBRE was able to bring that client into Ramsey and market that site.

Chairperson Steffen asked, and received confirmation that the commission earned is the same across all parcels. He stated that perhaps there would be an option to have a different commission dependent on valuation of the property.

Mr. Pankratz stated that there are options to have different commission rates.

Member Hardin stated that if the City took over marketing, there is nothing that would preclude CBRE from bringing in a client for property and therefore that option would not be lost. He explained that any broker could bring a client into Ramsey and receive commission.

Economic Development Manager Sullivan stated that staff could complete the listing/marketing efforts, but that would take time to implement and would be an increased load on staff capacity. He noted that signs, maintenance, online listings and brochures would all be required. He was unsure how much time and staff capacity would be needed to implement 100% of the listing/marketing in house. He stated that his recommendation would bring some properties in house for listing/marketing, while still leaving other properties to CBRE. He believed that CBRE has done a great job and noted the City met with a retail developer with interest in a retail site the previous week. He stated that this developer was not a developer that staff had previously identified.

Member Kuzma stated that he feels that if staff were to take on this type of marketing efforts that would place a huge burden on staff, as that would basically add a real estate division. He stated that the City does not want to be developers and wants to sell the property.

Chairperson Steffen asked the reasoning that some industrial properties are City listed.

Economic Development Manager Sullivan provided background information. He stated that there is a difference between industrial properties as compared to commercial/retail in The COR in terms of how it's marketed. He explained that there is much more assistance and marketing required for commercial and retail buyers. He noted that Mr. Pankratz has been telling the City's story for many years and is good at it.

Mr. Pankratz provided additional background on the three industrial parcels.

Member Riley stated that staff has indicated their comfort level in representing the industrial sites.

Chairperson Steffen stated that five years ago the City went through an RFP process and CBRE was chosen. He asked at what point the City would want to revisit that to ensure that it is obtaining the right services, pricing and value. He stated that he would hope that if that route is chosen, CBRE would end up as the top option again.

Member Kuzma stated that he was a member of the City Council when the RFP process was originally done for the City real estate listings. He stated that the City is on the cusp of being able to recognize the great work that has been done by CBRE. He would like to keep that relationship going and let CBRE continue to capitalize on the heavy lifting that has been done to get the City to this point.

Economic Development Manager Sullivan stated that he does not feel there is enough time to complete an RFP process between now and the time the contract expires on July 31, 2019 and does not recommend going out for one now. He noted that if that route is chosen, perhaps it could be done in one year. He stated that the five percent commission is a reasonable rate and comparable to market rate.

Member Berg confirmed that five percent is actually pretty low.

Chairperson Steffen asked for the terms of expiration.

Mr. Pankratz stated that the current contract expires on July 31, 2019 and could be renewed for six months or a shorter term if desired. He explained that a 30 day out clause could be added.

Chairperson Steffen suggested that a group meet with staff to develop criteria to determine what could be marketed by staff and what could be marketed by CBRE.

Member Riley stated that it appears Staff has included this approach in its recommendation of, as staff has thought about what they could represent and what CBRE should represent.

Mr. Pankratz used the example of the water tower site and provided background information on the thought process and discussion that occurred to determine the appropriate listing. He noted that he has discussed those listings with staff.

Chairperson Steffen stated that only two additional properties are proposed to be listed with the City rather than CBRE.

Economic Development Manager Sullivan stated that some parcels within The COR have multiple PID's and therefore count as multiple listings but in essence are only one site. He noted that additional properties in The COR could be pulled out for specific areas, such as housing, retail or office uses if desired.

Member Berg stated that selling real estate involves relationships and she was unsure that Anoka County staff or City staff would have that knowledge or time. She stated that commercial development is very complex as you have to bring the buyer in and explain the process.

Economic Development Manager Sullivan added that currently Anoka County has one staff person for the all the economic development activities for the county. He stated that Jacquell Hajder, ACRED, does a great job for the county and he works well with her. He stated that currently the City has Mr. Pankratz and his network, along with Anoka County which casts a broader marketing net.

Chairperson Steffen asked if there has been feedback on the additional contract language regarding commission.

Economic Development Manager Sullivan asked for feedback on the language.

Mr. Pankratz stated that he has had discussions with staff on this language. He stated that there is a way to create the language that would eliminate the grey area and to reduce commission when warranted. He noted that often he is working with a client that he refers to talk to staff about specific site needs. He agreed that there is an option to develop the language.

Economic Development Manager Sullivan summarized the comments he heard from the EDA today to possibly eliminate additional parcels from the CBRE listing and to work with Mr. Pankratz on developing language that regarding the reduction of commission for non-CBRE leads on CBRE listed property. He stated that he would want the proposed contract recommendation to be made by the EDA, however the ultimate decision would be made by the City Council. He stated that he will work on draft contract language and bring forward a proposal to the EDA that could address the issues discussed today. He noted that if additional amendments are needed, that could happen between now and July.

4.07: Receive Update and Feedback on City Marketing Materials

Economic Development Manager Sullivan presented the staff report. He welcomed input related to the updated marketing materials.

Chairperson Steffen asked how and when the materials would be used.

Economic Development Manager Sullivan stated that the material would be shared through different methods, depending on the audience and situation. He noted that the presentation materials could be tailored to a specific prospect. The information could be in print, electronic, online or on a laptop. He emphasized the flexibility and the ability to update as needed.

Member Kuzma stated that it seems that some of the information in the marketing materials was developed for a previous proposal to Amazon. He indicated that the City Amazon proposal was well done.

Economic Development Manager Sullivan stated that he was not a part of that Amazon proposal submittal.

Member Kanaventi stated that this material is very clear and possesses the necessary information for an audience reading it.

Member Hardin suggested updating some of the photos used specifically referencing the cover photo in the background.

Economic Development Manager Sullivan noted that is exactly the type of input he is looking for. He welcomed all members of the EDA sending additional input via email. He stated that the audience for the marketing material would be to bring in retail, industrial, and housing developers. He continued to review the revisions for the map, noting that the wall map would replace the dated map in The COR room at City Hall.

Member Riley stated that perhaps certain areas should be highlighted and identified as proposed industrial or proposed residential, identifying users or development sizes.

Chairperson Steffen referenced areas on the south side of Highway 10 and suggested that those areas be identified and highlighted as well.

Economic Development Manager Sullivan zoomed into the map and noted that the traffic counts would be updated as information becomes available.

Member Burandt asked if showing the potential bridge crossing to Dayton would be beneficial for marketing.

Economic Development Manager Sullivan stated that it was a good idea and that he would look into that. He wanted to be sure that City Council is comfortable showing that alignment as there is still discussion with the property owners.

Member Kanaventi suggested highlighting and labeling the Connexus solar array as well.

5. MEMBER / STAFF UPDATE

Economic Development Manager Sullivan reported that the Business Expo was held the previous weekend noting that at least 600 people were in attendance with over 60 exhibitors. He noted that 400 City of Ramsey bags were distributed and there has been very positive feedback on the event and the new venue. He confirmed that staff intends to book the same venue for the next year. He reported that in May he will be attending the ICSC conference in Las Vegas. This conference is the largest retail conference in the nation. He noted that CBRE staff and Mr. Rob Hardy will also be at the event and together with the City they could show a united front to potential retailers. He stated that he has been working with Mr. Hardy to book specific meetings with retailers at the event.

6. ADJOURNMENT

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

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

The regular meeting of the Economic Development Authority adjourned at 9:55 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.

**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, May 9, 2019, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Acting Chairperson Chris Riley
 Member Shang Berg
 Member Glen Hardin
 Member Mark Kuzma

Members Absent: Chairperson Jim Steffen
 Member Brian Burandt
 Member Dominic Kanaventi

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

1. CALL TO ORDER

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

2. APPROVE AGENDA

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

Further discussion: Member Hardin suggested tabling Item 3.02 (Review Real Estate Management Strategy for City Owned Land) from the discussion until the full Board is present. Economic Development Manager Sullivan stated that moving the item to the June meeting would still allow negotiations but would diminish the negotiation window. Acting Chairperson Riley agreed there should be full membership present for the discussion.

Member Kuzma withdrew his motion.

Motion by Member Hardin, seconded by Member Kuzma, to approve the agenda as amended, tabling item 3.02.

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

3. EDA BUSINESS

3.01: Consider Second Amendment to Purchase Agreement for Greenway Terrace 2; Case of AEON Ramsey 2 LLC (Portions may be closed to the public)

Economic Development Manager Sullivan presented the staff report.

Economic Development Manager Sullivan highlighted the fact that AEON is applying for Minnesota Housing Funds and that their application requires the property to be under contract through the November 21, 2019 award date. He also stated that this property has been under contract since 2017 and that the EDA should consider re-opening all terms of the negotiations, including the sales price, if the proposed extension to January 13, 2020 is asked to be extended again.

Member Kuzma asked and received confirmation that there would be a payment of \$10,000 from the applicant for the extension.

Economic Development Manager Sullivan confirmed that the applicant has already paid \$10,000 on two occasions and this extension would equate to another payment of \$10,000 that would be non-refundable.

Motion by Member Hardin, seconded by Member Kuzma, to recommend to City Council to approve the Second Amendment with AEON Ramsey 2, LLC to extend the closing date until January 13, 2020, including an additional \$10,000 in non-refundable earnest money. All other items, including the purchase price are to remain the same.

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

~~3.02: Review Real Estate Management Strategy for City Owned Land~~

3.03: Receive 2019 Business Expo Summary

Economic Development Manager Sullivan presented the staff report.

Member Kuzma commented that better signage could have assisted with parking and entrance into the event.

Economic Development Manager Sullivan asked if a banner or signage on the north entrance of the building would be the type of signage member Kuzma was referring to.

Member Kuzma indicated this was the type of signage he thought would be effective.

Member Hardin stated that the venue was very nice and had a lot of space. He stated that he would like to see a presence from the police and fire departments in addition to the City booth.

Acting Chairperson Riley agreed that it was a good venue and he liked the layout. He stated that it was a good way to build on what has been done in the past.

It was the consensus of the EDA to select Adrenaline Sports Center as the home of the 2020 Business Expo and to reserve the venue for April 4, 2020.

3.04: Discuss 2019 Business Appreciation Day Event

Economic Development Manager Sullivan presented the staff report.

Acting Chairperson Riley noted that the details have been discussed little by little and this sounds good as proposed.

Member Kuzma agreed that the previous start time was early and preferred the later start time.

Member Hardin stated that he liked the 10:00 a.m. start as it allowed people to get home around the same time as the workday.

Acting Chairperson Riley stated that he heard a 50/50 mix from the business owners. He stated that the 11:00 a.m. start would hit the middle of that as a compromise. He suggested that they try the 11:00 a.m. start this year.

Member Hardin stated that he would support the 11:00 a.m. start time this year. He asked the actual out of pocket net for the event.

Economic Development Manager Sullivan stated that the EDA contributes \$4,000 to the event and the event usually ends up with a balance of about \$600.00. Based on this information the net out of pocket for the EDA has been about \$3,400.

Motion by Member Kuzma, seconded by Member Hardin, to allocate the EDA budget of \$4,000 for the event and authorize staff to move forward with the event planning and coordination of the 2019 Business Appreciation Day event on Tuesday, August 20, 2019 to be held at the Links at Northfork and catered by Wells Catering with a start time of 11:00 a.m.

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

3.05: Select 2019 Business of the Year

Economic Development Manager Sullivan presented the staff report. He referenced the answers to the questions by each nominee and highlighted some accomplishments from Panther Precision machine and Anderson Dahlen.

Member Hardin stated that his list included Anderson Dahlen, Panther Precision, and Dynamic Group in that order.

Member Kuzma agreed that Anderson Dahlen would be a great choice with their expansion.

Member Berg agreed with Anderson Dahlen.

Acting Chairperson Riley stated that he likes that the City has such great companies and gets to have this discussion each year. He stated that he likes the idea of recognizing businesses in the community.

Motion by Member Hardin, seconded by Member Kuzma, to select Anderson Dahlen as the 2019 Ramsey EDA Business of the Year.

Further discussion: Member Hardin asked if there could be a runner up, recognizing other businesses as well. Economic Development Manager Sullivan stated that this discussion makes that point. He suggested staying away from awarding a runner up, noting that this discussion creates the short list for the next year.

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

Economic Development Manager Sullivan asked if any businesses should be moved to the short list.

Member Hardin suggested moving Molin Concrete to the short list and also asked about the status of Armstrong Kennels and Diamond Graphics.

Acting Chairperson Riley stated that he would be open to suggestion from staff as well.

Economic Development Manager Sullivan agreed with the recommendation of moving Molin Concrete to the short list.

4. MEMBER / STAFF UPDATE

Economic Development Manager Sullivan indicated that site plans have been submitted for Delta ModTech and Anderson Dahlen and provided an update.

Community Development Director Gladhill provided an update on current planning cases and projects moving forward.

Member Hardin asked if there are MPCA funds available for the site cleanup at Riverwalk.

Community Development Director Gladhill noted that the two most common source of funds for this type of activity would come from DEED or the Metropolitan Council, noting that both funds have been applied for.

Economic Development Manager Sullivan stated that the Purchase Agreements were executed on the PSD retail Parcel 45 and City storm water infiltration basin site.

City Administrator Ulrich provided an update on the recent City visit to Washington D.C., noting that members of staff, the City Council and Mr. Tinklenberg attended the visit. He stated that Councilmember Shryock resigned from the Council, effective at the end of April and advised that a special election will occur in conjunction with the regular November election. He stated that the Council did adopt a remote attendance policy for Council and Commission members, noting that additional details will be available once the equipment is installed.

Acting Chairperson Riley stated that he recently read an article stating that the Anoka Highway 10 project is fully funded, which puts Ramsey in the hopper.

5. ADJOURNMENT

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

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

The regular meeting of the Economic Development Authority adjourned at 8:11 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.

Economic Development Authority (EDA)

4. 1.

Meeting Date: 06/13/2019

By: Sean Sullivan, Community
Development

Title:

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

Purpose/Background:

PURPOSE

The purpose of this case is to consider multiple actions related to the SLP EX, LLC and AMP EX, LLC (DeltaModTech) project proposal, herein referred to as the Developer.

Please note that this case does not award financial assistance as the City Council has that authority. This case is simply to formulate a recommendation to the City Council for action relating to the approval of a business subsidy in the form of Tax Increment Financing (TIF).

STEP 1 (this case): Review project benefits and underwriting of project pro-forma by Ehlers (a third party source) and determine if the business subsidy amount is appropriate. This process will evaluate the "But For Test" and the return on investment by the Developer to determine if providing assistance is necessary and appropriate. Additionally, this review process will evaluate the Developer's return on investment and ensure it is within industry standards (not unduly enriching the developer). The City will also evaluate the City's return on public investment in regards to increased jobs, increased tax base and other positive community impacts. The EDA should adopt a motion for recommendation to the City Council on the level of the Business Subsidy to be provided based on analysis of information provided.

STEP 2 (this case): Consider Recommendation to City Council for to approve the creation of TIF District #17. Approval would include:

- Approving the Modification to the Development Program for Development District No. 1
- Establishing Tax Increment Financing District No. 17: Delta Mod Tech within Development District No. 1
- Approving the Tax Increment Financing Plan. The TIF plan outlines the, boundary of the district, TIF eligible expenses/costs and tax impacts (tax base and taxing jurisdictions). The TIF Plan outlines how the project follows statutory requirements for creation of the TIF District.

STEP 3 (this case): Consider recommendation that the City Council approve a Tax Increment Financing (TIF) Agreement. This would be the formal award of a business subsidy of \$972,000. The award would require the creation of 15 new jobs with minimum wages of \$22 per hour. The TIF Agreement includes the proposed business subsidy, statutory requirements and a Tax Increment Financing Note.

STEP 4 (future City Council Case - June 25, 2019): Council Approval. The City Council is tentatively scheduled to consider approval of this business subsidy on June 25, 2019, based on EDA recommendations.

BACKGROUND (project)

The project consists of:

(A) the purchase of 43 acres of land from Hageman Holdings for the Delta Mod Tech site/expansion and further development of Bunker Lake Business Park. The estimated total cost for this step is \$3.6M

(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 Mod Tech. 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 Mod Tech project (A and B). Specifically, the Developer originally requested \$1,500,000 in Tax Increment Financing/Assistance to assist with eligible project costs. 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 Mod Tech. 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. 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 assistance.

The Developer has completed and submitted a business subsidy application to staff, including a \$10,000 non-refundable fee to establish an 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 Dollars 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:

Notification is not required for EDA review. A Public Hearing has been scheduled for the June 25, 2019 City Council, and the proper Notice of Public Hearing was published in the City's Official Newsletter, the Anoka County UnionHerald.

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 DeltaModTech 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. DeltaModTech is a growing company that will be providing employment opportunities for Ramsey Residents.
- Payment 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 Dollar project investment.
- \$375,000 in annual property taxes 1.5 years after project is completed. The newly created local tax revenue will be captured by the TIF District 17 for 9 years. 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. Meaning, 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 PayGo 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 to 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 of 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 Ehler's 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:

Funding for the assistance would come from the establishment of a new Economic Development TIF District (TIF District #17). The Developer is responsible for the cost of application review through the establishment of Escrow of \$10,000.

Recommendation:

Staff recommends the following:

Adoption of a resolution approving the modification to the Development Program for Development District No. 1, Establishing Tax Increment Financing District No. 17, and approving the the Tax Increment Financing Plan, subject to City Attorney review.

and

Adoption of 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 \$22.00 per hour, subject to City Attorney review.

Action:

Motion to Recommend to the City Council:

Adoption of a resolution approving the modification to the Development Program for Development District No. 1, Establishing Tax Increment Financing District No. 17, and approving the the Tax Increment Financing Plan, subject to City Attorney review.

and

Adoption of 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 \$22.00 per hour,

subject to City Attorney review.

