AGENDA
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
ONE CITY HALL PLAZA, CHASKA CITY HALL
Monday, March 16, 2020
7:30 PM

1. Call to Order
2. Roll Call
3. Adopt Agenda
4. Approve Previous Meeting Minutes
   A. Approve the February 24, 2020 EDA Meeting Minutes
5. Discussion Items
   A. Adopt Resolution EDA 2020-3, Establishing a Redevelopment Tax Increment District (TIF 23 - City Square West Redevelopment) and Approving a Tax Increment Financing Plan
6. Other Business
7. Adjourn

- MINUTES -
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
FEBRUARY 24, 2020

DRAFT

1. Call to Order
President Pro Tem Grau called the meeting to order at 8:54 pm.

2. Roll Call
Roll call was taken. Present: Commissioners Hatfield, Hubbard, Huang, and President Pro Tem Grau.
Absent: President Windschitl.

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

3. Agenda
Motion by Commissioner Hubbard, second by Commissioner Hatfield to adopt the agenda as presented.
Motion carried.

4. Minutes
Motion by Commissioner Hubbard, second by Commissioner Hatfield to approve the minutes of the February 3, 2020 EDA meeting.
Motion carried.

5. Adopt Resolution EDA 2020-2, Adopt Resolution Ratifying Sale and Issuance of Bonds
Executive Director Podhradsky presented the item to the Commission.

Commissioner Huang inquired what the term duration is.

Executive Director Podhradsky replied it has a term of 20 years.

Motion by Commissioner Huang, second by Commissioner Hubbard to adopt Resolution No. 2020-2 ratifying the sale and authorizing the issuance of $6,285,000 Taxable Full-Term Installment Purchase Revenue Bonds Series 2020A, and authorizing execution of related documents.
Motion carried.

6. Other Business
There was no other business.

7. Adjourn
Motion by Commissioner Hatfield, second by Commissioner Hubbard to adjourn the meeting at 8:59 pm.
Motion carried.

REQUEST FOR ACTION
CHASKA CITY COUNCIL
03/16/2020

Subject: **Establishing a Redevelopment Tax Increment District (TIF 23 - City Square West Redevelopment) and Approving a Tix Increment Financing Plan**

Prepared By: Nate Kabat, Assistant City Administrator

Background

At its December 3, 2018 meeting, the Chaska City Council approved resolution 2018-140 approving concept plans for City Square West and two alternate Library sites and authorized City staff to move forward with next steps to project implementation.

At its November 4, 2019 work session, the Chaska City Council heard an update from staff on due diligence work that has been completed to prepare for project implementation. Council was also presented with a preliminary financial model for the project. The financial model presented sources that would be needed to support the project which include developer contribution, community fund, grants, and TIF contribution. At the meeting staff projected that Council would be asked to establish the TIF in early 2020.

At its February 3, 2020 work session, the Chaska City Council heard an update from staff which included efforts to prepare for release of an RFQ to identify a preferred developer and updates to the financial model. The updated financial model included the same sources as previously presented on November 4th, but the numbers were refined to tie developer contribution closer to market realities. Council was presented with a proposed map of the TIF district and with the need to establish the district in early 2020 to enable bonding required for property acquisition and assembly for the project to proceed.

At its February 3, 2020 meeting, the Chaska City Council approved resolution 2020-10 calling for a public hearing at the March 16, 2020 meeting to establish a TIF district in support of the City Square West redevelopment.

Analysis – TIF District

As the process continues in line with the Council's timeline for implementation as presented by staff at the February 3, 2020 work session, 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 which is already established to enable TIF district creation, however establishment of TIF District #23 therein is necessary for supporting this specific project.

The TIF district is necessary at this time in order to establish a means of financing by which to initiate the initial steps towards property assembly. City staff are currently negotiating purchase agreements with all property owners on the block. Anticipating agreements will be reached, the City needs to be prepared to support the necessary bonding to close with the TIF district being considered tonight.

