

**EDA Members:**  
Dan Roe, Mayor  
Jason Etten  
Lisa Laliberte  
Tammy McGehee  
Robert Willmus



**Economic Development  
Authority  
Meeting Agenda  
Monday, February 26, 2018  
City Council Chambers  
5:30 p.m.**

**Address:**  
2660 Civic Center Dr.  
Roseville, MN 55113

**Phone:**  
651-792-7000

**Website:**  
[www.growroseville.com](http://www.growroseville.com)

1. 5:30 P.M. Roll Call  
Voting & Seating Order: McGehee, Willmus, Laliberte, Etten and Roe
2. 5:31 P.M. Approve Agenda
3. Public Comment
4. 5:32 P.M. Business Agenda
  - 4.A. Accept Authority Of The Roseville Development District (Development District No. 1)  
And All Existing Active TIF Districts  
  
Documents:  
  
4A\_ACCEPT\_TIF\_TRANSFER\_AUTHORITY.PDF
  - 4.B. Adopt Resolution No. 17 Modifying Development District No. 1 And Establishing TIF  
District No. 20 – McGough Redevelopment  
  
Documents:  
  
4B\_APPROVE\_TIF\_PLAN.PDF
5. 5:45 P.M. Adjourn To City Council Meeting



# REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 2/26/2018  
Item No.: 4.a

Department Approval

Executive Director Approval

Item Description: Accept Authority of the Roseville Development District (Development District No. 1) and All Existing Active TIF Districts

1 **BACKGROUND**

2 On February 12, 2018 the Roseville City Council transferred authority of Development District No.  
3 1 and all existing TIF Districts to the Roseville Economic Development Authority (REDA). (The  
4 resolution can be found attached to this report as Attachment A.) This transfer gives the REDA the  
5 authority to manage and operate all TIF Districts located within the City. This transfer will allow  
6 the REDA to manage the use of established TIF pooling dollars that would be in excess of what the  
7 obligations are (Attachment B).

8 All remaining TIF districts have a limitation on what the use of excess pooling funds can be used for  
9 (including any TIF Districts that may be created in the future). Some of the excess funds can be  
10 used for economic development program specific uses. Since the REDA develops programs for  
11 economic and housing development activities in the City of Roseville, it is best that the REDA  
12 oversees the TIF districts with the guidance of their professional financial advisors (Ehlers)  
13 (Attachment C).

14  
15 **STAFF RECOMMENDATION**

16 Adopt a Resolution Accepting the Transfer of Authority for Development District No. 1 and All  
17 Existing TIF Districts for the City of Roseville.

18 **REQUESTED EDA ACTION**

19 Motion to Adopt a Resolution Accepting the Transfer of Authority for Development District No. 1  
20 and All Existing TIF Districts for the City of Roseville.

21 Prepared by: Jeanne Kelsey, Housing and Economic Development Program Manager, 651-792-7086  
22 Attachments: A: Resolution of the City Council transferring authority to the REDA  
23 B: Resolution accepting transfer of authority from the City Council  
24 C: Legal Opinion related to TIF Authority

**EXTRACT OF MINUTES OF MEETING  
OF THE  
ROSEVILLE CITY COUNCIL**

\* \* \* \* \*

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Roseville, County of Ramsey, Minnesota was duly held on the 12th day of February, 2018, at 6:00 p.m.

The following members were present: Willmus, Etten, McGehee and Mayor Roe and the following were absent: Laliberte.

Member Willmus introduced the following resolution and moved its adoption:

**RESOLUTION No. 11492**

**RESOLUTION RELATING TO THE ROSEVILLE ECONOMIC  
DEVELOPMENT AUTHORITY; TRANSFERRING CERTAIN PROJECTS TO  
SUCH AUTHORITY; AND APPROVING MATTERS IN CONNECTION  
THEREWITH**

WHEREAS, pursuant to a resolution adopted by the City Council on November 15, 2015, the City Council established the Roseville Economic Development Authority (the "EDA") in accordance with Minnesota Statutes, Sections 469.90 through 469.1081, as amended (the "Act"); and

WHEREAS, the Act authorizes the City Council to transfer the control, authority, and operation of any project (as defined in the Act) located within the City from the governmental agency or subdivision that established such project to the EDA; and

WHEREAS, the City has previously established its Development District No. 1 (the "Development District") and approved a Development Program for the Development District pursuant to Minnesota Statutes, Sections 469.124 to 469.133, and has created various tax increment financing districts within the Development District, of which Tax Increment Financing Districts No. 17, 17A, 18, and 19 (the "TIF Districts") are currently certified and in existence as of the date hereof; and

WHEREAS, the City Council has determined to transfer the control, authority, and operation of the Development District, the TIF Districts, and any tax

increment financing districts to be created within the Development District to the EDA.

NOW, THEREFORE, BE IT RESOLVED, that:

1. Pursuant to Section 469.094, subdivision 2 of the Act, the City Council hereby transfers the control, authority and operation of the Development District and all TIF Districts and future TIF Districts established within the Development District to the EDA (collectively, the "Projects").
2. The transfer described herein is conditioned upon acceptance by the EDA of such transfer and a covenant and pledge by the EDA that the EDA is obligated to perform all agreements, pledges, covenants, and undertakings heretofore entered into by the City with respect to the Projects.

The City Manager is authorized and directed to transmit a certified copy of this resolution to the Executive Director of the EDA, and to other governmental officers as appropriate.

4. The Mayor, City Manager, and all other officers and employees of the City are authorized and directed to take whatever action and to execute and deliver such documents that are necessary to give effect to this resolution.

The motion for the adoption of the foregoing resolution was duly seconded by Member McGehee, and upon a vote being taken thereon, the following voted in favor thereof: Willmus, Etten, McGehee and Mayor Roe and the following voted against the same: none.

WHEREUPON said resolution was declared duly passed and adopted.



**EXTRACT OF MINUTES OF MEETING  
OF THE  
ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY**

\* \* \* \* \*

Pursuant to due call and notice thereof, a special meeting of the Roseville Economic Development Authority, County of Ramsey, Minnesota was duly held on the 26th day of February, 2018, at 5:30 p.m.

The following members were present:

and the following were absent: .

Member introduced the following resolution and moved its adoption:

**RESOLUTION No. 16**

**RESOLUTION ACCEPTING THE TRANSFER OF CERTAIN PROJECTS  
FROM THE CITY OF ROSEVILLE, AND APPROVING CERTAIN MATTERS  
IN CONNECTION THEREWITH**

WHEREAS, pursuant to resolution adopted by the City Council of the City of Roseville (the “City”) on November 30, 2015, the City Council established the Roseville Economic Development Authority (the “EDA”) in accordance with Minnesota Statutes, Sections 469.090 through 469.1081, as amended (the “Act”); and

WHEREAS, the Act authorizes the City Council to transfer the control, authority, and operation of any project (as defined in the Act) located within the City from the governmental agency or subdivision that established such project to the EDA; and

WHEREAS, pursuant to Resolution No. \_\_\_\_\_, adopted by the City Council on the date hereof, the City has transferred to the EDA the control, authority, and operation of its Development District No. 1 (the “Development District”) and certain tax increment financing districts within the Development District, specifically Tax Increment Financing Districts No. 17, 17A, 18, and 19 (the “TIF Districts”) and any tax increment financing districts to be created within the Development District from the date hereof (collectively, the “Projects”); and

WHEREAS, the City Council conditioned the transfer of the Projects upon acceptance by the EDA of such transfer and a covenant and pledge by the EDA that

46 the EDA is obligated to perform all agreements, pledges, covenants, and  
47 undertakings heretofore entered into by the City with respect to the  
48 Projects.  
49

50 NOW, THEREFORE, BE IT RESOLVED, that:

51  
52 1. The EDA hereby accepts the transfer of the control, authority and  
53 operation of the Projects, and hereby covenants and pledges to assume all of  
54 the duties and responsibilities of the City in connection with each and every  
55 Project so transferred by the City to the EDA.  
56

57 2. The Executive Director of the EDA is authorized and directed to  
58 take whatever action is necessary to give effect to this resolution. The  
59 President and Executive Director are authorized and directed to execute,  
60 deliver and accept on behalf of the EDA any and all documents and  
61 instruments necessary to give effect to this resolution.  
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Certificate

I, the undersigned, being duly appointed Executive Director of the Roseville Economic Development Authority, Minnesota, hereby certify that I have carefully compared the attached and foregoing resolution with the original thereof on file in my office and further certify that the same is a full, true, and complete copy of a resolution which was duly adopted by the Board of Commissioners of said Authority at a duly called and special meeting thereof on February 26, 2018.

I further certify that Commissioner \_\_\_\_\_ introduced said resolution and moved its adoption, which motion was duly seconded by Commissioner \_\_\_\_\_, and that upon roll call vote being taken thereon, the following Commissioners voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

Witness my hand as the Executive Director of the Authority this 26<sup>th</sup> day of February, 2018

\_\_\_\_\_  
Executive Director  
Roseville Economic Development  
Authority





Offices in 470 U.S. Bank Plaza  
 200 South Sixth Street  
 Minneapolis MN 55402  
 Saint Paul (612) 337-9300 telephone  
 (612) 337-9310 fax  
 St. Cloud www.kennedy-graven.com  
 Affirmative Action Equal Opportunity Employer

## LEGAL OPINION

TO: Board of Commissioners, Roseville Economic Development Authority  
 FROM: Martha Ingram, Kennedy & Graven, Chartered  
 DATE: February 21, 2018  
 RE: Transfer of Administration of TIF Districts from City to EDA

You have requested the legal reasoning behind the transfer by the City of Roseville (“City”) of the control and administration of its existing and future tax increment financing (“TIF”) districts to the Roseville Economic Development Authority (“EDA”).

The law governing EDAs is codified at Minnesota Statutes, Sections 469.090 to 469.1081 (the “EDA Act”). Under Section 469.094 of the EDA Act, when a city establishes an economic development authority, it may transfer “the control, authority, and operation” of any of its existing development districts (referred to in the EDA Act as “projects”), as well as the TIF districts within those projects, to the economic development authority. Once such control has been transferred, the EDA is authorized to exercise all of the powers the City had with respect to the projects and TIF districts, in addition to its statutory economic development and housing and redevelopment powers.

The transfer of existing projects to an economic development authority is not legally required, but is advisable for two reasons. First, it allows a more efficient use of the governmental functions of the City and EDA. An EDA is created to implement and administer the City’s economic development, housing and redevelopment activities. By definition, TIF districts are created to facilitate specific types of development within a city, and the vast majority of these types of development are intended to fulfill the city’s economic development, housing, or redevelopment objectives. Therefore, it is administratively more efficient for an EDA to handle the day-to-day control and administration of TIF districts as part of its overall economic development mission. Second, there are legal benefits to transferring the administrative control of TIF districts to the EDA. The EDA Act grants specific economic development powers to an EDA, some of which extend beyond the powers granted to a city (for example, property sold for economic development purposes by an EDA is subject to a right of reverter, which gives the EDA the legal authority to take back the property if the agreed-upon development does not occur within a certain timeframe). These additional powers mean that the EDA often has better bargaining tools in negotiating development contracts with potential developers, and EDA contracts can better ensure that the economic development and redevelopment priorities of the City are protected.

It is important to note that even after the transfer of control of the City’s projects and TIF districts to the EDA, under Minnesota Statutes, Sections 469.174 to 469.1794 (the “TIF Act”), the City retains the sole authority to establish or modify TIF Districts. This allows the City to oversee the

EDA's activities and ensure that the EDA's proposals reflect the City's policy objectives for economic development, redevelopment, and housing throughout the City. Thus, the TIF Act requires the City to fulfill its policy-making role with regard to reviewing and approving proposed economic development activities within its jurisdiction, but the EDA Act allows the EDA to manage the implementation and ongoing administration of those activities.

If you have further questions on this matter, please give me a call.



# REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY ACTION

Date: 2/26/2018  
Item No.: 4.b

Department Approval

Executive Director Approval

Item Description: Adopt Resolution No. 17 modifying Development District No. 1 and Establishing TIF District No. 20 – McGough Redevelopment.

1 **BACKGROUND**

2 The Roseville Economic Development Authority (REDA) has expressed a commitment to assist  
3 with the redevelopment of 2785 Fairview Ave. N for the purposes of a new headquarters for  
4 McGough Construction, Inc. The redevelopment of the property is aligned with the goals and  
5 objectives with the Public Financing and Subsidy Policy, and encourages further reinvestment into  
6 the Twin Lakes area. The redevelopment of the property will preserve and enhance the tax base of  
7 the City by assisting McGough with relocating and consolidating their office headquarters into one  
8 main location for the Metro Area.

9 In order for a new TIF district to be established for the redevelopment of the property, the site will  
10 need to be removed from the existing Twin Lakes TIF Districts, No. 17 and 17A, as well as to  
11 allow for the property to establish a new TIF district identified now as No. 20. Once the City  
12 Council removes the parcel from the existing TIF districts the City Council will need to hold a  
13 public hearing to solicit input on creating a new redevelopment TIF district for the property.

14 The REDA should review the summary and TIF Plan (Attachments B and C) identified for the  
15 property. Upon review and acceptance of the plan, the REDA will need to pass a Resolution  
16 subject to the Roseville City Council holding a public hearing, approving and establishing TIF No.  
17 20. REDA Attorney Martha Ingram and Financial Advisor Stacie Kvilvang will be present to  
18 answer any questions that the REDA may have.

19 **BUDGET IMPLICATIONS**

20 There are no budget implications at this time for the REDA.

21  
22 **STAFF RECOMMENDATION**

23 Adopt Resolution No. 17 modifying Development District No. 1 and Establishing TIF District No.  
24 20 – McGough Redevelopment.

25 **REQUESTED EDA ACTION**

26 Motion to Adopt Resolution No. 17 modifying Development District No. 1 and Establishing TIF  
27 District No. 20 – McGough Redevelopment.

28  
29 Prepared by: Jeanne Kelsey, Housing and Economic Development Program Manager, 651-792-7086  
30 Attachments: A: Resolution #17 adopting modification to Development District #1 and establishing TIF #20  
31 B: TIF Financing District Overview  
32 C: Modification Development Program District #1 and TIF District #20

**EXTRACT OF MINUTES OF MEETING  
OF THE  
ROSEVILLE ECONOMIC DEVELOPMENT AUTHORITY**

\* \* \* \* \*

Pursuant to due call and notice thereof, a special meeting of the Roseville Economic Development Authority, County of Ramsey, Minnesota was duly held on the 26th day of February, 2018, at 6:00 p.m.

The following members were present:

and the following were absent: .

Member introduced the following resolution and moved its adoption:

**RESOLUTION No. 17**

**RESOLUTION ADOPTING A MODIFICATION TO THE  
DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT  
NO. 1, ESTABLISHING TAX INCREMENT FINANCING  
DISTRICT NO. 20 - MCGOUGH REDEVELOPMENT THEREIN  
AND ADOPTING A TAX INCREMENT FINANCING PLAN**

WHEREAS, it has been proposed that the Board of Commissioners (the "Board") of the Roseville Economic Development Authority (the "EDA") and the City of Roseville (the "City") adopt a Modification to the Development Program (the "Development Program Modification") for Development District No. 1 (the "Development District"), establish Tax Increment Financing District No. 20 - McGough Redevelopment (the "District") in the Development District, and adopt a Tax Increment Financing Plan (the "TIF Plan") for the District (the Development Plan Modification and the TIF Plan are referred to collectively herein as the "Program and Plan"), all pursuant to and in conformity with Minnesota Statutes, Sections 469.090 to 469.1081 and Sections 469.174 to 469.1794, as amended (the "Act"), all as reflected in the Program and Plan and presented for the Board's consideration; and

WHEREAS, the EDA has investigated the facts relating to the Program and Plan and has caused the Program and Plan to be prepared; and

WHEREAS, the EDA has performed all actions required by law to be performed prior to the adoption of the Program and Plan, and has requested that the Council hold a public hearing on the Program and Plan upon published notice as required by law.

