

EDA Members:

Dan Roe,
President
Lisa Laliberte,
Vice President
Wayne Groff,
Treasurer
Robert Willmus
Jason Etten



**Economic Development
Authority
Meeting Agenda
Monday, February 25, 2019
6:00pm
City Council Chambers**

Address:
2660 Civic Center Dr.
Roseville, MN 55113

Phone:
651-792-7000

Website:
www.growroseville.com

1. 6:00 P.M. Roll Call
Voting & Seating Order: Willmus, Laliberte, Groff, Etten and Roe
2. Pledge Of Allegiance
3. Approve Agenda
4. 6:01 P.M. Public Comment
5. Business Items (Action Items)
 - 5.A. 6:03 PM Adopt A Resolution Approving The TIF Plan For TIF No. 21 Colder Products Company Redevelopment

Documents:

[5A REPORT AND ATTACHMENTS \(REVISED\).PDF](#)

6. 6:15 P.M. Adjourn To City Council Meeting

ROSEVILLE
REQUEST FOR ECONOMIC DEVELOPMENT AUTHORITY
ACTION

Date: 2/25/2019
Item No.: 5.a

Department Approval

Executive Director Approval



Item Description: Adopt Resolution No. 34 modifying Development District No. 1, Establishing TIF District No. 21 – Colder Products Company Redevelopment, and Adopting a Tax Increment Financing Plan.

BACKGROUND

The Roseville Economic Development Authority (REDA) expressed a commitment to assist with the redevelopment of 2814 Cleveland AVE for the purposes of a new headquarters for Colder Products Company (CPC) on May 7, 2018 by adoption of Resolution No. 20. The redevelopment of the property is aligned with the goals and objectives of the Public Financing and Subsidy Policy, and encourages further reinvestment into the Twin Lakes area. The redevelopment of the property will preserve and enhance the tax base of the City by assisting CPC with relocating and consolidating the construction of a new headquarters facility into one main location for the Metro Area. REDA support was based on the following:

- Construction of a building of approximately 150,000 square feet to contain office, research & design, and manufacturing uses.
- Creation of approximately 388 jobs, 192 of which would have an estimated average salary of \$92,000/year. The remaining jobs would be entry level manufacturing jobs.

The project continues to meet these criteria and the company is working with their developer (Ryan Companies) to refine the floor plan and square footage distribution of the various uses. Nearly 85% of the floor place will be designated for office and/or clean room/laboratory space. Colder Products Company continues to commit to making the Roseville site a headquarters facility.

In order for a new TIF district to be established for the redevelopment of the property, the site will need to be removed from the existing Twin Lakes TIF Districts, No. 17 and 17A. Once removed, a new TIF district, identified as No. 21, will be created. Once the REDA

25 removes the parcel from the existing TIF districts, the City Council will be asked to hold a
26 public hearing to solicit input on creating a new redevelopment TIF district for the property.

27 The REDA should review the summary and TIF Plan (Attachments B) identified for the
28 property. Upon review and acceptance of the plan, the REDA is asked to pass a Resolution,
29 subject to the Roseville City Council holding a public hearing, approving and establishing
30 TIF No. 21. REDA Attorney Martha Ingram and Financial Advisor Stacie Kvilvang will
31 be present to answer any questions that the REDA may have.

32 In addition, the REDA is asked to adopt an Interfund Loan resolution that will allow
33 reimbursement of up-front costs the REDA will be assisting for the redevelopment of 2814
34 Cleveland Ave. into the new CPC headquarters. Interfund loan resolutions are the
35 recommended practice to ensure the REDA can legally recoup its up-front investment via
36 TIF dollars generated by the TIF district. Ms. Ingram will be at the meeting to address
37 any questions the REDA may have.

38 **BUDGET IMPLICATIONS**

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

40

41 **STAFF RECOMMENDATION**

42 Staff recommends the REDA adopt the following resolutions:

- 43 1. Resolution No. 34 modifying Development District No. 1, establishing TIF District
44 No. 21 – Colder Products Company Redevelopment, and adopting a tax increment
45 financing plan
- 46 2. Resolution No. 35 establishing an Interfund Loan for the advance of certain costs
47 in connection with Tax Increment Financing District No. 21 – Colder Products
48 Company Redevelopment.

49 **REQUESTED EDA ACTION**

50 Motion to Adopt the following resolutions:

- 51 1. Resolution No. 34 modifying Development District No. 1, establishing TIF District
52 No. 21 – Colder Products Company Redevelopment, and adopting a tax increment
53 financing plan.
- 54 2. Resolution No. 35 establishing an Interfund Loan for the advance of certain costs
55 in connection with Tax Increment Financing District No. 21 – Colder Products
56 Company Redevelopment.

57

58 Prepared by: Jeanne Kelsey, Housing and Economic Development Program Manager, 651-792-7086

59

60 Attachments: A: Resolution #34 adopting modification to Development District #1, establishing
61 TIF District #21, and adopting a tax increment financing plan.

B: Tax Increment Financing Plan for establishment of TIF District #21

C: Resolution #35 establishing an Interfund Loan for Advancement of Costs

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

* * * * *

Pursuant to due call and notice thereof, a special meeting of the Board of Commissioners of the Roseville Economic Development Authority was duly held on the 25th day of February 2019, 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. 34

RESOLUTION ADOPTING A MODIFICATION TO THE DEVELOPMENT PROGRAM FOR REDEVELOPMENT PROJECT NO. 1, ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 21 - COLDER PRODUCTS, AND ADOPTING A TAX INCREMENT FINANCING PLAN

WHEREAS, the Board of Commissioners (the "Board") of the Roseville Economic Development Authority (the "EDA") and the City of Roseville (the "City") have proposed the adoption of a Modification to the Development Program (the "Development Program Modification") for Redevelopment Project No. 1 (the "Project"), establishment of Tax Increment Financing District No. 21 - Colder Products (the "District") within the Project, and adoption of a Tax Increment Financing Plan (the "TIF Plan") for the District (the Development Program Modification and the TIF Plan are referred to collectively herein as the "Program and Plan"), all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.090 to 469.1082, and Sections 469.174 to 469.1794, inclusive, 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 schedule a public hearing on the Program and Plan upon published notice as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

- 44 1. The EDA hereby finds that the District is in the public interest and is a "redevelopment district"
 45 under Section 469.174, Subd. 10 of the Act, and finds that the adoption of the proposed Program
 46 and Plan conform in all respects to the requirements of the Act and will help fulfill a need to
 47 redevelop an area of the State of Minnesota which is already built up, and that the adoption of the
 48 proposed Program and Plan will help provide employment opportunities in the State and
 49 preservation and enhancement of the tax base of the City and the State because it will discourage
 50 commerce and industry from moving their operations to another state or municipality, and
 51 thereby serves a public purpose.
 52
- 53 2. The EDA further finds that the Program and Plan will afford maximum opportunity, consistent
 54 with the sound needs for the City as a whole, for the development or redevelopment of the Project
 55 by private enterprise, and that the intent is to provide only the amount of public assistance
 56 necessary to make the private developments financially feasible.
 57
- 58 3. The boundaries of the Project are not being expanded.
 59
- 60 4. The reasons and facts supporting the findings in this resolution are described in the Program and
 61 Plan.
 62
- 63 5. The EDA elects to calculate fiscal disparities for the District in accordance with Section 469.177,
 64 Subd. 3, clause b of the Act, which means the fiscal disparities contribution will be taken from
 65 inside the District.
 66
- 67 6. Subject to approval by the City Council following its public hearing thereon, the Program and
 68 Plan, as presented to the EDA on this date, are hereby approved, and shall be placed on file in the
 69 office of the Executive Director of the EDA.
 70
- 71 7. Upon approval of the Program and Plan by the City Council, the EDA's staff, advisors and legal
 72 counsel are authorized and directed to proceed with the implementation of the Program and Plan
 73 and for this purpose to negotiate, draft, prepare and present to this Board for its consideration all
 74 further plans, resolutions, documents and contracts necessary for this purpose. Approval of the
 75 Program and Plan does not constitute approval of any project or a Development Agreement with
 76 any developer.
 77
- 78 8. The Executive Director of the EDA is authorized and directed to forward a copy of the Program
 79 and Plan to the Ramsey County Auditor and request that the Auditor certify the original tax
 80 capacity of the District as described in the Program and Plan, all in accordance with Section
 81 469.177 of the Act.
- 82 9. Upon approval of the Program and Plan by the City Council and the request for certification
 83 described in paragraph 8 hereof, the Executive Director of the EDA is authorized and directed to
 84 forward a copy of the Program and Plan to the Minnesota Department of Revenue and the Office
 85 of the State Auditor pursuant to Section 469.175, Subd. 4a of the Act.
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88 The motion for the adoption of the foregoing resolution was duly seconded by Member

89 and upon a vote being taken thereon, the following voted in favor thereof: ,

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 92 and the following voted against the same:

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WHEREUPON said resolution was declared duly passed and adopted.

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STATE OF MINNESOTA)
) SS
COUNTY OF RAMSEY)

I, the undersigned, being the duly qualified Executive Director of the Roseville Economic Development Authority, do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a special meeting of said Roseville Economic Development Authority held on the 25th day of February, 2019, with the original thereof on file in my office.

