



Exhibit B

MODIFICATION OF THE HOUSING DEVELOPMENT PROJECT / MUNICIPAL DEVELOPMENT DISTRICT PROGRAM PLAN

AND

TAX INCREMENT FINANCING PLAN Establishment of Tax Increment Financing District No. 32: Board of Trade (a housing district)

Duluth Economic Development Authority
City of Duluth, St. Louis County, Minnesota

Public Hearing: July 15, 2019



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Modification to the Housing Development Project / Municipal Development District Program Plan

Foreword

The following text represents a Modification to the Housing Development Project / Municipal Development District Program Plan. This modification represents a continuation of the goals and objectives set forth in the Housing Development Project / Municipal Development District Program Plan. Generally, the substantive changes include the establishment of Tax Increment Financing (TIF) District No. 32: Board of Trade.

For further information, a review of Housing Development Project / Municipal Development District Program Plan is recommended. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within the Housing Development Project / Municipal Development District Program Plan. The Housing Development Project / Municipal Development District Program Plan and the Tax Increment Financing Plans for the Tax Increment Financing Districts located within the Housing Development Project / Municipal Development District Program are available from the Director of Planning and Economic Development at Duluth City Hall in room 402.

Tax Increment Financing Plan for Tax Increment Financing District No. 32: Board of Trade

Foreword

The Duluth Economic Development Authority (the "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. 32: Board of Trade (the "District"), a Housing Tax Increment Financing District, located in the Housing Development Project / Municipal Development District Program.

Statutory Authority

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the DEDA and City have certain statutory powers pursuant to *Minnesota Statutes ("M.S.")*, Sections 469.090 to 469.1082, 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 Housing Development Project / Municipal Development District Program Plan.

Statement of Objectives

The District currently consists of one parcel of land and adjacent and internal rights-of-way. The District is being created to facilitate rehabilitation of the historic Board of Trade Building. The rehabilitated building will include 84-units of rental housing, 17 of which will be affordable, and approximately 16,645 square feet of commercial space in the City. The DEDA and the City anticipate entering into an agreement with Three D I, LLC, and development is likely to begin in 2019. This TIF Plan is expected to achieve many of the objectives outlined in the the Housing Development Project for the Municipal Development District Program.

The activities contemplated in the Modification to the Housing Development Project / Municipal Development District Program Plan 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 the Housing Development Project / Municipal Development District Program and the District.

Development Program Overview

1. Property to be Acquired - Selected property located within the District may be acquired by the DEDA and 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 DEDA or 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 DEDA or City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

Description of Property in the District and Property to be Acquired

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

Parcel number	Address	Owner
010-0940-00400	301 West 1st Street	Dubin Does Duluth, LLC

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

The DEDA or 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 the DEDA or 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. The DEDA or 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.

Classification of the District

The DEDA and City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, inclusive, as amended, find that the District, to be established, is a Housing District pursuant to *M.S., Section 469.174, Subd. 11 and M.S., Section 469.1761*.

In meeting the statutory criteria, the DEDA and City rely on the following facts and findings;

- The District consists of one parcel.
- The development will consist of 84-units of rental housing, 17 of which will be affordable, and approximately 16,645 square feet of commercial space in the City.
- 20% of the units will be occupied by persons or families with incomes less than 50% of median income.
- No more than 20 percent of the square footage of the building that receiving assistance from tax increments consists of commercial, retail, or other nonresidential uses.

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 and First Year of Tax Increment of the District

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment 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 25 years after receipt of the first increment by the DEDA and City. The DEDA and City elect to receive the first tax increment in 2022, which is no later than four years following the year of approval of the District. Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2047, or when the TIF Plan is satisfied. The DEDA and City reserve the right to decertify the District prior to the legally required date.

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 the Housing Development Project / Municipal Development District Program, upon completion of the project 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 2022. The Project Tax Capacity (PTC) listed is an estimate of values when the project within the District is completed.