47 NOW, THEREFORE, BE IT RESOLVED, that:  
48

- 49 1. The EDA hereby finds that the District is in the public interest and is a  
50 "redevelopment district" under Section 469.174, Subd. 10 of the Act, and finds  
51 that the adoption of the proposed Program and Plan conform in all respects to the  
52 requirements of the Act and will help fulfill a need to redevelop an area of the  
53 Development District which is already built up, and that the adoption and  
54 implementation of the proposed Program and Plan will help provide employment  
55 opportunities in the State and will result in the preservation and enhancement of  
56 the tax base of the City and the State because it will discourage commerce and  
57 industry from moving their operations to another state or municipality, and  
58 thereby serves a public purpose.  
59
- 60 2. The EDA further finds that the Program and Plan will afford maximum  
61 opportunity, consistent with the sound needs for the City as a whole, for the  
62 development or redevelopment of the Development District by private enterprise,  
63 and that the intent is to provide only that public assistance necessary to make the  
64 private developments financially feasible.  
65
- 66 3. The boundaries of the Development District are not being expanded.  
67
- 68 4. The reasons and facts supporting the findings in this resolution are described in  
69 the Program and Plan.  
70
- 71 5. The EDA elects to calculate fiscal disparities for the District in accordance with  
72 Section 469.177, Subd. 3, clause b of the Act, which means the fiscal disparities  
73 contribution will be taken from inside the District.
- 74 6. The parcel to be included in the District is currently included in the City's Tax  
75 Increment Financing District No. 17 and Hazardous Substance Subdistrict No.  
76 17A. Approval of the Program and Plan is subject to adoption by the City  
77 Council of a resolution removing the parcel from said Tax Increment Financing  
78 District No. 17 and Hazardous Substance Subdistrict No. 17A.  
79
- 80 7. Subject to approval of the Program and Plan by the City Council following its  
81 public hearing thereon, the Program and Plan are hereby approved, established  
82 and adopted and shall be placed on file in the office of the Executive Director of  
83 the EDA.  
84
- 85 8. Upon approval of the Program and Plan by the City Council, EDA staff, advisors,  
86 and legal counsel are authorized and directed to take all actions required to certify  
87 the TIF Plan and give effect to its objectives, and are further authorized and  
88 directed to negotiate, draft, prepare and present to this Board for its consideration  
89 all further required plans, resolutions, documents and contracts. Approval of the  
90 Program and Plan does not constitute approval of any project or a Development  
91 Agreement with any developer.  
92

93 The motion for the adoption of the foregoing resolution was duly seconded by Member  
94  
95 , and upon a vote being taken thereon, the following voted in favor thereof:  
96  
97 and the following voted against the same:  
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99 WHEREUPON said resolution was declared duly passed and adopted.

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Certificate

I, the undersigned, being duly appointed Executive Director of the Roseville Economic Development Authority, Minnesota, hereby certify that I have carefully compared the attached and foregoing resolution with the original thereof on file in my office and further certify that the same is a full, true, and complete copy of a resolution which was duly adopted by the Board of Commissioners of said Authority at a duly called and special meeting thereof on February 26, 2018.

I further certify that Commissioner \_\_\_\_\_ introduced said resolution and moved its adoption, which motion was duly seconded by Commissioner \_\_\_\_\_, and that upon roll call vote being taken thereon, the following Commissioners voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

Witness my hand as the Executive Director of the Authority this 26<sup>th</sup> day of February, 2018

\_\_\_\_\_  
Executive Director  
Roseville Economic Development  
Authority





## Tax Increment Financing District Overview

### City of Roseville

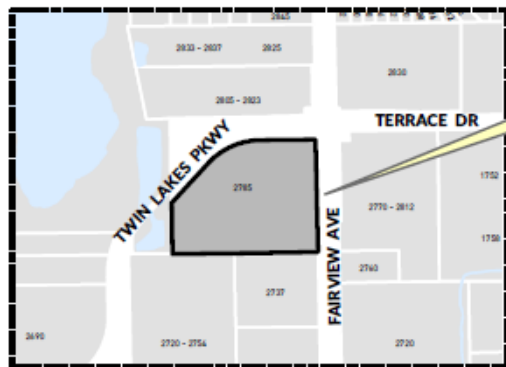
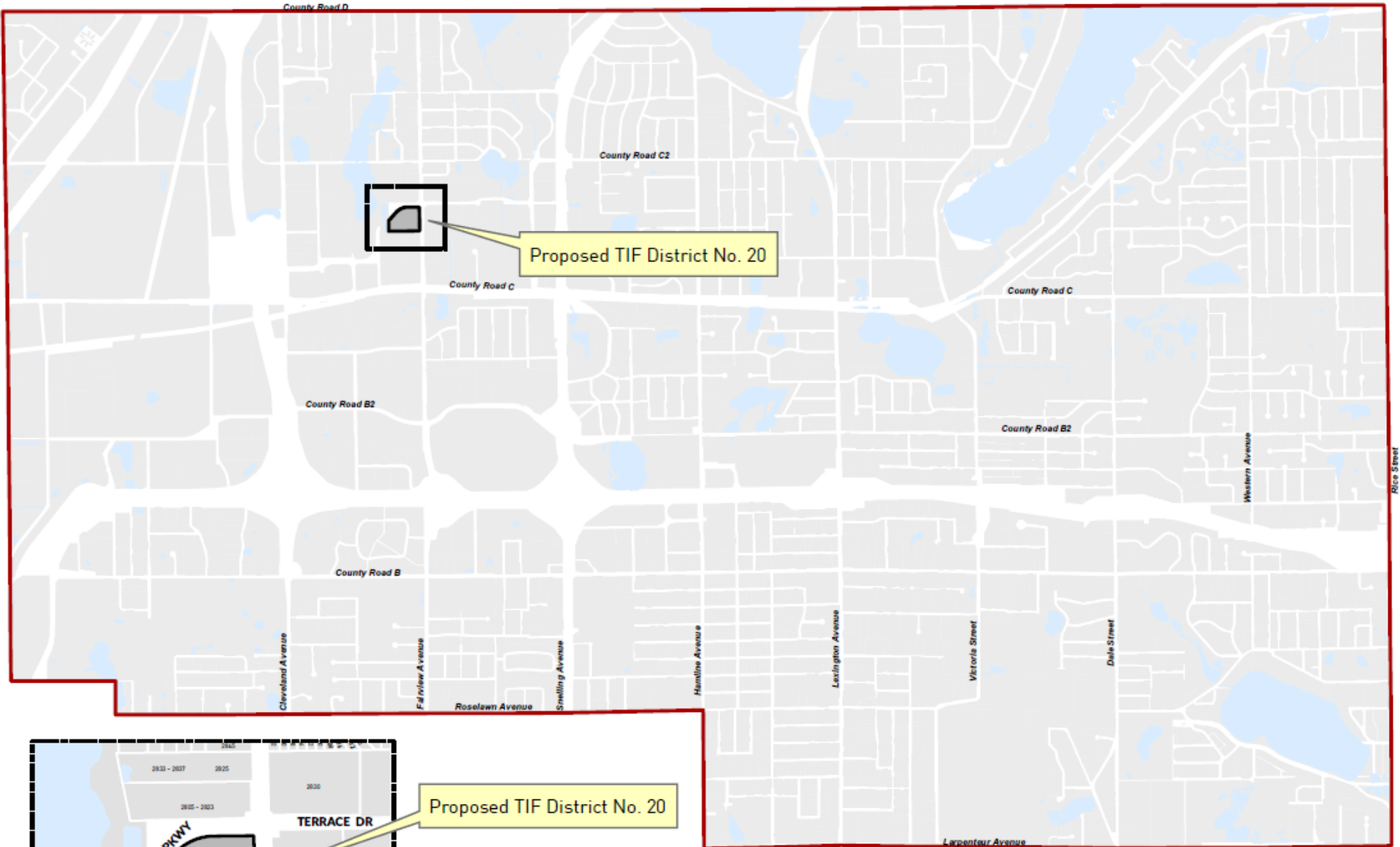
### TIF District No. 20 – McGough Redevelopment

The following summary contains an overview of the basic elements of the Tax Increment Financing Plan for Tax Increment Financing District No. 1-20. More detailed information on each of these topics can be found in the complete Tax Increment Financing Plan.

Proposed action:	Establishment of Tax Increment Financing District No. 20 – McGough Redevelopment (the "District") and the adoption of a Tax Increment Financing Plan (the "TIF Plan").
	Removal of a parcel from Tax Increment Financing District No. 17 and No. 17A for inclusion in the District.
	Modification to the Development Program for Development District No. 1 includes the establishment of Tax Increment Financing District No. 20 – McGough Redevelopment, which represents a continuation of the goals and objectives set forth in the Development Program for Development District No. 1.
Type of TIF District:	A redevelopment district
Parcel Numbers:	042923310023*
	*This parcel is currently located in Tax Increment Financing District No. 17 and 17A (County Identifier 259-1) and will be removed for inclusion in the District.
Proposed Development:	The District is being created to facilitate the rehabilitation and addition to an existing warehouse property into an approximately 60,000 square foot corporate office facility for McGough in the City. Please see Appendix A of the TIF Plan for a more detailed project description.
Maximum duration:	The duration of the District will be 25 years from the date of receipt of the first increment (26 years of increment). The City expects the date of first tax increment to be 2020. It is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after December 31, 2045, or when the TIF Plan is satisfied.
Estimated annual tax increment:	Up to \$179,463

Authorized uses:	The TIF Plan contains a budget that authorizes the maximum amount that may be expended:  <table> <tr> <td>Land/Building Acquisition.....</td> <td>\$1,000,000</td> </tr> <tr> <td>Site Improvements/Preparation.....</td> <td>\$1,000,000</td> </tr> <tr> <td>Utilities.....</td> <td>\$400,000</td> </tr> <tr> <td>Other Qualifying Improvements.....</td> <td>\$653,841</td> </tr> <tr> <td><u>Administrative Costs (up to 10%).....</u></td> <td><u>\$305,384</u></td> </tr> <tr> <td><b>PROJECT COSTS TOTAL.....</b></td> <td><b>\$3,359,225</b></td> </tr> <tr> <td><u>Interest.....</u></td> <td><u>\$0</u></td> </tr> <tr> <td><b>PROJECT COSTS TOTAL.....</b></td> <td><b>\$3,359,225</b></td> </tr> </table> <p>See Subsection 2-10, on page 2-6 of the TIF Plan for the full budget authorization.</p>	Land/Building Acquisition.....	\$1,000,000	Site Improvements/Preparation.....	\$1,000,000	Utilities.....	\$400,000	Other Qualifying Improvements.....	\$653,841	<u>Administrative Costs (up to 10%).....</u>	<u>\$305,384</u>	<b>PROJECT COSTS TOTAL.....</b>	<b>\$3,359,225</b>	<u>Interest.....</u>	<u>\$0</u>	<b>PROJECT COSTS TOTAL.....</b>	<b>\$3,359,225</b>
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<u>Interest.....</u>	<u>\$0</u>																
<b>PROJECT COSTS TOTAL.....</b>	<b>\$3,359,225</b>																
Form of financing:	The project is proposed to be financed by a bond issue, pay-as-you-go note, interfund loan, and/or transfer.																
Administrative fee:	Up to 10% of annual increment, if costs are justified.																
Interfund Loan Requirement:	If the City wants to pay for administrative expenditures from a tax increment fund, it is recommended that a resolution authorizing a loan from another fund be passed <i>PRIOR</i> to, or within 60 days of, the issuance of the check.																
4 Year Activity Rule (§ 469.176 Subd. 6)	After four years from the date of certification of the District one of the following activities must have been commenced on each parcel in the District: <ul style="list-style-type: none"> <li>• Demolition</li> <li>• Rehabilitation</li> <li>• Renovation</li> <li>• Other site preparation (not including utility services such as sewer and water)</li> </ul> <p>If the activity has not been started by approximately February 2022, no additional tax increment may be taken from that parcel until the commencement of a qualifying activity.</p>																
5 Year Rule (§ 469.1763 Subd. 3)	Within 5 years of certification revenues derived from tax increments must be expended or obligated to be expended.  Any obligations in the District made after approximately February 2023, will not be eligible for repayment from tax increments.																

The reasons and facts supporting the findings for the adoption of the TIF Plan for the District, as required pursuant to *M.S., Section 469.175, Subd. 3*, are included in Exhibit A of the City resolution.



Proposed TIF District No. 20

- Development District No. 1
- TIF District No. 20

## Tax Increment Financing (TIF) District No. 20 (Proposed)



*As of February 19, 2018  
Draft for Public Hearing*

**Modification to the  
Development Program for  
Development District No. 1  
and the  
Tax Increment Financing Plan  
for the establishment of  
Tax Increment Financing District No. 20 -  
McGough Redevelopment  
(a redevelopment district)  
within Development District No. 1**

Roseville Economic Development Authority  
City of Roseville  
Ramsey County  
State of Minnesota

Public Hearing: February 26, 2018  
Adopted:



Prepared by: EHLERS & ASSOCIATES, INC.  
3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105  
651-697-8500 fax: 651-697-8555 www.ehlers-inc.com

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(for reference purposes only)

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## **Section 1 - Modification to the Development Program for Development District No. 1**

### **Foreword**

The following text represents a Modification to the Development Program (the “Development Program Modification”) 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. 20 and the transfer of administration of Development District No. 1 from the City to the Roseville Economic Development Authority (the “EDA”).

For further information, a review of the Development Program for Development District No. 1 is recommended. It is available from the Housing and Economic Development Program Manager at the City of Roseville. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within Development District No. 1.

### **Administration of Development District No. 1**

On November 30, 2015, the City Council established the EDA in accordance with *Minnesota Statutes, Sections 469.090 to 469.1081* (the “Act”). The Act authorizes the City Council to transfer the control, authority, and operation of any project (as defined in the Act) located within the City from the governmental agency or subdivision that established such project to the EDA.

By resolution, the City has transferred to the EDA the control, authority, and operation of its Development District No. 1 and certain tax increment financing districts within Development District No. 1, specifically Tax Increment Financing Districts No. 17, 17A, 18, and 19 and any tax increment financing districts to be created within the Development District from the date of this Development Program Modification.

**Section 2 - Tax Increment Financing Plan  
for Tax Increment Financing District No. 20 - McGough Redevelopment**

**Subsection 2-1. Foreword**

The Roseville Economic Development Authority (the "REDA"), the City of Roseville (the "City"), staff and consultants have prepared the following information to expedite the establishment of Tax Increment Financing District No. 20 - McGough Redevelopment (the "District"), a redevelopment 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 REDA and City have certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.090 to 469.1081*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended, 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 Development Program for Development District No. 1.

**Subsection 2-3. 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 the rehabilitation and addition to an existing warehouse property into an approximately 60,000 square foot corporate office facility for McGough in the City. Please see Appendix A for further District information. The REDA has not entered into an agreement but anticipates entering into one with McGough, or a related entity, with development likely to occur in 2018. 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 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 - Selected property located within the District may be acquired by the REDA or 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 REDA 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 REDA 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.



### **Subsection 2-5. 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 parcel listed in Appendix C of this TIF Plan. Please also see the map in Appendix B for further information on the location of the District.

The REDA 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 REDA 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 REDA 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.

### **Subsection 2-6. Classification of the District**

The REDA and 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, find that the District, to be established, is a redevelopment district pursuant to *M.S., Section 469.174, Subd. 10(a)(1)* as defined below:

- (a) *"Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one or more of the following conditions, reasonably distributed throughout the district, exists:*
- (1) *parcels consisting of 70 percent of the area in the district are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;*
  - (2) *The property consists of vacant, unused, underused, inappropriately used, or infrequently used rail yards, rail storage facilities or excessive or vacated railroad rights-of-way;*
  - (3) *tank facilities, or property whose immediately previous use was for tank facilities, as defined in Section 115C, Subd. 15, if the tank facility:*
    - (i) *have or had a capacity of more than one million gallons;*
    - (ii) *are located adjacent to rail facilities; or*
    - (iii) *have been removed, or are unused, underused, inappropriately used or infrequently used; or*
  - (4) *a qualifying disaster area, as defined in Subd. 10b.*
- (b) *For purposes of this subdivision, "structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.*
- (c) *A building is not structurally substandard if it is in compliance with the building code applicable*

*to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs or other similar reliable evidence. The municipality may not make such a determination without an interior inspection of the property, but need not have an independent, expert appraisal prepared of the cost of repair and rehabilitation of the building. An interior inspection of the property is not required, if the municipality finds that (1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and (2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard.*

*(d) A parcel is deemed to be occupied by a structurally substandard building for purposes of the finding under paragraph (a) or by the improvement described in paragraph (e) if all of the following conditions are met:*

*(1) the parcel was occupied by a substandard building or met the requirements of paragraph (e), as the case may be, within three years of the filing of the request for certification of the parcel as part of the district with the county auditor;*

*(2) the substandard building or the improvements described in paragraph (e) were demolished or removed by the authority or the demolition or removal was financed by the authority or was done by a developer under a development agreement with the authority;*

*(3) the authority found by resolution before the demolition or removal that the parcel was occupied by a structurally substandard building or met the requirement of paragraph (e) and that after demolition and clearance the authority intended to include the parcel within a district; and*

*(4) upon filing the request for certification of the tax capacity of the parcel as part of a district, the authority notifies the county auditor that the original tax capacity of the parcel must be adjusted as provided by § 469.177, subdivision 1, paragraph (f).*

*(e) For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots or other similar structures.*

*(f) For districts consisting of two or more noncontiguous areas, each area must qualify as a redevelopment district under paragraph (a) to be included in the district, and the entire area of the district must satisfy paragraph (a).*

In meeting the statutory criteria the REDA and City rely on the following facts and findings:

- The District is a redevelopment district consisting of one parcel.
- An inventory shows more than 70 percent of the parcel in the District is occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures.
- An inspection of the buildings located within the District finds that more than 50 percent of the buildings are structurally substandard as defined in the TIF Act. (See Appendix F).

