

Adoption Date: August 26, 2024

Duluth Economic Development Authority

City of Duluth, St. Louis County,
Minnesota

MODIFICATION TO THE DEVELOPMENT PROGRAM

Development District No. 17

&

Tax Increment Financing (TIF) Plan

Establishment of Tax Increment
Financing District No. 38 - Sofidel
(an economic development district)



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Modification to the Development Program for Development District No. 17

FOREWORD

The following text represents a Modification to the Development Program for Development District No. 17. This modification represents a continuation of the goals and objectives set forth in the Development Program for Development District No. 17. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 38 - Sofidel.

For further information, a review of the Development Program for Development District No. 17, is recommended. It is available from the Executive Director at the City of Duluth. Other relevant information is contained in the tax increment financing plans for the tax increment financing districts located within Development District No. 17.

Tax Increment Financing Plan for Tax Increment Financing District No. 38 - Sofidel

FOREWORD

The Duluth Economic Development Authority (“DEDA”), the City of Duluth (the “City”), staff and consultants have prepared the following information to expedite the Establishment of Tax Increment Financing District No. 38 - Sofidel (the “District”), an economic development tax increment financing district, located in Development District No. 17.

STATUTORY AUTHORITY

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, DEDA and the City have certain statutory powers pursuant to *Minnesota Statutes (“M.S.”), Sections 469.090 - 469.1082*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the “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. 17.

STATEMENT OF OBJECTIVES

The District currently consists of three (3) parcels of land and adjacent roads and internal rights-of-way. The District is being created to facilitate expansion of the Sofidel Paper Mill in the City. DEDA intends to enter into an agreement with Sofidel for the project. Development is anticipated to begin in 2025. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Development District No. 17.

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. 17 and the District.

DEVELOPMENT PROGRAM OVERVIEW

Pursuant to the Development Program and authorizing state statutes, DEDA and the City is authorized to undertake the following activities in the District:

1. Property to be Acquired - Selected property located within the District, including interior and adjacent street rights of way, may be acquired by DEDA or 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, DEDA or 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. DEDA or the City may perform or provide for 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. 17 after the capital improvements within Development District No. 17 have been completed.

DESCRIPTION OF PROPERTY IN THE DISTRICT AND PROPERTY TO BE ACQUIRED

The District encompasses all property and adjacent roads rights-of-way and abutting roadways identified by the parcels listed below.

Parcel number	Address	Owner
010-2806-00030	Unassigned	ST Paper 1, LLC
010-2806-00020	100 N. Central Ave.	ST Paper 1, LLC
010-2806-00040	Unassigned	ST Paper 1, LLC

Please also see the map in Appendix A for further information on the location of the District.

DEDA or the City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by DEDA or the City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan. DEDA or the City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

DEDA does not own any of the parcels of the property to be included in the District.

DISTRICT CLASSIFICATION

DEDA or 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 statutory requirement of discouraging commerce, industry, or manufacturing from moving their operations to another state or municipality; resulting in increased employment in the State; and resulting 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% 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 *M.S., Section 469.176, Subd. 4c(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.

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111, 273.112, or 273.114 or Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

DURATION & FIRST YEAR OF DISTRICT'S TAX INCREMENT

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 DEDA or the City (a total of 9 years of tax increment). The date of receipt by the City of the first tax increment is expected to be 2027.

Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2035, or when the TIF Plan is satisfied. If increment is received in 2026, the term of the District will be 2034. DEDA or the City reserve the right to decertify the District prior to the legally required date.

ORIGINAL TAX CAPACITY, TAX RATE & ESTIMATED CAPTURED NET TAX CAPACITY VALUE/INCREMENT & 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 2024 for taxes payable 2025.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2027) 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 DEDA and the City.

