

## EXHIBIT B

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan (TIF Plan) for Tax Increment Financing District No. 31: Voyageur Lakewalk Inn (District), as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that Tax Increment Financing District No. 31 is a redevelopment district as defined in Minnesota Statutes, Section 469.174, Subd. 10(a)(1).*

The District consists of four parcels, with plans to redevelop the area for commercial/industrial purposes. At least 70 percent of the area of the parcels in the District is occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures and more than 50 percent of the buildings in the District, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance. (See Appendix F of the TIF Plan.)

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 the District 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:* Due to the high cost of redevelopment on the parcels currently occupied by substandard buildings, the high cost of land assembly, demolition costs, the provision of parking, and the cost of financing the proposed improvements, this project is feasible only through assistance, in part, from tax increment financing. The developer was asked for and provided a letter and a pro forma as justification that the developer would not have gone forward without tax increment 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 District permitted by the TIF Plan:* This finding is justified on the grounds that the cost of assembling multiple parcels of land from various land owners and demolition, parking, and site improvement costs add to the total redevelopment cost. Historically, the costs in this area have made redevelopment infeasible without tax increment assistance. The City reasonably determines that no other redevelopment 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 \$24,409,200 (see Appendix D and G 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 \$10,897,964 (see Appendix D and G 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 \$13,511,236 (the amount in clause b less the amount in clause c) without tax increment assistance.
3. *Finding that the TIF Plan for the District 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 TIF Plan for the District will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Development District No. 17 by private enterprise.*

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