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.

### **Subsection 2-7. 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 REDA or City (a total of 26 years of tax increment). The REDA or City elects to receive the first tax increment in 2020, 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 2045, or when the TIF Plan is satisfied. The REDA or 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 2017 for taxes payable 2018.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2020) 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 REDA or City.

The original local tax rate for the District will be the local tax rate for taxes payable 2018, assuming the request for certification is made before June 30, 2018. 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 REDA and City request 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2020. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

<b>Project Estimated Tax Capacity upon Completion (PTC)</b>	<b>\$259,432</b>	
<b>Original Estimated Net Tax Capacity (ONTC)</b>	<b>\$38,822</b>	
<b>Fiscal Disparities Contribution</b>	<b>\$73,416</b>	
<b>Estimated Captured Tax Capacity (CTC)</b>	<b>\$147,194</b>	
<b>Original Local Tax Rate</b>	<b>1.21923</b>	Estimated Pay 2018
<b>Estimated Annual Tax Increment (CTC x Local Tax Rate)</b>	<b>\$179,463</b>	
<b>Percent Retained by the REDA</b>	<b>100%</b>	

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 25. The tax capacity of the District in year one is estimated to be \$123,906.

Pursuant to *M.S., Section 469.177, Subd. 4*, the REDA 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.**

### **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 REDA or 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 and/or transfer. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the REDA or City to incur debt. The REDA or 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:

<b><u>SOURCES OF FUNDS</u></b>	<b><u>TOTAL</u></b>
Tax Increment	\$3,053,841
<u>Interest</u>	<u>\$305,384</u>
<b>TOTAL</b>	<b>\$3,359,225</b>

The REDA or 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 \$3,359,225. 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 rehabilitation and addition to an existing warehouse property into an approximately 60,000 square foot corporate office facility for McGough. The REDA and City have determined that it will be necessary to provide assistance to the project for certain District costs, as described. The REDA 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	\$1,000,000
Site Improvements/Preparation	\$1,000,000
Utilities	\$400,000
Other Qualifying Improvements	\$653,841
<u>Administrative Costs (up to 10%)</u>	<u>\$305,384</u>
PROJECT COST TOTAL	\$3,359,225
<u>Interest</u>	<u>\$0</u>
<b>PROJECT AND INTEREST COSTS TOTAL</b>	<b>\$3,359,225</b>

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 costs associated with the District are subject to change among categories without a modification to this TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. Pursuant to *M.S., Section 469.1763, Subd. 2*, no more than 25 percent of the tax increment paid by property within the District will be spent on activities related to development or redevelopment outside of the District but within the boundaries of Development District No. 1, (including administrative costs, which are considered to be spent outside of the District) subject to the limitations as described in this TIF Plan.

### Subsection 2-11. Fiscal Disparities Election

Pursuant to *M.S., Section 469.177, Subd. 3*, the REDA or City may elect one of two methods to calculate fiscal disparities. If the calculations pursuant to *M.S., Section 469.177, Subd. 3, clause b*, (within the District) are followed, the following method of computation shall apply:

- (1) *The original net tax capacity shall be determined before the application of the fiscal disparity provisions of Chapter 276A or 473F. The current net tax capacity shall exclude any fiscal*

*disparity commercial-industrial net tax capacity increase between the original year and the current year multiplied by the fiscal disparity ratio determined pursuant to M.S., Section 276A.06, subdivision 7 or M.S., Section 473F.08, subdivision 6. Where the original net tax capacity is equal to or greater than the current net tax capacity, there is no captured tax capacity and no tax increment determination. Where the original tax capacity is less than the current tax capacity, the difference between the original net tax capacity and the current net tax capacity is the captured net tax capacity. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured net tax capacity of the authority.*

- (2) *The county auditor shall exclude the retained captured net tax capacity of the authority from the net tax capacity of the local taxing districts in determining local taxing district tax rates. The local tax rates so determined are to be extended against the retained captured net tax capacity of the authority as well as the net tax capacity of the local taxing districts. The tax generated by the extension of the less of (A) the local taxing district tax rates or (B) the original local tax rate to the retained captured net tax capacity of the authority is the tax increment of the authority.*

**The REDA will choose to calculate fiscal disparities by clause b.**

According to M.S., Section 469.177, Subd. 3:

- (c) *The method of computation of tax increment applied to a district pursuant to paragraph (a) or (b) shall remain the same for the duration of the district, except that the governing body may elect to change its election from the method of computation in paragraph (a) to the method in paragraph (b).*

**Subsection 2-12. Business Subsidies**

Pursuant to M.S., Section 116J.993, Subd. 3, the following forms of financial assistance are not considered a business subsidy:

- (1) A business subsidy of less than \$150,000;
- (2) Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
- (3) Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
- (4) Redevelopment property polluted by contaminants as defined in M.S., Section 116J.552, Subd. 3;
- (5) Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50% of the total cost;
- (6) Assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
- (7) Assistance for housing;
- (8) Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under M.S., Section 469.174, Subd. 23;
- (9) Assistance for energy conservation;
- (10) Tax reductions resulting from conformity with federal tax law;
- (11) Workers' compensation and unemployment compensation;
- (12) Benefits derived from regulation;

- (13) Indirect benefits derived from assistance to educational institutions;
- (14) Funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501 (c) (3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
- (15) Assistance for a collaboration between a Minnesota higher education institution and a business;
- (16) Assistance for a tax increment financing soils condition district as defined under *M.S., Section 469.174, Subd. 19*;
- (17) Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;
- (18) General changes in tax increment financing law and other general tax law changes of a principally technical nature;
- (19) Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;
- (20) Funds from dock and wharf bonds issued by a seaway port authority;
- (21) Business loans and loan guarantees of \$150,000 or less;
- (22) Federal loan funds provided through the United States Department of Commerce, Economic Development Administration; and
- (23) Property tax abatements granted under *M.S., Section 469.1813* to property that is subject to valuation under Minnesota Rules, chapter 8100.

The REDA will comply with *M.S., Sections 116J.993 to 116J.995* to the extent the tax increment assistance under this TIF Plan does not fall under any of the above exemptions.

### **Subsection 2-13. County Road Costs**

Pursuant to *M.S., Section 469.175, Subd. 1a*, the county board may require the REDA or City to pay for all or part of the cost of county road improvements if the proposed development to be assisted by tax increment will, in the judgment of the county, substantially increase the use of county roads requiring construction of road improvements or other road costs and if the road improvements are not scheduled within the next five years under a capital improvement plan or within five years under another county plan.

If the county elects to use increments to improve county roads, it must notify the REDA or City within forty-five days of receipt of this TIF Plan. In the opinion of the REDA and City and consultants, the proposed development outlined in this TIF Plan will have little or no impact upon county roads. The REDA and City are aware that the county could claim that tax increment should be used for county roads, even after the public hearing.

### **Subsection 2-14. 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 REDA or 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:

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**IMPACT ON TAX BASE**


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	<b>Estimated 2017/Pay 2018 Total Net Tax Capacity</b>	<b>Estimated Captured Tax Capacity (CTC) Upon Completion</b>	<b>Percent of CTC to Entity Total</b>
Ramsey County	496,357,455	147,194	<b>0.0297%</b>
City of Roseville	48,807,781	147,194	<b>0.3016%</b>
Mounds View ISD No. 621	92,954,527	147,194	<b>0.1584%</b>

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**IMPACT ON TAX RATES**


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	<b>Estimated Pay 2018 Extension Rates</b>	<b>Percent of Total</b>	<b>CTC</b>	<b>Potential Taxes</b>
Ramsey County	0.536930	44.04%	147,194	<b>79,033</b>
City of Roseville	0.382040	31.33%	147,194	<b>56,234</b>
Mounds View ISD No. 621	0.218110	17.89%	147,194	<b>32,104</b>
Other	<u>0.082150</u>	<u>6.74%</u>	<u>147,194</u>	<u><b>12,092</b></u>
<b>Total</b>	1.219230	100.00%		<b>179,463</b>

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the estimated Pay 2018 rate. The total net capacity for the entities listed above are based on estimated Pay 2018 figures. The District will be certified under the actual Pay 2018 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 \$3,053,841;
- (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. With any addition of new residents or businesses, police calls for service may be increased. New developments may 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 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 no 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.

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 \$546,332;
- (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 \$1,344,912;
- (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 2-15. 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. Following is a list of reports and studies on file at the City that support the REDA and City's findings:

- LHB Redevelopment TIF Report

### **Subsection 2-16. Definition of Tax Increment Revenues**

Pursuant to *M.S., Section 469.174, Subd. 25*, tax increment revenues derived from a tax increment financing district include all of the following potential revenue sources:

1. Taxes paid by the captured net tax capacity, but excluding any excess taxes, as computed under *M.S., Section 469.177*;
2. The proceeds from the sale or lease of property, tangible or intangible, to the extent the property was purchased by the authority with tax increments;
3. Principal and interest received on loans or other advances made by the authority with tax increments;
4. Interest or other investment earnings on or from tax increments;
5. Repayments or return of tax increments made to the Authority under agreements for districts for which the request for certification was made after August 1, 1993; and
6. The market value homestead credit paid to the Authority under *M.S., Section 273.1384*.

### **Subsection 2-17. Modifications to the District**

In accordance with *M.S., Section 469.175, Subd. 4*, any:

1. Reduction or enlargement of the geographic area of the District, if the reduction does not meet the requirements of *M.S., Section 469.175, Subd. 4(e)*;
2. Increase in amount of bonded indebtedness to be incurred;
3. A determination to capitalize interest on debt if that determination was not a part of the original TIF Plan;
4. Increase in the portion of the captured net tax capacity to be retained by the REDA or City;
5. Increase in the estimate of the cost of the District, including administrative expenses, that will be paid or financed with tax increment from the District; or
6. Designation of additional property to be acquired by the REDA or City,

shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original TIF Plan.

Pursuant to *M.S. Section 469.175 Subd. 4(f)*, the geographic area of the District may be reduced, but shall not be enlarged after five years following the date of certification of the original net tax capacity by the county auditor. If a redevelopment district is enlarged, the reasons and supporting facts for the determination that the addition to the district meets the criteria of *M.S., Section 469.174, Subd. 10*, must be documented in writing and retained. The requirements of this paragraph do not apply if (1) the only modification is elimination of parcel(s) from the District and (2)(A) the current net tax capacity of the parcel(s) eliminated from the District equals or exceeds the net tax capacity of those parcel(s) in the District's original net tax capacity or (B) the REDA agrees that, notwithstanding *M.S., Section 469.177, Subd. 1*, the original net tax capacity will be reduced by no more than the current net tax capacity of the parcel(s) eliminated from the District.

The REDA or City must notify the County Auditor of any modification to the District. Modifications to the District in the form of a budget modification or an expansion of the boundaries will be recorded in the TIF Plan.

### **Subsection 2-18. Administrative Expenses**

In accordance with *M.S., Section 469.174, Subd. 14*, administrative expenses means all expenditures of the REDA or City, *other than*:

1. Amounts paid for the purchase of land;
2. Amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the District;
3. Relocation benefits paid to or services provided for persons residing or businesses located in the District;
4. Amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to *M.S., Section 469.178*; or
5. Amounts used to pay other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to (3).

For districts for which the request for certification were made before August 1, 1979, or after June 30, 1982, and before August 1, 2001, administrative expenses also include amounts paid for services provided by bond

counsel, fiscal consultants, and planning or economic development consultants. Pursuant to *M.S., Section 469.176, Subd. 3*, tax increment may be used to pay any **authorized and documented** administrative expenses for the District up to but not to exceed 10 percent of the total estimated tax increment expenditures authorized by the TIF Plan or the total tax increments, as defined by *M.S., Section 469.174, Subd. 25, clause (1)*, from the District, whichever is less.

For districts for which certification was requested after July 31, 2001, no tax increment may be used to pay any administrative expenses for District costs which exceed ten percent of total estimated tax increment expenditures authorized by the TIF Plan or the total tax increments, as defined in *M.S., Section 469.174, Subd. 25, clause (1)*, from the District, whichever is less.

Pursuant to *M.S., Section 469.176, Subd. 4h*, tax increments may be used to pay for the County's actual administrative expenses incurred in connection with the District and are not subject to the percentage limits of *M.S., Section 469.176, Subd. 3*. The county may require payment of those expenses by February 15 of the year following the year the expenses were incurred.

Pursuant to *M.S., Section 469.177, Subd. 11*, the County Treasurer shall deduct an amount (currently .36 percent) of any increment distributed to the REDA or City and the County Treasurer shall pay the amount deducted to the State Commissioner of Management and Budget for deposit in the state general fund to be appropriated to the State Auditor for the cost of financial reporting of tax increment financing information and the cost of examining and auditing authorities' use of tax increment financing. This amount may be adjusted annually by the Commissioner of Revenue.

#### **Subsection 2-19.     Limitation of Increment**

The tax increment pledged to the payment of bonds and interest thereon may be discharged and the District may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or redemption date.

Pursuant to *M.S., Section 469.176, Subd. 6*:

*if, after four years from the date of certification of the original net tax capacity of the tax increment financing district pursuant to M.S., Section 469.177, no demolition, rehabilitation or renovation of property or other site preparation, including qualified improvement of a street adjacent to a parcel but not installation of utility service including sewer or water systems, has been commenced on a parcel located within a tax increment financing district by the authority or by the owner of the parcel in accordance with the tax increment financing plan, no additional tax increment may be taken from that parcel, and the original net tax capacity of that parcel shall be excluded from the original net tax capacity of the tax increment financing district. If the authority or the owner of the parcel subsequently commences demolition, rehabilitation or renovation or other site preparation on that parcel including qualified improvement of a street adjacent to that parcel, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced and the county auditor shall certify the net tax capacity thereof as most recently certified by the commissioner of revenue and add it to the original net tax capacity of the tax increment financing district. The county auditor must enforce the provisions of this subdivision. The authority must submit to the county auditor evidence that the required activity has taken place for each parcel in the district. The evidence for a parcel must be submitted by February 1 of the fifth year following the year in which the parcel was certified*

*as included in the district. For purposes of this subdivision, qualified improvements of a street are limited to (1) construction or opening of a new street, (2) relocation of a street, and (3) substantial reconstruction or rebuilding of an existing street.*

The REDA or City or a property owner must improve parcels within the District by approximately February 2022 and report such actions to the County Auditor.

### **Subsection 2-20. Use of Tax Increment**

The REDA or City hereby determines that it will use 100 percent of the captured net tax capacity of taxable property located in the District for the following purposes:

1. To pay the principal of and interest on bonds issued to finance a project;
2. To finance, or otherwise pay the cost of redevelopment of the Development District No. 1 pursuant to *M.S., Sections 469.090 to 469.1082*;
3. To pay for project costs as identified in the budget set forth in the TIF Plan;
4. To finance, or otherwise pay for other purposes as provided in *M.S., Section 469.176, Subd. 4*;
5. To pay principal and interest on any loans, advances or other payments made to or on behalf of the REDA or City or for the benefit of Development District No. 1 by a developer;
6. To finance or otherwise pay premiums and other costs for insurance or other security guaranteeing the payment when due of principal of and interest on bonds pursuant to the TIF Plan or pursuant to *M.S., Chapter 462C, M.S., Sections 469.152 through 469.165*, and/or *M.S., Sections 469.178*; and
7. To accumulate or maintain a reserve securing the payment when due of the principal and interest on the tax increment bonds or bonds issued pursuant to *M.S., Chapter 462C, M.S., Sections 469.152 through 469.165*, and/or *M.S., Sections 469.178*.