Property assembly is among the redevelopment costs that the TIF district will support in addition to other infrastructure improvements such as public parking and site preparation. The City Council must hold a public hearing to establish TIF District #23 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 2024 as the first year to receive tax increment and reserves the right to allow the District to remain in existence through 2049. The estimated public costs of the TIF District total $10,190,089 for a combination of site acquisition and eligible improvements and administrative expenses. Estimated sources of revenue through the TIF District is $10,190,089.

The original tax capacity on the site is $68,971 as of January 2, 2019 for taxes payable 2020, and the anticipated total tax capacity on the site following improvements are expected to be $300,800 as of January 2, 2023 for taxes payable 2020. See the attached draft TIF Plan from Baker Tilly for more details.

Recommendation

The 2012 Chaska Downtown Master Plan generally supports redevelopment of underutilized locations in and around downtown. Specifically, the Plan identifies the City Square West redevelopment site as a catalyst site. Like the Firemen's Park catalyst redevelopment, the intent of catalyst site redevelopment is to create destination locations in downtown that support a vibrant business market by bringing more people to downtown. To pursue these projects, the Plan recommends City involvement in planning, financing, and implementation.

Council action will authorize the establishment of the TIF district. The EDA will also act 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 a developer successfully completes the planning process and executes a development agreement with the City to proceed with implementation. Negotiations of the purchase agreements will be ongoing over the upcoming months with the development agreement negotiations being tied to the planning process with a preferred developer once selected. All agreements will require Council and the EDA approval.

Staff recommends creation of TIF District #23.

CITY COUNCIL ACTION REQUESTED
Motion to approve EDA Resolution No. 2020-3 establishing a redevelopment tax increment financing district and approve a tax increment financing plan therefor (City Square West Redevelopment Project).

CHASKA ECONOMIC DEVELOPMENT AUTHORITY
COUNTY OF CARVER
STATE OF MINNESOTA

RESOLUTION NO. EDA 2020-3
ESTABLISHING A REDEVELOPMENT TAX INCREMENT FINANCING DISTRICT AND APPROVING A TAX INCREMENT FINANCING PLAN THEREFOR
(CITY SQUARE WEST REVELOPMENT 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. 23 (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 March 16, 2020, entitled "Tax Increment Financing Plan for Tax Increment Financing (Redevelopment) District No. 23 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; 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 a private developer (the "Developer") will acquire certain property located in the City (the "Development Property"), acquire certain property, demolish existing buildings and construct a mixed-use development within the TIF District (the "Development").

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

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 (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 and therefore the Board reaffirms the findings and determinations originally made in connection with the establishment of the Project Area and the adoption of the Redevelopment Plan therefor.

2.02 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.

2.03 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 ($37,400,899 approximately), after subtracting the present value of the projected tax increments for the maximum duration of the TIF District (i.e., $5,122,835 approximately), which is approximately $32,278,064. 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.

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

2.05 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 2024.

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 $1,019,011 and other project costs, including without limitation the cost of the acquisition of the property within the TIF District, in an amount up to $9,171,078) 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 $10,190,089 outstanding at any time.

(d) All Loans shall mature not later than February 1, 2049 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 on March 16, 2020, by the Board of Commissioners of the Chaska Economic Development Authority.

SECRETARY'S CERTIFICATE

I, the undersigned, being the duly qualified and acting Secretary of the Chaska Economic Development Authority, DO HEREBY CERTIFY that I have carefully compared the attached and foregoing extract of minutes of a duly called and regularly held meeting of the EDA held on March 16, 2020, with the original minutes thereof on file in my office and that the same is a full, true, and correct transcript thereof insofar as said minutes relate to the establishment of and related actions referenced therein with respect to Tax Increment Financing District No. 23.

Board member ____________________ moved the adoption of the foregoing resolution, and said motion was duly seconded by Board member _______________________, and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly adopted.

WITNESS My hand this 16th day of March, 2020.

____
Secretary
Chaska Economic Development Authority

Chaska, Minnesota
Chaska Economic Development Authority

Tax Increment Financing Plan

for

Tax Increment Financing (Redevelopment) District No. 23

Within Redevelopment Project Area No. 4

Draft Dated: March 16, 2020
Scheduled Public Hearing: March 16, 2020
Anticipated Approval: March 16, 2020

Prepared by:

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St. Paul, MN 55101-2887
(651) 223-3000

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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. 23.