Project Tax Capacity		
Project estimated Tax Capacity upon completion	\$229,161	
Original estimated Net Tax Capacity	\$11,253	
<u>Fiscal Disparities</u>	<u>\$0</u>	
Estimated Captured Tax Capacity	\$217,907	
Original Local Tax Rate	<u>144.7740%</u>	Pay 2019
Estimated Annual Tax Increment	\$315,473	
Percent Retained by the City	100%	

Note: 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 25. The tax capacity of the District in year one is estimated to be \$47,323.

Pursuant to *M.S., Section 469.177, Subd. 4*, the DEDA and 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 found no parcels for which 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 costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The DEDA and City reserve the right to incur bonds or other indebtedness as a result of the TIF Plan. As presently proposed, the project 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 DEDA or City to incur debt. The DEDA and 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:

SOURCES	
Tax Increment	\$ 5,571,951
<u>Interest</u>	<u>557,195</u>
TOTAL	\$ 6,129,146

The DEDA and 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 \$3,914,681. 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 rehabilitation of the historic Board of Trade Building. The rehabilitated building will include 84-units of rental housing, 17 of which will be affordable, and approximately 16,645 square feet of commercial space. The DEDA and City have determined that it will be necessary to provide assistance to the project for certain District costs, as described. The DEDA and City have 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	\$ 1,000,000
Site Improvements/Preparation	200,000
Affordable Housing	2,000,000
Utilities	100,000
Other Qualifying Improvements	57,486
Administrative Costs (up to 10%)	557,195
PROJECT AND INTEREST COSTS TOTAL	\$ 3,914,681
<u>Interest</u>	<u>2,214,464</u>
PROJECT AND INTEREST COSTS TOTAL	\$ 6,129,146

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 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 DEDA and 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	2018/Pay 2019 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
St. Louis County	191,650,690	217,907	0.1137%
City of Duluth	74,108,442	217,907	0.2940%
ISD 709	83,439,718	217,907	0.2612%

Impact on Tax Rates				
Entity	Pay 2019 Extension Rate	Percent of Total	CTC	Potential Taxes
St. Louis County	65.1630%	45.01%	217,907	141,995
City of Duluth	42.0940%	29.08%	217,907	91,726
ISD 709	31.4890%	21.75%	217,907	68,617
Other	6.0280%	4.16%	217,907	13,135
Total	144.7740%	100.00%		315,473

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 \$5,571,951;
- (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 new residents or businesses, police calls for service will 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. The improvements to the building and conversion to a residential building are anticipated to make the building safer to both the community and firefighters. Currently only the basement has an automatic sprinkler system. In addition, the building has only one standpipe. With the improvement, a second standpipe will be added along with code compliant fire alarms. These improvements are anticipated to make the building safer to occupants, firefighters and neighboring buildings.

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. It is possible a larger pipe may be needed to accommodate the required sprinkler load; long-term plans include replacing current infrastructure with a larger main, but these plans are a few years in the future. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the District is expected to contribute an estimated \$86,000 in fees.

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 \$1,211,925.
- (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 \$2,507,944.
- (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*, 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) 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 TIF District.
- (ii) A comparative analysis of estimated market value both with and without establishment of the TIF 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 TIF District and the use of tax increments.