These revenues shall not be used to circumvent any levy limitations applicable to the City nor for other purposes prohibited by *M.S., Section 469.176, Subd. 4*.

### **Subsection 2-21. Excess Increments**

Excess increments, as defined in *M.S., Section 469.176, Subd. 2*, shall be used only to do one or more of the following:

1. Prepay any outstanding bonds;
2. Discharge the pledge of tax increment for any outstanding bonds;
3. Pay into an escrow account dedicated to the payment of any outstanding bonds; or
4. Return the excess to the County Auditor for redistribution to the respective taxing jurisdictions in proportion to their local tax rates.

The REDA or City must spend or return the excess increments under paragraph (c) within nine months after the end of the year. In addition, the REDA or City may, subject to the limitations set forth herein, choose to modify the TIF Plan in order to finance additional public costs in Development District No. 1 or the District.

### **Subsection 2-22. Requirements for Agreements with the Developer**

The REDA or City will review any proposal for private development to determine its conformance with the Development Program and with applicable municipal ordinances and codes. To facilitate this effort, the following documents may be requested for review and approval: site plan, construction, mechanical, and electrical system drawings, landscaping plan, grading and storm drainage plan, signage system plan, and any

other drawings or narrative deemed necessary by the REDA or City to demonstrate the conformity of the development to City plans and ordinances. The REDA or City may also use the Agreements to address other issues related to the development.

Pursuant to *M.S., Section 469.176, Subd. 5*, no more than 25 percent, by acreage, of the property to be acquired in the District as set forth in the TIF Plan shall at any time be owned by the REDA or City as a result of acquisition with the proceeds of bonds issued pursuant to *M.S., Section 469.178* to which tax increments from property acquired is pledged, unless prior to acquisition in excess of 25 percent of the acreage, the REDA or City concluded an agreement for the development or redevelopment of the property acquired and which provides recourse for the REDA or City should the development or redevelopment not be completed.

### **Subsection 2-23. Assessment Agreements**

Pursuant to *M.S., Section 469.177, Subd. 8*, the REDA or City may enter into a written assessment agreement in recordable form with the developer of property within the District which establishes a minimum market value of the land and completed improvements for the duration of the District. The assessment agreement shall be presented to the County Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, the County Assessor shall also certify the minimum market value agreement.

### **Subsection 2-24. Administration of the District**

Administration of the District will be handled by the Housing and Economic Development Program Manager.

### **Subsection 2-25. Annual Disclosure Requirements**

Pursuant to *M.S., Section 469.175, Subds. 5, 6, and 6b* the REDA or City must undertake financial reporting for all tax increment financing districts to the Office of the State Auditor, County Board and County Auditor on or before August 1 of each year. *M.S., Section 469.175, Subd. 5* also provides that an annual statement shall be published in a newspaper of general circulation in the City on or before August 15.

If the City fails to make a disclosure or submit a report containing the information required by *M.S., Section 469.175 Subd. 5 and Subd. 6*, the Office of the State Auditor will direct the County Auditor to withhold the distribution of tax increment from the District.

### **Subsection 2-26. Reasonable Expectations**

As required by the TIF Act, in establishing the District, the determination has been made that the anticipated development 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 is 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. In making said determination, reliance has been placed upon written representation made by the developer to such effect and upon REDA and City staff awareness of the feasibility of developing the project site within the District. 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 D, 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 2-27. Other Limitations on the Use of Tax Increment**

1. General Limitations. All revenue derived from tax increment shall be used in accordance with the TIF Plan. The revenues shall be used to finance, or otherwise pay the cost of redevelopment of the Development District No. 1 pursuant to *M.S., Sections 469.090 to 469.1082*. Tax increments may not be used to circumvent existing levy limit law. No tax increment may be used for the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the state or federal government. This provision does not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure.
2. Pooling Limitations. At least 75 percent of tax increments from the District must be expended on activities in the District or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities within said district or to pay, or secure payment of, debt service on credit enhanced bonds. Not more than 25 percent of said tax increments may be expended, through a development fund or otherwise, on activities outside of the District except to pay, or secure payment of, debt service on credit enhanced bonds. For purposes of applying this restriction, all administrative expenses must be treated as if they were solely for activities outside of the District.
3. Five Year Limitation on Commitment of Tax Increments. Tax increments derived from the District shall be deemed to have satisfied the 75 percent test set forth in paragraph (2) above only if the five year rule set forth in *M.S., Section 469.1763, Subd. 3*, has been satisfied; and beginning with the sixth year following certification of the District, 75 percent of said tax increments that remain after expenditures permitted under said five year rule must be used only to pay previously committed expenditures or credit enhanced bonds as more fully set forth in *M.S., Section 469.1763, Subd. 5*.
4. Redevelopment District. At least 90 percent of the revenues derived from tax increment from a redevelopment district must be used to finance the cost of correcting conditions that allow designation of redevelopment and renewal and renovation districts under *M.S., Section 469.176 Subd. 4j*. These costs include, but are not limited to, acquiring properties containing structurally substandard buildings or improvements or hazardous substances, pollution, or contaminants, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition and rehabilitation of structures, clearing of the land, the removal of hazardous substances or remediation necessary for development of the land, and installation of utilities, roads, sidewalks, and parking facilities for the site. The allocated administrative expenses of the REDA or City, including the cost of preparation of the development action response plan, may be included in the qualifying costs.

### **Subsection 2-28. Summary**

The Roseville Economic Development Authority is establishing the District to preserve and enhance the tax base, redevelop substandard areas, and provide employment opportunities in the City. The TIF Plan for the District was prepared by Ehlers & Associates, Inc., 3060 Centre Pointe Drive, Roseville, Minnesota 55113, telephone (651) 697-8500.

Appendix A

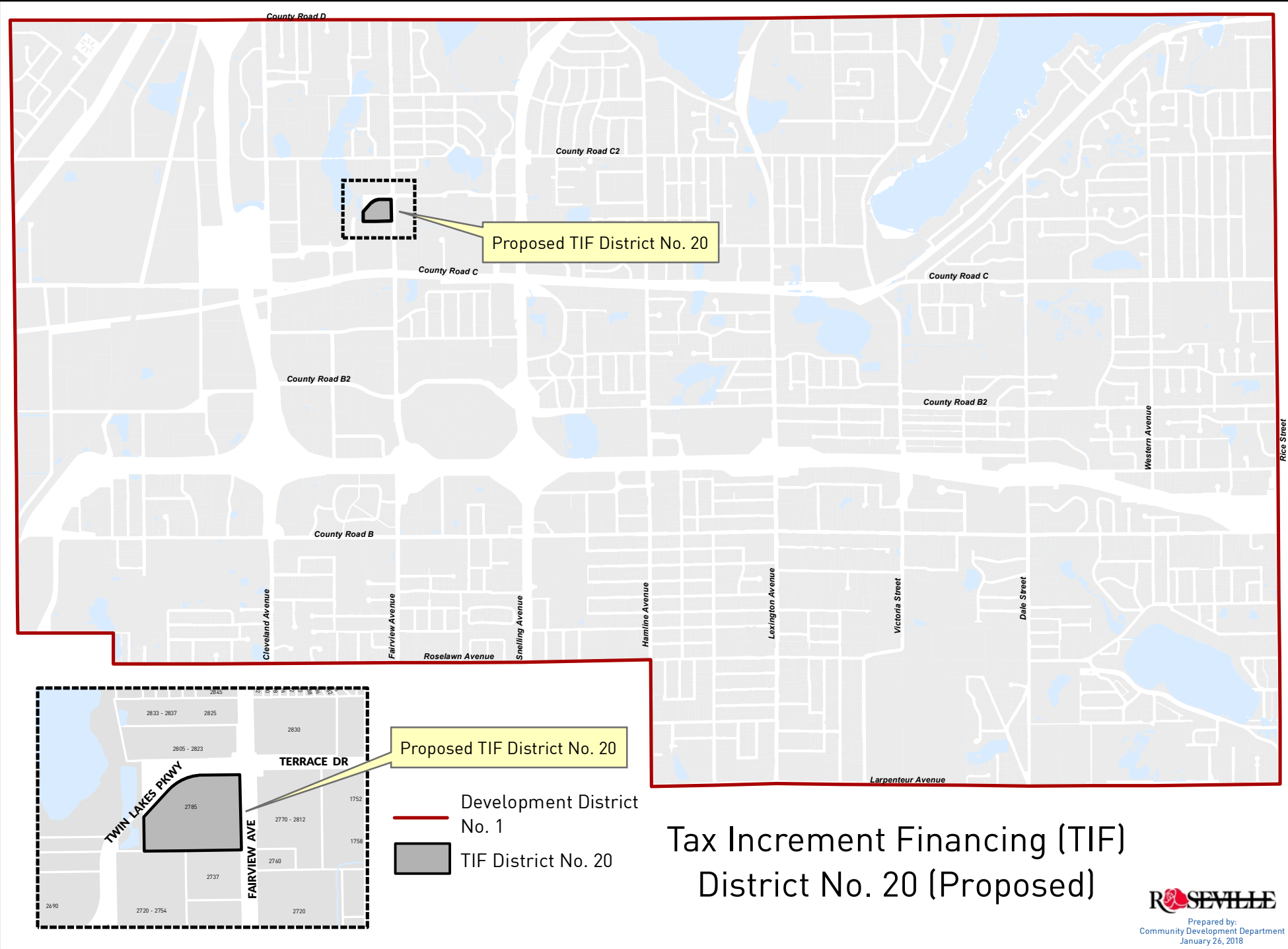
Project Description

McGough is acquiring an existing warehouse facility and plans to substantially renovate the existing structure, complete some demolition and construct new office space to transform the facility into its corporate headquarters of approximately 60,000 square feet. The REDA intends to provide a \$1.1 million pay-as-you-go TIF note to assist in offsetting the costs associated with rehabilitating a blighted property and required public improvements.

Appendix B

Map of Development District No. 1 and the District





Proposed TIF District No. 20

Proposed TIF District No. 20

- Development District No. 1
- TIF District No. 20

# Tax Increment Financing (TIF) District No. 20 (Proposed)

## Appendix C

## Description of Property to be Included in the District

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

<u>Parcel Numbers</u>	<u>Address</u>	<u>Owner</u>
042923310023*	2785 Fairview Ave N	2785 Fairview LLC

\* This parcel is currently located in Tax Increment Financing District No. 17 and 17A (County Identifiers 259-0 and 259-1) and will be removed for inclusion in the District prior to certification.

Appendix D

Estimated Cash Flow for the District



### Warehouse to Office Conversion

City of Roseville

60,000 sf Office

#### ASSUMPTIONS AND RATES

<b>DistrictType:</b>	Redevelopment
<b>District Name/Number:</b>	
<b>County District #:</b>	
<b>First Year Construction or Inflation on Value</b>	<b>2018</b>
<b>Existing District - Specify No. Years Remaining</b>	
Inflation Rate - Every Year:	<b>3.00%</b>
Interest Rate:	<b>4.00%</b>
Present Value Date:	<b>1-Aug-18</b>
First Period Ending	1-Feb-19
Tax Year District was Certified:	<b>Pay 2018</b>
Cashflow Assumes First Tax Increment For Development:	2020
Years of Tax Increment	26
Assumes Last Year of Tax Increment	2045
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	<b>Inside(B)</b>
Incremental or Total Fiscal Disparities	<b>Incremental</b>
Fiscal Disparities Contribution Ratio	33.2787% Pay 2018 Preliminary
Fiscal Disparities Metro-Wide Tax Rate	145.0950% Pay 2018 Preliminary
Maximum/Frozen Local Tax Rate:	121.923% Pay 2018 Preliminary
Current Local Tax Rate: (Use lesser of Current or Max.)	121.923% Pay 2018 Preliminary
State-wide Tax Rate (Comm./Ind. only used for total taxes)	45.0000% Pay 2018 Preliminary
Market Value Tax Rate (Used for total taxes)	0.21369% Pay 2018 Preliminary

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	\$115,000	0.75%
Over	\$115,000	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 #	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	04-29-23-31-0023	Clevelandler LLC	.785 Fairview Ave I	1,790,700	187,900	1,978,600	100%	1,978,600	Pay 2018	C/I	39,572	C/I Pref.	38,822	1
				1,790,700	187,900	1,978,600		1,978,600			39,572		38,822	

**Note:**

1. Base values are for Pay 2018 per Ramsey County website on 9-11-17.
2. Located in Rice Creek Watershed District. School District 621



**Warehouse to Office Conversion**  
City of Roseville  
60,000 sf Office

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 2018	Percentage Completed 2019	Percentage Completed 2020	Percentage Completed 2021	First Year Full Taxes Payable	
Main Floor	Office	106	106	57,000	6,042,000	C/I Pref.	120,090	2	100%	100%	100%	100%	2020	
Mezzanine	Office	64	64	3,000	190,800	C/I	3,816	1	100%	100%	100%	100%	2020	
<b>TOTAL</b>					<b>6,232,800</b>		<b>123,906</b>							
Subtotal Residential				0	0		0							
Subtotal Commercial/Ind.				60,000	6,232,800		123,906							

**Note:**

1. Market values are based upon estimates from County Assessor on 9-12-17.

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
Office	120,090	39,964	80,126	97,692	57,986	54,041	12,911	222,630	3.91
Office	3,816	1,270	2,546	3,104	1,843	1,717	408	7,072	2.36
<b>TOTAL</b>	<b>123,906</b>	<b>41,234</b>	<b>82,672</b>	<b>100,796</b>	<b>59,829</b>	<b>55,758</b>	<b>13,319</b>	<b>229,701</b>	

**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	229,701
less State-wide Taxes	(55,758)
less Fiscal Disp. Adj.	(59,829)
less Market Value Taxes	(13,319)
less Base Value Taxes	(31,581)
<b>Annual Gross TIF</b>	<b>69,215</b>



