



**Agenda**  
**Minnetonka Economic Development Authority**  
**Monday, June 27, 2022**  
**Following the 6:30 p.m. regular meeting**  
**Council Chambers**

1. Call to Order
2. Roll Call: Calvert-Schaeppi-Coakley-Kirk-Schack-Wilburn-Wiersum
3. Approval of Agenda
4. Approval of Minutes:
  - A. March 21, 2022 EDA meeting minutes
5. Business Items:
  - A. Modification of the Tax Increment Financing District No. 1-2 (Boulevard Gardens)  
Recommendation: Adopt the resolution (4 votes)
6. Adjourn

**Minutes**  
**Minnetonka Economic Development Authority**  
**Monday, March 21, 2022**

**1. Call to Order**

Wiersum called the meeting to order at 10:11 p.m.

**2. Roll Call**

Commissioners Kimberly Wilburn, Deb Calvert, Kissy Coakley, Brian Kirk, Rebecca Schack and President Brad Wiersum were present.

Commissioner Bradley Schaeppi was excused from the meeting.

**3. Approval of Agenda**

Calvert moved, Kirk seconded a motion to approve the agenda, as presented.

All voted "yes". Motion carried.

**4. Approval of Minutes:**

**A. Feb. 7, 2022 meeting minutes**

Kirk moved, Schack seconded a motion to approve the minutes, as presented.

All voted "yes". Motion carried.

**5. Business Items:**

**A. Amira Minnetonka "The Pointe" at 801 Carlson Parkway**

Schack moved, Calvert seconded a motion to adopt EDA Res. 2022-004 changing the source funds for a \$400,000 loan from the Economic Development Authority in and for the City of Minnetonka to The Pointe of Minnetonka LLC in connection with a multifamily housing development.

All voted "yes". Motion carried.

**6. Adjournment**

Wilburn moved, Kirk seconded a motion to adjourn the meeting at 10:14 p.m.

All voted "yes". Motion carried.

Respectfully submitted,

Becky Koosman  
City Clerk



**Economic Development Authority Agenda Item 5A  
Meeting of June 27, 2022**

**Title:** Modification of the Tax Increment Financing District No. 1-2  
(Boulevard Gardens)

**Report From:** Alisha Gray, EDFP, Economic Development and Housing  
Manager

**Submitted through:** Mike Funk, Acting Executive Director  
Julie Wischnack, AICP, Community Development Director

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**Action Requested:**  Motion     Informational     Public Hearing  
**Form of Action:**     Resolution     Ordinance     Contract/Agreement     Other     N/A  
**Votes needed:**     4 votes     5 votes     N/A     Other

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**Summary Statement**

Modification of the Boulevard Gardens Tax Increment Financing District No. 1-2. This action will allow the retention of approximately \$4 million of TIF pooling funds generated from 2020-2022 to continue to support affordable housing efforts in the community. A public hearing is required.

**Recommended Action**

Adopt the resolution, authorizing the modification of the Boulevard Gardens Tax Increment Financing District No. 1-2.

**Strategic Profile Relatability**

Financial Strength & Operational Excellence     Safe & Healthy Community  
 Sustainability & Natural Resources     Livable & Well-Planned Development  
 Infrastructure & Asset Management     Community Inclusiveness  
 N/A

Statement: Tax Increment Financing supports the city's affordable housing efforts.

**Financial Consideration**

Is there a financial consideration?     No     Yes [Enter estimated or exact dollar amount]  
Financing sources:     Budgeted     Budget Modification     New Revenue Source  
 Use of Reserves     Other [Enter]

Statement: This action modifies the budget for the Boulevard Gardens Tax Increment Financing District No. 1-2.

**Background**

Tax Increment Financing (TIF) District 1-2 (Boulevard Gardens) is a redevelopment district established in 1995 to assist with a mixed-use development including retail, affordable family and senior rentals, and townhomes, north of 394. In 2010, the city council and EDA modified the TIF Plan to provide additional TIF pooling for affordable housing and adjust the budget and bonded debt according to the "Jobs Bill" for special TIF pooling. The EDA also adopted a spending plan for the district at the same time the TIF Plan was modified in 2010. The spending plan authorized \$100,000 to pay for a portion of the city utility costs associated with the senior housing building constructed in the Glenhaven District by St. Therese.

The initial TIF obligation was paid in 2011. Since then, 65% of the increment has been returned annually to Hennepin County. The remaining increment is available to pay for affordable rental housing developments in the city that meet certain tax credit requirements. In 2011, the EDA provided \$1,025,000 to the Ridge Apartments to construct a 64-unit apartment building with 48 units affordable at 60% AMI. In 2020, the city authorized \$146,988 for expenses to construct a stormwater pipe at Shady Oak Station to serve the area for future redevelopment. Lastly, in 2021, the EDA authorized the transfer of the remaining balance of \$3,753,602 from Boulevard Garden's pooled increment through 2019 to the newly established Affordable Housing Trust Fund.

The estimated TIF generated over the term of the district is anticipated to be more than when the district was originally established in 1995. When TIF districts are established, several variables (development timing, valuations, inflation, and city tax rates) factor into the actual amount of tax increment generated and collected over 26 years. This requires the budget to be modified to show the increased/actual increment expected to be collected through the remaining term of the district, an increased TIF revenue of approximately \$4 million. If the budget is not modified, the city would return the TIF it receives in 2022, over the budgeted amount, in the original plan. This type of modification is common for older TIF districts.

Staff is requesting that the city council and EDA adopt a resolution to approve a TIF modification to allow the retention of approximately \$4 million of TIF pooling funds generated from 2020-2022 to continue to support affordable housing efforts in the community. The attached memo from Stacie Kvilvang, Ehlers, provides additional information.

**Attachments:**

- Memo form Stacie Kvilvang (Ehlers)
- TIF Modification Plan

## MEMORANDUM

TO: Alisha Gray - Economic Development and Housing Manager  
FROM: Stacie Kvilvang - Ehlers  
DATE: June 27, 2022  
SUBJECT: Budget Modification for TIF District 1-2 (Boulevard Gardens)

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TIF District 1-2 (Boulevard Gardens) (the “District”) is a redevelopment TIF district established in 1995 and will terminate at the end of this year. The District currently generates approximately \$1.9 million/year. The City utilizes these dollars for its affordable housing initiatives and transfers them to its Housing Trust Fund pursuant to the special legislation received by the City in 2021.

The estimated TIF to be generated over the term of the district is more than what was anticipated when the district was originally established and modified over time. Because the City is expecting increased TIF revenue, the budget needs to be modified to show the increased/actual increment expected to be collected through the remaining term of the district (if the budget is not modified the City will have to return the TIF it receives in 2022 over the budgeted amount). This type of modification is quite common for older TIF districts since trying to estimate the amount of tax increment that will be generated and collected over a 26-year period is difficult (no one can say with certainty what will happen as far as development (timing), valuations, inflation and City tax rates).

In order to complete the modification, the City has to go through the entire process, as if they were establishing a new TIF district. Meaning, the City needs to complete the full notification process to the County and School District for fiscal implications, as well as hold a public hearing.

Please contact me at 651-697-8506 with any questions.

Adoption Date: December 11, 1995  
Modification #1: December 20, 2010

Modification #2 Public Hearing: June 27, 2022

# City of Minnetonka

## Hennapin County, Minnesota

### MODIFICATION to the Tax Increment Financing (TIF) Plan Tax Increment Financing District No. 1-2 (Boulevard Gardens) (a redevelopment district)

Located in Development District No. 1



Prepared by:

Ehlers  
3060 Centre Pointe Drive  
Roseville, Minnesota 55113

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# Modification to the Tax Increment Financing Plan for Tax Increment Financing District No. 1-2 (Boulevard Gardens)

## FOREWORD

The City of Minnetonka (the "City"), staff and consultants have prepared the following information to expedite the Modification of Tax Increment Financing District No. 1-2 (Boulevard Gardens) (the "District"), a redevelopment tax increment financing district, located in Development District No. 1. The purpose of the Modification is to reflect actual increment collected to date and expected to be collected through the term of the District and align the budget with actual expenditures.

