

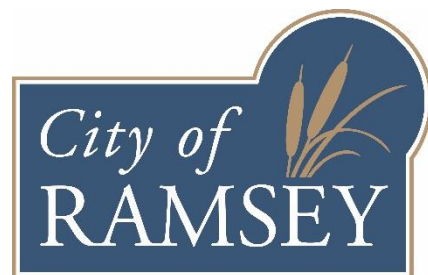


MODIFICATION TO THE DEVELOPMENT PROGRAM
Development District No. 1

- 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

Table of Contents
(for reference purposes only)

Section 1 - Modification to the Development Program	
for Development District No. 1	1-2
Foreword	1-2
Section 2 - Tax Increment Financing Plan	
for Tax Increment Financing District No. 17: Delta ModTech	2-1
Subsection 2-1. Foreword	2-1
Subsection 2-2. Statutory Authority	2-1
Subsection 2-3. Statement of Objectives	2-1
Subsection 2-4. Development Program Overview	2-1
Subsection 2-5. Description of Property in the District and Property To Be Acquired	2-2
Subsection 2-6. Classification of the District	2-2
Subsection 2-7. Duration and First Year of Tax Increment of the District	2-2
Subsection 2-8. Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements	2-3
Subsection 2-9. Sources of Revenue/Bonds to be Issued	2-4
Subsection 2-10. Uses of Funds	2-4
Subsection 2-11. Fiscal Disparities Election	2-5
Subsection 2-12. Estimated Impact on Other Taxing Jurisdictions	2-5
Subsection 2-13. Supporting Documentation	2-7
Subsection 2-14. Administration of the District	2-7
Appendix A. Map of Development District No. 1 and the District	A-1
Appendix B. Estimated Cashflow for the District	B-1
Appendix C. Findings and But-For Analysis	C-1

**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.

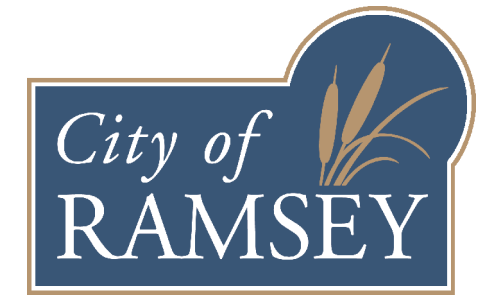
Subsection 2-14. Administration of the District

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



T

Appendix A

Map of Development District No. 1 and the District



TIF Districts

-  TIF District 17
-  Development District #1

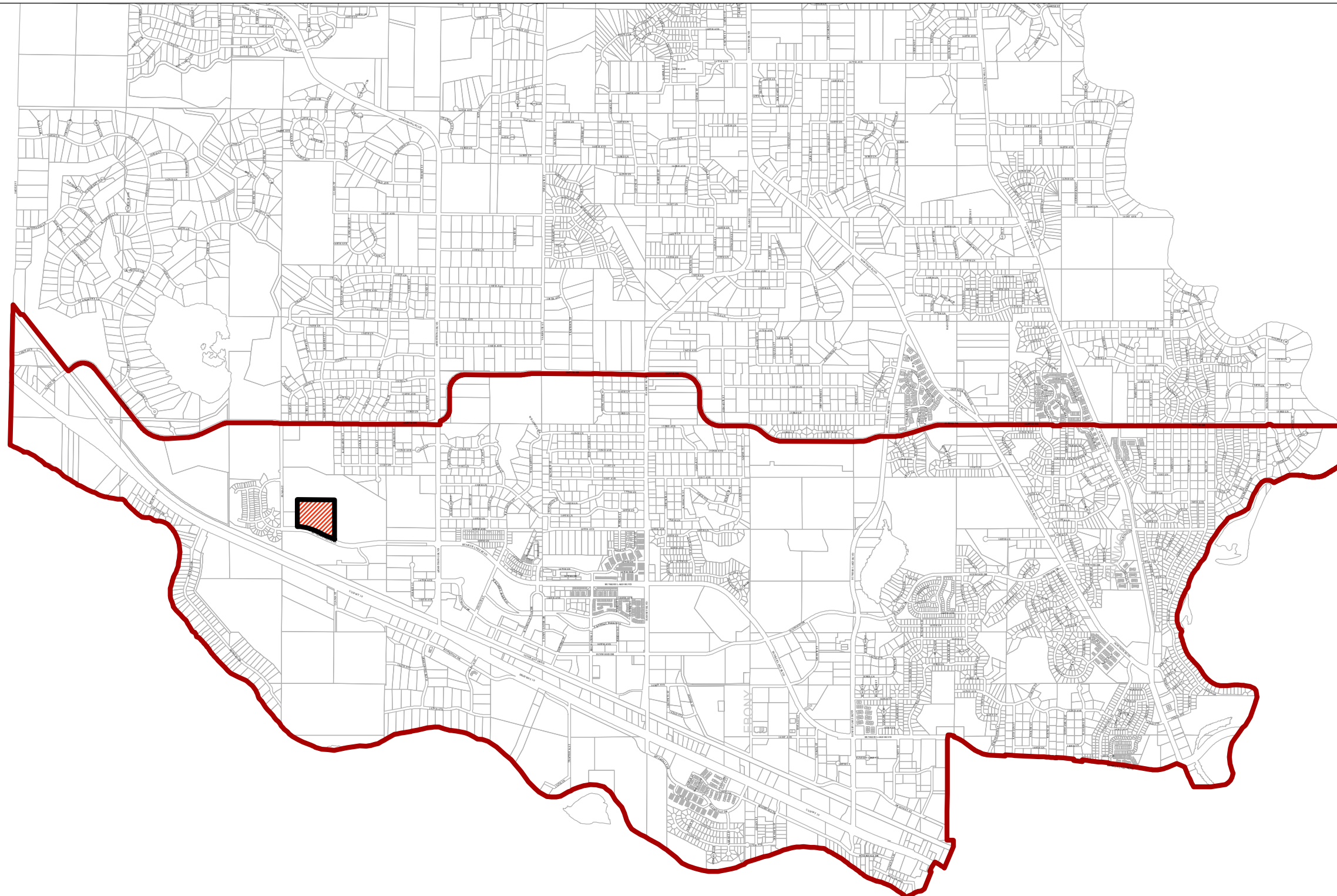
Site to be platted as:
Lot 1, Block 1, Amsterdam Extension

Map Prepared by the City of Ramsey
Data Source: Anoka County, City of Ramsey
June 3, 2019
Lambert 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.