"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.

Section C Statement of Need and Public Purpose

The Authority has determined that conditions exist within the Redevelopment Project Area which have prevented further development of land by private enterprise. It has been found that the Redevelopment Project 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, 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 this plan, seeks to achieve the following objectives:

1. Redevelopment of blighted and obsolete structures.
2. Funding of eligible improvements related to the qualification of the property as a redevelopment district, through the use tax increment.
3. Development of new housing and commercial space in the City.

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 2024 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 as projected to be through the year 2049.(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 3.01-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
30.9990500	Section 08 Township 115 Range 023
30.0501392	Section 08 Township 115 Range 023 CITY LOTS OF CHASKA Lot 001 Block 023 LOT 3 AND THAT P/O LOTS 1 & 2, BLOCK 23, LYING SELY OF A LINE PARALLEL WITH AND 25' SELY, MEAS AT RT ANGLES, FROM CENTERLINE OF MAIN TRACK OF UNION PACIFIC RR, FORMERLY CNW RR CO & PRIOR MPLS ST LOUIS RR CO. EXC S 48' OF LOT 3, BLOCK 23 (30.0501400)
30.0501400	Section 08 Township 115 Range 023 CITY LOTS OF CHASKA Lot 003 Block 023 S 48' THEREOF
30.0501410	Section 08 Township 115 Range 023 CITY LOTS OF CHASKA Lot 004 Block 023
30.0501420	Section 08 Township 115 Range 023 CITY LOTS OF CHASKA Lot 005 Block 023
30.0501800	Section 09 Township 115 Range 023 CITY LOTS OF CHASKA Block

	027 LOTS 1 2 9 & 1O & P/O ALLEY VACATED & ADJACENT TO SAID LOTS & ALSO P/O LOTS 3 & 8 BLK 27 DESC AS: BEG AT SE CORN LOT 2 TH SLY ALONG ELY LINE OF BLK 27 4" TH WLY TO S LINE OF LOT 2 & LOT 9 TO PT ON WLY LINE BLK 27 TO PT ON WLY LINE BLK 27 4" S FROM SW COR
30.0501830	Section 09 Township 115 Range 023 CITY LOTS OF CHASKA Block 027 ALL OF BLOCK 27 LYING SLY OF LINE DESC AS: BEG AT SE CORN OF LOT 2, BLK 27; TH SLY ALONG ELY LINE OF BLK 27 4" TO PT OF BEG; TH WLY PARALLEL TO S LINE OF LOT 2 AND LOT 9, BLK 27 TO A PT ON WLY LINE OF BLK 27, 4" S (MEAS ALONG W LINE BLK 27) FROM SW CORN
30.0501840	Section 09 Township 115 Range 023 CITY LOTS OF CHASKA Lot 006 Block 027 & LOT 7 EXC: NLY 23' OF ELY 5' CRV #5378

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 anticipates acquiring property within the district to facilitate redevelopment.

Section I Specific Development Expected to Occur Within the TIF District

The proposed project is expected to consist of the acquisition, demolition and subsequent construction of a mixed-use development on the property. The Authority anticipates the construction of approximately 100 new rental housing units with underground parking and commercial space. The Authority anticipates using tax increment to finance eligible redevelopment costs including acquisition, demolition, parking, streets and sidewalks, public infrastructure improvements and other related and necessary redevelopment costs, including eligible administrative expenses.

The Authority anticipates redevelopment commencing sometime in 2021 and continuing into 2022. The project is expected to be fully completed by December 31, 2022 for assess 2023 and taxes payable 2024.

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. 23 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 eight parcels that are occupied so 98.9 percent of the area of the proposed TIF District is occupied (exceeding the 70 percent coverage test);
- 60 percent 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 City that consists of blighted properties that were found to be substandard and will be demolished following establishment of the District. The Authority has identified extraordinary costs including demolition, 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 buildings need to be removed from the site 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 $37,400,899, including the value of the building (See Exhibit II).

