



AGENDA
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
ONE CITY HALL PLAZA, CHASKA CITY HALL
Monday, April 15, 2019
7:00 PM

1. Call to Order
2. Roll Call
3. Adopt Agenda
4. Approve Previous Meeting Minutes
 - A. Approve EDA meeting minutes of 3/4/2019
5. Discussion Items
 - A. Adopt Resolution EDA 2019-3, Establishing a Redevelopment Tax Increment District (TIF 22 - Ernst House Redevelopment) and Approving a Tax Increment Financing Plan
6. Other Business
7. Adjourn

DRAFT

**- MINUTES -
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
MARCH 4, 2019**

1. Call to Order

President Windschitl called the meeting to order at 9:25 pm.

2. Roll Call

Roll call was taken. Present: Commissioners Hatfield, Bostrom, Huang, Grau and President Windschitl.

Absent: None.

Also Present: Nate Kabat, Assistant Executive Director and Matt Podhradsky, Executive Director.

3. Agenda

Motion by Commissioner Huang, second by Commissioner Hatfield to adopt the agenda as presented.

Motion carried.

4. Minutes

Motion by Commissioner Grau, second by Commissioner Bostrom to approve the minutes of the January 28, 2019 EDA meeting.

Motion carried.

5. Discussion Items

5.A. Adopt Resolution EDA 2019-01, Administrative Amendment for TIF District #12

Assistant Executive Director Kabat presented the item to the Commission.

Motion by Commissioner Huang, second by Commissioner Bostrom to adopt Resolution No. 2019-01 Approving Administrative Modification to the Tax Increment Financing Plan for Tax Increment Financing District No. 12. Motion carried.

5.B. Adopt Resolution EDA 2019-02, Administrative Amendment to TIF District #13

Assistant Executive Director Kabat presented the item to the Commission.

Motion by Commissioner Hatfield, second by Commissioner Grau to adopt Resolution No. 2019-02 Approving Administrative Modification to the Tax Increment Financing Plan for Tax Increment Financing District No. 13. Motion carried.

6. Adjourn

Motion by Commissioner Hatfield, second by Commissioner Bostrom to adjourn the meeting at 9:28 pm.

Motion carried.

REQUEST FOR ACTION CHASKA CITY COUNCIL Date Here

Subject: Establishing a Redevelopment Tax Increment District (TIF 22 - Ernst House Redevelopment) and Approving a Tax Increment Financing Plan

Prepared By: Nate Kabat

Background

At its March 19, 2018 meeting, the Chaska City Council and EDA entered into a listing agreement for the Ernst/Ess House sites at 211 and 217 Walnut Street to market for a sale to a private redeveloper. At that time, staff explained that the redevelopment would be an opportunity to recover costs the City has incurred on the site to move the Ernst House there and to demolish the Ess House following the fire that occurred by establishing a TIF district.

On December 17, 2018, the City Council and the Chaska EDA authorized a Letter of Intent with Talle & Associates, Inc. to purchase and redevelop the Ernst House Property at 211 and 217 Walnut St. The Letter of Intent includes the City's objective to create a TIF district, and is attached to this memo. At that time, staff explained the intent of the TIF district is to offset costs of site preparation related to moving the Ernst House to its location at 211 Walnut from its former location within Firemen's Park and related to the demolition of the Ess House following the fire that occurred.

Talle & Associated, Inc., in partnership with U+B Architects have proceeded to design the redevelopment. The concept plan was approved by the Planning Commission on December 12, 2018 and by the City Council on December 17, 2018. The concept plan, would redevelop the Ernst House into a two-unit apartment, add three townhomes on the neighboring parcel, and add two carriage homes above covered garages along the alleyway side of the site for a total of seven units.

Since then, the concept has been further refined and was presented to the Heritage Preservation Commission (HPC) on April 2, 2019. The HPC approved the site alteration permit for the project at that meeting. Drawings of the proposed project as presented at this meeting are attached.

A public hearing must be held to establish a TIF district. At its April 1, 2019 meeting, the City Council called for a public hearing to be held at tonight's meeting for the purpose of establishing the proposed TIF District #22.

Prior to holding a public hearing, State Statute requires the Planning Commission to approve a resolution finding the general plans for redevelopment to be supported by the proposed TIF

district conform to general plans for development or redevelopment of the City has a whole. Accordingly, the Planning Commission approved resolution 2019-01 at its April 10, 2019 meeting.

Analysis – TIF District

As the process continues in line with the developer's original timeline for implementation, the TIF district for the project needs to be established. The site of the redevelopment is located within the City of Chaska's Flood Control Redevelopment Project #4 TIF Area, however a modification to the Plan/Area and establishment of TIF District #22 therein are necessary.

The letter of intent between the Chaska EDA and Talle & Associates, Inc. commits the City of Chaska to establish a TIF district to support redevelopment costs of the site. The City Council must hold a public hearing to establish TIF District # 22 and the Chaska EDA must approve the TIF district by resolution. Notices have been sent out to nearby property owners, the Chaska Herald, as well as the other major taxing authorities affected.

The City generally provides TIF for eligible costs to support redevelopment projects. The increment is captured from the increased value and property taxes resulting from the redevelopment.

This TIF District qualifies as a redevelopment district because it meets the following criteria defined in statute:

- Parcels comprising at least 70% of the area of the district is occupied by buildings streets, utilities, paved or gravel parking lots, or other similar structures, and;
- More than 50% of the buildings, not including outbuildings, are structurally substandard requiring substantial renovation or clearance, and;
- The parcel is deemed "occupied" because at least 15% of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots; or other similar structures.

Redevelopment TIF districts are permitted to remain in existence for 25 years from the date of receipt by the Authority of the first tax increment. This district would set 2022 as the first year to receive tax increment and reserves the right to allow the District to remain in existence through 2047. The estimated public costs of the TIF District total \$586,349 for a combination of site acquisition and eligible improvements and administrative expenses. Estimated sources of revenue through the TIF District is \$586,349.

The original tax capacity on the site is \$1,637 as of January 2, 2018 for taxes payable 2019, and the anticipated total tax capacity on the site following improvements is expected to be \$15,750 as of January 2, 2021 for taxes payable 2022. See the attached draft TIF Plan from Springsted for more details.

Recommendation

Staff believes this redevelopment opportunity advances City and EDA goals to redevelop underutilized locations in and around downtown and to preserve the historic nature of the Ernst House and the Walnut Street District. The proposed project achieves the goals of all parties involved.

Council action will authorize the establishment of the TIF district. The EDA will also take action following Council to approve the TIF district and associated plan.

For the district to be fully implemented, staff must certify the district with Carver County. Staff intends to hold on certification until the developer successfully completes the planning process and closes on the property. Staff continues to negotiate the purchase and development agreements and will be bringing those to Council and the EDA when complete.

Staff recommends creation of TIF District #22.

EDA BOARD ACTION REQUESTED

Motion to approve Resolution establishing a redevelopment tax increment financing district and approve a tax increment financing plan therefor (Ernst House Redevelopment Project).

**CITY OF CHASKA ECONOMIC DEVELOPMENT AUTHORITY
CARVER COUNTY, MINNESOTA**

RESOLUTION

DATE 04/15/2019 **RESOLUTION NO.** EDA 2019-3

MOTION BY COUNCILMEMBER _____ **SECOND BY COUNCILMEMBER** _____

**A RESOLUTION ESTABLISHING A REDEVELOPMENT TAX INCREMENT FINANCING
DISTRICT AND APPROVING A TAX INCREMENT FINANCING PLAN THEREFOR
(ERNST HOUSE REDEVELOPMENT PROJECT)**

BE IT RESOLVED by the Board of Commissioners (the "Board") of the Chaska Economic Development Authority (the "EDA") as follows:

Section 1. Recitals.

1.01 The EDA has proposed to establish Tax Increment Financing (Redevelopment) District No. 22 (the "TIF District") within Redevelopment Project Area No. 4 (the "Project Area") and to adopt a Tax Increment Financing Plan relating thereto (the "TIF Plan"), all pursuant to Minnesota Statutes, Sections 469.001 through 469.047, 469.090 through 469.1082, and 469.174 through 469.1794, as amended (collectively, the "TIF Act"), all as reflected in that certain document, dated April 15, 2019, entitled "Tax Increment Financing Plan for Tax Increment Financing (Redevelopment) District No. 22 Within Redevelopment Project Area No. 4" and presented for the Board's consideration.

1.02 The Board has investigated the facts relating to the establishment of the TIF District and the adoption of the TIF Plan.

1.03 Certain actions required by law have been or will be taken prior to the adoption and approval of the TIF Plan, including, but not limited to, 30 days' prior notification of the County Auditor and School District Clerk and of the individual affected County Commissioner, a review of the TIF Plan by the City Planning Commission, and the holding of a public hearing by the City Council (the "Council") of the City of Chaska, Minnesota (the "City") thereon following notice thereof published in the City's official newspaper.

1.04 Certain information and material (collectively, the "Materials") relating to the TIF Plan and to the activities contemplated therein have heretofore been prepared and submitted to the Board and/or made a part of the City or EDA files and proceedings on the TIF Plan. The Materials include information and/or substantiation, which are incorporated herein by reference, constituting or relating to (1) the "studies and analyses" on why the new TIF District meets the requirements to be a

redevelopment tax increment financing district, including a report prepared by LHB, Inc., Minneapolis, Minnesota, (2) why the TIF District meets the so-called "but for" test, including an analysis of the proforma and other materials submitted by a private developer; and (3) the bases for the other findings and determinations made in this resolution. The Board hereby confirms, ratifies and adopts the Materials, which are hereby incorporated into and made as fully a part of this resolution to the same extent as if set forth in full herein.

1.05 The EDA anticipates that Talle & Associates, Inc., a Minnesota corporation, an affiliate thereof, or another developer selected by the EDA (the "Developer") will acquire certain property located in the City (the "Development Property"), rehabilitate an existing building thereon, construct a new building for residential housing to be developed thereon, and construct detached parking garages thereon (the "Development").

Section 2. Findings for the Modification of the Redevelopment Plan; the Creation of the TIF District and Adoption of a TIF Plan Therefor.

2.01 The Board hereby finds that: (a) the land within the Project Area would not be available for redevelopment without the financial aid to be sought under the Redevelopment Plan; (b) the Redevelopment Plan will afford maximum opportunity, consistent with the needs of the City as a whole, for the development of the Project Area by private enterprise and redevelop a historically significant building for a new use; and (c) the Redevelopment Plan conforms to the general plan for the development of the City as a whole. The Project Area is not being expanded and the only modification of the Redevelopment Plan relates to the incorporation by reference of the proposed TIF District and the terms of the TIF Plan therefor.

2.02 The Board finds that the Project Area constitutes a "blighted area" as well as, in part, an area that is underused or inappropriately used, within the meaning of Minnesota Statutes, Section 469.002, subd. 11 and Section 469.028, subd. 4.

2.03 The Board further finds that the rehabilitation, demolition, clearance, and related activities to redevelop the Project Area, all in accordance with the Plan, constitute a "redevelopment project" within the meaning of Minnesota Statutes, Sections 469.002, subd. 14 and Section 469.028, subd. 4

2.04 The Board hereby finds that the TIF District is in the public interest and is a redevelopment district, as defined in Minnesota Statutes, Section 469.174, Subdivision 10 for the following reasons:

The TIF District is, pursuant to Minnesota Statutes, Section 469.174, Subdivision 10(a), a "redevelopment district" because it consists of a project or portions of a project within which the following conditions, reasonably distributed throughout the TIF District, exist: (1) parcels consisting of at least 70% of the area of the TIF District are occupied or deemed occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and (2) more than 50% of the buildings located or deemed to exist within the TIF District are "structurally substandard" (within the meaning of Minnesota

Statutes, Section 469.174, Subdivision 10(b) and (c)) to a degree requiring substantial renovation or clearance.

The Materials, including without limitation the report of LHB, Inc. and other supporting facts for these determinations, are on file with the staff of the City. There have been no building permits issued or improvements made to the parcels since the date of the report.

2.05 The Board hereby makes the following additional findings:

(a) The Board further finds that the proposed Development, in the opinion of Board, would not occur solely through private investment within the reasonably foreseeable future and, therefore, the use of tax increment financing is deemed necessary.

(b) The Board further finds that the TIF Plan conforms to the general plan for the development or redevelopment of the City as a whole.

(c) The Board further finds that the TIF Plan will afford maximum opportunity consistent with the sound needs of the City as a whole for the development of the Project Area by private enterprise.

(d) For purposes of compliance with Minnesota Statutes, Section 469.175, Subdivision 3(b)(2), the Board hereby finds that the increased market value of the property to be developed within the TIF District that could reasonably be expected to occur without the use of tax increment financing is \$0 (other than amounts due to inflation), which is less than the market value estimated to result from the proposed development (\$3,037,951 approximately), after subtracting the present value of the projected tax increments for the maximum duration of the TIF District (i.e., \$362,676 approximately), which is approximately \$2,675,275. In making these findings, the Board has noted that the existing building on the Development Property is blighted and has been vacant and unused for an extended period of time and would likely remain in its current condition if tax increment financing were not available. Thus, the use of tax increment financing will be a positive net gain to the City, the School District, and the County, and the tax increment assistance does not exceed the benefit which will be derived therefrom.

2.06 The provisions of this Section 2 are hereby incorporated by reference into and made a part of the TIF Plan.

2.07 The Board further finds that the TIF Plan is intended and, in the judgment of this Board, its effect will be, to promote the public purposes and accomplish the objectives specified in the TIF Plan.

Section 3. Creation of the TIF District and Approval and Adoption of the Plan; Interfund Loans.

3.01 Subject to the approval by the City Council of establishing the TIF District and adopting the TIF Plan therefor following a public hearing, the adoption of the TIF Plan and establishment of the TIF District, as presented to the Board on this date, including without limitation the findings and statements of objectives contained therein, are hereby approved, ratified, established, and adopted.

3.02 The EDA elects to retain all of the captured tax capacity to finance the costs of the TIF District. The EDA elects the method of tax increment computation set forth in Minnesota Statutes, Section 469.177, Subd. 3(a).

3.03 In accordance with Minnesota Statutes, Section 469.175, Subd. 1(b), the EDA elects to delay the receipt of the first increment until tax payable year 2022.

3.04 The staff of the EDA and the advisors and legal counsel of the City and the EDA are authorized and directed to proceed with the implementation of the TIF District and the TIF Plan therefor.

3.05 The Board hereby approves a policy on interfund loans or advances ("Loans") for the TIF District, as follows:

(a) The authorized tax increment eligible costs (including without limitation out-of-pocket administrative expenses incurred prior to or after the date hereof in an amount up to \$58,637 and other project costs, including without limitation the cost of the acquisition of the property within the TIF District, in an amount up to \$527,712) payable from the TIF District, as its TIF Plan is originally adopted or may be amended, may need to be financed on a short-term and/or long-term basis via one or more Loans, as may be determined by the City Administrator from time to time.

(b) The Loans may be advanced if and as needed from available monies in the City's or the EDA's general fund or other City or EDA fund designated by the City Administrator.

(c) Neither the maximum principal amount of any one Loan nor the aggregate principal amount of all Loans may exceed \$586,349 outstanding at any time.

(d) All Loans shall mature not later than February 1, 2048 or such earlier date as the City Administrator may specify in writing. All Loans may be pre-paid, in whole or in part, whether from tax increment revenue, tax increment revenue bond proceeds or other eligible sources.

(e) The outstanding and unpaid principal amount of each Loan shall bear interest at the rate prescribed by the statute (Minnesota Statutes, Section 469.178, Subdivision 7), which is the greater of the rates specified under Minnesota Statutes, Sections 270C.40 or 549.09 at the time a Loan, or any part of it, is first made, subject to the right of the City Administrator to specify a lower rate (but not less than the City's or the EDA's then-current average investment return for similar amount and term).

(f) Such Loans within the above guidelines are pre-approved. The Loans need not take any particular form and may be undocumented, except that the City Administrator shall specify the principal amount and interest rate and maintain all necessary or applicable data on the Loans.

Passed and adopted by the Board of the Chaska Economic Development Authority, this 15th day of April 2019.

Mark Windschitl, President

Attest: _____
Chaska Deputy Clerk

**City of Chaska, Minnesota
Chaska Economic Development Authority**

Tax Increment Financing Plan

for

**Tax Increment Financing (Redevelopment)
District No. 22**

Within Redevelopment Project Area No. 4

Dated: April 12, 2019

Scheduled Public Hearing: April 15, 2019

Anticipated Approval Date: April 15, 2019

**Prepared by:
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Section A Definitions

The terms defined in this section have the meanings given herein, unless the context in which they are used indicates a different meaning:

"Authority" means the Chaska Economic Development Authority.

"City" means the City of Chaska, Minnesota; also referred to as a "Municipality".

"City Council" means the City Council of the Chaska; also referred to as the "Governing Body".

"County" means Carver County, Minnesota.

"Redevelopment Project Area" means Redevelopment Project Area No. 4 in the City, which is described in the corresponding Redevelopment Plan.

"Redevelopment Plan" means the Redevelopment Plan for the Redevelopment Project Area.

"Project Area" means the geographic area of the Redevelopment Project Area.

"School District" means Independent School District No. 112, Minnesota.

"State" means the State of Minnesota.

"TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1794, as amended.

"TIF District" means Tax Increment Financing (Redevelopment) District No. 22.

"TIF Plan" means the tax increment financing plan for the TIF District (this document).

Section B Statutory Authorization

Minnesota Statutes, Sections 469.001-469.047, as amended (Housing and Redevelopment Authority Act) grants the Authority to designate redevelopment areas within the boundaries of the Municipality. Within these areas, the municipality may adopt a redevelopment plan and establish a project consistent with the Municipality's public purpose. The project consists of a redevelopment project as defined in Section 469.002, Subdivision 14. The Redevelopment Plan is hereby amended to incorporate the TIF District and this TIF Plan.

Section C Statement of Need and Public Purpose

The Authority has determined that conditions exist within the Redevelopment Area which have prevented further development of land by private enterprise in the Redevelopment Plan. It has been found that the Redevelopment Area is potentially more useful and valuable for contributing to the public health, safety and welfare than has been realized under existing development.

The development of these parcels is not attainable in the foreseeable future without the intervention of the Authority in the private development process. The Authority has prepared the Redevelopment Plan and the TIF Plan, which provides for the elimination of these conditions, thereby making the land useful and valuable for contributing to the public health, safety and welfare.

Section D Statement of Objectives

The Authority, through implementation of the TIF Plan, seeks to achieve the following objectives:

1. Redevelopment of an existing blighted building and underutilized land in the project area.
2. Funding of eligible improvements related to the qualification of the property as a redevelopment district, through the use of tax increment.
3. Redevelopment of blighted historically significant building for new use as residential rental buildings.
4. The TIF Plan is expected to achieve some of the objectives set forth in the Redevelopment Plan.

**Section E Designation of Tax Increment Financing District as a
Redevelopment District**

Redevelopment districts are a type of tax increment financing district in which one or more of the following conditions exists and is reasonably distributed throughout the district:

- (1) parcels comprising at least 70% 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% of the buildings, not including outbuildings, are structurally substandard requiring substantial renovation or clearance. A parcel is deemed "occupied" if at least 15% of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots; or other similar structures.
- (2) the property consists of vacant, unused, underused, inappropriately used, or infrequently used railyards, rail storage facilities, or excessive or vacated railroad right-of-ways; or
- (3) tank facilities, or property whose immediately previous use was for tank facilities, as defined in section 115C.02, subdivision 15, if the tank facilities:
 - (i) have or had a capacity of more than 1,000,000 gallons;
 - (ii) are located adjacent to rail facilities; and
 - (iii) have been removed or are unused, underused, inappropriately used, or infrequently used; or
- (4) a qualifying disaster area, as defined in Minnesota Statutes, 469.174, subd. 10(b).

For districts consisting of two more noncontiguous areas, each area must individually qualify under the provisions listed above, as well as the entire area must also qualify as a whole.

The TIF District qualifies as a redevelopment district in that it meets all of the criteria listed in (1) above. The supporting facts and documentation for this determination are summarized in Exhibit VI and will be retained by the Authority for the life of the TIF District and are available to the public upon request.

"Structurally substandard" is defined as buildings containing defects or deficiencies in structural elements, essential utilities and facilities, light and ventilation, fire protection (including egress), layout and condition of interior partitions, or similar factors. Generally, a building is not structurally substandard if it is in compliance with the building code applicable to a new building or could be modified to satisfy the existing code at a cost of less than 15% of the cost of constructing a new structure of the same size and type.

A city may not find that a building is structurally substandard without an interior inspection, unless it can not gain access to the property and there exists evidence which supports the structurally substandard finding. Such evidence includes recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence. Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained pursuant to Minnesota Statutes, Section

469.175, subd. 3, clause (1). A parcel is deemed to be occupied by a structurally substandard building if the following conditions are met:

- (1) the parcel was occupied by a substandard building within three years of the filing of the request for certification of the parcel as part of the district;
- (2) the demolition or removal of the substandard building was performed or financed by the Authority, or was performed by a developer under a development agreement with the Authority,
- (3) the Authority found by resolution before such demolition or removal occurred that the building was structurally substandard and that the Authority intended to include the parcel in the TIF district, and
- (4) the Authority notifies the county auditor that the original tax capacity of the parcel must be adjusted upon filing the request for certification of the tax capacity of the parcel as part of a district.

In the case of (4) above, the County Auditor shall certify the original net tax capacity of the parcel to be the greater of (a) the current tax capacity of the parcel, or (b) a computed tax capacity of the parcel using the estimated market value of the parcel for the year in which the demolition or removal occurred, and the appropriate classification rate(s) for the current year.

At least 90 percent of the tax increment from a redevelopment district must be used to finance the cost of correcting conditions that allow designation as a redevelopment district. 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 land, removal of hazardous substances or remediation necessary to develop the land, and installation of utilities, roads, sidewalks, and parking facilities for the site. The allocated administrative expenses of the Authority may be included in the qualifying costs.

Section F Duration of the TIF District

Redevelopment districts may remain in existence 25 years from the date of receipt by the Authority of the first tax increment. Modifications of this plan (see Section Z) shall not extend these limitations.