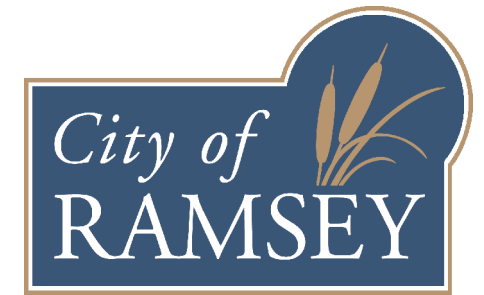
The City does not represent that the GIS data can be used for exact measurement of distance or direction or precision in the depiction of geographic features. If errors or discrepancies are found, please contact (763) 427-1410.

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



0 0.75 1.5 Miles





TIF Districts



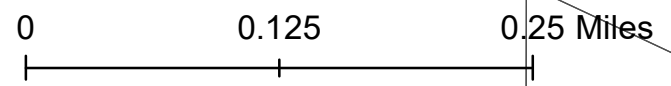
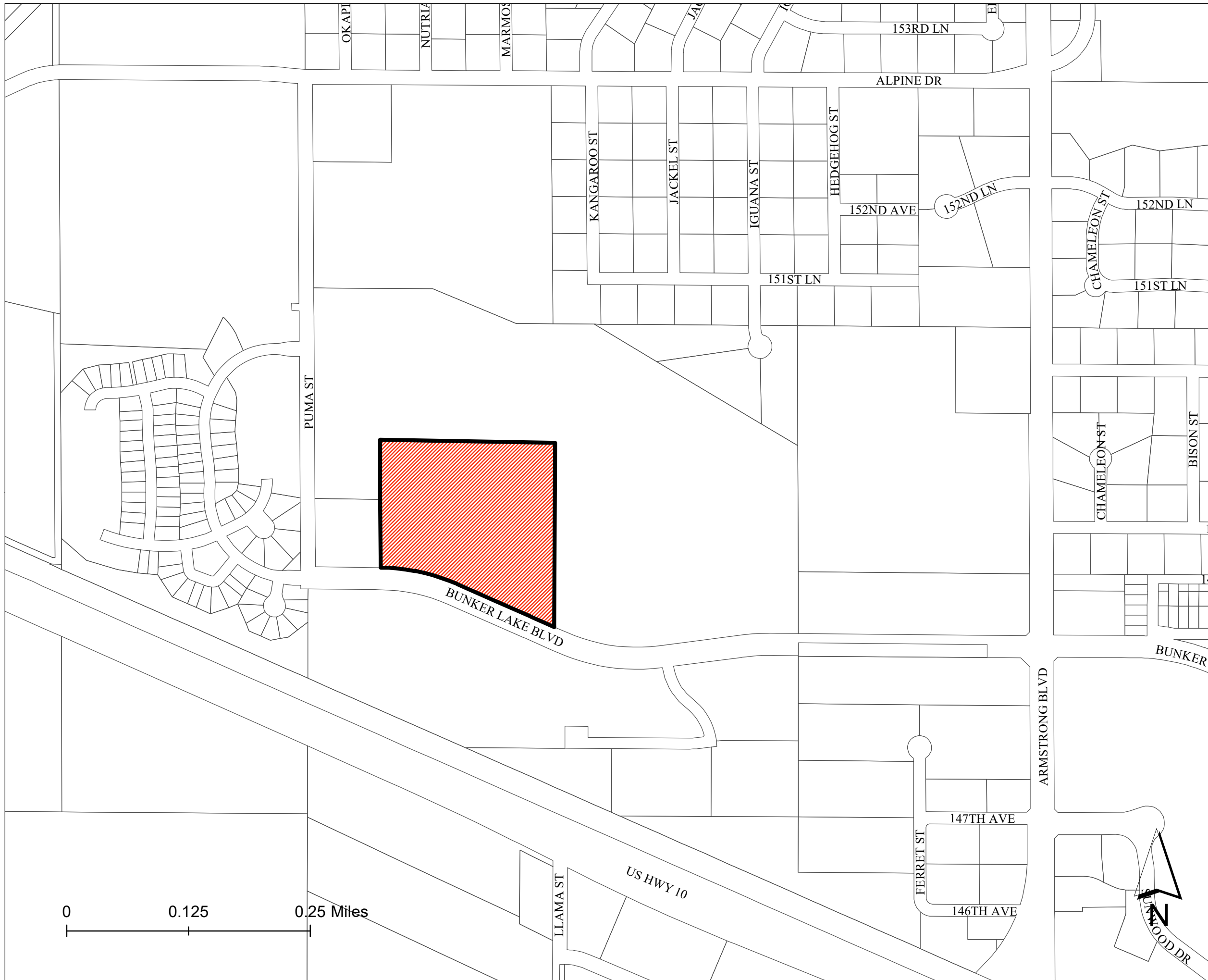
Site to be platted as:
Lot 1, Block 1, Amsterdam Extension

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

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

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



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.