AGENDA
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
CHASKA CITY HALL - COUNCIL CHAMBERS & ZOOM
Monday, January 03, 2022
7:00 PM

1. Call to Order
2. Roll Call
3. Adopt Agenda
4. Approve Previous Meeting Minutes
   A. Approve the October 4, 2021 EDA Meeting Minutes
5. Discussion Items
   A. Update to TIF and Abatement Policy for Corporate and Industrial Development
6. Other Business
7. Adjourn

- MINUTES -
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
OCTOBER 4, 2021

DRAFT

1. Call to Order

President Windschitl called the meeting to order at 8:04 pm.

2. Roll Call

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

Absent: Commissioner Grau.

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

3. Agenda

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

4. Minutes

Motion by Commissioner Huang, second by Hatfield to approve the September 20, 2021 EDA Meeting Minutes as presented.
Motion carried.

5. Approve EV Charge Program License Agreement with Minnesota Municipal Power Agency

Executive Director Podhradsky presented this item to the Commission and provided some background.

Motion by Commissioner Huang, second by Commissioner Hubbard to approve EV Charge Program License Agreement with Minnesota Municipal Power Agency.
Motion carried.

6. Other Business

Executive Director Podhradsky provided an update on the Hy-Vee site.

7. Adjourn

Motion by Commissioner Hubbard, second by Commissioner Huang to adjourn the meeting at 8:13 pm.
Motion carried.

REQUEST FOR ACTION
CHASKA ECONOMIC DEVELOPMENT AUTHORITY
January 3, 2021

Subject: **Update to TIF and Abatement Policy for Corporate and Industrial Development**

Prepared By: Nate Kabat

Background
In 2007, the Chaska City Council and Chaska Economic Development Authority adopted a policy guiding tax increment and abatement assistance for business development in the Chaska Biotech Center. The Chaska Biotech Center is defined as the area of the Southwest Chaska growth area guided for business park located west of 212 and south of Engler in the 2040 Comprehensive plan. The policy is a guide for processing and reviewing developer applications requesting Tax Increment and Tax Abatement assistance. The policy also serves to set expectations for site selectors and developers evaluating a potential project in Chaska.

By setting a policy, the City Council and EDA can be proactive in setting expectations and also establishing objectives for desired development. Assistance provision can then be tied to meeting those objectives. The policy set in 2007 sets the following objectives for the Biotech Center:

- Increase the number of quality jobs within the community
- Provide an increase in the types and amounts of services provided within Chaska
- Achieve development on sites that would not be developed "but for" this assistance
- Proliferate the growth of Chaska's utility division which supplements the General Fund to keep taxes stable
- Help create quality projects that achieve the community's vision for the Chaska Biotech Center Corporate/Industrial Development

Update
In 2021, Oppidan received approval for two industrial buildings in the Chaska Creek Business Center and began the process for a third building. An economic development TIF was created in line with the established TIF policy to support these projects. With the Creek Road sewer extension currently in development, the area of the Chaska Biotech Center will become much more accessible for further business park development. To prepare for this development, staff has reviewed the policy adopted in 2007 to ensure alignment with current objectives and practice.

Attached to this report are redlined and clean copies of the updated Tax Increment Financing and Tax Abatement Policy for the Chaska Biotech Center-Corporate/Industrial Development. The policy remains largely unchanged except for two key updates:

1. Section V – Amount of Tax Increment Assistance to be Provided has been updated to clarify the methodology of determining the amount. Chaska has a well established history of providing two times the amount of annual taxes to a project that will fully develop a site or three times the amount of annual taxes to a project that includes enough property to increase the size of the building by 50% in a future expansion. This approach remains unchanged. Staff has added clarification to describe how "annual taxes" will be calculated as it pertains to TIF assistance.

2. Section VII – Projects that may Qualify for Tax Abatement Assistance has been updated to clarify eligibility based on past practice. In general, the standing policy is to provide abatement assistance when a project qualifies and is approved under Carver County's tax abatement policy which provides assistance for County Road updates necessary as a result of project impacts. However, the City has pursued abatement without the County in some limited circumstances where a project uniquely aligns with City objectives. While the policy continues to emphasize limited use of abatement as opposed to TIF, this section has been updated to acknowledge that a project may be considered for tax abatement if the project meets the following criteria:

    - Substantially proliferates the growth of Chaska's Electric Utility which supplements the General Fund to keep taxes stable
    - Supports growth of the bio-tech industry cluster
    - Meets objectives set in Section II and Section IV of the policy
    - Increases the number of quality jobs within the community defined as averaging 1.5 times area median income

City Council and Chaska EDA should understand that while the policy provides guidance and definition around how TIF and abatement requests will be considered for potential application to support corporate and industrial development, ultimate decision-making lies fully with the City Council and Chaska EDA. Both decision making bodies retain the right to apply the policy as they deem appropriate.

Recommendation
Staff recommends both the Chaska City Council and the Chaska Economic Development Authority approve the updated Tax Increment Financing and Tax Abatement Policy for the Chaska Biotech Center-Corporate/Industrial Development.

<u>EDA ACTION REQUESTED</u>
Motion to approve the updates to the Tax Increment Financing and Tax Abatement Policy for the Chaska Biotech Center-Corporate/Industrial Development.

CITY OF CHASKA

TAX INCREMENT FINANCING AND TAX ABATEMENT POLICY

CHASKA BIOTECH CENTER-CORPORATE/INUSTRIAL DEVELOPMENT

Adopted July 16, 2007
Revised January 3, 2021

For the purpose of this policy, the "City" shall also mean the Chaska Economic Development Authority (CEDA), which serves in conducting various economic development activities within the City of Chaska.