Attachments

Public Hearing Notice

AMP SLP Biz Subsidy Application SCORED

Site Plan and Elevations

Ehlers Analysis Memo

TIF Run Estimate

TIF / Business Subsidy Agreement

Draft Resolution for TIF Agreement

TIF 17 Plan

Draft Resoution for Modificaton of Dev Program and Establishment of TIF District 17

TIF Background

TIF Basics

Proposed Schedule

Form Review

Inbox

Sean Sullivan (Originator)
Tim Gladhill
Form Started By: Sean Sullivan
Final Approval Date: 06/07/2019

Reviewed By

Sean Sullivan
Tim Gladhill

Date

06/06/2019 05:02 PM
06/07/2019 08:44 AM
Started On: 06/04/2019 09:43 AM



Ad Proof
Enlarged

-Public Notice Ad Proof-

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Customer: CITY RAMSEY ~

Address: 7550 SUNWOOD DRIVE
RAMSEY

Telephone: (763) 427-1410
Fax: 42553

Publications:

Anoka County Union Herald

Ad ID: 945163

Copy Line: Modification to Development Dis

PO Number: Sean Sullivan

Start: 06/07/19

Stop: 06/07/2019

Total Cost: \$145.13

of Lines: 60

Total Depth: 6.75

of Inserts: 1

Ad Class: 150

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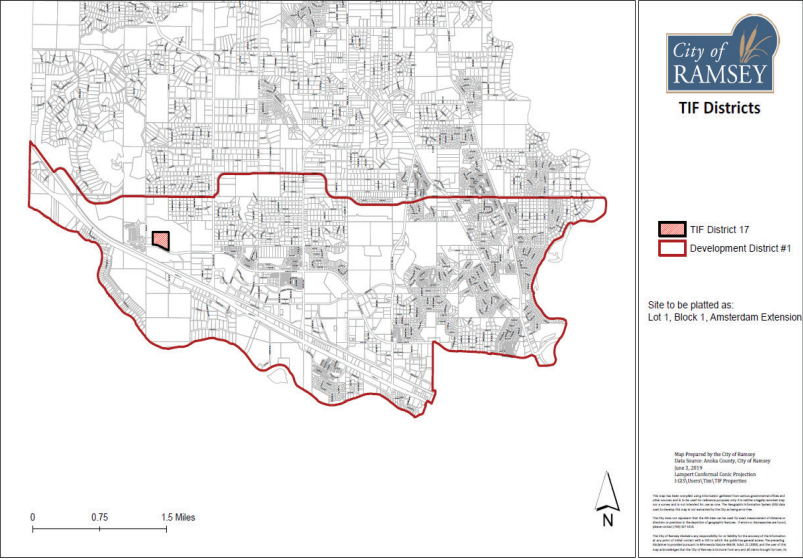
Rep No: CA700

**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

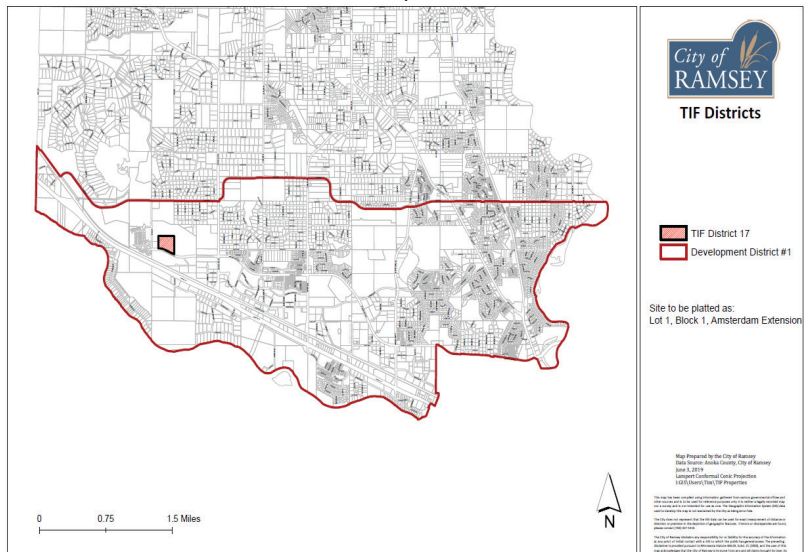
\$145.13

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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

The Economic Development Authority and City of Ramsey, Minnesota

**Business Subsidy Policy
Tax Abatement Policy
Tax Increment Policy**

Dated January 13, 2009

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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.

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: \$ _____

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>

APPENDIX I
Business Subsidy Statute 2008

APPENDIX II
Sample Business Subsidy Agreement

APPENDIX III
Business Subsidy Reporting Form

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.

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



PERSPECTIVE

A1

DELTA MOD TECH

RAMSEY, MINNESOTA
05-14-2019

Kinghorn
COMPANY
GENERAL CONTRACTORS

HTG
architects

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.



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:	0.00%	
Interest Rate:	4.50%	
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 tax)	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	4,139,700	0	4,139,700	18.6%	769,984	2020	C/I Pref.	14,650	C/I Pref.	14,650	1
				4,139,700	0	4,139,700		769,984			14,650		14,650	

Note:

1. Base values are for pay 2020 based upon review of County website on 5-7-19. Base parcel is 86.42 acres according to county website; 16.03 acres, or 18.6%, needed for the project.
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	11,100,000	C/I	222,000	1	50%	100%	100%	100%	2022
TOTAL					11,100,000		222,000						
Subtotal Residential				0	0		0						
Subtotal Commercial/Ind.				185,000	11,100,000		222,000						

Note:
 1. Market values are based upon estimates from the County Assessor on 5-7-19.

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	222,000	79,451	142,549	137,149	114,403	93,315	28,891	373,759	2.02
TOTAL	222,000	79,451	142,549	137,149	114,403	93,315	28,891	373,759	

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	373,759
less State-wide Taxes	(93,315)
less Fiscal Disp. Adj.	(114,403)
less Market Value Taxes	(28,891)
less Base Value Taxes	(9,050)
Annual Gross TIF	128,099



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

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%	111,000	(14,650)	(34,483)	61,868	96.212%	59,524	29,762	(107)	(2,965)	26,689	25,528	0.5	2021	02/01/21
100%	222,000	(14,650)	(74,208)	133,142	96.212%	128,099	29,762	(107)	(2,965)	26,689	50,494	1	2021	02/01/22
100%	222,000	(14,650)	(74,208)	133,142	96.212%	128,099	64,049	(231)	(6,382)	57,437	103,040	1.5	2022	08/01/22
100%	222,000	(14,650)	(74,208)	133,142	96.212%	128,099	64,049	(231)	(6,382)	57,437	154,429	2	2022	02/01/23
100%	222,000	(14,650)	(74,208)	133,142	96.212%	128,099	64,049	(231)	(6,382)	57,437	204,688	2.5	2023	08/01/23
100%	222,000	(14,650)	(74,208)	133,142	96.212%	128,099	64,049	(231)	(6,382)	57,437	253,840	3	2023	02/01/24
100%	222,000	(14,650)	(74,208)	133,142	96.212%	128,099	64,049	(231)	(6,382)	57,437	301,912	3.5	2024	08/01/24
100%	222,000	(14,650)	(74,208)	133,142	96.212%	128,099	64,049	(231)	(6,382)	57,437	348,925	4	2024	02/01/25
100%	222,000	(14,650)	(74,208)	133,142	96.212%	128,099	64,049	(231)	(6,382)	57,437	394,904	4.5	2025	08/01/25
100%	222,000	(14,650)	(74,208)	133,142	96.212%	128,099	64,049	(231)	(6,382)	57,437	439,871	5	2025	02/01/26
100%	222,000	(14,650)	(74,208)	133,142	96.212%	128,099	64,049	(231)	(6,382)	57,437	483,848	5.5	2026	08/01/26
100%	222,000	(14,650)	(74,208)	133,142	96.212%	128,099	64,049	(231)	(6,382)	57,437	526,858	6	2026	02/01/27
100%	222,000	(14,650)	(74,208)	133,142	96.212%	128,099	64,049	(231)	(6,382)	57,437	568,922	6.5	2027	08/01/27
100%	222,000	(14,650)	(74,208)	133,142	96.212%	128,099	64,049	(231)	(6,382)	57,437	610,059	7	2027	02/01/28
100%	222,000	(14,650)	(74,208)	133,142	96.212%	128,099	64,049	(231)	(6,382)	57,437	650,292	7.5	2028	08/01/28
100%	222,000	(14,650)	(74,208)	133,142	96.212%	128,099	64,049	(231)	(6,382)	57,437	689,639	8	2028	02/01/29
100%	222,000	(14,650)	(74,208)	133,142	96.212%	128,099	64,049	(231)	(6,382)	57,437	728,121	8.5	2029	08/01/29
							64,049	(231)	(6,382)	57,437	765,755	9	2029	02/01/30
Total							1,084,314	(3,904)	(108,041)	972,369				
Present Value From 08/01/2020 Present Value Rate 4.50%							853,913	(3,074)	(85,084)	765,755				

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.

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.

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.

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.

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.

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

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 _____

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 _____

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 _____

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

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).

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

EXTRACT OF MINUTES OF MEETING
OF THE CITY COUNCIL OF THE
CITY OF RAMSEY, MINNESOTA

HELD: June 25, 2019

Pursuant to due call and notice thereof, a meeting of the City Council of the City of Ramsey, Anoka County, Minnesota, was duly called and held at the Ramsey Municipal Center on June 25, 2019, at 7:00 P.M.

The following members were present:

and the following were absent:

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. ____

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

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:

Adopted this 25th day of June, 2019.

Mayor

Attest: _____
City Administrator

STATE OF MINNESOTA
COUNTY OF ANOKA
CITY OF RAMSEY

I, the undersigned, being the duly qualified and acting Administrator of the City of Ramsey, Minnesota, DO HEREBY CERTIFY that I have carefully compared the attached and foregoing extract of minutes with the original minutes of a meeting of the City Council of the City held on the date therein indicated, which are on file and of record in my office, and the same is a full, true and complete transcript therefrom insofar as the same relates to a Resolution Authorizing Execution of a Tax Increment Financing (TIF) Agreement.

WITNESS my hand as such Administrator of the City Council of the City of Ramsey, Minnesota this 25th day of June, 2019.

City Administrator

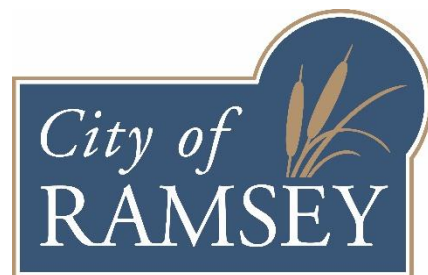


MODIFICATION TO THE DEVELOPMENT PROGRAM
Development District No. 1

- 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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**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.

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>	<u>8,360</u>
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.

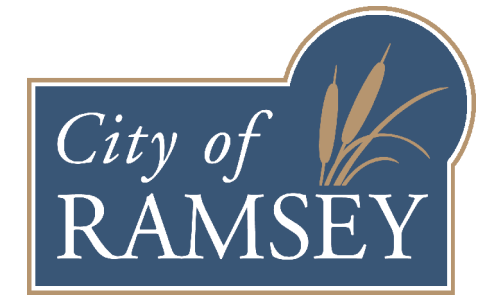
Subsection 2-14. Administration of the District

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



TIF Districts

-  TIF District 17
-  Development District #1

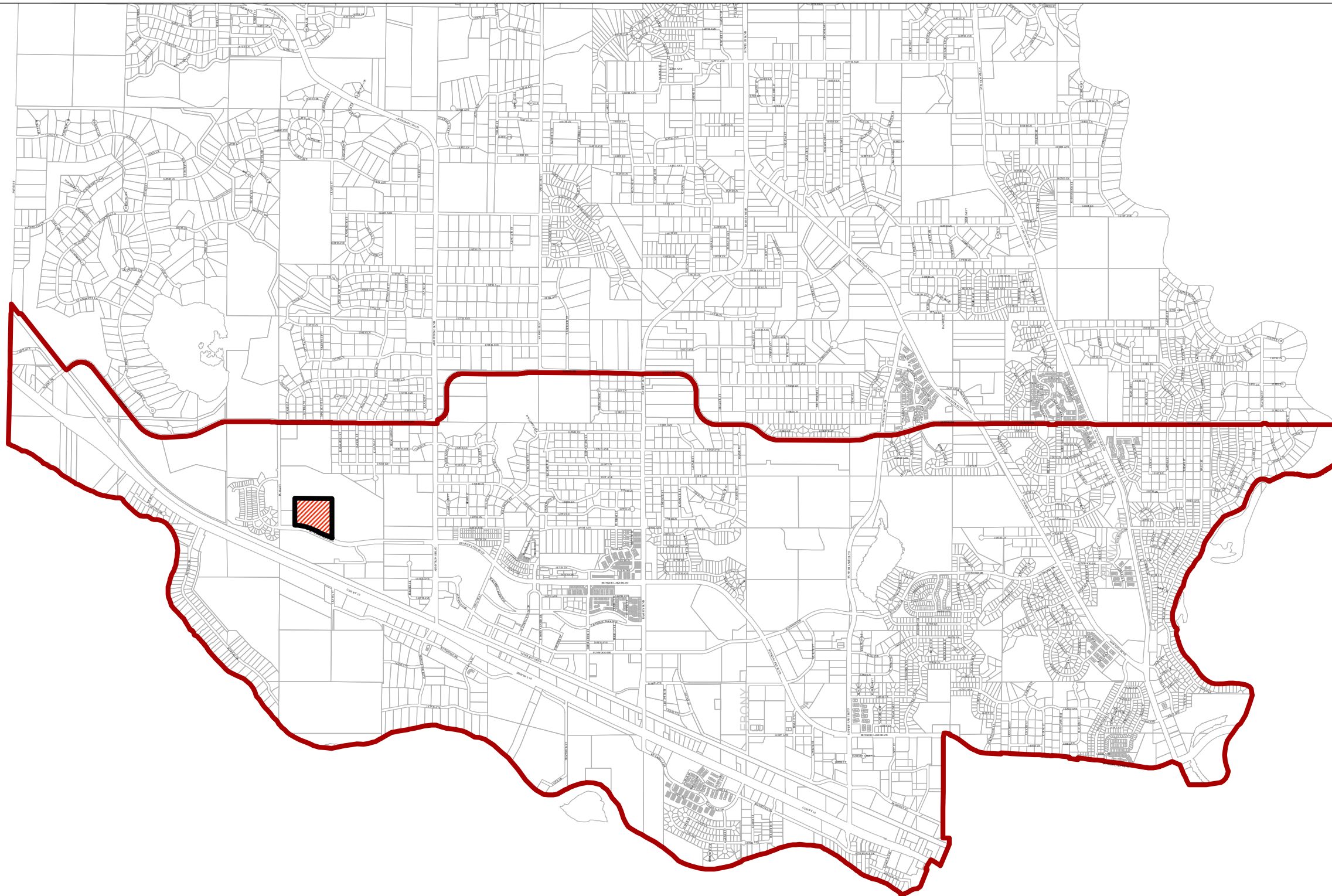
Site to be platted as:
Lot 1, Block 1, Amsterdam Extension

Map Prepared by the City of Ramsey
Data Source: Anoka County, City of Ramsey
June 3, 2019
Lampert Conformal Conic Projection
I:\GIS\Users\Tim\TIF Properties

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.

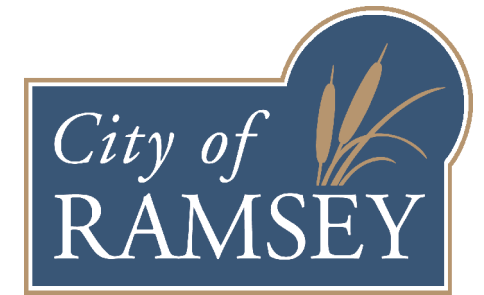
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0 0.75 1.5 Miles





TIF Districts



TIF District 17

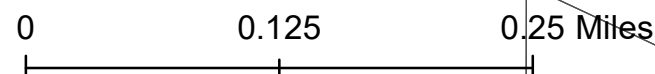
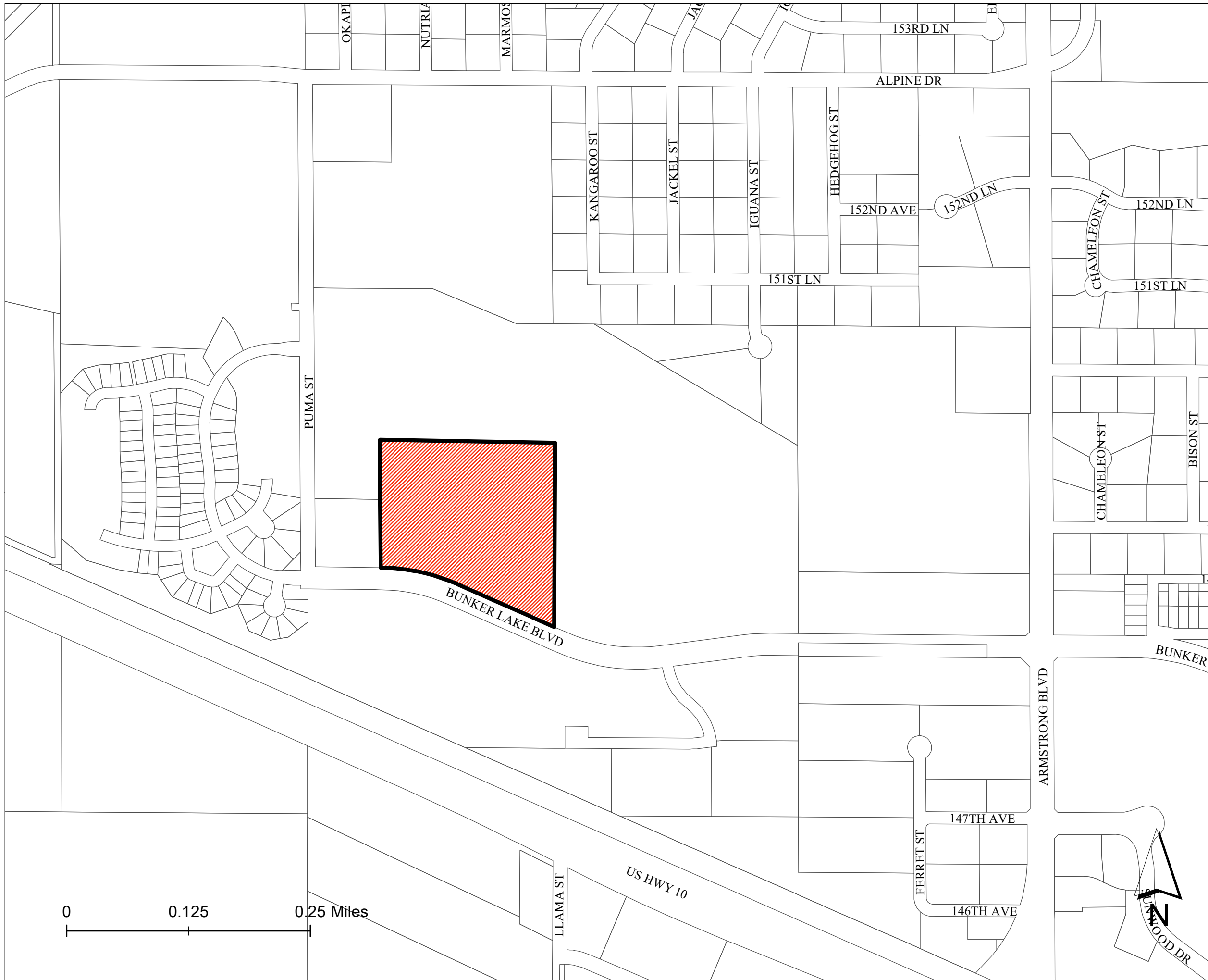
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Appendix B

Estimated Cash Flow for the District



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**

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	02/01/22
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.

EXTRACT OF MINUTES OF A MEETING OF THE
CITY COUNCIL OF THE CITY
OF RAMSEY, MINNESOTA

HELD: JUNE 25, 2019

Pursuant to due call and notice thereof, a regular or special meeting of the City Council of the City of Ramsey, Anoka County, Minnesota, was duly called and held at the City Hall, in said City on June 25, 2019, at 7:00 P.M.