WITNESS MY HAND officially as such Executive Director this ____ day of _____, 2019.

SEAL

Patrick Trudgeon, Executive Director



Draft as of February 20 for REDA and Council consideration

Modification to the Development Program for Redevelopment Project No. 1 and

Tax Increment Financing Plan for the establishment of Tax Increment Financing District No. 21 – Colder Products

Roseville Economic Development Authority
City of Roseville
Ramsey County, Minnesota

Public hearing: February 25, 2019
Adopted:



Table of Contents

(for reference purposes only)

Section 1 - Modification to the Development Program	
for Redevelopment Project No. 1	1-4
Foreword	1-4
Section 2 - Tax Increment Financing Plan	
for Tax Increment Financing District No. 21 - Colder Products	2-1
Subsection 2-1. Foreword	2-1
Subsection 2-2. Statutory Authority	2-1
Subsection 2-3. Statement of Objectives	2-1
Subsection 2-4. Development Program Overview	2-1
Subsection 2-5. Description of Property in the District and Property To Be Acquired ..	2-2
Subsection 2-6. Classification of the District	2-2
Subsection 2-7. Duration and First Year of Tax Increment of the District	2-3
Subsection 2-8. Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity	
Value/Increment and Notification of Prior Planned Improvements	2-4
Subsection 2-9. Sources of Revenue/Bonds to be Issued	2-5
Subsection 2-10. Uses of Funds	2-6
Subsection 2-11. Fiscal Disparities Election	2-6
Subsection 2-12. Business Subsidies	2-7
Subsection 2-13. County Road Costs	2-8
Subsection 2-14. Estimated Impact on Other Taxing Jurisdictions	2-8
Subsection 2-15. Supporting Documentation	2-10
Subsection 2-16. Definition of Tax Increment Revenues	2-10
Subsection 2-17. Modifications to the District	2-11
Subsection 2-18. Administrative Expenses	2-11
Subsection 2-19. Limitation of Increment	2-12
Subsection 2-20. Use of Tax Increment	2-13
Subsection 2-21. Excess Increments	2-13
Subsection 2-22. Requirements for Agreements with the Developer	2-13
Subsection 2-23. Assessment Agreements	2-14
Subsection 2-24. Administration of the District	2-14
Subsection 2-25. Annual Disclosure Requirements	2-14
Subsection 2-26. Reasonable Expectations	2-14
Subsection 2-27. Other Limitations on the Use of Tax Increment	2-15
Subsection 2-28. Summary	2-15
Appendix A	
Project Description	A-1
Appendix B	
Map of Redevelopment Project No. 1 and the District	B-1
Appendix C	
Description of Property to be Included in the District	C-1
Appendix D	
Estimated Cash Flow for the District	D-1

Appendix E
Minnesota Business Assistance Form E-1

Appendix F
Redevelopment Qualifications for the District F-1

Appendix G
Findings Including But/For Qualifications G-1

***Section 1 - Modification to the Development Program
for Redevelopment Project No. 1***

Foreword

The following text represents a Modification to the Development Program for Redevelopment Project No. 1. This modification represents a continuation of the goals and objectives set forth in the Development Program for Redevelopment Project No. 1. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 21 - Colder Products.

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

Section 2 - Tax Increment Financing Plan for Tax Increment Financing District No. 21 - Colder Products

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. 21 - Colder Products (the "District"), a redevelopment tax increment financing district, located in Redevelopment Project No. 1.

Subsection 2-2. Statutory Authority

Within the City, there exist areas where public investment 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 469.1082*, 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 Modification to the Development Program for Redevelopment Project No. 1.

Subsection 2-3. Statement of Objectives

The District currently consists of three parcels of land and adjacent and internal rights-of-way. The District is being created to facilitate the development of an approximately 176,700 square-foot office / manufacturing facility in the City. Please see Appendix A for further District information. REDA anticipates entering into an agreement with Colder Products for the development, and construction is anticipated to commence in 2019. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Redevelopment Project No. 1.

The activities contemplated in the Modification to the Development Program and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Redevelopment Project 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 parcels 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 and City do not intend to acquire any of the property in the District.

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 EDA and City rely on the following facts and findings:

- The District is a redevelopment district consisting of three parcels.
- An inventory shows that parcels consisting of more than 70 percent of the area in the District are 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 M.S., Sections 469.174 to 469.1794, as amended. (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 2021, 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 will terminate after 2046, 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 2018 for taxes payable 2019.

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 2019, assuming the request for certification is made before June 30, 2019. 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 Redevelopment Project 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 2021. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Estimated Tax Capacity upon Completion (PTC)	\$267,823	
Original Estimated Net Tax Capacity (ONTC)	\$72,876	
Fiscal Disparities	\$65,122	
Estimated Captured Tax Capacity (CTC)	\$129,825	
Original Local Tax Rate	1.24373474	Preliminary Pay 2019
Estimated Annual Tax Increment (CTC x Local Tax Rate)	\$161,468	
Percent Retained by the EDA	100%	

Pursuant to *M.S., Section 469.177, Subd. 4*, the EDA shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3*. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The City has reviewed the area to be included in the District and determined no building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

Subsection 2-9. Sources of Revenue/Bonds to be Issued

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The 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. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the EDA or City to incur debt. The EDA 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:

<u>SOURCES OF FUNDS</u>	<u>TOTAL</u>
Tax Increment	\$4,014,832
<u>Interest</u>	<u>\$401,483</u>
TOTAL	\$4,416,315

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 \$2,703,548. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

Subsection 2-10. Uses of Funds

Currently under consideration for the District is a proposal to facilitate the development of an approximately 176,700 square foot office / manufacturing facility. 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	\$1,500,000
Site Improvements/Preparation	\$500,000
Other Qualifying Improvements	\$302,065
<u>Administrative Costs (up to 10%)</u>	<u>\$401,483</u>
PROJECT COST TOTAL	\$2,703,548
<u>Interest</u>	<u>\$1,712,767</u>
PROJECT AND INTEREST COSTS TOTAL	\$4,416,315

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 Redevelopment Project 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 EDA 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 EDA 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. The REDA and City are aware that the county could claim that tax increment should be used for county roads.

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 EDA 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:

IMPACT ON TAX BASE			
	Preliminary 2018/Pay 2019 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) Upon Completion	Percent of CTC to Entity Total
Ramsey County	531,246,008	129,825	0.0244%
City of Roseville	52,472,721	129,825	0.2474%
Roseville Area Schools ISD No. 621	99,577,167	129,825	0.1304%

IMPACT ON TAX RATES

	<u>Preliminary Pay 2019 Extension Rates</u>	<u>Percent of Total</u>	<u>CTC</u>	<u>Potential Taxes</u>
Ramsey County	0.526523	42.33%	129,825	68,356
City of Roseville	0.371598	29.88%	129,825	48,243
Roseville Area Schools ISD No. 621	0.263325	21.17%	129,825	34,186
Other	<u>0.082290</u>	<u>6.62%</u>	<u>129,825</u>	<u>10,683</u>
Total	1.243735	100.00%		161,468

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the estimated Pay 2019 rate. The total net capacity for the entities listed above are based on estimated Pay 2019 figures. The District will be certified under the actual Pay 2019 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 \$4,014,832;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. With any addition of new residents or businesses, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or additional staff.

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 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 \$849,940;
- (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 \$1,699,478;

- (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 EDA and City's findings:

- Application for Public Financing. July 13, 2018.
- Report of Inspection Procedures and Results by LHB, Inc. August 20, 2018.

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 parcels 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 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 an account in the special revenue 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 must be discharged and the District 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 2023 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 Redevelopment Project 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 EDA or City or for the benefit of Redevelopment Project 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*.

Tax increments generated in the District will be paid by Ramsey County to the REDA for the Tax Increment Fund of said District. The REDA or City will pay to the developer(s) annually an amount not to exceed an amount as specified in a developer's agreement to reimburse the costs of land acquisition, public improvements, demolition and relocation, site preparation, and administration. Remaining increment funds will be used for EDA or City administration (up to 10 percent) and for the costs of public improvement activities inside or outside the District.

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 Redevelopment Project 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 to 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 project area 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 EDA 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 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 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. In making said determination, REDA and the City have relied upon written representation made by the developer to such effects 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 Redevelopment Project 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. Revenues derived from tax increments paid by properties in 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 EDA 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, 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 55113-1105, telephone (651) 697-8500.