I. General Policy

The purpose of this policy is to establish the City's position relating to the use of Tax Increment Financing and Tax Abatement for private development in the Chaska Biotech Center Corporate/Industrial Development. This policy shall be used as a guide in processing and reviewing applications requesting Tax Increment and Tax Abatement assistance. The fundamental purpose of these local incentives in Chaska is to encourage desirable development that would not otherwise occur "but for" the assistance provided through TIF or Tax Abatement, and to assist in the upgrade of public infrastructure that is necessary to support such development.

The City of Chaska shall consider the use of TIF for projects that serve to accomplish the City's goals for economic development in the Chaska Biotech Center Corporate/Industrial development. The goals include facilitating projects that would result in quality development, increasing the tax base, expanding business opportunities, and expanding the number of quality jobs available within the City of Chaska. The City, along with Carver County, will also consider the use of Tax Abatement for the use of constructing public infrastructure, described as county roads and County right-of-way improvements, based on the approved Carver County Tax Abatement Policy, which is attached to this document as Attachment A. In no case will TIF and Tax Abatement be utilized on the same project.

II. City's Objective for the use of TIF and Tax Abatement

As a matter of adopted policy, the City of Chaska will consider using Tax Increment Financing (TIF) or Tax Abatement to assist private development projects that increase the tax base in the community, and achieve one or more of the following objectives:

- Increase the number of quality jobs within the community
- Provide an increase in the types and amounts of services provided within Chaska.
- Achieve development on sites that would not be developed "but for" this assistance.

- Proliferate the growth of Chaska's utility division which supplements the General Fund to keep taxes stable.
- Helps create quality projects that achieve the community's vision for the Chaska Biotech Center Corporate/Industrial Development

III. Costs Which Qualify for Tax Increment Financing Assistance

The City of Chaska is limited by Chapter 469 of Minnesota State Statute on the ~~types~~types of expenses that are eligible for reimbursement utilizing Tax Increment Financing generated from a project. The following are the eligible reimbursable costs utilizing TIF:

- Land acquisition
- Demolition and Clearance of a Property
- Site Improvements (~~only~~ Only the site improvements from the "ground down". Buildings are not eligible expenses under the TIF Statute)
- Public Utilities
- Administration
- Other Public Improvements
- Interest on Financing
- Other costs allowed by State Statute

~~IV. Costs Which Qualify for Tax Abatement Assistance~~

~~Attachment A to this document includes Carver County's Tax Abatement Policy, which has been approved for use throughout Carver County for economic development purposes. Under this policy, the County will approve the use of Tax Abatement for the following costs:~~

- ~~Tax Abatement will only be utilized to construct public infrastructure that is defined as county roads and right-of-way improvements for these county roads~~

~~The City of Chaska would consider the abatement of City taxes on a property if Carver County approves such an abatement, with tax abatement proceeds only being able to be used to construct public infrastructure owned by Carver County defined as county roads and right-of-way improvements for these county roads, which are necessary to be improved to serve a project. The City of Chaska will only allow City taxes on a property to be abated for up to 8 years. The 8 years will start from the date that the first full year of anticipated new taxes is generated off of the subject project. TIF and Tax Abatement are not eligible to be used simultaneously on the same project.~~

IV. Projects that may Qualify for Tax Increment Financing Assistance

All new TIF projects considered by the City of Chaska must meet each of the following minimum qualifications and will also be evaluated based on their ability to meet the desired qualifications for assistance. A project meeting one or more of the qualifications will not automatically be approved. Furthermore, meeting all of the qualifications creates no contractual rights on the part of the developer to have his or her project approved.

Minimum Qualifications

The project should meet one or more of the Tax increment Financing Objectives outlined in Section 2, but at a minimum shall:

- Achieve development on sites that would not be developed "but for" the assistance.
- ~~The developer must demonstrate that the project is not financially feasible "but for" the use of tax increment financing.~~
- The developer must be able to demonstrate that the project will create quality jobs within the community, or retain quality jobs that would be lost if not for use of this assistance
- Because the property is in "green acres" status, the Tax Increment Statute will only allow the use of tax increment for the construction of manufacturing facilities or distribution facilities. Research and Development and Warehousing cannot be the sole purpose of the business to be eligible for TIF, but shall only be eligible for TIF if these are necessary components of the manufacturing occurring in the facility. TIF cannot be utilized for office-only and commercial-only buildings.
- The project must be consistent with the City's Comprehensive Plan and Zoning Ordinances, or required changes to the plan and ordinances must be under active consideration by the City at the time of final TIF application submittal.
- Prior to approval of a TIF financing plan, the developer shall provide any requested market and financial feasibility studies, appraisals, soil boring, private lender commitment, and/or other information the City or its financial consultants may require in order to proceed with an independent underwriting of the proposal.
- The developer must provide adequate financial guarantees to ensure the repayment of the TIF assistance and completion of the project. These may include, bur are not limited to: assessment agreements, a tax-increment shortfall agreement, letters of credit, etc…
- Any developer requesting TIF assistance should be able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed. TIF will not be used when the developer's credentials, in the sole judgment of the City, are inadequate due to past track record relating to: completion of projects, general reputation and/or bankruptcy, or other problems or issues considered relevant by the City.
- The developer should retain ownership of the project at least long enough to complete it, to stabilize its occupancy, to establish the project management, and to initiate repayment of the TIF loan.

Desired Qualifications

A. TIF proposals creating a higher ratio of property taxes paid before and after redevelopment will receive priority consideration. Given the different assessment circumstances in the City, this ratio~~n~~ will vary widely. At least a 1:2 ratio of taxes paid before and after redevelopment is desired.

B. TIF proposals should normally not be used to support speculative projects. In general the developer should be able to provide market data, tenant letters of commitment or finance statements that support the market potential/demand for the proposed project, or should be able to adequately demonstrate that there is a market to support the construction of such a facility.

C. TIF will normally not be used in a project that involves an excessive land and/or property price. This will normally be where the acquisition price is more than 20% in excess of the expected market values as determined by an independent appraisal of the property.