Pursuant to Minnesota Statutes, Section 469.175, subd. 1(b), the Authority specifies 2022 as the first year in which it elects to receive tax increment from the TIF District, which is no later than four years following the year of approval of the TIF District. Thus, the Authority reserves the right to allow the TIF District to remain in existence the maximum duration allowed by law (projected to be through the year 2047) but anticipates that the TIF District may be decertified early. However, the Authority reserves the right to allow the district to remain active for the maximum duration allowed (see Section P) and will decertify the TIF District as early as possible should the projected increment be received in a shorter period than originally projected. All tax increments from taxes payable in the year the TIF District is decertified shall be paid to the Authority.

Section G Property to be Included in the TIF District

The TIF District is an approximate .68-acre area of land located within the Project Area. A map showing the location of the TIF District is shown in Exhibit I. The boundaries and area encompassed by the TIF District are described below:

Parcel Number	Legal Description
30.0502740	LOT 2 EXC NLY 6' OF WLY 48' THEREOF & ALSO INCL S 4' OF ELY 94' OF LOT 1 BLK 37
30.0502750	LOT 3, BLOCK 37
30.0502760	LOT 4 EXC: COMM AT SW CORN LOT 4 TH NELY ALONG S LINE LOT 4 72' TH NWLY PARALLEL

	WITH WLY LINE LOT 4 2' TH SWLY PARALLEL TO SELY LINE LOT 4 TO WLY LINE LOT 4 TH SELY ALONG WLY LINE OF LOT 4 TO PT OF BEG
ROW	

** parcels listed above are anticipated to be replatted prior to development*

The area encompassed by the TIF District shall also include all adjacent roads and all street or utility right-of-ways located upon or adjacent to the property described above.

Section H Property to be Acquired in the TIF District

The Authority may acquire and sell any or all of the property located within the Project Area. The Authority currently owns the property located within the TIF District and anticipates selling the land to a private developer for redevelopment.

Section I Specific Development Expected to Occur Within the TIF District

The proposed project is expected to consist of the redevelopment of the above properties to establish a new housing development. The existing substandard building will be rehabilitated to become two new residential units. In addition to rehabilitation of the existing structure, the developer has proposed the construction of a new building on the adjacent vacant lot to house additional residential units, with detached parking garages. The City anticipates using tax increment to finance eligible redevelopment costs including acquisition, building renovation costs, site grading, public infrastructure improvements and other related and necessary redevelopment costs, including eligible administrative expenses.

The Authority anticipates redevelopment commencing in 2019 and continuing into 2020. The project is expected to be fully completed by December 31, 2019 for assess 2020 and taxes payable 2022.

Section J Findings and Need for Tax Increment Financing

In establishing the TIF District, the Authority makes the following findings:

- (1) The TIF District qualifies as a redevelopment district;

The City of Chaska retained the services of LHB to inspect and evaluate property within the proposed Tax Increment Financing District No. 22 to be established by the Authority. The purpose of the evaluation was to determine if the proposed district met the statutory requirements for coverage and if the buildings met the qualifications required for a Redevelopment District.

The final report was prepared for the Authority to retain on file in City offices for public inspection. The report contains the details of the findings summarized below regarding the substandard qualifications:

- The TIF District consists of three parcels or portions thereof that are occupied with 72.3 percent of the area of the proposed TIF District is occupied (exceeding the 70 percent coverage test);
- 100 percent (1 of 1) of the buildings in the proposed District contain code deficiencies exceeding the 15 percent threshold;
- The buildings 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; and

- The substandard buildings are reasonably distributed throughout the geographic area of the proposed TIF District.

These findings are described more completely in Exhibit VI.

- (2) The proposed development, in the opinion of the Authority, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and 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.

Factual basis:

Proposed development not expected to occur:

The proposed project consists of the redevelopment of property within the Municipality that consists of a blighted building that was found to be substandard and will be rehabilitated following establishment of the District for residential uses. The development will also consist of construction of a new building containing residential housing and detached parking garages. The proposed development allows the City to retain a historically significant building in the City for new uses. The Authority has identified extraordinary costs including acquisition, rehabilitation, site grading, other public improvements and infrastructure needs associated with redevelopment of the project site in conjunction with the new development. The estimated total redevelopment costs make the total cost of this effort significantly higher than costs reasonably incurred for similar developments on a clean site. The City's finding that the proposed redevelopment would be unlikely to occur solely through private investment within the reasonably foreseeable future is based on an analysis of the proforma and other materials submitted by the developer. As necessary, the City anticipates analyzing future proformas in detail to determine the minimal amount of assistance needed to compensate developers for extraordinary and allowable costs.

No higher market value expected:

If the proposed redevelopment did not go forward, for the same reasons described above, no alternative redevelopment of the project site is expected to occur in the foreseeable future. The currently blighted building needs to be rehabilitated to allow development to occur and without tax increment assistance, the result would be only a modest increase in market value compared to the more significant value growth created by the proposed redevelopment. In short, there is no basis for expectation that the area would redevelop or be renovated in any significant way purely by private action without public subsidy given the improvements necessary for the development of the project area.

To summarize the basis for the Authority's findings regarding alternative market value, in accordance with Minnesota Statutes, Section 469.175, Subd. 3(d), the Authority makes the following determinations:

- a. The Authority's estimate of the amount by which the market value of the site will increase without the use of tax increment financing is anywhere from \$0 to some modest amount based on small scale renovation or redevelopment that could be possible without assistance; any estimated values would be too speculative to ascertain.

- b. If the proposed development to be assisted with tax increment occurs in the District, the total increase in market value would be approximately \$3,037,951, including the value of the building (See Exhibit V).
- 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 \$362,676 (See Exhibit V).
- d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$2,675,275 (the amount in clause b less the amount in clause c) without tax increment assistance.
- (3) The TIF Plan will afford maximum opportunity, consistent with the sound needs of the Authority as a whole, for development of the Project Area by private enterprise.

Factual basis: The anticipated redevelopment of the project site may include the redevelopment of an existing vacant historically significant building for residential housing and the construction of new residential housing units, and the redevelopment of the Project Area is consistent with the City's design goals.

- (4) The TIF Plan conforms to general plans for development of the Authority as a whole.

Factual basis: The City Planning Commission has determined that the development proposed in the TIF Plan conforms to the City comprehensive plan.

- (5) The Authority elects the method of tax increment computation set forth in Minnesota Statutes, Section 469.177, Subdivision 3(a); therefore subdivision 3(a) shall apply which indicates the original net tax capacity and the current net tax capacity shall be determined after the application of the fiscal disparity provisions (see method (a) in Section P).

Section K Estimated Public Costs

The estimated public costs of the TIF District are listed below. Such costs are eligible for reimbursement from tax increments of the TIF District.

Land/Building acquisition, Demolition, Special Assessments, Public Utilities, Site Improvements/Preparation Costs, and other Eligible Improvements	527,712
Bond/Note Interest Payments	
Administrative expenses	58,637
Other Expenditures	
Total	586,349

The Authority anticipates using tax increment to the extent available to assist with financing a portion of the site acquisition, site improvements, infrastructure and building rehabilitation costs, related administrative expenses, and other TIF-eligible expenditures as necessary and related to development of the project. The Authority reserves the right to administratively adjust the amount of any of the items listed above or to incorporate additional eligible items, so long as the total estimated public cost is not increased. The Authority reserves the right to spend available tax increment outside of the TIF District boundaries and within the project area.

Section L Estimated Sources of Revenue

Tax Increment revenue	586,349
Interest on invested funds	
Other	
Total	586,349

The Authority anticipates using future tax increments for reimbursement of public costs incurred from Section K. As increments are collected from the TIF District in future years, these taxes will be reserved by the Authority as reimbursement for public costs incurred (primarily land acquisition), through internal funding and general obligation or revenue debt. The Authority also reserves the right to provide financial assistance to the proposed development through the use of a pay-as-you-go technique if necessary and revenues available. With pay-as-you-go, as tax increments are collected from the TIF District in future years, a portion of these taxes will be distributed to the developer/owner as reimbursement for public costs incurred that relate to redevelopment of the project site.

The Authority reserves the right to finance any or all public costs of the TIF District using pay-as-you-go assistance, internal funding, general obligation or revenue debt, or any other financing mechanism authorized by law. The Authority also reserves the right to use other sources of revenue legally applicable to the Project Area to pay for such costs including, but not limited to, special assessments, utility revenues, federal or state funds, and investment income.

Section M Estimated Amount of Bonded Indebtedness

The maximum principal amount of bonds (as defined in the TIF Act) secured in whole or part with tax increment from the TIF District is \$586,349. The Authority currently plans to finance the improvement costs through an interfund loan and issuance of bonds but reserves the right to finance the costs in any form, including without limitation any interfund loan with interest not to exceed the maximum permitted under Section 469.178, subd. 7 of the TIF Act.

Section N Original Net Tax Capacity

The County Auditor shall certify the original net tax capacity of the TIF District. This value will be equal to the total net tax capacity of all property in the TIF District as certified by the State Commissioner of Revenue. For districts certified between January 1 and June 30, inclusive, this value is based on the previous assessment year. For districts certified between July 1 and December 31, inclusive, this value is based on the current assessment year.

The Estimated Market Value of all the land within the TIF District as of January 2, 2018, for taxes payable in 2019, is \$163,700 and the estimated original net tax capacity of the TIF District following establishment will be \$1,637. This assumes the property is classified as residential rental.

Each year the County Auditor shall certify the amount that the original net tax capacity has increased or decreased as a result of:

- (1) changes in the tax-exempt status of property;
- (2) reductions or enlargements of the geographic area of the TIF District;
- (3) changes due to stipulation agreements or abatements; or
- (4) changes in property classification rates.

Section O Original Local Tax Rate

The County Auditor shall also certify the original local tax rate of the TIF District. This rate shall be the sum of all local tax rates that apply to property in the TIF District. This rate shall be for the same taxes payable year as the original net tax capacity.

In future years, the amount of tax increment generated by the TIF District will be calculated using the lesser of (a) the sum of the current local tax rates at that time or (b) the original local tax rate of the TIF District.

The sum of all local tax rates that apply to property in the TIF District for taxes levied in 2018 and payable in 2019 is 104.219% as shown below. This rate has been used for purposes of estimating the tax increment generated by the TIF District. If the request for certification is made prior to June 30, 2019, the original local tax rate will be the rate that applies for taxes payable in 2019 and the County Auditor shall certify this amount as the original tax capacity rate of the TIF District.

<u>Taxing Jurisdiction</u>	<u>2018/2019 Local Tax Rate</u>
City of Chaska	27.676%
Carver County	36.488%
ISD # 112	33.631%
Other	6.423%
Total	104.219%

**Section P Projected Retained Captured Net Tax Capacity and
Projected Tax Increment**

The Authority anticipates that the project will begin construction in 2019 and be completed by December 31, 2020, creating a total tax capacity for the TIF District of \$15,750 as of January 2, 2021. The captured tax capacity as of that date is estimated to be \$14,113 and the first-year of tax increment is estimated to be \$14,708 payable in 2022. A complete schedule of estimated tax increment from the TIF District is shown in Exhibit III.

The estimates shown in this TIF Plan assume that residential homestead class rates remain at 1% of estimated market value. The projections also assume a 3% annual increase in market values.

Each year the County Auditor shall determine the current net tax capacity of all property in the TIF District. To the extent that this total exceeds the original net tax capacity, the difference shall be known as the captured net tax capacity of the TIF District.

For communities affected by the fiscal disparity provisions of Minnesota Statutes, Chapter 473F and Chapter 276A, the original net tax capacity of the TIF District shall be determined before the application of fiscal disparity. In subsequent years, the current net tax capacity shall either (a) be determined before the application of fiscal disparity or (b) exclude the product of any fiscal disparity increase in the TIF District (since the original net tax capacity was certified) times the appropriate fiscal disparity ratio. The method the Authority elects shall remain the same for the life of the TIF District, except that a single change may be made at any time from method (a) to method (b) above. The Authority elects method (a), or M.S. Section 469.177, Subdivision 3(a). Residential homestead classification not subject to fiscal disparities calculation.

The County Auditor shall certify to the Authority the amount of captured net tax capacity each year. The Authority may choose to retain any or all of this amount. It is the Authority's intention to retain 100% of the captured net tax capacity of the TIF District. Such amount shall be known as the retained captured net tax capacity of the TIF District.

Exhibit II gives a listing of the various information and assumptions used in preparing a number of the exhibits contained in this TIF Plan, including Exhibit III which shows the projected tax increment generated over the anticipated life of the TIF District.

Section Q Use of Tax Increment

Each year the County Treasurer shall deduct 0.36% of the annual tax increment generated by the TIF District and pay such amount to the State's General Fund. Such amounts will be appropriated to the State Auditor for the cost of financial reporting and auditing of tax increment financing information throughout the state. Exhibit III shows the projected deduction for this purpose over the anticipated life of the TIF District.

The Authority has determined that it will use 100% of the remaining tax increment generated by the TIF District for any of the following purposes:

- (1) pay for the estimated public costs of the TIF District (see Section K) and County administrative costs associated with the TIF District (see Section T);
- (2) pay principal and interest on tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (3) accumulate a reserve securing the payment of tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (4) pay all or a portion of the county road costs as may be required by the County Board under M.S. Section 469.175, Subdivision 1a; or
- (5) return excess tax increments to the County Auditor for redistribution to the City, County and School District.

Tax increments from property located in one county must be expended for the direct and primary benefit of a project located within that county, unless both county boards involved waive this requirement. Tax increments shall not be used to circumvent levy limitations applicable to the Authority.

Tax increment shall not be used to finance 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, or for a commons area used as a public park, or a facility used for social, recreational, or conference purposes. This prohibition does not apply to the construction or renovation of a parking structure or of a privately-owned facility for conference purposes.

If there exists any type of agreement or arrangement providing for the developer, or other beneficiary of assistance, to repay all or a portion of the assistance that was paid or financed with tax increments, such payments shall be subject to all of the restrictions imposed on the use of tax increments. Assistance includes sale of property at less than the cost of acquisition or fair market value, grants, ground or other leases at less than fair market rent, interest rate subsidies, utility service connections, roads, or other similar assistance that would otherwise be paid for by the developer or beneficiary.

Section R Excess Tax Increment

In any year in which the tax increments from the TIF District exceed the amount necessary to pay the estimated public costs authorized by the TIF Plan, the Authority shall use the excess tax increments to:

- (1) prepay any outstanding tax increment bonds;

- (2) discharge the pledge of tax increments thereof;
- (3) pay amounts into an escrow account dedicated to the payment of the tax increment bonds; or
- (4) return excess tax increments to the County Auditor for redistribution to the City, County and School District. The County Auditor must report to the Commissioner of Education the amount of any excess tax increment redistributed to the School District within 30 days of such redistribution.

Section S Tax Increment Pooling and the Five-Year Rule

At least 75% of the tax increments from the TIF District must be expended on activities within the district or to pay for bonds used to finance the estimated public costs of the TIF District (see Section E for additional restrictions). No more than 25% of the tax increments may be spent on costs outside of the TIF District but within the boundaries of the Project Area, except to pay debt service on credit enhanced bonds. All administrative expenses are considered to have been spent outside of the TIF District. Tax increments paid by properties in the TIF District are considered to have been spent within the TIF District if such amounts are:

- (1) actually paid to a third party for activities performed within the TIF District within five years after certification of the district;
- (2) used to pay bonds that were issued and sold to a third party, the proceeds of which are reasonably expected on the date of issuance to be spent within the later of the five-year period or a reasonable temporary period or are deposited in a reasonably required reserve or replacement fund.
- (3) used to make payments or reimbursements to a third party under binding contracts for activities performed within the TIF District, which were entered into within five years after certification of the district; or
- (4) used to reimburse a party for payment of eligible costs (including interest) incurred within five years from certification of the district.

Beginning with the sixth year following certification of the TIF District, at least 75% of the tax increments must be used to pay outstanding bonds or make contractual payments obligated within the first five years. When outstanding bonds have been defeased and sufficient money has been set aside to pay for such contractual obligations, the TIF District must be decertified.

The Authority anticipates that an eligible portion of tax increments will be spent outside the TIF District (including allowable administrative expenses), and such expenditures are expressly authorized in this TIF Plan.

Section T Limitation on Administrative Expenses

Administrative expenses are defined as all costs of the Authority 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 project;
- (3) relocation benefits paid to or services provided for persons residing or businesses located in the project;

- (4) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to 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).

Administrative expenses include amounts paid for services provided by bond counsel, fiscal consultants, planning or economic development consultants, and actual costs incurred by the County in administering the TIF District. Tax increments may be used to pay administrative expenses of the TIF District up to the lesser of (a) 10% of the total tax increment expenditures authorized by the TIF Plan or (b) 10% of the total tax increments received by the TIF District.

Section U Limitation on Property Not Subject to Improvements - Four Year Rule

If after four years from certification of the TIF District no demolition, rehabilitation, renovation, or qualified improvement of an adjacent street has commenced on a parcel located within the TIF District, then that parcel shall be excluded from the TIF District and the original net tax capacity shall be adjusted accordingly. Qualified improvements of a street are limited to construction or opening of a new street, relocation of a street, or substantial reconstruction or rebuilding of an existing street. The Authority must submit to the County Auditor, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

If a parcel is excluded from the TIF District and the Authority or owner of the parcel subsequently commences any of the above activities, the Authority shall certify to the County Auditor that such activity has commenced, and the parcel shall once again be included in the TIF District. The County Auditor shall certify the net tax capacity of the parcel, as most recently certified by the Commissioner of Revenue, and add such amount to the original net tax capacity of the TIF District.

Section V Estimated Impact on Other Taxing Jurisdictions

Exhibit IV shows the estimated impact on other taxing jurisdictions if the maximum projected retained captured net tax capacity of the TIF District was hypothetically available to the other taxing jurisdictions. The Authority believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since the proposed development would not have occurred without the establishment of the TIF District and the provision of public assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified and the development therein becomes part of the general tax base.

The fiscal and economic implications of the proposed tax increment financing district, as pursuant to Minnesota Statutes, Section 469.175, Subdivision 2, are listed below.

1. The total amount of tax increment that will be generated over the life of the district is estimated to be \$588,468.
2. To the extent the project in TIF District 22 generates any public cost impacts on city-provided services such as police and fire protection, public infrastructure, and the impact of any general obligation tax increment bonds attributable to the district upon the ability to issue other debt for general fund purposes, such costs will be levied upon the taxable net tax capacity of the City, excluding that portion captured by the District. The City anticipates issuing General Obligation TIF Bonds to finance a portion of the redevelopment costs.
3. 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 estimated to be \$189,898.

4. 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 estimated to be \$206,031.
5. No additional information has been requested by the county or school district that would enable it to determine additional costs that will accrue to it due to the development proposed for the district.

Section W Prior Planned Improvements

The City shall accompany its request for certification to the County Auditor (or notice of district enlargement), with a listing of all properties within the TIF District for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan. The County Auditor shall increase the original net tax capacity of the TIF District by the net tax capacity of each improvement for which a building permit was issued.

There have been no building permits issued in the last 18 months in conjunction with any of the properties within the TIF District.

Section X Development Agreements

If within a project containing a redevelopment district, more than 25% of the acreage of the property to be acquired by the Authority is purchased with tax increment bonds proceeds (to which tax increment from the property is pledged), then prior to such acquisition, the Authority must enter into an agreement for the development of the property. Such agreement must provide recourse for the Authority should the development not be completed.

The Authority anticipates entering into an agreement for development and anticipates acquiring property located within the TIF District.

Section Y Assessment Agreements

The Authority may, upon entering into a development agreement, also enter into an assessment agreement with the developer, which establishes a minimum market value of the land and improvements for each year during the life of the TIF District.

The assessment agreement shall be presented to the County or City Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land, and so long as the minimum market value contained in the assessment agreement appears to be an accurate estimate, shall certify the assessment agreement as reasonable. The assessment agreement shall be filed for record in the office of the County Recorder of each county where the property is located. Any modification or premature termination of this agreement must first be approved by the City, County and School District.

The Authority anticipates entering into an assessment agreement and reserves the right to enter into an assessment agreement for individual projects.

Section Z Modifications of the Tax Increment Financing Plan

Any reduction or enlargement in the geographic area of the Project Area or the TIF District; a determination to capitalize interest on the debt if that determination was not part of the original TIF Plan, increase in the portion of the captured net tax capacity to be retained by the Authority; increase in the total estimated public costs; or designation of property to be acquired by the Authority shall be approved only after satisfying all the necessary requirements for approval of the original TIF Plan. This paragraph does not apply if:

- (1) the only modification is elimination of parcels from the TIF District; and
- (2) the current net tax capacity of the parcels eliminated equals or exceeds the net tax capacity of those parcels in the TIF District's original net tax capacity, or the Authority agrees that the TIF District's original net tax capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

The Authority must notify the County Auditor of any modification that reduces or enlarges the geographic area of the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

Section AA Administration of the Tax Increment Financing Plan

Upon adoption of the TIF Plan, the Authority shall submit a copy of such plan to the Minnesota Department of Revenue and the Office of the State Auditor. The Authority shall also request that the County Auditor certify the original net tax capacity and net tax capacity rate of the TIF District. To assist the County Auditor in this process, the Authority shall submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements. The Authority shall also send the County Assessor any assessment agreement establishing the minimum market value of land and improvements in the TIF District and shall request that the County Assessor review and certify this assessment agreement as reasonable.

The County shall distribute to the Authority the amount of tax increment as it becomes available. The amount of tax increment in any year represents the applicable property taxes generated by the retained captured net tax capacity of the TIF District. The amount of tax increment may change due to development anticipated by the TIF Plan, other development, inflation of property values, or changes in property classification rates or formulas. In administering and implementing the TIF Plan, the following actions should occur on an annual basis:

- (1) prior to July 1, the Authority shall notify the County Assessor of any new development that has occurred in the TIF District during the past year to ensure that the new value will be recorded in a timely manner.
- (2) if the County Auditor receives the request for certification of a new TIF District, or for modification of an existing TIF District, before July 1, the request shall be recognized in determining local tax rates for the current and subsequent levy years. Requests received on or after July 1 shall be used to determine local tax rates in subsequent years.
- (3) each year the County Auditor shall certify the amount of the original net tax capacity of the TIF District. The amount certified shall reflect any changes that occur as a result of the following:
 - (a) the value of property that changes from tax-exempt to taxable shall be added to the original net tax capacity of the TIF District. The reverse shall also apply;
 - (b) the original net tax capacity may be modified by any approved enlargement or reduction of the TIF District;
 - (c) if laws governing the classification of real property cause changes to the percentage of estimated market value to be applied for property tax purposes, then the resulting increase or decrease in net tax capacity shall be applied proportionately to the original net tax capacity and the retained captured net tax capacity of the TIF District.