Appendix A

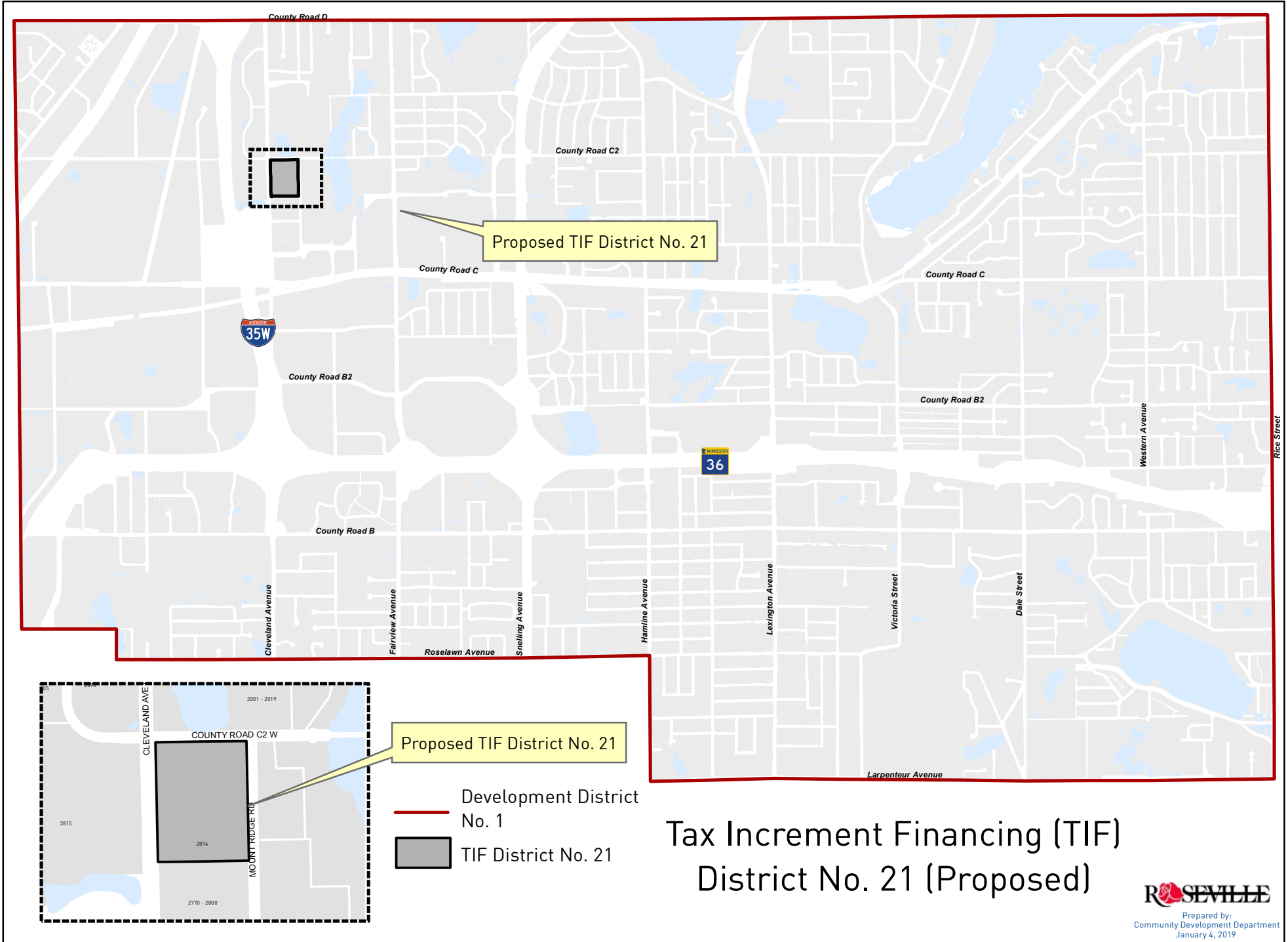
Project Description

Colder Products is acquiring the three parcels for redevelopment. They intend to demolish the existing structures and construct an approximately 176,700 square foot office/ manufacturing facility. They anticipate commencing with construction in 2019, and the REDA will provide them a pay-as-you-go TIF note.

Parcels are being removed from Tax Increment Financing District No. 17 – Twin Lakes Area (County #259, 259-1) for the establishment of Tax Increment Financing District No. 21 – Colder Products.

Appendix B

Map of Redevelopment Project No. 1 and the District



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 parcels listed below.

<u>Parcel Numbers*</u>	<u>Address</u>	<u>Owner</u>
042923320001	0 Cleveland Ave. N.	Dorso Building Co.
042923320002	0 Cleveland Ave. N.	Dorso Building Co.
042923320003	2814 Cleveland Ave. N.	Dorso Building Co.

* All of the parcels are currently in Tax Increment Financing District No. 17 – Twin Lakes Area and Tax Increment Financing Subdistrict No. 17A (County #259, 259-1) and will be removed from the districts for inclusion in the District.

Appendix D

Estimated Cash Flow for the District



Colder Products - No Inflation

City of Roseville, MN

176,693 square feet

ASSUMPTIONS AND RATES

DistrictType:	Redevelopment
District Name/Number:	
County District #:	
First Year Construction or Inflation on Value	2019
Existing District - Specify No. Years Remaining	-
Inflation Rate - Every Year:	0.00%
Interest Rate:	5.00%
Present Value Date:	1-Aug-20
First Period Ending	1-Feb-21
Tax Year District was Certified:	Pay 2019
Cashflow Assumes First Tax Increment For Development:	2021
Years of Tax Increment	26
Assumes Last Year of Tax Increment	2046
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	Inside(B)
Incremental or Total Fiscal Disparities	Incremental
Fiscal Disparities Contribution Ratio	33.4049% Pay 2019 Prelim
Fiscal Disparities Metro-Wide Tax Rate	143.9920% Pay 2019 Prelim
Maximum/Frozen Local Tax Rate:	124.373% Pay 2019 Prelim
Current Local Tax Rate: (Use lesser of Current or Max.)	124.373% Pay 2019 Prelim
State-wide Tax Rate (Comm./Ind. only used for total taxes)	41.0000% Pay 2019 Prelim
Market Value Tax Rate (Used for total taxes)	0.20313% Pay 2019 Prelim

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 \$121,000		0.75%
Over \$121,000		0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)		
First \$500,000		1.00%
Over \$500,000		1.25%
Homestead Residential Class Rate (Hmstd. Res.)		
First \$500,000		1.00%
Over \$500,000		1.25%
Agricultural Non-Homestead		1.00%

BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/ Phase
1	42923320001			1,322,500	0	1,322,500	100%	1,322,500	Pay 2019	C/I	26,450	C/I	26,450	
2	42923320002			578,500	0	578,500	100%	578,500	Pay 2019	C/I	11,570	C/I	11,570	
3	42923320003			1,218,400	561,900	1,780,300	100%	1,780,300	Pay 2019	C/I Pref.	34,856	C/I Pref.	34,856	
				3,119,400	561,900	3,681,300		3,681,300			72,876		72,876	

Note:

1. Base values are for pay 2019 based upon review of County website on 7-24-18
2. Located in SD #621 and Rice Creek WS



Colder Products - No Inflation
City of Roseville, MN
176,693 square feet

PROJECT INFORMATION (Project Tax Capacity)													
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2019	Percentage Completed 2020	Percentage Completed 2021	Percentage Completed 2022	First Year Full Taxes Payable
	Industrial	76.00	76.00	176,693	13,428,668	C/I Pref.	267,823	2	25%	100%	100%	100%	2022
TOTAL					13,428,668		267,823						
Subtotal Residential				0	0		0						
Subtotal Commercial/Ind.				176,693	13,428,668		267,823						

Note:

1. Market values are based upon estimates.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Industrial	267,823	88,965	178,357	221,829	128,103	109,193	27,278	486,402	2.75
TOTAL	267,823	88,965	178,357	221,829	128,103	109,193	27,278	486,402	

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	486,402
less State-wide Taxes	(109,193)
less Fiscal Disp. Adj.	(128,103)
less Market Value Taxes	(27,278)
less Base Value Taxes	(60,361)
Annual Gross TIF	161,468

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	3,681,300
New Market Value - Est.	13,428,668
Difference	9,747,368
Present Value of Tax Increment	2,119,387
Difference	7,627,981
Value likely to occur without Tax Increment is less than:	7,627,981