D. TIF will not be used in projects that would give a significant competitive financial advantage over similar projects in the area due to the use of tax increment subsidies. Developers should provide information to support that TIF assistance will not create such a competitive advantage. Priority consideration will be given to projects that fill an unmet market need.

E. TIF will be provided either in up front assistance or on a pay-as-you-go basis. Any request for upfront assistance will be evaluated on its own merit in accordance with the City's general financing policies. Projects requesting pay-as-you-go financing will receive priority consideration.

F. TIF will not be used to support projects that place extraordinary demands on City services. Preference will be given to projects that do not place extraordinary demands on City services.

G. TIF will not normally be used for projects that would generate significant environmental problems in the opinion of the local, state, or federal governments. Priority will be given to projects that aim to clean up existing contaminated sites and would facilitate the location of an industry or business that has an environmentally sound track record~~, or meet a housing need in the City.~~.

H. Preference will be given to projects that meet good public policy criteria as determined by the City Council, including:

- High project quality (e.g. sound architectural design, quality construction and materials)
- Projects that are in accordance with the Comprehensive Plan, Zoning Ordinance, Strategic Plan, and other redevelopment plans of the City
- Projects that provide significant improvement to surrounding land uses, the neighborhood, and/or the City
- Projects that provide a significant increase in tax base
- Projects that meet financial feasibility criteria established by the City of Chaska Projects that provide the highest and best desired use for the property
- Projects that create high quality jobs for the community

V. Amount of Tax Increment Assistance to be Provided

As it has provided in past industrial projects, the City of Chaska shall provide a set amount of tax increment assistance to businesses that the City deems qualify for tax increment financing assistance. The amount of assistance provided shall be as follows:

- Two times the amount of annual taxes, utilizing the taxable market value estimated when the development is complete, or;
- Three times the amount of annual taxes, utilizing the taxable market value estimated when the development is complete, if a business has purchased enough property to increase the size of their building by 50% in a future expansion

Annual taxes will be calculated by applying the rates of all taxing authorities that can be captured by TIF districts per state statute. To illustrate, City, County, School District, and any other taxing districts that can be captured by a TIF district will be applied to determine the annual taxes. State general tax, voter approved levies, fiscal disparities, and other special taxing authorities that may exists and are not capturable by a TIF district per state statute, will not be included in the annual taxes calculation for the purposes of identifying the amount of assistance to be provided to a proposed project.

This assistance can be provided in up-front assistance, or as a pay-as-you-go note, depending on the need of the project. Priority will be given to pay-as-you-go assistance, with the City having the final determination on whether a project will be eligible for up-front assistance. TIF Districts can only be kept open for a maximum of 8-years.

VI. Costs Which Qualify for Tax Abatement Assistance

Attachment A to this document includes Carver County's Tax Abatement Policy, which has been approved for use throughout Carver County for economic development purposes. Under this policy, the County will approve the use of Tax Abatement for the following costs:

- Tax Abatement will only be utilized to construct public infrastructure that is defined as county roads and right-of-way improvements for these county roads

The City of Chaska would consider the abatement of City taxes on a property if Carver County approves such an abatement, with tax abatement proceeds only being able to be used to construct public infrastructure owned by Carver County defined as county roads and right-of-way improvements for these county roads, which are necessary to be improved to serve a project. The City of Chaska will only allow City taxes on a property to be abated for up to 8 years. The 8 years will start from the date that the first full year of anticipated new taxes is generated off of the subject project. TIF and Tax Abatement are not eligible to be used simultaneously on the same project.

VII. Projects that may Qualify for Tax Abatement Assistance

In order to qualify for the use of Tax Abatement by the City, a project must be able to meet the Carver County Tax Abatement Policy, which is attached to this document as Attachment A. ~~The City of Chaska will not consider approval of tax abatement on a project unless Carver County also agrees to abate taxes on the same project.~~ The general criteria for a project to qualify for tax abatement from the City is that it meets at least one of the Minimum Qualifications for use of Tax Increment that is listed in Sections II and IV above, and that the project be adjacent to, and utilize, County infrastructure, which is defined as a County Road, and Right-of-Way improvements to a County Road facility. Tax Abatement may only be used to make necessary improvements to County infrastructure serving the site. Tax Abatement may be used as an alternative to the use of Tax Increment Financing, but cannot be used in conjunction with the use of TIF.

The City of Chaska may consider the use of abatement outside of a tie to the Carver County Tax Abatement Policy if the project:

- ❖ Substantially proliferates the growth of Chaska's Electric Utility which supplements the General Fund to keep taxes stable.
- ❖ Supports growth of the bio-tech industry cluster
- ❖ Meets objectives set in Section II and Section IV of this policy
- ❖ Increases the number of quality jobs within the community defined as averaging 1.5 times area median income

VIII. Amount of Tax Abatement Assistance to be Provided

As with the Carver County Tax Abatement policy (Attachment A), the City of Chaska will allow the abatement of taxes collected on the value of the new improvements (buildings) to the property, but will not abate the taxes on collected on the value of the land. The City of Chaska will abate taxes on the property for a maximum of 8 years, and will allow all taxes on the new improvements to be abated for the entire 8 year period, so long as the City does not exceed its annual Statutory limit of total tax abatement exceeding the lesser of 10% of the City's total property tax levy for the current year; or $200,000. The 8 years will start from the date that the first full year of anticipated new taxes is generated off of the subject project. The City reserves the right to cap the dollars of the value to be abated.