The County Auditor shall notify the Authority of all changes made to the original net tax capacity of the TIF District.

Section AB Filing TIF Plan, Financial Reporting and Disclosure Requirements

The Authority will file the TIF Plan, and any subsequent amendments thereto, with the Commissioner of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes, Section 469.175, subdivision 4a. The Authority will comply with all reporting requirements for the TIF District under Minnesota Statutes, Section 469.175, subdivisions 5 and 6.

MAP OF TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 22
within Redevelopment Project No. 4



Assumptions Report

City of Chaska, Minnesota
Tax Increment Financing (Redevelopment) District No. 22
Proposed Ernst House Redevelopment
Draft TIF Plan Exhibits: 7 units valued at \$225,000/unit

Type of Tax Increment Financing District Redevelopment
Maximum Duration of TIF District 25 years from 1st increment

Projected Certification Request Date 10/30/19
Decertification Date 12/31/47 (26 Years of Increment)

	<u>2019/2020</u>
Base Estimated Market Value *	\$163,700
Parcels: 30.0502740	
30.0502750	
30.0502760	

Original Net Tax Capacity * \$1,637

	Assessment/Collection Year			
	2019/2020	2020/2021	2021/2022	2022/2023
Base Estimated Market Value	\$163,700	\$163,700	\$163,700	\$163,700
Increase in Estimated Market Value	0	0	1,411,300	1,458,550
Total Estimated Market Value	163,700	163,700	1,575,000	1,622,250
Total Net Tax Capacity	\$1,637	\$1,637	\$15,750	\$16,223

City of Chaska	27.676%
Carver County	36.488%
ISD	33.631%
Other (TAG 3005/3006)	6.423%
Local Tax Capacity Rate	104.219% 2018/2019

Fiscal Disparities Contribution From TIF District	NA
Administrative Retainage Percent (maximum = 10%)	10.00%
Pooling Percent	0.00%

<u>Bonds</u>	<u>Note</u>	
Bonds Dated	Note Dated	08/01/19
Bond Issue @ 0.00% (NIC)	Note Rate	3.00%
Eligible Project Costs	Note Amount	\$355,000
Present Value Date & Rate	08/01/19 3.00%	Present Value Amount \$322,859

Notes

Assumptions assume no change to future tax rates, class rates, and a 3% annual MV inflator is assumed
Calculations include payable 2019 final tax capacity rates
Total EMV upon completion based on City estimate for new development
* Base EMV based on assumptions for existing land and building value

Projected Tax Increment Report

City of Chaska, Minnesota
 Tax Increment Financing (Redevelopment) District No. 22
 Proposed Ernst House Redevelopment
 Draft TIF Plan Exhibits: 7 units valued at \$225,000/unit
 Fiscal Disparities Contribution Not Included

Annual Period Ending (1)	Total Estimated Market Value (2)	Total Net Tax Capacity (3)	Less: Original Net Tax Capacity (4)	Retained Captured Net Tax Capacity (5)	Times: Tax Capacity Rate (6)	Annual Gross Tax Increment (7)	Less: State Aud. Deduction 0.360% (8)	Subtotal Net Tax Increment (9)	Less: Admin. Retainage 10.00% (10)	Annual Net Revenue (11)	P.V. Annual Net Rev. To 08/01/19 3.00%	P.V. Annual Retainage To 08/01/19 3.00%
12/31/19	163,700	1,637	1,637	0	104.219%	0	0	0	0	0	0	0
12/31/20	163,700	1,637	1,637	0	104.219%	0	0	0	0	0	0	0
12/31/21	163,700	1,637	1,637	0	104.219%	0	0	0	0	0	0	0
12/31/22	1,575,000	15,750	1,637	14,113	104.219%	14,708	53	14,655	1,466	13,189	12,010	1,335
12/31/23	1,622,250	16,223	1,637	14,586	104.219%	15,201	55	15,146	1,515	13,631	12,051	1,339
12/31/24	1,670,918	16,709	1,637	15,072	104.219%	15,708	57	15,651	1,565	14,086	12,091	1,343
12/31/25	1,721,045	17,210	1,637	15,573	104.219%	16,230	58	16,172	1,617	14,555	12,130	1,348
12/31/26	1,772,676	17,727	1,637	16,090	104.219%	16,769	60	16,709	1,671	15,038	12,167	1,352
12/31/27	1,825,857	18,259	1,637	16,622	104.219%	17,323	62	17,261	1,726	15,535	12,203	1,356
12/31/28	1,880,632	18,806	1,637	17,169	104.219%	17,894	64	17,830	1,783	16,047	12,238	1,360
12/31/29	1,937,051	19,371	1,637	17,734	104.219%	18,482	67	18,415	1,842	16,573	12,271	1,364
12/31/30	1,995,163	19,952	1,637	18,315	104.219%	19,087	69	19,018	1,902	17,116	12,304	1,367
12/31/31	2,055,018	20,550	1,637	18,913	104.219%	19,711	71	19,640	1,964	17,676	12,337	1,371
12/31/32	2,116,668	21,167	1,637	19,530	104.219%	20,354	73	20,281	2,028	18,253	12,368	1,374
12/31/33	2,180,168	21,802	1,637	20,165	104.219%	21,015	76	20,939	2,094	18,845	12,398	1,378
12/31/34	2,245,573	22,456	1,637	20,819	104.219%	21,697	78	21,619	2,162	19,457	12,427	1,381
12/31/35	2,312,941	23,129	1,637	21,492	104.219%	22,399	81	22,318	2,232	20,086	12,455	1,384
12/31/36	2,382,329	23,823	1,637	22,186	104.219%	23,122	83	23,039	2,304	20,735	12,483	1,387
12/31/37	2,453,799	24,538	1,637	22,901	104.219%	23,867	86	23,781	2,378	21,403	12,510	1,390
12/31/38	2,527,413	25,274	1,637	23,637	104.219%	24,634	89	24,545	2,455	22,090	12,536	1,393
12/31/39	2,603,235	26,032	1,637	24,395	104.219%	25,424	92	25,332	2,533	22,799	12,561	1,396
12/31/40	2,681,332	26,813	1,637	25,176	104.219%	26,238	94	26,144	2,614	23,530	12,586	1,398
12/31/41	2,761,772	27,618	1,637	25,981	104.219%	27,077	97	26,980	2,698	24,282	12,610	1,401
12/31/42	2,844,625	28,446	1,637	26,809	104.219%	27,940	101	27,839	2,784	25,055	12,633	1,404
12/31/43	2,929,964	29,300	1,637	27,663	104.219%	28,830	104	28,726	2,873	25,853	12,655	1,406
12/31/44	3,017,863	30,179	1,637	28,542	104.219%	29,746	107	29,639	2,964	26,675	12,678	1,409
12/31/45	3,108,399	31,084	1,637	29,447	104.219%	30,689	110	30,579	3,058	27,521	12,699	1,411
12/31/46	3,201,651	32,017	1,637	30,380	104.219%	31,661	114	31,547	3,155	28,392	12,719	1,413
12/31/47	3,297,700	32,977	1,637	31,340	104.219%	32,662	118	32,544	3,254	29,290	12,739	1,415
						\$588,468	\$2,119	\$586,349	\$58,637	\$527,712	\$322,859	\$35,875

(1) value based on value estimates provided by City and County staff and future buildout assumptions (7 rental housing units valued at \$225,000/unit) and 3% annual mv inflator

(2) tax capacity based on residential homestead rate of 1% for value up to \$500,000 (per unit)

(3) original net tax capacity will be based on existing land and building value upon sale to private developer

(4) combined local tax capacity rate of City of Chaska, School District, and Carver County for payable 2019 (TAG 3005/3006)

Estimated Impact on Other Taxing Jurisdictions Report

City of Chaska, Minnesota

Tax Increment Financing (Redevelopment) District No. 22

Proposed Ernst House Redevelopment

Draft TIF Plan Exhibits: 7 units valued at \$225,000/unit

Taxing Jurisdiction	Without Project or TIF District		With Project and TIF District						
	2018/2019 Taxable Net Tax Capacity (1)	2018/2019 Local Tax Rate	2018/2019 Taxable Net Tax Capacity (1)	+ Projected Retained Captured Net Tax Capacity	=	New Taxable Net Tax Capacity	Hypothetical Adjusted Local Tax Rate (*)	Hypothetical Decrease In Local Tax Rate (*)	Hypothetical Tax Generated by Retained Captured N.T.C. (*)
City of Chaska	29,367,561	27.676%	29,367,561	\$31,340		29,398,901	27.647%	0.030%	8,664
Carver County	140,664,214	36.488%	140,664,214		31,340	140,695,554	36.480%	0.008%	11,433
ISD	81,718,870	33.631%	81,718,870		31,340	81,750,210	33.618%	0.013%	10,536
Other (2)	---	6.423%	---		31,340	---	6.423%	---	---
Totals		104.219%					104.168%	0.051%	

*** Statement 1:** If the projected Retained Captured Net Tax Capacity of the TIF District was hypothetically available to each of the taxing jurisdictions above, the result would be a lower local tax rate (see Hypothetical Adjusted Tax Rate above) which would produce the same amount of taxes for each taxing jurisdiction. In such a case, the total local tax rate would decrease by 0.051% (see Hypothetical Decrease in Local Tax Rate above). The hypothetical tax that the Retained Captured Net Tax Capacity of the TIF District would generate is also shown above.

Statement 2: Since the projected Retained Captured Net Tax Capacity of the TIF District is not available to the taxing jurisdictions, then there is no impact on taxes levied or local tax rates.

(1) Taxable net tax capacity = total net tax capacity - captured TIF - fiscal disparity contribution, if applicable.

(2) The impact on these taxing jurisdictions is negligible since they represent only 6.16% of the total tax rate.

Market Value Analysis Report

City of Chaska, Minnesota

Tax Increment Financing (Redevelopment) District No. 22

Proposed Ernst House Redevelopment

Draft TIF Plan Exhibits: 7 units valued at \$225,000/unit

<u>Assumptions</u>			
Present Value Date		10/30/19	
P.V. Rate - Gross T.I.		3.00%	
Increase in EMV With TIF District		\$3,037,951	
Less: P.V of Gross Tax Increment		362,676	
Subtotal		\$2,675,275	
Less: Increase in EMV Without TIF		0	
Difference		\$2,675,275	
	Year	Annual Gross Tax Increment	Present Value @ 3.00%
1	2022	14,708	13,492
2	2023	15,201	13,538
3	2024	15,708	13,582
4	2025	16,230	13,625
5	2026	16,769	13,667
6	2027	17,323	13,708
7	2028	17,894	13,747
8	2029	18,482	13,785
9	2030	19,087	13,822
10	2031	19,711	13,858
11	2032	20,354	13,893
12	2033	21,015	13,927
13	2034	21,697	13,960
14	2035	22,399	13,992
15	2036	23,122	14,023
16	2037	23,867	14,053
17	2038	24,634	14,082
18	2039	25,424	14,110
19	2040	26,238	14,138
20	2041	27,077	14,165
21	2042	27,940	14,191
22	2043	28,830	14,216
23	2044	29,746	14,241
24	2045	30,689	14,264
25	2046	31,661	14,287
26	2047	32,662	14,310
		\$588,468	\$362,676

REDEVELOPMENT QUALIFICATIONS FOR THE DISTRICT

EXECUTIVE SUMMARY**PURPOSE OF EVALUATION**

LHB was hired by the City of Chaska to inspect and evaluate the properties within a Tax Increment Financing Redevelopment District ("TIF District") proposed to be established by the City. The proposed TIF District is located on three parcels as shown below (Diagram 1). The purpose of LHB's work was to determine whether the proposed TIF District meets the statutory requirements for coverage, and whether the two buildings on three parcels, located within the proposed TIF District, meets 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) structure.

The buildings received an on-site interior and exterior inspection on December 28, 2018. Building code and Condition Deficiency reports 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 72.3 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 throughout the geographic area of the proposed TIF District.

THIES & TALLE

ENTERPRISES, INC

December 12, 2018

City of Chaska
1 City Hall Plaza
Chaska, MN 55318
Attn.: Mr. Nate Kabat, Asst. City Administrator and Mr. Matt Podhradsky, City Administrator

Re: The Ernst House property

Dear Mr. Kabat:

This letter of intent ("Letter of Intent") sets forth the basic terms and conditions upon which the undersigned would purchase the above-captioned property located in Chaska, Minnesota:

1. Seller: City of Chaska, Minnesota.
2. Buyer: Talle & Associates, Inc., or its assignee.
3. Title Company: First American Title Insurance Company.
4. Property: The land ("Land") and building ("Building") having an address of 211 North Walnut Street, Chaska, Minnesota, and any improvements and personalty owned by Seller located thereon (collectively, the "Property").
5. Price: \$20,000, payable \$2,000 as earnest money to an interest-bearing trust account of the Title Company upon execution of the definitive purchase agreement, (the "Agreement") and the balance at closing.
6. Contingencies/Due Diligence: Buyer shall have one hundred twenty (120) days after the execution of the Agreement to complete its due diligence, with two (2) sixty (60) day extensions, at Buyer's option, if needed. The Agreement shall provide that closing will be contingent upon:
 - a. Buyer's determination that all aspects of the Property are acceptable to Buyer, in its sole discretion, including all improvements thereon, and including, without limitation, status of title; survey results; zoning classification of the Property; availability and adequacy of all utilities; availability and receipt of all approvals and permits from the municipality and all necessary county, state and federal agencies as required for Buyer's intended use of the Property; rezoning of the Property and receipt of special land use approval, if needed, for the Buyer's intended use of the Property; the economic suitability and feasibility of the Property for the Buyer's intended use; availability of financing acceptable to Buyer; availability of sufficient parking to serve Buyer's intended use; review and

THIES & TALLE ENTERPRISES, INC

952.949.2200 phone

952.949.0331 fax

470 West 78th Street, Suite 260

Chaska, MN 55318

thiestalle.com

acceptance of environmental and geotechnical inspections; review and acceptance of the physical condition of the Property, including subsurface conditions; availability of adequate access to the Property by public or private roadway or acceptable easements; and review and approval of such other matters as Buyer shall deem necessary for its intended use of the Property.

- b. Seller's delivery to Buyer, at Seller's expense, of a geotechnical study of the Land (including, but not limited to, soil quality and buried objects) within 30 days after the date of execution of this Letter of Intent, which must be certified to Buyer and Buyer's lender (if any) for reliance thereon and updated to a date within six (6) months of closing.
- c. Seller's delivery to Buyer, at Seller's expense, of an ALTA/ACSM Land Title Survey, to be certified to Buyer, Buyer's lender (if any) and the Title Company, to include Table A Items 1, 2, 3, 4 (in square feet or acres), 6(a), 6(b), 7(a), 7(b)(1), 7(b)(2), 7(c), 8, 9, 10(a) and 10(b), 11(b), 13, 16, 17, 18, 19, within 30 days after the date of execution of this Letter of Intent.
- d. Seller's delivery to Buyer, at Seller's expense, of a current Commitment for Title Insurance issued by the Title Company with respect to the Property within 10 days after the date of execution of this Letter of Intent. Seller shall deliver good and marketable title to the Property to Buyer by Limited/Special Warranty Deed and Buyer shall take title to the Property subject to the Permitted Encumbrances to be described in the Agreement.
- e. Seller's delivery to Buyer, at Seller's expense, of a Phase I Environmental Audit of the Property, within 60 days after the date of execution of this Letter of Intent, which must be certified to Buyer and Buyer's lender (if any) for reliance thereon and updated to a date within six (6) months of closing. The Property must be free of oil, hazardous substances and contamination of any kind at closing. Seller shall be responsible for any remediation, removal or other environmental clean-up required by law in order to meet clean-up standards for unrestricted use of the Property, as well as for the removal of any and all underground and above-ground storage tanks, pumps, lines and any other components of fuel and/or oil delivery and storage systems located on the Property, if any.
- f. Seller's agreement to waive all building permits and fees in connection with the initial development of the Property, which obligation shall survive termination of the Agreement, and which shall include, but is not limited to: Building Plan Review and Permits, Mechanical Plan Review and Permits, Electrical Plan Review and Permits, Plumbing Plan Review and Permits, and Utility Fees for connections and relocations and easements, Fees for Right-Of-Way work (sidewalks, streets, etc.), and SAC/WAC charges.
- g. Seller's agreement to pay for any stormwater management design and installation charges in excess of current capacity in the event stormwater management is required for the Property's intended development, which obligation shall survive termination of the Agreement; provided, however, Seller agrees to impose only the standard minimum requirements with respect to stormwater retention and/or rate control.

- h. Buyer's obtaining a loan grant in the amount of \$100,000 pursuant to the Storefront Loan Program.
- i. Seller's hiring, at Seller's expense, a consultant with expertise in historic preservation tax credits and the process for registration/approval of the Property by the State/Federal Historic Preservation Office (SHPO) in order to assist the parties with assessing the feasibility of registering the Property, and all aspects/phases of the process to obtain the benefit of historic tax credits; provided, however, the closing shall not be contingent on Buyer's obtaining historic tax credits if Buyer, in its sole discretion, determines that Buyer's development plans are not economically advantageous given the requirements imposed by SHPO to complete the process to obtain the tax credits.
- j. Seller's providing assistance to Buyer with respect to the development planning and approvals process involving the City Council and Planning Commission. Buyer and Seller shall cooperate in achieving necessary governmental approvals for Buyer's intended use and development of the Property.
- k. Seller's resolution, at Seller's expense and to Buyer's reasonable satisfaction, of any issues related to utility easements/encroachments, including without limitation, the gas line located on the Property and the electric poles and transformer in the alley adjoining the Property, which obligation shall survive termination of the Agreement.
- l. Seller's cooperation with Buyer to allow Buyer and Buyer's contractors and consultants the ability to provide input and feedback with respect to any Seller deliverables (including scope and process) under the Agreement.
- m. Seller's agreement to pay for the cost of waterproofing of the basement of the Building, which obligation shall survive termination of the Agreement.

The parties agree that any of the foregoing obligations that survive closing may be addressed in a Development Agreement to be executed at closing by the parties, the form of which shall be attached as an exhibit to the Agreement.

7. Buyer may, at Buyer's sole risk and expense, access the Property to perform any due diligence activities following the execution of this Letter of Intent; provided that Buyer delivers to Seller satisfactory evidence of liability insurance and Buyer agrees to indemnify, defend and hold Seller harmless from and against any and all claims and liabilities to the extent arising out of Buyer's negligence or willful misconduct at the Property.

8. Closing: Within 30 days after the above contingencies have been satisfied.

9. Closing Costs: The Agreement shall provide for prorations and allocation of costs in accordance with local custom.

10. Representations and Warranties: Customary.

11. Brokers: It is understood that conditioned upon the closing, Seller shall pay a brokerage commission per separate agreement to Seller's broker in connection with this

transaction and that Seller shall either pay Buyer's broker directly or shall ensure that Seller's broker pays Buyer's broker the requisite commission upon closing.

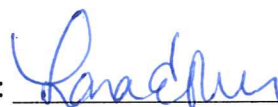
12. Purchase Agreement: Seller and Buyer agree to negotiate in good faith towards the execution of the Agreement incorporating the terms of this Letter of Intent on or before the date thirty (30) days after Seller executes this Letter of Intent and delivers an executed copy to the undersigned. If the parties have not executed the Agreement on or before such date, this Letter of Intent shall be automatically null and void and neither party shall have any liability hereunder. If Seller executes this Letter of Intent, Seller agrees to not entertain any offers by others unless the Agreement between Seller and Buyer is not executed on or before the aforementioned date. This Letter of Intent is not binding except for the agreement to negotiate in good faith, and Seller's agreement not to entertain other offers as set forth in this paragraph. It is also understood that, prior to the execution of an Agreement, any action or inaction on the part of any party shall be at the sole risk of the party taking or omitting to take any such action. Buyer's attorney will be the party responsible for preparing the initial draft of the Agreement.

13. Effective Date. This Letter of Intent shall not be effective unless executed by Seller and Buyer and Seller delivers a countersigned copy to Buyer within 5 (five) days after the date stated at the beginning of this letter.

If the terms and conditions described above are acceptable, please sign in the space provided below and deliver it to the undersigned at lruess@thiestalle.com. We look forward to a successful consummation of this transaction.

Very truly yours,

Talle & Associates, Inc.

By: 
 Laura Russ
 Its: Vice-President

AGREED AND ACCEPTED THIS ____ DAY OF DECEMBER, 2018

City of Chaska, Minnesota

By: 
 Its: City Administrator

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

TIF District No. 22: Ernst House Redevelopment Chaska, Minnesota



February 18, 2019

Prepared For the
City of Chaska

Prepared by:



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

LHB Project No. 181003

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PART 1 – EXECUTIVE SUMMARY

PURPOSE OF EVALUATION

LHB was hired by the City of Chaska 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 3rd Street East, Walnut Street North and 2nd Street East (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 and one (1) right-of-way parcel, located within the proposed TIF District, meet the qualifications required for a Redevelopment District.



Diagram 1 – Proposed TIF District

SCOPE OF WORK

The proposed TIF District consists of three (3) parcels and one (1) right-of-way parcel with one (1) building. One (1) building was inspected on December 28, 2018. A Building Code and Condition Deficiency report for the building that was inspected is located in Appendix B.

CONCLUSION

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

- The proposed TIF District has a coverage calculation of 72.3 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 11 of the 2015 Minnesota Residential Code incorporates Minnesota Rules, Chapters, 1322 and 1323 *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 December 28, 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 72.3 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 Chaska, 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

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	300502740	217 Walnut St N	Vacant	Exterior	8,276	0	0.0%	0	0					
B	300502750	211 Walnut St N	Improved	Interior/Exterior	8,276	3,634	43.9%	8,276	1	\$221,832	\$33,275	\$61,007	1	1
C	300502760	207 Walnut St N	Improved	Exterior	8,276	7,952	96.1%	8,276	0					
D	ROW	NA	Improved	Exterior	5,003	5,003	100.0%	5,003	0					
TOTALS					29,832	Total Coverage Percent:		21,555	1				1	1
													100.0%	100.0%
													Percent of buildings determined substandard:	
O:\18Proj\181003\400 Design\406 Reports\Final Report\[181003 Ernst House Redevelopment TIF District Summary Sheet.xlsx]Property Info														100.0%

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APPENDIX B

Building Code, Condition Deficiency and Context Analysis Reports

TIF District No. 22: Ernst House Redevelopment

Building Code, Condition Deficiency and Context Analysis Report

Parcel No. & Building Name: B Ernst House
Address: 211 Walnut St N. Chaska, MN 55318
Parcel ID: 300502750
Inspection Date(s) & Time(s): December 28, 2018 1:00 PM
Inspection Type: Interior and Exterior
Summary of Deficiencies: It is our professional opinion that this building is Substandard because:
- Substantial renovation is required to correct Conditions found.
- Building Code deficiencies total more than 15% of replacement cost, NOT including energy code deficiencies.