The following members of the Council were present:

and the following were absent:

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. _____

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:

Adopted this 25th day of June, 2019.

Mayor

Attest: _____
City Administrator

STATE OF MINNESOTA
ANOKA COUNTY
CITY OF RAMSEY

I, the undersigned, being the duly qualified and acting City Administrator of the City of Ramsey, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council of said City, duly called and held on the date therein indicated, insofar as such minutes relate to the establishment of the Tax Increment Financing District No. 17: Delta ModTech in the City.

WITNESS my hand as such City Administrator of the City Council of the City of Ramsey, Minnesota this 25th day of June, 2019.

City Administrator



HANDBOOK FOR MINNESOTA CITIES

**Chapter 15
Community Development and
Redevelopment**

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This material is provided as general information and is not a substitute for legal advice. Consult your attorney for advice concerning specific situations.

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HANDBOOK FOR MINNESOTA CITIES

Chapter 15 Community Development and Redevelopment

Learn about the requirements for a city to establish criteria for awarding business subsidies and various development agencies cities may create. Find an overview of state and federally sponsored programs for encouraging development and redevelopment. Most economic development tools can be applied to any size city. These tools are interrelated, and a city may use several for one project.

RELEVANT LINKS:

[Minn. Stat. §§ 116J.993 to 116J.995.](#)
[Minn. Stat. § 116J.993, subd. 3.](#)

[Minn. Stat. § 116J.994, subds. 5, 11.](#)
[Minnesota Department of Employment and Economic Development \(DEED\).](#)

[Minn. Stat. § 116J.994, subd. 3.](#)

I. Business subsidies or financial assistance

A. Business subsidies

State law defines “business subsidy” or “subsidy.” It is a state or local government agency grant, contribution of personal property, real property, infrastructure, or the principal amount of a loan at rates below those commercially available to the recipient. In addition, a business subsidy is any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business in an amount greater than \$150,000.

Prior to awarding a business subsidy of more than \$150,000 (and as defined by law) to any business, a city and any Housing and Redevelopment Authority (HRA), Economic Development Authority (EDA), port authority, and nonprofit created by a local government must hold a public hearing and adopt criteria for awarding business subsidies. The public hearing notice must include a statement that either a resident or a city property owner may file a written complaint with the city if the city does not follow the business subsidy law. Written complaints must be filed within specified timelines. The criteria must include a policy regarding the wages to be paid for any jobs created. Copies of the criteria adopted by cities are found on the Minnesota Department of Employment and Economic Development (DEED) web site.

Once the criteria are established, the grantor and the recipient must enter into subsidy agreements that meet the statutory requirements. The agreement must include an obligation to repay part or the entire subsidy if the recipient does not meet its obligations.

This material is provided as general information and is not a substitute for legal advice. Consult your attorney for advice concerning specific situations.

RELEVANT LINKS:

[Minn. Stat. § 116J.993, subd. 3.](#)
[Minn. Stat. § 469.185.](#)

[Minn. Stat. § 116J.994, subd. 11.](#)

[Minn. Stat. § 116J.993, subd. 3.](#)

[Minn. Stat. § 116J.994, subds. 4, 7, 8.](#)

[Minn. Stat. § 116J.994, subd. 2.](#)
[Minn. Stat. § 116J.994, subd. 8.](#)

Types of assistance meeting the definition of a business subsidy include: grants; contributions of real or personal property or infrastructure; the principal amount of a loan at rates below those commercially available to the recipient; any reduction or deferral of any tax or any fee; any guarantee of any payment under any loan, lease or other obligation; or any preferential use of government facilities given to a business.

The law imposes a 180-day statute of limitations on actions to challenge a city after approval of a business subsidy agreement. Citizens or owners of taxable property in a city may bring a civil action against the city for failure to comply with the business subsidy laws. Cities should therefore consult closely with the city attorney before awarding a business subsidy.

There are several exceptions to this definition, including a subsidy of less than \$150,000; subsidies for redevelopment, pollution control and land clean up, housing, industrial revenue bonds, utility property tax abatements and other similar programs.

Recipients must provide grantors with information on their progress toward the goals outlined in the agreement. The goals for increasing jobs or retaining jobs must result in local job creation and job retention. Grantors must submit the annual Minnesota Business Assistance Form (MBAF) to the Department of Employment and Economic Development (DEED) by April 1 each year for each business subsidy agreement. Local government agencies in cities with a population of 2,500 or more must submit an MBAF, regardless of whether they have awarded business subsidies. Local government agencies in cities with a population of 2,500 or less are exempt from filing the MBAF if they have not awarded a subsidy in the past five years.

B. Financial assistance

Cities may offer “financial assistance” in the form of a business loan of more than \$25,000 or a guarantee of \$75,000 or more, but less than \$150,000 required to constitute a business subsidy. If a city offers such financial assistance it must develop criteria and set minimum wage floor levels as prescribed in business subsidy law. Cities granting such financial assistance must submit business assistance reports to the Department of Employment and Economic Development (DEED) within one year of granting the assistance.

RELEVANT LINKS:

[Minn. Stat. § 469.041.](#)

[Minn. Stat. § 469.192.](#)

[Judd Supply Co. v. Merchants & Mfgs. Ins. Co., 448 N.W.2d 895 \(Minn. Ct. App. 1989\).](#)

[Minn. Stat. §§ 469.001 to 469.047.](#)
[Minn. Stat. § 469.003.](#)

[Minn. Stat. § 469.003, subd. 1.](#)

II. City development tools

A. General city development powers

Cities have authority to aid and cooperate in the planning, construction, or operation of economic development, and housing and redevelopment projects. The following is a partial list of actions cities may take, with or without compensation:

- Dedicate, sell, convey, or lease any of its interests in any property or grant easements, licenses, or any other rights or privileges to an HRA.
- Furnish parks, playgrounds, recreational, community education, water, sewer, and drainage facilities or other works adjacent to or in connection with housing and redevelopment projects.

A statutory city, home rule charter city, economic development authority, housing and redevelopment authority, or port authority may make a loan to a business, a for-profit or nonprofit organization, or an individual for any purpose the entity is otherwise authorized to carry out under any of the laws cited.

Private development projects that receive public financial or other assistance will not necessarily become public projects that trigger competitive bidding or other state laws applicable to public works.

B. Housing and redevelopment authorities

The predominant method of delivering and administering housing and redevelopment programs in Minnesota is through a legal public agency, accountable to city government. A city may establish this public agency, which is often the HRA. There are more than 230 HRAs in Minnesota.

1. Elements of an HRA

An HRA is a public corporation with power to undertake certain types of housing and redevelopment or renewal activities. While state legislation conveys authority for housing and redevelopment in each city, it is up to the city council to formally establish an HRA before it can do business and use its powers. Once a council legally establishes an HRA, it may undertake certain types of planning and community development activities on its own with council approval.

To create a housing and redevelopment authority, the city council must, by resolution, make the following findings required by law:

RELEVANT LINKS:

[Minn. Stat. § 469.003, subds. 2, 4.](#)

[Minn. Stat. § 469.004, subds. 1, 2.](#)

[Minn. Stat. § 469.004, subd. 5.](#)

[Minn. Stat. § 469.003, subds. 5, 6.](#)

[24 C.F.R. 964.415.](#)

[Minn. Stat. § 469.003, subd. 7.](#)

[Minn. Stat. § 469.011, subd. 2.](#) [Minn. Stat. § 469.011, subd. 4.](#)

- Substandard, slum or blighted areas that cannot be redeveloped without governmental assistance; or
- A shortage of affordable, decent, safe, and sanitary dwelling accommodations available to low-income individuals and families.

The council must pass this resolution after a public hearing. A copy of this resolution must go to the commissioner of DEED.

2. Area of operation for an HRA

The area of operation of a city HRA is the corporate limits of the city. County and multi-county HRAs operate in areas that include all the political subdivisions within the county or counties, except they may not undertake any project within the boundaries of a city that has not adopted a resolution authorizing the county or multi-county HRA to exercise powers within that city.

Establishment of a county or multi-county HRA precludes the formation of city HRAs, unless the county or multi-county HRA and the commissioner of DEED agree to let the city form one.

3. HRA membership

An HRA consists of up to seven commissioners who are residents of the city. The mayor appoints and the council approves the members who serve five-year, staggered terms. City councilmembers often serve on the HRA. The entire membership of an HRA may consist of councilmembers.

Federal regulations require that at least one eligible resident be a member of a public housing agency board, which may be the HRA, an EDA or other public housing authority (PHA). This rule applies to any public housing agency that holds a public housing annual contributions contract with HUD or that administers Section 8 tenant-based rental assistance. The rule does not apply to state-financed public housing projects or Section 8 project-based assistance. A “small PHA exception” also exists.

The city clerk must file a certificate of appointment for each commissioner of a city HRA and send a certified copy to the commissioner of DEED.

State law allows the HRA to adopt bylaws. Commissioners may accept compensation of up to \$75 for each meeting they attend. Commissioners who are elected officials may receive daily payment for a particular day only if they do not receive any other daily payment for public service on that day. Commissioners who are public employees may not receive daily payment, but may not suffer loss in compensation or benefits as a result of their service.

RELEVANT LINKS:

[Minn. Stat. § 469.012, subd. 1.](#)

[Minn. Stat. § 469.001 – 469.047.](#)
[Minn. Stat. § 469.033, subd. 6.](#)

[Minn. Stat. § 275.70 to 275.74.](#)

[Minn. Stat. § 275.066.](#)

4. HRA powers

An HRA is primarily responsible for the planning and implementation of redevelopment and/or low-rent housing assistance programs within its area of operation. An HRA has all the powers necessary to carry out the state HRA Act, including but not limited to the following powers:

- To sue and be sued.
- To employ staff and an executive director.
- To undertake projects within its area of operation and to provide for the construction, reconstruction, improvement, extension, alteration, or repair of any project or part of a project.
- To sell, buy, own, and lease property by any means necessary, including the power of eminent domain.
- To cooperate with and use state and federal financial assistance programs.
- To develop rehabilitation and code enforcement techniques.
- To issue bonds for any of its corporate purposes backed by the pledge of revenues, grants or other contributions.
- To implement renewal or redevelopment programs using tax increment financing.
- To own, hold, improve, lease, sell or dispose of real or personal property.
- To designate substandard, slum or deteriorating areas needing redevelopment, and unsafe, unsanitary, and overcrowded housing.
- To make necessary expenditures to carry out the purposes of the HRA law.
- To develop and administer an interest reduction program to assist the financing of the construction, rehabilitation, or purchase of low- or moderate-income housing.

5. HRA special assessment and levy authority

HRA power to levy and collect taxes or special assessments is limited to the power provided in state law. Subject to a resolution of consent from the city council an HRA may levy a tax upon all taxable property within the city. (The council may give a consent that covers a series of years if they so choose or council may pass a resolution authorizing an HRA levy for a set amount of time, for example, the entire term of the bonds secured in part by an HRA levy and in part by a city levy.) State law recognizes the distinct nature of HRAs and designates them as “special taxing districts.” The maximum general allowable operational levy of HRAs is 0.0185 percent of the previous year’s estimated market value of all property in the city.

RELEVANT LINKS:

[Minn. Stat. § 469.107.](#)
[Minn. Stat. § 275.066.](#)

[Minn. Stat. § 469.012, subd. 4.](#)
[Minn. Stat. § 469.028.](#)

[Minn. Stat. § 469.015.](#)
[Minn. Stat. § 469.015, subd. 1a.](#)

[Minn. Stat. § 469.033.](#)
[Minn. Stat. § 469.034.](#)

[Minn. Stat. § 469.034, subd. 1.](#)

The city’s estimated market value is available from the county assessor. An HRA raises its own levy because it is a separate political subdivision and not a “local governmental unit.” Therefore, an HRA levy is not subject to levy limits but is subject to the 0.0185 percent market value limit. Levies collected by an HRA must be used only for purposes listed in the HRA Act.

There is crossover between HRA and EDA levies that can be confusing. Typically, EDAs are not authorized to levy taxes under state law. However, many city EDA-enabling resolutions adopt all the powers of an HRA, and then the EDA functions as a special taxing district under state law. If the enabling resolution so allows, the EDA levies a separate tax or “HRA levy” not subject to levy limits or city debt limits—but again subject to the 0.0185 percent of total city market value limit in state law. The city attorney may verify the structure and levy authority of each city’s HRA and/or EDA.

While HRAs have the legal authority to “do whatever is necessary and convenient” to implement redevelopment, they are subject to the ordinances and laws of the city. The city council must approve HRA plans before the housing and redevelopment authority may begin implementation.

6. HRA contracting

All HRA construction work and purchases of equipment, supplies or materials that involve expenditure of more than \$100,000 must be competitively bid. An HRA (and a city) may also use the “best value alternative.” There are limited exceptions to these requirements for emergencies and certain projects, such as parking ramps.

7. HRA financing

Operating funds, capital improvements, and debt retirement expenses for HRA projects may be financed by any one, or combination of, the following methods:

- Federal grants.
- Revenue bonds the HRA or local governing body sells.
- General obligation bonds the local governing body sells.
- Tax increments from redevelopment projects.
- A limited levy for redevelopment projects and planning activities.

When an HRA issues bonds, the revenue generated must be used for the projects financed, or bond costs must be paid from income generated by designated projects.

RELEVANT LINKS:

[Minn. Stat. § 469.003, subs. 4, 6.](#)
[Minn. Stat. § 469.003, subd. 7.](#)

[Minn. Stat. § 469.013.](#)

[Minn. Stat. §§ 469.090 to 469.1082.](#)
[Minn. Stat. § 469.1082, subd. 5.](#)
Minnesota Department of Employment and Economic Development: [The Economic Development Authorities Handbook.](#)

The law states that the principal and interest on bonds are payable exclusively from the income and revenues of the project financed with the proceeds of the bonds, or exclusively from the income and revenues of certain designated projects, whether or not they are financed in whole or in part with the proceeds of the bonds.

8. HRA certifications to state

The following documents relating to the establishment and activities of local HRAs must go to the DEED commissioner:

- Resolution of need.
- Certificates of appointment or reappointment of HRA commissioners.
- Project reports.
- Applications for federal assistance.
- Contracts with federal agencies.
- Redevelopment plans.
- Low rent public housing project and management plans.

In addition, annual financial reports must go to the state auditor.

9. HRA federal certification

In order for a local HRA to use federal Department of Housing and Urban Development (HUD) assistance programs, it must submit a transcript of organizational documents to the HUD area office.

C. Economic development authorities

All cities and townships have authority from the state Legislature to create economic development authorities. The city may consolidate the economic development authority (EDA) with an existing HRA or the city may grant the authority HRA powers. The city council may create an EDA by passing an enabling resolution. Before adopting the enabling resolution, the city must first conduct a public hearing. The enabling resolution establishes a board of commissioners for the EDA. The city council can choose to serve as the EDA board of commissioners or create a board composed of community members. The mayor, with approval of the council, appoints the commissioners. The board may consist of three, five or seven members who serve six-year terms. The board is subject to the open meeting law.

1. EDA levies

RELEVANT LINKS:

[Minn. Stat. § 275.70.](#)

[Minn. Stat. § 275.066.](#)

[Minn. Stat. § 469.192.](#)
[Minn. Stat. §§ 469.090 to 469.1082.](#)
[Minn. Stat. § 469.098.](#)

[Minn. Stat. § 469.101, subs 1, 2.](#)
[Minn. Stat. § 469.101, subd. 1.](#)
[Minn. Stat. § 469.102.](#)

The typical EDA levy is different from the HRA levy discussed above. It is not a levy raised by the EDA—it is a levy set by a city at the request of the EDA.

Basically, the city simply appropriates part of the money the city collects in the general city levy to the EDA. Because the EDA levy is part of the city levy, it is not a “special levy” under state law and thus the EDA levy is subject to the city’s overall levy limit. However, as noted above, many EDA-enabling resolutions adopt all the powers of an HRA. If so, the EDA may levy a separate tax or “HRA levy,” and then the EDA functions as a special taxing district as if it were an HRA and that levy is not subject to levy limits or to city debt limits. An EDA using the levy powers of an HRA is still limited to a levy no more than 0.0185 percent of the total taxable market value in the city.

2. EDA loans

An EDA is authorized to make a loan to a business, a for-profit or nonprofit organization, or an individual. Before taking an action or making a decision which could substantially affect an EDA commissioner's or an employee's financial interests or those of an organization with which the commissioner or an employee is associated, a commissioner or employee of an authority must comply with specific requirements to disclose the conflict and obtain prior approval. Failure to do so may result in criminal charges.

Loans must be for a purpose the EDA is authorized to carry out under the law. An authorized purpose must deal with or contribute to economic or industrial development. EDAs have the ability to use pooled bond reserving. In most development programs, each bond issue is independent of any other bond issue with a separate service or sinking fund account. EDAs, however, may create a single common bond reserve fund. Under this arrangement, each project’s revenues go into a common fund, which in turn pays the bondholders on all projects.

Through this pooling mechanism, the security of each project’s bond increases and borrowing costs decrease as long as the pool has the necessary volume and diversity of cash flow.

3. Other EDA powers

EDAs can acquire property and facilities but cannot issue debt without an election. The city must authorize the issuance of debt in the resolution creating the EDA. In addition, EDAs can create economic development districts but the districts must be contiguous.

RELEVANT LINKS:

[Minn. Stat. §§ 469.048-469.068](#), [Minn. Stat. § 469.053](#).

[Minn. Stat. § 469.050](#),
[Minn. Stat. § 469.051](#).

[Minn. Stat. § 469.051, subd. 2](#).

Current law eliminates the requirements that economic development districts established by EDAs meet the “blight test” under tax increment financing law for redevelopment districts.

EDAs may exercise powers under the housing and redevelopment authority (HRA) law (if a particular EDA enabling resolution includes HRA power) to create a redevelopment project, housing development, or housing project under which a restrictive blight test does not apply. These projects can be used for similar purposes to those of an economic development district under the EDA law.

D. Port authorities

The state Legislature authorizes city creation of port authorities. A port authority is a separate political entity with the right to sue and be sued in its own name and is generally organized to increase commerce in a city. Unlike EDAs and HRAs, a port authority may issue general obligation bonds without holding an election.

Cities establish a port authority by passing an enabling resolution. It may have from three to seven commissioners (two of whom must be on the city council) appointed by the mayor and approved by the city council, unless a different number or procedure is set out in the enabling law. State law governs commissioner pay, vacancies, duties, and port authority by-laws.

A port authority shall annually elect a president or chair, vice-president or vice-chair, treasurer, secretary, and assistant treasurer. A commissioner may not serve as president or chair and vice-president or vice-chair at the same time. The other offices may be held by one commissioner. The offices of secretary and assistant treasurer need not be held by a commissioner.