~~VIII~~IX. Evaluation Standards for Use of TIF or Tax Abatement

The following five methods of analysis will be used to evaluate all TIF and Tax Abatement Requests:

1. Consideration of project meeting minimum qualifications.
2. Consideration of project meeting desired qualifications.
3. Project meets "but-for" analysis and statutory qualifications
4. Project is deemed consistent with Chaska's Mission and Core Strategies as outlined in the Strategic Plan.
5. If using tax abatement, the extent to which the project meets both the tax abatement criteria listed above and the Carver County Tax Abatement policy attached to this document as Attachment A

Please note that the evaluation methodology is intended to provide a balanced review. Each area will be evaluated individually and collectively and in no case shall one area outweigh another in terms of importance to determining the level of TIF or Tax Abatement assistance. Meeting one or all criteria does not constitute automatic approval of assistance. The City reserves the right to not approve any project for use of TIF or Tax Abatement based on its own discretion.

~~IX~~X. Application for TIF or Tax Abatement Assistance for all TIF Districts and Project Areas, or the establishment of any Tax Abatement Districts

The City's tax increment financing and tax abatement programs will be administered by the Chaska EDA. The Chaska EDA will require an application fee in the amount of $700.00 for its processing of the application. The application fee shall be paid to the EDA at the time a final TIF or Tax Abatement application is submitted. If the project proceeds, the application fee will be refunded. However, if the project does not proceed, the EDA will not refund the application fee.

If the EDA is establishing a new tax increment or tax abatement district for the project, the applicant shall also deposit $10,000.00 with the EDA to cover its attorney and consultant costs incurred as part of establishing a TIF or Tax Abatement district, drafting and negotiating a development agreement, and conducting any fiscal analysis that may be required to meet the requirements of utilizing the TIF or Tax Abatement. If additional expenses are incurred beyond the $10,000.00, prior to the execution of a development agreement, the EDA shall notify the applicant in writing and the applicant will be required to deposit additional funds upon notice.

If the project is approved and the applicant proceeds with the project, the EDA shall reimburse the applicant any unused portion of the deposit as of the date of execution of the development agreement. If the applicant does not proceed with the project, the EDA shall reimburse the applicant for the unused portion of the deposit as of the date that the EDA is notified in writing that the applicant desires to withdraw its application.

~~VII~~XI. Application Process

The application process is a two-step process and must be completed in accordance with the TIF/Tax Abatement application procedures (Exhibit A). The purpose of this approach is to give an applicant the opportunity to first present a development proposal concept without expending a great deal of money and time in pursuing a development that may conflict with the City's goals and objectives.

Attachment A
Carver County Tax Abatement Policy

Background.

Subject to certain restrictions and limitations, the Carver County Board of Commissioners may grant economic development abatements as authorized by Minnesota Statutes Sections 469.1812 to 469.1815. The County Board will consider abatements on a case by case basis. The intention of the policy is to provide the legal and statutory guidelines for the County Board to utilize economic development incentives pursuant to requirements in M.S. 469.1812 to 469.1815. The adoption of this policy is a prerequisite to determining the level of and extent, if any, Carver County participation in economic development incentive programs.

Statutory Criteria for Abatement.

The County Board is authorized by M.S. 469.1812 to 469.1815 to grant an abatement of the taxes imposed by the political subdivision on a parcel of property, or defer the payments of the taxes and abate the interest and penalty that otherwise would apply, if:

1. The expected benefits of the proposed abatement agreement to the County equal or exceed the amount of County taxes subject to the abatement agreement; and,
2. The abatement is in the public interest because it will:
    a) Increase or preserve tax base;
    b) Provide employment opportunities in Carver County;
    c) Provide or help acquire or construct public facilities;
    d) Redevelop or renew blighted areas;
    e) Provide access to services for residents of Carver County;
    f) Finance or provide public infrastructure; or
    g) Phase in a property tax increase on the parcel resulting from an increase of 50 percent or more in one year on the estimated market value of the parcel, other than increase attributable to improvement of the parcel.
3. The request complies with statutory duration limits as described in M.S. 469.1813 Subd.6. A political subdivision may grant an abatement for a period no longer than fifteen years. The duration may increase to twenty years in the event one political subdivision chooses to decline the abatement or if 90 days pass after receipt of the abatement request without a written response.
4. The request complies with statutory individual parcel and cumulative financial limitations. The total abatements granted by a political subdivision in any one year may not exceed the greater of 10% of its total property tax levy for the current year; or $200,000.

County Criteria - Conditions and Fiscal Limitations.

The Carver County Board will place additional criteria and limitations on all proposed abatements and will consider the following in making its determination;

1. The expected benefits of the proposed abatements are equal to or exceed the amount of the County taxes and cost subject to the abatement.
2. The County Board will only utilize abatement for public infrastructure further defined as county roads and right-of-way improvements.
3. The County Board will limit the annual total of all approved abatements to five percent of the County tax spread levy, after the reduction for the fiscal disparity distribution and HACA for that year.
4. If the incentive is a tax abatement, the abatement will be on the taxes collected on the value of the new improvements (buildings) to the property; taxes collected on the value of the land will not be abated. The County reserves the right to cap the dollars of the value to be abated.
5. Proposed parcels may not be included in a Tax Increment Financing District.

Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, Carver County retains the right pursuant to statute in its sole discretion to approve projects and subsidies which may vary from the principles and criteria of the Policy.

Evaluation Standards

The approval process for a specific County infrastructure project will be guided by the following project goals:

1. The extent to which the goals meet the requirements set forth within the Carver County Economic Development Tax Abatement Policy.
2. The extent to which the public is benefited through county public infrastructure or facilities.
3. The extent to which the County's budgetary items, such as roads, traffic control, law enforcement, and human services and other areas are affected.

Procedures:

All proposals must include the following to be considered:

1. Completion of County application including required attachments submitted to the Taxpayer Services Manager.
2. A copy of public hearing minutes, a resolution and/or business subsidy approval regarding the abatement proposal.
3. A map or site plan showing the boundary of the project and the property identification number(s) and legal description(s) of the parcels subject to the proposed abatement.

Statements identifying the public benefits of the proposal.