## ESTIMATE OF PROJECT COSTS

As modified June 27, 2022

Section 2.7 of the Tax Increment Financing Plan for Tax Increment Financing District No. 1-2 (Boulevard Gardens) shall be amended as follows:

The budget is being modified / increased to account for TIF collected to date and anticipated through the term of the District. In addition, we are aligning expenditures with actual project costs to date and anticipated to reflect OSA TIF reporting. The total project cost, including financing costs (interest) listed in the table on the following page does not exceed the total projected tax increments for the District as shown in the Sources of Revenue section.

| USES                                    | December 11, 1995    | December 10, 2010    | June 27, 2022        |
|---|----------------------|----------------------|----------------------|
| Land/Building Acquisition               | \$ 9,556,000         | \$ 10,164,578        | \$ 10,164,578        |
| Site Improvements/Preparation           | -                    | -                    | 8,260,000            |
| Jobs Bill Spending Plan                 | -                    | 400,000              | 900,000              |
| Contingency                             | 955,600              | -                    | -                    |
| Affordable Housing                      | -                    | 6,400,000            | 11,000,000           |
| Administrative Costs (up to 10%)        | -                    | 2,335,422            | 2,335,422            |
| <b>PROJECT COSTS TOTAL</b>              | <b>\$ 10,511,600</b> | <b>\$ 19,300,000</b> | <b>\$ 32,660,000</b> |
| Returned TIF to County                  |                      | 11,000,000           | \$ -                 |
| Interest                                | 9,680,032            | 7,350,000            | 8,066,019            |
| <b>PROJECT AND INTEREST COSTS TOTAL</b> | <b>\$ 20,191,632</b> | <b>\$ 37,650,000</b> | <b>\$ 40,726,019</b> |



Estimated costs associated with the District are subject to change among categories without a modification to this TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. The City may expend funds for qualified housing activities outside of the District boundaries.

Section 2.9 of the Tax Increment Financing Plan for Tax Increment Financing District No. 1-2 (Boulevard Gardens) shall be amended as follows:

**SOURCES OF REVENUE**

| SOURCES       | December 11, 1995    | December 10, 2010    | June 27, 2022        |
|---------------|----------------------|----------------------|----------------------|
| Tax Increment | \$ 20,191,632        | \$ 36,000,000        | \$ 40,000,000        |
| Interest      | -                    | 350,000              | 535,882              |
| Bond Proceeds | -                    | -                    | -                    |
| MVHC          | -                    | 400,000              | 190,137              |
| Other         | -                    | 900,000              | -                    |
| <b>TOTAL</b>  | <b>\$ 20,191,632</b> | <b>\$ 37,650,000</b> | <b>\$ 40,726,019</b> |

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The City reserves the right to incur bonds or other indebtedness as a result of the TIF Plan. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the City to incur debt. The City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of \$32,660,000. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

# ESTIMATED IMPACT ON OTHER TAXING JURISDICTIONS

As modified June 27, 2022

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the EDA or City have determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

| Impact on Tax Base |   |   |                                   |
|--------------------|---|---|-----------------------------------|
| Entity             | 2021/Pay<br>2022 Total<br>Net Tax<br>Capacity | 2022<br>Captured Tax<br>Capacity<br>(CTC) | Percent of CTC<br>to Entity Total |
| County             | 2,139,107,659                                 | 1,738,541                                 | <b>0.0813%</b>                    |
| City               | 115,391,223                                   | 1,738,541                                 | <b>1.5066%</b>                    |
| ISD                | 139,347,745                                   | 1,738,541                                 | <b>1.2476%</b>                    |

| Impact on Tax Rates |                               |                     |           |                     |
|---------------------|-------------------------------|---------------------|-----------|---------------------|
| Entity              | Pay 2022<br>Extension<br>Rate | Percent of<br>Total | CTC       | Potential<br>Taxes  |
| County              | 38.5350%                      | 34.61%              | 1,738,541 | \$ <b>669,947</b>   |
| City                | 37.2880%                      | 33.49%              | 1,738,541 | <b>648,267</b>      |
| ISD                 | 26.7830%                      | 24.05%              | 1,738,541 | <b>465,633</b>      |
| Other               | 8.7420%                       | 7.85%               | 1,738,541 | <b>151,983</b>      |
|                     | <b>111.3480%</b>              | <b>100.00%</b>      |           | \$ <b>1,935,831</b> |

The estimates listed above display the pay 2022 captured tax capacity since this is the last year of the District. The tax rate used for calculations is the Pay 2022 rate. The total net capacity for the entities listed above are based on Pay 2022 figures.

**Appendix A: December 10, 2010 TIF Plan Modification**



**Modification of the Development Program**

**for**

**Development District No. 1**

**and**

**Modification of the Tax Increment Financing Plan**

**for**

**Redevelopment Tax Increment Financing District No. 2**  
**(Boulevard Gardens)**

Minnetonka Economic Development Authority  
City of Minnetonka  
County of Hennepin  
State of Minnesota

Public Hearing: October 23, 1995 (continued to November 13, 1995)  
November 13, 1995 (continued to November 27, 1995)  
November 27, 1995 (Public Hearing Held)  
Adopted: December 11, 1995  
Modification: December 6, 2010 (continued to December 20, 2010)  
Modification Adopted: December 20, 2010



Prepared by: EHLERS & ASSOCIATES, INC.  
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## *MUNICIPAL ACTION TAKEN*

Based upon the statutory authority described in the Modified Development Program attached hereto, the public purpose findings by the City Council and for the purpose of fulfilling the City's development objectives as set forth in the Modified Development Program, the City Council has created, established and designated Development District No. 1 pursuant to and in accordance with the requirements of Minnesota Statutes, Section 469.126.

The following municipal action was taken in connection therewith:

### **Development District No. 1**

June 28, 1983: The Development Program for Development District No. 1 was adopted by the City Council.

December 13, 1993: The Development Program for Development District No. 1 was modified by the City Council to reflect an enlargement of geographic area and increased budgetary authority.

December 11, 1995: The Development Program for Development District No. 1 was modified by the City Council to reflect an increased budget authority due to the creation of a new tax increment financing district, Tax Increment Financing District No. 2.

January 27, 1997: The Development Program for Development District No. 1 was modified by the City Council to reflect an increased budget authority due to the modification of a tax increment financing district, Housing Tax Increment Financing District No. 1.

April 13, 1998: The Development Program for Development District No. 1 was modified by the City Council to reflect an increased budget authority due to the creation of a new tax increment financing district, Tax Increment Financing District No. 3.

December 6, 2010: The Development Program for Development District No. 1 was modified by the City Council to reflect and increased budget authority due to the modification of Redevelopment Tax Increment Financing District No. 2, which includes extending the duration of the District.

The following municipal action was taken with regard to the Tax Increment Financing Districts located within Development District No. 1:

### **Economic Development TIF District No. 1**

January 3, 1984: The Tax Increment Financing Plan for Economic Development District No. 1 was adopted by the City Council.

December 13, 1993: The Tax Increment Financing Plan for Economic Development District No. 1 was modified by the City Council to reflect increased budgetary authority.

### **Redevelopment TIF District No. 2**

December 11, 1995: The Tax Increment Financing Plan for Redevelopment Tax Increment Financing District No. 2 was adopted by the City Council to assist in retail and housing development.

December 6, 2010: The Tax Increment Financing Plan for Redevelopment Tax Increment Financing District

No. 2 was modified by the City Council to spend tax increment for affordable housing initiatives and to spend tax increment for projects in accordance with new TIF law amendments passed in 2010 (the Jobs Bill). The term of the District and the budget will also be modified.