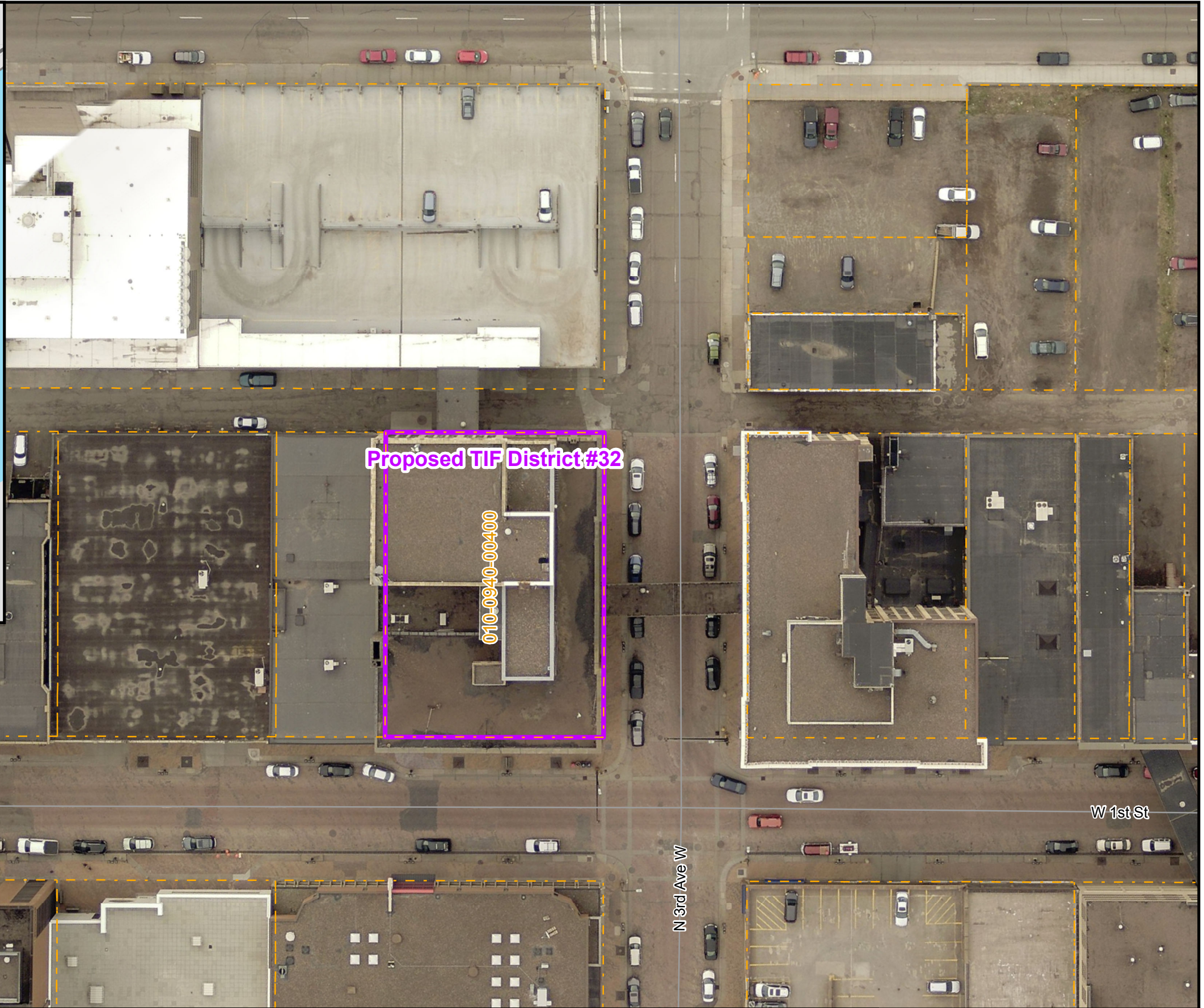