PRE-APPLICATION
FOR TAX INCREMENT FINANCING AND TAX ABATEMENT ASSISTANCE
CITY OF CHASKA, MINNESOTA

Legal Name of Applicant: ____

Address: ____

____

Telephone Number: ____

Name of Contact Person: ____

Requested Information:

Addendum shall be attached hereto addressing in detail the following:

1. A map showing the exact boundaries of proposed development.

2. A general description of the project, including size and location of building(s); business type or use; traffic information including parking, projected vehicle counts and traffic flow; timing of the project; estimated market value following completion, and anticipated infrastructure improvements necessary for the project.

3. The existing Comprehensive Guide Plan Land Use designation and zoning of the property. Include a statement as to how the proposed development will conform to the land use designation and how the property will be zoned.

4. A statement identifying how the assistance will be used and why it is necessary to undertake the project.

5. A statement identifying the public benefits of the proposal, including estimated increase in property valuation, new jobs to be created, and other community assets.

6. A written perspective of the developer's company or corporation, principals, history and past projects.

NOTE: The City will determine if a project is best suited for Tax Abatement or Tax Increment Financing Assistance based on the information received in the pre-application

Signature:

Applicant's Signature: ____

Date: ____

APPLICATION
FOR TAX INCREMENT FINANCING AND TAX ABATEMENT
CITY OF CHASKA, MINNESOTA

Applicant:

Business Name: ____

Address: ____

Telephone: ____

Officers: ____
____

Contact Person: ____

Title: ____

Business Form (Corporation, Partnership, etc.): ______________________

Years in Operation: ____

Sales/Revenues: ____

Brief Description of Business, Principal Products, etc.: ______________________
____
____
____

Has applicant ever filed for bankruptcy? _____ Yes _____ No
If yes, provide details on separate page(s).

Has applicant ever defaulted on any bond or mortgage commitment? ____ Yes ____ No
If yes, provide details on separate page(s).

Does applicant have commitments for conventional financing for the project?
_____ Yes _____ No (If yes, please provide evidence of commitments)

Please list three financing references (Name/Address/Contact/Phone):
____
____
____

Name and address of applicant's legal counsel and accountant:
____

Proposed Project:

Describe Project:

____
____
____

Location:

____
____

Site Plan Attached: _____ Yes _____ No

Job Creation:

Current Number of Employees: ___________________________
Current Payroll: ____
Number of Jobs Created in 2 years: _______________________
Number of Jobs Retained: _______________________________
Revised Payroll: _______________________________________

Project Costs:

Land Acquisition:	$____________
Site Development:	$____________
Construction:	$____________
Machinery & Equipment:	$____________
Architectural & Engineering Fees:	$____________
Legal Fees:	$____________
Interest During Construction:	$____________
Debt Service Reserve:	$____________
Contingencies:	$____________
TOTAL	$____________

Source of Financing:

Conventional Loan:	$____________
Equity:	$____________
SBA Loan:	$____________
Revenue Bond:	$____________
Tax Increment Financing:	$____________
Grant(s):	$____________
Other:	$____________
TOTAL	$____________

*Please provide as attachments evidence of sources of financing

Construction and Design:

Name of architect, engineer, and contractor for project:

____
____
____

Target Dates:

Start of Construction: ____

Construction Completion: _____________________________________

Finished Market Value of Project (excluding land): ________________

Statement of Public Purpose:

Describe why the proposed development or redevelopment would not reasonably be expected to occur solely through private investment within the foreseeable future and therefore the use of TIF or Tax Abatement is deemed necessary:

____
____
____
____
____

The undersigned, ________________________________, of applicant, hereby represents and warrants to the City that (he) (she) has carefully reviewed this application, and that the statements and information contained herein and submitted herewith are accurate and complete to the best of the undersigned's knowledge and belief.

Dated: ____________________________ ________________________________

Applicant

By ______________________________

Its ______________________________

The City reserves the right to require additional information and supporting data from the applicant after the filing of this Application.

CITY OF CHASKA

TAX INCREMENT FINANCING AND TAX ABATEMENT POLICY

CHASKA BIOTECH CENTER-CORPORATE/INUSTRIAL DEVELOPMENT

Adopted July 16, 2007
Revised January 3, 2021

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- Provide an increase in the types and amounts of services provided within Chaska.
- Achieve development on sites that would not be developed "but for" this assistance.

- ❖ Proliferate the growth of Chaska's utility division which supplements the General Fund to keep taxes stable.
- ❖ Helps create quality projects that achieve the community's vision for the Chaska Biotech Center Corporate/Industrial Development

III. Costs Which Qualify for Tax Increment Financing Assistance

The City of Chaska is limited by Chapter 469 of Minnesota State Statute on the types of expenses that are eligible for reimbursement utilizing Tax Increment Financing generated from a project. The following are the eligible reimbursable costs utilizing TIF:

- ❖ Land acquisition
- ❖ Demolition and Clearance of a Property
- ❖ Site Improvements (Only the site improvements from the "ground down". Buildings are not eligible expenses under the TIF Statute)
- ❖ Public Utilities
- ❖ Administration
- ❖ Other Public Improvements
- ❖ Interest on Financing
- ❖ Other costs allowed by State Statute

IV. Projects that may Qualify for Tax Increment Financing Assistance

All new TIF projects considered by the City of Chaska must meet each of the following minimum qualifications and will also be evaluated based on their ability to meet the desired qualifications for assistance. A project meeting one or more of the qualifications will not automatically be approved. Furthermore, meeting all of the qualifications creates no contractual rights on the part of the developer to have his or her project approved.