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 $5,122,835 (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 $32,278,064 (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 would include demolition of existing blighted buildings and subsequent construction of mixed-use buildings with underground parking in the Project Area and would be 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	9,171,078
Bond/Note Interest Payments	
Administrative expenses	1,019,011
Other Expenditures	
Total	10,190,089

The Authority anticipates using tax increment to the extent available to assist with financing a portion of the acquisition, demolition, site improvements, parking, infrastructure and public improvement 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	10,190,089
Interest on invested funds	
Other	
Total	10,190,089

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), either through internal funding or 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 $10,190,089. The Authority currently plans to finance the acquisition and related costs through bond issuance. Future costs may be financed through an interfund loan and potentially in the form of a pay-as-you go revenue note, but reserves the right to issue bonds 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, 2019, for taxes payable in 2020, is $5,517,600 and the estimated original net tax capacity of the TIF District following reclassification of the property would be $68,971. This assumes the property is classified as a mix of residential rental and commercial/industrial.

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 2019 and payable in 2020 is not yet available. For purposes of estimating the tax increment generated by the TIF District we are using the payable 2019 tax rate of 104.219% as shown below. If the request for certification is made prior to June 30, 2020, the original local tax rate will be the rate that applies for taxes payable in 2020 and the County Auditor shall certify this amount as the original tax capacity rate of the TIF District.

Taxing Jurisdiction	2019/2020 Local Tax Rate
City of Chaska	27.678%
Carver County	36.488%
ISD # 112	33.631%
Other	6.422%
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 2021 and be completed by December 31, 2022, creating a total tax capacity for the TIF District of $300,800 as of January 2, 2023. The captured tax capacity as of that date is estimated to be $231,829 and the first year of tax increment is estimated to be $241,609 payable in 2024. 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 rental class rates of 1.25% and commercial class rates remain at 1.5% for the first $150,000 of estimated market value and 2.0% of the market value above $150,000. 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).

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 $10,226,907.

2. To the extent the project in TIF District 23 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 is anticipating the issuance of general obligation bonds to finance acquisition and related costs of the project.

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 $3,300,197.

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 $3,580,566.

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;