Estimated Replacement Cost: \$221,832
Estimated Cost to Correct Building Code Deficiencies: \$61,007
Percentage of Replacement Cost for Building Code Deficiencies: 27.5%

Defects in Structural Elements

1. Porch roof has failed and should be repaired/replaced to comply with code.

Combination of Deficiencies

1. Essential Utilities and Facilities
 - a. There is no code-required potable water connected to the house.
 - b. There is no code-required electrical service connected to the house.
 - c. Bathrooms do not comply with code for proper fixture spacing.
2. Light and Ventilation
 - a. The HVAC system does not comply with code.
 - b. Electrical wiring is not code-compliant.
3. Fire Protection/Adequate Egress
 - a. There are no code-required smoke detectors in the building.
 - b. There are no code-required Ground Fault Circuit Interrupters in the building.
 - c. There are no code-required Arc Fault Circuit Interrupters in the building.
 - d. There are no code-required carbon monoxide detectors in the building.
 - e. There is no code-compliant safe way to exit the building.
4. Layout and Condition of Interior Partitions/Materials
 - a. Interior walls are damaged and should be repaired/repainted.
 - b. Interior ceilings are damaged and should be repaired/repainted.
 - c. Interior wood flooring should be re-sanded and finished.
 - d. Wooden baseboards are missing.
 - e. Basement stairway does not comply with code.
 - f. Second floor stairway does not comply with code.

5. Exterior Construction

- a. Exterior brick and mortar are cracked and/or missing, allowing for water intrusion, contrary to code.
- b. The front porch has not been finished.
- c. Windows have failed, allowing for water intrusion, contrary to code.
- d. Metal gutters should be repainted.
- e. All exposed exterior wood should be repainted.
- f. The exterior stairway leading to the second floor is missing and should be re-installed.
- g. Roofing material has failed, allowing for water intrusion, contrary to code.

Description of Code Deficiencies

1. Code-required potable water should be connected to the building.
2. Code-required electrical service should be connected to the building.
3. Bathrooms should be modified to comply with code for proper fixture spacing.
4. The HVAC system does not comply with code.
5. Electrical wiring does not comply with code.
6. Code-required smoke detectors should be installed.
7. There are no code-required GFCI's in the building.
8. There are no code-required AFCI's in the building.
9. There are no code-required carbon monoxide detectors in the building.
10. There is no code-required safe way to exit the building.
11. The basement stairway does not comply with code.
12. The second-floor stairway does not comply with code.
13. Exterior brick and mortar should be repaired/replaced to prevent water intrusion, per code.
14. The roof over the front porch should be repaired to comply with code.
15. Failed windows should be replaced to prevent water intrusion per code.
16. Failed roofing material should be removed and replaced to prevent water intrusion, per code.

Overview of Deficiencies

This historical brick residence was moved to its current location several years ago. There is no code-required electrical service or potable water connected to the building. The exterior brick and mortar should be repaired to prevent water intrusion per code. Exterior wood surfaces should be repainted. The front porch is damaged and should be repaired/replaced to create a code-required safe environment. There is no code-compliant HVAC system in the building. Electrical wiring is not code-compliant. Interior walls and ceilings should be repaired/repainted. Interior stairways do not comply with code. Bathrooms fail to comply with code for proper spacing of fixtures. Windows have failed allowing for water intrusion, contrary to code. Roofing material has failed allowing for water intrusion, contrary to code.

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APPENDIX C

Building Replacement Cost Reports
Code Deficiency Cost Reports
Photographs

TIF District No. 22: Ernst House Redevelopment

Replacement Cost Report

RSMeans data
from **BORDIAN**

Square Foot Cost Estimate Report

Date:

1/2/2019

Estimate Name:

211 Walnut Street North

City of Chaska

211 Walnut Street North , Chaska , Minnesota ,
55318

Building Type:

Average 2 Story with Brick Veneer - Wood Frame

Location:

CHASKA, MN

Story Count:

2

Story Height (L.F.):

8

Floor Area (S.F.):

1608

Labor Type:

RES

Basement Included:

No

Data Release:

Year 2019

Cost Per Square Foot:

\$137.94

Building Cost:

\$221,832.63



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
01 Site Work	1.52%	1.91	3,074.12
Footing excavation, building, 26' x 46', 4' deep		1.91	3,074.12
02 Foundation	12.15%	15.24	24,499.66
Footing systems, 10" thick by 20" wide footing		1.72	2,765.04
Block wall systems, 8" wall, grouted, full height		6.02	9,677.10
Block wall systems, 8" wall, grouted, full height		5.27	8,467.47
Floor slab systems, 4" thick slab		2.23	3,590.05
03 Framing	13.74%	17.22	27,706.44
Floor framing systems, 2" x 10", 16" OC		4.88	7,853.18
Floor framing, wood joists, #2 or better, pine, 2" x 8", 16" OC		1.06	1,709.79
Floor framing, bridging, wood 1" x 3", joists 16" OC		0.20	328.68
Box sills, #2 or better pine, 2" x 8"		0.16	257.02
Girders, including lally columns, 3 pieces spiked together, 2" x 8"		0.86	1,388.52
Exterior wall framing systems, 2" x 6", 16" OC		6.51	10,463.56
Exterior wall framing systems, 2" x 6", 16" OC		0.31	495.68
Partition framing systems, 2" x 4", 16" OC		3.24	5,210.01
04 Exterior Walls	22.10%	27.72	44,567.96
Brick/stone veneer systems, select common brick		17.23	27,705.84
Non-rigid insul, batts, fbgl, kraft faced, 6" thick, R19, 15" wide		1.02	1,643.53
Non-rigid insul, batts, fbgl, kraft faced, 12" thick, R38, 15" wide		0.81	1,301.13
Double hung window systems, builder's quality wood window 2' x 3'		7.06	11,355.02
Door systems, solid core birch, flush, 3' x 6'-8"		1.23	1,970.30
Storm door, al, combination, storm & screen, anodized, 3'-0" x 6'-8"		0.37	592.14
05 Roofing	2.25%	2.82	4,528.12
Gable end roofing, asphalt, roof shingles, class A		2.82	4,528.12

06 Interiors	25.14%	31.52	50,693.79
Wall system, 1/2" drywall, taped & finished		9.44	15,184.62
1/2" gypsum wallboard, taped & finished ceilings		2.83	4,548.57
Birch, flush door, hollow core, interior		5.01	8,051.99
Closet door, bi-fold, pine, louvered, 6'-0" x 6'-8"		4.47	7,190.41
Resilient flooring, vinyl sheet goods, backed, .070" thick, maximum		1.05	1,694.40
Resilient flooring, prefinished, oak, 2-1/2" wide		3.97	6,385.77
Resilient flooring, sleepers, treated, 16" OC, 1" x 3"		0.55	889.30
Resilient flooring, subfloor, plywood, 1/2" thick		0.88	1,420.13
Stairways 14 risers, oak treads, box stairs		2.56	4,114.49
Basement stairs, open risers		0.76	1,214.11
07 Specialties	5.28%	6.62	10,640.68
Kitchen, average grade		4.53	7,280.71
Sinks, stainless steel, single bowl 22" x 25"		1.14	1,838.32
Water heater, electric, 40 gallon		0.95	1,521.65
08 Mechanical	2.75%	3.44	5,539.54
Three fixture bathroom installed with vanity		3.36	5,410.44
Thermostat, manual, 1 set back		0.08	129.10
09 Electrical	3.97%	4.98	8,013.68
200 amp electric service		1.34	2,149.21
Duplex receptacles using non-metallic sheathed cable		0.35	561.52
Wiring device systems, average to 1200 S.F.		2.44	3,929.89
Light fixture systems, average to 1200 S.F.		0.85	1,373.06
10 Additional Features	11.11%	13.93	22,402.04
1.00-Additional kitchen adjustment		6.39	10,268.00
1.00-Additional bath adjustment		5.04	8,111.00
1.00-Additional entry & exit adjustment		1.12	1,804.00
1608-Heating systems, hot water		1.38	2,219.04
SubTotal	100%	\$125.40	\$201,666.03
Contractor Fees (General Conditions,Overhead,Profit)	10.00%	\$12.54	\$20,166.60
Architectural Fees	0.00%	\$0.00	\$0.00
User Fees	0.00%	\$0.00	\$0.00
Total Building Cost		\$137.94	\$221,832.63

TIF District No. 22: Ernst House Redevelopment

Code Deficiency Cost Report

Parcel B - 211 Walnut Street North, Chaska, Minnesota 55318 - PID 300502750

Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
Accessibility Items					
	Bathrooms				
	Install code compliant bathrooms	\$ 9.75	SF	1608	\$ 15,678.00
Structural Elements					
	Porch Roof				
	Repair porch roof to comply with code for structural safety	\$ 5,000.00	Lump	1	\$ 5,000.00
Exiting					
	Exiting				
	Install code compliant means for emergency exiting	\$ 3,500.00	Lump	1	\$ 3,500.00
	Stairways				
	Install code compliant basement stairway	\$ 0.76	SF	1608	\$ 1,222.08
	Install code compliant second floor stairway	\$ 2.56	SF	1608	\$ 4,116.48
Fire Protection					
	Smoke Detectors				
	Install code required smoke detectors	\$ 125.00	EA	4	\$ 500.00
	Carbon Monoxide Detectors				
	Install code required carbon monoxide detectors	\$ 125.00	EA	4	\$ 500.00
	Ground Fault Circuit Interrupters				
	Install code required GFCI's	\$ 125.00	EA	5	\$ 625.00
	Arc Fault Circuit Interrupters				
	Install code required AFCI's	\$ 125.00	EA	8	\$ 1,000.00
Exterior Construction					
	Exterior Brick Walls				
	Repair/replace damaged brick and mortar to prevent water intrusion per code	\$ 2.00	SF	1608	\$ 3,216.00
	Windows				
	Install code compliant windows to prevent water intrusion	\$ 7.06	SF	1608	\$ 11,352.48
Roof Construction					
	Roofing Material				
	Remove failed roofing material	\$ 0.25	SF	1608	\$ 402.00
	Install code compliant roofing material to prevent water intrusion	\$ 2.82	SF	1608	\$ 4,534.56

Code	Related Cost Items	Unit Cost	Units	Unit Quantity	Total
Mechanical- Electrical					
	Mechanical				
	Connect code required potable water to building	\$ 250.00	Lump	1	\$ 250.00
	Install code compliant HVAC system	\$ 1.38	SF	1608	\$ 2,219.04
	Electrical				
	Connect code required electrical service to building	\$ 250.00	Lump	1	\$ 250.00
	Install code compliant electrical wiring	\$ 4.13	SF	1608	\$ 6,641.04
Total Code Improvements					\$ 61,007

TIF District No. 22: Ernst House Redevelopment

Photos: Parcel B - 211 Walnut Street North - Ernst House



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TIF District No. 22: Ernst House Redevelopment

Photos: Parcel B - 211 Walnut Street North - Ernst House



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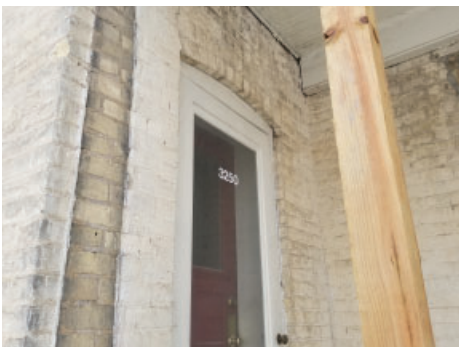
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Photos: Parcel B - 211 Walnut Street North - Ernst House



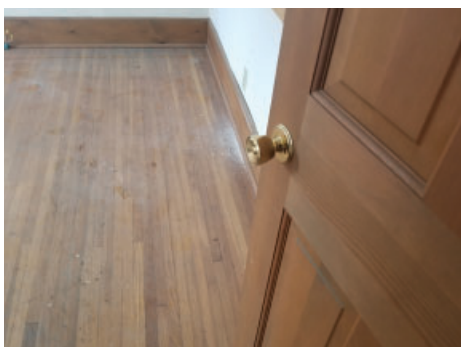
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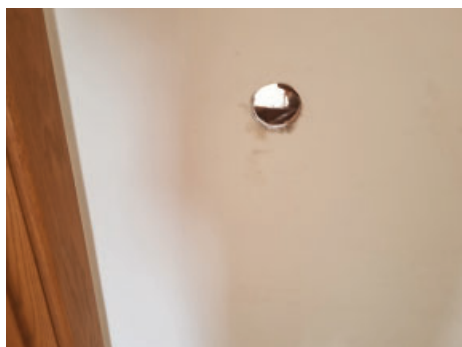
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Photos: Parcel B - 211 Walnut Street North - Ernst House



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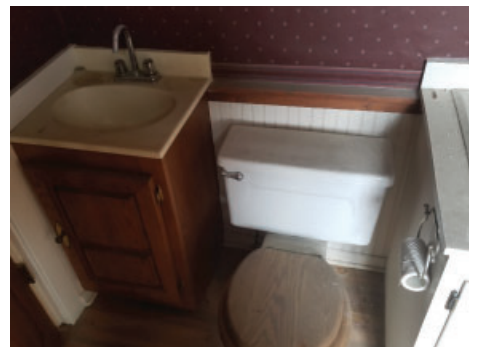
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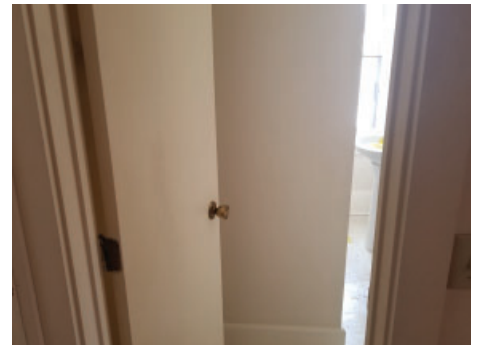
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TIF District No. 22: Ernst House Redevelopment

Photos: Parcel B - 211 Walnut Street North - Ernst House



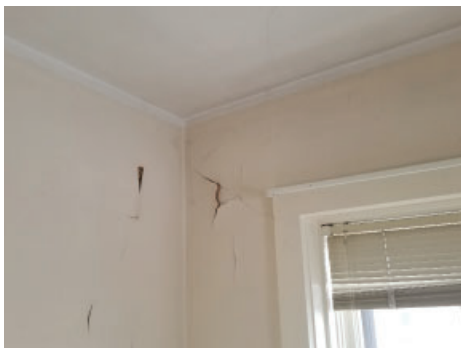
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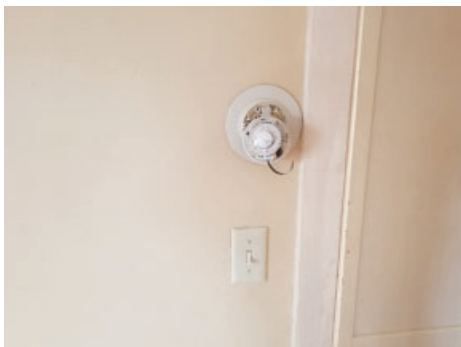
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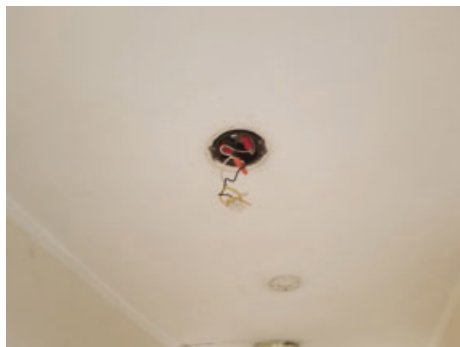
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TIF District No. 22: Ernst House Redevelopment

Photos: Parcel B - 211 Walnut Street North - Ernst House



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ERNST HOUSE REDEVELOPMENT

211 N Walnut Street, Chaska, MN 55318

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Sheet Index

No	TITLE
G000	COVER SHEET
G001	SURVEY
G002	EXISTING SITE PLAN
ARCHITECTURAL DRAWINGS	
A001	ARCHITECTURAL SITE PLAN
L001	LANDSCAPE PLAN
AE100	ERNST HOUSE: DEMOLITION PLANS
AE110	ERNST HOUSE: FLOOR & ROOF PLANS
AE200	ERNST HOUSE: EXTERIOR ELEVATIONS
AT110	TOWNHOMES: BSMNT & ROOF PLANS
AT111	TOWNHOMES: 1ST & 2ND FLR PLANS
AT200	TOWNHOMES: EXTERIOR ELEVATIONS
AC110	CARRIAGE HOUSE: FNDN & ROOF PLANS
AC111	CARRIAGE HOUSE: 1ST & 2ND FLR PLANS
AC200	CARRIAGE HOUSE: EXTERIOR ELEVATIONS
AC201	CARRIAGE HOUSE: EXTERIOR ELEVATIONS
A700	RENDERINGS
A800	PHOTOS

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Site Alteration Permit Set

3/25/19

Not For Construction

Ernst House Redevelopment

211 North Walnut Street
Chaska, MN 55318
Project: 2018007_211N

Drawings Issued Date

I hereby certify that this plan, specification or report
was prepared by me or under my direct supervision
and that I am a duly Licensed Architect under the
laws of the State of Minnesota

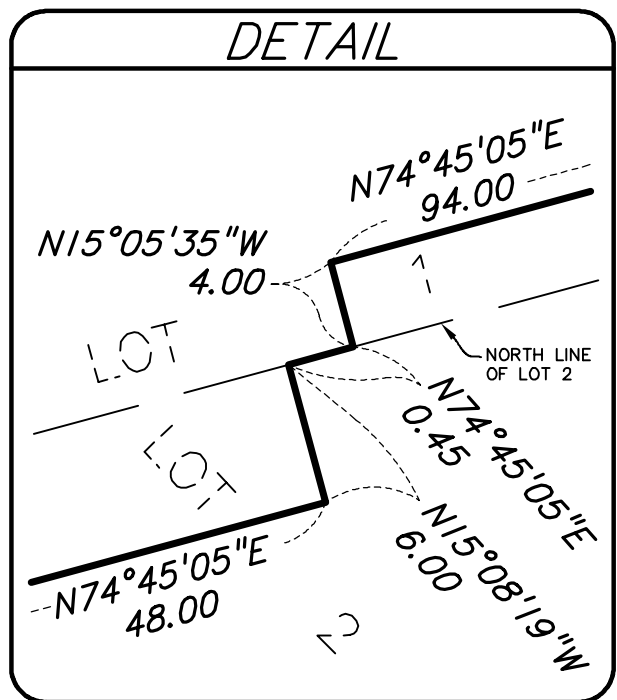
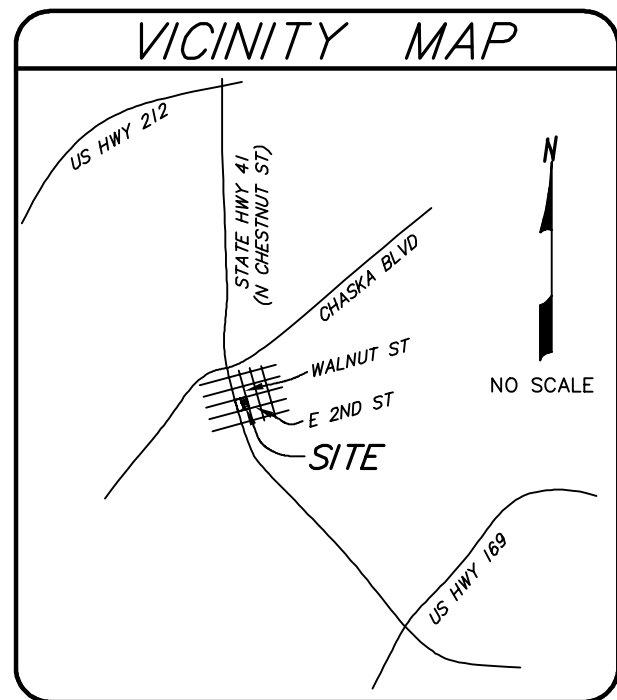
Signature

Printed Name

Registration Number

COVER SHEET

G000



BENCHMARKS (BM)

- 1) MnDOT 1008R survey disk in bridge railing in Chaska, 2.2 miles south along Trunk Highway 41 from the junction of Trunk Highway 41 and Trunk Highway 212, in rail in the northeast corner bridge rail of Trunk Highway 41 bridge number 10012 over the Minnesota River, 29.8 feet east of Trunk Highway 41. Elevation = 727.548 feet
- 2) Scribed "X" 2.0'-feet easterly of the west end of the concrete wall in the northwest corner of the subject property. Elevation = 734.81 feet
- 3) Top of spike in the northwest side of the power pole located midway along the west boundary of the subject property. Elevation = 733.64 feet
- 4) Top of top nut of fire hydrant in the southeast quadrant of 3rd Street and Walnut Street. Elevation = 734.24 feet

GENERAL NOTES

- 1.) Survey coordinate and bearing basis: Carver County coordinates
- 2.) Adjoining ownership information shown hereon was obtained from the Carver County Property Tax Information web site.
- 3.) There was no evidence of recent earth moving work, building construction or building additions observed in the process of conducting the fieldwork.
- 4.) There are no proposed changes in street right of way lines per the City of Chaska Engineering Department. There was no evidence of recent street or sidewalk construction or repairs observed in the process of conducting the fieldwork.
- 5.) There were no wetland delineation markers observed in the process of conducting the fieldwork.
- 6.) At the time fieldwork was performed for this survey, there was a significant amount of snow on the ground. Physical features were located to the best of our ability, but there may be additional features that were not visible and, therefore, not shown hereon.

UTILITY NOTES

- 1.) Utility information from plans and markings was combined with observed evidence of utilities to develop a view of the underground utilities shown hereon. However, lacking excavation, the exact location of underground features cannot be accurately, completely and reliably depicted. In addition, Gopher State One Call locate requests from surveyors may be ignored or result in an incomplete response. Where additional or more detailed information is required, excavation and/or a private utility locate request may be necessary.
- 2.) Other underground utilities of which we are unaware may exist. Verify all utilities critical to construction or design.
- 3.) Some underground utility locations are shown as marked onsite by those utility companies whose locators responded to our Gopher State One Call, ticket number 190250334.
- 4.) Contact GOPHER STATE ONE CALL at 651-454-0002 (800-252-1166) for precise onsite location of utilities prior to any excavation.