Colder Products - No Inflation
City of Roseville, MN
176,693 square feet

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
100%	66,956	(72,876)	-	(5,920)	124.373%	(7,363)	(3,682)	13	367	(3,301)	(3,142)	0.5	2021	02/01/21
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	(3,682)	13	367	(3,301)	(6,208)	1	2021	02/01/22
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	59,382	1.5	2022	08/01/22
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	123,372	2	2022	02/01/23
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	185,801	2.5	2023	08/01/23
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	246,708	3	2023	02/01/24
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	306,130	3.5	2024	08/01/24
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	364,101	4	2024	02/01/25
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	420,659	4.5	2025	08/01/25
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	475,838	5	2025	02/01/26
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	529,671	5.5	2026	08/01/26
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	582,190	6	2026	02/01/27
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	633,429	6.5	2027	08/01/27
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	683,418	7	2027	02/01/28
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	732,188	7.5	2028	08/01/28
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	779,768	8	2028	02/01/29
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	826,188	8.5	2029	08/01/29
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	871,476	9	2029	02/01/30
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	915,659	9.5	2030	08/01/30
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	958,764	10	2030	02/01/31
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,000,818	10.5	2031	08/01/31
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,041,847	11	2031	02/01/32
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,081,874	11.5	2032	08/01/32
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,120,926	12	2032	02/01/33
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,159,024	12.5	2033	08/01/33
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,196,194	13	2033	02/01/34
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,232,457	13.5	2034	08/01/34
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,267,836	14	2034	02/01/35
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,302,351	14.5	2035	08/01/35
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,336,025	15	2035	02/01/36
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,368,878	15.5	2036	08/01/36
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,400,929	16	2036	02/01/37
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,432,199	16.5	2037	08/01/37
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,462,705	17	2037	02/01/38
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,492,468	17.5	2038	08/01/38
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,521,505	18	2038	02/01/39
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,549,834	18.5	2039	08/01/39
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,577,471	19	2039	02/01/40
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,604,435	19.5	2040	08/01/40
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,630,741	20	2040	02/01/41
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,656,405	20.5	2041	08/01/41
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,681,444	21	2041	02/01/42
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,705,872	21.5	2042	08/01/42
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,729,703	22	2042	02/01/43
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,752,954	22.5	2043	08/01/43
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,775,638	23	2043	02/01/44
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,797,768	23.5	2044	08/01/44
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,819,358	24	2044	02/01/45
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,840,422	24.5	2045	08/01/45
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,860,973	25	2045	02/01/46
100%	267,823	(72,876)	(65,122)	129,825	124.373%	161,468	80,734	(291)	(8,044)	72,399	1,881,022	25.5	2046	08/01/46
							80,734	(291)	(8,044)	72,399	1,900,581	26	2046	02/01/47
Total							4,029,337	(14,506)	(401,483)	3,613,349				
Present Value From 08/01/2020							2,119,387	(7,630)	(211,176)	1,900,581				
Present Value Rate							5.00%							

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 Cleveland Avenue
Redevelopment TIF District
Roseville, Minnesota**



August 20, 2018

Prepared For the

City of Roseville

Prepared by:



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

LHB Project No. 180602

TABLE OF CONTENTS

PART 1 – EXECUTIVE SUMMARY	2
Purpose of Evaluation.....	2
Scope of Work	3
Conclusion	3
PART 2 – MINNESOTA STATUTE 469.174, SUBDIVISION 10 REQUIREMENTS.....	3
A. Coverage Test.....	4
B. Condition of Buildings Test.....	4
C. Distribution of Substandard Buildings.....	5
PART 3 – PROCEDURES FOLLOWED.....	6
PART 4 – FINDINGS	6
A. Coverage Test.....	6
B. Condition of Building Test.....	7
1. Building Inspection	7
2. Replacement Cost.....	7
3. Code Deficiencies	8
4. System Condition Deficiencies.....	9
C. Distribution of Substandard Structures.....	9
PART 5 - TEAM CREDENTIALS.....	10
APPENDIX A	Property Condition Assessment Summary Sheet
APPENDIX B	Building Code, Condition Deficiency and Context Analysis Reports
APPENDIX C	Building Replacement Cost Reports Code Deficiency Cost Reports Photographs

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 bounded by Cleveland Avenue, County Road C2 West, and Mt. Ridge Road (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 three (3) parcels, located within the proposed TIF District, meet the qualifications required for a Redevelopment District.

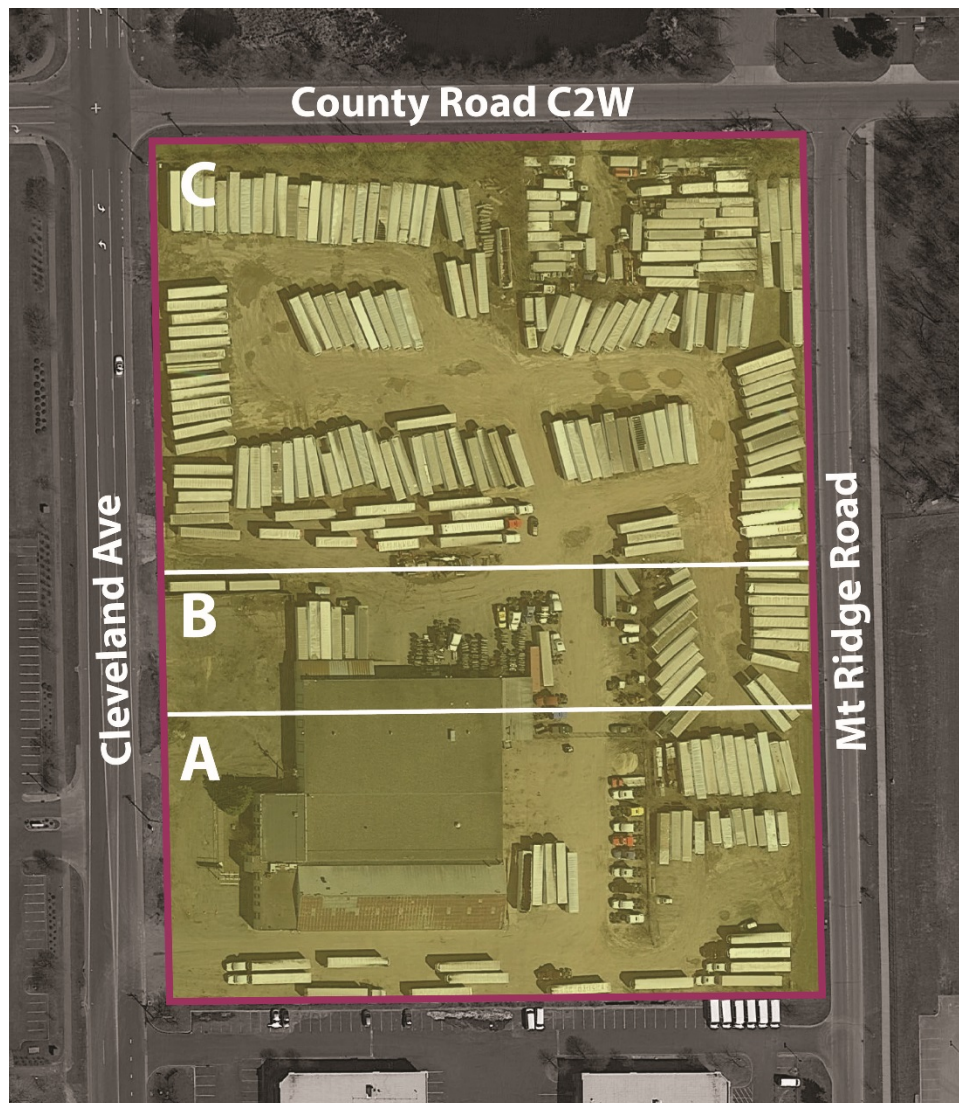


Diagram 1 – Proposed TIF District

SCOPE OF WORK

The proposed TIF District consists of three (3) parcels with one (1) building. One (1) building was inspected on July 25, 2018. Building Code and Condition Deficiency reports for the building that was inspected are 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 *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.

PART 3 – PROCEDURES FOLLOWED

LHB inspected one (1) building during the day of July 25, 2018.

PART 4 – FINDINGS

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)*.