The treasurer of a port authority must be bonded to faithfully perform these duties:

- Receive and be responsible for port authority money.
- Be responsible for the acts of the assistant treasurer, if appointed.
- Disburse port authority money by check or electronic procedures.
- Keep an account of the source of all receipts, and the nature, purpose, and authority of all disbursements.
- File the authority’s detailed financial statement with its secretary at least once a year at times set by the authority.

RELEVANT LINKS:

[Minn. Stat. § 469.051, subd. 9.](#)

[Minn. Stat. §§ 469.048–469.068.](#)

[Minn. Stat. §§ 469.109 to 469.123.](#)

[Minn. Stat. § 469.110, subd. 11.](#) [Minn. Stat. § 469.111.](#)

[Minn. Stat. § 469.111.](#) [Minn. Stat. § 469.115.](#)

[Minn. Stat. §§ 469.124 to 469.134.](#)

The port authority’s annual detailed financial statement must show all receipts and disbursements, their nature, the money on hand, the purposes to which the money on hand is to be applied, the authority’s credits and assets, and its outstanding liabilities. The authority must examine the statement together with the treasurer’s vouchers. If the authority finds the statement and vouchers correct, it shall approve them by resolution and record the resolution.

State law governs many other aspects of port authorities, including but not limited to use of city property by a port authority, employees, contracts, and audits. The city attorney also acts as the port authority’s attorney.

E. Municipal or area redevelopment agencies

Any rural municipality or group of municipalities may establish a public body, known as a municipal or area redevelopment agency, in and for the area the municipality covers. This law defines municipalities as home rule charter or statutory cities, counties, towns or school districts.

The law includes only rural areas, which generally means all areas that are not within the boundary of any city having a population of 50,000 or more, and not immediately adjacent to urbanized and urbanizing areas with a population density of more than 100 persons per square mile—or areas with an unemployment rate of 6 percent or more. The restrictions limit applicability of the law to rural areas and to the Iron Range.

The establishment of the municipal or area redevelopment agency is similar to the establishment of an HRA. A municipal or area redevelopment agency has similar powers to an HRA.

F. City development districts

Any home rule charter or statutory city may designate development districts within the boundaries of the city. Within these districts, cities may:

- Adopt a development program to acquire, construct, reconstruct, improve, alter, extend, operate, maintain or promote developments aimed at improving the physical facilities, quality of life, and quality of transportation.
- Promote pedestrian skyway systems.
- Install special lighting systems, street signs and street furniture, landscaping of streets and public property, and snow removal systems.

RELEVANT LINKS:

[Minn. Stat. § 469.127.](#)

[Minn. Stat. §§ 469.152 to 469.1655.](#)
[Minn. Stat. § 469.152.](#)

[Minn. Stat. § 469.155, subd. 4.](#)

[Minn. Stat. § 469.153, subd. 2.](#)

[Minn. Stat. § 469.1655.](#)

[Minn. Stat. § 469.155, subd. 14.](#)

The law encourages pedestrian skyway systems, underground pedestrian concourses, people-mover systems, and publicly owned parking structures. It exempts these structures from taxation even when they are attached to privately owned buildings.

G. City industrial development

For the purpose of attracting industrial and commercial development and encouraging local governments to prevent economic deterioration, any home rule charter or statutory city or its redevelopment agency has the power to promote industrial development by:

- Acquiring, constructing, and holding lands, buildings, easements, improvements to lands and buildings, capital equipment, and inventory for industrial projects.
- Issuing revenue bonds and entering into revenue agreements to finance these activities to promote industrial projects.
- Refinancing health care and other facilities.

Under the legislation, cities assist industries in starting operations and use generated revenues to repay the costs. This law is the basis for issuing most industrial revenue bonds.

Industrial projects eligible for assistance include any revenue-producing enterprises engaged in assembling, fabricating, manufacturing, mixing, processing, storing, warehousing, or distributing any products of agriculture, forestry, mining, or manufacturing; or in research and development activity in these fields; or in the manufacturing, creation, or production of intangible property, including any patent, copyright, formula, process, design, know how, format, or other similar item. “Project” also includes any properties designated as a qualified green building and sustainable design project under state law. Eligible projects may include costs related to dewatering activities.

The law prohibits a city from operating any of these projects as a business or in any other manner.

RELEVANT LINKS:

[Minn. Stat. ch. 462C.](#)

[Minn. Stat. § 469.185.](#)
[Minn. Stat. § 465.035.](#)
[A.G. Op. 476-B-2 \(Mar. 2, 1961\).](#)
[City of Pipestone v. Madsen,](#)
287 Minn. 357, 178 N.W.2d
594 (1970).

III. Other development strategies

A. Housing bonds

Cities may use revenue bonds for financing single- and multi-family housing, primarily for the benefit of low- and moderate-income families. The law contains single- and multi-family housing criteria and the specific actions cities must take to comply with the law. Federal law limits the issuance of housing revenue bonds. Bonding authority is allocated by a state formula.

B. Industrial parks

An industrial park is a tract of land suitable for industrial use because of location, topography, proper zoning, availability to utilities, and accessibility to transportation. A single body has administrative control of the tract. In some cities, an industrial park may be little more than a tract of unimproved land, while in other cities it may be totally served by city services and have restrictive building requirements. An industrial park's purpose is to attract industrial development.

Property a city holds for later sale for economic development purposes remains tax exempt for a period of eight years, or until buildings or other improvements that are constructed after acquisition reach one-half occupancy.

Currently, private enterprise creates most new industrial park development by establishing a for-profit community development corporation. A city can cooperate with that corporation through its land-use controls and methods of financing public improvements. Many cities have also established industrial parks complete with streets, water, and sewer, in spite of the possible tax ramifications. The city then sells or leases a portion of the park to a business needing a location for its building.

The law authorizes any city owning lands that are not restricted by deed to convey the lands for nominal consideration, to encourage and promote industry, and to provide employment for citizens. In finding that a conveyance of land for an indoor arena was not within the statute, the attorney general concluded the conveyance must encourage and promote industry and provide employment for citizens. A more direct promotion of industry is necessary, beyond the fact that more potential customers might be in town as a result of athletic contests. However, the courts have upheld the municipal industrial development revenue bond law, discussed subsequently, against the same objection. The city's attorney can best advise the city concerning the legality of a purchase of land for resale.

RELEVANT LINKS:

[Minn. Stat. §§ 469.152 to 469.1655.](#)

For more information, contact [DEED](#) 651.259.7114, 800.657.3858. Main Office: 1st National Bank Building 332 Minnesota Street, Suite E200 Saint Paul, MN 55101-1351.

[Minn. Stat. § 469.184.](#)

[Minn. Stat. §§ 469.174 to 469.1794.](#)

C. Industrial revenue bonds

The municipal industrial development laws help cities attract new commercial and industrial development, and keep existing businesses in the city. The law authorizes the council to issue revenue bonds, and use the proceeds to acquire and construct industrial sites and facilities. The city then leases these facilities to private industry and uses the rental fee proceeds to retire the bonds.

A city may issue industrial revenue bonds, also known as municipal revenue bonds, without public referendum. It cannot pledge the full faith and credit of a community as security for these bonds. Thus, the city may not tax property owners to pay principal and interest on the bonds.

If a city decides to investigate the use of industrial bond financing, it should contact the Department of Employment and Economic Development. The department provides the city with information, advice, and technical assistance. This assistance is important, due to the adoption of federal and state laws allocating issuance authority among the states and their political subdivisions. The commissioner of Securities must approve the project.

D. Commercial rehabilitation

Cities have authority to carry out programs for the rehabilitation of small- and medium-sized commercial buildings. The city must adopt a program ordinance that provides for the adoption of program regulations, including a definition of small- and medium-sized commercial buildings. Loans under the program may be for amounts up to \$200,000. The city may finance the program through the sale of revenue bonds.

E. Tax increment financing (TIF)

Tax increment financing authority is available to most cities. Cities with housing and redevelopment authorities, economic development authorities, port authorities, redevelopment agencies, those cities administering development districts or development projects, or cities exercising port authority powers under a general or special law may use tax increment financing. Amendments to the law, however, may make the use of this development tool more complicated.

RELEVANT LINKS:

Tax increment financing is a funding technique that takes advantage of the increases in tax capacity and property taxes from development or redevelopment to pay upfront public development or redevelopment costs. The difference in the tax capacity and the tax revenues the property generates after new construction has occurred, compared with the tax capacity and tax revenues it generated before the construction, is the captured value. The taxes paid on the captured value are called “increments.” Unlike property taxes, increments are not used to pay for the general costs of cities, counties, and schools. Instead, increments go to the development authority and are used to repay public indebtedness or current costs the city incurred in acquiring the property, removing existing structures or installing public services.

Thus, the property owner in a TIF district continues to pay the full amount of property taxes. TIF involves only the increased property taxes generated within the district. It does not change the amount of property taxes currently derived from the redevelopment area, nor does it directly affect the amount or rate of general ad valorem taxes the city levies. The result of a TIF project is an increased tax base that will benefit all local taxing jurisdictions. Additionally, TIF districts usually spur economic development and redevelopment through creating jobs, removing blight, and providing more affordable housing.

[Minn. Stat. § 469.177, subd. 1.](#)

Amendments to TIF law in 2012, address changes caused by the market value exclusion program. If the market value of a homestead property within a TIF district reduces the homestead market value in the district, the original tax capacity of the TIF district will be reduced by the same amount.

Thus, the tax increment collected by the city will remain the same. If your city has a TIF district with townhouses or condominiums, you may want to verify that valuations are properly adjusted by the county auditor.

[State v. Wicklund, 589 N.W.2d 793 \(Minn. 1999\).](#)

TIF is used to encourage four general types of private development: redevelopment, renovation and renewal, growth in low- to moderate-income housing, and economic development. Public financing using TIF funding for a privately owned facility does not make public space in the facility a public forum for free speech purposes.

A TIF district may involve compact development. Two major conditions must be satisfied:

RELEVANT LINKS:

Minn. Stat. § 469.174. Minn. Stat. § 469.175 subd. 2a. Minn. Stat. § 469.176, subd. 1b. Minn. Stat. § 469.176, subd. 1i. Minn. Stat. § 469.176, subd. 4c. Minn. Stat. § 273.13, subd. 24.

Minn. Stat. § 469.176, subd. 7.

Minn. Stat. § 469.176, subd. 4c.

Minn. Stat. § 469.1761, subd. 2 or 3.

Minn. Stat. § 469.176, subd. 4m.

Minn. Stat. § 469.176, subd. 4m (d).

- Parcels consisting of 70 percent of the area of the district are occupied by buildings or similar structures that are classified as class 3a property under state law. and
- The planned redevelopment or development of the district, when completed, will increase the total square footage of buildings, classified as class 3a under state law, occupying the district by three times or more relative to the square footage of similar buildings occupying the district when the resolution is approved.

In some specific situations, a TIF authority may request inclusion in a tax increment financing district and the county auditor may certify the original tax capacity of a parcel or a part of the following property types:

- Agricultural.
- Private outdoor recreational, open space and park land.
- Rural preserve property.
- Metropolitan agricultural preserves.

The authority to establish or approve a compact development district expired on June 30, 2012.

TIF economic development districts must:

- Request certification of the district no later than June 30, 2012.
- Must begin construction before Jan. 1, 2012, for development of housing.

These districts may not be used to assist housing that is developed to qualify for owner-occupied or rental housing, or similar requirements of other law, if construction of the project begins later than July 1, 2011.

Cities have temporary authority to spend TIF funds to stimulate construction using economic development districts for any type of project if three conditions are met:

- The municipality funds projects that will create new jobs in the state, including construction jobs, and the project otherwise would not have begun before July 1, 2012, without assistance.
- Construction of the project begins no later than July 1, 2012.
- The request for certification is made by June 30, 2012.

For a development consisting of housing, the authority to spend tax increments expires Dec. 31, 2011, and construction must commence before July 1, 2011, except the authority to spend tax increments on market rate housing developments expires July 31, 2012, and construction must commence before Jan. 1, 2012. This temporary authority to spend the tax increment expires Dec. 31, 2012.

RELEVANT LINKS:

[Minn. Stat. § 469.175, subd. 5.](#)

[Minn. Stat. § 469.1771, subds. 1, 2b.](#)

[Minn. Stat. § 469.177, subd. 8. *Lake Superior Paper Indus. v. State*, 624 N.W.2d 254 \(Minn. 2001\). *Brookfield Trade Center, Inc. v. County of Ramsey*, 609 N.W.2d 868 \(Minn. 1998\).](#)

[See Minn. Stat. §§ 469.177, subds. 1b, 11. Minn. Stat. § 469.1771, subd. 1. Minn. Stat. § 469.1793. Minn. Stat. § 469.1814.](#)

[Minn. Stat. § 469.174.](#)

[Minn. Stat. § 469.175.](#)

The city using TIF must report annually to the county board, the county auditor, the school board, and the state auditor as to the status of the TIF district or districts and publish the report. The state auditor has established a uniform system of accounting and financial reporting for TIF districts. The city must annually submit to the state auditor a financial report in compliance with these standards.

The state auditor may audit TIF districts. If the state auditor notifies a TIF authority of an alleged violation, a copy of the notice is also forwarded to the county attorney. If no corrective action is brought within one year, the county attorney must notify the state auditor, who then notifies the attorney general. If the attorney general finds a substantial violation, the attorney general will petition the state tax court to suspend the authority's power to use TIF for a period of up to five years.

The TIF agreement with the developer is a complex document. Assistance from a financial advisor and the city attorney is necessary in order to anticipate the many potential problems. An agreement can establish a minimum market value for tax increment assessment purposes, as well as provide that the developer pay a certain level of taxes regardless of any classification rate changes or levy decreases. The agreement should be entered into before the assembly and acquisition of the land on which the completed improvements are to be located.

The 2001 tax reform legislation, which reduced class rates and provided for the state takeover of the general education levy, resulted in several changes to various statutes to accommodate the changes. These changes considerably reduce the continued viability of TIF in the future.

The law imposes a 180-day statute of limitations on actions to challenge the creation or modification of a TIF district. The law is complex including a "but-for" finding before a city approves a TIF plan and the creation of a TIF district.

Cities must follow statutory requirements including but not limited to administrative expenses, plan modifications, reporting requirements, use of increment in pre-1979 districts, excess increments, pooling, decertification, and use of funds outside the district.

Before a district can be created, the law requires a detailed estimate of the impact of a proposed district on city-provided services, such as police and fire protection, public infrastructure, and borrowing costs attributable to the district, in addition to other complex estimations that must be prepared.

RELEVANT LINKS:

[Walser Auto Sales, Inc. v. City of Richfield](#), 635 N.W.2d 391 (Minn. Ct. App. 2001); [aff'd](#), 644 N.W.2d 425 (Minn. 2002).

[Chenoweth v. City of New Brighton](#), 655 N.W.2d 821 (Minn. Ct. App. 2003).

[Minn. Stat. §§ 469.1812 to 469.1815](#).

Cities should use extreme care in establishing a TIF district and should follow all procedural requirements; otherwise, a court may find the district was not properly established. In one case, a TIF district was not properly established where minimal effort was made to ensure the thorough inspection of the properties, inaccurate methodology was used to establish the condition of the buildings, and the buildings found structurally substandard were not reasonably distributed throughout the district.

In another case, a cause of action for inverse condemnation does not arise where a city's involvement with an adjacent property owner's development consists of establishing a TIF district, entering into a contract with a private developer specifying the size and value of structures to be built, and providing for substantial city assistance to facilitate development.

Given the complexity of the laws governing the use of TIF, cities or HRAs should not undertake this method of financing community development projects without the advice of an attorney and professional consultants.

F. Property tax abatement

A city may use this development tool to segregate some or all of the taxes (or the increase in taxes) it imposes on a parcel of property if the city expects the benefits of the proposed abatement agreement at least to equal the costs of the proposed development. The term "abatement" is somewhat misleading, as in most cases the tax is not forgiven; it is paid normally, but the amount of property tax levied by the city is used to pay for the bonds. The city must determine that the agreement is in the public interest because it will increase or preserve tax base, provide employment opportunities, provide or help acquire or construct public facilities, help redevelop or renew blighted areas, or help provide access to services for residents of the city. Property taxes in a TIF district cannot be abated unless the period of the abatement will not occur until after the district is decertified.

A resolution must be adopted after notice and public hearing, specifying the terms of the abatement.

RELEVANT LINKS:

[Minn. Stat. ch. 462A](#). For more information about [MHFA](#) programs, contact MHFA at 400 Sibley Street Suite 300, St. Paul, MN 55101-1998 (651) 296-7608 or (800) 657-3769.

[Minn. Stat. § 462A.073](#) et seq.
MHFA: [Minnesota City Participation Program](#).

[Minn. Stat. ch. 116J](#).
[Minnesota Department of Employment and Economic Development](#).

A city may issue bonds or other obligations to provide an amount equal to the sum of the abatements granted for a specific property. The maximum principal amount of these bonds may not exceed the estimated sum of the abatements for the property for the years authorized. The bonds may be general obligations of the city if the city council chooses to pledge the full faith and credit of the city in the resolution issuing the bonds. The law limits property tax abatements to 15 years. School districts and counties have similar abatement powers. A city, county, and school district can agree to abate their taxes on the same property.

IV. State-sponsored development tools

A. Minnesota Housing Finance Agency

The goals of the Minnesota Housing Finance Agency (MHFA) are to provide decent, affordable housing to low- and moderate-income people; preserve the existing housing stock in Minnesota; preserve existing neighborhoods and prevent them from deteriorating; and prevent mortgage foreclosures while promoting energy conservation in residential housing.

The Minnesota Legislature created the MHFA in response to a shortage of affordable housing for low- and moderate-income people. Private enterprise and private investment were unable, without public assistance, to provide an adequate supply of safe, sanitary, and decent housing at affordable prices and rents.

The sale of state tax-exempt bonds is the primary financing for MFHA programs. Through the Minnesota City Participation Program, Minnesota Housing sells mortgage revenue bonds on behalf of cities to meet locally identified housing needs. The proceeds of these bonds provide below-market interest rate home mortgage loans for low- and moderate-income, first-time homebuyers, or for the construction or rehabilitation of single- and multi-family housing. Appropriations from the Legislature provide additional funding for programs, including the promotion of energy conservation; an increase in home ownership opportunities for first time homebuyers; home improvement grants to very low-income homeowners; and programs to improve the housing available to Native Americans, large families, and people with disabilities.

B. Department of Employment and Economic Development (DEED)

The Minnesota Department of Employment and Economic Development is the primary development agency for Minnesota.

RELEVANT LINKS:

[Minn. Stat. §§ 116J.411 to 116J.424.](#)
[Minn. Stat. § 116J.575.](#)
See, [Minnesota Department of Employment and Economic Development for Local Government.](#)
[The USDA Development.](#)

[Minn. Stat. § 116J.431.](#)
[Greater Minnesota Business Development Infrastructure Grant Program.](#)

[Minn. Stat. § 116J.431, subd. 2.](#)

[Minn. Stat. § 116J.435.](#)

[Department of Employment and Economic Development: Innovative Business Development Program.](#)

[Minn. Stat. § 116J.435.](#)

DEED staff is responsible for a wide range of grant and loan programs, as well as for providing technical assistance to businesses and communities.