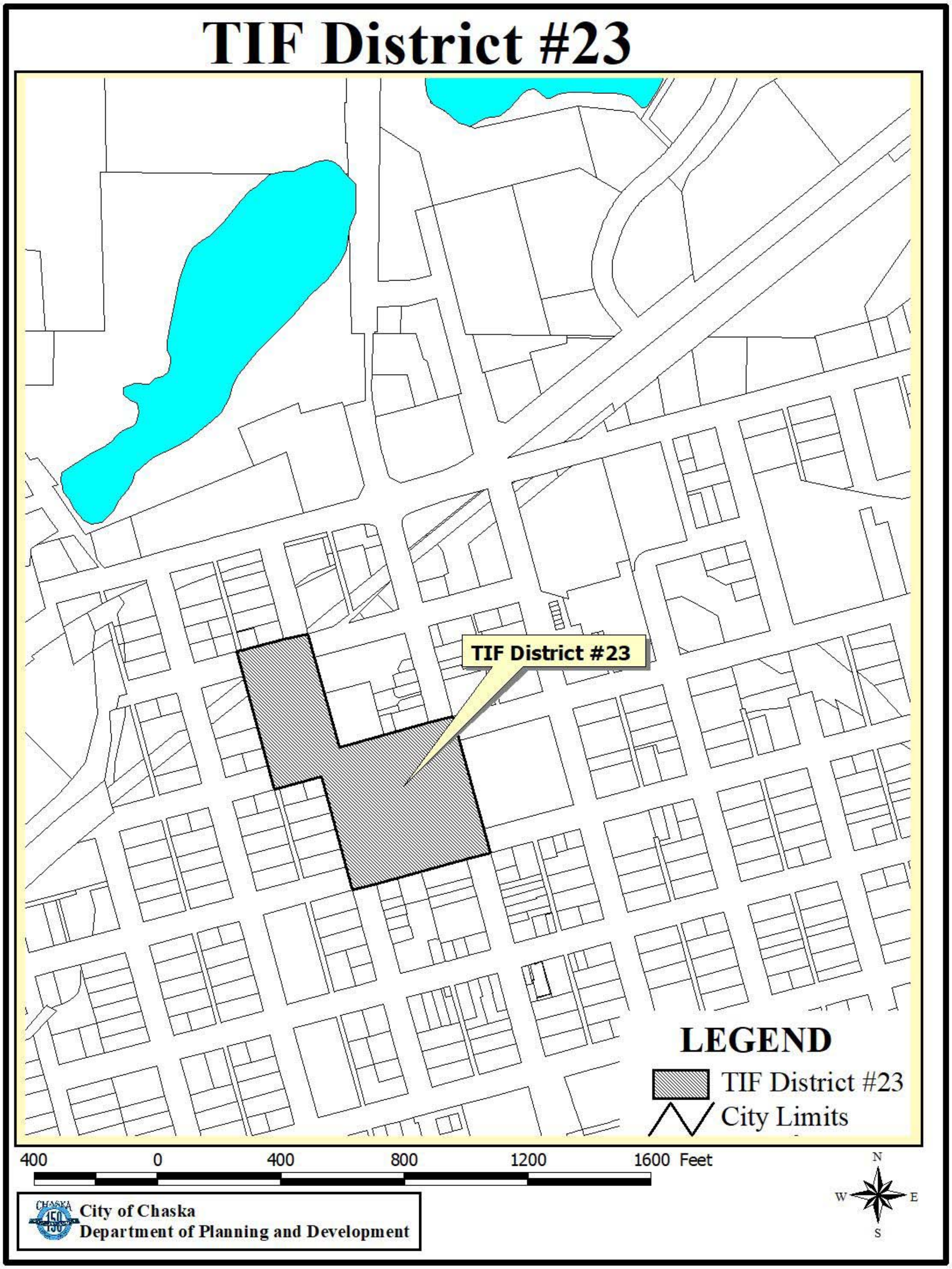
(c) if laws governing the classification of real property cause changes to the percentage of estimated market value to be applied for property tax purposes, then the resulting increase or decrease in net tax capacity shall be applied proportionately to the original net tax capacity and the retained captured 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