FLOOD ZONE NOTES

- 1.) The subject property appears to lie within Other Areas Zone X (Areas determined to be outside the 0.2% annual chance floodplain), and Other Flood Areas Zone X (Areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood), per the National Flood Insurance Program, Flood Insurance Rate Map Community Panel No. 2752340236D, dated December 21, 2018. This information was obtained from the FEMA Map Service Center web site.
- 2.) The flood zone demarcation line shown hereon is approximate only per scaled map location and/or graphic plotting. FEMA maps are not precisely drawn and do not scale uniformly. Contact FEMA for final determination.

PARKING

There are no parking spaces designated on the subject property.

AREA

Gross = 17,230 square feet or 0.396 acres

LEGEND

- Denotes iron monument set marked with P.L.S. No. 44890
- Denotes found iron monument
- ⦿ Denotes 1.17 inch diameter copper magnetized marker with disc cap affixed stamped LS-44890 set
- BE Denotes building entrance
- BTL Denotes beavertail curb
- CB Denotes catch basin
- CBX Denotes communication box
- CDS Denotes civil defense siren
- CHIM HI Denotes chimney height
- COL Denotes building column
- CONC Denotes concrete
- CS Denotes curb stop
- CWB Denotes concrete wall base
- CWT Denotes concrete wall top
- EB Denotes electric box
- EM Denotes electric meter
- FOL Denotes fiber optic line
- G Denotes gutter
- GAS V Denotes gas valve
- GM Denotes gas meter
- GW Denotes guy wire
- HCR Denotes disabled ramp
- HYD Denotes fire hydrant
- INV Denotes structure invert
- KWB Denotes keystone wall top
- LP Denotes light pole
- OHC Denotes overhead communication line
- OHE Denotes overhead electric line
- OVH Denotes overhang
- (P) Denotes per plan
- PPLP Denotes power and light pole
- PPT Denotes power pole with transformer
- PPU Denotes power pole with underground utility
- PVC Denotes polyvinylchloride pipe
- RCP Denotes reinforced concrete pipe
- RD Denotes roof drain
- ROOF ELEV Denotes roof elevation
- SAN Denotes sanitary manhole
- SAN S Denotes sanitary sewer
- SANC Denotes sanitary cleanout
- ST S Denotes storm sewer
- SWB Denotes stone wall base
- SWT Denotes stone wall top
- TC Denotes top of concrete curb
- TRANS Denotes transformer
- UGC Denotes underground communication line
- W Denotes water line
- BIR Denotes Birch tree
- LOC Denotes Locust tree
- MPL Denotes Maple tree
- SHB Denotes shrub
- TR Denotes deciduous tree

DESCRIPTION OF PROPERTY SURVEYED

(Per First American Title Insurance Company Commitment for Title Insurance Commitment No. 1906676, commitment date January 25, 2019, issued by Title Mark, LLC)

Parcel 1:

Lot 2, Block 37, except the Northerly 6 feet of the Westerly 48 feet thereof and also including the South 4 feet of the Easterly 94 feet of Lot 1, Block 37, CITY LOTS OF CHASKA, Carver County, Minnesota.

Parcel 2:

Lot 3, Block 37, CITY LOTS OF CHASKA, Carver County, Minnesota.

Property is: Abstract

PLAT RECORDING INFORMATION

The plat of Map of Chaska Townsite was filed of record on February 15, 1868, in Book A of Townsites.

[] Bearings and/or dimensions listed within brackets are per plat or record documents.

TITLE COMMITMENT

First American Title Insurance Company Commitment for Title Insurance Commitment No. 1906676, commitment date January 25, 2019, issued by Title Mark, LLC, was relied upon as to matters of record.

Schedule B Exceptions:

- ① Exceptions are indicated on survey with circled numbers unless otherwise noted. Items not listed below are standard exceptions and/or are not survey related.

There are no easements listed in Schedule B - Section 2 of the title commitment to be shown.

LIST OF POSSIBLE ENCROACHMENTS

The following list of possible encroachments is only the opinion of this surveyor; should not be interpreted as a legal opinion and should not be interpreted as a complete listing.

- A) Possible encroachments are indicated on survey with boxed letters as listed below.

A.) Concrete curb, parking areas and sign lying within the subject property along the southeasterly property line.

B.) Transformer lying easterly of the southwesterly property line.

C.) Storm sewer lying within the property and draining towards the southeast without an easement.

SURVEYOR'S CERTIFICATION

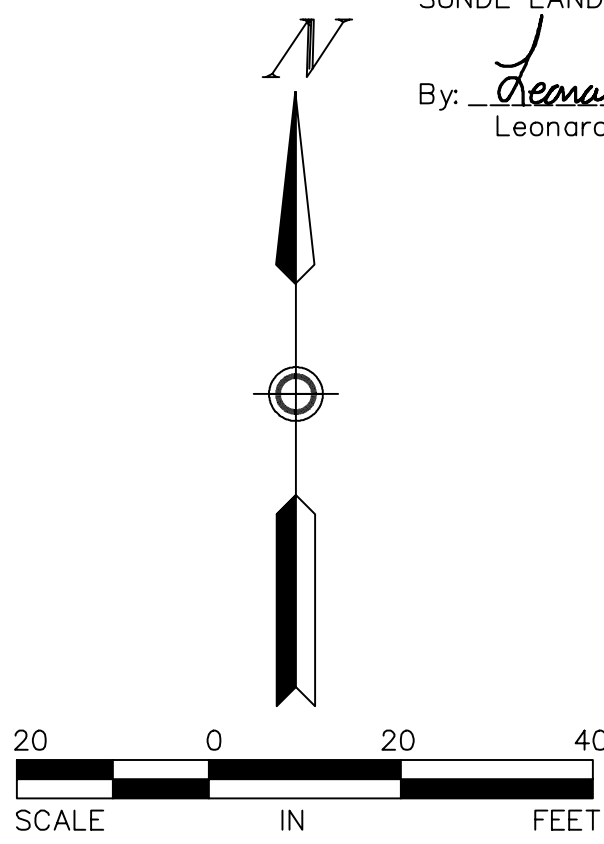
To Chaska Economic Development Authority, Thies & Talle Management, Inc., Title Mark, LLC and First American Title Insurance Company:

This is to certify that this map or plat and the survey on which it is based were made in accordance with the 2016 Minimum Standard Detail Requirements for ALTA/NSPS Land Title Surveys, jointly established and adopted by ALTA and NSPS, and includes Items 1, 2, 3, 4, 5, 7(a), 7(b)(1), 7(c), 8, 9, 11, 13, 16, 17, 18, 19 and 20 of Table A thereof. The fieldwork was completed on February 8, 2019.

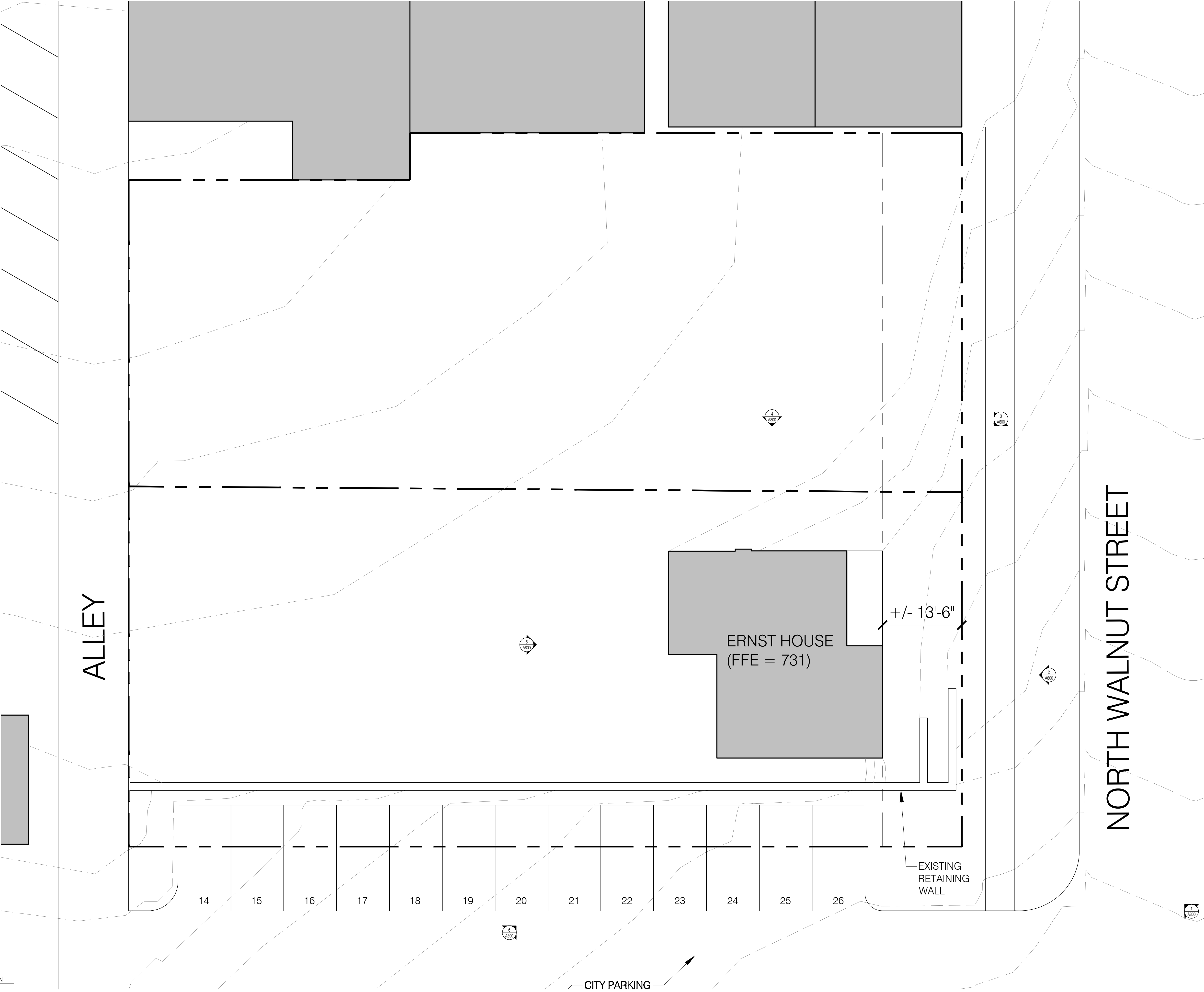
Dated this 12th day of February, 2019

SUNDE LAND SURVEYING, LLC.

By: Leonard F. Carlson
Leonard F. Carlson, P.L.S. Minn. Lic. No. 44890



Revision	By	Date
	SMT	
Drawing Title:		
ALTA/NSPS LAND TITLE SURVEY FOR:		
CITY OF CHASKA		
Ernst House		
211 and 217 Walnut Street, Chaska, MN		
SUNDE LAND SURVEYING		
www.sunde.com		
Main Office:		
9001 East Bloomington Freeway (35W) • Suite 118		
Bloomington, Minnesota 55420-3435		
952-881-2455 (Fax: 952-888-9526)		
Project: 2019-007	Bk/Pg: 918/42	Date:
Township: 11S Range: 23 Section: 9		02/12/2019
File: 2019007001.dwg		Sheet: 1 of 1



PLAN
NORTH

1

P001

EXISTING SITE PLAN
1/8" = 1'-0"

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Minneapolis, Minnesota 55408
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Project Contacts

Nate Golin, AIA
C | 612-384-1405
nate.golin@uplusb.com

**Site Alteration
Permit Set**
3/25/19

Not For Construction

**Ernst House
Redevelopment**
211 North Walnut Street
Chaska, MN 55318
Project: 2018007_211N

Drawings Issued	Date

I hereby certify that this plan, specification or report was prepared by me or under my direct supervision and that I am a duly Licensed Architect under the laws of the State of Minnesota

Signature
Printed Name
Registration Number

EXISTING SITE PLAN

G002

SITE PLAN NOTES:	
PARCEL SIZE	
ACREAGE:	0.396 ACRES
GROSS AREA:	17,230 SF
RESIDENTIAL UNITS	
ERNST HOUSE	2 UNITS
TOWNHOMES	3 UNITS
CARRIAGE HOUSE APARTMENTS	2 UNITS
TOTAL	7 UNITS
PARKING	
SURFACE TOTAL	6 SPACES
GARAGES	
ERNST HOUSE (1 GARAGE/UNIT)	2 SPACES
TOWNHOMES (1 GARAGE/UNIT)	3 SPACES
APARTMENTS (1 GARAGE/UNIT)	2 SPACES
GARAGE TOTAL	7 SPACES
TOTAL DEVELOPMENT PARKING	13 SPACES
ERNST HOUSE:	
BASEMENT	799 SF
1ST FLOOR (BASEMENT ACCESS)	61 SF
1ST FLOOR (UNIT #1)	795 SF
2ND FLOOR (UNIT #2)	856 SF
ERNST HOUSE TOTAL	2,511 SF
TOWNHOMES:	
BASEMENT (PER UNIT)	632 SF
1ST FLOOR (PER UNIT)	643 SF
2ND FLOOR (PER UNIT)	718 SF
TOTAL (PER UNIT)	1,993 SF
TOTAL (BUILDING)	5,979 SF
CARRIAGE HOUSE	
1ST FLOOR (PER UNIT)	82 SF
2ND FLOOR (PER UNIT)	1,156 SF
TOTAL (PER UNIT)	1,238 SF
ATTACHED GARAGE (x2)	264 SF
DETACHED GARAGE (x5)	262 SF
TOTAL GARAGE	1,838 SF
TOTAL (BUILDING)	4,314 SF



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SITE PLAN

A001

DEMOLITION PLAN LEGEND

- EXISTING WALL TO REMAIN
- EXISTING WALL TO BE DEMOLISHED
- EXISTING MASONRY WALL TO BE DEMOLISHED
- DEMO (VARIES)
- DENOTES DEMOLITION KEYNOTE NUMBER. REFER TO THIS SHEET FOR DESCRIPTIONS

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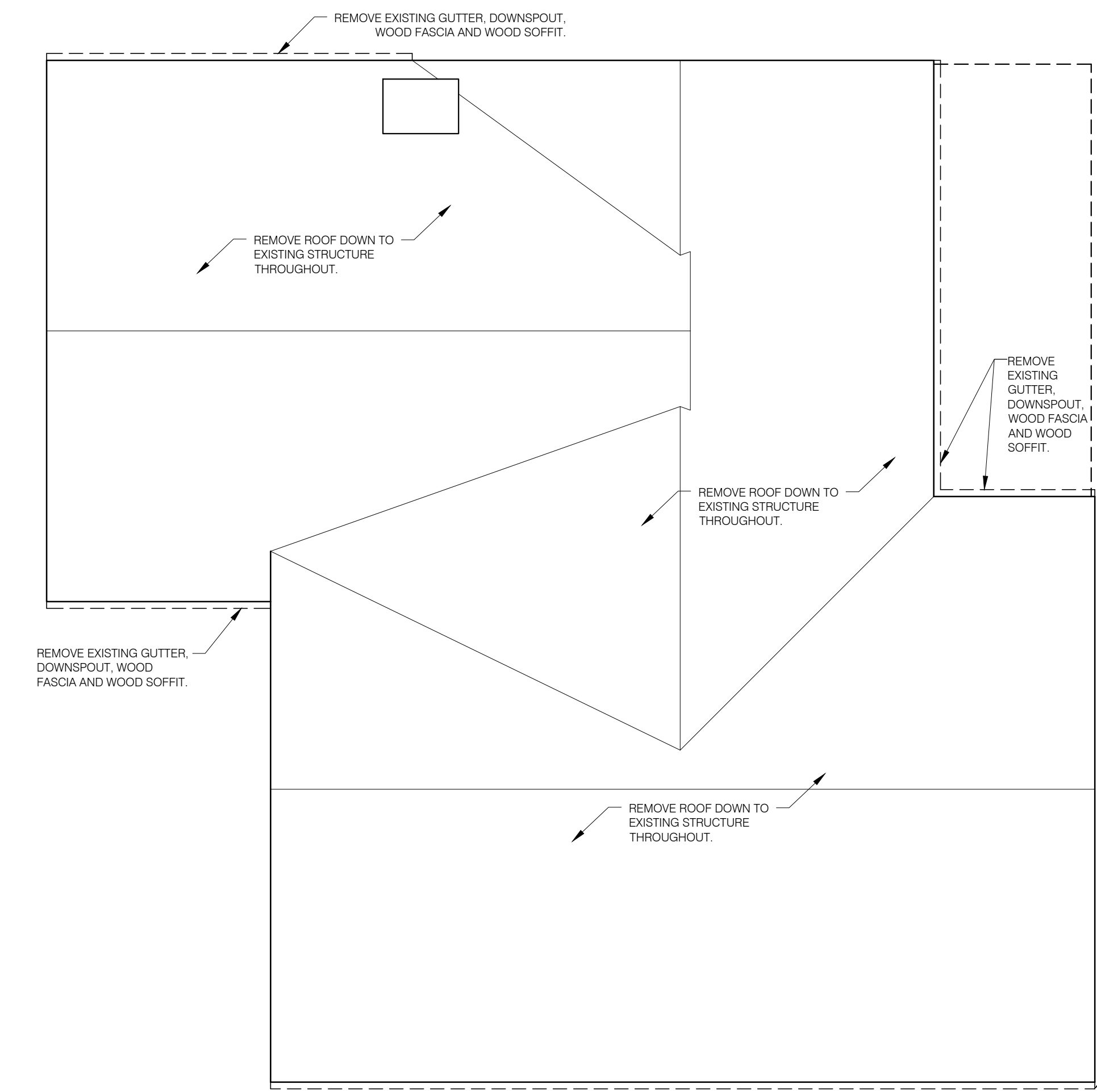
Signature _____

Printed Name _____

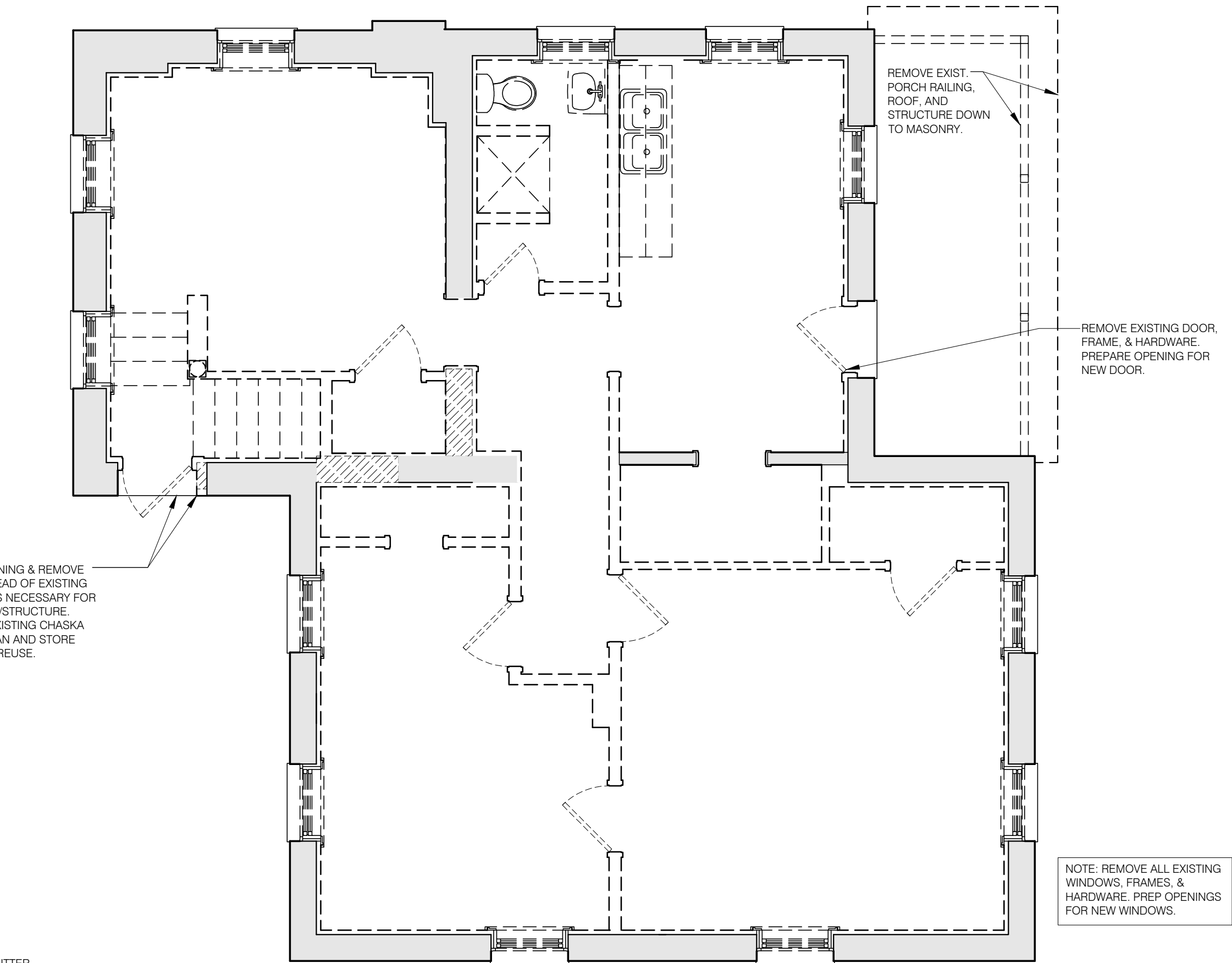
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**ERNST HOUSE:
DEMOLITION PLANS**