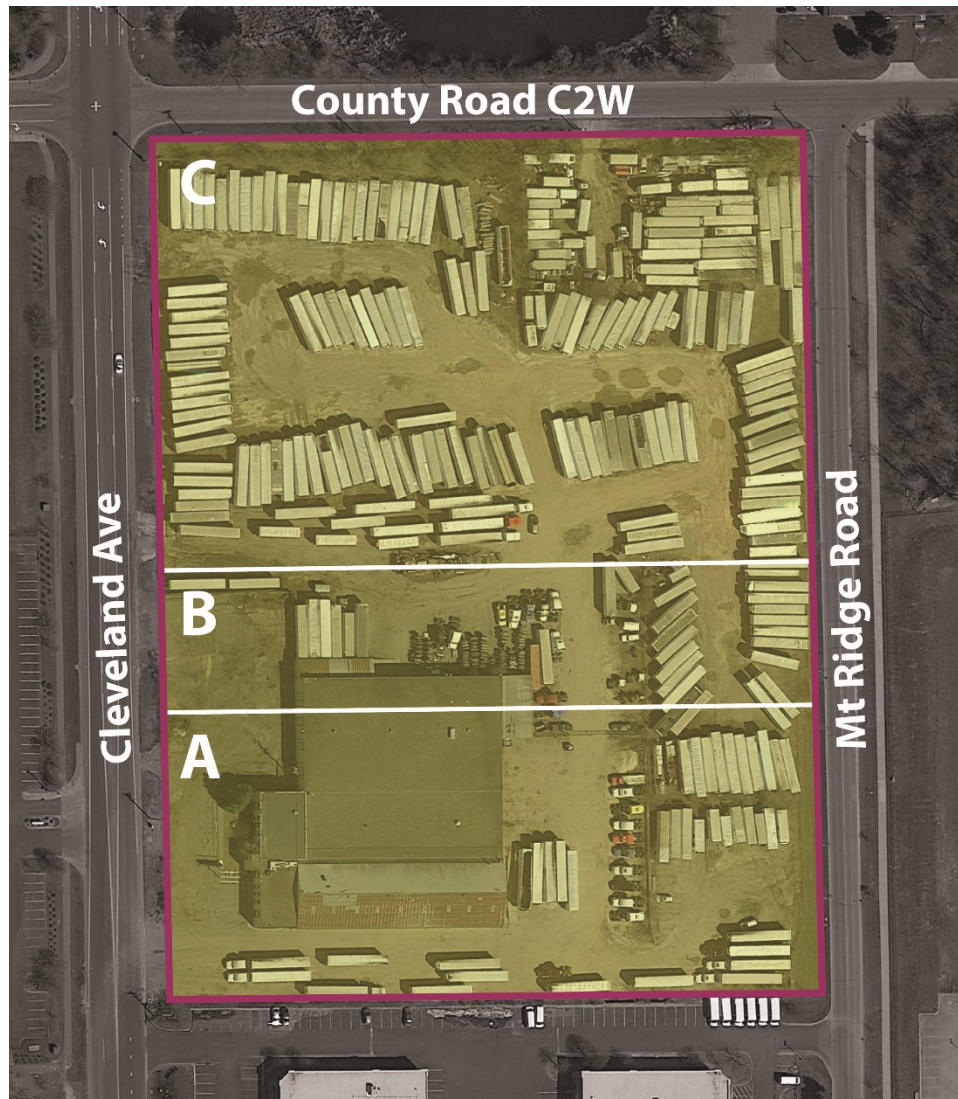


Diagram 2 – Coverage Diagram

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 2018.

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 2018; 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.

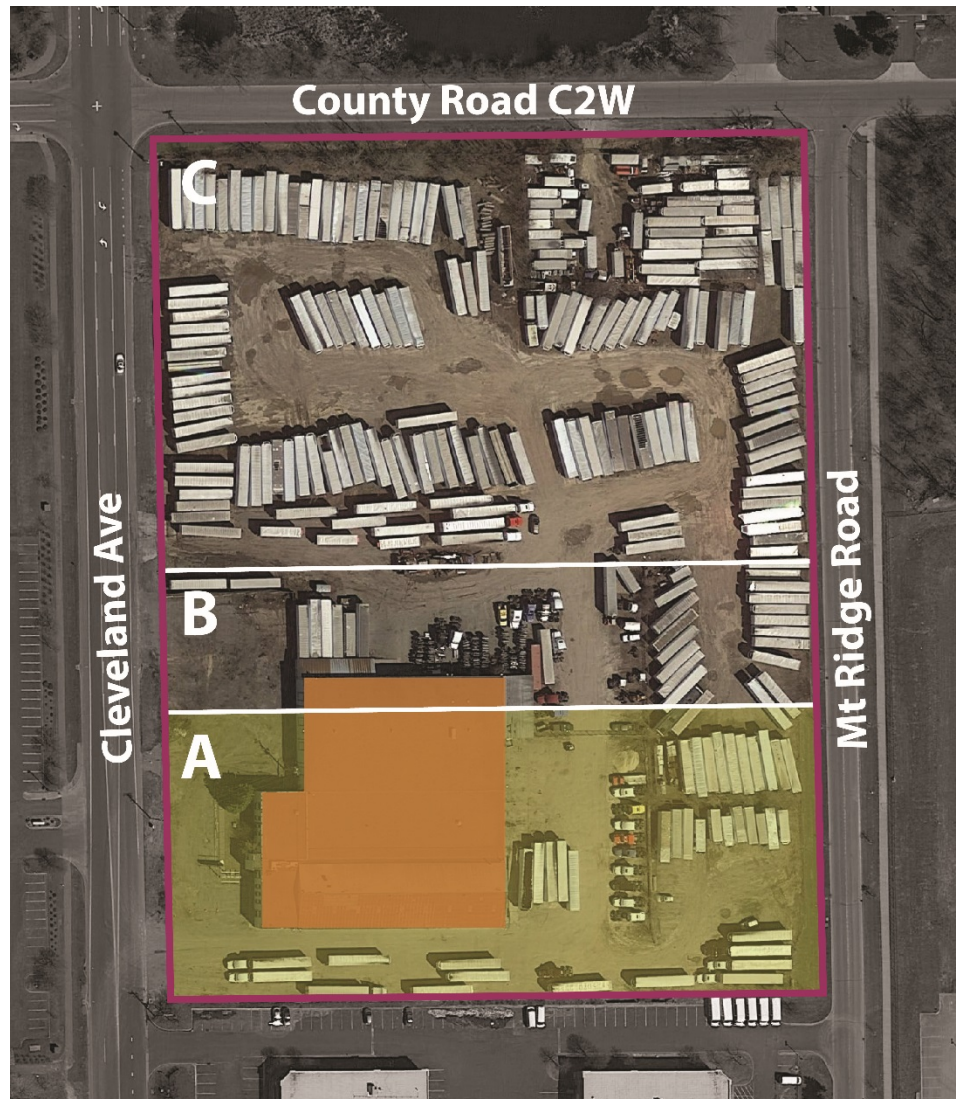


Diagram 3 – Substandard Buildings

Shaded green area depicts parcels with buildings.
Shaded orange area depicts substandard buildings.

PART 5 - TEAM CREDENTIALS

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

Michael has 30 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

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 Cleveland Avenue Redevelopment TIF District

Roseville, Minnesota

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	042923320003	2814 Cleveland Ave	Improved	Interior/Exterior	146,797	146,797	100.0%	146,797	1	\$3,946,919	\$592,038	\$994,624	1	1	
B	042923320002	NA	Improved	Exterior	73,181	73,181	100.0%	73,181	0						
C	042923320001	NA	Improved	Exterior	220,414	220,414	100.0%	220,414	0						
TOTALS					440,392			440,392	1				1	1	
								Total Coverage Percent:	100.0%						
												Percent of buildings exceeding 15 percent code deficiency threshold:	100.0%		
												Percent of buildings determined substandard:	100.0%		

O:\18proj\180602\400 Design\406 Reports\Final Report\180602 Roseville Cleveland Ave Redevelopment TIF Summary Spreadsheet.xlsx]Property Info

APPENDIX B

Building Code, Condition Deficiency and Context Analysis Reports

Roseville Cleveland Avenue TIF Analysis

Building Code, Condition Deficiency and Context Analysis Report

Parcel No. & Building Name:	Parcel A	Former American Semi Parts and Service Building
Address:	2814 Cleveland Ave Roseville, MN 55113	
Parcel ID	042923320003	
Inspection Date(s) & Time(s):	July 25, 2018 1:00 PM	
Inspection Type:	Interior and Exterior	
Summary of Deficiencies:	It is our professional opinion that this building is <u>Substandard</u> because: <ul style="list-style-type: none"> - 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:	\$3,946,919
Estimated Cost to Correct Building Code Deficiencies:	\$994,624
Percentage of Replacement Cost for Building Code Deficiencies:	25.20%

Defects in Structural Elements

1. None observed.

Combination of Deficiencies

1. Essential Utilities and Facilities
 - a. There is no code required accessible parking space.
 - b. There is no code required accessible route into the building.
 - c. Door thresholds do not comply with code for maximum height.
 - d. There is no code required accessible route to all levels.
 - e. There is no code required accessible restroom.
 - f. Door hardware does not comply with code.
 - g. There is no code required drinking fountain.
2. Light and Ventilation
 - a. The lighting does not comply with code.
 - b. The HVAC system is not code compliant.

3. Fire Protection/Adequate Egress
 - a. Floor tile is damaged/missing, creating an impediment to emergency egress, which is contrary to code.
 - b. Carpeting is wrinkled, creating an impediment to emergency egress, which is contrary to code.
 - c. Stairways do not comply with code.
 - d. Glass doors do not have code required 10-inch kick plates.
 - e. A partially enclosed vehicle storage space is not sprinkled as required by code.
 - f. A partially enclosed loading dock is not sprinkled as required by code.

4. Layout and Condition of Interior Partitions/Materials
 - a. Ceiling tile is stained from roof leaking.
 - b. Ceiling grid is rusting.
 - c. Wallpaper is torn.
 - d. There is mold on interior walls.
 - e. Interior walls need to be repainted.
 - f. Carpeting is water stained and moldy.
 - g. Doors and frames should be refinished.

5. Exterior Construction
 - a. Windows have failed, allowing for water intrusion, contrary to code.
 - b. Exterior concrete blocks are damaged, allowing for water intrusion, contrary to code.
 - c. Exterior metal wall panels are rusting and should be repainted.
 - d. Steel lintels are rusting and should be protected per code.
 - e. Exterior trench drain covers are missing and should be replaced per code.
 - f. Roofing material has failed allowing for water intrusion contrary to code.
 - g. Exterior walls should be repainted.