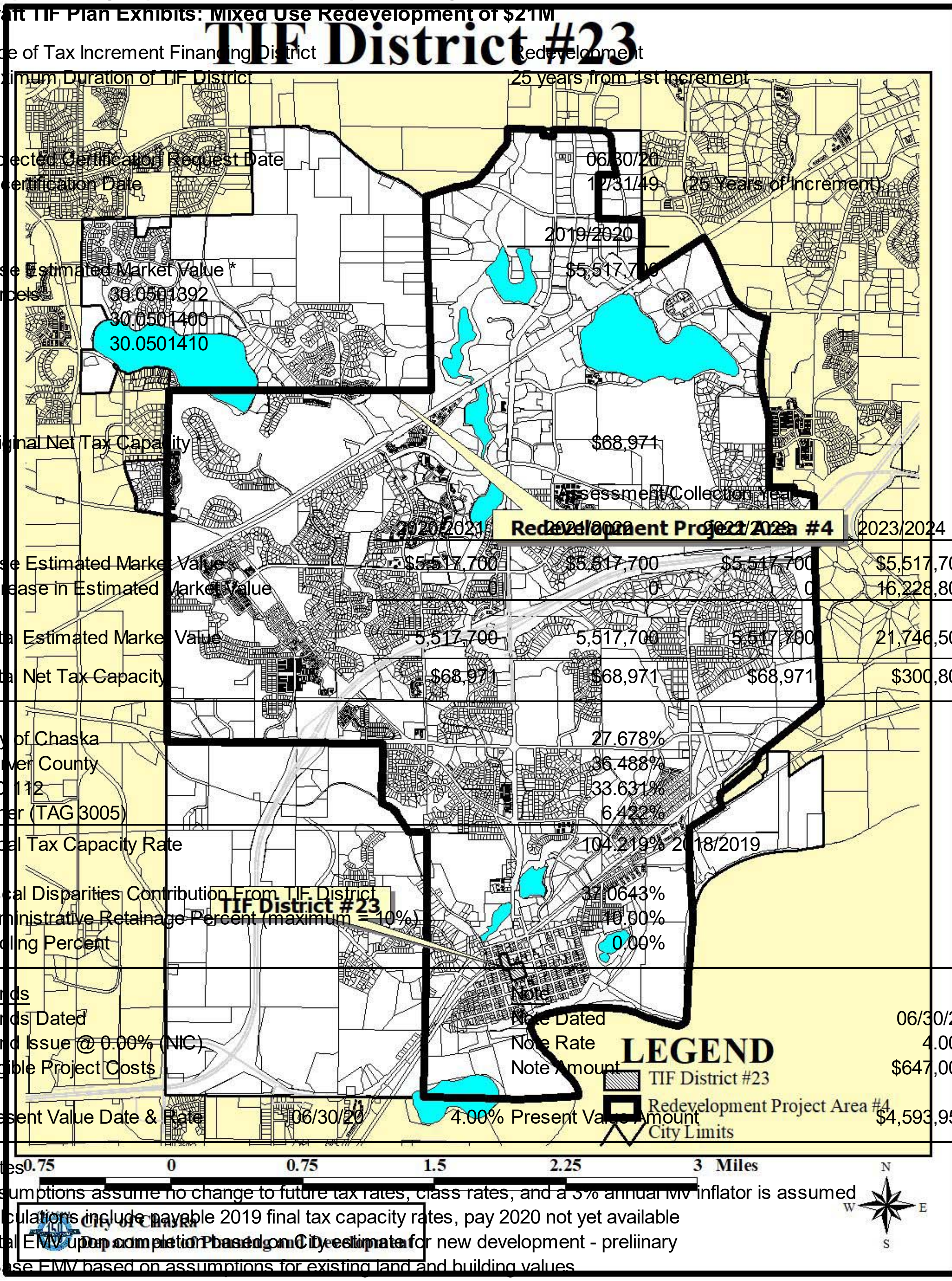
The Authority will file the TIF Plan, and any subsequent amendments thereto, with the Commissioner of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes, Section 469.175, subdivision 4a. The Authority will comply with all reporting requirements for the TIF District under Minnesota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

MAP OF TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 23
within Redevelopment Project No. 4



Assumptions Report

City of Chaska, Minnesota
Tax Increment Financing (Redevelopment) District No. 23
Proposed City Square West Redevelopment Project
Draft TIF Plan Exhibits: Mixed Use Redevelopment of $21M



Type of Tax Increment Financing District	Redevelopment
Maximum Duration of TIF District	25 years from 1st increment
Projected Certification Request Date	06/30/20
Decertification Date	12/31/49 (25 Years of Increment)

	2019/2020
Base Estimated Market Value *	$5,517,700

Parcels: 30.0501392, 30.0501400, 30.0501410

Original Net Tax Capacity *	$68,971

Assessment/Collection Year

	2020/2021	2021/2022	2022/2023	2023/2024
Base Estimated Market Value	$5,517,700	$5,517,700	$5,517,700	$5,517,700
Increase in Estimated Market Value	0	0	0	16,228,800
Total Estimated Market Value	5,517,700	5,517,700	5,517,700	21,746,500
Total Net Tax Capacity	$68,971	$68,971	$68,971	$300,800

City of Chaska	27.678%	
Carver County	36.488%	
ISD 112	33.631%	
Other (TAG 3005)	6.422%	
Local Tax Capacity Rate	104.219%	2018/2019
Fiscal Disparities Contribution From TIF District	37.0643%	
Administrative Retainage Percent (maximum = 10%)	10.00%	
Pooling Percent	0.00%	

Bonds			Note	
Bonds Dated			Note Dated	06/30/20
Bond Issue @ 0.00% (NIC)			Note Rate	4.00%
Eligible Project Costs			Note Amount	$647,000
Present Value Date & Rate	06/30/20	4.00%	Present Value Amount	$4,593,954

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, pay 2020 not yet available
Total EMV upon completion based on City estimate for new development - preliinary
* Base EMV based on assumptions for existing land and building values