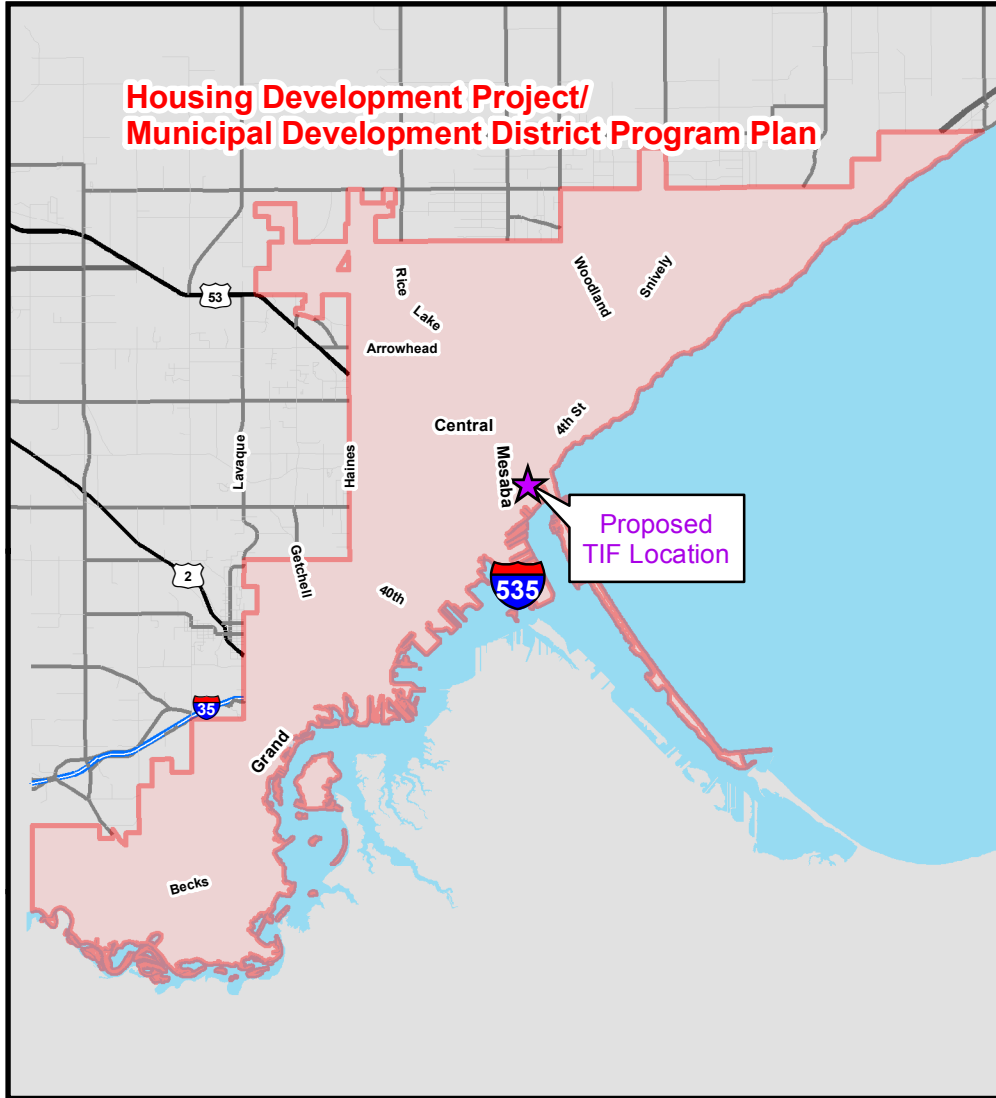
Administration of the District