**Redevelopment TIF District No. 3**

April 13, 1998: The Tax Increment Financing Plan for Redevelopment Tax Increment Financing District No. 3 was adopted by the City Council to assist in the redevelopment and/or rehabilitation of a residential area in the City.



*SECTION I.  
DEVELOPMENT PLAN FOR DEVELOPMENT DISTRICT NO. 1*

Subsection 1.1. Definitions

The terms defined below shall, for purposes of this Development Plan, have the meanings herein specified, unless the context otherwise specifically requires:

"Authority" means the City of Minnetonka, or subsequently following the transfer of authority of the Development District and the Economic Development District to the EDA, means EDA.

"City" means the City of Minnetonka.

"City Council" means the City Council of the City of Minnetonka, Minnesota, also referred to as the governing body.

"Comprehensive Plan" means the documents which contain the objectives, policies, standards and programs to guide public and private land use, development, redevelopment and preservation of all lands and water within the City.

"County" means the County of Hennepin, Minnesota.

"County Board" means the County Board of Hennepin County, Minnesota.

"Development District Act" means the statutory provisions of Minnesota Statutes, Sections, 469.124 through 469.134, inclusive as amended.

"Development District No. 1" means the development district established on June 28, 1983 and modified on December 13, 1993.

"Development Plan" means this Development Plan for Development District No. 1, as initially adopted and amended, and as it shall be modified.

"Economic Development District No. 1" means the tax increment district as established on January 3, 1984.

"EDA" means the Minnetonka Economic Development Authority.

"EDA Act" means the statutory provisions of Minnesota Statutes, Sections 469.090 through 469.1081, inclusive, as amended.

"Housing District No. 1" means the tax increment financing district established on May 7, 1984

"HRA Act" means the statutory provisions of Minnesota Statutes, Sections 469.001 through 469.047, inclusive, as amended.

"Redevelopment Project" means the Highway 12 Redevelopment Project established on May 7, 1984, and modified on January 7, 1985 and May 20, 1985.

"Redevelopment Tax Increment Financing District No. 2" means the tax increment financing district

established on December 11, 1995.

"State" means the State of Minnesota.

"Tax Increment Bonds" means any obligation or revenue tax increment bonds issued and to be issued by the City or Authority to finance the public costs associated with Development District No. 1 as stated in the Development Plan and in the Tax Increment Financing Plan for Economic Development District No. 1 within Development District No. 1. The term "Tax Increment Bonds" shall also include any obligations issued to refund the Tax Increment Bonds.

"Tax Increment Financing District" or "TIF District" means any tax increment financing district presently established or to be established in the future in Development District No. 1.

"Tax Increment Financing Act" means the statutory provisions of Minnesota Statutes, Sections 469.174 through 469.179, inclusive, as amended.

"Tax Increment Financing Plan" or "TIF Plan" means the respective Tax Increment Plan for each Tax Increment Financing District located within the Development District.

#### Subsection 1.2. Statement of Public Purpose

In June, 1983, the City Council established Development District No. 1 and, on June 28, 1983, established a tax increment finance district, Economic Development District No. 1, and has issued revenue and general obligation bonds to assist various housing and development projects

In 1988, the City authorized the establishment of the Minnetonka Economic Development Authority ("EDA") and the abolishment of the Housing and Redevelopment Authority ("HRA"). As a result of the abolishment of the HRA, the City transferred the control, authority, and operation of all projects and programs undertaken by the HRA to the EDA, specifically the Highway 12 Redevelopment Project ("Redevelopment Project") and Housing District No. 1 (The Cliffs/Ridgepoint). The EDA's potential scope of activities, as described in the EDA Act and the HRA Act, includes actions such as conducting various economic development, housing, and redevelopment programs and activities.

Given the geographical separation of Development District No. 1 and the Redevelopment Project, the City Council found cause to explore opportunities to more effectively address the public interest. These opportunities include developing a more efficient method of financing public costs and assisting in the development and redevelopment by private enterprise unimpeded by the boundaries of the individual Redevelopment Project and Development District. The City Council found that it is necessary to facilitate the flow of fund into areas of the City which are in need of public intervention but previously had little or no resources available. As a result, on December 13, 1993, the City Council approved by resolution the expansion of Development District No. 1.

The expansion of Development District No. 1 did not replace the existing Redevelopment Project, include the establishment of a new tax increment financing district, or extend the duration of any existing tax increment financing districts. Instead, the 1993 modification enabled Development District No. 1 to serve as an umbrella entity, by incorporating within its boundaries the area of the Redevelopment Project. Therefore, costs of financing redevelopment and development activities were reduced.

Immediately subsequent to modifying the Development Program, the City Council transferred the control, authority and operation of Development District No. 1 to the EDA, subject to the limitations set forth in City

Council Resolution No. 88-8637.

On December 11, 1995, the City Council modified the Development Program to expand the boundaries of Development District No. 1 and to reflect a change in the budget due to the creation of Redevelopment Tax Increment Financing District No. 2.

Subsection 1.3. Statutory Authority

The Authority established Development District No. 1 pursuant to the Development District Act.

Subsection 1.4. Statement of Objectives

See Section I, Subsection A of the Development Plan for Development District No. 1 as adopted on June 28, 1983.

As amended on December 13, 1993, City Council seeks to achieve the following additional objectives:

10. To achieve a high level of design quality through the use of design features such as landscaping to enhance the physical environment.
11. To better utilize vacant or underdeveloped land.
12. To provide increased employment opportunities.

As amended on December 11, 1995:

13. To facilitate the development of mixed housing and commercial facilities, including housing for low and moderate income persons.

Subsection 1.5. Environmental Controls

See Section I, Subsection C of the Development Plan for Development District No. 1 as adopted on June 28, 1983.

Subsection 1.6. Proposed Reuse of Property

See Section I, Subsection D of the Development Plan for Development District No. 1 as adopted on June 28, 1983.

As amended on December 13, 1993, as specific plans are formulated for Development District No. 1, the Development Plan will be amended.

As amended on December 11, 1995, specific development and redevelopments plans within Redevelopment TIF District No. 2 are set forth in the TIF plan for that district.

Subsection 1.7. Administration and Maintenance of Development District

See Section I, Subsection E of the Development Plan for Development District No. 1 as adopted on June 28, 1983.

As amended on December 13, 1993, the maintenance and operation of Development District No. 1 will be the responsibility of the EDA of the City of Minnetonka. Immediately subsequent to modifying the Development Program, the EDA assumes power of Development District No. 1. The EDA has limited power as indicated in a City Council resolution passed in 1988. The City Manager serves as the Executive Director for the EDA.

Subsection 1.8. Relocation

See Section II, Subsection C of the Development Plan for Development District No. 1 as adopted on June 28, 1983.

Subsection 1.9. Boundaries of Development District No. 1

The description of Development District No. 1 is found on a map in Exhibit I-A-1 and as outlined on the following page:

*(AS MODIFIED APRIL 13, 1998)*

The boundaries of Development District No. 1 are being expanded to include the parcels identified for Redevelopment Tax Increment Financing District No. 1-3 not already included in Development District No. 1. A map of this expansion can be found in Appendix A of this document and a legal description of the area added to Development District No. 1 can be found in Appendix B.

Subsection 1.10. Parcels To Be Acquired or May Be Acquired in Whole or In Part Within the Development District

The Authority may acquire any parcel located in Development District No. 1.

*(AS MODIFIED APRIL 13, 1998)*

The Development Program is being modified to identify additional parcels for acquisition. A list of parcels to be acquired can be found in Subsection 2-5 of the Tax Increment Financing Plan for Redevelopment Tax Increment Financing District No. 1-3.

Subsection 1.11. Modification of Development Plan and/or Development District No. 1

The modified Development Plan for Development District No. 1 was adopted by the City Council on December 13, 1993 and again on December 11, 1995.