**Warehouse to Office Conversion  
City of Roseville  
60,000 sf Office**

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
							-	-	-	-	-			02/01/19
							-	-	-	-	-			08/01/19
							-	-	-	-	-			02/01/20
100%	123,906	(38,822)	(28,315)	56,769	121.923%	69,215	34,607	(125)	(3,448)	31,034	28,671	0.5	2020	08/01/20
							34,607	(125)	(3,448)	31,034	56,780	1	2020	02/01/21
100%	127,623	(38,822)	(29,552)	59,249	121.923%	72,239	36,119	(130)	(3,599)	32,390	85,542	1.5	2021	08/01/21
							36,119	(130)	(3,599)	32,390	113,739	2	2021	02/01/22
100%	131,452	(38,822)	(30,826)	61,804	121.923%	75,353	37,677	(136)	(3,754)	33,787	142,576	2.5	2022	08/01/22
							37,677	(136)	(3,754)	33,787	170,847	3	2022	02/01/23
100%	135,395	(38,822)	(32,138)	64,435	121.923%	78,561	39,281	(141)	(3,914)	35,225	199,744	3.5	2023	08/01/23
							39,281	(141)	(3,914)	35,225	228,075	4	2023	02/01/24
100%	139,457	(38,822)	(33,490)	67,145	121.923%	81,865	40,933	(147)	(4,079)	36,707	257,018	4.5	2024	08/01/24
							40,933	(147)	(4,079)	36,707	285,393	5	2024	02/01/25
100%	143,641	(38,822)	(34,882)	69,937	121.923%	85,269	42,634	(153)	(4,248)	38,233	314,369	5.5	2025	08/01/25
							42,634	(153)	(4,248)	38,233	342,777	6	2025	02/01/26
100%	147,950	(38,822)	(36,316)	72,812	121.923%	88,774	44,387	(160)	(4,423)	39,805	371,772	6.5	2026	08/01/26
							44,387	(160)	(4,423)	39,805	400,199	7	2026	02/01/27
100%	152,389	(38,822)	(37,794)	75,773	121.923%	92,385	46,192	(166)	(4,603)	41,424	429,202	7.5	2027	08/01/27
							46,192	(166)	(4,603)	41,424	457,637	8	2027	02/01/28
100%	156,960	(38,822)	(39,315)	78,823	121.923%	96,104	48,052	(173)	(4,788)	43,091	486,636	8.5	2028	08/01/28
							48,052	(173)	(4,788)	43,091	515,066	9	2028	02/01/29
100%	161,669	(38,822)	(40,882)	81,965	121.923%	99,935	49,967	(180)	(4,979)	44,809	544,050	9.5	2029	08/01/29
							49,967	(180)	(4,979)	44,809	572,466	10	2029	02/01/30
100%	166,519	(38,822)	(42,496)	85,201	121.923%	103,880	51,940	(187)	(5,175)	46,578	601,424	10.5	2030	08/01/30
							51,940	(187)	(5,175)	46,578	629,815	11	2030	02/01/31
100%	171,515	(38,822)	(44,158)	88,534	121.923%	107,944	53,972	(194)	(5,378)	48,400	658,737	11.5	2031	08/01/31
							53,972	(194)	(5,378)	48,400	687,093	12	2031	02/01/32
100%	176,660	(38,822)	(45,871)	91,968	121.923%	112,130	56,065	(202)	(5,586)	50,277	715,971	12.5	2032	08/01/32
							56,065	(202)	(5,586)	50,277	744,282	13	2032	02/01/33
100%	181,960	(38,822)	(47,635)	95,504	121.923%	116,441	58,220	(210)	(5,801)	52,210	773,106	13.5	2033	08/01/33
							58,220	(210)	(5,801)	52,210	801,364	14	2033	02/01/34
100%	187,419	(38,822)	(49,451)	99,146	121.923%	120,882	60,441	(218)	(6,022)	54,201	830,125	14.5	2034	08/01/34
							60,441	(218)	(6,022)	54,201	858,322	15	2034	02/01/35
100%	193,042	(38,822)	(51,322)	102,897	121.923%	125,455	62,728	(226)	(6,250)	56,252	887,011	15.5	2035	08/01/35
							62,728	(226)	(6,250)	56,252	915,139	16	2035	02/01/36
100%	198,833	(38,822)	(53,249)	106,761	121.923%	130,167	65,083	(234)	(6,485)	58,364	943,750	16.5	2036	08/01/36
							65,083	(234)	(6,485)	58,364	971,801	17	2036	02/01/37
100%	204,798	(38,822)	(55,235)	110,741	121.923%	135,019	67,509	(243)	(6,727)	60,540	1,000,326	17.5	2037	08/01/37
							67,509	(243)	(6,727)	60,540	1,028,293	18	2037	02/01/38
100%	210,942	(38,822)	(57,279)	114,840	121.923%	140,017	70,008	(252)	(6,976)	62,781	1,056,725	18.5	2038	08/01/38
							70,008	(252)	(6,976)	62,781	1,084,601	19	2038	02/01/39
100%	217,270	(38,822)	(59,385)	119,063	121.923%	145,165	72,582	(261)	(7,232)	65,089	1,112,934	19.5	2039	08/01/39
							72,582	(261)	(7,232)	65,089	1,140,712	20	2039	02/01/40
100%	223,788	(38,822)	(61,554)	123,412	121.923%	150,467	75,234	(271)	(7,496)	67,467	1,168,940	20.5	2040	08/01/40
							75,234	(271)	(7,496)	67,467	1,196,615	21	2040	02/01/41
100%	230,502	(38,822)	(63,788)	127,891	121.923%	155,929	77,964	(281)	(7,768)	69,915	1,224,731	21.5	2041	08/01/41
							77,964	(281)	(7,768)	69,915	1,252,297	22	2041	02/01/42
100%	237,417	(38,822)	(66,090)	132,505	121.923%	161,554	80,777	(291)	(8,049)	72,438	1,280,297	22.5	2042	08/01/42
							80,777	(291)	(8,049)	72,438	1,307,748	23	2042	02/01/43
100%	244,539	(38,822)	(68,460)	137,257	121.923%	167,348	83,674	(301)	(8,337)	75,036	1,335,625	23.5	2043	08/01/43
							83,674	(301)	(8,337)	75,036	1,362,957	24	2043	02/01/44
100%	251,875	(38,822)	(70,901)	142,152	121.923%	173,316	86,658	(312)	(8,635)	77,711	1,390,707	24.5	2044	08/01/44
							86,658	(312)	(8,635)	77,711	1,417,914	25	2044	02/01/45
100%	259,432	(38,822)	(73,416)	147,194	121.923%	179,463	89,731	(323)	(8,941)	80,468	1,445,533	25.5	2045	08/01/45
							89,731	(323)	(8,941)	80,468	1,472,611	26	2045	02/01/46
<b>Total</b>							<b>3,064,875</b>	<b>(11,034)</b>	<b>(305,384)</b>	<b>2,748,457</b>				
			<b>Present Value From 08/01/2018</b>	<b>Present Value Rate</b>	<b>4.00%</b>		<b>1,642,146</b>	<b>(5,912)</b>	<b>(163,623)</b>	<b>1,472,611</b>				

Appendix E

Minnesota Business Assistance Form  
(Minnesota Department of Employment and Economic Development)

A Minnesota Business Assistance Form (MBAF) should be used to report and/or update each calendar year's activity by April 1 of the following year.

Please see the Minnesota Department of Employment and Economic Development (DEED) website at <http://www.deed.state.mn.us/Community/subsidies/MBAFForm.htm> for information and forms.

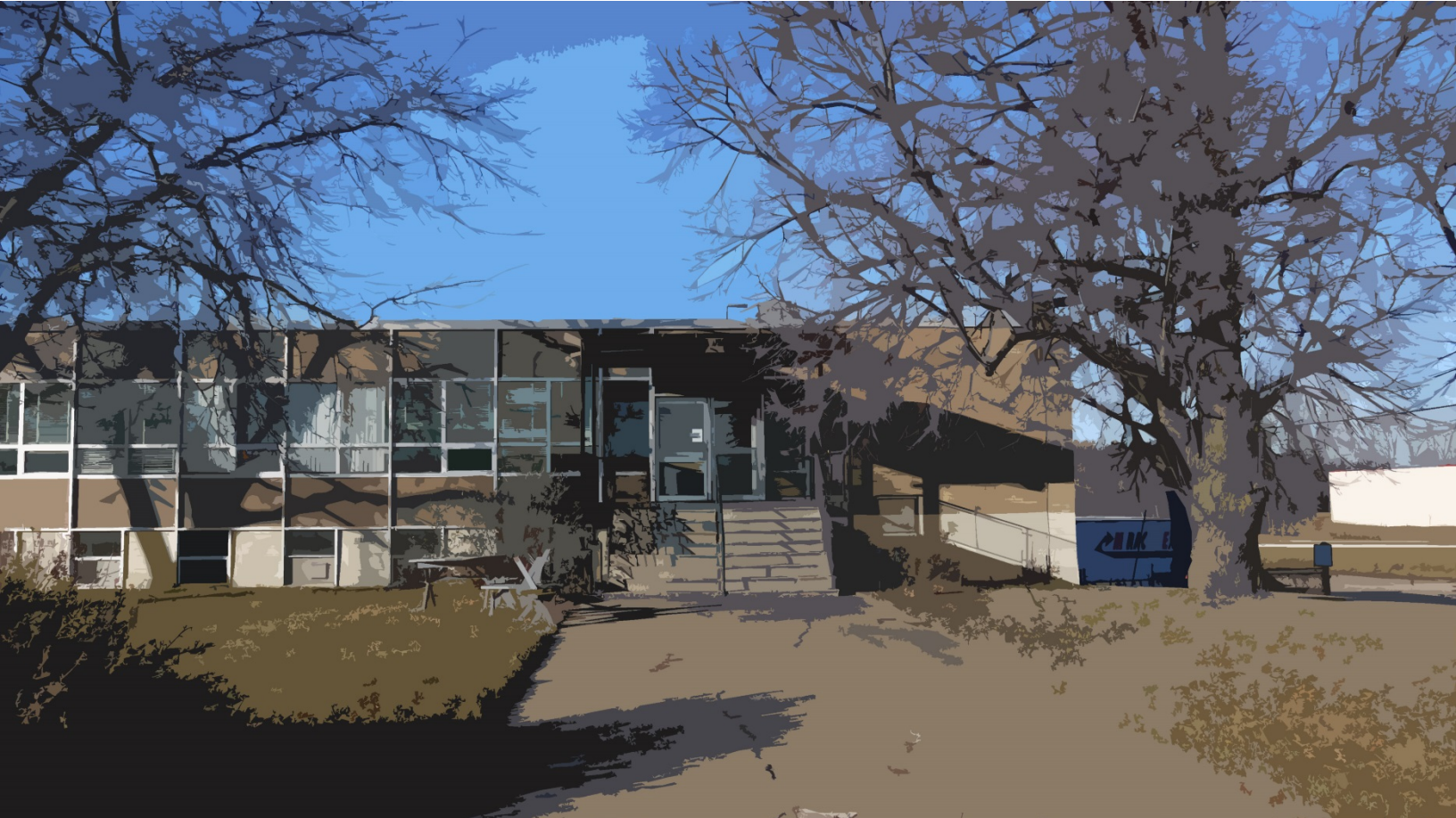
Appendix F

Redevelopment Qualifications for the District



Report of Inspection Procedures and Results for  
Determining Qualifications of a  
Tax Increment Financing District as a Redevelopment District

## Roseville Fairview Redevelopment TIF District Roseville, Minnesota



December 14, 2017

Prepared For the

**City of Roseville**

Prepared by:



LHB, Inc.  
701 Washington Avenue North, Suite 200  
Minneapolis, Minnesota 55401

LHB Project No. 170811

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## PART 1 – EXECUTIVE SUMMARY

### PURPOSE OF EVALUATION

LHB was hired by the City of Roseville to inspect and evaluate the properties within a Tax Increment Financing Redevelopment District (“TIF District”) proposed to be established by the City. The proposed TIF District is located at the southwest corner of Fairview Avenue North and Twin Lakes Parkway (Diagram 1). The purpose of LHB’s work is to determine whether the proposed TIF District meets the statutory requirements for coverage, and whether one (1) building on one (1) parcel, located within the proposed TIF District, meet the qualifications required for a Redevelopment District.

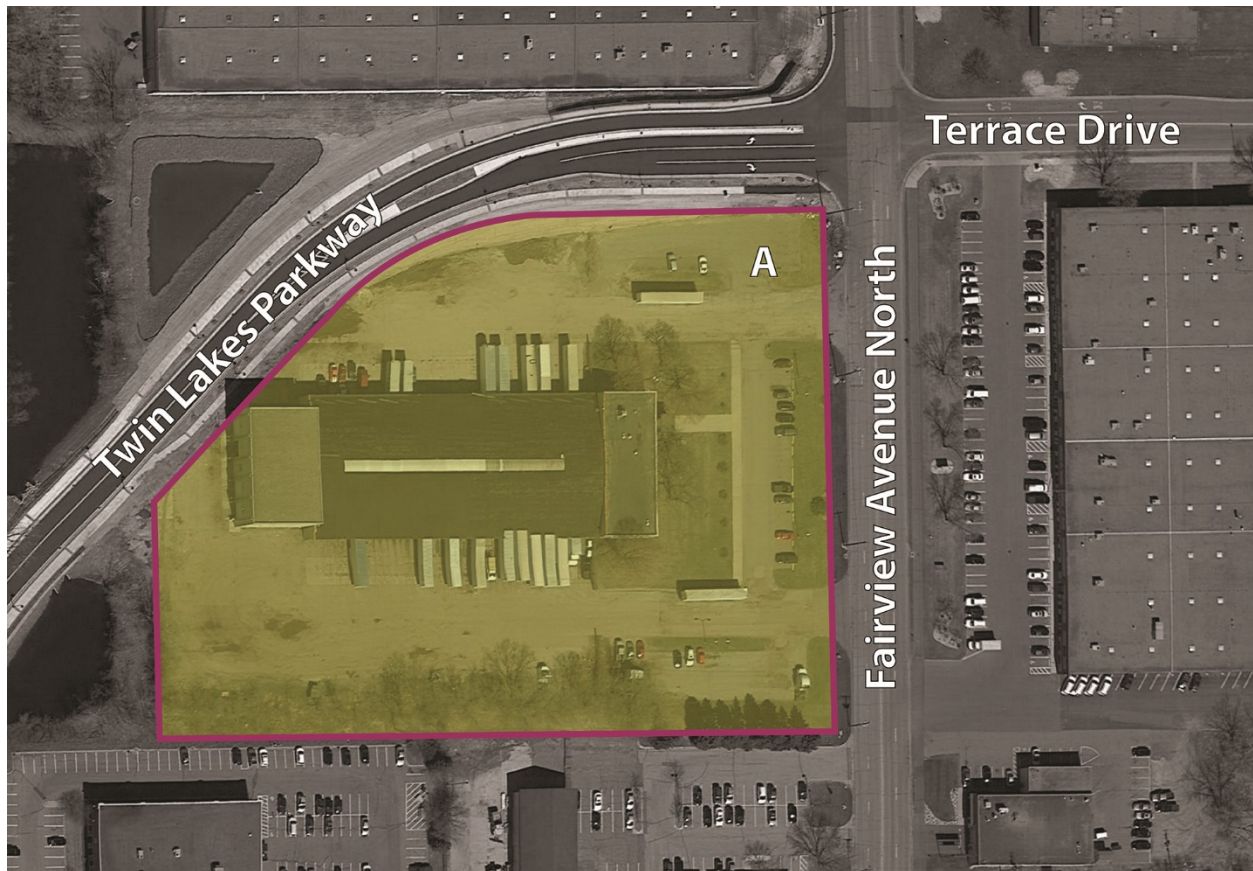


Diagram 1 – Proposed TIF District

### SCOPE OF WORK

The proposed TIF District consists of one (1) parcel with one (1) building. One (1) building was inspected on November 30, 2017. A Building Code and Condition Deficiency report for the building that was inspected is located in Appendix B.

## CONCLUSION

After inspecting and evaluating the properties within the proposed TIF District and applying current statutory criteria for a Redevelopment District under *Minnesota Statutes, Section 469.174, Subdivision 10*, it is our professional opinion that the proposed TIF District qualifies as a Redevelopment District because:

- The proposed TIF District has a coverage calculation of 100 percent which is above the 70 percent requirement.
- 100 percent of the buildings are structurally substandard which is above the 50 percent requirement.
- The substandard buildings are reasonably distributed.

The remainder of this report describes our process and findings in detail.

## PART 2 – MINNESOTA STATUTE 469.174, SUBDIVISION 10 REQUIREMENTS

---

The properties were inspected in accordance with the following requirements under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, which states:

### INTERIOR INSPECTION

“The municipality may not make such determination [that the building is structurally substandard] without an interior inspection of the property...”

### EXTERIOR INSPECTION AND OTHER MEANS

“An interior inspection of the property is not required, if the municipality finds that

- (1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and
- (2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard.”

### DOCUMENTATION

“Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained under section 469.175, subdivision 3(1).”

### QUALIFICATION REQUIREMENTS

*Minnesota Statutes, Section 469.174, Subdivision 10 (a) (1)* requires three tests for occupied parcels:

#### A. COVERAGE TEST

...“parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or paved or gravel parking lots...”

The coverage required by the parcel to be considered occupied is defined under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which states: “For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or other similar structures.”

## **B. CONDITION OF BUILDINGS TEST**

*Minnesota Statutes, Section 469.174, Subdivision 10(a)* states, “...and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;”

1. Structurally substandard is defined under *Minnesota Statutes, Section 469.174, Subdivision 10(b)*, which states: “For purposes of this subdivision, ‘structurally substandard’ shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.”
  - a. We do not count energy code deficiencies toward the thresholds required by *Minnesota Statutes, Section 469.174, Subdivision 10(b)* defined as “structurally substandard”, due to concerns expressed by the State of Minnesota Court of Appeals in the *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.
2. Buildings are not eligible to be considered structurally substandard unless they meet certain additional criteria, as set forth in Subdivision 10(c) which states:

“A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence.”

“Items of evidence that support such a conclusion [that the building is not disqualified] include recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence.”