Administration of the District will be handled by the Director of Planning and Economic Development.

Appendix A: Map of the Housing Development Project / Municipal Development District Program and the District.

Path: I:\DEVELOPMENT\BUS_DEV\New BD\PROJECTS\Specific Projects\Board of Trade Building\TIF\GIS\PotentialDistrictTIF32.mxd 6/28/2019

Housing Development Project/ Municipal Development District Program Plan

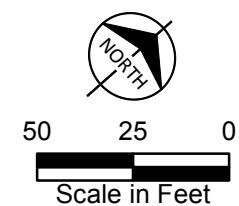


-  Proposed TIF District #32 Boundary
-  Parcel Boundary
-  Housing Development Project/
Municipal Development District Program Plan



The City of Duluth has tried to ensure that the information contained in this map or electronic document is accurate. The City of Duluth makes no warranty or guarantee concerning the accuracy or reliability. This drawing/data is neither a legally recorded map nor a survey and is not intended to be used as one. The drawing/data is a compilation of records, information and data located in various City, County and State offices and other sources affecting the area shown and is to be used for reference purposes only. The City of Duluth shall not be liable for errors contained within this data provided or for any damages in connection with the use of this information contained within.

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Proposed TIF District #32

Print Date: 6/28/2019, Aerial: 2016, Prepared By: DEDA Staff

Appendix B: Estimated Cash Flow for the District



Board of Trade Historic Redevelopment
City of Duluth, MN

67 Market Rate Apartments and 17 Affordable Apartments; 16,645 Sq. Ft. Commercial

ASSUMPTIONS AND RATES

DistrictType:	Housing
District Name/Number:	
County District #:	
First Year Construction or Inflation on Value	2020
Existing District - Specify No. Years Remaining	
Inflation Rate - Every Year:	3.00%
Interest Rate:	4.00%
Present Value Date:	1-Aug-21
First Period Ending	1-Feb-22
Tax Year District was Certified:	Pay 2020
Cashflow Assumes First Tax Increment For Development:	2022
Years of Tax Increment	26
Assumes Last Year of Tax Increment	2047
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	NA
Incremental or Total Fiscal Disparities	NA
Fiscal Disparities Contribution Ratio	NA Pay 2019
Fiscal Disparities Metro-Wide Tax Rate	NA Pay 2019
Maximum/Frozen Local Tax Rate:	144.774% Pay 2019
Current Local Tax Rate: (Use lesser of Current or Max.)	144.774% 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)	0.19418% 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	010-0940-00400	Dubin Does Duluth, LLC	111 N 3rd Ave. W	0	928,700	928,700	66%	612,942	Pay 2020	C/I Pref.	11,509	Rental	7,662	1
1	010-0940-00400	Dubin Does Duluth, LLC	111 N 3rd Ave. W	0	928,700	928,700	17%	157,879	Pay 2020	C/I	3,158	Aff. Rental	1,184	
1	010-0940-00400	Dubin Does Duluth, LLC	111 N 3rd Ave. W	0	928,700	928,700	17%	157,879	Pay 2020	C/I	3,158	C/I Pref.	2,408	
				0	2,786,100	2,786,100		928,700			17,824		11,253	

Note:

1. Base values are for pay 2020 based upon information received from the City.
2. UTA 010-0709-00-02-00-00



Board of Trade Historic Redevelopment

City of Duluth, MN

67 Market Rate Apartments and 17 Affordable Apartments; 16,645 Sq. Ft. Commercial

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 2020	Percentage Completed 2021	Percentage Completed 2022	Percentage Completed 2023	First Year Full Taxes Payable	
1	Apartments	90,000	90,000	67	6,030,000	Rental	75,375	1,125	40%	100%	100%	100%	2023	
1	Apartments	90,000	90,000	17	1,530,000	Aff. Rental	11,475	675	40%	100%	100%	100%	2023	
1	Commercial	80	80	16,645	1,331,600	C/I Pref.	25,882	2	40%	100%	100%	100%	2023	
TOTAL					8,891,600		112,732							
Subtotal Residential				84	7,560,000		86,850							
Subtotal Commercial/Ind.				16,645	1,331,600		25,882							

Note:

1. Market values are based upon estimates received from the County Appraiser.

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
Apartments	75,375	0	75,375	109,123	0	0	11,709	120,832	1,803.47
Apartments	11,475	0	11,475	16,613	0	0	2,971	19,584	1,151.99
Commercial	25,882	0	25,882	37,470	0	10,342	2,586	50,398	3.03
TOTAL	112,732	0	112,732	163,207	0	10,342	17,266	190,814	

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	190,814
less State-wide Taxes	(10,342)
less Fiscal Disp. Adj.	0
less Market Value Taxes	(17,266)
less Base Value Taxes	(16,292)
Annual Gross TIF	146,915

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	928,700
New Market Value - Est.	8,891,600
Difference	7,962,900
Present Value of Tax Increment	3,122,676
Difference	4,840,224
Value likely to occur without Tax Increment is less than:	4,840,224