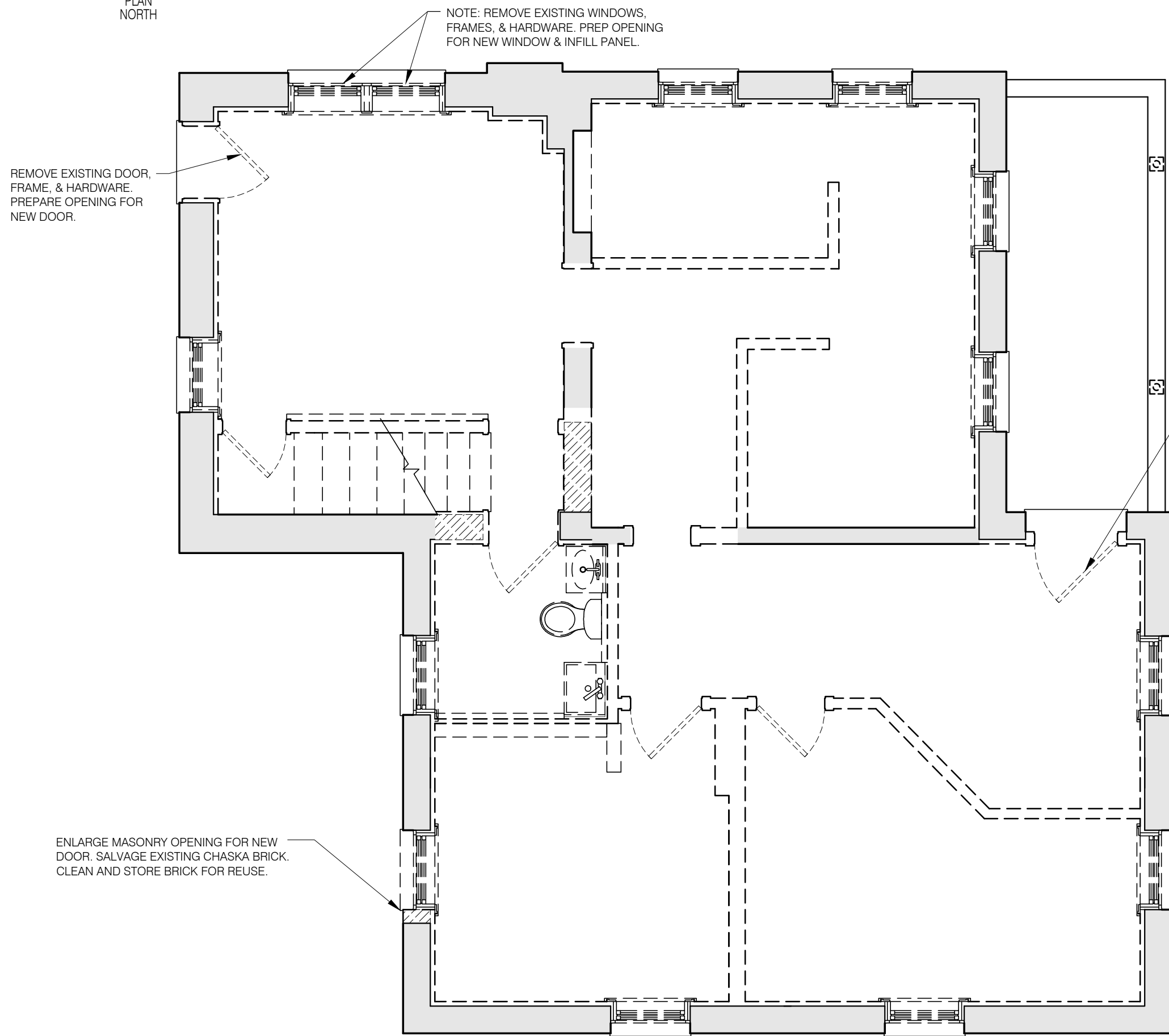
AE100



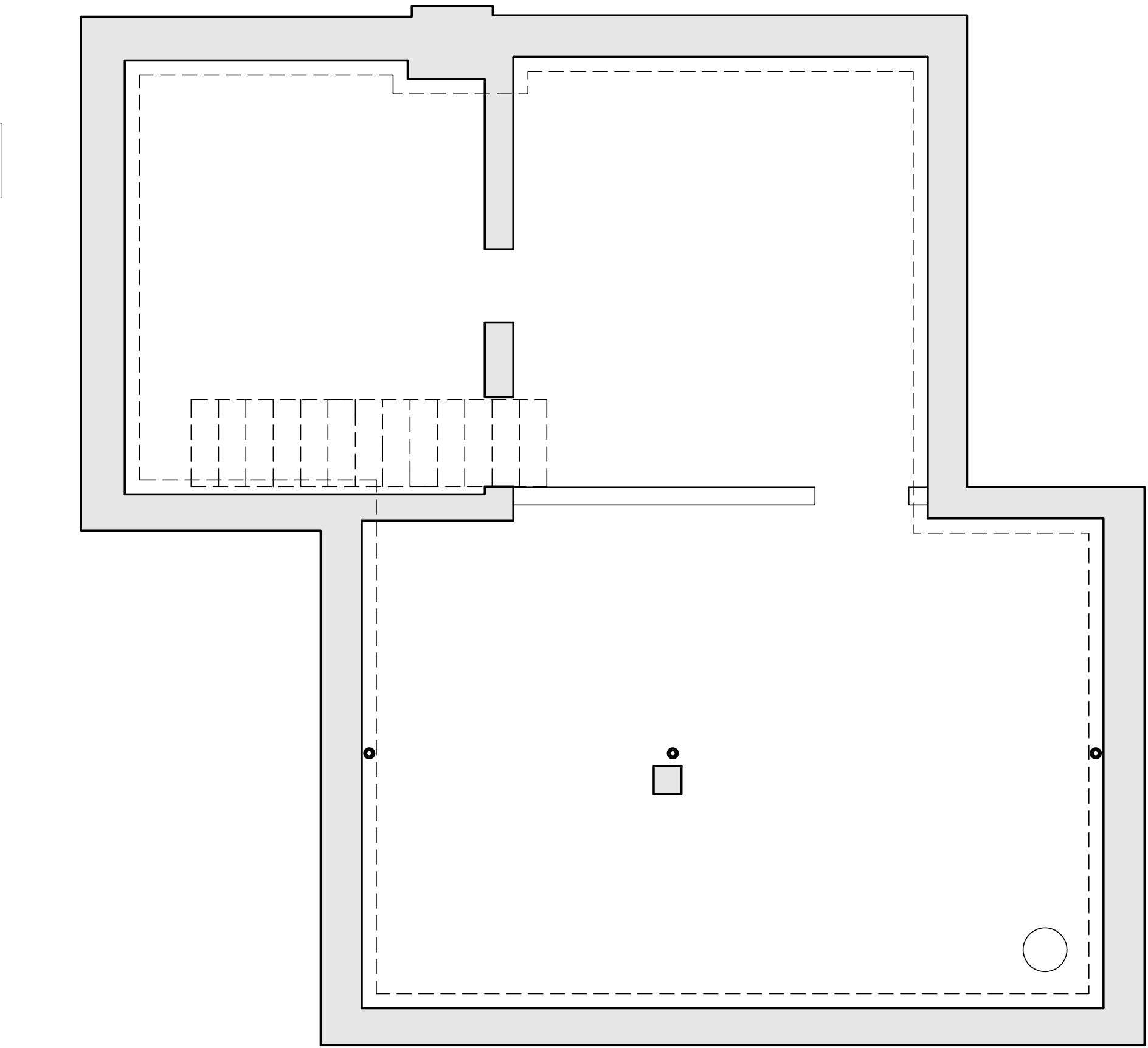
4 ERNST HOUSE - ROOF DEMOLITION PLAN
AE100 1/4" = 1'-0"



3 ERNST HOUSE - SECOND FLOOR DEMOLITION PLAN
AE100 1/4" = 1'-0"



2 ERNST HOUSE - FIRST FLOOR DEMOLITION PLAN
AE100 1/4" = 1'-0"



1 ERNST HOUSE - BASEMENT DEMOLITION PLAN
AE100 1/4" = 1'-0"

Project Contacts

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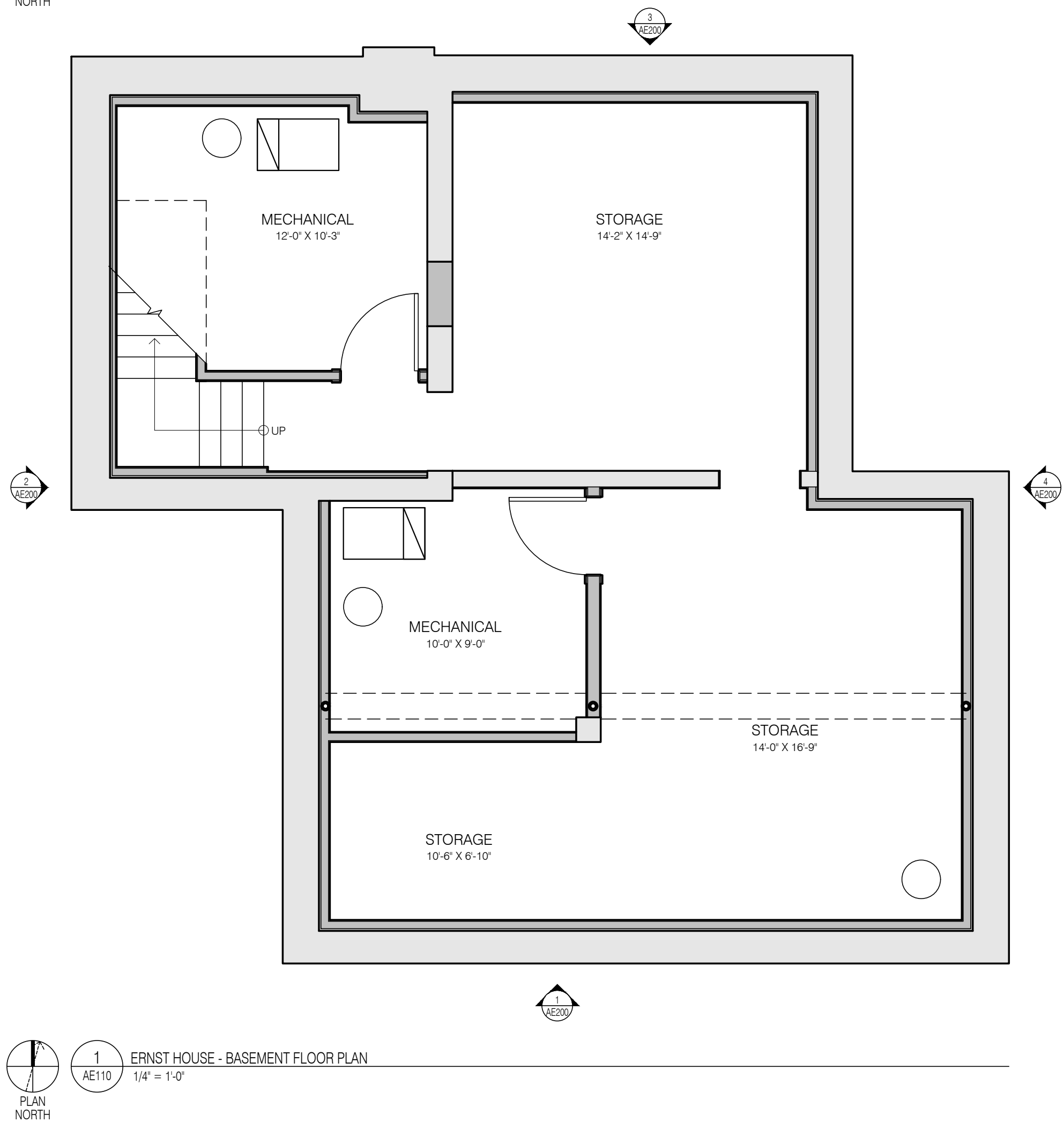
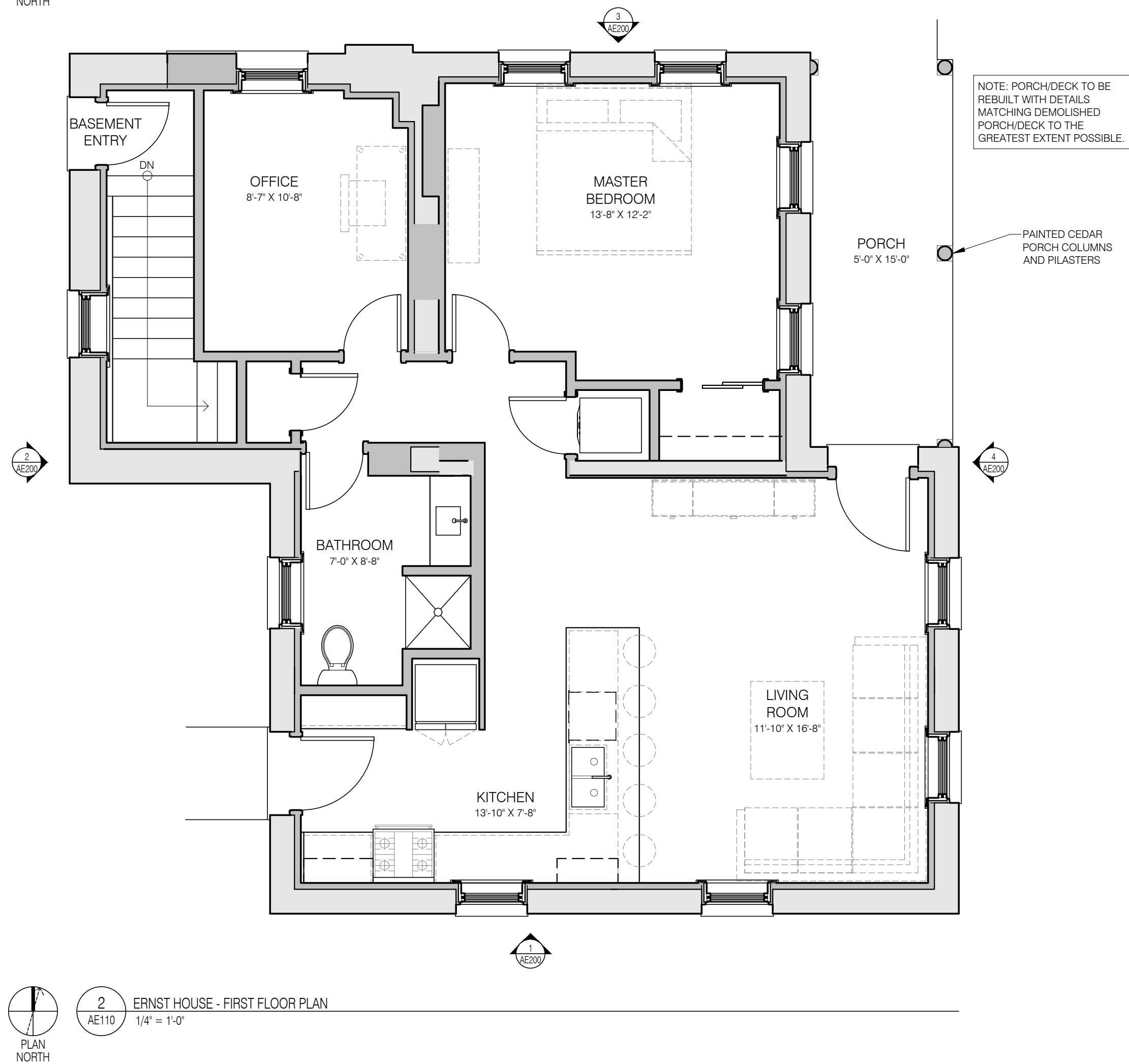
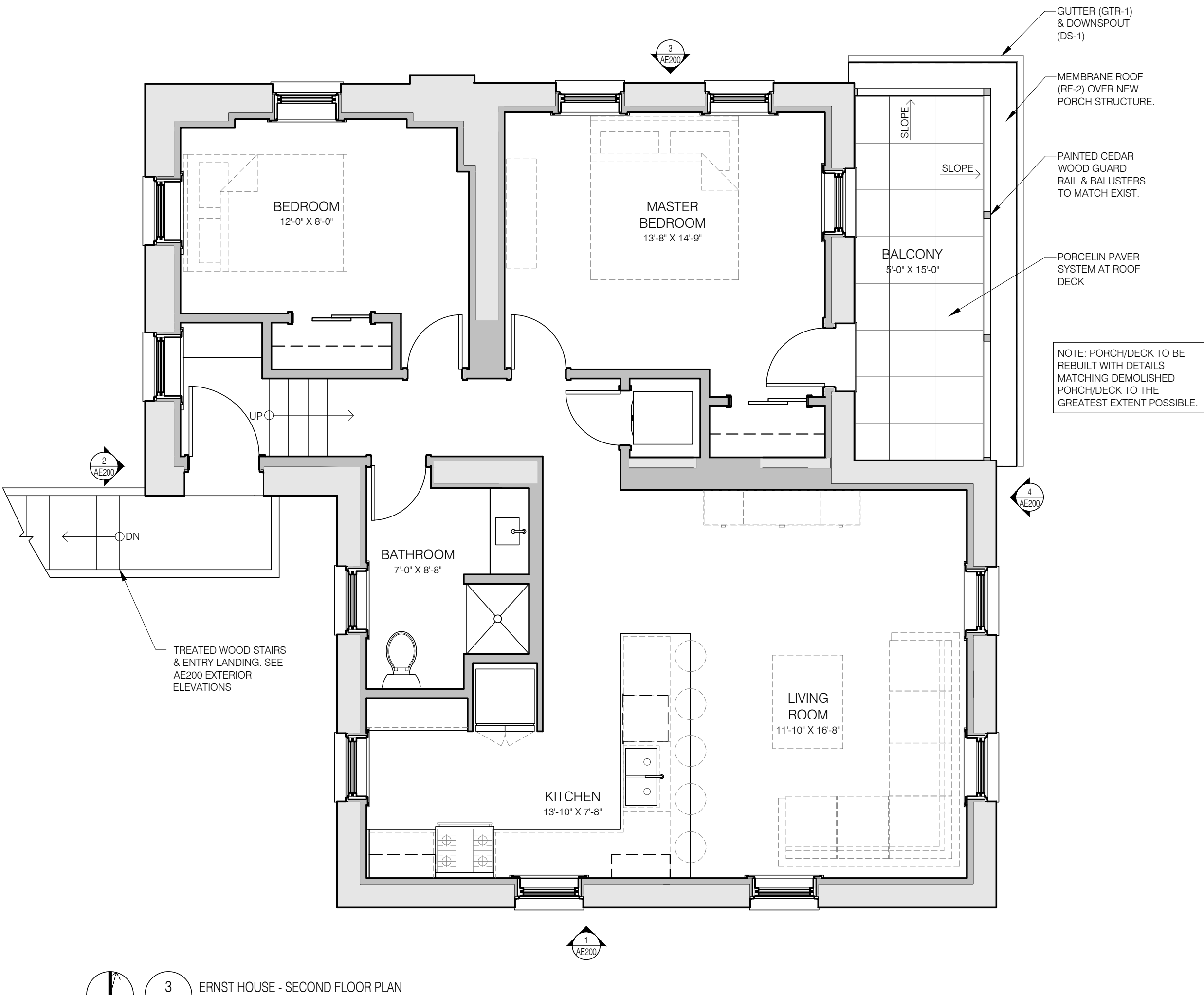
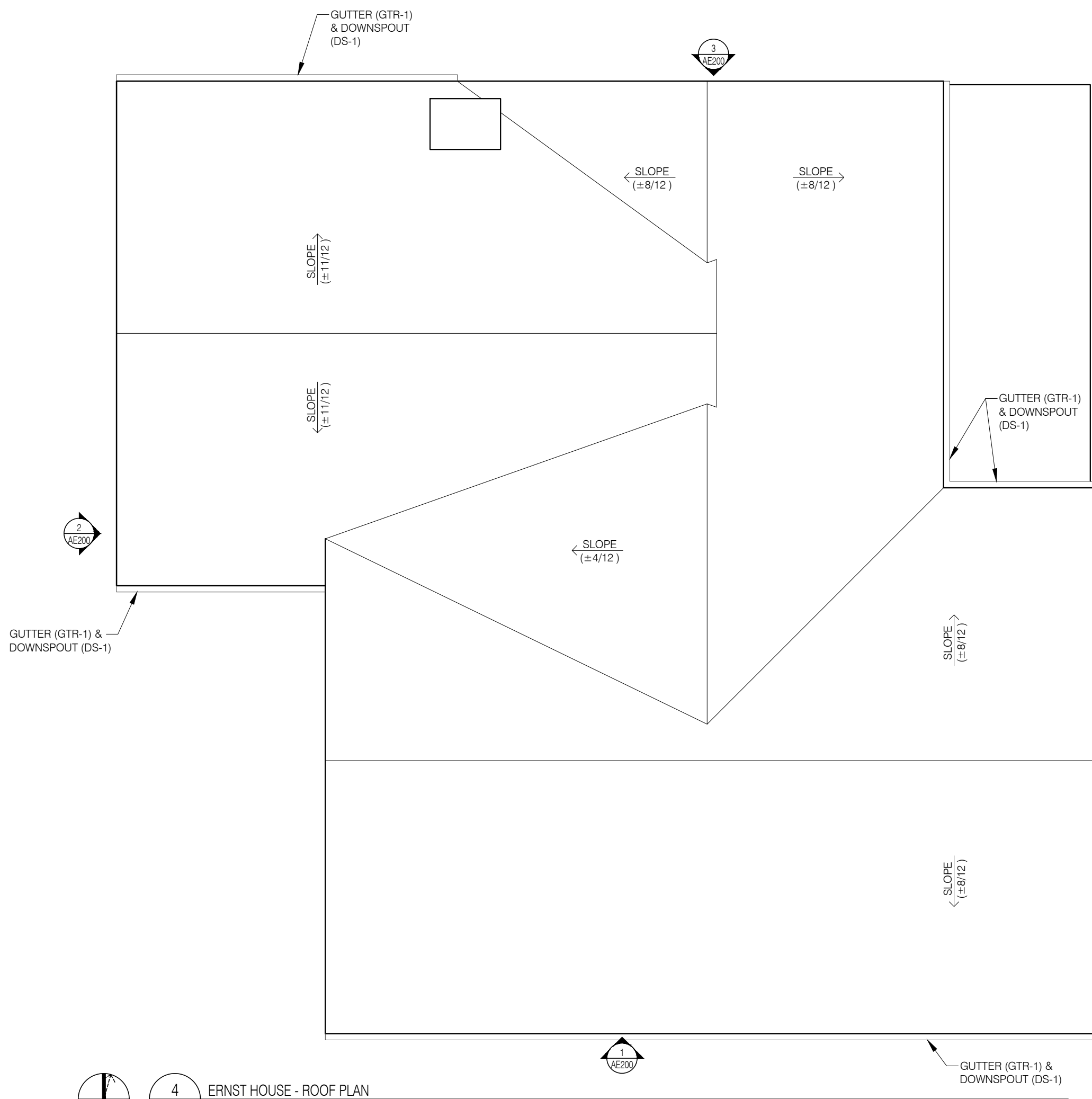
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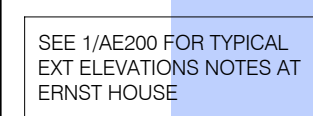
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Registration Number