DEED also provides grants for contamination cleanup and redevelopment. A redevelopment account allows DEED to make grants to local units of government up to 50 percent of the cost of redeveloping blighted industrial, residential, or commercial property. DEED administers the rural development program; makes challenge grants to regional organizations to encourage private investment in rural areas; and administers a revolving loan fund to provide loans to new and expanding business in rural Minnesota. Local government units, including cities, may receive these loans if the community has established a local revolving loan fund and can provide at least an equal match to the loan received.

Cities outside the seven-county metropolitan area may receive grants from DEED for up to 50 percent of the capital costs of public infrastructure necessary for certain specified economic development projects, excluding retail and office space. For this program, “public infrastructure” means publicly owned physical infrastructure necessary to support economic development projects, including but not limited to sewers, water supply systems, utility extensions, streets, wastewater treatment systems, stormwater management systems, and facilities for pretreatment of wastewater to remove phosphorus.

Under this law, an “economic development project” for which a county or city may be eligible to receive a grant under this section includes manufacturing; technology; warehousing and distribution; research and development; agricultural processing or industrial park development that would be used by any one of these businesses.

DEED runs the Innovative Business Development Public Infrastructure (BDPI) program that provides grants to local governmental units on a competitive basis statewide for up to 50 percent of the capital cost of the public infrastructure necessary to expand or retain jobs.

"Innovative business" means a business that is engaged in, or is committed to engage in, innovation in Minnesota in one of the following:

- Using proprietary technology to add value to a product, process, or service in a high technology field.
- Researching or developing a proprietary product, process, or service in a high technology field.
- Researching, developing, or producing a new proprietary technology for use in the fields of tourism, forestry, mining, transportation, or green manufacturing.

RELEVANT LINKS:

[Minn. Stat. § 272.02, subd. 64.](#)

[Minn. Stat. ch. 116O.](#)

[Enterprise Minnesota 612-373-2900 or 800-325-3073.](#)
[Minn. Stat. § 116O.061.](#)

[Minn. Stat. § 465.717. Minn. Stat. § 471.59.](#)
[LMC information memo, Liability Coverage for Joint Powers Agreements.](#)

"Proprietary technology" means the technical innovations that are unique and legally owned or licensed by a business and includes, without limitation, those innovations that are patented, patent pending, a subject of trade secrets, or copyrighted. "Eligible project" means an innovative business development capital improvement project in this state, including:

- Manufacturing; technology; warehousing and distribution; research and development.
- Innovative business incubator.
- Agricultural processing; or industrial, office. or
- Research park development that would be used by an innovative business.

DEED administers "tax-free" job opportunity building zones (JOBZ). In each of these zones, businesses will be eligible for a broad range of tax incentives for a period of 12 years. Under the program, local units of government, including cities, must submit applications to DEED and follow all statutory requirements related to JOBZ.

C. Enterprise Minnesota

Enterprise Minnesota is a nonprofit business consulting organization, set up by the Legislature that helps small and medium-sized manufacturing companies, education services, and government entities in Minnesota. Enterprise Minnesota operates as a fee-for-services 501(c) (3) nonprofit.

Enterprise Minnesota focuses on applied research and technology transfer and early stage funding. It may provide financial assistance, including loan guarantees, direct loans, interest subsidies, or equity investments, to sole proprietorships, corporations, other entities, nonprofit organizations, or joint ventures. Financial assistance includes but is not limited to assisting a qualified company or organization with business services and products that will enhance the operations of the entity.

D. Corporations

Cities must not create nonprofit corporations unless authorized to do so by special legislation. The law allows incorporation of a joint powers entity, but these must comply with all applicable public sector laws (open meeting, gift law, conflicts of interest, competitive bidding, etc.) and must be separately insured.

RELEVANT LINKS:

More information is available on the [HUD](#) web site.

For more information, contact [Rural Development State Office](#) 410 Farm Credit Service Building 375 Jackson Street St. Paul, MN 55101-1853, (651) 602-7800; See also, [Handbook, Chapter 25](#).

V. Federal development tools

A. Community development block grants

The Community Development Block Grant (CDBG) program, under the U.S. Department of Housing and Urban Development (HUD), provides cities with federal funding to initiate and continue a diverse array of housing and community development projects.

B. Rural development grants

A variety of grants and loans to encourage economic development are available to cities from the U. S. Department of Agriculture, rural development program. Sewer, water, rural enterprise, housing, and other types of grants and loans are available.

VI. How this chapter applies to home rule charter cities

All of the tools this chapter lists are available to charter cities. The general discussions also apply to all cities.

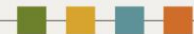


EHLERS
LEADERS IN PUBLIC FINANCE

Training Camp: TIF 101 & Tax Abatement

Rebecca Kurtz – Ehlers
Mary Ippel -- Briggs

February 1, 2018



Session Outline

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



Basics of Tax Increment

Minnesota Statutes 469.174 – 469.1794



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.



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



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

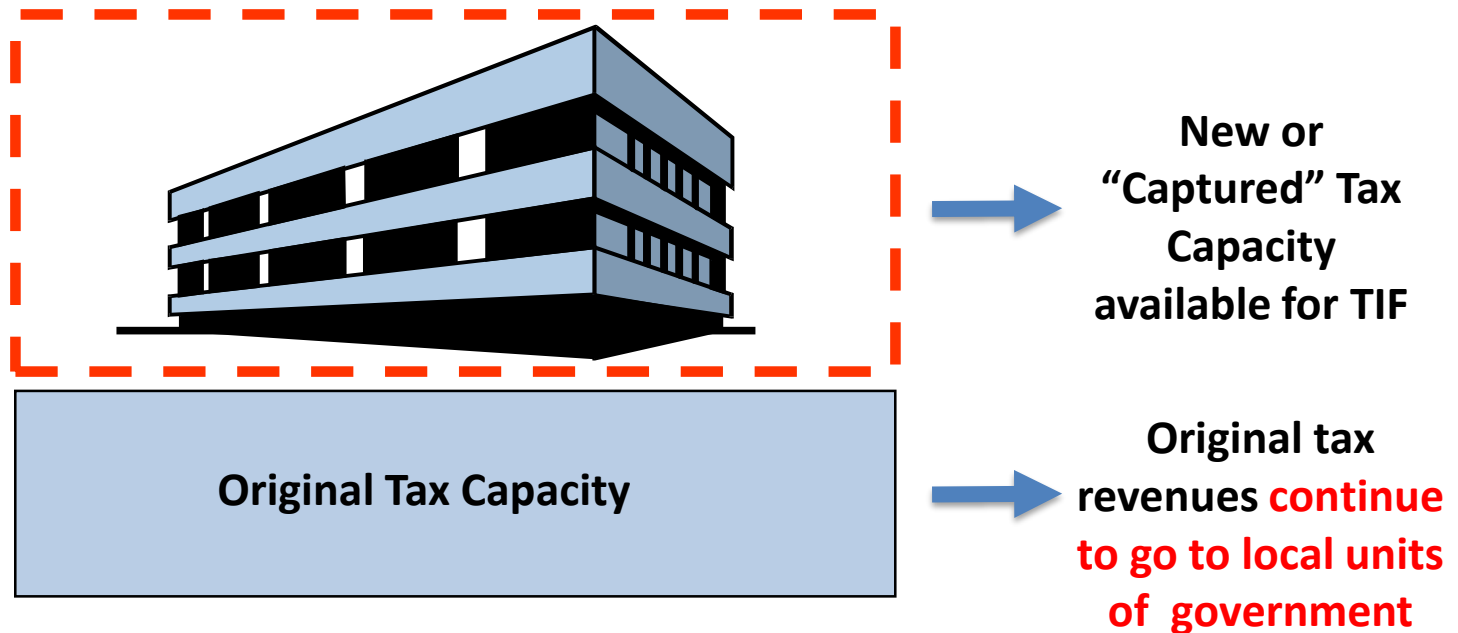


**Tax revenues go
to all local units of
government**



Building Blocks of TIF

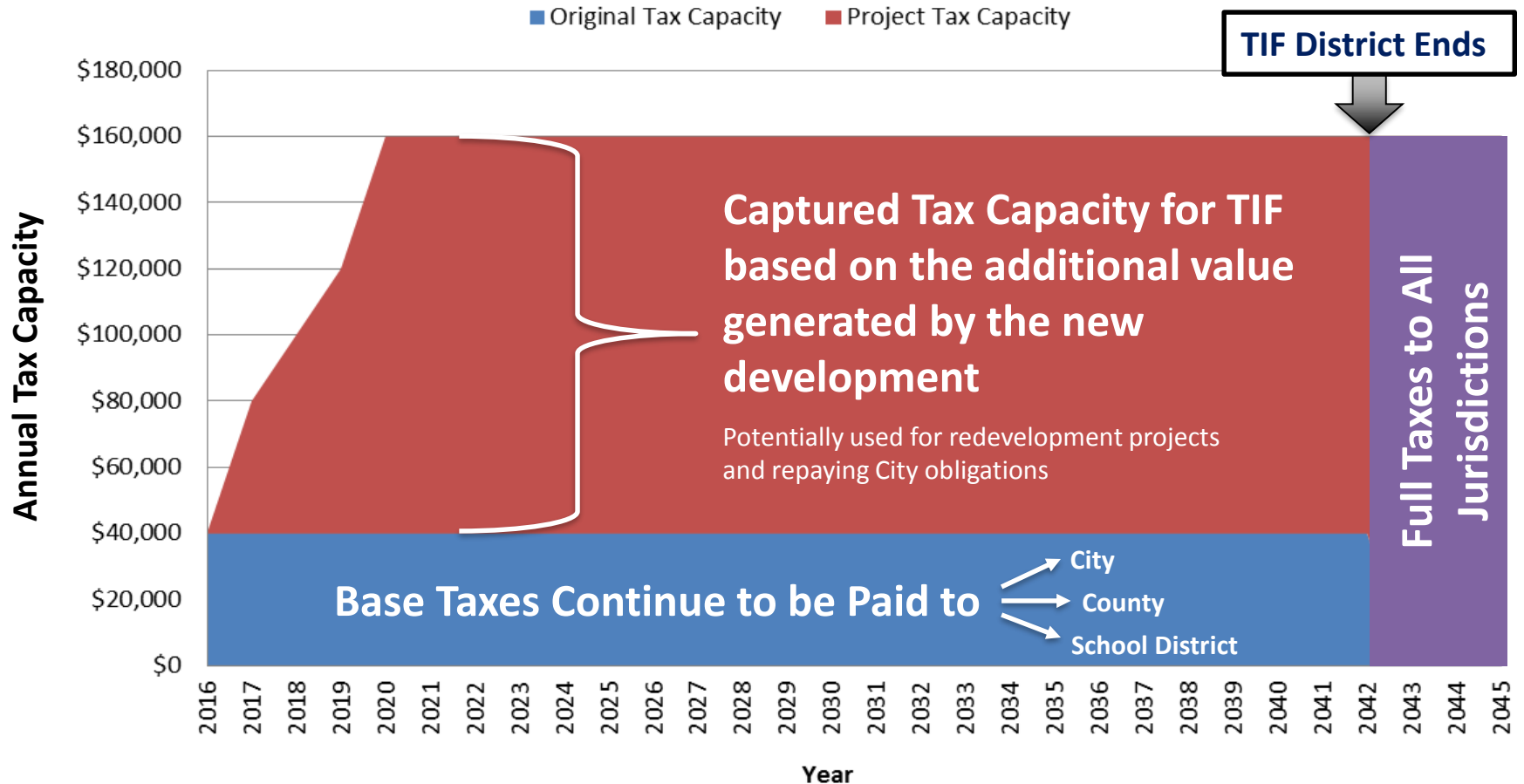
Development Occurs = New Tax Capacity
TIF District can “capture” the increased value from the new development



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

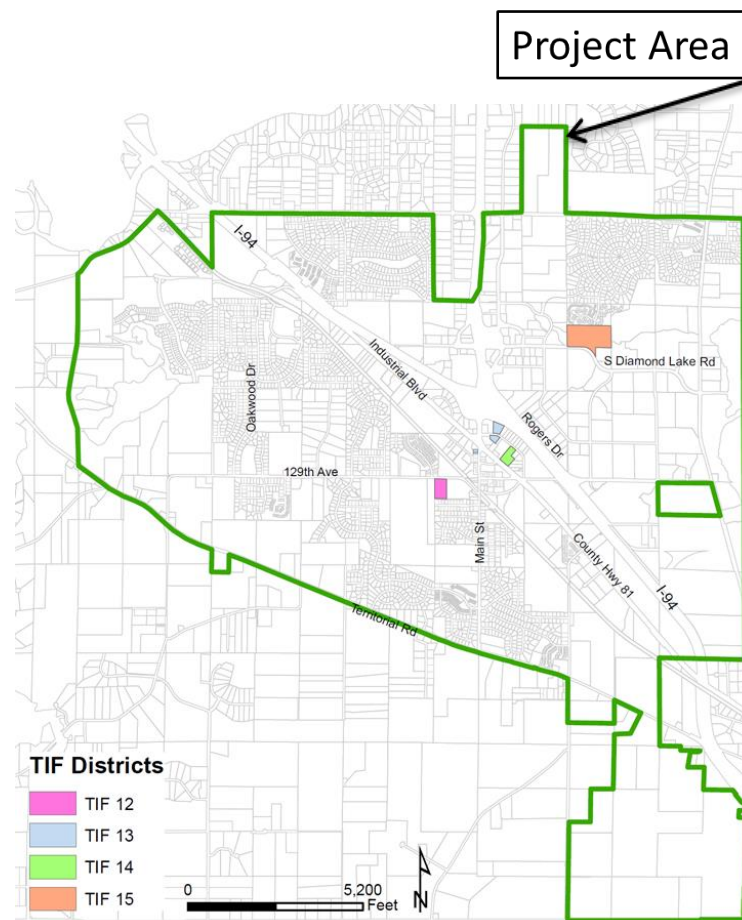


TIF Example (26 year district)



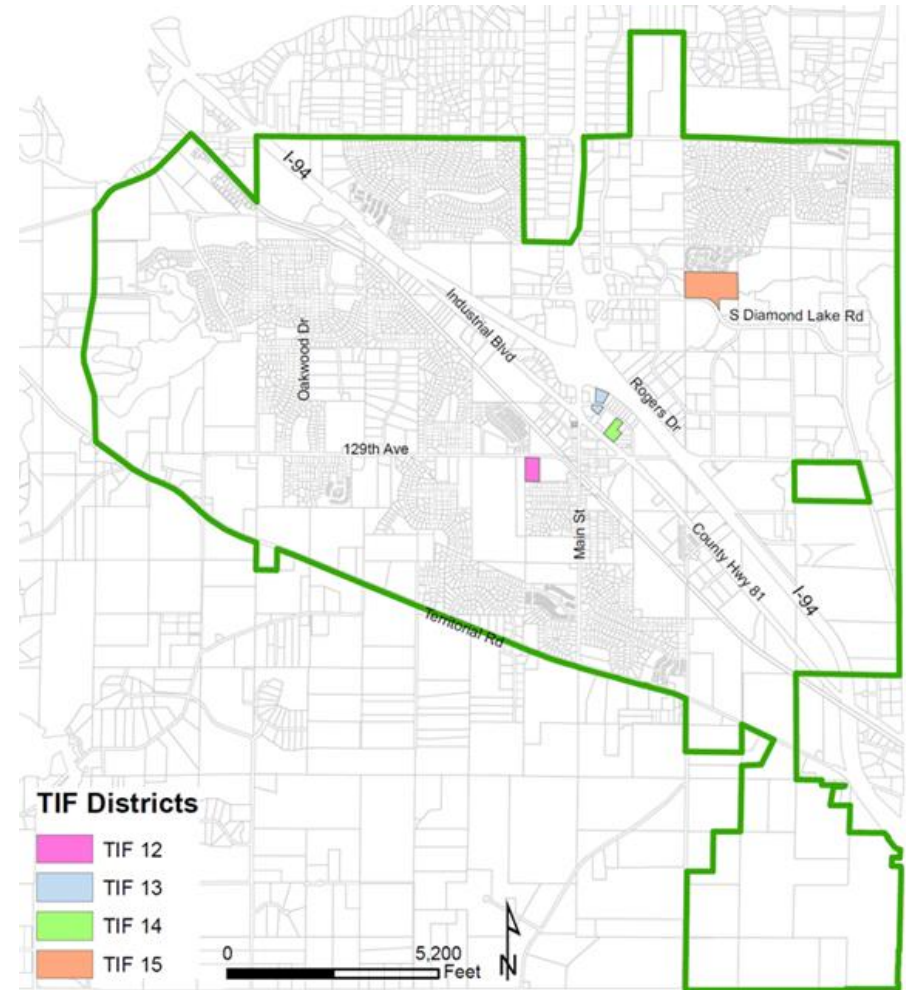
Project Area: Where increment may be spent

- 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



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



“But For” Test

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



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





EHLERS

LEADERS IN PUBLIC FINANCE

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Ehlers**

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**Mary Ippel
Briggs & Morgan**

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mippel@briggs.com



Schedule of Events

Ramsey Economic Development Authority
City of Ramsey
Anoka County, Minnesota

For the proposed Modification to the Development Program
for Development District No. 1 and

the proposed establishment of Tax Increment Financing District No. 17: Delta Modtech
(an economic development district)

Draft as of April 1, 2019

- | | |
|-----------------|--|
| April 11, 2019 | EDA meets at 7:30 AM and recommends the City Council call for public hearing on the proposed Modification to the Development Program for Development District No. 1 and the proposed establishment of Tax Increment Financing District No. 17: Delta Modtech (TIF District), and the granting of a business subsidies agreement. <i>[Ehlers will provide resolution by April 5, 2019.]</i> |
| April 19, 2019 | Project information, property identification numbers, fiscal impacts and maps sent to Ehlers for drafting documentation.