Description of Code Deficiencies

1. There is no code required accessible parking space.
2. There is no code required accessible route into the building.
3. Door thresholds do not comply with code for maximum height.
4. There is no code required accessible route to all levels.
5. There is no code required accessible restroom.
6. Door hardware does not comply with code.
7. Install code required drinking fountain.
8. Interior lighting does not comply with code.
9. The HVAC system does not comply with code.
10. Damaged floor tile should be repaired/replaced to remove an impediment to emergency egress per code.
11. Wrinkled carpeting should be replaced to remove an impediment to emergency egress per code.
12. Stairways do not comply with code.
13. Glass doors should have 10-inch kick plates installed per code.
14. The partially enclosed loading dock should be sprinkled per code.
15. The partially enclosed vehicle storage area attached to the main building should be sprinkled to comply with code.
16. Failed windows should be replaced to prevent water intrusion per code.
17. Rusting steel lintels should be protected per code.
18. The exterior trench drain should be fully covered per code.
19. Failed roofing material should be removed/replaced to prevent water intrusion per code.

Overview of Deficiencies

This facility currently houses a semi-tractor trailer repair operation. Code required accessibilities that are not code compliant include building access, access to all levels, and access to restrooms. The exterior surfaces should be repaired/repainted to prevent water intrusion per code. The stairways do not comply with code. The flooring is damaged and should be replaced for emergency egress per code. Ceilings are damaged and should be replaced. Interior walls should be repaired and repainted. Interior lighting does not comply with code. The HVAC system does not comply with code. Windows and roofing material have failed, allowing for water intrusion, contrary to code.

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APPENDIX C

Building Replacement Cost Reports
Code Deficiency Cost Reports
Photographs

Roseville Cleveland Avenue TIF Analysis

Replacement Cost Report

RSMeans data
from GORDIAN
Square Foot Cost Estimate Report

Date:

7/25/2018

Estimate Name: **2814 Cleveland Ave**
 City of Roseville
 2814 Cleveland Ave , Roseville , Minnesota ,
 55113

Building Type: **Warehouse with Brick Veneer / Reinforced Concrete**

Location: **ROSEVILLE, MN**

Story Count: **1**

Story Height (L.F.): **24**

Floor Area (S.F.): **46000**

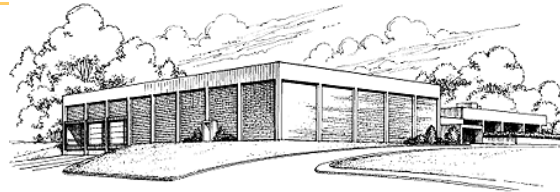
Labor Type: **OPN**

Basement Included: **No**

Data Release: **Year 2018 Quarter 2**

Cost Per Square Foot: **\$85.81**

Building Cost: **\$3,946,919.24**



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
A Substructure		12.07%	9.41	433,007.45
A1010	Standard Foundations		3.06	140,573.95
	Foundation wall, CIP, 4' wall height, direct chute, .148 CY/LF, 7.2 PLF, 12" thick		1.72	79,101.60
	Strip footing, concrete, reinforced, load 11.1 KLF, soil bearing capacity 6 KSF, 12" deep x 24" wide		0.85	39,313.92
	Spread footings, 3000 PSI concrete, load 100K, soil bearing capacity 6 KSF, 4' - 6" square x 15" deep		0.48	22,158.43
A1030	Slab on Grade		6.17	284,006.30
	Slab on grade, 5" thick, non industrial, reinforced		6.17	284,006.30
A2010	Basement Excavation		0.18	8,427.20
	Excavate and fill, 30,000 SF, 4' deep, sand, gravel, or common earth, on site storage		0.18	8,427.20
B Shell		52.61%	41.04	1,887,768.61
B1010	Floor Construction		6.30	289,793.32
	Cast-in-place concrete column, 20", square, tied, minimum reinforcing, 500K load, 10'-14' story height, 375 lbs/LF, 4000PSI		2.57	118,129.49
	Concrete I beam, precast, 18" x 36", 790 PLF, 25' span, 6.44 KLF superimposed load		1.97	90,658.52
	Cast-in-place concrete beam and slab, 7.5" slab, two way, 12" column, 25'x25' bay, 40 PSF superimposed load, 149 PSF total load		1.76	81,005.31
B1020	Roof Construction		5.71	262,660.00
	Roof, steel joists, beams, 1.5" 22 ga metal deck, on columns and bearing wall, 20'x25' bay, 18" deep, 20 PSF superimposed load, 40 PSF total load		5.71	262,660.00
B2010	Exterior Walls		20.06	922,870.61
	Brick wall, composite double wythe, standard face/CMU back-up, 8" thick, perlite core fill, 3" XPS		20.06	922,870.61
B2020	Exterior Windows		0.35	16,139.12
	Windows, aluminum, sliding, standard glass, 5' x 3'		0.35	16,139.12

B2030	Exterior Doors	1.42	65,328.89
	Door, aluminum & glass, with transom, narrow stile, double door, hardware, 6'-0" x 10'-0" opening	0.24	11,047.67
	Door, steel 18 gauge, hollow metal, 1 door with frame, no label, 3'-0" x 7'-0" opening	0.37	17,229.88
	Door, steel 24 gauge, overhead, sectional, electric operator, 12'-0" x 12'-0" opening	0.81	37,051.34
B3010	Roof Coverings	6.92	318,166.98
	Roofing, single ply membrane, EPDM, 60 mils, loosely laid, stone ballast	1.72	79,256.62
	Insulation, rigid, roof deck, extruded polystyrene, 40 PSI compressive strength, 4" thick, R20	4.35	199,940.84
	Roof edges, aluminum, duranodic, .050" thick, 6" face	0.59	27,255.70
	Gravel stop, aluminum, extruded, 4", mill finish, .050" thick	0.25	11,713.82
B3020	Roof Openings	0.28	12,809.69
	Roof hatch, with curb, 1" fiberglass insulation, 2'-6" x 3'-0", galvanized steel, 165 lbs	0.03	1,195.21
	Smoke hatch, unlabeled, galvanized, 2'-6" x 3', not incl hand winch operator	0.25	11,614.48
C Interiors		7.15%	5.58
			256,600.64
C1010	Partitions	1.35	62,110.02
	Concrete block (CMU) partition, light weight, hollow, 6" thick, no finish	0.29	13,496.67
	Metal partition, 5/8" fire rated gypsum board face, no base, 3 -5/8" @ 24" OC framing, same opposite face, no insulation	0.23	10,597.65
	Gypsum board, 1 face only, exterior sheathing, fire resistant, 5/8"	0.50	22,927.60
	Add for the following: taping and finishing	0.33	15,088.10
C1020	Interior Doors	0.24	11,153.47
	Door, single leaf, kd steel frame, hollow metal, commercial quality, flush, 3'-0" x 7'-0" x 1-3/8"	0.24	11,153.47
C2010	Stair Construction	0.60	27,668.00
	Stairs, steel, grate type w/nosing & rails, 20 risers, with landing	0.60	27,668.00
C3010	Wall Finishes	0.73	33,707.53
	2 coats paint on masonry with block filler	0.20	9,214.57
	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats	0.44	20,265.28
	Painting, interior on plaster and drywall, walls & ceilings, roller work, primer & 2 coats	0.09	4,227.68
C3020	Floor Finishes	1.90	87,185.34
	Concrete topping, hardeners, metallic additive, minimum	0.51	23,461.17
	Concrete topping, hardeners, metallic additive, maximum	1.08	49,748.31
	Vinyl, composition tile, maximum	0.30	13,975.86
C3030	Ceiling Finishes	0.76	34,776.28
	Acoustic ceilings, 3/4" mineral fiber, 12" x 12" tile, concealed 2" bar & channel grid, suspended support	0.76	34,776.28
D Services		28.17%	21.98
			1,010,731.70
D1010	Elevators and Lifts	1.68	77,156.00
	Hydraulic, passenger elevator, 3000 lb, 2 floors, 100 FPM	1.68	77,156.00
D2010	Plumbing Fixtures	0.58	26,718.60
	Water closet, vitreous china, bowl only with flush valve, wall hung	0.23	10,393.24
	Urinal, vitreous china, wall hung	0.05	2,150.87
	Lavatory w/trim, wall hung, PE on CI, 18" x 15"	0.11	5,268.58
	Service sink w/trim, PE on CI, wall hung w/rim guard, 24" x 20"	0.13	5,882.98