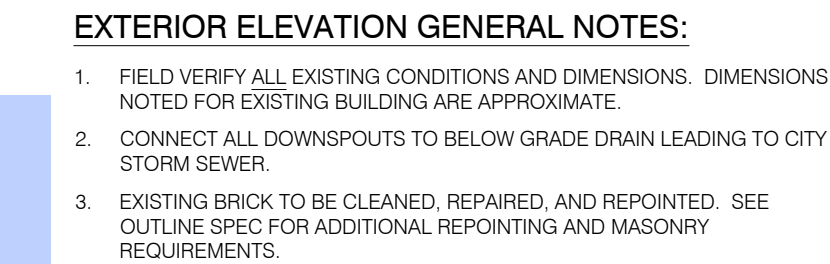
ERNST HOUSE:
FLOOR & ROOF PLANS

AE110





4 ERNST HOUSE - EAST ELEVATION
AE200 1/4" = 1'-0"



SEE 1/AE200 FOR TYPICAL
EXT ELEVATIONS NOTES AT
ERNST HOUSE

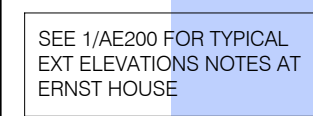
109'-5 1/2" (740.5)
2ND FLOOR

106'-8 1/2" (737.7)

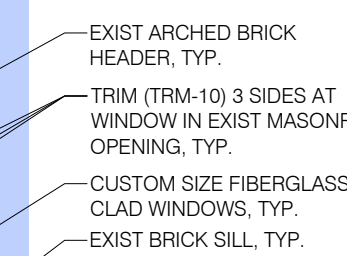
ENTRY LANDING

100'-0" (731')
1ST FLOOR

3 ERNST HOUSE - NORTH ELEVATION
AE200 1/4" = 1'-0"



2 ERNST HOUSE - WEST ELEVATION
AF200 1/4" = 1'-0"



109'-5 1/2" (740.5)
2ND FLOOR

106'-8 1/2" (737.7)

ENTRY LANDING

100'-0" (731')
1ST FLOOR

1 ERNST HOUSE - SOUTH ELEVATION
AF200 1/4" = 1'-0"

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3/25/19

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Project: 2018007_211N

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Signature

Printed Name

Registration Number

ERNST HOUSE:
EXTERIOR ELEVATIONS

AE200

Project Contacts

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Site Alteration
Permit Set

3/25/19

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Ernst House
Redevelopment

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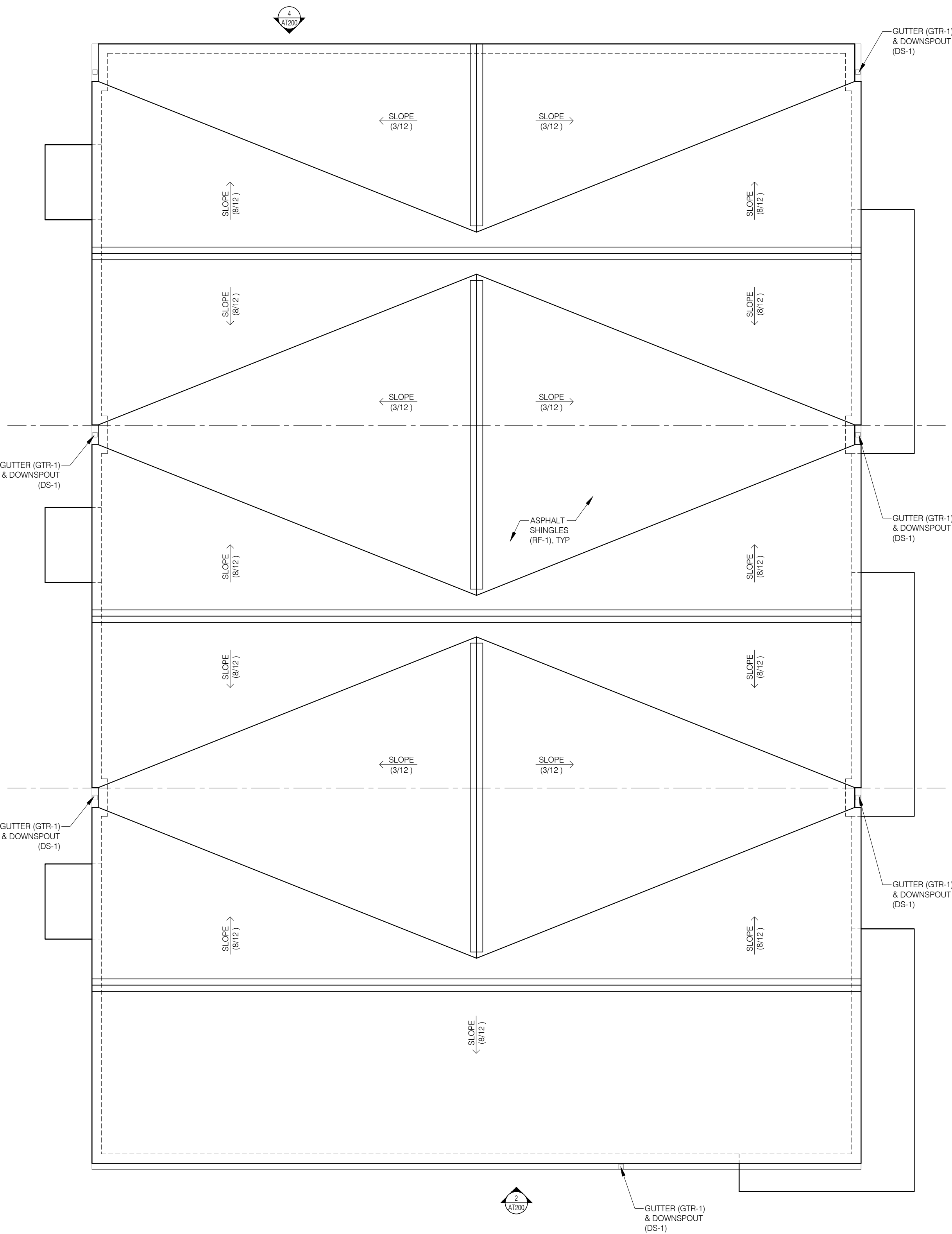
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Printed Name

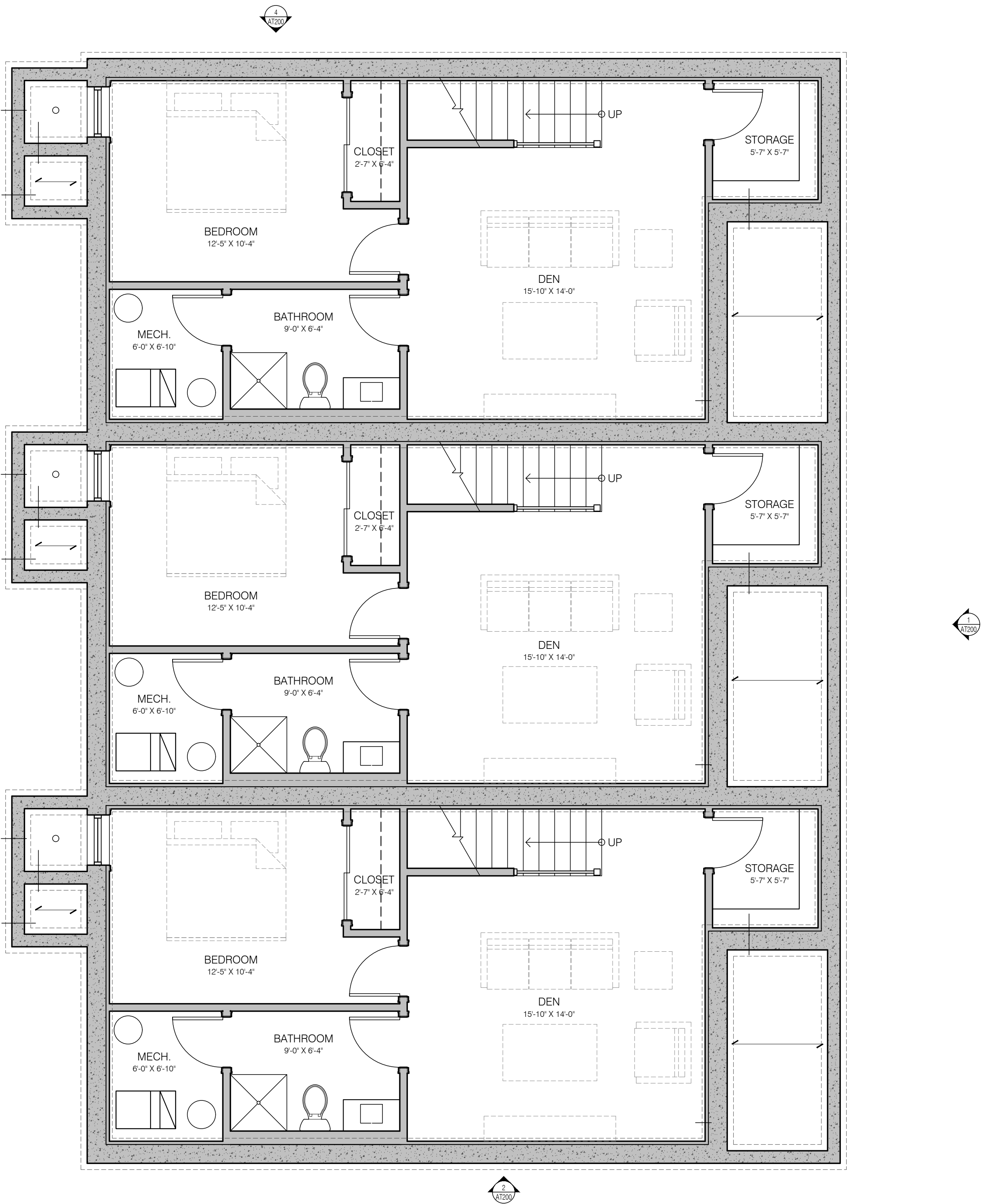
Registration Number

TOWNHOMES:
BSMNT & ROOF PLANS

AT110



PLAN NORTH
1 TOWNHOUSE - ROOF PLAN
AT110 1/4" = 1'-0"



PLAN NORTH
1 TOWNHOUSE - BASEMENT FLOOR PLAN
AT110 1/4" = 1'-0"

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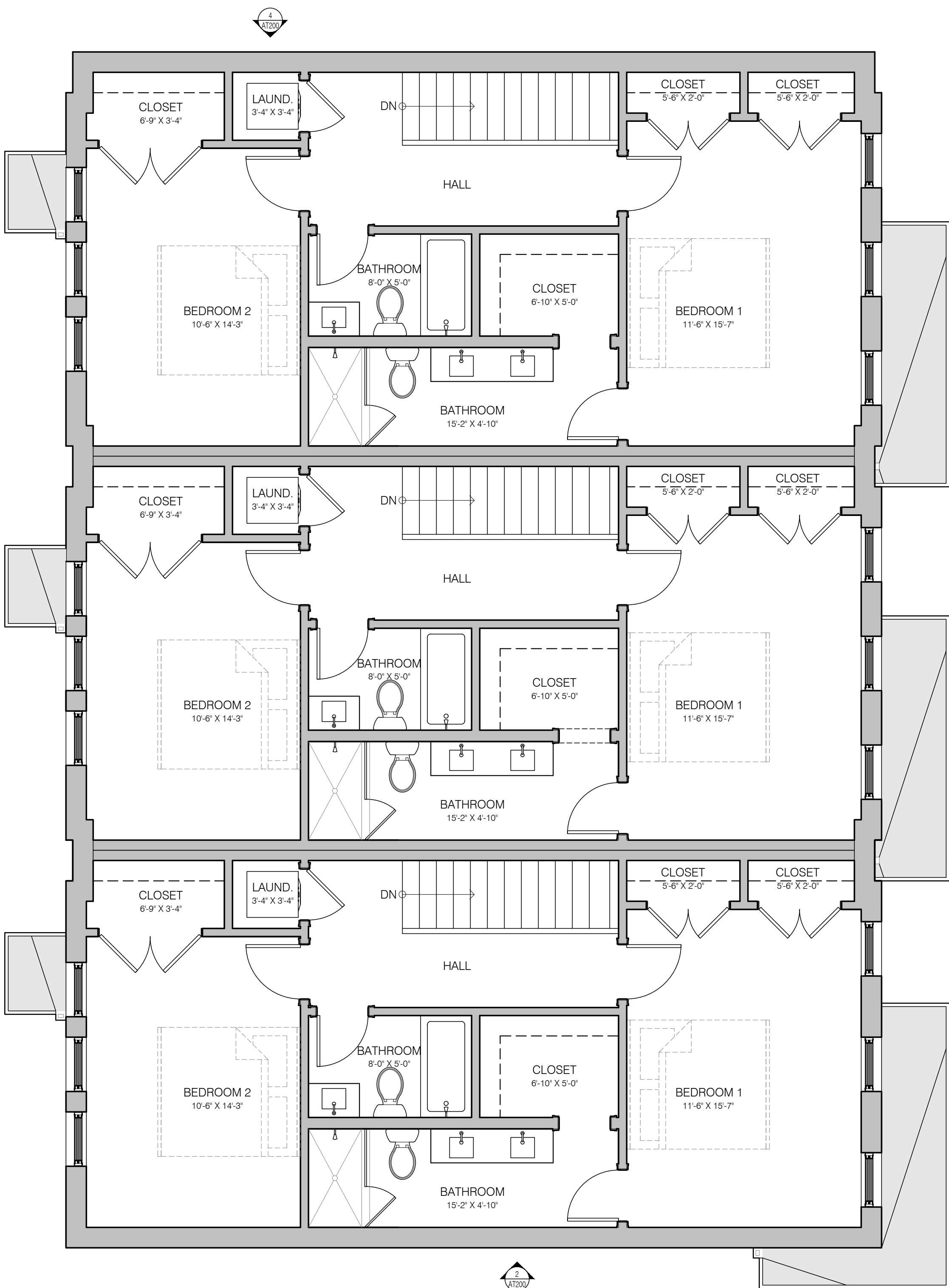
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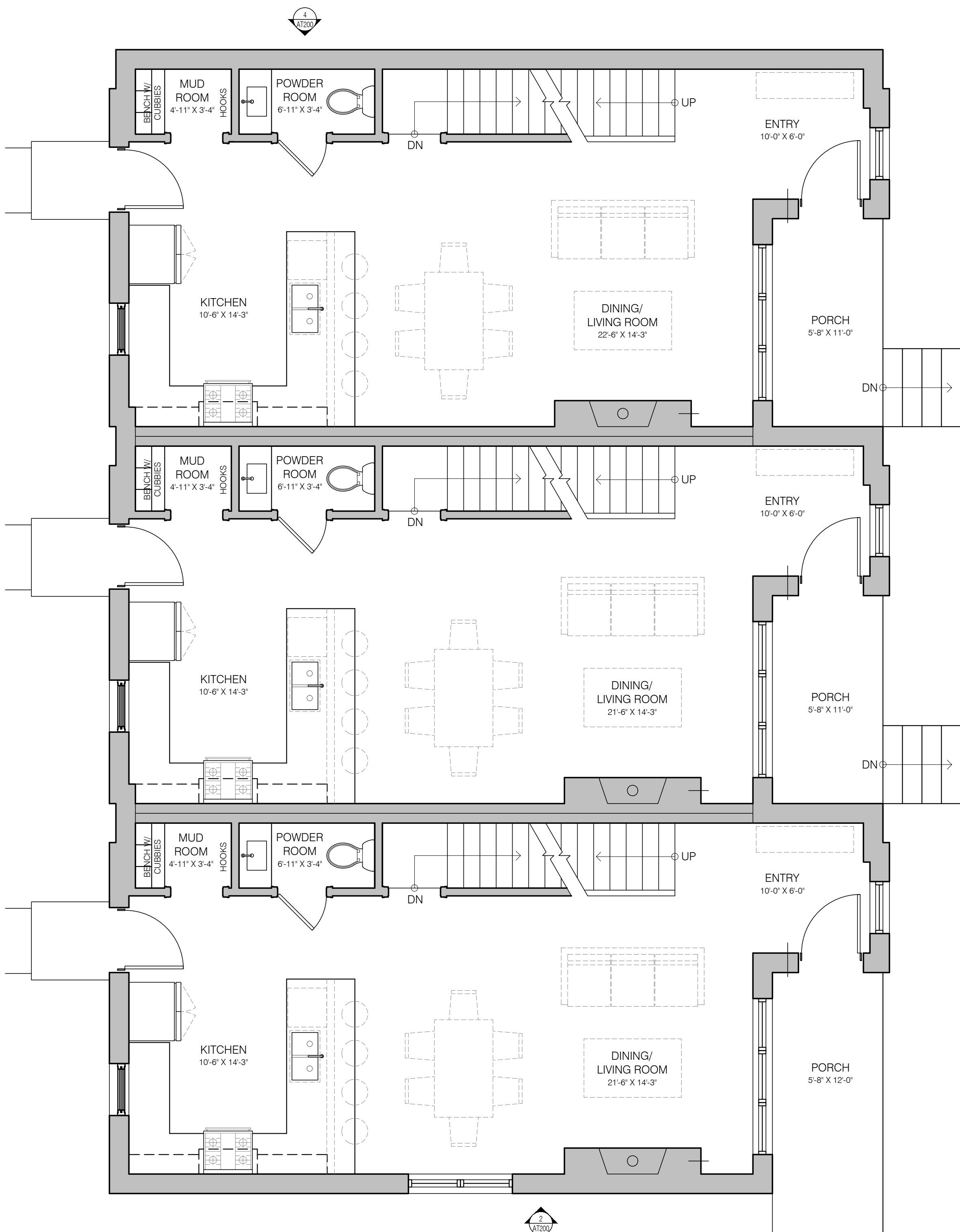
Registration Number

TOWNHOMES:
1ST & 2ND FLR PLANS

AT111



2 TOWNHOUSE - SECOND FLOOR PLAN (OPTION #1 - SAWTOOTH)
AT111 1/4" = 1'-0"



1 TOWNHOUSE - FIRST FLOOR PLAN
AT111 1/4" = 1'-0"



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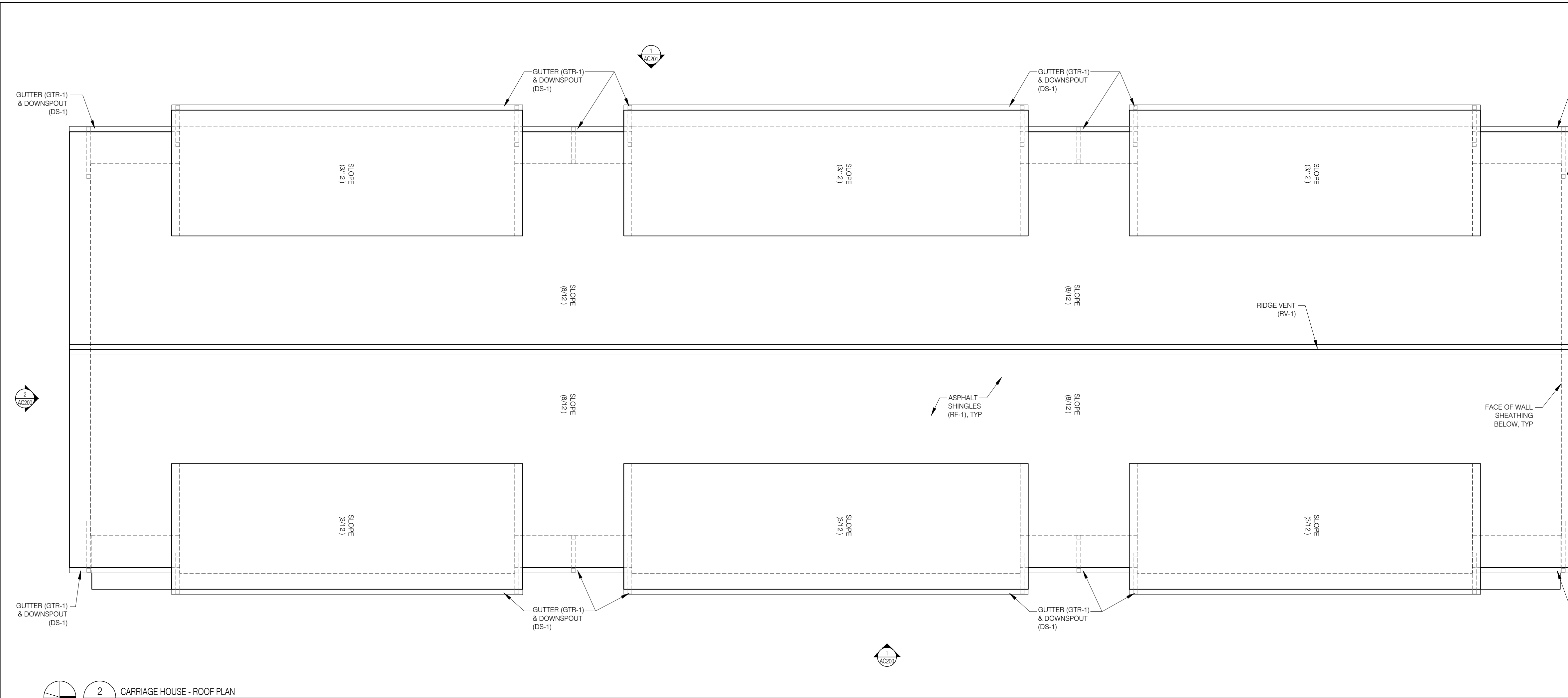
TOWNHOMES:
EXTERIOR ELEVATIONS