Ehlers confirms whether building permits have been issued on the property to be included in the TIF District. |
| N/A* | Project information submitted to the County Board for review of county road impacts <i>if necessary</i> (at least 45 days prior to public hearing).
*The County Board, by law, has 45 days to review the TIF Plan to determine if any county roads will be impacted by the development. Because City staff believes that the proposed TIF district will not require unplanned county road improvements, the TIF Plan was not forwarded to the County Board 45 days prior to the public hearing. Please be aware the County Board could claim that tax increment should be used for county roads, even after the public hearing. |
| May 14, 2019 | City Council calls for public hearing on the proposed Modification to the Development Program for Development District No. 1 and the proposed establishment of the TIF District. <i>[Ehlers will provide resolution by May 7, 2019.]</i> |
| By May 17, 2019 | Ehlers conducts internal review of Plans. |
| May 24, 2019 | Fiscal/economic implications received by School Board Clerk and County Auditor (at least 30 days prior to public hearing). <i>[Ehlers will distribute.]</i> |
| June 7, 2019 | Publication of hearing notice and map in the Anoka County Union (at least 10 days but not more than 30 days prior to hearing). <i>[Ehlers will submit notice, map and instructions by May 31, 2019. (Publication deadline: June 3, 2019 at noon)]</i> |

- June 13, 2019 EDA meets at 7:30 AM and considers the Plans and resolution recommending adoption of the Plans and recommending the granting of a business subsidy / TIF agreement. *[Ehlers will provide packet information by June 4, 2019.]*
- June 25, 2019 City Council holds public hearing at 7:00 P.M. on a Modification to the Development Program for Development District No. 1 and the proposed establishment of TIF District No. 17: Delta Modtech and considers a resolution approving the Plans. *[Ehlers will provide packet information June 18, 2019.]*
- City Council considers an Interfund Loan resolution in connection with the TIF District.
- City Council considers the business subsidy / TIF agreement.
- June 26, 2019 City may issue building permits.
- TBD Ehlers files the Plans with the MN Department of Revenue, Office of the State Auditor, and requests certification of the TIF District with the County.

An action under subdivision 1, paragraph (a), contesting the validity of a determination by an authority under section 469.175, subdivision 3, must be commenced within the later of:

- (1) 180 days after the municipality's approval under section 469.175, subdivision 3; or
- (2) 90 days after the request for certification of the district is filed with the county auditor under section 469.177, subdivision 1.

Economic Development Authority (EDA)

4. 2.

Meeting Date: 06/13/2019

By: Sean Sullivan, Community
Development

Title:

Review Real Estate Management Strategy for City Owned Land

Purpose/Background:

The purpose of this case is to review the City's strategy for real estate management for City Owned Parcels.

The EDA met in January 2019 and also discussed at a Joint Work Session with the City Council on February 26, 2019. The EDA then met again on April 11, 2019 to discuss the matter further. On April 11, 2019, the EDA recommended that Staff work with CBRE to revise the current contract. Key points of discussion included, but were not limited to the following.

1. Removing parcels outside of the COR from the listing agreement
2. Adding language that would reduce, or eliminate commission for leads that were not generated by CBRE (Clear-cut City leads, etc.)

A proposed contract with revised language is attached for review.

Additional Background

The City has been engaged in a contract with CBRE since January 28, 2014 to list and market City owned properties in the COR and other areas. The City and CBRE have executed multiple amendments to the contract with the latest being a one year contract from July 31, 2018-July 30, 2019. Staff has found CBRE agent Brian Pankratz to be available, engaged, knowledgeable and helpful when it comes to marketing city owned parcels. CBRE utilizes many proven marketing methods such as:

- Real Estate signs on site
- Online listings such as MNCAR (internet)
- Connection to the broker community

With the current contract coming up for consideration for renewal in July 2019 (can be canceled with 30 day notice), Staff believes it is important to review the current contract, its terms and conditions, and to determine if a renewal is prudent or to explore other options. The original contract and pertinent amendments are attached to this case.

Having a company like CBRE market city properties to its broker community and clients has its advantages. CBRE has a good reputation within the broker community. The maintenance and updating of marketing materials by CBRE including, signage and MNCAR listings is convenient for Staff and access to current market data is helpful. Based on city records the City has closed on ten properties, with four more pending (Parcel 42 - RGH Ramsey LLC, Parcel 45 - PSD, LLC, Parcel 13a - Capstone off Puma and 52b AEON - Phase 2 that CBRE has listed since 2014. On May 3, 2019 the City closed on Parcel 6 (Muni Site) for a 15 lot SFR development by Meadow Creek Builders.

Currently, the City has sixteen City owned parcels listed with CBRE including six under contract. Eleven of these properties are in the COR and the rest are scattered across the community.

In late 2018, Anoka County has added a regional economic development presence to Anoka County as presented to the EDA last year. The City of Ramsey is included in this partnership and has the opportunity to list its properties on MNCAR at a nominal cost. This is a feature is also provided by CBRE as part of its listing contract free of cost. Anoka County does not provide signage on site for marketing and does not have the reputation or experience of a CBRE in the broker community at this time. It is difficult to fully compare CBRE to the new Anoka County

Regional Economic Development Partnership. CBRE is a proven industry leader, but there are some cost advantages of utilizing the MNCAR service that Anoka County can provide that reach the same audience in similar ways.

Notification:

Notification is not required.

Observations/Alternatives:

Alternatives include, but are not limited to the following:

1. Continue Contract with CBRE with existing language.
2. Amend Contract with CBRE on the number of properties listed for specific properties, commission, look-back period, or other standards.
3. Seek proposals from other real estate brokers.
4. List and market properties utilizing City Staff.

Draft CBRE Contract Highlights:

1. The following parcels have been removed from the listing contract dated June 7, 2018:
 - Parcel 8 - Amoco Site - 25-32-25-43-0043
 - Parcel 11- Water Tower site at 167th - 11-32-25-43-0004
 - Parcel 37a - 14165 Ramsey Blvd NE - 27-32-25-33-0006
 - Parcel 40 - Bookstore Site - 34-32-25-13-0005
 - Parcel 51 - Cottages at the COR 28-32-25-14-0094 (SOLD)
 - Parcel 52 - (Remnant end cap / keyhole) 28-32-25-13-0034, 28-32-25-24-0005
 - Parcel 45 - Remnant south of 146th Ave NW - 29-32-25-14-0013
 - Parcel 6 - Old Muni Site - 28-32-25-41-0081 (SOLD)
2. The Commission Schedule is outlined in Paragraph 10 (a)(b). Leads generated by CBRE will receive a commission during the term of the contract PLUS an additional 180 days after the contract expires for any prospect CBRE had negotiated with during the term of the contract (common in real estate contracts). Additional specifics can be found in the attached contract.
3. Cancellation provisions found in Paragraph 19. Either party can cancel the Listing Agreement after 6 months with 30 day written notice.
4. CBRE is entitled to a Minimum Fee. See Exhibit A, Section 3 and 4 3. Broker (CBRE) shall receive a minimum fee generally as follows:
 1. \$1.50 per gross square foot for the sale of any industrial or office land
 2. \$5,000.00 for the sale of any residential parcel of land
 3. \$5,000.00 for the sale of any residential parcel of land greater than \$45,000
 4. \$3,500.00 for the sale of any residential parcel of land less than or equal to \$45,000
5. **NEW: City Generated Sales Lead: If a potential prospect/buyer is generated by the City of Ramsey with no prior contact or discussions with/from CBRE than the commission will be reduced to 3% of the gross sales price to calculate commissions. If potential buyer generated by City of Ramsey has a cooperative broker, there will not be a fee reduction.**
6. Standard Commission found in Exhibit A. As to sales of real property, CBRE's commission shall be five percent (5%) of the gross sales price. If a cooperating broker or salesperson procures the sale, the commission will be seven percent (7%) of the gross sales price.

If approved, revisions would take effect August 1, 2019.

Funding Source:

There is no immediate or initial up front costs. CBRE is only paid at time of sale, and a commission is deducted from the gross sales price rather than an hourly rate.

If the City desired to consider a different model than a traditional commercial broker, such as all in-house, Staff would recommend a broader discussion about the EDA's budget, and would recommend that additional funding be placed into professional services and/or staffing for the transition.

Recommendation:

Staff recommends approval of the revised contract with CBRE, extending the contract another 6 months.

Action:

Motion to recommend to the City Council the attached draft contract dated May 2, 2019.

Attachments

Map of Listing Type

List of Properties For Sale

Recent CBRE Land Transaction Summary

Draft CBRE Listing Agreement 5.2.19

Current Listing Agreement 7.30.19

Month To Month Listing Amendment

Original Listing Agreement

Form Review**Inbox**

Sean Sullivan (Originator)
Tim Gladhill
Form Started By: Sean Sullivan
Final Approval Date: 06/07/2019

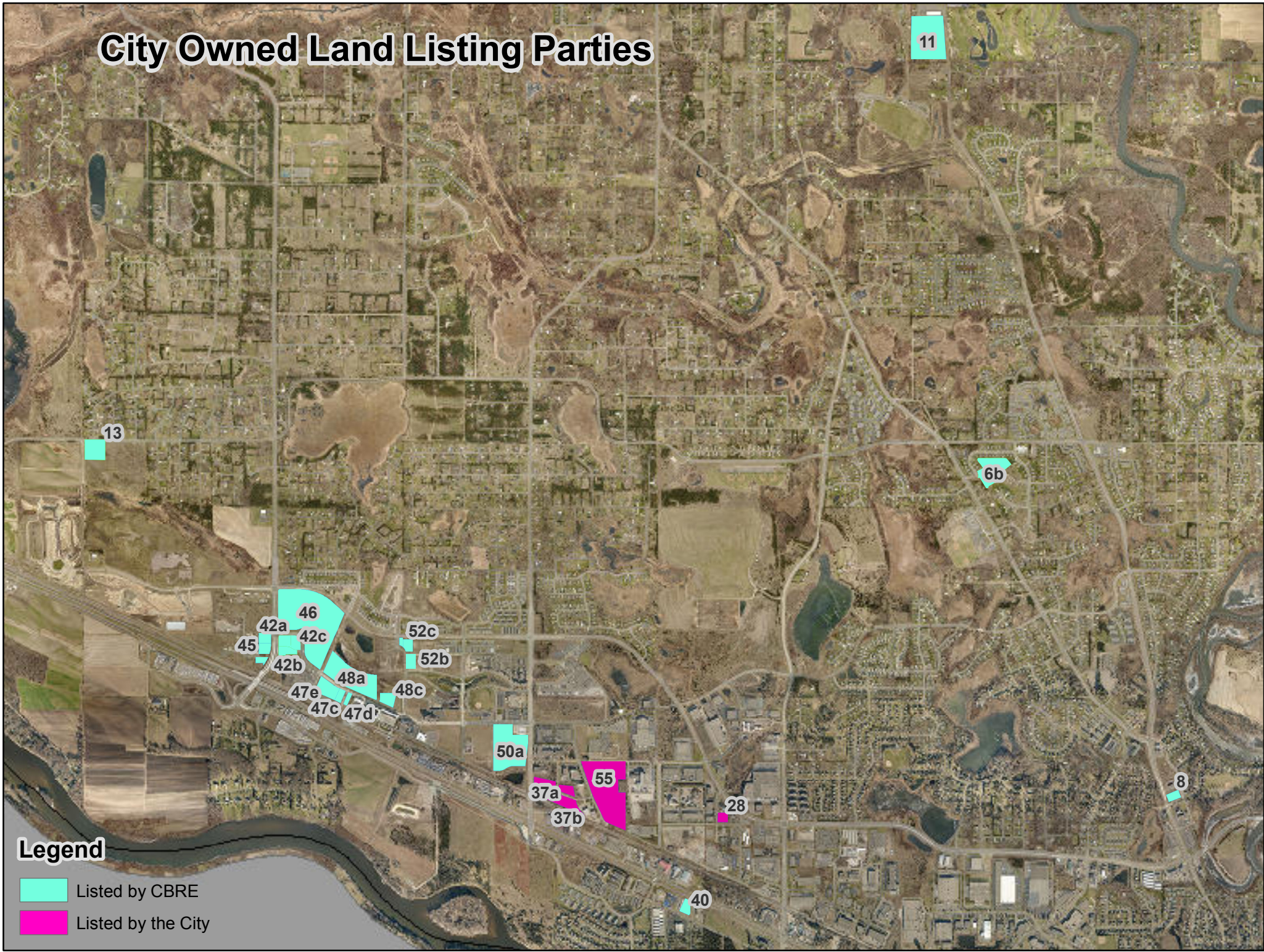
Reviewed By

Sean Sullivan
Tim Gladhill

Date

06/06/2019 05:20 PM
06/07/2019 09:26 AM
Started On: 05/10/2019 11:45 AM

City Owned Land Listing Parties



Legend

- Listed by CBRE
- Listed by the City

Parcels Included in Map

Map ID	PID Numbers (s)			
6b	233225410081			
8	253225430043			
11	113225430004			
13	203225310003			
28	273225440003			
37a	273225330006			
37b	273225330009	273225330017		
40	343225130005			
45	293225140009	293225140010	293225140013	293225140014
55	273225340009			
42a	283225230012			
42b	283225230011			
42c	283225230013			
46	283225220058			
47c	283225310023			
47e	283225230018			
48a	283225240017			
48c	283225310025			
50a	283225410020			
52b	283225130092			
52c	283225130034	283225240005		

Closed Deals - CBRE

Project	Parcel	Listing Price	Sales Price	Lead Source	Commission Paid
Muni Center - Meadow Creek	6b	\$ 260,000	\$ 180,000	CBRE	\$ 9,000
Muni Center - NIK	6a	\$ 600,000	\$ 616,690	CBRE	\$ 30,834
AEON - Phase 1	52a	\$ 185,000	\$ 183,000	CBRE	\$ 9,150
Centra Homes	51	\$ 350,000	\$ 295,000	CBRE	\$ 14,750
Common Bond	47b	\$ 400,000	\$ 435,000	CBRE	\$ 21,750
Inland / Affinity	48b	\$ 585,446	\$ 584,840	CBRE	\$ 29,242
PSD, LLC	49	\$ 2,350,000	\$ 1,897,090	CITY	\$ 94,854
Coastal Living / Morning Sun	53b	\$ 105,000	\$ 170,000	CBRE	\$ 8,500
Stone Brook Academy	47d	\$ 200,000	\$ 121,852	CBRE	\$ 6,091
Purmort Homes	54	\$ 400,000	\$ 5,000	CITY	\$ 3,500
		\$ 5,435,446	\$ 4,488,472		\$ 227,671

Pending PA's

Project	Parcel	Listing Price	Sales Price	Lead Source	Commission Paid
Capstone Homes - ROW	13a	\$ 45,000	\$ 27,750	CBRE	TBD
Rob Hardy - RGH Ramsey	42	\$ 2,059,517	\$ 1,383,464	CITY	TBD
PSD LLC - W Armstrong (SWAP)	45	\$ 960,000	\$ 621,019	CITY	\$0.00
AEON -Phase 2	52b	\$ 125,000	\$ 122,000	CBRE	TBD
		\$ 3,189,517	\$ 2,154,233		



1900 LaSalle Plaza
800 LaSalle Avenue
Minneapolis, MN 55402
+1 952 924 4600

May 2, 2019

BY ELECTRONIC MAIL

City of Ramsey
7550 Sunwood Drive NW
Ramsey, MN 55303

Attention: Sean Sullivan and Kurt Ulrich

**Re: *Exclusive Sales Listing Agreement
Multiple Land Parcels, City of Ramsey, Minnesota (“Property”)
Vacant Land Exhibit B***

Dear Sean and Kurt,

Thank you for selecting CBRE, Inc. (“CBRE”) to represent you. The terms of our engagement are contained in this agreement (“Agreement”).

1. This Agreement shall terminate one year after the above date (“Term”).
2. During the Term, you appoint us your exclusive agent with the right to list and market the Property for sale and to negotiate agreements for the sale of the Property (which includes portions thereof). If, during the Term, the Property is removed from the market because escrow is opened or an offer to purchase the Property is accepted, and if the sale is not consummated for any reason, then the Term will be extended by the longer of the number of days that (i) escrow was open or (ii) the Property was removed from the market, but in no event more than 180 calendar days in the aggregate.
3. We will commit the appropriate number of qualified and licensed professionals to this engagement. Your “Listing Team” is comprised of Brian Pankratz. We will have the right to change members of the Listing Team as necessary and appropriate. The Listing Team shall owe you duties of trust, confidence and loyalty.
4. We will offer the Property at an initial listing price that is per separate agreement and Acceptable to Owner, although the Property may be sold upon such other terms as you may agree. However, it is your right to: (a) approve, modify, reject or disapprove any and all proposals and offers as well as any prospective purchasers for the Property and (b) adjust the terms and conditions of any offer made, including but not limited to, adjusting the Property’s listing price.
5. We will work with you to create and implement a sales strategy for the Property, including preparation of appropriate and customary marketing materials (such as an offering brochure). In developing the strategy, we will rely on (without requirement to verify) any information provided to us by you, your agents, affiliates and/or any of the Property’s managers. However, we will not issue any written marketing materials without your prior written approval. Further, you authorize us to place one or more signs on the Property as we deem appropriate.
6. The success of this engagement relies, in part, on cooperation and communication between us. Therefore, you agree to: (i) provide us with all available information to assist us in marketing the Property; (ii) immediately refer to us all purchase inquiries for the Property; and (iii) conduct all negotiations with prospective purchasers exclusively through us.

7. You represent that you either are the fee owner of or otherwise have control over the Property. You further represent that you have full authority to enter into this Agreement without violating anyone else's rights, or any other agreements or contractual obligations.
 8. We will present all offers to you and assist you in developing and negotiating counteroffers until a PSA is signed and all contingencies are satisfied or waived. You agree that you and/or your legal counsel are solely responsible for determining the legal sufficiency of the documents related to this engagement and the tax consequences of any transaction. You are also responsible for evaluating any offers and determining with whom you will negotiate or enter into a transaction. While we may assist you in gathering reasonably available information, we cannot represent or warrant the creditworthiness of any prospect and/or their ability to satisfy their obligations under a purchase agreement. All final business and legal decisions shall be made solely by you. Notwithstanding any designation of us as "agent" in this Agreement, we will have no right, power, or authority to enter into any agreement with any prospective purchaser, real estate broker, or any other person in the name of, on behalf of, or otherwise binding upon you.
 9. **NOTICE: THE COMPENSATION FOR THE SALE, LEASE, RENTAL, OR MANAGEMENT OF REAL PROPERTY SHALL BE DETERMINED BETWEEN EACH INDIVIDUAL BROKER AND THE BROKER'S CLIENT.**
 10. We will earn (and you agree to pay) a commission in accordance with this Agreement and the attached Commission Schedule (Exhibit "A") if either of the following occur:
 - (a) during the Term, you sell the Property to a purchaser, whether procured by us, you or anyone else; or
 - (b) **within one hundred eighty (180) days after the expiration of the Term or after the Agreement otherwise terminates (the "Override Period")**, the Property is sold to, or negotiations continue, resume or commence and thereafter continue leading to a sale of the Property to any person or entity (including his/her/its successors, assigns or affiliates) with whom, during the Term, CBRE either negotiated (either directly or through another broker or agent) or to whom the Property was submitted during the Term ("Existing Prospect"). You agree that CBRE is authorized to continue negotiations with Existing Prospects. We will submit to you a list of such Existing Prospects in a "Protective List" within seventy-two (72) hours following the expiration or termination of the Term as required by M.S.A. §82.66(1); provided, however, that if a written offer has been submitted prior to said expiration or termination date, then it shall not be necessary to include the offeror's name on the list. The protective list may include only persons who have, during the Term, either made an affirmative showing of interest in the property by responding to an advertisement, or by contacting the Broker or having been physically shown the property by the Broker.
- NOTICE: IF YOU RELIST WITH ANOTHER BROKER WITHIN THE OVERRIDE PERIOD AND THEN SELL YOUR PROPERTY TO ANYONE WHOSE NAME APPEARS ON THIS LIST, YOU COULD BE LIABLE FOR FULL COMMISSIONS TO BOTH BROKERS. IF THIS NOTICE IS NOT FULLY UNDERSTOOD, SEEK COMPETENT ADVICE.**
11. You agree that we are authorized to cooperate with and, if appropriate, share our commission with "Cooperating Brokers" (such as a broker representing a purchaser). We will be responsible for paying the fee or commission due to the Cooperating Broker (if any) provided the Cooperating Broker: (i) represents the prospective purchaser pursuant to a written agreement, a copy of which is furnished to us prior to the execution of the transaction; (ii) is properly licensed; and (iii) executes and delivers to us an acceptable cooperating brokerage agreement. Market conditions may exist whereby the Cooperating Broker receives an above-standard fee and/or broker bonus. If so, our commission shall be increased by (and you agree to pay) an amount such that we receive no less than 50% of the total fee in accordance with the Commission Schedule.
 12. If you lease the Property to anyone during the Term or Post-Term, you agree to pay CBRE a lease commission in accordance with Exhibit A.