*(AS MODIFIED APRIL 13, 1998)*

Subsection 1.12. Development Activities to be Financed

A detailed uses of funds is outlined in the Tax Increment Financing Plan for the Redevelopment Tax Increment Financing District. The Development Program is hereby modified to included these uses.

*SECTION II  
TAX INCREMENT PLAN FOR  
REDEVELOPMENT TAX INCREMENT FINANCING DISTRICT NO. 2*

Subsection 2.1. Forward

The City, staff and consultants have prepared the following information to expedite and create Redevelopment Tax Increment Financing District No. 2 (“Redevelopment District No. 2”) in Development District No. 1.

Subsection 2.2. Statutory Authority

Within the City of Minnetonka (the “City”), there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the City and the Minnetonka Economic Development Authority (the “EDA”) have certain statutory powers pursuant to the TIF Act to assist in financing eligible activities related to these development needs.

The City faces various existing land use problems that require corrective action by the City or EDA before development by private enterprise becomes financially feasible or desirable. The EDA and City are authorized to establish a tax increment district pursuant to Minnesota Statutes, Section 469.174 to 469.179, as amended, to assist in financing public costs related to this project. Tax increments are derived only from the increased amount of taxes which are paid on a parcel of property after the construction of a new structure on the parcel. Tax increment districts encompass the parcels from which tax increments are paid for a period of time.

Below is the Tax Increment Financing Plan (the "Plan") for Redevelopment Tax Increment Financing District No. 2. Other relevant information is contained in the Development Program for Development District No. 1 as amended on December 11, 1995. Development District No. 1 includes the area proposed for Redevelopment District No. 2. The EDA or the City reserves the right to approve all or a portion of the property as proposed to be included in Redevelopment District No. 2.

Subsection 2.3. Statement of Objectives

Redevelopment District No. 2 is a redevelopment tax increment district which currently consists of 76 parcels of land and adjacent and internal right-of ways of which 62 parcels contain existing structures. Present plans for the new development on the site include 250,000 square feet of retail, 63 units of rental apartments, 104 units of town homes, 108 units of condominiums and 126 units of rental senior apartments.

Redevelopment District No. 2 is expected to achieve many of the objectives set forth in the Project Plan in regard to land use. These objectives include but are not limited to:

1. Acquisition of property containing structurally substandard buildings and remove structurally substandard buildings for which rehabilitation is not feasible.
2. Acquisition of property containing economically or functionally obsolete or underutilized buildings and remove said buildings.
3. Acquisition of property of irregular form and shape or abandoned by railroad or inadequate size which has prevented normal development.
4. Provision of land for expansion of existing businesses.
5. Attempt to improve the property tax base of the city and other local taxing jurisdictions.

6. Enhancement of the tax base of the City.
7. Provision of maximum opportunity, consistent with the needs of the City, for the development by private enterprise.
8. Better utilization of vacant or underdeveloped land.
9. Provision of on-going benefit to the residents of the City and those who may frequent the area.
10. Development of affordable and life style housing opportunities.

The activities contemplated in the present development and redevelopment plans do not preclude the undertaking of other qualified redevelopment activities. These activities are anticipated to occur over the life of the tax increment district.

See Appendix C for the data on the qualifications of the redevelopment tax increment financing district.

*(AS MODIFIED DECEMBER 20, 2010)*

**The City and EDA originally utilized Redevelopment District No. 2 for the redevelopment of the Westridge Market and surrounding housing in the northwest quadrant of I-394 and County Road 71. The last payment under the development agreement with CSM will be made on a pay-as-you-go note on February 1, 2011. The City would like to utilize tax increments from 2011 to 2022 for two potential purposes. The first would be TIF for new development as authorized under Minnesota Statutes, Section 469.176, subdivision 4m, commonly known as the State of Minnesota JOBS bill. The authority to spend TIF under the JOBS Bill expires in 2011, unless extended by the Legislature. The second purpose is for affordable housing under Minnesota Statutes, Section 469.1763, subdivision 2. This allows the EDA and City to utilize up to 35% of the TIF (including any administrative costs) for affordable housing objectives. The City and EDA may decide to utilize a portion of the TIF and return a portion to the County on an annual basis or it may take all of the TIF in one year to assist eligible projects.**

Subsection 2.4. Legal Description of Property of Redevelopment Tax Increment Financing District No. 2

Redevelopment District No. 2 encompasses all property and adjacent rights-of-way identified by parcel numbers contained in Appendix A. See the map in Appendix B for further information on the location of Redevelopment District No. 2.

Subsection 2.5. Classification of Redevelopment Tax Increment Financing District No. 2

The City and EDA, in determining the need to create a tax increment financing district in accordance with Minnesota Statutes, Section 469.174 to 469.179, as amended, inclusive, finds that Redevelopment Tax Increment Financing District No. 2 to be established is a redevelopment district pursuant to Minnesota Statutes, Section 469.174, Subdivision 10 as defined below:

- (a) *"Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one of the following conditions, reasonably distributed throughout the district, exists:*
  - (1) *parcels consisting of 70 percent of the area in the district are occupied by buildings, streets, utilities, or other improvements and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance; or*

(2) *The property consists of vacant, unused, underused, inappropriately used, or infrequently used railyards, rail storage facilities or excessive or vacated railroad rights-of-way.*

(b) *For purposes of this subdivision, "structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.*

*A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs or other similar reliable evidence. If the evidence supports a reasonable conclusion that the building is not disqualified as structurally substandard, the municipality may make such a determination without an interior inspection or an independent, expert appraisal of the cost of repair and rehabilitation of the building...*

(c) *For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities or other improvements until 15 percent of the area of the parcel contains improvements.*

In meeting the statutory criteria described above, the City relies on the following facts and findings:

1. Redevelopment District No. 2 consists of 76 parcels replatted into 14 new parcels and 8 other parcels.
2. An inventory of the parcels shows that over 70% of the parcels are occupied as defined in the Act.
3. An inspection of the buildings located within Redevelopment District No. 2 finds that over 50% of the buildings are structurally substandard as defined in the Act.
4. All of the parcels in Redevelopment District No. 2 are contiguous.

#### Subsection 2.6. Property To Be Acquired

The City or EDA may acquire any parcel within Redevelopment District No. 2 including interior and adjacent street rights of way.

1. Any properties identified for acquisition will be acquired by the City or the EDA only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan.
2. The following are conditions under which properties not designated to be acquired may be acquired:

The City or EDA may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this tax increment financing plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

Subsection 2.7. Estimate of Project Costs

Currently under consideration is a proposal by C.S.M. Corporation to redevelop the area included in Redevelopment District No. 2. The Developer's plans include 250,000 square feet of retail, 63 units of rental apartments, 104 units of town homes, 108 units of condominiums and 126 units of rental senior apartments. To facilitate these projects, this Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimated cost of these are described below:

|                                 |                |
|---------------------------------|----------------|
| Land acquisition and relocation | \$9,556,000    |
| Contingency                     | <u>955,600</u> |
| Total                           | \$10,511,600   |

These figures represent the estimated amounts the City or EDA may expend to implement the Plan and the Development Program. The adoption of the Plan does not commit the City or EDA to make any expenditures. The items of cost and the amounts thereof shown above are estimated to be necessary based on the best information available. It is anticipated amounts in each category may vary provided that the total expenditures will not exceed the total listed above, plus administrative expenses, as provided in Subsection 2.15 herein.