The original local tax rate for the District will be the local tax rate for taxes payable 2025, assuming the request for certification is made before June 30, 2025. The rates for 2025 were not available at the time the District was established. 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. 17, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. DEDA and the City request 100% of the available increase in tax capacity be used for repayment of the obligations of DEDA and the City and current expenditures, beginning in the tax year payable 2027. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity	
Development estimated Tax Capacity upon completion	3,158,021
Original estimated Net Tax Capacity	170,098
Fiscal Disparities	0
Estimated Captured Tax Capacity	2,987,923
Original Local Tax Rate	125.9590% Pay 2024
Estimated Annual Tax Increment	\$3,763,558
Percent Retained by the City	100%

Note: Tax capacity includes a 3% 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 \$1,283,880.

Pursuant to *M.S., Section 469.177, Subd. 4*, DEDA 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 is reviewing the area to be included in the District to determine if any building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

SOURCES OF REVENUE/BONDS TO BE ISSUED

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

SOURCES	
Tax Increment	\$ 28,347,163
Interest	2,834,716
TOTAL	\$ 31,181,879

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

DEDA or the City may issue bonds secured in whole or in part with tax increments from the District in a maximum principal amount of \$24,094,654. 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.

USES OF FUNDS

Currently under consideration for the District is a proposal to facilitate the expansion of the Sofidel Paper Mill in the City. DEDA and the City have determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described herein.

DEDA 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.

USES	
Land/Building Acquisition	\$ -
Site Improvements/Preparation	5,000,000
Utilities	10,000,000
Other Qualifying Improvements	6,259,938
Administrative Costs (up to 10%)	2,834,716
PROJECT COSTS TOTAL	\$ 24,094,654
Interest	7,087,225
PROJECT AND INTEREST COSTS TOTAL	\$ 31,181,879

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 the Sources of Revenue section.

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, DEDA and the City may spend up to 20% of the tax increment revenues from the District for activities (described in the table above) located outside the boundaries of the District but within the boundaries of the Development District No. 17 (including administrative costs, which are considered to be spend outside the District), subject to all other terms and conditions of this TIF Plan.

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, DEDA and the City have 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			
Entity	2023/Pay 2024 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
St. Louis County	276,097,489	2,987,923	1.0822%
City of Duluth	110,954,651	2,987,923	2.6929%
ISD 709 (Duluth)	123,761,321	2,987,923	2.4143%

Impact on Tax Rates				
Entity	Pay 2024 Extension Rate	Percent of Total	CTC	Potential Taxes
St. Louis County	56.6220%	44.95%	2,987,923	\$1,691,822
City of Duluth	38.4020%	30.49%	2,987,923	1,147,422
ISD 709 (Duluth)	25.0780%	19.91%	2,987,923	749,311
Other	5.8570%	4.65%	2,987,923	175,003
	125.9590%	100.00%		\$3,763,558

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2024 rate. The total net capacity for the entities listed above are based on Pay 2024 figures. The District will be certified under the Pay 2025 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 \$28,347,163;

- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. With any addition of additional square footage and employees on the site, police calls for service may be increased. 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 in vehicles or facilities.

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 City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any traffic movements in the area. 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 minimal additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the District is expected to contribute sanitary sewer (SAC) and water (WAC) connection fees.

The probable impact of the issuance of any general obligation tax increment bonds payable from tax increment revenues from the District on the City's 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 \$5,643,822;
- (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 \$12,742,822;

- (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.