Projected Tax Increment Report

City of Chaska, Minnesota
Tax Increment Financing (Redevelopment) District No. 23
Proposed City Square West Redevelopment Project
Draft TIF Plan Exhibits: Mixed Use Redevelopment of $21M
Fiscal Disparities Contribution Not Included

Annual Period Ending (1)	Total Estimated Market Value [(1)] (2)	Total Net Tax Capacity [(2)] (3)	Less: Original Net Tax Capacity [(3)] (4)	Less: Fiscal Disp. @ 37.0643% (5)	Retained Captured Net Tax Capacity (6)	Times: Tax Capacity Rate [(4)] (7)	Annual Gross Tax Increment (8)	Less: State Aud. Deduction 0.360% (9)	Subtotal Net Tax Increment (10)	Less: Admin. Retainage 10.00% (11)	Annual Net Revenue (12)	P.V. Annual Net Rev. To 06/30/20 4.00%
12/31/20	5,517,700	68,971	68,971	0	0	104.219%	0	0	0	0	0	0
12/31/21	5,517,700	68,971	68,971	0	0	104.219%	0	0	0	0	0	0
12/31/22	5,517,700	68,971	68,971	0	0	104.219%	0	0	0	0	0	0
12/31/23	5,517,700	68,971	68,971	0	0	104.219%	0	0	0	0	0	0
12/31/24	21,746,500	300,800	68,971	0	231,829	104.219%	241,609	870	240,739	24,074	216,665	183,379
12/31/25	22,398,895	309,847	68,971	0	240,875	104.219%	251,037	904	250,133	25,013	225,120	183,207
12/31/26	23,070,862	319,164	68,971	0	250,193	104.219%	260,748	939	259,809	25,981	233,828	182,975
12/31/27	23,762,988	328,762	68,971	0	259,791	104.219%	270,751	975	269,776	26,978	242,798	182,686
12/31/28	24,475,877	338,647	68,971	0	269,676	104.219%	281,053	1,012	280,041	28,004	252,037	182,344
12/31/29	25,210,154	348,829	68,971	0	279,858	104.219%	291,665	1,050	290,615	29,062	261,553	181,951
12/31/30	25,966,458	359,316	68,971	0	290,345	104.219%	302,594	1,089	301,505	30,151	271,354	181,509
12/31/31	26,745,452	370,118	68,971	0	301,147	104.219%	313,852	1,130	312,722	31,272	281,450	181,021
12/31/32	27,547,816	381,245	68,971	0	312,273	104.219%	325,448	1,172	324,276	32,428	291,848	180,489
12/31/33	28,374,250	392,704	68,971	0	323,733	104.219%	337,391	1,215	336,176	33,618	302,558	179,916
12/31/34	29,225,478	404,508	68,971	0	335,537	104.219%	349,692	1,259	348,433	34,843	313,590	179,304
12/31/35	30,102,242	416,666	68,971	0	347,694	104.219%	362,363	1,305	361,058	36,106	324,952	178,654
12/31/36	31,005,309	429,188	68,971	0	360,217	104.219%	375,414	1,351	374,063	37,406	336,657	177,971
12/31/37	31,935,468	442,086	68,971	0	373,115	104.219%	388,856	1,400	387,456	38,746	348,710	177,252
12/31/38	32,893,532	455,371	68,971	0	386,400	104.219%	402,702	1,450	401,252	40,125	361,127	176,504
12/31/39	33,880,338	469,055	68,971	0	400,084	104.219%	416,963	1,501	415,462	41,546	373,916	175,726
12/31/40	34,896,749	483,149	68,971	0	414,178	104.219%	431,651	1,554	430,097	43,010	387,087	174,919
12/31/41	35,943,651	497,666	68,971	0	428,695	104.219%	446,781	1,608	445,173	44,517	400,656	174,087
12/31/42	37,021,961	512,619	68,971	0	443,647	104.219%	462,364	1,665	460,699	46,070	414,629	173,229
12/31/43	38,132,619	528,020	68,971	0	459,049	104.219%	478,415	1,722	476,693	47,669	429,024	172,349
12/31/44	39,276,598	543,883	68,971	0	474,912	104.219%	494,947	1,782	493,165	49,317	443,848	171,446
12/31/45	40,454,896	560,222	68,971	0	491,251	104.219%	511,976	1,843	510,133	51,013	459,120	170,525
12/31/46	41,668,543	577,051	68,971	0	508,080	104.219%	529,515	1,906	527,609	52,761	474,848	169,583
12/31/47	42,918,599	594,385	68,971	0	525,414	104.219%	547,580	1,971	545,609	54,561	491,048	168,624
12/31/48	44,206,157	612,239	68,971	0	543,268	104.219%	566,187	2,038	564,149	56,415	507,734	167,648
12/31/49	45,532,342	630,629	68,971	0	561,657	104.219%	585,353	2,107	583,246	58,325	524,921	166,656
							$10,226,907	$36,818	$10,190,089	$1,019,011	$9,171,078	$4,593,954