*(AS MODIFIED DECEMBER 20, 2010)*

**The major purpose of this TIF Plan modification is to elect the increased pooling percentage for affordable housing, as permitted under Minnesota Statutes, Section 469.1763, subd. 2(d). The City hereby elects to increase by 10 percentage points (i.e, from 25% to 35%) the permitted amount of expenditures of increment from Redevelopment District No. 2 for activities located outside the geographic area of Redevelopment District No. 2.**

**Upon approval of this TIF Plan amendment, the Authority may expend 35% of the tax increment (as defined in Section 469.176, subd. 25, clause (1) of the TIF Act) from Redevelopment District No. 2 (the "Expanded Pooling Amount") as follows:**

- 1. The Expanded Pooling Amount may be spent anywhere in the City (whether or not located within Development District No. 1).**
- 2. Expenditures of the Expanded Pooling Amount are not subject to the limitations set forth in Section 469.176, subd. 4j (relating to correcting conditions that allow the establishment of redevelopment district).**
- 3. The Expanded Pooling Amount must be used exclusively to assist housing that meets the requirement for a qualified low-income building, as that term is used in Section 42 of the Internal Revenue Code of 1986, as amended (the "Tax Credit Act").**
- 4. Expenditures of the Expanded Pooling Amount for any qualified low-income buildings may not exceed the qualified basis of that building, as defined in the Tax Credit Act, less the amount of any tax credit allowed under the Tax Credit Act for that building.**
- 5. The Expanded Pooling Amount may be used to acquire and prepare sites for qualified rental housing; acquire construct or rehabilitate the housing, and make public improvements directly related to such housing.**

**The table below shows total cumulative estimated expenditures of tax increment from Redevelopment District No. 2, revised to reflect expenditures of the Expanded Pooling Amount for qualified housing, as well as to reflect the historical use of tax increment from this district. Note that a significant portion**



of the total tax increment is expected to be returned to the County redistribution on an annual basis.

| <u>USES OF TAX INCREMENT FUNDS</u>      | <u>TOTAL</u>        |
|---|---------------------|
| Land/Building Acquisition               | \$10,164,578        |
| Site Improvements/Preparation           | \$0                 |
| Jobs Bill Spending Plan                 | \$400,000           |
| Public Parking Facilities               | \$0                 |
| Streets and Sidewalks                   | \$0                 |
| Affordable Housing                      | \$6,400,000         |
| <u>Administrative Costs (up to 10%)</u> | <u>\$2,335,422</u>  |
| <b>PROJECT COST TOTAL</b>               | <b>\$19,300,000</b> |
| Returned TIF to County                  | \$11,000,000        |
| <u>Interest</u>                         | <u>\$7,350,000</u>  |
| <b>PROJECT AND INTEREST COSTS TOTAL</b> | <b>\$37,650,000</b> |

For purposes of OSA reporting forms, uses of funds include interfund loans, bond principal, TIF Note principal, and transfers, all in the principal amount of \$19,300,000. These amounts are not cumulative, but represent the various forms of “bonds” included within the concept of bonded indebtedness under the TIF Act.

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in Appendix D.

Estimated capital and administrative costs listed above are subject to change among categories by modification of the TIF Plan without hearings and notices as required for approval of the initial TIF Plan, so long as the total capital and administrative costs combined do not exceed the total listed above. Further, the EDA may spend up to 20 percent of the tax increments from the District for activities (described in the table above) located outside the boundaries of the District but within the boundaries of the Project (including administrative costs, which are considered to be spend outside the District), subject to all other terms and conditions of this TIF Plan.

Subsection 2.8. Bonded Indebtedness

As presently proposed, the amount of pay-as-you-go would not exceed \$10,511,600. This provision does not obligate the City or EDA to incur debt. The City or EDA will finance the activities to be undertaken pursuant to the Tax Increment Financing Plan through a “pay-as-you-go” basis for eligible activities paid for by the Developer.

*(AS MODIFIED ON DECEMBER 20, 2010)*

The City or EDA may incur debt, including pay-as-you-go notes, interfund loans, and/or general

**obligation tax increment bonds in a principal amount not-to-exceed \$19,300,000.**

Subsection 2.9 Sources of Revenue

The City and EDA anticipates using Tax Increment as the primary source to pay for the estimated tax increment eligible costs of the Development Program as they relate to the Tax Increment Financing District. The City or EDA reserves the right to use other sources of revenue legally applicable to the Development Program to pay for the estimated tax increment eligible costs.

**The total estimated tax increment revenues for the District are expected to be approximately \$37,300,000, as shown in the table below:**

| <u>SOURCES OF FUNDS</u>                 | <u>TOTAL</u>        |
|---|---------------------|
| Tax Increment                           | \$37,300,000        |
| Interest                                | \$350,000           |
| <u>Land Sale Proceeds/Lease Revenue</u> | <u>\$0</u>          |
| <b>TOTAL</b>                            | <b>\$37,650,000</b> |

**The EDA or City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of \$19,300,000. Such bonds may be in the form of pay-as-you go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of this Modification.**

Subsection 2.10. Original Tax Capacity and Tax Rate

Pursuant to Minnesota Statutes, Section 469.174, Subdivision 7 and Section 469.177, Subdivision 1, the Original Net Tax Capacity (ONTC) as certified for Redevelopment District No. 2 is based on the market values placed on the property by the assessor in 1995 for taxes payable 1996. The original tax capacity of the property when the tax increment financing district is certified in December, 1995 will be \$271,618 (estimate).

Pursuant to Section 469.177, Subds. 1 and 2, of the Tax Increment Financing Act, the County Auditor shall certify in each year (beginning in the payment year 1998) the amount by which the original value has increased or decreased as a result of a change in tax exempt property within the Tax Increment Financing District, reduction or enlargement of the Tax Increment Financing District or changes in connection with previously issued building permits. In any year in which the current Net Tax Capacity value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the City.

The County Auditor shall certify in each year after the date the ONTC was certified (beginning in payment year 1998), the amount the ONTC has increased or decreased as a result of:

1. change in tax exempt status of property;
2. reduction or enlargement of the geographic boundaries of the district;
3. change due to adjustments, negotiated or court-ordered abatements;
4. change in the use of the property and classification; or
5. change in state law governing class rates.

The original local tax rate for Redevelopment District No. 2 will be the local tax rate for 1996 taxes which is currently estimated to be 1.38299, based on the rate for pay 1995.

Subsection 2.11. Estimated Captured Net Tax Capacity Value/Increment

Pursuant to Minnesota Statutes, Section 469.174 Subdivision 4 and Minnesota Statutes, Section 469.177, Subdivision 1, 2, and 4, the estimated Captured Net Tax Capacity (CTC) of Redevelopment District No. 2, within Development District No. 1, will annually approximate \$1,090,923. The City requests 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 1998. The project tax capacity listed is an estimate of values when the buildings are completed.

Subsequent phases of development will produce additional captured tax capacity. These figures rely on assumptions about construction costs, timing and the conversion to taxable property valuation. Changes in these assumptions will affect the actual tax capacity captured by Redevelopment District No. 2.

|                                 |           |                  |
|---------------------------------|-----------|------------------|
| Estimated Project Tax Capacity  | 1,362,541 |                  |
| less Original Tax Capacity      |           | <u>271,618</u>   |
| Estimated Captured Tax Capacity |           | <u>1,090,923</u> |

*(AS MODIFIED DECEMBER 20, 2010)*

**The actual original local tax rate for the TIF District is 134.726%, which is the rate for taxes payable in 1995. The estimated rate for taxes payable in 2010 is lower, as shown in the chart below, so the lower rate is used for purposes of tax increment projections in the Modification.**

|  |                    |          |
|--|--------------------|----------|
| <b>Project Estimated Tax Capacity upon Completion (PTC)</b>  | <b>\$1,518,245</b> |          |
| <b>Original Estimated Net Tax Capacity (ONTC)</b>            | <b>\$74,606</b>    |          |
| <b>Reduction for Fiscal Disparities Contribution</b>         | <b>\$0</b>         |          |
| <b>Estimated Captured Tax Capacity (CTC)</b>                 | <b>\$1,443,639</b> |          |
| <b>Original Local Tax Rate</b>                               | <b>1.05663</b>     | Pay 2010 |
| <b>Estimated Annual Tax Increment (CTC x Local Tax Rate)</b> | <b>\$1,525,392</b> |          |
| <b>Percent Retained by the EDA</b>                           | <b>100%</b>        |          |

Subsection 2.12. Duration of Redevelopment District No. 2

Pursuant to Minnesota Statutes, Section 469.176, Subd. 1b, the Authority may collect tax increment from a redevelopment district for a period of 25 years from the date of receipt of the first increment by the Authority, or any shorter period specified in the tax increment plan. At the present time, the Authority intends to collect tax increment from Redevelopment District No. 2 for a 14-year period, beginning with taxes payable in 1998 (or any earlier year, if tax increment is generated earlier) and concluding with taxes payable in 2012. The Authority may determine to extend the duration of the district for any additional period up to the maximum duration permitted under the Tax Increment Financing Act, provided that any such extension shall be

approved by modification of this TIF Plan in accordance with Section 469.175, subd. 4.