Minimum Qualifications

The project should meet one or more of the Tax increment Financing Objectives outlined in Section 2, but at a minimum shall:

- ❖ Achieve development on sites that would not be developed "but for" the assistance.
- ❖ The developer must be able to demonstrate that the project will create quality jobs within the community, or retain quality jobs that would be lost if not for use of this assistance
- ❖ Because the property is in "green acres" status, the Tax Increment Statute will only allow the use of tax increment for the construction of manufacturing facilities or distribution facilities. Research and Development and Warehousing cannot be the sole purpose of the business to be eligible for TIF, but shall only be eligible for TIF if these are necessary components of the manufacturing occurring in the facility. TIF cannot be utilized for office-only and commercial-only buildings.
- ❖ The project must be consistent with the City's Comprehensive Plan and Zoning Ordinances, or required changes to the plan and ordinances must be under active consideration by the City at the time of final TIF application submittal.
- ❖ Prior to approval of a TIF financing plan, the developer shall provide any requested market and financial feasibility studies, appraisals, soil boring, private lender commitment, and/or other information the City or its financial consultants

may require in order to proceed with an independent underwriting of the proposal.

- ❖ The developer must provide adequate financial guarantees to ensure the repayment of the TIF assistance and completion of the project. These may include, bur are not limited to: assessment agreements, a tax-increment shortfall agreement, letters of credit, etc…
- ❖ Any developer requesting TIF assistance should be able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed. TIF will not be used when the developer's credentials, in the sole judgment of the City, are inadequate due to past track record relating to: completion of projects, general reputation and/or bankruptcy, or other problems or issues considered relevant by the City.
- ❖ The developer should retain ownership of the project at least long enough to complete it, to stabilize its occupancy, to establish the project management, and to initiate repayment of the TIF loan.

Desired Qualifications

A. TIF proposals creating a higher ratio of property taxes paid before and after redevelopment will receive priority consideration. Given the different assessment circumstances in the City, this ratio will vary widely. At least a 1:2 ratio of taxes paid before and after redevelopment is desired.

B. TIF proposals should normally not be used to support speculative projects. In general the developer should be able to provide market data, tenant letters of commitment or finance statements that support the market potential/demand for the proposed project, or should be able to adequately demonstrate that there is a market to support the construction of such a facility.

C. TIF will normally not be used in a project that involves an excessive land and/or property price. This will normally be where the acquisition price is more than 20% in excess of the expected market values as determined by an independent appraisal of the property.

D. TIF will not be used in projects that would give a significant competitive financial advantage over similar projects in the area due to the use of tax increment subsidies. Developers should provide information to support that TIF assistance will not create such a competitive advantage. Priority consideration will be given to projects that fill an unmet market need.

E. TIF will be provided either in up front assistance or on a pay-as-you-go basis. Any request for upfront assistance will be evaluated on its own merit in accordance with the City's general financing policies. Projects requesting pay-as-you-go financing will receive priority consideration.

F. TIF will not be used to support projects that place extraordinary demands on City services. Preference will be given to projects that do not place extraordinary demands on City services.

G. TIF will not normally be used for projects that would generate significant environmental problems in the opinion of the local, state, or federal governments. Priority will be given to projects that aim to clean up existing contaminated sites and would facilitate the location of an industry or business that has an environmentally sound track record.

H. Preference will be given to projects that meet good public policy criteria as determined by the City Council, including:

- High project quality (e.g. sound architectural design, quality construction and materials)
- Projects that are in accordance with the Comprehensive Plan, Zoning Ordinance, Strategic Plan, and other redevelopment plans of the City
- Projects that provide significant improvement to surrounding land uses, the neighborhood, and/or the City
- Projects that provide a significant increase in tax base
- Projects that meet financial feasibility criteria established by the City of Chaska Projects that provide the highest and best desired use for the property
- Projects that create high quality jobs for the community

V. Amount of Tax Increment Assistance to be Provided

As it has provided in past industrial projects, the City of Chaska shall provide a set amount of tax increment assistance to businesses that the City deems qualify for tax increment financing assistance. The amount of assistance provided shall be as follows:

- Two times the amount of annual taxes, utilizing the taxable market value estimated when the development is complete, or;
- Three times the amount of annual taxes, utilizing the taxable market value estimated when the development is complete, if a business has purchased enough property to increase the size of their building by 50% in a future expansion

Annual taxes will be calculated by applying the rates of all taxing authorities that can be captured by TIF districts per state statute. To illustrate, City, County, School District, and any other taxing districts that can be captured by a TIF district will be applied to determine the annual taxes. State general tax, voter approved levies, fiscal disparities, and other special taxing authorities that may exists and are not capturable by a TIF district per state statute, will not be included in the annual taxes calculation for the purposes of identifying the amount of assistance to be provided to a proposed project.

This assistance can be provided in up-front assistance, or as a pay-as-you-go note, depending on the need of the project. Priority will be given to pay-as-you-go assistance, with the City having the final determination on whether a project will be eligible for up-front assistance. TIF Districts can only be kept open for a maximum of 8-years.

VI. Costs Which Qualify for Tax Abatement Assistance

Attachment A to this document includes Carver County's Tax Abatement Policy, which has been approved for use throughout Carver County for economic development purposes. Under this policy, the County will approve the use of Tax Abatement for the following costs:

- Tax Abatement will only be utilized to construct public infrastructure that is defined as county roads and right-of-way improvements for these county roads

The City of Chaska would consider the abatement of City taxes on a property if Carver County approves such an abatement, with tax abatement proceeds only being able to be used to construct public infrastructure owned by Carver County defined as county roads and right-of-way improvements for these county roads, which are necessary to be improved to serve a project. The City of Chaska will only allow City taxes on a property to be abated for up to 8 years. The 8 years will start from the date that the first full year of anticipated new taxes is generated off of the subject project. TIF and Tax Abatement are not eligible to be used simultaneously on the same project.