LHB counts energy code deficiencies toward the 15 percent code threshold required by *Minnesota Statutes, Section 469.174, Subdivision 10(c)* for the following reasons:

- The Minnesota energy code is one of ten building code areas highlighted by the Minnesota Department of Labor and Industry website where minimum construction standards are required by law.
- Chapter 13 of the 2015 *Minnesota Building Code* states, “Buildings shall be designed and constructed in accordance with the *International Energy Conservation Code*.”

Furthermore, Minnesota Rules, Chapter 1305.0021 Subpart 9 states, “References to the *International Energy Conservation Code* in this code mean the *Minnesota Energy Code*...”

- The Senior Building Code Representative for the Construction Codes and Licensing Division of the Minnesota Department of Labor and Industry confirmed that the Minnesota Energy Code is being enforced throughout the State of Minnesota.
- In a January 2002 report to the Minnesota Legislature, the Management Analysis Division of the Minnesota Department of Administration confirmed that the construction cost of new buildings complying with the Minnesota Energy Code is higher than buildings built prior to the enactment of the code.
- Proper TIF analysis requires a comparison between the replacement value of a new building built under current code standards with the repairs that would be necessary to bring the existing building up to current code standards. In order for an equal comparison to be made, all applicable code chapters should be applied to both scenarios. Since current construction estimating software automatically applies the construction cost of complying with the Minnesota Energy Code, energy code deficiencies should also be identified in the existing structures.

### **C. DISTRIBUTION OF SUBSTANDARD BUILDINGS**

*Minnesota Statutes, Section 469.174, Subdivision 10*, defines a Redevelopment District and requires one or more of the following conditions, “reasonably distributed throughout the district.”

- (1) “Parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;
- (2) the property consists of vacant, unused, underused, inappropriately used, or infrequently used rail yards, rail storage facilities, or excessive or vacated railroad rights-of-way;
- (3) tank facilities, or property whose immediately previous use was for tank facilities...”

Our interpretation of the distribution requirement is that the substandard buildings must be reasonably distributed throughout the district as compared to the location of all buildings in the district. For example, if all of the buildings in a district are located on one half of the area of the district, with the other half occupied by parking lots (meeting the required 70 percent coverage for the district), we would evaluate the distribution of the substandard buildings compared with only the half of the district where the buildings are located. If all of the buildings in a district are located evenly throughout the entire area of the district, the substandard buildings must be reasonably distributed throughout the entire area of the district. We believe this is consistent with the opinion expressed by the State of Minnesota Court of Appeals in the *Walsler Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.

## PART 3 – PROCEDURES FOLLOWED

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LHB inspected one (1) building during the day of November 30, 2017.

## PART 4 – FINDINGS

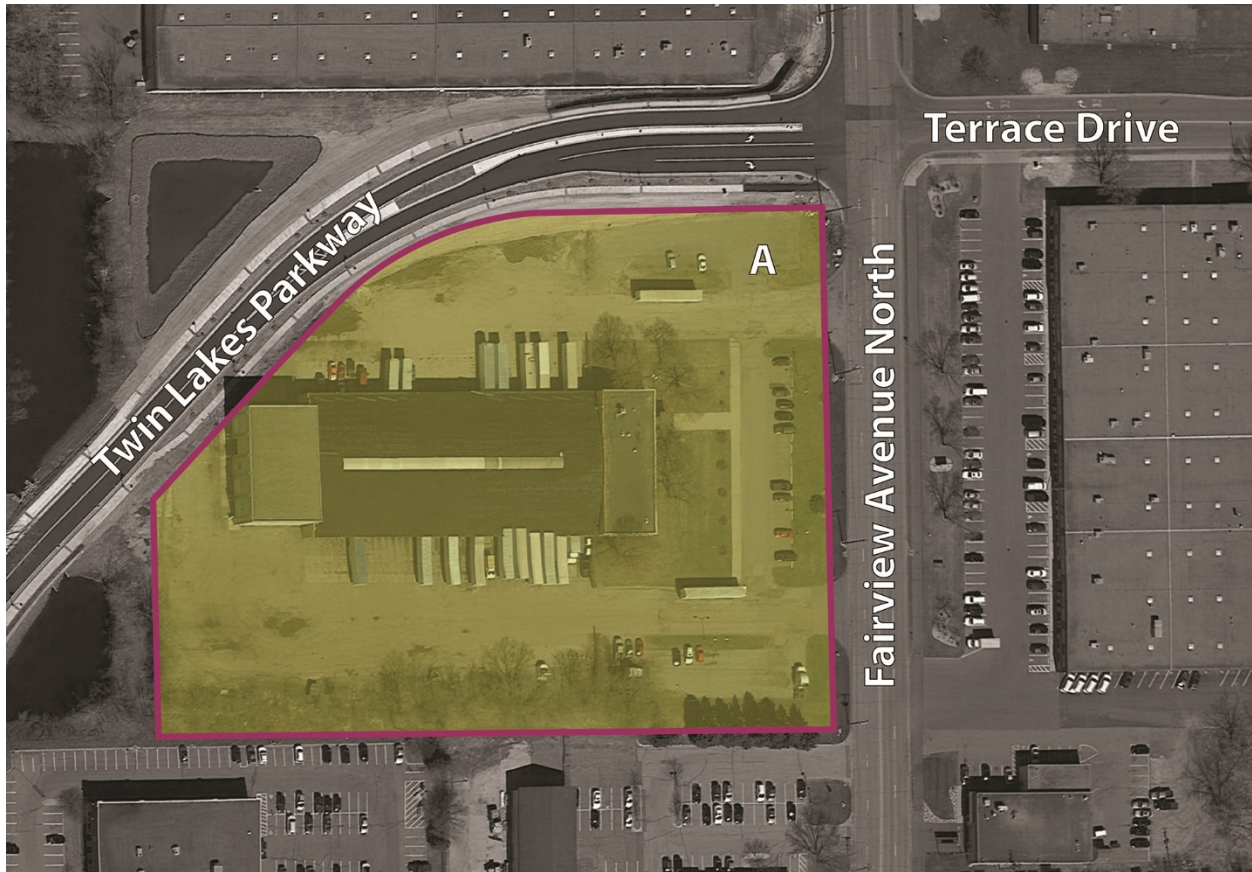
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### A. COVERAGE TEST

1. The total square foot area of the parcel in the proposed TIF District was obtained from City records, GIS mapping and site verification.
2. The total square foot area of buildings and site improvements on the parcels in the proposed TIF District was obtained from City records, GIS mapping and site verification.
3. The percentage of coverage for each parcel in the proposed TIF District was computed to determine if the 15 percent minimum requirement was met. The total square footage of parcels meeting the 15 percent requirement was divided into the total square footage of the entire district to determine if the 70 percent requirement was met.

### FINDING:

The proposed TIF District met the coverage test under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which resulted in parcels consisting of 100 percent of the area of the proposed TIF District being occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures (Diagram 2). This exceeds the 70 percent area coverage requirement for the proposed TIF District under *Minnesota Statutes, Section 469.174, Subdivision (a) (1)*.



**Diagram 2 – Coverage Diagram**

Shaded area depicts a parcel more than 15 percent occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures

## **B. CONDITION OF BUILDING TEST**

### **1. BUILDING INSPECTION**

The first step in the evaluation process is the building inspection. After an initial walk-thru, the inspector makes a judgment whether or not a building “appears” to have enough defects or deficiencies of sufficient total significance to justify substantial renovation or clearance. If it does, the inspector documents with notes and photographs code and non-code deficiencies in the building.

### **2. REPLACEMENT COST**

The second step in evaluating a building to determine if it is substandard to a degree requiring substantial renovation or clearance is to determine its replacement cost. This is the cost of constructing a new structure of the same square footage and type on site. Replacement costs were researched using R.S. Means Cost Works square foot models for 2017.

A replacement cost was calculated by first establishing building use (office, retail, residential, etc.), building construction type (wood, concrete, masonry, etc.), and building size to obtain



the appropriate median replacement cost, which factors in the costs of construction in Roseville, Minnesota.

Replacement cost includes labor, materials, and the contractor's overhead and profit. Replacement costs do not include architectural fees, legal fees or other "soft" costs not directly related to construction activities. Replacement cost for each building is tabulated in Appendix A.

### 3. CODE DEFICIENCIES

The next step in evaluating a building is to determine what code deficiencies exist with respect to such building. Code deficiencies are those conditions for a building which are not in compliance with current building codes applicable to new buildings in the State of Minnesota.

*Minnesota Statutes, Section 469.174, Subdivision 10(c)*, specifically provides that a building cannot be considered structurally substandard if its code deficiencies are not at least 15 percent of the replacement cost of the building. As a result, it was necessary to determine the extent of code deficiencies for each building in the proposed TIF District.

The evaluation was made by reviewing all available information with respect to such buildings contained in City Building Inspection records and making interior and exterior inspections of the buildings. LHB utilizes the current Minnesota State Building Code as the official code for our evaluations. The Minnesota State Building Code is actually a series of provisional codes written specifically for Minnesota only requirements, adoption of several international codes, and amendments to the adopted international codes.

After identifying the code deficiencies in each building, we used R.S. Means Cost Works 2017; Unit and Assembly Costs to determine the cost of correcting the identified deficiencies. We were then able to compare the correction costs with the replacement cost of each building to determine if the costs for correcting code deficiencies meet the required 15 percent threshold.

#### FINDING:

One (1) out of one (1) building (100 percent) in the proposed TIF District contained code deficiencies exceeding the 15 percent threshold required by *Minnesota Statutes, Section 469.174, Subdivision 10(c)*. Building Code, Condition Deficiency and Context Analysis reports for the buildings in the proposed TIF District can be found in Appendix B of this report.

### 4. SYSTEM CONDITION DEFICIENCIES

If a building meets the minimum code deficiency threshold under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, then in order for such building to be "structurally substandard" under *Minnesota Statutes, Section 469.174, Subdivision 10(b)*, the building's defects or deficiencies should be of sufficient total significance to justify "substantial renovation or clearance." Based on this definition, LHB re-evaluated each of the buildings that met the code deficiency threshold under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, to

determine if the total deficiencies warranted “substantial renovation or clearance” based on the criteria we outlined above.

System condition deficiencies are a measurement of defects or substantial deterioration in site elements, structure, exterior envelope, mechanical and electrical components, fire protection and emergency systems, interior partitions, ceilings, floors and doors.

The evaluation of system condition deficiencies was made by reviewing all available information contained in City records, and making interior and exterior inspections of the buildings. LHB only identified system condition deficiencies that were visible upon our inspection of the building or contained in City records. We did not consider the amount of “service life” used up for a particular component unless it was an obvious part of that component’s deficiencies.

After identifying the system condition deficiencies in each building, we used our professional judgment to determine if the list of defects or deficiencies is of sufficient total significance to justify “substantial renovation or clearance.”

**FINDING:**

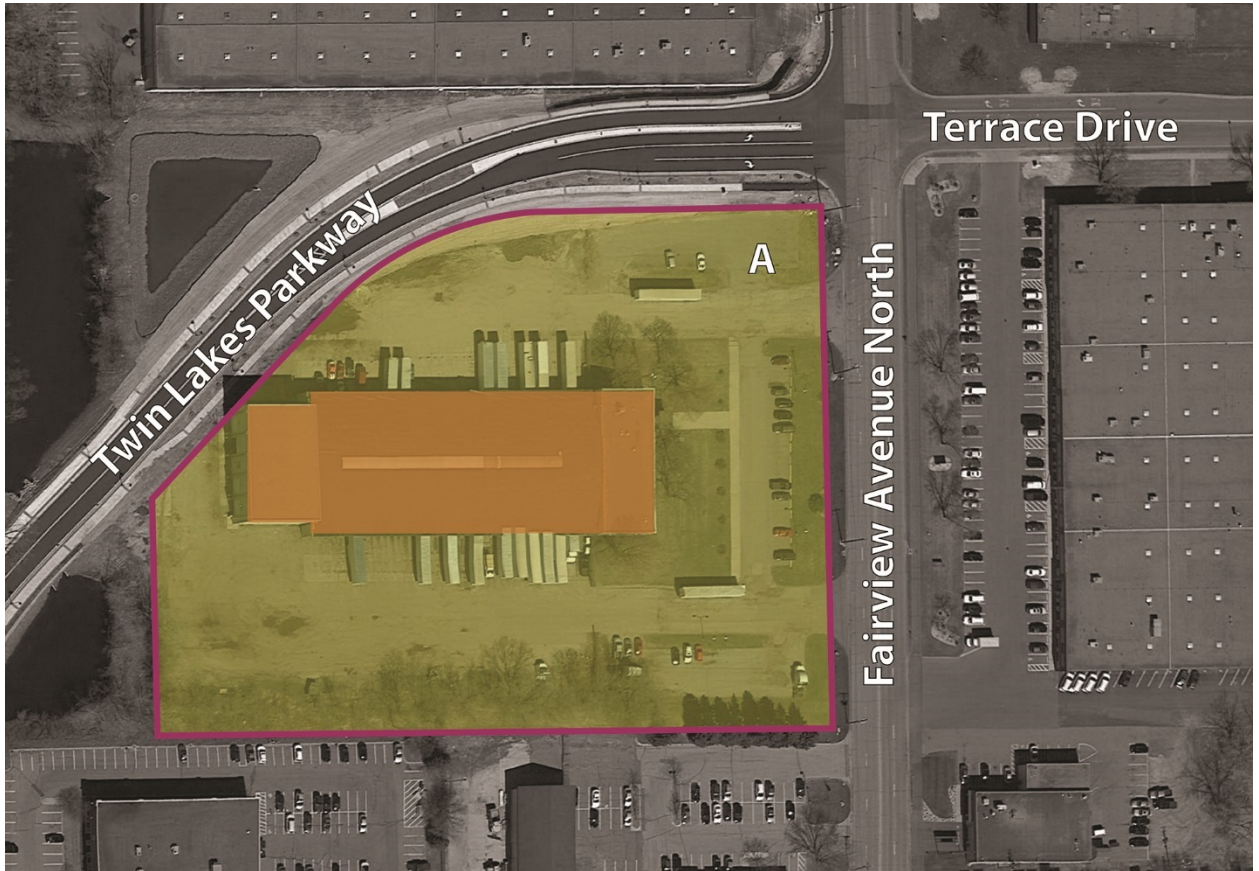
In our professional opinion, one (1) out of one (1) building (100 percent) in the proposed TIF District are structurally substandard to a degree requiring substantial renovation or clearance, because of defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance. This exceeds the 50 percent requirement of Subdivision 10a(1).

**C. DISTRIBUTION OF SUBSTANDARD STRUCTURES**

Much of this report has focused on the condition of individual buildings as they relate to requirements identified by *Minnesota Statutes, Section 469.174, Subdivision 10*. It is also important to look at the distribution of substandard buildings throughout the geographic area of the proposed TIF District (Diagram 3).

**FINDING:**

The parcels with substandard buildings are reasonably distributed compared to all parcels that contain buildings.



**Diagram 3 – Substandard Buildings**  
Shaded green area depicts parcels with buildings.  
Shaded orange area depicts substandard buildings.

## PART 5 - TEAM CREDENTIALS

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### ***Michael A. Fischer, AIA, LEED AP - Project Principal/TIF Analyst***

Michael has 29 years of experience as project principal, project manager, project designer and project architect on planning, urban design, educational, commercial and governmental projects. He has become an expert on Tax Increment Finance District analysis assisting over 100 cities with strategic planning for TIF Districts. He is an Architectural Principal at LHB and currently leads the Minneapolis office.

Michael completed a two-year Bush Fellowship, studying at MIT and Harvard in 1999, earning Masters degrees in City Planning and Real Estate Development from MIT. He has served on more than 50 committees, boards and community task forces, including a term as a City Council President and as Chair of a Metropolitan Planning Organization. Most recently, he served as Chair of the Edina, Minnesota planning commission and is currently a member of the Edina city council. Michael has also managed and designed several award-winning architectural projects, and was one of four architects in the Country to receive the AIA Young Architects Citation in 1997.

### ***Philip Waugh – Project Manager/TIF Analyst***

Philip is a project manager with 13 years of experience in historic preservation, building investigations, material research, and construction methods. He previously worked as a historic preservationist and also served as the preservation specialist at the St. Paul Heritage Preservation Commission. Currently, Phil sits on the Board of Directors for the Preservation Alliance of Minnesota. His current responsibilities include project management of historic preservation projects, performing building condition surveys and analysis, TIF analysis, writing preservation specifications, historic design reviews, writing Historic Preservation Tax Credit applications, preservation planning, and grant writing.