	Water cooler, electric, wall hung, wheelchair type, 7.5 GPH	0.07	3,022.93
D2020	Domestic Water Distribution	0.25	11,370.51
	Gas fired water heater, commercial, 100< F rise, 75.5 MBH input, 63 GPH	0.25	11,370.51
D2040	Rain Water Drainage	0.62	28,294.04
	Roof drain, DWV PVC, 5" diam, 10' high	0.47	21,745.93
	Roof drain, steel galv sch 40 threaded, 5" diam piping, for each additional foot add	0.14	6,548.11
D3020	Heat Generating Systems	5.43	249,959.79
	Warehouse ventilization with heat system 24,000 CFM Supply and Exhaust	5.43	249,959.79
D3050	Terminal & Package Units	0.87	39,957.12
	Rooftop, single zone, air conditioner, offices, 3,000 SF, 9.50 ton	0.87	39,957.12
D4010	Sprinklers	4.14	190,630.90
	Wet pipe sprinkler systems, grooved steel, black, sch 40 pipe, ordinary hazard, 1 floor, 10,000 SF	4.14	190,630.90
D4020	Standpipes	0.52	23,818.69
	Wet standpipe risers, class III, steel, black, sch 40, 6" diam pipe, 1 floor	0.52	23,818.69
D5010	Electrical Service/Distribution	0.39	17,945.88
	Overhead service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 200 A	0.06	2,987.38
	Feeder installation 600 V, including RGS conduit and XHHW wire, 200 A	0.05	2,438.25
	Switchgear installation, incl switchboard, panels & circuit breaker, 120/208 V, 3 phase, 400 A	0.27	12,520.25
D5020	Lighting and Branch Wiring	4.62	212,570.37
	Receptacles incl plate, box, conduit, wire, 5 per 1000 SF, .6 watts per SF	0.86	39,645.10
	Wall switches, 1.0 per 1000 SF	0.15	6,868.95
	Miscellaneous power, to .5 watts	0.16	7,385.30
	Central air conditioning power, 3 watts	0.06	2,781.62
	Fluorescent fixtures recess mounted in ceiling, 0.8 watt per SF, 20 FC, 5 fixtures @32 watt per 1000 SF	2.55	117,350.37
	Fluorescent fixtures recess mounted in ceiling, 2.4 watt per SF, 60 FC, 15 fixtures @ 32 watt per 1000 SF	0.84	38,539.03
D5030	Communications and Security	2.88	132,309.80
	Communication and alarm systems, fire detection, addressable, 100 detectors, includes outlets, boxes, conduit and wire	2.66	122,284.87
	Fire alarm command center, addressable without voice, excl. wire & conduit	0.22	10,024.93
E Equipment & Furnishings		0%	0
E1090	Other Equipment	0	0
F Special Construction		0%	0
G Building Sitework		0%	0
SubTotal		100%	\$78.01 \$3,588,108.40
Contractor Fees (General Conditions,Overhead,Profit)		10.00%	\$7.80 \$358,810.84
Architectural Fees		0.00%	\$0.00 \$0.00
User Fees		0.00%	\$0.00 \$0.00
Total Building Cost			\$85.81 \$3,946,919.24

Roseville Cleveland Avenue TIF Analysis

Code Deficiency Cost Report

Parcel A - 2814 Cleveland Ave Roseville, MN 55113 - PID 042923320003

Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
Accessibility Items					
	Accessible Parking				
	Create a code required accessible parking space	\$ 100.00	EA	1	\$ 100.00
	Accessible Routes				
	Create a code required accessible route into the building	\$ 500.00	Lump	1	\$ 500.00
	Create a code required accessible route to all levels	\$ 1.68	SF	46000	\$ 77,280.00
	Door Thresholds				
	Modify door thresholds to comply with code	\$ 100.00	EA	6	\$ 600.00
	Restroom				
	Create a code required accessible restroom	\$ 0.51	SF	46000	\$ 23,460.00
	Drinking Fountain				
	Install a code required drinking fountain	\$ 0.07	SF	46000	\$ 3,220.00
	Door Hardware				
	Install code compliant door hardware	\$ 250.00	EA	35	\$ 8,750.00
Structural Elements					
					\$ -
Exiting					
	Floor Tile				
	Remove/replace damaged floor tile to create an unimpeded route for emergency egress per code	\$ 0.30	SF	46000	\$ 13,800.00
	Carpeting				
	Remove/replace wrinkled carpeting to create an unimpeded route for emergency egress per code	\$ 0.50	SF	46000	\$ 23,000.00
	Stairways				
	Modify stairways to comply with code	\$ 0.60	SF	46000	\$ 27,600.00
	Glass Doors				
	Install code required 10-inch kick plates on glass doors	\$ 100.00	EA	6	\$ 600.00
Fire Protection					
	Partially Enclosed Vehicle Storage				
	Install code required sprinkler system in partially enclosed loading dock	\$ 4.14	SF	1200	\$ 4,968.00
	Partially Enclosed Loading Dock				
	Install code required sprinkler system in partially enclosed vehicle storage area	\$ 4.14	SF	1400	\$ 5,796.00

Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
Exterior Construction					
	Windows				
	Replace failed windows to prevent water intrusion per code	\$ 0.35	SF	46000	\$ 16,100.00
	Steel Lintels				
	Protect steel lintels from rusting per code	\$ 1,500.00	Lump	1	\$ 1,500.00
	Trench Drain				
	Install code required covers over trench drain	\$ 750.00	Lump	1	\$ 750.00
Roof Construction					
	Roofing Material				
	Remove failed roofing material	\$ 0.21	SF	46000	\$ 9,660.00
	Install roofing material to prevent water intrusion per code	\$ 7.20	SF	46000	\$ 331,200.00
Mechanical- Electrical					
	Mechanical				
	Install code compliant HVAC system	\$ 6.30	SF	46000	\$ 289,800.00
	Electrical				
	Install code compliant lighting	\$ 3.39	SF	46000	\$ 155,940.00
Total Code Improvements					\$ 994,624

Roseville Cleveland Avenue Redevelopment TIF Analysis

Photos: Parcel A- 2814 Cleveland Ave - Former American Semi Parts and Service Building



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Roseville Cleveland Avenue Redevelopment TIF Analysis

Photos: Parcel A- 2814 Cleveland Ave - Former American Semi Parts and Service Building



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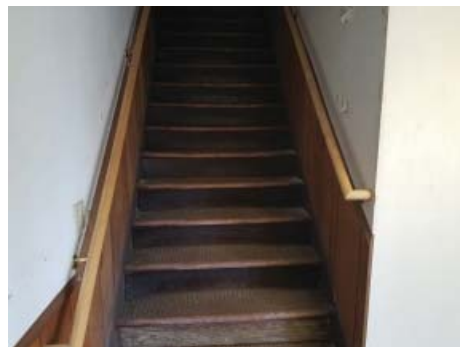
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Roseville Cleveland Avenue Redevelopment TIF Analysis

Photos: Parcel A- 2814 Cleveland Ave - Former American Semi Parts and Service Building



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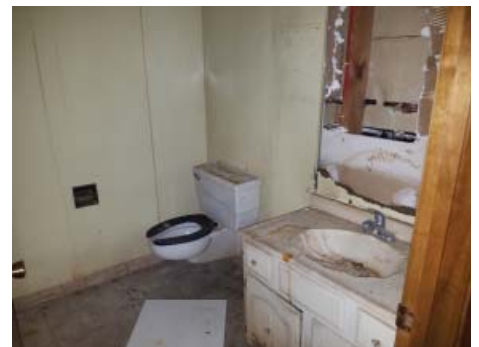
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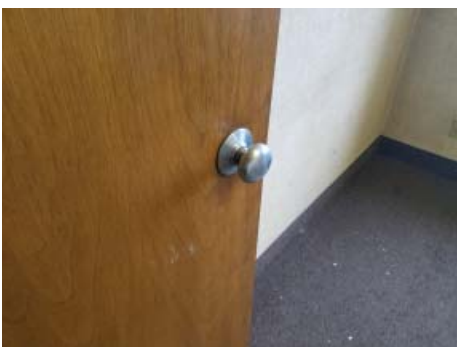
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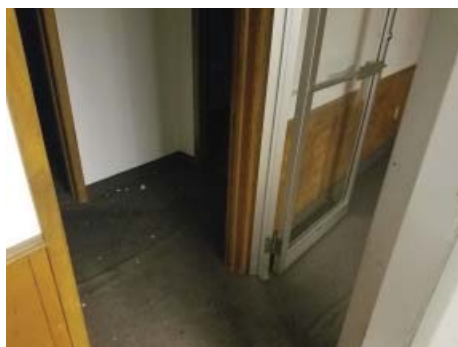
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Roseville Cleveland Avenue Redevelopment TIF Analysis

Photos: Parcel A- 2814 Cleveland Ave - Former American Semi Parts and Service Building



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Roseville Cleveland Avenue Redevelopment TIF Analysis

Photos: Parcel A- 2814 Cleveland Ave - Former American Semi Parts and Service Building



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Roseville Cleveland Avenue Redevelopment TIF Analysis

Photos: Parcel A- 2814 Cleveland Ave - Former American Semi Parts and Service Building



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Roseville Cleveland Avenue Redevelopment TIF Analysis

Photos: Parcel A- 2814 Cleveland Ave - Former American Semi Parts and Service Building



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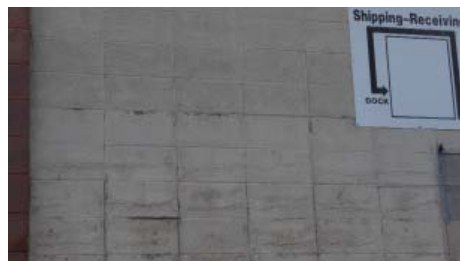
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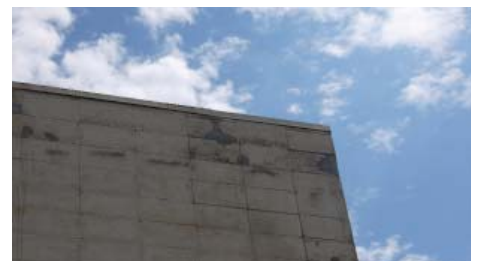
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Roseville Cleveland Avenue Redevelopment TIF Analysis