[(1)] *taxable value based on estimates provided by City staff and future buildout assumptions for redevelopment of the project site*
[(2)] *tax capacity based on residential rental class rate of 1.25% and commercial-industrial class rate of 1.5% for value up to $150,000 and 2% for value above $150,000*
[(3)] *original net tax capacity will be based on existing land and buiilding value upon sale to private developer*
[(4)] *combined local tax capacity rate of City of Chaska, School District, and Carver County for payable 2019*

Estimated Impact on Other Taxing Jurisdictions Report

City of Chaska, Minnesota
Tax Increment Financing (Redevelopment) District No. 23
Proposed City Square West Redevelopment Project
Draft TIF Plan Exhibits: Mixed Use Redevelopment of $21M

	Without Project or TIF District		With Project and TIF District						
Taxing Jurisdiction	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	27.678%	29,367,561	$341,910	29,709,471	27.359%	0.319%	93,543
Carver County	14,066,414	36.488%	14,066,414	341,910	14,408,324	35.622%	0.866%	121,797
ISD 112	81,718,870	33.631%	81,718,870	341,910	82,060,780	33.491%	0.140%	114,509
Other (2)	---	6.422%	---	341,910	---	6.422%	---	---
Totals		104.219%				102.894%	1.325%	

* **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 1.325% (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. 23
Proposed City Square West Redevelopment Project
Draft TIF Plan Exhibits: Mixed Use Redevelopment of $21M

Assumptions	
Present Value Date	06/30/20
P.V. Rate - Gross T.I.	4.00%

Increase in EMV With TIF District	$37,400,899
Less: P.V of Gross Tax Increment	5,122,835
Subtotal	$32,278,064
Less: Increase in EMV Without TIF	0
Difference	$32,278,064

	Year	Annual Gross Tax Increment	Present Value @ 4.00%
1	2024	241,609	204,491
2	2025	251,037	204,299
3	2026	260,748	204,040
4	2027	270,751	203,719
5	2028	281,053	203,337
6	2029	291,665	202,898
7	2030	302,594	202,405
8	2031	313,852	201,861
9	2032	325,448	201,269
10	2033	337,391	200,629
11	2034	349,692	199,946
12	2035	362,363	199,222
13	2036	375,414	198,459
14	2037	388,856	197,659
15	2038	402,702	196,824
16	2039	416,963	195,956
17	2040	431,651	195,056
18	2041	446,781	194,128
19	2042	462,364	193,172
20	2043	478,415	192,191
21	2044	494,947	191,185
22	2045	511,976	190,156
23	2046	529,515	189,106
24	2047	547,580	188,036
25	2048	566,187	186,948
26	2049	585,353	185,843
		$10,226,907	$5,122,835

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 eight 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 eight (8) parcels with five (5) structures.

One (1) building was inspected on March 25, 2016, one (1) building was inspected on January 20, 2017, and one (1) building was inspected on December 23, 2019. Two (2) buildings were not inspected as they did not appear to be substandard upon initial inspection. Building code and Condition Deficiency reports are located in the final report.

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 98.9 percent which is above the 70 percent requirement.
- 60 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.