**Board of Trade Historic Redevelopment
City of Duluth, MN**

67 Market Rate Apartments and 17 Affordable Apartments; 16,645 Sq. Ft. Commercial

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
100%	45,093	(11,253)	-	33,839	144.774%	48,991	24,495	(88)	(2,441)	21,966	21,113	0.5	2022	02/01/22
100%	112,732	(11,253)	-	101,479	144.774%	146,915	24,495	(88)	(2,441)	21,966	41,813	1	2022	02/01/23
100%	116,114	(11,253)	-	104,861	144.774%	151,811	73,457	(264)	(7,319)	65,874	102,670	1.5	2023	08/01/23
100%	119,597	(11,253)	-	108,344	144.774%	156,854	73,457	(264)	(7,319)	65,874	162,334	2	2023	02/01/24
100%	123,185	(11,253)	-	111,932	144.774%	162,048	75,905	(273)	(7,563)	68,069	222,777	2.5	2024	08/01/24
100%	126,881	(11,253)	-	115,627	144.774%	167,398	75,905	(273)	(7,563)	68,069	282,035	3	2024	02/01/25
100%	130,687	(11,253)	-	119,434	144.774%	172,909	78,427	(282)	(7,814)	70,330	342,061	3.5	2025	08/01/25
100%	134,608	(11,253)	-	123,354	144.774%	178,585	78,427	(282)	(7,814)	70,330	400,910	4	2025	02/01/26
100%	138,646	(11,253)	-	127,393	144.774%	184,431	81,024	(292)	(8,073)	72,659	460,516	4.5	2026	08/01/26
100%	142,806	(11,253)	-	131,552	144.774%	190,453	81,024	(292)	(8,073)	72,659	518,953	5	2026	02/01/27
100%	147,090	(11,253)	-	135,836	144.774%	196,656	83,699	(301)	(8,340)	75,058	578,136	5.5	2027	08/01/27
100%	151,502	(11,253)	-	140,249	144.774%	203,044	83,699	(301)	(8,340)	75,058	636,158	6	2027	02/01/28
100%	156,047	(11,253)	-	144,794	144.774%	209,624	86,455	(311)	(8,614)	77,529	694,915	6.5	2028	08/01/28
100%	160,729	(11,253)	-	149,475	144.774%	216,402	86,455	(311)	(8,614)	77,529	752,521	7	2028	02/01/29
100%	165,551	(11,253)	-	154,297	144.774%	223,382	89,293	(321)	(8,897)	80,074	810,850	7.5	2029	08/01/29
100%	170,517	(11,253)	-	159,264	144.774%	230,573	89,293	(321)	(8,897)	80,074	868,036	8	2029	02/01/30
100%	175,633	(11,253)	-	164,379	144.774%	237,979	92,216	(332)	(9,188)	82,695	925,936	8.5	2030	08/01/30
100%	180,902	(11,253)	-	169,648	144.774%	245,607	92,216	(332)	(9,188)	82,695	982,701	9	2030	02/01/31
100%	186,329	(11,253)	-	175,075	144.774%	253,464	95,227	(343)	(9,488)	85,395	1,040,169	9.5	2031	08/01/31
100%	191,919	(11,253)	-	180,665	144.774%	261,556	95,227	(343)	(9,488)	85,395	1,096,511	10	2031	02/01/32
100%	197,676	(11,253)	-	186,423	144.774%	269,892	98,328	(354)	(9,797)	88,176	1,153,547	10.5	2032	08/01/32
100%	203,607	(11,253)	-	192,353	144.774%	278,477	98,328	(354)	(9,797)	88,176	1,209,465	11	2032	02/01/33
100%	209,715	(11,253)	-	198,461	144.774%	287,320	101,522	(365)	(10,116)	91,041	1,266,067	11.5	2033	08/01/33
100%	216,006	(11,253)	-	204,753	144.774%	296,429	101,522	(365)	(10,116)	91,041	1,321,559	12	2033	02/01/34
100%	222,486	(11,253)	-	211,233	144.774%	305,810	104,812	(377)	(10,443)	93,991	1,377,726	12.5	2034	08/01/34
100%	229,161	(11,253)	-	217,907	144.774%	315,473	104,812	(377)	(10,443)	93,991	1,432,792	13	2034	02/01/35
100%							108,201	(390)	(10,781)	97,030	1,488,524	13.5	2035	08/01/35
100%							108,201	(390)	(10,781)	97,030	1,543,163	14	2035	02/01/36
100%							111,691	(402)	(11,129)	100,160	1,598,458	14.5	2036	08/01/36
100%							111,691	(402)	(11,129)	100,160	1,652,669	15	2036	02/01/37
100%							115,286	(415)	(11,487)	103,384	1,707,529	15.5	2037	08/01/37
100%							115,286	(415)	(11,487)	103,384	1,761,312	16	2037	02/01/38
100%							118,989	(428)	(11,856)	106,705	1,815,734	16.5	2038	08/01/38
100%							118,989	(428)	(11,856)	106,705	1,869,090	17	2038	02/01/39
100%							122,803	(442)	(12,236)	110,125	1,923,076	17.5	2039	08/01/39
100%							122,803	(442)	(12,236)	110,125	1,976,003	18	2039	02/01/40
100%							126,732	(456)	(12,628)	113,648	2,029,552	18.5	2040	08/01/40
100%							126,732	(456)	(12,628)	113,648	2,082,052	19	2040	02/01/41
100%							130,778	(471)	(13,031)	117,277	2,135,165	19.5	2041	08/01/41
100%							130,778	(471)	(13,031)	117,277	2,187,237	20	2041	02/01/42
100%							134,946	(486)	(13,446)	121,014	2,239,915	20.5	2042	08/01/42
100%							134,946	(486)	(13,446)	121,014	2,291,560	21	2042	02/01/43
100%							139,239	(501)	(13,874)	124,864	2,343,803	21.5	2043	08/01/43
100%							139,239	(501)	(13,874)	124,864	2,395,022	22	2043	02/01/44
100%							143,660	(517)	(14,314)	128,829	2,446,831	22.5	2044	08/01/44
100%							143,660	(517)	(14,314)	128,829	2,497,624	23	2044	02/01/45
100%							148,214	(534)	(14,768)	132,913	2,549,000	23.5	2045	08/01/45
100%							148,214	(534)	(14,768)	132,913	2,599,368	24	2045	02/01/46
100%							152,905	(550)	(15,235)	137,119	2,650,312	24.5	2046	08/01/46
100%							152,905	(550)	(15,235)	137,119	2,700,257	25	2046	02/01/47
100%							157,737	(568)	(15,717)	141,452	2,750,769	25.5	2047	08/01/47
100%							157,737	(568)	(15,717)	141,452	2,800,291	26	2047	02/01/48
Total							5,592,082	(20,131)	(557,195)	5,014,756				
			Present Value From 08/01/2021	Present Value Rate	4.00%		3,122,676	(11,242)	(311,143)	2,800,291				