AT200

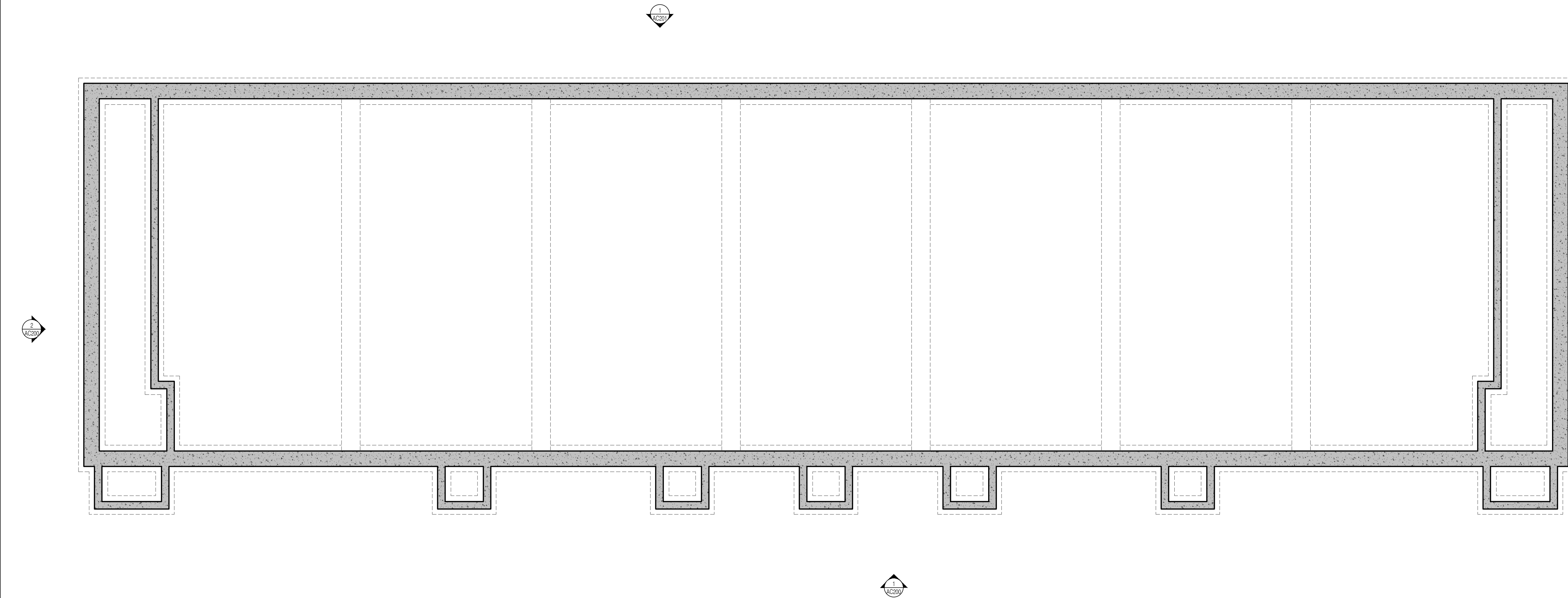
A. Adopt Resolution EDA 2019-3,...
Page 75 of 81

Packet Page 77 of 83

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2 CARRIAGE HOUSE - ROOF PLAN
AC110 1/4" = 1'-0"



1 CARRIAGE HOUSE - FOUNDATION PLAN
AC110 1/4" = 1'-0"

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**Site Alteration
Permit Set**

3/25/19

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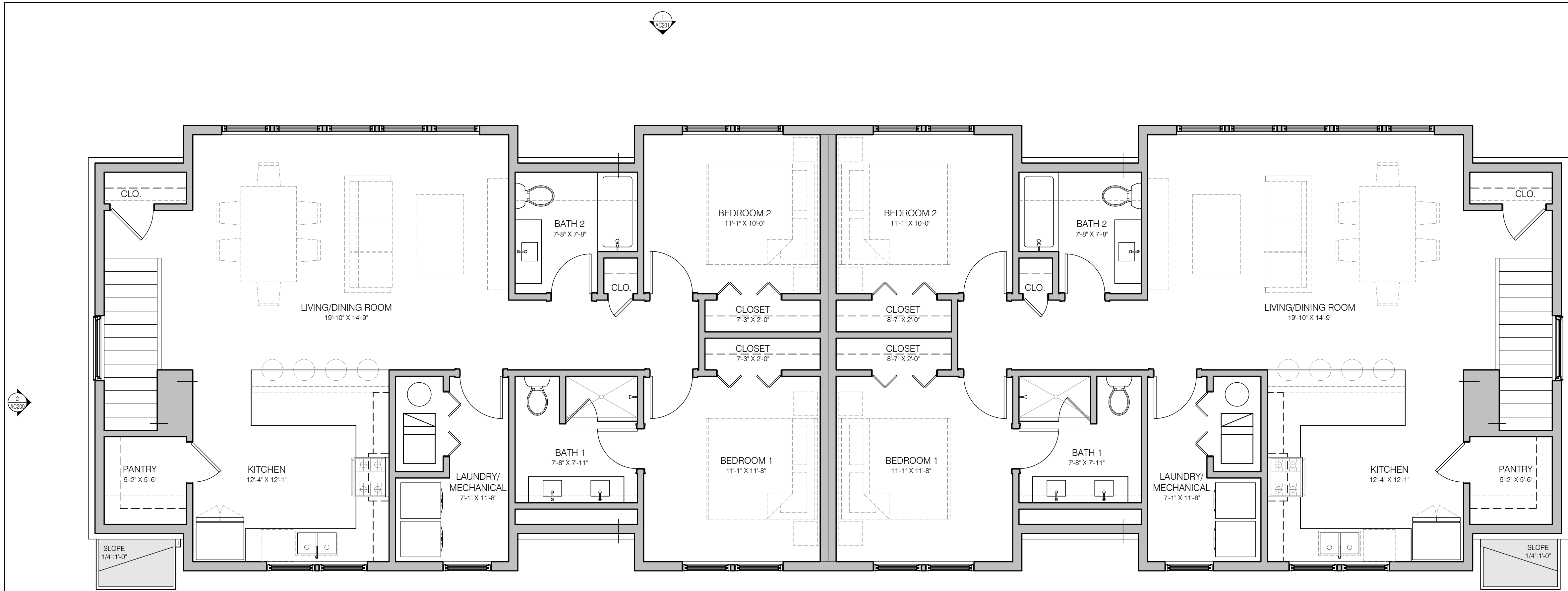
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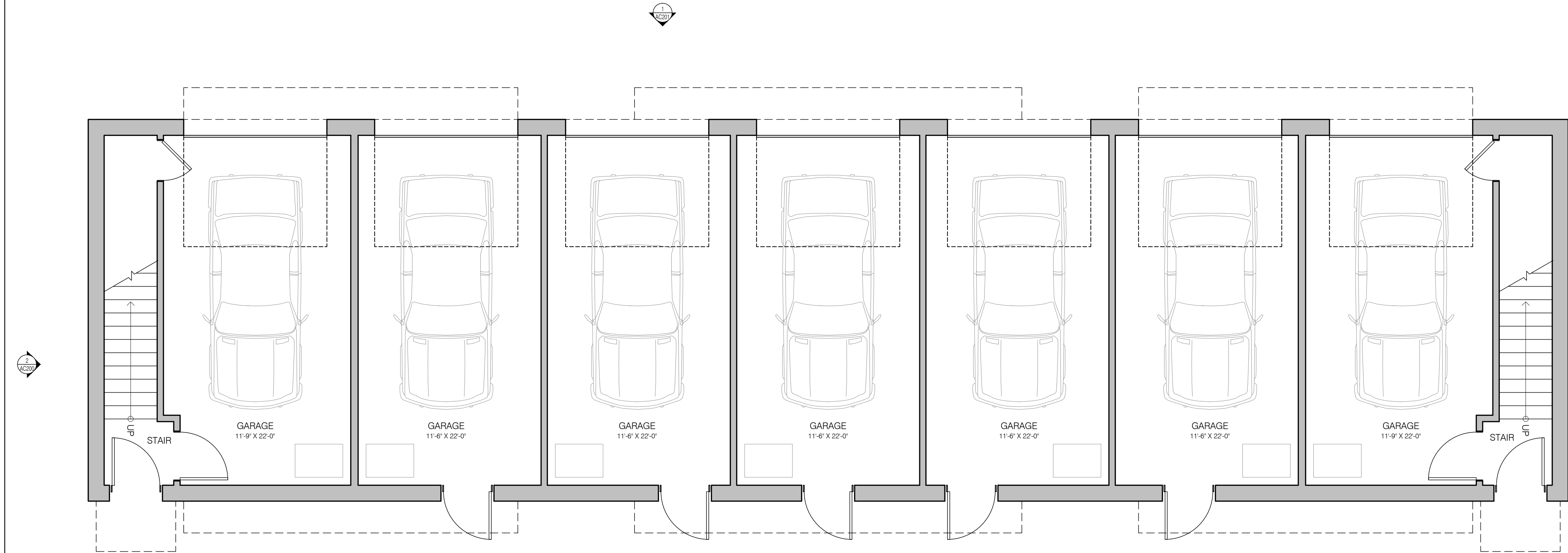
Registration Number

**CARRIAGE HOUSE:
FNDN & ROOF PLANS**

AC110



2 CARRIAGE HOUSE - SECOND FLOOR PLAN
AC111 1/4" = 1'-0"
PLAN NORTH



1 CARRIAGE HOUSE - FIRST FLOOR PLAN
AC111 1/4" = 1'-0"
PLAN NORTH

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3/25/19

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Signature

Printed Name

Registration Number

**CARRIAGE HOUSE:
1ST & 2ND FLR PLANS**

AC111

Project Contacts

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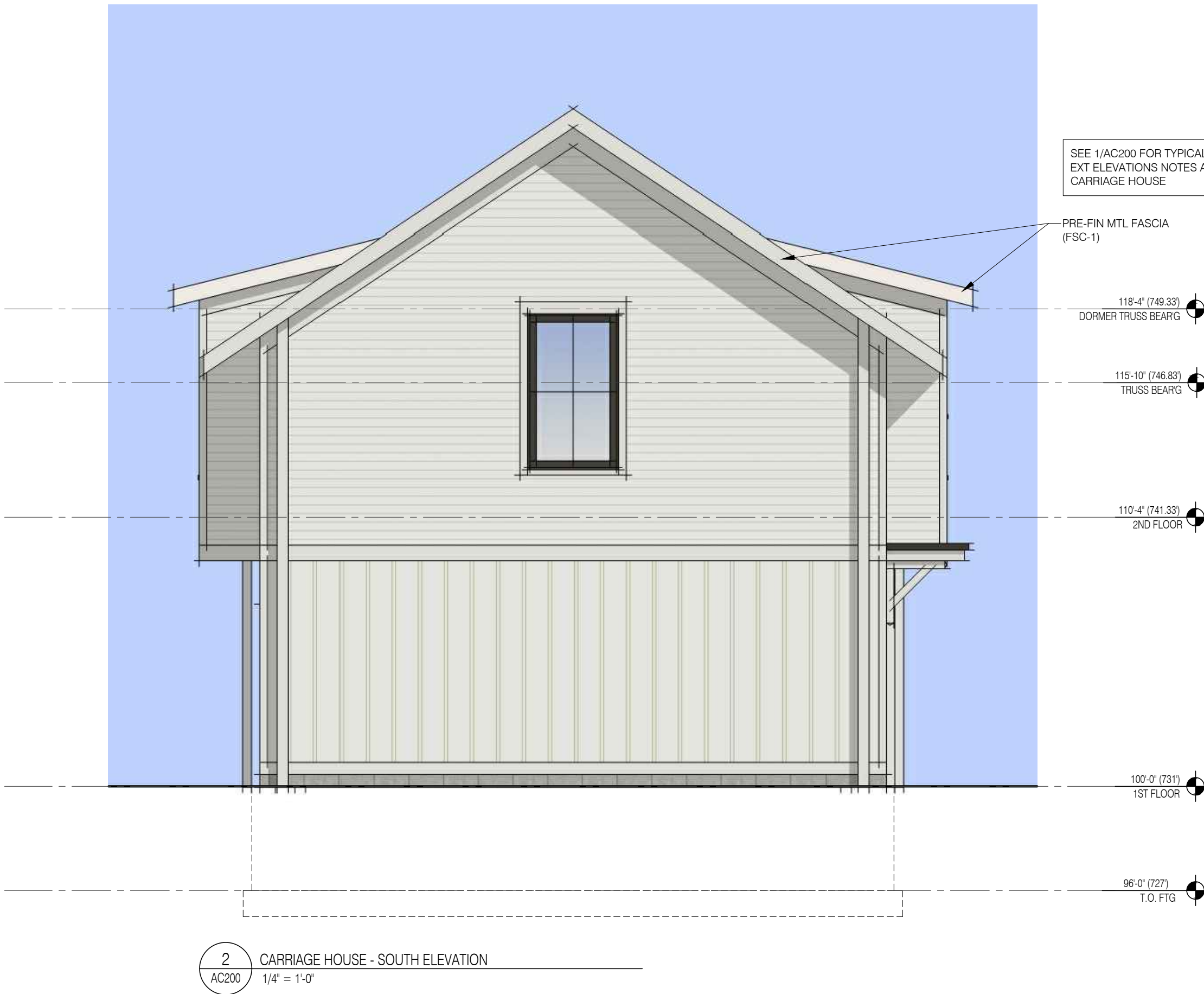
Signature

Printed Name

Registration Number

CARRIAGE HOUSE:
EXTERIOR ELEVATIONS

AC200



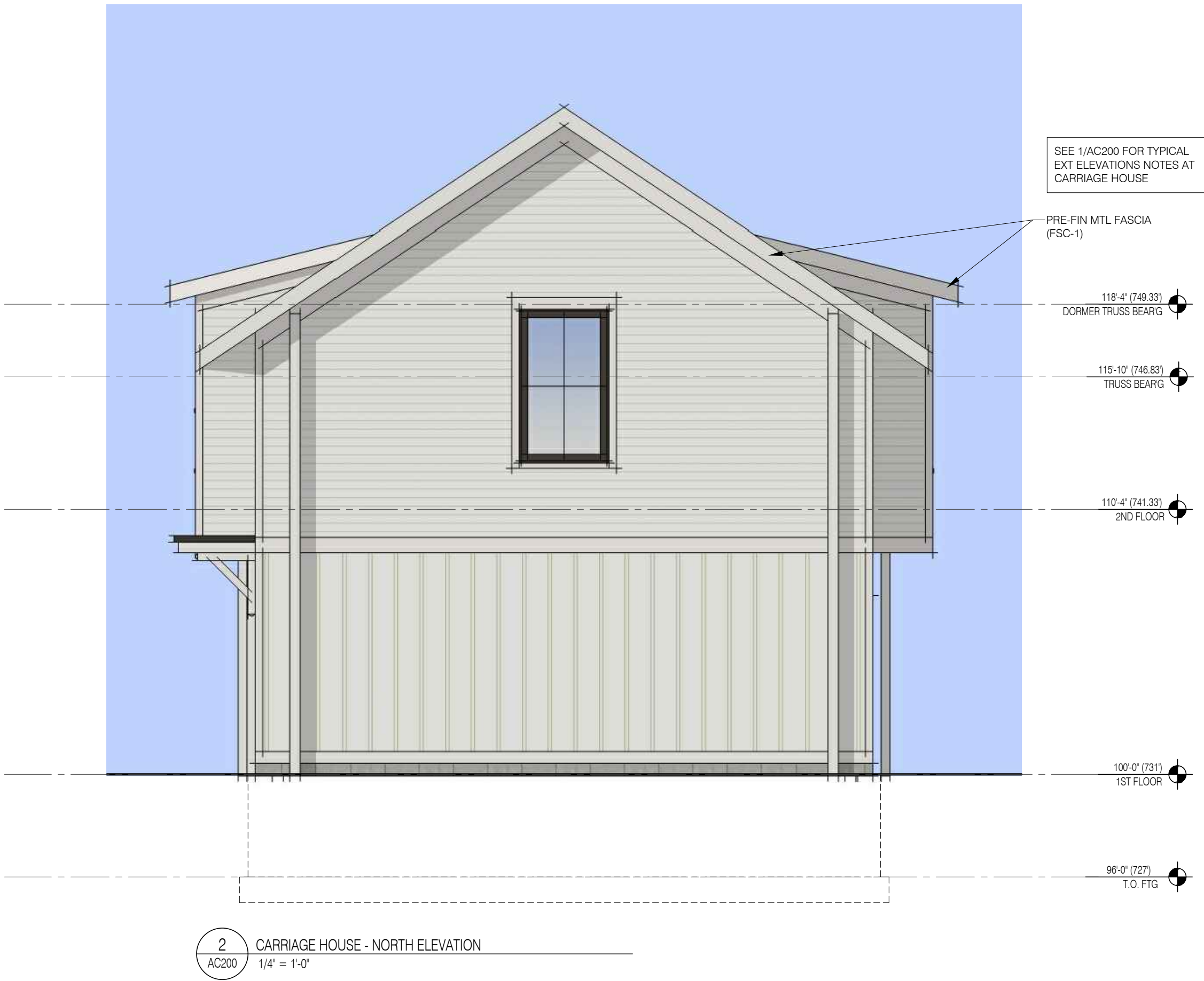
2 CARRIAGE HOUSE - SOUTH ELEVATION
1/4\"/>



1 CARRIAGE HOUSE - EAST ELEVATION
1/4\"/>

Project Contacts

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nate.golin@uplusb.com



2 CARRIAGE HOUSE - NORTH ELEVATION
AC200
1/4" = 1'-0"

Site Alteration
Permit Set
3/1/19

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Signature

Printed Name

Registration Number

CARRIAGE HOUSE:
EXTERIOR ELEVATIONS

AC201



1 CARRIAGE HOUSE - WEST ELEVATION
AC201
1/4" = 1'-0"



6 ALLEY VIEW FROM WEST
A700 N.T.S.



5 COURTYARD VIEW
A700 N.T.S.



4 STREET VIEW FROM SOUTHEAST
A700 N.T.S.



3 STREET VIEW FROM NORTHEAST
A700 N.T.S.



2 AERIAL VIEW FROM SOUTHWEST
A700 N.T.S.



1 AERIAL VIEW FROM SOUTHEAST
A700 N.T.S.

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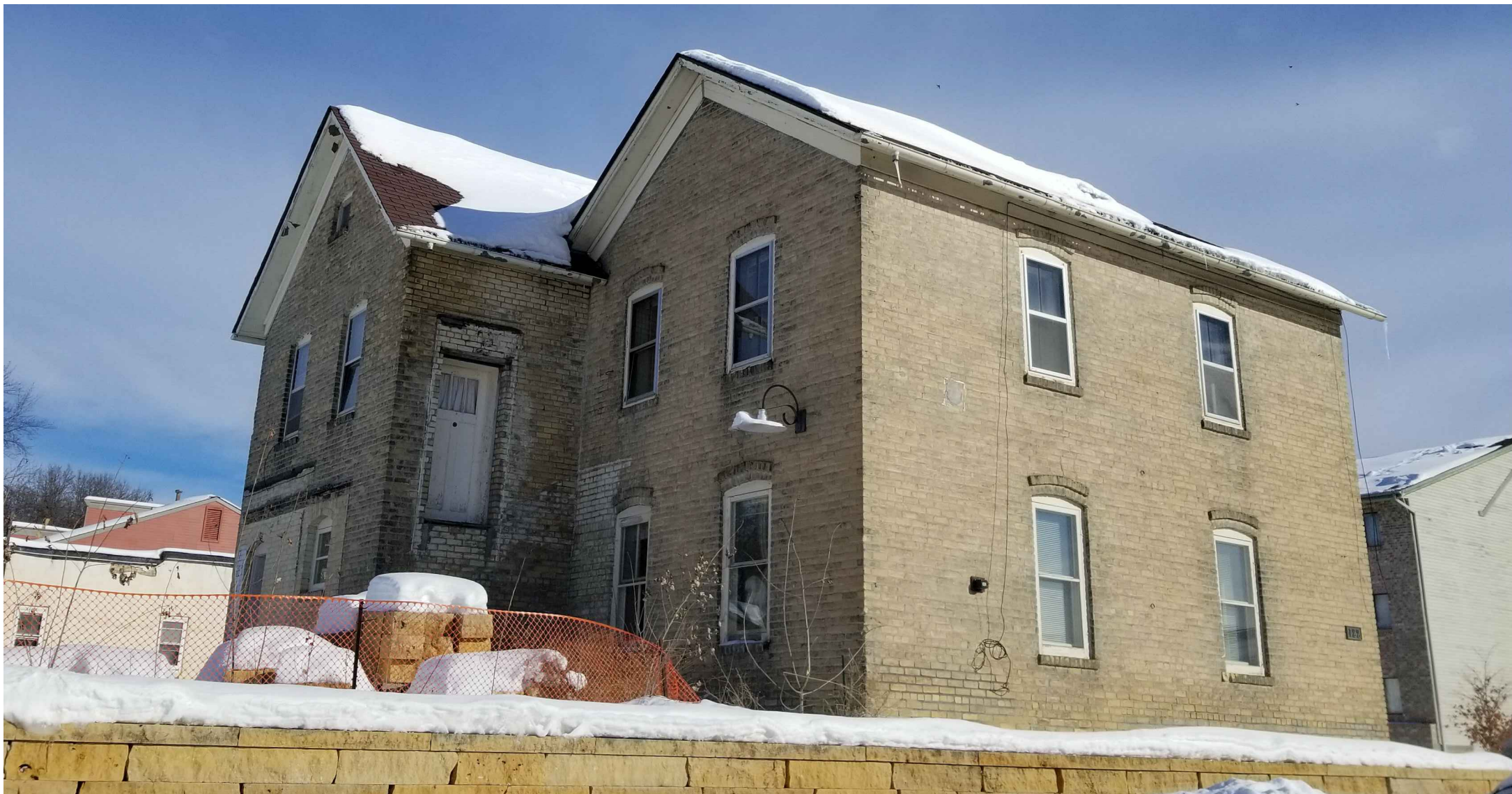
Signature

Printed Name

Registration Number

RENDERINGS

A700



6 SOUTH FACADE - ERNST HOUSE
A800 N.T.S.



5 WEST FACADE - ERNST HOUSE
A800 N.T.S.



4 NORTH FACADE - ERNST HOUSE
A800 N.T.S.



3 STREET VIEW FROM NORTHEAST - ERNST HOUSE
A800 N.T.S.



2 EAST FACADE - ERNST HOUSE
A800 N.T.S.



1 SITE VIEW FROM SOUTHEAST
A800 N.T.S.

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nate.golin@uplusb.com

**Site Alteration
Permit Set**
3/25/19

Not For Construction

**Ernst House
Redevelopment**
211 North Walnut Street
Chaska, MN 55318
Project: 2018007_211N

Drawings Issued	Date

I hereby certify that this plan, specification or report was prepared by me or under my direct supervision and that I am a duly Licensed Architect under the laws of the State of Minnesota

Signature
Printed Name
Registration Number

PHOTOS

A800