13. The Listing Team are your designated agents to the exclusion of all of CBRE's other licensees. All other CBRE licensees shall be referred to as "Non-Listing Team Agents" and shall be considered Cooperating Brokers. You acknowledge that we are an international brokerage firm and that we may represent prospective purchasers. You consent to the representation of such prospective purchasers by Non-Listing Team Agents and consent to any dual agency created by such representation. You acknowledge that Non-Listing Team Agents owe duties of trust, confidence and loyalty exclusively to their clients. The Listing Team and Non-Listing Team Agents shall not disclose the confidential information of one principal to the other.
14. Questions regarding environmental and zoning issues may arise during the course of our representation. CBRE is not obligated to perform, and has not made any investigation of the physical conditions or zoning issues relating to the Property. You agree to disclose to us and allow us to disclose to prospective purchasers everything you know (after reasonable inquiry by you) regarding present and future property issues including, but not limited to, structural, mechanical, hazardous materials, zoning and environmental matters affecting the Property and/or the Property's condition.
15. If the Property becomes the subject of foreclosure proceedings before the expiration of the Term, then in our sole and absolute discretion we may: (a) suspend this Agreement until we may elect to reinstate it or (b) terminate this Agreement and enter into a listing agreement with any receiver, party initiating foreclosure, party purchasing the Property at a foreclosure sale, or any other third party.
16. While we are confident that our relationship will be mutually satisfactory, if there is a dispute between us, then we agree to resolve it subject to the following:
 - (a) if either party institutes a legal proceeding against the other party relating to this Agreement, the prevailing party shall recover from the non-prevailing party all of its (i) reasonable attorneys' fees and costs, (ii) expert-related fees and costs and (iii) other related expenses. All past due amounts shall bear interest at twelve percent (12%) per annum or the maximum rate permitted in the state in which the Property is located. No party will be entitled to punitive, special and/or consequential damages, and we each waive all rights to and claims for relief other than for compensatory damages; and
 - (b) **WHERE PERMITTED BY LAW, WE EACH KNOWINGLY AGREE TO WAIVE ANY AND ALL RIGHTS TO HAVE A DISPUTE ON ANY MATTER RELATING TO, OR ARISING FROM THIS AGREEMENT DETERMINED BY A JURY.**
17. You and CBRE agree to comply with all applicable laws, regulations, codes, ordinances and administrative orders. Further, we both acknowledge that: (a) it is illegal to refuse to display or lease or sell to or from any person because of one's membership in a protected class, e.g.: race, color, religion, national origin, sex, ancestry, age, marital status, physical or mental handicap, familial status or any other class protected by applicable law and (b) the Property will be offered in compliance with all applicable anti-discrimination laws.
18. This Agreement is our entire agreement and supersedes all prior understandings between us regarding this engagement and is governed by the laws of the state where the Property is located, without regard to its conflict of laws principles. This Agreement will be binding and inure to the benefit of our lawful representatives, heirs, successors, designees and assignees. It may not be altered or terminated except in a writing signed by both you and CBRE. Neither party's failure to exercise any of its rights under this Agreement will relieve the other party of its obligations hereunder. Nothing herein is or may be deemed a waiver or full statement of any of our rights or remedies, whether at law or in equity, all of which are expressly reserved. If any provision of this Agreement is unenforceable or void under applicable law, the remaining provisions will continue to be binding. This Agreement and the rights, interests or obligations created hereunder will not be assigned by either of the parties without the prior written consent of the other party. We each agree that we have both participated in the negotiation and drafting of this Agreement. You acknowledge that the person signing this Agreement on your behalf has your full authority to execute it. This Agreement will be binding whether signatures are exchanged electronically or by hand, by mail, by fax, by electronic transfer or image, by photocopy or in counterparts.

19. Either party can cancel the Listing Agreement after 6 months with 30 day written notice.

Thank you again for this opportunity. We look forward to working with you.

Very truly yours,

CBRE, Inc.
Licensed Real Estate Broker

By: _____

Name: Jeff Giovanazzo

Title: Managing Director

Date: _____

AGREED:

City of Ramsey

By: _____

Name:

Title:

Date: _____

EXHIBIT A – Commission Schedule

- A. *Sale.* As to sales of real property, CBRE's commission shall be five percent (5%) of the gross sales price. If a cooperating broker or salesperson procures the sale, the commission will be seven percent (7%) of the gross sales price. Gross sales price shall include any and all consideration received or receivable, in whatever form, including but not limited to assumption or release of existing liabilities. In the event this sale is in connection with a "build to suit" transaction, the commission shall be calculated on the gross sales price plus the gross construction cost of the building to be constructed on the Property. The commission shall be earned and paid on the date title to the Property is transferred to the purchaser; provided, however, that if the transaction involves an installment contract, then payment shall be made upon execution of such contract. In the event you contribute or convey the Property or any interest therein to a corporation, joint venture, partnership, or other business entity, the commission shall be calculated on the fair market value of the Property or the portion thereof that is so transferred, and shall be earned and paid at the time of the contribution or transfer. If you are a partnership, corporation, or other business entity, and an interest in the partnership, corporation or other business entity is transferred, whether by merger, outright purchase or otherwise, in lieu of a sale of the Property, and applicable law does not prohibit the payment of a commission in connection with such sale or transfer, the commission shall be calculated on the fair market value of the Property, rather than the gross sales price, multiplied by the percentage of interest so transferred, and shall be paid at the time of the transfer.
1. *Definitions.* Under this Agreement the terms "sell," "sale" or "sold" shall mean: (a) an exchange of the Property; (b) the granting of an option to purchase the Property; or (c) any other transfer, conveyance or contribution of a controlling interest in the Property or in the entity which owns the Property, including, but not limited to, situations where you are a corporation, partnership or other business entity and a controlling interest in such corporation, partnership or other business entity is transferred, whether by merger, outright purchase or otherwise, in lieu of a sale of the Property.
 2. *Option to Purchase.* If you grant an option to purchase the Property, you agree to pay us a commission in accordance with this Commission Schedule, on the price paid for the option and for any extensions when you receive payment for any such option and/or extensions. If the option is exercised, whether during the Term or after, we will earn a further commission in accordance with this Agreement. Notwithstanding the foregoing, to the extent that all or part of the price paid for the option or any extension thereof is applied to the sales price of the Property, then any commission previously paid by you to us on account of the option payments will be credited against the commission payable to us on account of the exercise of the option.
 3. Broker (CBRE) shall receive a minimum fee based on a sales price of \$1.50 per gross SF for the sale of any industrial or office land and a minimum fee of \$5,000.00 for the sale of any residential parcel of land \$5,000.00 for the sale of any residential parcel of land greater than \$45,000; and, a minimum fee of \$3,500.00 for the sale of any residential parcel of land less than or equal to \$45,000.
 4. If a potential prospect/buyer is generated by the City of Ramsey with no prior contact or discussions with/from CBRE than the commission will be reduced to 3% of the gross sales price to calculate commissions. If potential buyer generated by City of Ramsey has a cooperative broker, there will not be a fee reduction.

EXHIBIT B – Subject Parcels (All in COR)

1. **Parcel 50** -28-32-25-41-0020
2. **Parcel 52** (AEON PHASE 2) -28-32-25-13-0092
3. **Parcel 47c** -28-32-25-31-0023
4. **Parcel 47e** -28-32-25-23-0018
5. **Parcel 46** -28-32-25-22-0058
6. **Parcel 42** -7994 Sunwood Dr, 7992 Sunwood Dr, 7990 Sunwood Dr PID 28-32-25-23-0012, 28-32-25-23-0013, 28-32-25-23-0011
7. **Parcel 45** -8019 146th PID 8020 147th PID 29-32-25-14-0010, 29-32-25-14-0009
8. **Parcel 48** -PID 28-32-25-31-0025, 28-32-25-24-0017

Owner Marketing Approval

Property Name:	City of Ramsey Land Parcels
Property Address:	Ramsey, MN
Broker(s):	Brian Pankratz

I hereby authorize CBRE to actively market the above-referenced property for signage, spec sheets, brochures, postcards, company web page, campaign logic, MNCAR, Co-Star & Loopnet:

TOTAL BUILDING SQUARE FOOTAGE:	
AVAILABLE SQUARE FOOTAGE:	
OFFICE SQUARE FOOTAGE:	
WAREHOUSE SQUARE FOOTAGE:	
LOT AREA:	80.52
CLEAR HEIGHT:	
LOADING:	
CONSTRUCTION:	
YEAR BUILT:	
SPRINKLERED:	
POWER:	
COLUMN SPACING:	
PARKING:	
LEASE RATES/SALE PRICE:	
EST. 2018 REAL ESTATE TAXES:	
EST. 2018 CAM:	
EST. 2018 TOTAL:	
COMMENTS:	

APPROVED this _____ day of _____, 2019

City of Ramsey

Owner

By: _____

Title: _____

© 2018 CBRE, Inc. The information about this property has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions or estimates used are for example only and do not represent the current or future performance of the property. The value of this transaction to you depends on tax and other factors which should be evaluated by your tax, financial and legal advisors. You and your advisors should conduct a careful, independent investigation of the property to determine to your satisfaction the suitability of the property for your needs.

Minnesota Sale/Lease Disclosures

Property: City of Ramsey Land

Seller/Landlord Disclosure of Material Facts, Delivery of Reports, and Compliance with Laws. Sellers/landlords are hereby requested to disclose directly to buyers/tenants all facts known to sellers/landlords that materially affect the value or desirability of the Property and are not readily observable nor known to the buyer/tenant, including, but not limited to, facts regarding hazardous materials, zoning, construction, design, engineering, soils, title, survey, fire/life safety, proneness to natural hazards such as earthquakes, and other matters, and to provide buyers/tenants with copies of all reports in the possession of or accessible to sellers/landlords regarding the Property. Sellers/landlords and buyers/tenants must comply with all applicable federal, state and local laws, regulations, codes, ordinances and orders, including, but not limited to, the 1964 Civil Rights Act and all amendments thereto, the Foreign Investment in Real Property Tax Act, the Comprehensive Environmental Response Compensation and Liability Act, and The Americans With Disabilities Act.

Americans with Disabilities Act (ADA). The Americans With Disabilities Act (42 United States Code §12101 et seq.) and other federal, state and local requirements may require changes to the Property. Have your experts investigate and evaluate these matters.

Taxes. Sales, leases and other real estate transactions can have federal, state and local tax consequences. In sales transactions, Internal Revenue Code §1445 requires buyers to withhold and pay to the IRS 15% of the gross sales price within 20 days of the date of a sale unless the buyers can establish that the sellers are not foreigners, generally by having the sellers sign a Non-Foreign Seller Affidavit. Depending on the structure of the transaction, the tax withholding liability can exceed the net cash proceeds to be paid to sellers at closing. Have your experts investigate and evaluate these matters.

Flood Zones. Many lenders require flood insurance for properties located in flood zones, and government authorities may regulate development and construction in flood zones. Whether or not located in a flood zone, properties can be subject to flooding and moisture problems, especially properties on a slope or in low-lying areas. Buyers/tenants should have their experts confirm whether the Property is in a flood zone and otherwise investigate and evaluate these matters.

Fires. Properties, whether or not located in a fire hazard zone, are subject to fire/life safety risks and may be subject to state and local fire/life safety-related requirements, including retrofit requirements. Have your experts investigate and evaluate these matters.

Hazardous Materials and Underground Storage Tanks. Due to prior or current uses of the Property or in the areas or the construction materials used, the Property may have hazardous or undesirable metals (including but not limited to lead-based paint), minerals (including but not limited to asbestos), chemicals, hydrocarbons, petroleum-related compounds, or biological or radioactive/emissive items (including but not limited to electrical and magnetic fields) in soils, water, building components, above or below-ground tanks/containers or elsewhere in areas that may or may not be accessible or noticeable. Such items may leak or otherwise be released. If the Property was built before 1978 and has a residential unit, sellers/landlords must disclose all reports, surveys and other information known to them regarding lead-based paint to buyers/tenants and allow for inspections (42 United States Code §4851 et seq.). Have your experts investigate and evaluate these matters.

Property Inspections and Evaluations. Buyers/tenants should have the Property thoroughly inspected and all parties should have the transaction thoroughly evaluated by the experts of their choice. Ask your experts what investigations and evaluations may be appropriate as well as the risks of not performing any such investigations or evaluations. Information regarding the Property supplied by the real estate brokers has been received from third party sources and has not been independently verified by the brokers. Have your experts verify all information regarding the Property, including any linear or area measurements, the availability of all utilities, applicable zoning, and entitlements for the intended use. All work should be inspected and evaluated by your experts, as they deem appropriate. Any projections or estimates are for example only, are based on assumptions that may not occur, and do not represent the current or future performance of the property. Real estate brokers are not experts concerning, nor can they determine if any expert is qualified to provide advice on, legal, tax, design, ADA, engineering, construction, soils, title, survey, fire/life safety, insurance, hazardous materials, or other such matters. Such areas require special education and, generally, special licenses not possessed by real estate brokers. Consult with the experts of your choice regarding these matters.

CONSULT YOUR ADVISORS – This document has legal consequences. No representation or recommendation is made by Broker as to the legal or tax consequences of this Agreement or the transaction(s) which it contemplates. This form is not intended to substitute for any disclosures the law requires that the parties make to each other. These are questions for your attorney and financial advisors.



AMENDMENT TO LISTING AGREEMENT

CBRE, INC.
BROKERAGE AND MANAGEMENT
LICENSED REAL ESTATE BROKER

June 7, 2018

This is an Amendment to the Exclusive Sales Listing Agreement ("Listing") dated January 28, 2014, between the CITY OF RAMSEY and the RAMSEY HOUSING & REDEVELOPMENT AUTHORITY ("Owner") and CBRE, INC. ("Broker") for the real property described as: please see attached Exhibit A.

Owner and Broker hereby agree to amend the Listing as follows:

- 1. That the Listing Term be extended for another period commencing July 31, 2018 and ending midnight July 30, 2019.
2. All other terms and conditions remain the same.

As used herein the term "Owner" shall be deemed to include a tenant wishing to effect a sublease, lease assignment or lease cancellation.

Except as expressly set forth in this Amendment, the Listing shall remain in full force and effect.

BROKER:

CBRE, Inc.
Licensed Real Estate Broker

By: [Signature]
Blake R. Hastings
Managing Director
Address: 1900 LaSalle Plaza
800 LaSalle Avenue
Minneapolis, MN 55402
Telephone: (952) 924-4600
Date: August 2, 2018

OWNER:

CITY OF RAMSEY

By: [Signature]
John LeTourneau
Acting Mayor
By: [Signature]
Kurt Ulrich
City Administrator
Address: 7550 Sunwood Drive NW
Ramsey, MN 55303
Telephone: (763) 427-1410
Date: 7/31/2018

EXHIBIT A – LISTED PROPERTIES

1. 253225430043 (former amoco) 5195 142nd Ave NW
2. 113225430004 (water tower) 16600 St Francis Blvd
3. 273225330006 14165 Ramsey Blvd NW
4. 343225130005 (former bookstore) 6710 Highway 10 NW
5. 283225220058 (NW corner of COR)
6. 283225240009, 283225240011, 283225240010, 283225240013, 28322540012, 283225240012, 283225240008 (NW COR-1 and COR-2)
7. 283225140094 (cor NE corner bunker)
8. 283225240005, 283225130034, 283225130092 (aeon and keyhole, N COR)
9. 93225140009, 293225140010, 293225140013, 293225140014 (NW of Armstrong interchange)
10. 283225230013, 283225230011, 283225330018 (COR W, pad sites, retail) 7990,7992, 7994 Sunwood Dr NW
11. 283225230010 (COR W of common bond)
12. 283225410020 (COR E office park)
13. 283225410081 (old muni center site)
14. 20-32-25-31-0003 Alpine & Puma



AMENDMENT #2 TO LISTING AGREEMENT

CBRE, INC.
BROKERAGE AND MANAGEMENT
LICENSED REAL ESTATE BROKER

July 25, 2017

This is an Amendment to the Exclusive Sales Listing Agreement ("Listing Agreement") dated January 28, 2014, between the CITY OF RAMSEY and the RAMSEY HOUSING & REDEVELOPMENT AUTHORITY ("Owner") and CBRE, INC. ("Broker") for the real property described as: please see attached Exhibit A.

Owner and Broker hereby agree to amend the Listing Agreement as follows:

1. That the Listing Agreement Term be extended for another period commencing July 31, 2017 and ending midnight July 30, 2018.
2. The early cancellation option, outlined in Paragraph 1 in the original Listing Agreement, shall be amended from 90 days to 30 days with written notice.
3. In accordance with Paragraph 5 of the original Listing Agreement, Broker must submit the "protective list" to the Owner before this second amendment is executed.
4. Except as expressly set forth in this Amendment, the Listing shall remain in full force and effect.