*(AS MODIFIED DECEMBER 20, 2010)*

**The Tax Increment Financing Plan for Redevelopment Tax Increment Financing District No. 2 is being modified to extend the term of the district to 25 years after receipt of the first increment by the EDA, pursuant to M.S., Section 469.176, Subd. 1b. The date of receipt by the City of the first tax increment was July, 1997. Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after December 31, 2022, or when the TIF Plan is satisfied. The EDA reserves the right to decertify the District prior to the legally required date.**

Subsection 2.13. Estimated Impact on Other Taxing Jurisdictions

The estimated impact on other taxing jurisdictions assumes construction which would have occurred without the creation of Redevelopment District No. 2. If the construction is a result of tax increment financing, the impact is \$0 to other entities. Notwithstanding, the fact that the fiscal impact on the other taxing jurisdictions is \$0 due to the fact that the construction would not have occurred without the assistance of the City, the estimated impact of Redevelopment District No. 2 would be as appears below if the "but for" test was not met.

**IMPACT ON TAX BASE**

| <u>ENTITY</u>              | <u>ENTITY'S<br/>TOTAL NET<br/>TAX CAPACITY</u> | <u>CAPTURED<br/>TAX CAPACITY</u> | <u>% OF CAPTURED<br/>TAX CAPACITY<br/>TO ENTITY TOTAL</u> |
|----------------------------|--|----------------------------------|---|
| Hennepin County            | 966,907,816                                    | 1,090,923                        | 0.11%   |
| City of Minnetonka         | 63,643,917                                     | 1,090,923                        | 1.71%   |
| School District No. 270    | 35,743,017                                     | 1,090,923                        | 3.05%   |
| Other Taxing Jurisdictions | N/A  | 1,090,923                        | N/A   |

**IMPACT ON TAX RATES**

| <u>ENTITY</u>                           | <u>CURRENT<br/>TAX RATE</u> | <u>CAPTURED<br/>TAX CAPACITY</u> | <u>POTENTIAL<br/>TAXES</u>      |
|---|-----------------------------|----------------------------------|---------------------------------|
| Hennepin County                         | 0.37454                     | 1,090,923                        | 408,594                         |
| City of Minnetonka                      | 0.19290                     | 1,090,923                        | 210,439                         |
| School District No. 270                 | 0.75076                     | 1,090,923                        | 819,021                         |
| Other Taxing Jurisdictions <sup>1</sup> | 0.06479                     | 1,090,923                        | 70,681                          |
| <b>TOTAL</b>                            | <b>1.38299</b>              |                                  | <b>1,090,923      1,508,736</b> |

The tax rate used for calculations is the 1994/Pay 1995 rate, used for estimates only. The total net capacity for the entities listed above are based on Pay 1995 figures.

(AS MODIFIED DECEMBER 20, 2010)

The actual original local tax rate for the TIF District is 134.726%, which is the rate for taxes payable in 1995. The estimated rate for taxes payable in 2010 is lower, as shown in the chart below, so the lower rate is used for purposes of tax increment projections in the Modification.

| <b>IMPACT ON TAX BASE</b>  |   |  |   |
|----------------------------|---|--|---|
|                            | <b>2009/Pay 2010<br/>Total Net<br/>Tax Capacity</b> | <b>Estimated Captured<br/>Tax Capacity (CTC)<br/>Upon Completion</b> | <b>Percent of CTC<br/>to Entity Total</b> |
| <b>Hennepin County</b>     | <b>1,439,645,193</b>                                | <b>1,443,639</b>   | <b>0.1003%</b>                            |
| <b>City of Minnetonka</b>  | <b>872,483,223</b>                                  | <b>1,443,639</b>   | <b>0.1655%</b>                            |
| <b>Hopkins ISD No. 270</b> | <b>100,057,256</b>                                  | <b>1,443,639</b>   | <b>1.4428%</b>                            |

| <b>IMPACT ON TAX RATES</b> |                                     |                             |                  |                            |
|----------------------------|-------------------------------------|-----------------------------|------------------|----------------------------|
|                            | <b>Pay 2010<br/>Extension Rates</b> | <b>Percent<br/>of Total</b> | <b>CTC</b>       | <b>Potential<br/>Taxes</b> |
| <b>Hennepin County</b>     | <b>0.426400</b>                     | <b>40.35%</b>               | <b>1,443,639</b> | <b>615,568</b>             |
| <b>City of Minnetonka</b>  | <b>0.311480</b>                     | <b>29.48%</b>               | <b>1,443,639</b> | <b>449,665</b>             |
| <b>Hopkins ISD No. 270</b> | <b>0.230500</b>                     | <b>21.81%</b>               | <b>1,443,639</b> | <b>332,759</b>             |
| <b>Other</b>               | <b>0.088250</b>                     | <b>8.35%</b>                | <b>1,443,639</b> | <b>127,401</b>             |
| <b>Total</b>               | <b>1.056630</b>                     | <b>100.00%</b>              |                  | <b>1,525,392</b>           |

Subsection 2.14.      Modifications to Redevelopment District No. 2

In accordance with Minnesota Statutes, Section 469.175, Subdivision 4, any reduction or enlargement of the geographic area of the project or tax increment financing district; increase in amount of bonded indebtedness to be incurred, including a determination to capitalize interest on debt if that determination was not a part of the original plan, or to increase or decrease the amount of interest on the debt to be capitalized; increase in the portion of the captured tax capacity to be retained by the City; increase in total estimated tax increment expenditures; or designation of additional property to be acquired by the City shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original plan. The geographic area of a tax increment financing district may be reduced, but shall not be enlarged after five years following the date of certification of the original tax capacity by the county auditor. Modifications to Redevelopment District No. 2 in the form of a budget modification or an expansion of the boundaries will be recorded in this subsection of the Plan.

(AS MODIFIED DECEMBER 20, 2010)

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

- 1. Reduction or enlargement of the geographic area of the District, if the reduction does not meet the requirements of *M.S., Section 469.175, Subd. 4(e)*;**
- 2. Increase in amount of bonded indebtedness to be incurred;**

3. A determination to capitalize interest on debt if that determination was not a part of the original TIF Plan;
4. Increase in the portion of the captured net tax capacity to be retained by the City;
5. Increase in the estimate of the cost of the project, including administrative expenses, that will be paid or financed with tax increment from the District; or
6. Designation of additional property to be acquired by the City,

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

Pursuant to *M.S. Section 469.175 Subd. 4(f)*, the geographic area of the District may be reduced, but shall not be enlarged after five years following the date of certification of the original net tax capacity by the county auditor. If a redevelopment district is enlarged, the reasons and supporting facts for the determination that the addition to the district meets the criteria of *M.S., Section 469.174, Subd. 10*, paragraph (a), clauses (1) to (5), must be documented in writing and retained. The requirements of this paragraph do not apply if (1) the only modification is elimination of parcel(s) from the District and (2) (A) the current net tax capacity of the parcel(s) eliminated from the District equals or exceeds the net tax capacity of those parcel(s) in the District's original net tax capacity or (B) the City agrees that, notwithstanding *M.S., Section 469.177, Subd. 1*, the original net tax capacity will be reduced by no more than the current net tax capacity of the parcel(s) eliminated from the District.