SUPPORTING DOCUMENTATION

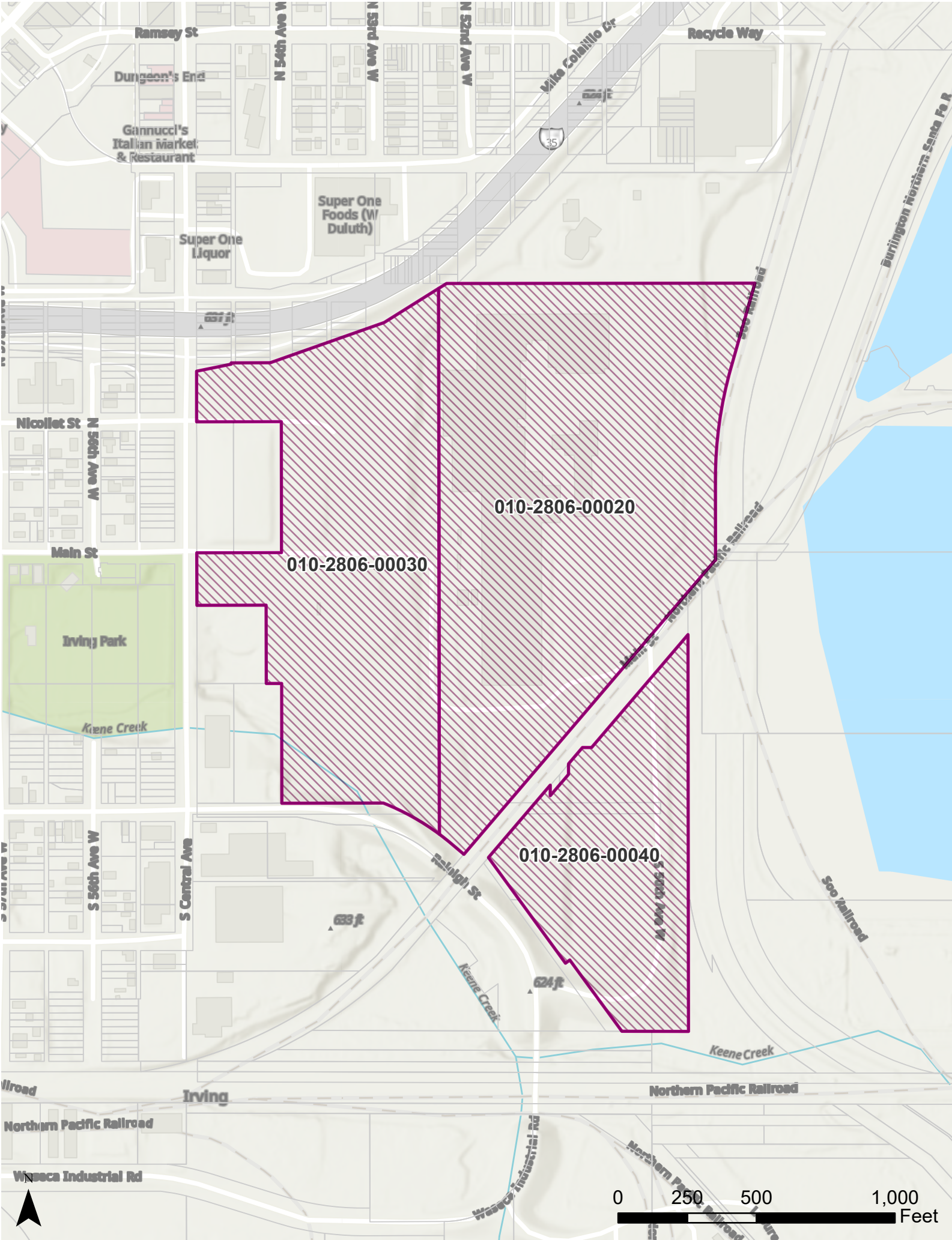
Pursuant to *M.S., Section 469.175, Subd. 1 (a), clause 7* this TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S., Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District.

- (i) In making said determination, reliance has been placed upon (1) written representation made by the Developer to such effects; and (2) City staff awareness of the feasibility of developing the project site within the District, which is further outlined in the city council resolution approving the establishment of the District and Appendix C.
- (ii) A comparative analysis of estimated market value both with and without establishment of the District and the use of tax increments has been performed. Such analysis is included with the cashflow in Appendix B 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.

DISTRICT ADMINISTRATION

Administration of the District will be handled by the Executive Director.