BROKER:

CBRE, Inc.
Licensed Real Estate Broker

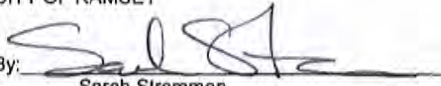
By: 
 Title: Blake R. Hastings
Managing Director

Address: 1900 LaSalle Plaza
800 LaSalle Avenue
Minneapolis, MN 55402

Telephone: (952) 924-4600
 Date: 8/4/17

OWNER:

CITY OF RAMSEY

By: 
 Title: Sarah Strommen
Mayor

By: 
 Title: Kurt Ulrich
City Administrator

Address: 7550 Sunwood Drive NW
Ramsey, MN 55303

Telephone: (763) 427-1410
 Date: 7/27/2017

EXHIBIT A – LISTED PROPERTIES

1. **253225430043** (former amoco)
2. **113225430004** (water tower)
- ~~3. 273225440003~~ (small industrial, issues) [removed from Exhibit A]
- ~~4. 063225440009~~ (sold, remnant residential, windsorwood) [removed from Exhibit A]
- ~~5. 273225330006~~ (ramsey blvd industrial, issues) [removed from Exhibit A]
6. **343225130005** (former bookstore)
- ~~7. 283225220011, 283225220013~~ (both PIDs don't exist) [removed from Exhibit A]
- ~~8. 353225340018~~ (former condemned residential, sold) [removed from Exhibit A]
9. **283225220058** (NW corner of COR)
- ~~10. 2832255230010, 283225340019~~ (both PIDs don't exist) [removed from Exhibit A]
11. **283225240009, 283225240009, 283225240011, 283225240010, 283225240013, 28322540012, 283225240003 (partial), 283225240008 (partial)** (NW COR-1 and COR-2)
- ~~12. 283225420017, 283225420018~~ (psd COR-1 NE, sold) [removed from Exhibit A]
- ~~13. 283225410009~~ (both PID doesn't exist) [removed from Exhibit A]
14. **283225140094** (cor NE corner bunker)
15. **283225240005, 283225130034, 283225130033** (aeon and keyhole, N cor)
- ~~16. 283225240035, 283225240030~~ (u-shape and triangle, both sold) [removed from Exhibit A]
- ~~17. North Commons, Four 9,000-sq.-ft. Lots~~ (no PIDs, sold) [removed from Exhibit A]
18. **293225140009, 293225140010, 293225140013, 293225140014** (NW of armstrong interchange)
- ~~19. 293225140013, 293225140014~~ (double stated) [removed from Exhibit A]
- ~~20. 203225340003~~ (too small of parcel) [removed from Exhibit A]
21. 283225230013, 283225230011 (COR W, pad sites, retail)
22. 283225230010 (COR W of common bond)
23. 283225410020 (COR E office park)
24. 283225410081 (old muni center site)

RED – removed from Exhibit A, null/void.

YELLOW – confirmed.

GREEN – added Exhibit A.
(due new PIDs, split PIDs, or missing PIDs)



EXCLUSIVE SALES LISTING AGREEMENT
CBRE, INC.
BROKERAGE AND MANAGEMENT

1. In consideration of the listing for sale the real property hereinafter described (the "Property") by CBRE, Inc. ("Broker") and Broker's agreement to use commercially reasonable efforts to effect a sale of same, the City of Ramsey and the Ramsey Housing & Redevelopment Authority ("Owner") hereby grants to Broker the exclusive right to list for sale the Property for a period commencing January 28, 2014, and ending midnight January 28, 2017. This agreement will be for three (3) years, with the option to cancel after Year One with a ninety (90) day written notice (with no penalty) by either party (the "Term"), at a price of the following terms, or such other terms, as owner may agree.

The Properties are situated in the City of Ramsey, County of Anoka, State of Minnesota, is located at and is further described as (see Exhibit "A").

References herein to the Property shall be understood to include portions of the Property.

2. **NOTICE: THE COMPENSATION FOR THE SALE, LEASE, RENTAL, OR MANAGEMENT OF REAL PROPERTY SHALL BE DETERMINED BETWEEN EACH INDIVIDUAL BROKER AND THE BROKER'S CLIENT.**
Owner agrees to pay Broker a sales commission in accordance with Broker's Schedule of Sale and Lease Commissions (the "Schedule"), a copy of which is executed by Owner, attached hereto and hereby made a part hereof. This commission shall be earned for services rendered, if, during the Term: (a) the Property is sold to a purchaser procured by Broker, Owner, or anyone else; (b) any contract for the sale of the Property is entered into by Owner; (c) Property is transferred due to eminent domain or the threat thereof, foreclosure, or conveyance in lieu of foreclosure; (d) Owner contributes or conveys the Property to a partnership, joint venture, or other business entity; or (e) Owner is a corporation, partnership, or other business entity and an interest in such corporation, partnership or other business entity is transferred, whether by merger, outright purchase, or otherwise, in lieu of a sale of the Property. Broker is authorized to cooperate with and to share its commission with other licensed real estate brokers, regardless of whether said brokers represent prospective purchasers (hereinafter "Cooperating Brokers") or assist Broker.
3. As used in this Agreement the term "sale" shall include an exchange of the Property, and also the granting of an option to purchase the Property. Owner agrees that in the event such an option is granted, Owner shall pay Broker a sales commission in accordance with the Schedule on the price paid for the option and for any extensions thereof. This commission shall be paid upon receipt by Owner of any such payment(s). In the event such an option is exercised, either during the term or within one year thereafter, Owner shall also pay Broker a sales commission on the gross sales price of the Property, in accordance with the Schedule. Notwithstanding the foregoing, to the extent that all or part of the price paid for the option or any extension thereof is applied to the sales price of the Property, then any commission previously paid by Owner to Broker on account of such option payment(s) shall be credited against the commission payable to Broker on account of the exercise of the option.
4. Owner further agrees that Owner shall pay Broker a commission in accordance with the Schedule, if, within one hundred eighty (180) calendar days after the expiration or termination of the Term (the "Override Period"), the Property is sold to, or Owner enters into a contract of sale of the Property with any person or entity (including his/her/its successors, assigns or affiliates) with whom Broker has negotiated (either directly or through another broker or agent) or to whom the Property has been submitted prior to the expiration or termination of the Term. Broker is authorized to continue negotiations with such persons or entities. Broker agrees to submit a protective list of such persons or entities to Owner within seventy-two (72) hours following the expiration or termination of the Term as required by M.S.A. §82.21. The protective list may include only persons who have, during the Term, either made an affirmative showing of interest in the Property by responding to an advertisement or by contacting Broker or has been physically shown the Property by Broker, provided, however, that if a written offer has been submitted it shall not be necessary to include the offeror's name on the list. The parties on the protective list must acknowledge in writing that the Property has been presented to such party. The submitted list will include submitted offers, groups currently under contract, and groups identified on the CBRE monthly update list.
5. Broker agrees Owner shall not pay Broker commission fees in accordance with the Schedule, if, within one hundred eighty (180) calendar days after commencement of this Exclusive Sales Listing Agreement, Property is sold to, or Owner enters into a contract of sale of Property with any person or entity as indicated in Appendix B.
6. Owner further agrees that (a) if a lease of the Property is entered into during the Term by anyone, or (b) if, during the Override Period, the Property is leased to, or owner enters into a contract to lease the Property with, or negotiations continue, resume or commence and thereafter continue leading to the lease of the Property to any person or entity (including his/her/its successors, assigns or affiliates) with whom Broker has negotiated (either directly or through another broker or agent) or to whom the Property has been submitted prior to the expiration or termination of the Term, Owner shall pay Broker a leasing commission in accordance with the Schedule.

IF YOU RELIST WITH ANOTHER BROKER WITHIN THE OVERRIDE PERIOD AND THEN SELL YOUR PROPERTY TO ANYONE WHOSE NAME APPEARS ON THIS LIST, YOU COULD BE LIABLE FOR FULL COMMISSIONS TO BOTH BROKERS. IF THIS NOTICE IS NOT FULLY UNDERSTOOD, SEEK COMPETENT ADVICE.

7. Commissions shall be payable hereunder when earned or at the earlier of closing of escrow, recordation of the deed, lease execution, or taking of possession by the purchaser or tenant.

8. Check one of the following:

- Owner agrees to have Broker arrange for closing services.
 Owner shall arrange for closing services to be provided by a third-party.

8. Unless otherwise provided herein, the terms of sale shall be, at the option of the purchaser, either cash or cash to any existing loan. Any offer may contain normal and customary contingencies such as those relating to the condition of the Property, title report, and timing of closing.
9. Owner shall reimburse Broker, monthly or upon request, for its direct out-of-pocket expenses reasonably incurred and approved by Owner in the preparation of the offering brochures required for print advertising, and for other activities involved in marketing the Property hereunder. The reimbursement for these expenses shall not exceed the sum of \$0 Dollars (\$_0_____). Except as expressly provided in this paragraph, all expenses incurred by Broker in the performance of its service shall be borne by Broker, not Owner.
10. Owner agrees to cooperate with Broker in bringing about a sale of the Property and to refer immediately to Broker all inquiries of anyone interested in the Property. All negotiations are to be through Broker. Broker is authorized to accept a deposit from any prospective purchaser and to handle it in accordance with the instructions of the parties unless contrary to applicable law. Broker is exclusively authorized to advertise the Property and, exclusively, to place a sign(s) on the Property if, in Broker's opinion, such would facilitate the sale of the Property. Owner and its counsel will be responsible for determining the legal sufficiency of any purchase and sale agreement and other documents relating to any transaction contemplated by this Agreement.
11. In the event the Property is removed from the market due to the opening of an escrow or acceptance of an offer to purchase the Property during the Term, or any extension thereof, and the sale is not consummated for any reason then, in that event, the Term shall be extended for a period of time equal to the number of days that the escrow had been opened and/or the Property had been removed from the market, whichever is longer, provided that, in no event shall such extension(s) exceed one hundred eighty (180) calendar days in the aggregate.
12. Owner agrees to disclose to Broker and to prospective tenants or purchasers any and all information which Owner has regarding present and future zoning and environmental matters affecting the Property and regarding the condition of the Property, including, but not limited to structural, mechanical and soils conditions, the presence and location of asbestos, PCB transformers, other toxic, hazardous or contaminated substances, and underground storage tanks in, on, or about the Property. Broker is authorized to disclose any such information to prospective purchasers or tenants.
13. Owner represents that it is the owner of the Property and that, except as may be set forth in an addendum attached hereto, no person or entity who has an ownership interest in the Property is a foreign person as defined in the Foreign Investment in Real Property Tax Act (commonly known as "FIRPTA").
14. If earnest money or similar deposits made by a prospective purchaser or tenant are forfeited, in addition to any other rights of Broker pursuant to this Agreement, Broker shall be entitled to one-half (1/2) thereof, but not to exceed the total amount of the anticipated commission.
15. To the extent permitted by applicable law, Broker is authorized to deduct its commissions from any deposits, payments or other funds, including proceeds of sale or rental payments, paid by a purchaser or tenant in connection with a transaction contemplated by this Agreement, and Owner hereby irrevocably assigns said funds and proceeds to Broker to the extent necessary to pay said commissions. Broker is authorized to provide a copy of this Agreement to any escrow or closing agent working on such transaction, and such escrow or closing agent, or tenant, is hereby instructed by Owner to pay Broker's commissions from any such funds or proceeds available. Owner shall remain liable for the entire amount of said commissions regardless of whether Broker exercises its rights under this paragraph.
16. Owner and Broker designate the individual(s) identified below as the legal agent(s) of Owner, to the exclusion of all other licensees of Broker (individually or collectively referred to as "Designated Agent(s)"). Owner acknowledges that Broker is a national brokerage firm and that in some cases it may represent prospective purchasers or tenants. Owner desires that the Property be presented to such persons or entities, and consents to any dual representation created in the event that such purchaser or tenant is also represented by Designated Agent(s). Designated Agent(s) shall not disclose the confidential information of one principal to the other.

Designated Agent(s): Brian Pankratz, Richard Palmiter, Krista Flemming

17. In the event that the Property comes under the jurisdiction of a bankruptcy court, Owner shall immediately notify Broker of the same, and shall promptly take all steps necessary to obtain court approval of Broker's appointment, unless Broker shall elect to terminate this Agreement upon said notice.
18. In the event that the Property becomes the subject of foreclosure proceedings prior to the expiration of this Agreement, then Broker may, in its sole and absolute discretion (i) suspend this Agreement until such time as Broker may elect, in its sole and absolute discretion, to reinstate this Agreement, or (ii) terminate this Agreement and be free to enter into a listing agreement with any receiver, the party initiating the foreclosure, the party purchasing the Property at a foreclosure sale, or any other person having an interest in the Property.
19. In the event Owner fails to make payments within the time limits set forth herein, then from the date due until paid, the delinquent amount shall bear interest at the four percent (4%) per year.

20. Each signatory to this Agreement represents and warrants that (s)he has full authority to sign this Agreement on behalf of the party for whom (s)he signs and that this Agreement binds such party.
21. This Agreement constitutes the entire agreement between Owner and Broker and supersedes all prior discussions, negotiations and agreements, whether oral or written. Owner and Broker each represent and warrant to the other that in entering into this Agreement, they are not relying upon any discussions, representations, understandings or agreements, other than the matters specifically stated herein. No amendment, alteration, cancellation or withdrawal of this Agreement shall be valid or binding unless made in writing and signed by both Owner and Broker. This Agreement shall be binding upon, and shall benefit, the heirs, successors, and assignees of the parties. In the event any clause, provision, paragraph or term of this Agreement shall be deemed to be unenforceable or void based on any controlling state or federal law, the remaining provisions hereof, and each part, shall remain unaffected and shall continue in full force and effect.
22. The parties hereto agree to comply with all applicable federal, state and local laws, regulations, codes, ordinances and administrative orders having jurisdiction over the parties, Property or the subject matter of this Agreement, including, but not limited to, the 1964 Civil Rights Act and all amendments thereto, the Foreign Investment In Real Property Tax Act, the Comprehensive Environmental Response Compensation and Liability Act, and The Americans With Disabilities Act. Owner and Broker agree that the Property will be offered in compliance with all applicable anti-discrimination laws.

The undersigned Owner hereby acknowledges receipt of a copy of this Agreement.

BROKER:

CBRE, Inc.
Licensed Real Estate Broker

By: Richard Palmiter
 Richard Palmiter
 Title: Vice President

By: Brian Pankratz
 Brian Pankratz
 Title: Vice President

Address: 4400 West 78th Street
Suite 200
Minneapolis, MN 55435

Telephone: (952) 924-4600

Date: 1-28-14

OWNER:

City of Ramsey

By: Sarah Strommen
 Sarah Strommen
 Title: Mayor

By: Kurt Ulrich
 Kurt Ulrich
 Title: City Administrator

Address: 7550 Sunwood Drive NW
Ramsey, MN 55303

Telephone: 763-427-1410

Date: January 28, 2014

OWNER:

Ramsey Housing & Redevelopment Authority (HRA)

By: Randy Backous
 Randy Backous
 Title: HRA Chair

By: Ted LaFrance
 Ted LaFrance
 Title: Executive Director

Address: 7550 Sunwood Drive NW
Ramsey, MN 55303

Telephone: 763-427-1410

Date: January 28, 2014

CONSULT YOUR ADVISORS – This document has legal consequences. No representation or recommendation is made by Broker as to the legal or tax consequences of this Agreement or the transaction(s) which it contemplates. These are questions for your attorney and financial advisors.


Owner Marketing Approval

Property Name:	City of Ramsey Land
Property Address:	(See Exhibit "A"), City of Ramsey, MN
Broker(s):	Brian Pankratz, Richard Palmiter, Krista Flemming

I hereby authorize CBRE to actively market the above-referenced property with signage, spec sheets, brochures, postcards, company web page, MNCAR, Co-Star & Loopnet:

OWNER:

City of Ramsey

By: 
Sarah Strommen

Title: Mayor

By: 
Kurt Ulrich

Title: City Administrator

Date: January 28, 2014

OWNER:

Ramsey Housing & Redevelopment Authority (HRA)

By: 
Randy Backous

Title: HRA Chair

By: 
Ted LaFrance

Title: Executive Director

Date: January 28, 2014



SCHEDULE OF LAND SALE COMMISSIONS

CBRE, INC.
BROKERAGE AND MANAGEMENT
LICENSED REAL ESTATE BROKER

FOR PROPERTY: (See Exhibit "A")

NOTICE: THE COMMISSION RATE FOR THE SALE, LEASE, RENTAL, OR MANAGEMENT OF REAL PROPERTY SHALL BE DETERMINED BETWEEN EACH INDIVIDUAL BROKER AND ITS CLIENT.

As to all sales of real property, the commission shall be calculated on the basis of five percent (5%) of the gross sales price of the property paid to owners at closing.

The minimum gross sale price for industrial and office land, for the purpose of calculating CBRE's commission only, shall be \$2.00 per square foot.

The provisions hereof are subject to the terms and provisions of any Authorization of Sale, Exclusive Leasing Agreement or other agreement to which this Schedule may be attached and which is executed by the parties hereto.

In the event Owner fails to make payments within the time limits called for herein, then from the date due until paid, the delinquent payment shall bear interest at four percent per year.

The undersigned Owner hereby acknowledges receipt of a copy of this Schedule and further agrees that it shall be binding upon the heirs, successors and assigns of the undersigned.

APPROVED this 28th day of January, 2014

CBRE, Inc.
Licensed Real Estate Broker

By: Richard Palmiter
Title: Vice President

By: Brian Pankratz
Title: Vice President

OWNER:
City of Ramsey

By: Sarah Strommen
Its: Mayor

By: Kurt Ulrich
Its: City Administrator

OWNER:
Ramsey Housing and Redevelopment Authority (HRA)

By: Randy Backous
Its: HRA Chair

By: Ted LaFrance
Its: Executive Director

Exhibit A

Exclusive Sale Listing Agreement:
Property Listing Descriptions

Parcels to be listed for sale by CBRE

<u>Property Identification Number (PID)</u>	<u>Unique Ramsey Identification Number</u>
1. 253225430043	08
2. 113225430004	11
3. 273225440003	28
4. 063225140009	34
5. 273225330006	37
6. 343225130005	40
7. 283225220011, 283225220013	42
8. 353225310018	44
9. 283225220058	46
10. 2832255230010, 283225310019	47
11. 283225240009 (partial), 283225240009, 283225240011, 283225240010, 283225240013, 28322540012	48
12. 283225420017, 283225420018	49
13. 283225410009	50
14. 283225140094	51
15. 283225240005, 283225130034, 283225130033	52
16. 283225210035, 283225210030	53
17. North Commons, Four 9,000 sq. ft. Lots (no PIDs) (283225210033)	54

Exhibit B

Exclusive Sale Listing Agreement:
Owner Prospect List

Parcels CBRE receives no regular commission fees in accordance with the Schedule, during the first six months of the executed Exclusive Listing Agreement, if said properties are sold to the following prospect buyers (July 28, 2014).

Property Identification Number (PID)	Ramsey ID	Prospect Buyer
15. North Commons, Four Lots (no PIDs)	54	Greg Bauer Trilogy Homes, Inc. 9340 Highway 10 NW Ramsey, MN 55303
4. 063225140009	34	Nathan Gunn Homes of Influence, LLC 14228 Vintage Street NW Andover, MN 55304 Nathan Gunn Foundational Realty, LLC 14228 Vintage Street NW Andover, MN 55304
6. 283225220011, 283225220013	42	Casey's General Store, Inc. One Convenience Boulevard Ankeny, IA 50021
8. 353225310018	44	Nathan Gunn Homes of Influence, LLC 14228 Vintage Street NW Andover, MN 55304 Nathan Gunn Foundational Realty, LLC 14228 Vintage Street NW Andover, MN 55304
12. 283225410009	50	Casey's General Store, Inc. One Convenience Boulevard Ankeny, IA 50021

See paragraph 5 of Exclusive Listing Agreement for details.