Photos: Parcel A- 2814 Cleveland Ave - Former American Semi Parts and Service Building



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Roseville Cleveland Avenue Redevelopment TIF Analysis

Photos: Parcel A- 2814 Cleveland Ave - Former American Semi Parts and Service Building



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Roseville Cleveland Avenue Redevelopment TIF Analysis

Photos: Parcel A- 2814 Cleveland Ave - Former American Semi Parts and Service Building



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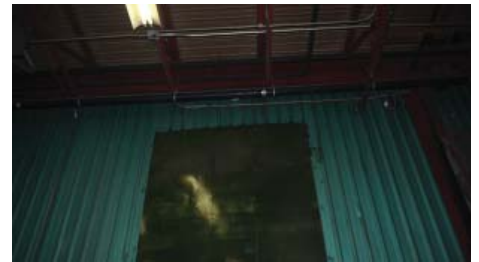
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Roseville Cleveland Avenue Redevelopment TIF Analysis

Photos: Parcel A- 2814 Cleveland Ave - Former American Semi Parts and Service Building



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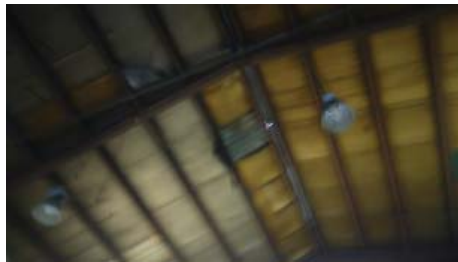
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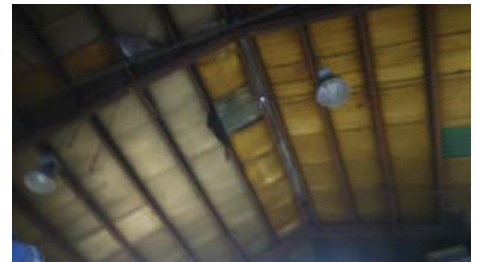
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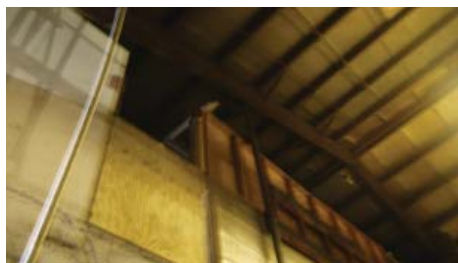
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Appendix G

Findings Including But/For Qualifications

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	3,681,300
New Market Value - Est.	13,428,668
Difference	<u>9,747,368</u>
Present Value of Tax Increment	2,119,387
Difference	<u>7,627,981</u>
Value likely to occur without Tax Increment is less than:	<u>7,627,981</u>

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan (TIF Plan) for Tax Increment Financing District No. 21 - Colder Products (District), as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that the District is a redevelopment district as defined in Minnesota Statutes, Section 469.174, Subd. 10(a)(1).*

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

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan.*

The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future: 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 redevelopment on the parcel currently occupied by a substandard building (including the cost of demolition and environmental remediation), the costs of public and site improvements, and the cost of financing the proposed improvements, this project is feasible only through assistance, in part, from tax increment financing. The developer was asked for and provided a letter and a proforma as justification that the developer would not have gone forward without tax increment assistance.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan: This finding is justified on the grounds that the cost of acquiring property with substandard buildings that require demolition, along with the need for environmental remediation and other site and public improvements, add to the total redevelopment cost. Historically, land acquisition and remediation costs in this area have made

redevelopment infeasible without tax increment assistance. The City reasonably determines that no other redevelopment of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.
 - b. If the proposed development occurs, the total increase in market value will be \$9,747,368 (see Appendix D and G of the TIF Plan)
 - c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$42,119,387 (see Appendix D and G of the TIF Plan).
 - d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$7,627,981 (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 Council has reviewed the TIF Plan and has found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for the District will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of 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 substandard properties, the remediation of environmentally contaminated land, and increased tax base in the State, and will bring a high-quality development and living-wage employment opportunities to the City.

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

* * * * *

Pursuant to due call and notice thereof, a special meeting of the Board of Commissioners of the Roseville Economic Development Authority was duly held on the 25th day of February 2019, at ___ p.m.

The following members were present:

and the following were absent:

Member introduced the following resolution and moved its adoption:

RESOLUTION No. 35

RESOLUTION AUTHORIZING AN INTERFUND LOAN FOR ADVANCE OF CERTAIN COSTS IN CONNECTION WITH TAX INCREMENT FINANCING DISTRICT NO. 21 - COLDER PRODUCTS.

BE IT RESOLVED by the Board of Commissioners (the "Board") of the Roseville Economic Development Authority ("REDA"), as follows:

Section 1. Background.

1.01. On the date hereof, REDA has approved the establishment of Tax Increment Financing District No. 21 - Colder Products (the "TIF District") within Redevelopment Project No. 1 (the "Project"), and has adopted a Tax Increment Financing Plan (the "TIF Plan") for the purpose of financing certain improvements within the Project.

1.02. REDA has determined to pay for certain costs identified in the TIF Plan consisting of land/building acquisition, site improvements/preparation/demolition, public utilities, public parking facilities, streets and sidewalks, interest, and administrative costs (collectively, the "Qualified Costs"), which costs may be financed on a temporary basis from REDA funds available for such purposes.

1.03. Under Minnesota Statutes, Section 469.178, Subd. 7, REDA is authorized to advance or loan money from REDA 's general fund or any other fund from which such advances may be legally authorized, in order to finance the Qualified Costs.

1.04. REDA intends to reimburse itself for the Qualified Costs from tax increments derived from the TIF District in accordance with the terms of this resolution (which terms are referred to collectively as the "Interfund Loan").

Section 2. Terms of Interfund Loan.

48 2.01. REDA hereby authorizes the advance of up to \$500,000 from its general fund or so much
 49 thereof as may be paid as Qualified Costs. REDA shall reimburse itself for such advances together with
 50 interest at the rate stated below. Interest accrues on the principal amount from the date of each advance.
 51 The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under
 52 Minnesota Statutes, Section 270C.40 or Section 549.09 as of the date the loan or advance is authorized,
 53 unless the written agreement states that the maximum interest rate will fluctuate as the interest rates
 54 specified under Minnesota Statutes, Section 270C.40 or Section 549.09 are from time to time adjusted.
 55 The interest rate shall be 4% and will not fluctuate.
 56

57 2.02. Principal and interest ("Payments") on the Interfund Loan shall be paid annually on each
 58 December 31 (each a "Payment Date"), commencing on the first Payment Date on which the Authority
 59 has Available Tax Increment (defined below), or on any other dates determined by the Executive
 60 Director, through the date of last receipt of tax increment from the TIF District.
 61

62 2.03. Payments on this Interfund Loan are payable solely from "Available Tax Increment,"
 63 which shall mean, on each Payment Date, as determined by the Executive Director, tax increment
 64 generated in the preceding six (6) months with respect to the property within the TIF District and remitted
 65 to the City by Ramsey County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1794,
 66 as amended. Payments on this Interfund Loan may be subordinated to any outstanding or future bonds,
 67 notes or contracts secured in whole or in part with Available Tax Increment and are on parity with any
 68 other outstanding or future interfund loans secured in whole or in part with Available Tax Increment.
 69

70 2.04. The principal sum and all accrued interest payable under this Interfund Loan are pre-
 71 payable in whole or in part at any time by REDA without premium or penalty. No partial prepayment
 72 shall affect the amount or timing of any other regular payment otherwise required to be made under this
 73 Interfund Loan.
 74

75 2.05. This Interfund Loan is evidence of an internal borrowing by REDA in accordance with
 76 Minnesota Statutes, Section 469.178, Subd. 7, and is a limited obligation payable solely from Available
 77 Tax Increment pledged to the payment hereof under this resolution. This Interfund Loan and the interest
 78 hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political
 79 subdivision thereof, including, without limitation, REDA. Neither the State of Minnesota, nor any
 80 political subdivision thereof shall be obligated to pay the principal of or interest on this Interfund Loan or
 81 other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor
 82 the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment
 83 of the principal of or interest on this Interfund Loan or other costs incident hereto. REDA shall have no
 84 obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may
 85 remain unpaid after the final Payment Date.
 86

87 2.06. REDA may amend the terms of this Interfund Loan at any time by resolution of the
 88 Board, including a determination to forgive the outstanding principal amount and accrued interest to the
 89 extent permissible under law.
 90

91 Section 3. Effective Date. This resolution is effective upon the date of its approval.
 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: ,
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 97

98 and the following voted against the same:

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100 WHEREUPON said resolution was declared duly passed and adopted.

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STATE OF MINNESOTA)
) SS
COUNTY OF RAMSEY)

I, the undersigned, being the duly qualified Executive Director of the Roseville Economic Development Authority, do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a special meeting of said Roseville Economic Development Authority held on the 25th day of February, 2019, with the original thereof on file in my office.

WITNESS MY HAND officially as such Executive Director this ____ day of _____, 2019.

SEAL

Patrick Trudgeon, Executive Director