Appendix A: Map of Development District No. 17 and the TIF District



Ramsey St

Recycle Way

Dungeon's End

Ginnucci's Italian Market & Restaurant

Super One Foods (W Duluth)

Super One Liquor

35

Burlington Northern Santa Fe R

Nicollet St

N 56th Ave W

Main St

Irving Park

Keene Creek

010-2806-00030

010-2806-00020

010-2806-00040

S 56th Ave W

S Central Ave

Railroad St

Keene Creek

Soo Railroad

Ilroad

Irving

Northern Pacific Railroad

Northern Pacific Railroad

Waseca Industrial Rd

0 250 500 1,000 Feet



Appendix B: Estimated Cash Flow for the District

TIF District No. 38 - Sofidel - 3% Inflation

City of Duluth, MN

587,636 total sq. ft. converting facility and warehouse



ASSUMPTIONS AND RATES

DistrictType:	Economic Development
District Name/Number:	
County District #:	
First Year Construction or Inflation on Value	2025
Existing District - Specify No. Years Remaining	
Inflation Rate - Every Year:	3.00%
Interest Rate:	6.00%
Present Value Date:	1-Aug-26
First Period Ending	1-Feb-27
Tax Year District was Certified:	Pay 2025
Cashflow Assumes First Tax Increment For Development:	2027
Years of Tax Increment	9
Assumes Last Year of Tax Increment	2035
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	NA
Incremental or Total Fiscal Disparities	NA
Fiscal Disparities Contribution Ratio	NA Pay 2024
Fiscal Disparities Metro-Wide Tax Rate	NA Pay 2024
Maximum/Frozen Local Tax Rate:	125.959% Pay 2024
Current Local Tax Rate: (Use lesser of Current or Max.)	125.959% Pay 2024
State-wide Tax Rate (Comm./Ind. only used for total taxes)	29.2940% Pay 2024
Market Value Tax Rate (Used for total taxes)	0.14859% Pay 2024

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 \$100,000	0.25%
Over \$100,000	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
010-2806-00030	ST Paper 1, LLC	Unassigned		175,300	38,000	213,300	100%	213,300	Pay 2025	C/I	4,266	C/I	4,266	1
010-2806-00020	ST Paper 1, LLC	100 N. Central Ave.		290,100	7,543,400	7,833,500	100%	7,833,500	Pay 2025	C/I Pref.	155,920	C/I Pref.	155,920	
010-2806-00020	ST Paper 1, LLC	100 N. Central Ave.		403,800	0	403,800	100%	403,800	Pay 2025	C/I	8,076	C/I	8,076	
010-2806-00040	ST Paper 1, LLC	Unassigned		89,000	2,800	91,800	100%	91,800	Pay 2025	C/I	1,836	C/I	1,836	
				958,200	7,584,200	8,542,400		8,542,400			170,098		170,098	

Note:

1. Base values are for pay 2025 based on review of County website on 7-22-24.
2. Located in SD #709

TIF District No. 38 - Sofidel - 3% Inflation

City of Duluth, MN
587,636 total sq. ft. converting facility and warehouse



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 2025	Percentage Completed 2026	Percentage Completed 2027	Percentage Completed 2028	First Year Full Taxes Payable
TOTAL	Industrial	219	219	587,636	128,425,500	C/I Pref.	2,567,760	4	50%	100%	100%	100%	2028
Subtotal Residential				0	0		0						
Subtotal Commercial/Ind.				587,636	128,425,500		2,567,760						

Note:

1. Market values are based upon estimates provided by the County Assessor.

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
Industrial	2,567,760	0	2,567,760	3,234,325	0	751,540	190,827	4,176,693	7.11
TOTAL	2,567,760	0	2,567,760	3,234,325	0	751,540	190,827	4,176,693	

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	4,176,693
less State-wide Taxes	(751,540)
less Fiscal Disp. Adj.	0
less Market Value Taxes	(190,827)
less Base Value Taxes	(214,254)
Annual Gross TIF	3,020,071

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	8,542,400
New Market Value - Est.	128,425,500
Difference	119,883,100
Present Value of Tax Increment	20,546,436
Difference	99,336,664
Value likely to occur without Tax Increment is less than:	99,336,664