VII. Projects that may Qualify for Tax Abatement Assistance

In order to qualify for the use of Tax Abatement by the City, a project must be able to meet the Carver County Tax Abatement Policy, which is attached to this document as Attachment A. The general criteria for a project to qualify for tax abatement from the City is that it meets at least one of the Minimum Qualifications for use of Tax Increment that is listed in Sections II and IV above, and that the project be adjacent to, and utilize, County infrastructure, which is defined as a County Road, and Right-of-Way improvements to a County Road facility. Tax Abatement may only be used to make necessary improvements to County infrastructure serving the site. Tax Abatement may be used as an alternative to the use of Tax Increment Financing, but cannot be used in conjunction with the use of TIF.

The City of Chaska may consider the use of abatement outside of a tie to the Carver County Tax Abatement Policy if the project:

- Substantially proliferates the growth of Chaska's Electric Utility which supplements the General Fund to keep taxes stable.
- Supports growth of the bio-tech industry cluster
- Meets objectives set in Section II and Section IV of this policy
- Increases the number of quality jobs within the community defined as averaging 1.5 times area median income

VIII. Amount of Tax Abatement Assistance to be Provided

As with the Carver County Tax Abatement policy (Attachment A), the City of Chaska will allow the abatement of taxes collected on the value of the new improvements (buildings) to the property, but will not abate the taxes on collected on the value of the land. The City of Chaska will abate taxes on the property for a maximum of 8 years, and will allow all taxes on the new improvements to be abated for the entire 8 year period, so long as the City does not exceed its annual Statutory limit of total tax abatement exceeding the lesser of 10% of the City's total property tax levy for the current year; or $200,000. The 8 years will start from the date that the first full year of anticipated new taxes is generated off of the subject project. The City reserves the right to cap the dollars of the value to be abated.

IX. Evaluation Standards for Use of TIF or Tax Abatement

The following five methods of analysis will be used to evaluate all TIF and Tax Abatement Requests:

1. Consideration of project meeting minimum qualifications.
2. Consideration of project meeting desired qualifications.
3. Project meets "but-for" analysis and statutory qualifications
4. Project is deemed consistent with Chaska's Mission and Core Strategies as outlined in the Strategic Plan.
5. If using tax abatement, the extent to which the project meets both the tax abatement criteria listed above and the Carver County Tax Abatement policy attached to this document as Attachment A

Please note that the evaluation methodology is intended to provide a balanced review. Each area will be evaluated individually and collectively and in no case shall one area outweigh another in terms of importance to determining the level of TIF or Tax Abatement assistance. Meeting one or all criteria does not constitute automatic approval of assistance. The City reserves the right to not approve any project for use of TIF or Tax Abatement based on its own discretion.

X. Application for TIF or Tax Abatement Assistance for all TIF Districts and Project Areas, or the establishment of any Tax Abatement Districts

The City's tax increment financing and tax abatement programs will be administered by the Chaska EDA. The Chaska EDA will require an application fee in the amount of $700.00 for its processing of the application. The application fee shall be paid to the EDA at the time a final TIF or Tax Abatement application is submitted. If the project proceeds, the application fee will be refunded. However, if the project does not proceed, the EDA will not refund the application fee.

If the EDA is establishing a new tax increment or tax abatement district for the project, the applicant shall also deposit $10,000.00 with the EDA to cover its attorney and consultant costs incurred as part of establishing a TIF or Tax Abatement district, drafting and negotiating a development agreement, and conducting any fiscal analysis that may be required to meet the requirements of utilizing the TIF or Tax Abatement. If additional expenses are incurred beyond the $10,000.00, prior to the execution of a development agreement, the EDA shall notify the applicant in writing and the applicant will be required to deposit additional funds upon notice.

If the project is approved and the applicant proceeds with the project, the EDA shall reimburse the applicant any unused portion of the deposit as of the date of execution of the development agreement. If the applicant does not proceed with the project, the EDA shall reimburse the applicant for the unused portion of the deposit as of the date that the EDA is notified in writing that the applicant desires to withdraw its application.

XI. Application Process

The application process is a two-step process and must be completed in accordance with the TIF/Tax Abatement application procedures (Exhibit A). The purpose of this approach is to give an applicant the opportunity to first present a development proposal concept without expending a great deal of money and time in pursuing a development that may conflict with the City's goals and objectives.

Attachment A
Carver County Tax Abatement Policy

Background.

Subject to certain restrictions and limitations, the Carver County Board of Commissioners may grant economic development abatements as authorized by Minnesota Statutes Sections 469.1812 to 469.1815. The County Board will consider abatements on a case by case basis. The intention of the policy is to provide the legal and statutory guidelines for the County Board to utilize economic development incentives pursuant to requirements in M.S. 469.1812 to 469.1815. The adoption of this policy is a prerequisite to determining the level of and extent, if any, Carver County participation in economic development incentive programs.

Statutory Criteria for Abatement.

The County Board is authorized by M.S. 469.1812 to 469.1815 to grant an abatement of the taxes imposed by the political subdivision on a parcel of property, or defer the payments of the taxes and abate the interest and penalty that otherwise would apply, if:

1. The expected benefits of the proposed abatement agreement to the County equal or exceed the amount of County taxes subject to the abatement agreement; and,
2. The abatement is in the public interest because it will:
   a) Increase or preserve tax base;
   b) Provide employment opportunities in Carver County;
   c) Provide or help acquire or construct public facilities;
   d) Redevelop or renew blighted areas;
   e) Provide access to services for residents of Carver County;
   f) Finance or provide public infrastructure; or
   g) Phase in a property tax increase on the parcel resulting from an increase of 50 percent or more in one year on the estimated market value of the parcel, other than increase attributable to improvement of the parcel.
3. The request complies with statutory duration limits as described in M.S. 469.1813 Subd.6. A political subdivision may grant an abatement for a period no longer than fifteen years. The duration may increase to twenty years in the event one political subdivision chooses to decline the abatement or if 90 days pass after receipt of the abatement request without a written response.
4. The request complies with statutory individual parcel and cumulative financial limitations. The total abatements granted by a political subdivision in any one year may not exceed the greater of 10% of its total property tax levy for the current year; or $200,000.