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

Subsection 2.15. Administrative Expenses

In accordance with Minnesota Statutes, Section 469.174, Subdivision 14, and Minnesota Statutes, Section 469.176, Subdivision 3 administrative expenses means all expenditures of an authority other than amounts paid for the purchase of land or amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the district, relocation benefits paid to or services provided for persons residing or businesses located in the district or amounts used to pay interest on, fund a reserve for, or sell at a discount bonds issued pursuant to Section 469.178. Administrative expenses also include amounts paid for services provided by bond counsel, fiscal consultants, and planning or economic development consultants. The Authority may use tax increment to pay any administrative expenses for the tax increment financing district in an amount up to ten percent of the total tax increment expenditures authorized by the tax increment financing plan or the total tax increment expenditures for the project, whichever is less.

Pursuant to Minnesota Statutes, Section 469.176, Subdivision 4h, tax increments may be used to pay for the county's actual administrative expenses incurred in connection with Redevelopment District No. 2. The county may require payment of those expenses by February 15 of the year following the year the expenses were incurred.

*(AS MODIFIED DECEMBER 20, 2010)*

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

1. Amounts paid for the purchase of land;

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

For districts for which the request for certification were made before August 1, 1979, or after June 30, 1982, administrative expenses also include amounts paid for services provided by bond counsel, fiscal consultants, and planning or economic development consultants. Pursuant to *M.S., Section 469.176, Subd. 3*, tax increment may be used to pay any authorized and documented administrative expenses for the District up to but not to exceed 10 percent of the total estimated tax increment expenditures authorized by the TIF Plan or the total tax increments, as defined by *M.S., Section 469.174, Subd. 25, clause (1)*, from the District, whichever is less.

Pursuant to *M.S., Section 469.176, Subd. 4h*, tax increments may be used to pay for the County's actual administrative expenses incurred in connection with the District. The county may require payment of those expenses by February 15 of the year following the year the expenses were incurred.

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

#### Subsection 2.16. Limitation of Increment

Pursuant to Section 469.176, Subd. 1, of the Tax Increment Financing Act, no tax increment shall be paid to the City for the Tax Increment Financing District after three (3) years from the date of certification of the Original Net Tax Capacity value of the taxable property in the Tax Increment Financing District by the County Auditor unless within the three (3) years period:

- (a) bonds have been issued pursuant to Section 469.178, or in aid of a project pursuant to any other law, except revenue bonds issued pursuant to Minnesota Statutes, Section 469.156 to 469.165,
- (b) the City has acquired property within the Tax Increment Financing District, or
- (c) the City has constructed or caused to be constructed public improvements within the Tax Increment Financing District.

The bonds must be issued, or the City must acquire property or construct or cause public improvements to be constructed by approximately December, 1998.

The tax increment pledged to the payment of bonds and interest thereon may be discharged and the Tax Increment Financing District may be terminated if sufficient funds have been irrevocably deposited in the

debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or redemption date.

Pursuant to Minnesota Statutes, Section 469.176, Subdivision 6:

*if, after four years from the date of certification of the original tax capacity of the tax increment financing district pursuant to Minnesota Statutes, Section 469.177, no demolition, rehabilitation or renovation of property or other site preparation, including qualified improvement of a street adjacent to a parcel but not installation of utility service including sewer or water systems, has been commenced on a parcel located within a tax increment financing district by the authority or by the owner of the parcel in accordance with the tax increment financing plan, no additional tax increment may be taken from that parcel and the original tax capacity of that parcel shall be excluded from the original tax capacity of the tax increment financing district. If the authority or the owner of the parcel subsequently commences demolition, rehabilitation or renovation or other site preparation on that parcel including improvement of a street adjacent to that parcel, in accordance with the tax increment financing plan, the authority shall certify to the county auditor in the annual disclosure report that the activity has commenced. The county auditor shall certify the tax capacity thereof as most recently certified by the commissioner of revenue and add it to the original tax capacity of the tax increment financing district. The county auditor must enforce the provisions of this subdivision... For purposes of this subdivision, qualified improvements are limited to (1) construction or opening of a new street, (2) relocation of a street, and (3) substantial reconstruction or rebuilding of an existing street.*

The City or a property owner must improve parcels within Redevelopment District No. 2 by approximately December, 1999.

#### Subsection 2.17. Use of Tax Increment

Pursuant to Minnesota Statutes, 469.176, Subd. 4, at least 90 percent of the revenues derived from tax increments from a redevelopment district must be used to finance the cost of correcting conditions that allow designation of redevelopment districts under section 469.174, Subdivision 10. These costs include acquiring properties containing structurally substandard buildings or improvements, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition of structures, clearing of the land and installation of utilities, roads, sidewalks, and parking facilities for the site.

The revenues shall be used to finance or otherwise pay public development costs pursuant to Minnesota Statutes, Chapter 462C or 469. These revenues shall not be used to circumvent any levy limit law. No revenues derived from tax increment shall be used for the construction or renovation of a municipally owned building used primarily and regularly for conducting the business of the municipality; this provision shall not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure, a commons area used as a public park or a facility used for social, recreational or conference purposes and not primarily for conducting the business of the municipality. For tax increment financing districts for which certification was requested after April 30, 1990, pursuant to Minnesota Statutes, Section 469.1763, Subdivisions 1 and 2, an amount equal to at least 75 percent of the revenue derived from tax increments from the district's parcels must be expended on activities in the district.

All revenues derived from tax increment shall be used in accordance with the tax increment financing plan, pursuant to Minnesota Statutes, Section 469.176, Subdivision 4 and Section 273.1399, Subdivision 1. The revenues shall be used for the following purposes:



1. to pay the principal of and interest on bonds used to finance a project;
2. to finance, or otherwise pay the capital and administration costs of the Development District pursuant to the Development District Act;
3. to pay for project costs as identified in the budget; and
4. to finance, or otherwise pay for other purposes as provided in Section 469.176, Subd. 4, of the Tax Increment Financing Act.

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

1. **To pay the principal of and interest on bonds issued to finance a project;**
2. **To finance, or otherwise pay the cost of development of the Development District No. 1 pursuant to *M.S., Sections 469.124 to 469.134*;**
3. **To pay for project costs as identified in the budget set forth in the TIF Plan;**
4. **To finance, or otherwise pay for other purposes as provided in *M.S., Section 469.176, Subd. 4*;**
5. **To pay principal and interest on any loans, advances or other payments made to or on behalf of the EDA or City or for the benefit of Development District No. 1 by a developer;**
6. **To finance or otherwise pay premiums and other costs for insurance or other security guaranteeing the payment when due of principal of and interest on bonds pursuant to the TIF Plan or pursuant to *M.S., Chapter 462C. M.S., Sections 469.152 through 469.165, and/or M.S., Sections 469.178*; and**
7. **To accumulate or maintain a reserve securing the payment when due of the principal and interest on the tax increment bonds or bonds issued pursuant to *M.S., Chapter 462C, M.S., Sections 469.152 through 469.165, and/or M.S., Sections 469.178*.**
8. **To pay for qualified rental housing projects using the Expanded Pooling Amount, as described in Section 2.7 of this TIF Plan.**

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

Subsection 2.18. Notification of Prior Planned Improvements

The City shall, after due and diligent search, accompany its request for certification to the County Auditor or its notice of Tax Increment Financing District enlargement with a listing of all properties within the Tax Increment Financing District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the tax increment financing plan by the municipality pursuant to Section 469.175, Subd. 3, of the Tax Increment Financing Act. The County Auditor shall increase the original value of the Tax Increment Financing District by the value of improvements for which a building permit was issued.