TIF District No. 38 - Sofidel - 3% Inflation

City of Duluth, MN

587,636 total sq. ft. converting facility and warehouse

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities NA	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
							-	-	-	-	-			02/01/27
100%	1,283,880	(170,098)	-	1,113,782	125.959%	1,402,909	701,454	(2,525)	(69,893)	629,036	592,927	0.5	2027	08/01/27
							701,454	(2,525)	(69,893)	629,036	1,168,584	1	2027	02/01/28
100%	2,567,760	(170,098)	-	2,397,662	125.959%	3,020,071	1,510,036	(5,436)	(150,460)	1,354,139	2,371,720	1.5	2028	08/01/28
							1,510,036	(5,436)	(150,460)	1,354,139	3,539,812	2	2028	02/01/29
100%	2,644,793	(170,098)	-	2,474,695	125.959%	3,117,101	1,558,550	(5,611)	(155,294)	1,397,646	4,710,318	2.5	2029	08/01/29
							1,558,550	(5,611)	(155,294)	1,397,646	5,846,732	3	2029	02/01/30
100%	2,724,137	(170,098)	-	2,554,039	125.959%	3,217,041	1,608,521	(5,791)	(160,273)	1,442,457	6,985,421	3.5	2030	08/01/30
							1,608,521	(5,791)	(160,273)	1,442,457	8,090,944	4	2030	02/01/31
100%	2,805,861	(170,098)	-	2,635,763	125.959%	3,319,980	1,659,990	(5,976)	(165,401)	1,488,613	9,198,612	4.5	2031	08/01/31
							1,659,990	(5,976)	(165,401)	1,488,613	10,274,018	5	2031	02/01/32
100%	2,890,037	(170,098)	-	2,719,939	125.959%	3,426,007	1,713,004	(6,167)	(170,684)	1,536,153	11,351,445	5.5	2032	08/01/32
							1,713,004	(6,167)	(170,684)	1,536,153	12,397,490	6	2032	02/01/33
100%	2,976,738	(170,098)	-	2,806,640	125.959%	3,535,215	1,767,608	(6,363)	(176,124)	1,585,120	13,445,441	6.5	2033	08/01/33
							1,767,608	(6,363)	(176,124)	1,585,120	14,462,869	7	2033	02/01/34
100%	3,066,040	(170,098)	-	2,895,942	125.959%	3,647,699	1,823,850	(6,566)	(181,728)	1,635,555	15,482,093	7.5	2034	08/01/34
							1,823,850	(6,566)	(181,728)	1,635,555	16,471,631	8	2034	02/01/35
100%	3,158,021	(170,098)	-	2,987,923	125.959%	3,763,558	1,881,779	(6,774)	(187,500)	1,687,504	17,462,862	8.5	2035	08/01/35
							1,881,779	(6,774)	(187,500)	1,687,504	18,425,222	9	2035	02/01/36
Total							28,449,582	(102,418)	(2,834,716)	25,512,447				
	Present Value From 08/01/2026		Present Value Rate	6.00%			20,546,436	(73,967)	(2,047,247)	18,425,222				

Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 38 - Sofidel as required pursuant to *Minnesota Statutes (M.S.), Section 469.175, Subd. 3* are as follows:

1. *Finding that Tax Increment Financing District No. 38 - Sofidel is an economic development district as defined in M.S., Section 469.174, Subd. 12.*

Tax Increment Financing District No. 38 - Sofidel is a contiguous geographic area within DEDA's Development District No. 17, 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 the expansion of the Sofidel Paper Mill in the City in the City which 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. 38 - Sofidel 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 specialized manufacturing facility that meets the City's objectives for economic development. The cost of construction and site improvements necessary to maximize development potential makes development of the facility infeasible without City assistance. The Developer indicates they 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: The City supported this finding on the grounds that the project includes a specialized manufacturing facility. 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 \$119,883,100 (see Appendix B 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 \$20,546,436 (see Appendix B 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 \$99,336,664 (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. 38 - Sofidel conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission reviewed the TIF Plan on August 20, 2024 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. 38 - Sofidel will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development 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, increased tax base of the State, and add a high-quality development to the City.