### ***Phil Fisher – Inspector***

For 35 years, Phil Fisher worked in the field of Building Operations in Minnesota including White Bear Lake Area Schools. At the University of Minnesota he earned his Bachelor of Science in Industrial Technology. He is a Certified Playground Safety Inspector, Certified Plant Engineer, and is trained in Minnesota Enterprise Real Properties (MERP) Facility Condition Assessment (FCA). His FCA training was recently applied to the Minnesota Department of Natural Resources Facilities Condition Assessment project involving over 2,000 buildings.

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## APPENDICES

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APPENDIX A	Property Condition Assessment Summary Sheet
APPENDIX B	Building Code and Condition Deficiencies Reports
APPENDIX C	Building Replacement Cost Reports Code Deficiency Cost Reports Photographs

## **APPENDIX A**

Property Condition Assessment Summary Sheet

**Roseville Fairview Redevelopment TIF District**

Property Condition Assessment Summary Sheet

TIF Map No.	PID #	Property Address	Improved or Vacant	Survey Method Used	Site Area (S.F.)	Coverage Area of Improvements (S.F.)	Coverage Percent of Improvements	Coverage Quantity (S.F.)	No. of Buildings	Building Replacement Cost	15% of Replacement Cost	Building Code Deficiencies	No. of Buildings Exceeding 15% Criteria	No. of buildings determined substandard	
A	042923310023	2785 Fairview Ave N	Improved	Interior/Exterior	204,336	169,599	83.0%	204,336	1	\$3,544,637	\$531,696	\$1,084,030	1	1	
<b>TOTALS</b>					204,336				1				1	1	
<b>Total Coverage Percent:</b>								<b>100.0%</b>							
<b>Percent of buildings exceeding 15 percent code deficiency threshold:</b>												<b>100.0%</b>			
<b>Percent of buildings determined substandard:</b>												<b>100.0%</b>			

O:\17Proj\170811\400 Design\406 Reports\Final Report\170811 20171208 Roseville Fairview Redevelopment TIF Summary Spreadsheet.xlsx]Property Info

## **APPENDIX B**

Building Code, Condition Deficiency and Context Analysis Reports

## Roseville Fairview Redevelopment TIF District

### Building Code, Condition Deficiency and Context Analysis Report

December 8, 2017

Parcel No. & Building Name: Parcel No. A Warehouse  
 Address and Parcel ID: 2785 Fairview Ave N Roseville, MN 55113  
 Parcel ID: 042923310023  
 Inspection Date(s) & Time(s): November 30, 2017 9:45 am  
 Inspection Type: Interior and Exterior  
 Summary of Deficiencies: It is our professional opinion that this building is Substandard because:

- Substantial renovation is required to correct Conditions found.
- Building Code deficiencies total more than 15% of replacement cost, NOT including energy code deficiencies.

Estimated Replacement Cost:	\$3,544,637
Estimated Cost to Correct Building Code Deficiencies:	\$1,084,030
Percentage of Replacement Cost for Building Code Deficiencies:	30.58%

#### Defects in Structural Elements

1. Foundation walls are cracking and should be repaired.

#### Combination of Deficiencies

1. Essential Utilities and Facilities
  - a. There is no ADA code compliant accessible route into the building.
  - b. There is no ADA code compliant accessible route between floors within the building.
  - c. There is no ADA code compliant restroom.
  - d. The drinking fountain is not ADA code compliant.
  - e. Concrete steps do not comply with code for proper rise and run of stair tread.
  - f. Entrance stairs do not comply with code for proper handrailing length.
  - g. Thresholds on exterior doors do not meet ADA code for minimum height.
  - h. The reception desk does not comply with ADA code.
  - i. Door hardware is not ADA code compliant.
  - j. The staff break room is not ADA code compliant.
  - k. The interior stairway is not code compliant because it has an open tread design and does not have code compliant handrails.
2. Light and Ventilation
  - a. The HVAC system is not mechanical/building code compliant.
  - b. The lighting is not code compliant.



3. Fire Protection/Adequate Egress
  - a. There are no code required smoke detectors in the building.
  - b. There is no code required emergency notification system in the building.
  - c. Emergency lighting in the building is not code compliant.
  - d. There is no code required building sprinkler system installed.
  
4. Layout and Condition of Interior Partitions/Materials
  - a. Interior ceiling tile is water stained and should be replaced.
  - b. Carpeting is damaged creating an impediment to emergency egress, which is contrary to code.
  - c. Baseboard is missing.
  - d. Interior walls should be repainted.
  - e. Interior floors should be cleaned.
  - f. Warehouse floor is cracked and damaged.
  - g. Interior block walls are effervescing which is indicative of water intrusion contrary to code.
  - h. VCT flooring is damaged and should be replaced.
  
5. Exterior Construction
  - a. Concrete sidewalks are cracked and damaged creating an impediment to emergency egress.
  - b. Metal entrance canopy is rusting and should be protected.
  - c. Exterior wall panel boards should be repainted.
  - d. Wooden canopy is water damaged and rotting and should be replaced.
  - e. Metal canopy joists are rusting and should be protected per code.
  - f. Roofing material is damaged allowing for water intrusion contrary to code.
  - g. Exterior block walls are cracked allowing for water intrusion, contrary to code.
  - h. Steel lintels are rusting and should be protected per code.
  - i. Wood soffit should be repaired/repainted.
  - j. Glass doors should have 10-inch kick plate to comply with code.

### Description of Code Deficiencies

1. A code compliant accessible route into the building should be created.
2. A code compliant accessible route between all levels should be created.
3. A code compliant accessible restroom should be created.
4. A code compliant drinking fountain should be installed.
5. Exterior concrete stairs should be modified to comply with code.
6. Exterior stairs should have code compliant handrails installed.
7. All exterior thresholds should be modified to comply with code for maximum height.
8. Door hardware is not code compliant.
9. The reception desk should be modified to comply with ADA code.
10. The staff break room should be modified to comply with ADA code.
11. Interior stairway should be modified to comply with code.
12. The HVAC system should be replaced to comply with code.
13. The lighting system should be replaced to comply with code.
14. Code required smoke detectors should be installed.
15. Code compliant emergency lighting should be installed.
16. Code required emergency notification system should be installed.
17. Code required building sprinkler system should be installed.
18. Carpeting should be replaced to comply with code to create an unimpeded means for emergency egress.
19. Block walls should be protected to prevent water intrusion per code.

20. Damaged concrete sidewalks should be replaced to create in unimpeded means for emergency egress.
21. Metal canopy joists should be protected from rusting per code.
22. Roofing material should be replaced to prevent water intrusion per code.
23. Glass doors should have a 10-inch kick plate installed per code.

### **Overview of Deficiencies**

This warehouse facility is in operation, but it appears that it is no longer being maintained and is falling into a state of disrepair. Exterior and interior surfaces need repainting and/or repair. Interior finishes should be repaired and or replaced. There is no accessible route into and within the building, in addition to other accessibility issues. There is minimal life safety equipment installed in the building. The HVAC and lighting would not comply with current code.

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## **APPENDIX C**

Building Replacement Cost Reports  
Code Deficiency Cost Reports  
Photographs

# Roseville Fairview Redevelopment TIF District

## Replacement Cost Report

**RSMMeans data**  
from **GORBIAN**
**Square Foot Cost Estimate Report**

Date:

**11/30/2017**

Estimate Name:

**2785 Fairview**
 City of Roseville  
 2785 Fairview Avenue North , Roseville ,  
 Minnesota , 55113

Building Type:

**Warehouse with Concrete Block / Bearing Walls**

Location:

**SAINT PAUL, MN**

Story Count:

**2**

Story Height (L.F.):

**24**

Floor Area (S.F.):

**42000**

Labor Type:

**OPN**

Basement Included:

**No**

Data Release:

**Year 2018**

Cost Per Square Foot:

**\$84.40**

Building Cost:

**\$3,544,637.88**

Costs are derived from a building model with basic components.

Scope differences and market conditions can cause costs to vary significantly.

		% of Total	Cost Per S.F.	Cost
<b>A Substructure</b>		<b>22.60%</b>	<b>17.34</b>	<b>728,239.69</b>
<b>A1010</b>	<b>Standard Foundations</b>		<b>1.37</b>	<b>57,581.18</b>
	Strip footing, concrete, reinforced, load 5.1 KLF, soil bearing capacity 3 KSF, 12" deep x 24" wide		1.11	46,808.54
	Spread footings, 3000 PSI concrete, load 50K, soil bearing capacity 6 KSF, 3' - 0" square x 12" deep		0.15	6,247.31
	Spread footings, 3000 PSI concrete, load 150K, soil bearing capacity 6 KSF, 5' - 6" square x 18" deep		0.11	4,525.33
<b>A1030</b>	<b>Slab on Grade</b>		<b>13.32</b>	<b>559,471.50</b>
	Slab on grade, 5" thick, heavy industrial, reinforced, recycled plastic vapor barrier		13.32	559,471.50
<b>A2010</b>	<b>Basement Excavation</b>		<b>0.18</b>	<b>7,465.92</b>
	Excavate and fill, 30,000 SF, 4' deep, sand, gravel, or common earth, on site storage		0.18	7,465.92
<b>A2020</b>	<b>Basement Walls</b>		<b>2.47</b>	<b>103,721.09</b>
	Foundation wall, CIP, 4' wall height, direct chute, .148 CY/LF, 7.2 PLF, 12" thick, 3" XPS R15		2.47	103,721.09
<b>B Shell</b>		<b>35.80%</b>	<b>27.47</b>	<b>1,153,731.46</b>
<b>B1010</b>	<b>Floor Construction</b>		<b>2.32</b>	<b>97,357.64</b>
	Floor, concrete, slab form, open web bar joist @ 2' OC, on W beam and wall, 25'x25' bay, 29" deep, 125 PSF superimposed load, 170 PSF total load		2.32	97,357.64
<b>B1020</b>	<b>Roof Construction</b>		<b>7.88</b>	<b>331,005.36</b>
	Roof, steel joists, beams, 1.5" 22 ga metal deck, on columns and bearing wall, 25'x25' bay, 20" deep, 40 PSF superimposed load, 60 PSF total load		7.23	303,555.42
	Roof, steel joists, beams, 1.5" 22 ga metal deck, on columns and bearing wall, 25'x25' bay, 20" deep, 40 PSF superimposed load, 60 PSF total load, add for		0.65	27,449.94
<b>B2010</b>	<b>Exterior Walls</b>		<b>8.62</b>	<b>362,055.91</b>
	Concrete block (CMU) wall, regular weight, 75% solid, 8 x 8 x 16, 4500 PSI, reinforced, vertical #5@32", grouted, 3" rigid insulation R15		8.62	362,055.91

<b>B2030</b>	<b>Exterior Doors</b>	<b>1.34</b>	<b>56,332.27</b>
	Door, aluminum & glass, with transom, narrow stile, double door, hardware, 6'-0" x 10'-0" opening	0.23	9,584.23
	Door, steel 24 gauge, overhead, sectional, electric operator, 12'-0" x 12'-0" opening	0.76	32,129.41
	Door, steel 18 gauge, hollow metal, 1 door with frame, no label, 3'-0" x 7'-0" opening, low VOC paint	0.35	14,618.63
<b>B3010</b>	<b>Roof Coverings</b>	<b>7.00</b>	<b>294,041.72</b>
	Roofing, single ply membrane, TPO, 60 mil membrane, heat welded seams, loosely laid and ballasted	1.73	72,671.76
	Insulation, rigid, roof deck, extruded polystyrene, 40 PSI compressive strength, 4" thick, R20	4.40	184,810.92
	Roof edges, aluminum, duranodic, .050" thick, 6" face	0.61	25,567.07
	Gravel stop, aluminum, extruded, 4", mill finish, .050" thick	0.26	10,991.97
<b>B3020</b>	<b>Roof Openings</b>	<b>0.31</b>	<b>12,938.56</b>
	Roof hatch, with curb, 1" fiberglass insulation, 2'-6" x 3'-0", galvanized steel, 165 lbs	0.03	1,207.18
	Smoke hatch, unlabeled, galvanized, 2'-6" x 3', not incl hand winch operator	0.28	11,731.38
<b>C Interiors</b>		<b>8.62%</b>	<b>6.61</b>
<b>C1010</b>	<b>Partitions</b>	<b>0.91</b>	<b>38,254.31</b>
	Concrete block (CMU) partition, light weight, hollow, 6" thick, no finish, foamed in insulation	0.91	38,254.31
<b>C1020</b>	<b>Interior Doors</b>	<b>0.23</b>	<b>9,837.11</b>
	Door, single leaf, kd steel frame, hollow metal, commercial quality, flush, 3'-0" x 7'-0" x 1-3/8", low VOC paint	0.23	9,837.11
<b>C2010</b>	<b>Stair Construction</b>	<b>0.64</b>	<b>26,729.00</b>
	Stairs, steel, grate type w/nosing & rails, 20 risers, with landing	0.64	26,729.00
<b>C3010</b>	<b>Wall Finishes</b>	<b>2.20</b>	<b>92,249.54</b>
	2 coats paint on masonry with block filler	1.64	68,763.75
	Painting, masonry or concrete, latex, brushwork, addition for block filler	0.23	9,844.26
	Painting, masonry or concrete, latex, brushwork, primer & 2 coats, low VOC	0.32	13,641.53
<b>C3020</b>	<b>Floor Finishes</b>	<b>1.90</b>	<b>79,959.46</b>
	Concrete topping, hardeners, metallic additive, minimum	0.49	20,660.16
	Concrete topping, hardeners, metallic additive, maximum	1.04	43,839.31
	Vinyl, composition tile, 12" x 12" x 1/8" thick, recycled content	0.37	15,459.99
<b>C3030</b>	<b>Ceiling Finishes</b>	<b>0.73</b>	<b>30,621.40</b>
	Acoustic ceilings, 3/4" mineral fiber, 12" x 12" tile, concealed 2" bar & channel grid, suspended support	0.73	30,621.40
<b>D Services</b>		<b>30.58%</b>	<b>23.46</b>
<b>D1010</b>	<b>Elevators and Lifts</b>	<b>1.65</b>	<b>69,240.00</b>
	Hydraulic, passenger elevator, 1500 lb, 2 floors, 100 FPM	1.65	69,240.00
<b>D2010</b>	<b>Plumbing Fixtures</b>	<b>1.78</b>	<b>74,571.18</b>
	Water closet, vitreous china, bowl only w/ auto flush sensor flush valve, wall hung, 1.28 gpf	0.59	24,921.31
	Urinal, vitreous china, wall hung, waterless, ADA	0.09	3,589.19
	Lavatory w/trim, wall hung, PE on CI, 18" x 15", faucet w/ hydroelectric powered motion sensor	0.69	29,122.45
	Service sink w/trim, PE on CI, wall hung w/rim guard, 24" x 20"	0.21	8,837.54
	Drinking fountain, dual bubbler, wall mounted, non recessed, fiberglass, 12" back	0.19	8,100.69