County Criteria - Conditions and Fiscal Limitations.

The Carver County Board will place additional criteria and limitations on all proposed abatements and will consider the following in making its determination;

1. The expected benefits of the proposed abatements are equal to or exceed the amount of the County taxes and cost subject to the abatement.
2. The County Board will only utilize abatement for public infrastructure further defined as county roads and right-of-way improvements.
3. The County Board will limit the annual total of all approved abatements to five percent of the County tax spread levy, after the reduction for the fiscal disparity distribution and HACA for that year.
4. If the incentive is a tax abatement, the abatement will be on the taxes collected on the value of the new improvements (buildings) to the property; taxes collected on the value of the land will not be abated. The County reserves the right to cap the dollars of the value to be abated.
5. Proposed parcels may not be included in a Tax Increment Financing District.

Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, Carver County retains the right pursuant to statute in its sole discretion to approve projects and subsidies which may vary from the principles and criteria of the Policy.

Evaluation Standards

The approval process for a specific County infrastructure project will be guided by the following project goals:

1. The extent to which the goals meet the requirements set forth within the Carver County Economic Development Tax Abatement Policy.
2. The extent to which the public is benefited through county public infrastructure or facilities.
3. The extent to which the County's budgetary items, such as roads, traffic control, law enforcement, and human services and other areas are affected.

Procedures:

All proposals must include the following to be considered:

1. Completion of County application including required attachments submitted to the Taxpayer Services Manager.
2. A copy of public hearing minutes, a resolution and/or business subsidy approval regarding the abatement proposal.
3. A map or site plan showing the boundary of the project and the property identification number(s) and legal description(s) of the parcels subject to the proposed abatement.

Statements identifying the public benefits of the proposal.

PRE-APPLICATION
FOR TAX INCREMENT FINANCING AND TAX ABATEMENT ASSISTANCE
CITY OF CHASKA, MINNESOTA

Legal Name of Applicant: ____

Address: ____

____

Telephone Number: ____

Name of Contact Person: ____

Requested Information:

Addendum shall be attached hereto addressing in detail the following:

1. A map showing the exact boundaries of proposed development.

2. A general description of the project, including size and location of building(s); business type or use; traffic information including parking, projected vehicle counts and traffic flow; timing of the project; estimated market value following completion, and anticipated infrastructure improvements necessary for the project.

3. The existing Comprehensive Guide Plan Land Use designation and zoning of the property. Include a statement as to how the proposed development will conform to the land use designation and how the property will be zoned.

4. A statement identifying how the assistance will be used and why it is necessary to undertake the project.

5. A statement identifying the public benefits of the proposal, including estimated increase in property valuation, new jobs to be created, and other community assets.

6. A written perspective of the developer's company or corporation, principals, history and past projects.

NOTE: The City will determine if a project is best suited for Tax Abatement or Tax Increment Financing Assistance based on the information received in the pre-application

Signature:

Applicant's Signature: ____

Date: ____

APPLICATION
FOR TAX INCREMENT FINANCING AND TAX ABATEMENT
CITY OF CHASKA, MINNESOTA

Applicant:

Business Name: ______________________________

Address: ______________________________

Telephone: ______________________________

Officers: ______________________________
____

Contact Person: ______________________________

Title: ______________________________

Business Form (Corporation, Partnership, etc.): ______________________________

Years in Operation: ______________________________

Sales/Revenues: ______________________________

Brief Description of Business, Principal Products, etc.: ______________________________
____
____
____

Has applicant ever filed for bankruptcy? _____ Yes _____ No
If yes, provide details on separate page(s).

Has applicant ever defaulted on any bond or mortgage commitment? ____ Yes ____ No
If yes, provide details on separate page(s).

Does applicant have commitments for conventional financing for the project?
_____ Yes _____ No (If yes, please provide evidence of commitments)

Please list three financing references (Name/Address/Contact/Phone):
____
____
____

Name and address of applicant's legal counsel and accountant:
____

Proposed Project:

Describe Project:

____
____
____

Location:

____
____

Site Plan Attached: _____ Yes _____ No

Job Creation:

Current Number of Employees: ___________________________
Current Payroll: ____
Number of Jobs Created in 2 years: _______________________
Number of Jobs Retained: ______________________________
Revised Payroll: ____

Project Costs:

Land Acquisition:	$____________
Site Development:	$____________
Construction:	$____________
Machinery & Equipment:	$____________
Architectural & Engineering Fees:	$____________
Legal Fees:	$____________
Interest During Construction:	$____________
Debt Service Reserve:	$____________
Contingencies:	$____________
TOTAL	$____________

Source of Financing:

Conventional Loan:	$____________
Equity:	$____________
SBA Loan:	$____________
Revenue Bond:	$____________
Tax Increment Financing:	$____________
Grant(s):	$____________
Other:	$____________
TOTAL	$____________

*Please provide as attachments evidence of sources of financing

Construction and Design:

Name of architect, engineer, and contractor for project:

____
____
____

Target Dates:

Start of Construction: ____

Construction Completion: ____

Finished Market Value of Project (excluding land): __________________

Statement of Public Purpose:

Describe why the proposed development or redevelopment would not reasonably be expected to occur solely through private investment within the foreseeable future and therefore the use of TIF or Tax Abatement is deemed necessary:

____
____
____
____
____

The undersigned, _______________________________, of applicant, hereby represents and warrants to the City that (he) (she) has carefully reviewed this application, and that the statements and information contained herein and submitted herewith are accurate and complete to the best of the undersigned's knowledge and belief.

Dated: ____________________________ _________________________________

Applicant

By ____________________________

Its ____________________________

The City reserves the right to require additional information and supporting data from the applicant after the filing of this Application.