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. 32, as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that Tax Increment Financing District No. 32 is a housing district as defined in M.S., Section 469.174, Subd. 11.*

TIF District No. 32 consists of one parcel. The District is being created to facilitate rehabilitation of the historic Board of Trade Building. The rehabilitated building will include 84-units of rental housing, 17 of which will be affordable, and approximately 16,645 square feet of commercial space in the City, all or a portion of which will receive tax increment assistance and will meet income restrictions described in M.S. 469.1761. At least 20 percent of the units receiving assistance will have incomes at or below 50 percent of statewide median income.

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.*

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 an adaptive reuse of a historic building that will contain affordable housing units meeting the City's objectives for development. The cost of building rehabilitation makes this housing development infeasible without City assistance. The cost to rehabilitate the building for housing is the same for affordable housing units as it is for market rate housing units. The decreased rental income from the affordable units means there is less cash flow available to service the operating and debt expenses for the project. That leaves a gap in funding for the project. The need to offset this reduction in rents for the affordable housing units makes this development 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 project 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 TIF District permitted by the TIF Plan: This finding is justified on the grounds that the costs of building acquisition, and rehabilitation for housing adds to the total development cost. Historically, the costs of construction and/or rehabilitation in the City have made development of affordable housing infeasible without tax increment assistance. Although other projects could potentially be proposed, the

City reasonably determines that no other redevelopment of similar scope providing the desired affordability can be anticipated on this site without substantially similar assistance being provided to the development.

3. *Finding that the TIF Plan for Tax Increment Financing District No. 32 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 Tax Increment Financing District No. 32 will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the Housing Development Project / Municipal Development District Program by private enterprise.*

Through the implementation of the TIF Plan, the DEDA or City will provide an impetus for residential development, which is desirable or necessary for increased population and an increased need for life-cycle housing within the City.