<b>D2020</b>	<b>Domestic Water Distribution</b>	<b>0.42</b>	<b>17,609.34</b>
	Water heaters, tankless, on-demand, natural gas/propane, 9.5 GPM	0.42	17,609.34
<b>D2040</b>	<b>Rain Water Drainage</b>	<b>1.37</b>	<b>57,503.12</b>
	Roof drain, steel galv sch 40 grooved, 5" diam piping, 10' high	0.88	37,117.83
	Roof drain, steel galv sch 40 threaded, 5" diam piping, for each additional foot add	0.49	20,385.29
<b>D3020</b>	<b>Heat Generating Systems</b>	<b>5.25</b>	<b>220,575.70</b>
	Warehouse ventilization with heat system 24,000 CFM Supply and Exhaust	5.25	220,575.70
<b>D3050</b>	<b>Terminal &amp; Package Units</b>	<b>0.69</b>	<b>29,044.51</b>
	Rooftop, single zone, air conditioner, medical centers, 3,000 SF, 7.00 ton SEER 14	0.69	29,044.51
<b>D4010</b>	<b>Sprinklers</b>	<b>4.02</b>	<b>168,945.84</b>
	Wet pipe sprinkler systems, grooved steel, black, sch 40 pipe, ordinary hazard, 1 floor, 10,000 SF	4.02	168,945.84
<b>D4020</b>	<b>Standpipes</b>	<b>0.72</b>	<b>30,086.62</b>
	Wet standpipe risers, class III, steel, black, sch 40, 6" diam pipe, 2 floor	0.72	30,086.62
<b>D5010</b>	<b>Electrical Service/Distribution</b>	<b>0.22</b>	<b>9,066.95</b>
	Overhead service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 100 A	0.05	1,902.70
	Feeder installation 600 V, including RGS conduit and XHHW wire, 100 A	0.03	1,230.95
	Switchgear installation, incl switchboard, panels & circuit breaker, 120/208 V, 3 phase, 400 A	0.14	5,933.30
<b>D5020</b>	<b>Lighting and Branch Wiring</b>	<b>4.43</b>	<b>186,128.04</b>
	Receptacles incl plate, box, conduit, wire, 5 per 1000 SF, .6 watts per SF	0.83	34,975.92
	Wall switches, 1.0 per 1000 SF	0.14	6,058.92
	Miscellaneous power, to .5 watts	0.16	6,510.00
	Central air conditioning power, 2 watts	0.04	1,577.52
	LED fixtures, type C, 5 fixtures per 1000 SF	3.26	137,005.68
<b>D5030</b>	<b>Communications and Security</b>	<b>2.75</b>	<b>115,583.16</b>
	Communication and alarm systems, fire detection, addressable, 100 detectors, includes outlets, boxes, conduit and wire	2.55	106,921.92
	Fire alarm command center, addressable without voice, excl. wire & conduit	0.21	8,661.24
<b>D5090</b>	<b>Other Electrical Systems</b>	<b>0.16</b>	<b>6,901.40</b>
	Energy monitoring systems, electrical, three phase, 5 meters	0.16	6,901.40
<b>E Equipment &amp; Furnishings</b>		<b>2.41%</b>	<b>1.85</b>
<b>E1030</b>	<b> Vehicular Equipment</b>	<b>1.85</b>	<b>77,520.24</b>
	Architectural equipment, dock boards, heavy duty, 5' x 5', aluminum, 5000 lb capacity	0.31	13,020.00
	Architectural equipment, dock levelers, hydraulic, 7' x 8', 10 ton capacity	1.54	64,500.24
<b>F Special Construction</b>		<b>0%</b>	<b>0</b>
<b>G Building Sitework</b>		<b>0%</b>	<b>0</b>
<b>SubTotal</b>		<b>100%</b>	<b>\$76.73</b>
<b>Contractor Fees (General Conditions,Overhead,Profit)</b>		<b>10.00%</b>	<b>\$7.67</b>
<b>Architectural Fees</b>		<b>0.00%</b>	<b>\$0.00</b>
<b>User Fees</b>		<b>0.00%</b>	<b>\$0.00</b>
<b>Total Building Cost</b>			<b>\$84.40</b>
			<b>\$3,222,398.07</b>
			<b>\$322,239.81</b>
			<b>\$0.00</b>
			<b>\$0.00</b>
			<b>\$3,544,637.88</b>

## Roseville Fairview Redevelopment TIF District

### Code Deficiency Cost Report

Parcel A - 2785 Fairview Ave N Roseville, MN 55113 - Warehouse

Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
<b>Accessibility Items</b>					
	Building Entrance				
	Create a code required accessible entrance into building	\$ 10,000.00	Lump	1	\$ 10,000.00
	Interior Access				
	Create and code required accessible route to all building levels	\$ 1.65	SF	42000	\$ 69,300.00
	Restroom				
	Create a code compliant accessible restroom	\$ 1.59	SF	42000	\$ 66,780.00
	Drinking Fountain				
	Install a code compliant drinking fountain	\$ 0.19	SF	42000	\$ 7,980.00
	Exterior Stairway				
	Modify stair tread rise to comply with code	\$ 5,000.00	Lump	1	\$ 5,000.00
	Install code compliant handrails	\$ 250.00	EA	3	\$ 750.00
	Thresholds				
	Modify thresholds to comply with code for minimum height	\$ 500.00	EA	3	\$ 1,500.00
	Door Hardware				
	Install code compliant door hardware	\$ 250.00	EA	20	\$ 5,000.00
	Reception Desk				
	Modify reception desk to comply with ADA code	\$ 1,000.00	Lump	1	\$ 1,000.00
	Staff Break Room				
	Modify staff break room to comply with ADA code	\$ 1,000.00	Lump	1	\$ 1,000.00
					\$ -
<b>Structural Elements</b>					
<b>Exiting</b>					
	Interior Stairway				
	Modify interior stairway to comply with code	\$ 0.64	SF	42000	\$ 26,880.00
	Carpeting				
	Replace damaged carpeting to comply with code for unimpeded emergency egress	\$ 0.37	SF	42000	\$ 15,540.00
	Glass Doors				
	Install code required 10-inch kick plate on all glass doors	\$ 100.00	EA	6	\$ 600.00
<b>Fire Protection</b>					
	Smoke Detectors				
	Install code required smoke detectors	\$ 2.55	SF	42000	\$ 107,100.00
	Emergency Lighting				
	Install code compliant emergency lighting	\$ 175.00	EA	20	\$ 3,500.00

Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
	Emergency Notification System				
	Install code required emergency notification system	\$ 0.21	SF	42000	\$ 8,820.00
	Building Sprinkler system				
	Install code required building sprinkler system	\$ 4.74	SF	42000	\$ 199,080.00
<b>Exterior Construction</b>					
	Block Walls				
	Protect block walls to prevent water intrusion per code	\$ 1.00	SF	42000	\$ 42,000.00
	Sidewalks				
	Replace damaged sidewalks to comply with code to create an unimpeded means for emergency egress	\$ 5.00	SF	3500	\$ 17,500.00
	Metal Canopy Joists				
	Protect metal canopy joists from rusting per code	\$ 7,500.00	Lump	1	\$ 7,500.00
<b>Roof Construction</b>					
	Roofing Material				
	Remove damaged roofing material	\$ 0.65	SF	42000	\$ 27,300.00
	Replace roofing material to prevent water intrusion per code	\$ 7.00	SF	42000	\$ 294,000.00
<b>Mechanical- Electrical</b>					
	Mechanical				
	Replace HVAC system to comply with code	\$ 0.69	SF	42000	\$ 28,980.00
	Electrical				
	Replace lighting system to comply with code	\$ 3.26	SF	42000	\$ 136,920.00
<b>Total Code Improvements</b>					<b>\$ 1,084,030</b>



# Roseville Fairview Redevelopment TIF District

Photos: Parcel A, 2785 Fairview Avenue North



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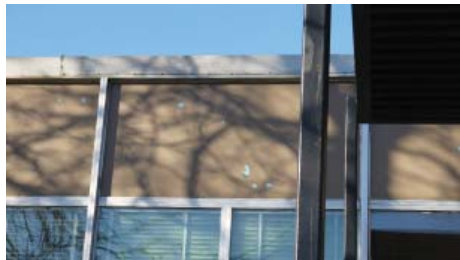
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# Roseville Fairview Redevelopment TIF District

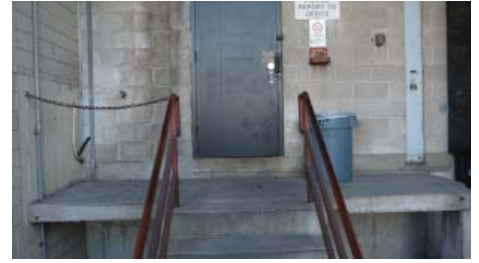
Photos: Parcel A, 2785 Fairview Avenue North



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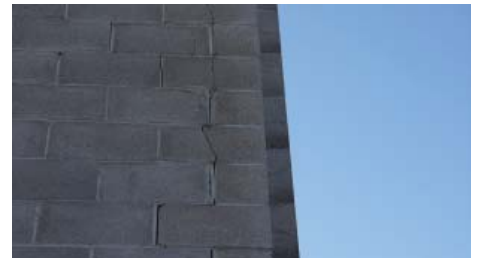
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# Roseville Fairview Redevelopment TIF District

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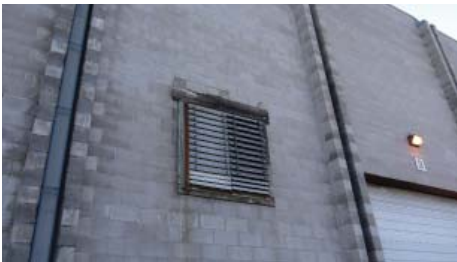
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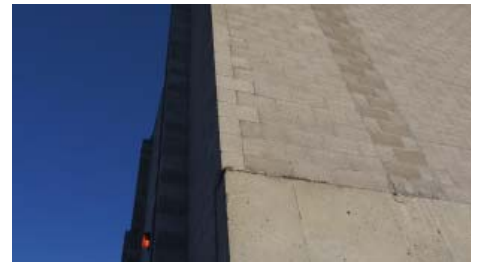
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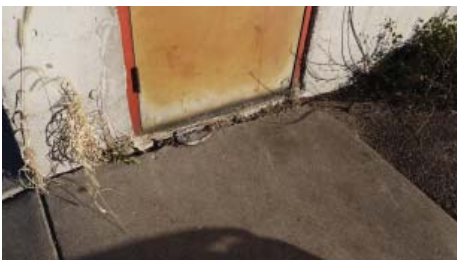
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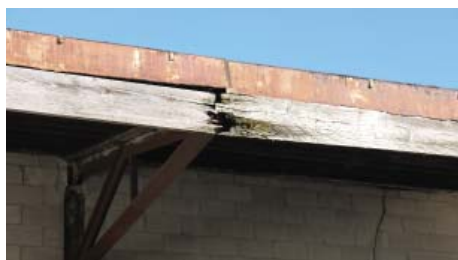
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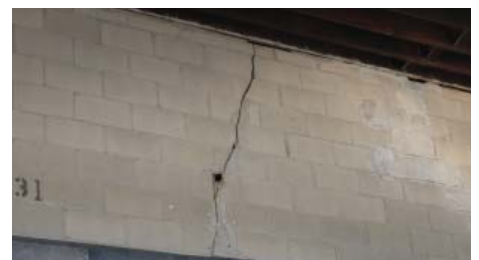
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# Roseville Fairview Redevelopment TIF District

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# Roseville Fairview Redevelopment TIF District

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# Roseville Fairview Redevelopment TIF District

Photos: Parcel A, 2785 Fairview Avenue North



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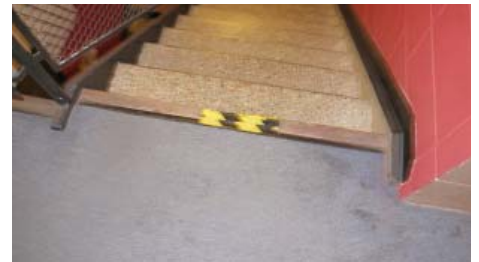
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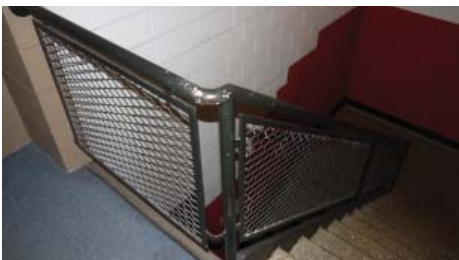
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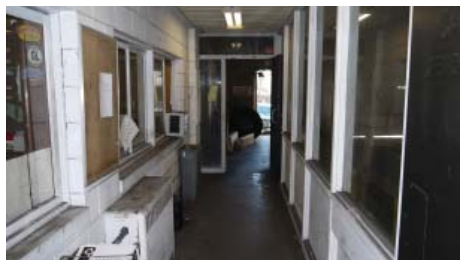
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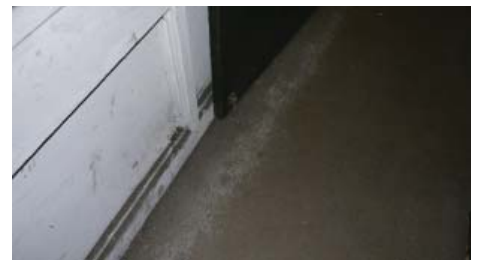
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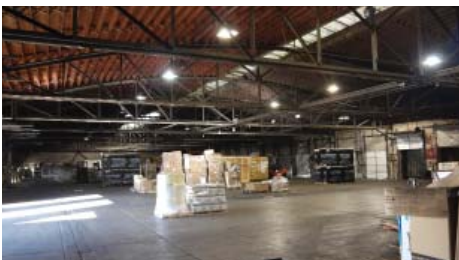
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# Roseville Fairview Redevelopment TIF District

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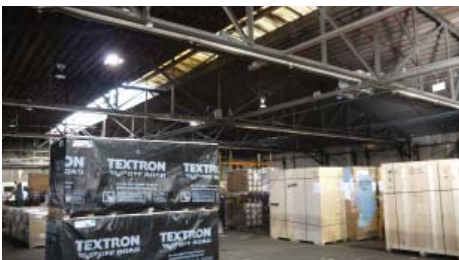
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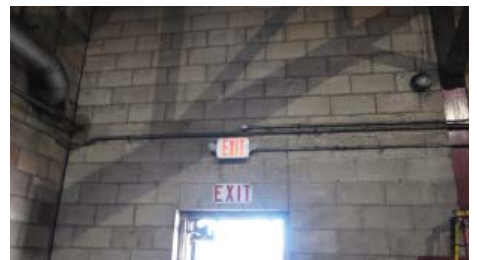
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# Roseville Fairview Redevelopment TIF District

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# Roseville Fairview Redevelopment TIF District

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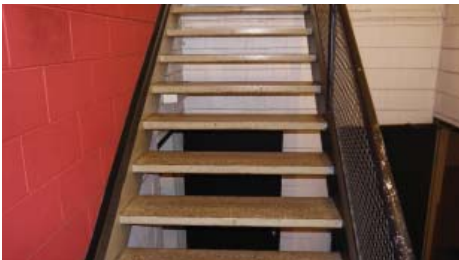
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## Appendix G

## Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan (“TIF Plan”) for Tax Increment Financing District No. 20 - McGough Redevelopment (“District”), as required pursuant to Section 469.175, Subdivision 3 of the TIF Act, are as follows:

1. *Finding that the District is a redevelopment district as defined in Section 469.174, Subd. 10 of the Act.*

The District consists of one parcel, with plans to redevelop the area for commercial/industrial purposes. At least 70 percent of the parcel is occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures, and the building on the parcel is 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:* This finding is supported by the fact that the redevelopment proposed in the TIF Plan meets the City's objectives for redevelopment, but that due to the high cost of renovating an existing building from an industrial use into an office use (and of retaining architecturally significant elements, such as the original ceiling trusses), the cost of demolition and remediation on site and on portions of the existing structure, the cost to complete an addition on the building, and the costs of other public and site improvements, this project is feasible only through assistance, in part, from tax increment financing. The developer has provided a letter and a proforma as justification that the developer would not have gone forward without tax increment assistance. (See attachment in Appendix G of the TIF Plan.)

*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 renovating or demolishing an existing industrial building, required site and building remediation and site and public improvements and utilities make redevelopment of the site for any purpose other than its current industrial/warehouse use infeasible without tax increment assistance. This site has been marketed and sold several times over the last several years and no previous owners have contemplated or made improvements to the existing substandard building. The City reasonably determines that no redevelopment could be anticipated on this site without substantially similar assistance.

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 \$4,254,200.

- 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 \$1,642,146.
  - 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 \$2,612,054 (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 City has reviewed the TIF Plan and finds that the TIF Plan conforms to the general development plan of the City. Specifically, the City finds that the parcel included in the TIF District is located within a designated Community Mixed Use (“CMU”) district within the City’s zoning code. A CMU district is designed to encourage the development or redevelopment of mixed uses that may include housing, office, commercial, park, civic, institutional, and open space.

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 Redevelopment Project 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, the renovation of a substandard property into a code-compliant, productive use, increased tax base of the State, and the addition of a high quality development to the City.

<b>But-For Analysis</b>	
Current Market Value	1,978,600
New Market Value - Estimate	6,232,800
Difference	4,254,200
Present Value of Tax Increment	1,642,146
Difference	2,612,054
<b>Value Likely to Occur Without TIF is Less Than:</b>	<b>2,612,054</b>