Pursuant to Minnesota Statutes, Section 469.177, Subdivision 4, the City has reviewed the area to be included in the Redevelopment District No. 2 and found no parcels for which building permits have been issued during the 18 months immediately preceding approval of the Plan by the City. If the building permit had been issued within the 18 month period preceding approval of the plan by the City, the county auditor shall increase the original tax capacity of the district by the valuation of the improvements for which the building permit was

issued.

Subsection 2.19. Excess Tax Increments

Pursuant to Minnesota Statutes, Section 469.176, Subdivision 2, in any year in which the tax increment exceeds the amount necessary to pay the costs authorized by the tax increment plan, including the amount necessary to cancel any tax levy as provided in Minnesota Statutes, Section 475.61, Subdivision 3, the City shall use the excess amount to do any of the following:

1. prepay the outstanding bonds;
2. discharge the pledge of tax increment therefor;
3. pay into an escrow account dedicated to the payment of such bond; or
4. return the excess to the County Auditor for redistribution to the respective taxing jurisdictions in proportion to their tax capacity rate as provided in Minnesota Statutes, Section 469.176, Subd. 2.

*(AS MODIFIED DECEMBER 20, 2010)*

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

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

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

Subsection 2.20. Requirements for Agreements with the Developer

The City will review any proposal for private development to determine its conformance with the Project Plan and with applicable municipal ordinances and codes. To facilitate this effort, the following documents may be requested for review and approval: site plan, construction, mechanical, and electrical system drawings, landscaping plan, grading and storm drainage plan, signage system plan, and any other drawings or narrative deemed necessary by the City to demonstrate the conformance of the development with city plans and ordinances. The City may also use the Agreements to address other issues related to the development.

Pursuant to Section 469.176, Subd. 5, of the Tax Increment Financing Act, no more than twenty-five percent (25%), by acreage, of the property to be acquired in the Tax Increment Financing District as set forth in the tax increment financing plan shall at any time be owned by the City as a result of acquisition with the proceeds of bonds issued pursuant to Section 469.178, of the Tax Increment Financing Act, without the City having, prior to acquisition in excess of twenty-five percent (25%) of the acreage, concluded an agreement for the development or of the property acquired and which provides recourse for the City should the development not be completed.

*(AS MODIFIED DECEMBER 20, 2010)*

As of the date of this modification, the Authority has entered into contracts with the following developers for the following development activities:

**1. CSM Investors, Inc., dated December 11, 1995. Activity is construction of retail, 63 units of rental apartments, 80 units of senior apartments, 46 units of senior section 202 apartments, 108 condominiums and 104 townhomes.**

**2. CSM Investors, Inc., dated May 21, 1996. First Amendment of Contract for Private Redevelopment.**

**3. CSM Investors, Inc., dated July 8, 1997. Second Amendment of Contract for Private Redevelopment. Complete**

Subsection 2.21.            Assessment Agreements

Pursuant to Minnesota Statutes, Section 469.177, Subdivision 8, the City may enter into an agreement in recordable form with the developer of property within the tax increment financing district which establishes a minimum market value of the land and completed improvements for the duration of Redevelopment District No. 2. The assessment agreement shall be presented to the assessor who shall review the plans and specifications for the improvements constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appear, in the judgment of the assessor, to be a reasonable estimate, the assessor may certify the minimum market value agreement.

Subsection 2.22.            Administration of Redevelopment District No. 2

Administration of Redevelopment District No. 2 will be handled by the Executive Director of the EDA.

Subsection 2.23.            Financial Reporting Requirements

Pursuant to Minnesota Statutes, Section 469.175, Subdivisions 5, 6, and 6(a); an authority must file an annual disclosure report for all tax increment financing districts with the Office of the State Auditor, the county board, school board, and Department of Revenue.

Pursuant to Section 469.175, Subd. 5, of the Tax Increment Financing Act, the City must file an annual disclosure report for the Tax Increment Financing District. The report shall be filed with the State Auditor's Office. The report to be filed by the City shall include the following information:

1. the amount and source of revenue in the tax increment account;
2. the amount and purpose of expenditures from the account;
3. the amount of any pledge of revenues, including principal and interest, on any outstanding bond indebtedness;
4. the original value of the Tax Increment Financing District;
5. the captured value retained by the City;
6. the captured value shared with other taxing districts;
7. the tax increment received;
8. any additional information to demonstrate compliance with the tax increment financing plan.

Section 469.175, Subd. 5, of the Tax Increment Financing Act also provides that an annual statement showing the tax increment received an expended in that year, the original value, captured value, amount of outstanding bonded indebtedness and any additional information the City deems necessary shall be published in a newspaper of general circulation in the City.

*(AS MODIFIED DECEMBER 20, 2010)*

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

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

Subsection 2.24.           Municipal Approval and Public Purpose

The reasons and facts supporting the finds for the adoption of the Tax Increment Financing Plan for Redevelopment District No. 2 as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. Finding that the Redevelopment District No. 2 is a redevelopment district as defined in Minnesota Statutes, Section 469.174, Subdivision 11 and Section 273.1399, Subdivision 1.

Redevelopment District No. 2 consists of 76 parcels of property. Parcels consisting of more than 70 percent of the area are occupied by buildings and improvements. Buildings have been reviewed by city staff and consultants and more than 50 percent of the buildings within each noncontiguous area have been found to be structurally substandard (See Appendix C).

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

Due to the high cost of redevelopment on parcels currently occupied by substandard buildings and the cost of financing the proposed improvements, this project is feasible only through assistance, in part, from tax increment financing.

A comparative analysis of estimated market values both with and without establishment of Redevelopment District No. 2 and the use of tax increments has been performed as described above. Such analysis is contained in Appendix C of the Tax Increment Financing Plan for Redevelopment District No. 2 and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of Redevelopment District No. 2 and the use of tax increments (See Appendix D).

3. Finding that the Tax Increment Financing Plan for Redevelopment District No. 2 conforms to the general plan for the development or redevelopment of the municipality as a whole.

The site is appropriately zoned. The Tax Increment Financing Plan has been reviewed by the Planning Commission and been found to confirm to the general development plan of the City.

4. Finding that the Tax Increment Financing Plan for Redevelopment District No. 2 will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of Development District No. 1 by private enterprise.

The establishment of Redevelopment District No. 2 will result in increased employment for the City and increased availability of safe and decent housing in the City.

*(AS MODIFIED DECEMBER 20, 2010)*

**It is found and determined, and it is the reasoned opinion of the City, that:**

- i. The proposed redevelopment described in the TIF Plan Modification would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future. The major purpose of the TIF Plan Modification is to encourage the development of additional rental housing that is affordable to persons who meet the income and rent limits for housing that is eligible for federal low-income tax credits. The City and Authority have determined that rental housing intended for low-income persons cannot feasibly be constructed without significant public financing from multiple sources, and that additional tax increment (using the Expanded Pooling Amount) will permit the development of such housing throughout the City.*
- ii. The increased market value of the site that could reasonable be expected to occur solely through private investment without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected increments for the maximum duration of the district permitted by the TIF Plan. In most cases, sites planned for affordable housing would not necessarily develop for higher valued alternative uses. Further, the developers of affordable housing would not, and in most cases could not, finance higher-valued market rate housing in the absence of tax increment assistance, due to lack of reasonable financing for such developments. Therefore, the City and Authority have no reason to expect that individual sites would develop at higher market values absent the tax increment assistance for affordable housing described in this TIF Plan.*
- iii. The Tax Increment Plan Modification conforms to the general plan for the redevelopment of the City as a whole. The Tax Increment Plan Modification was reviewed and commented upon by the City's Planning Commission on December 6, 2010, and was approved by the Commission on that same date.*
- iv. The Tax Increment Plan Modification will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the redevelopment of the Project by private enterprise. The City has promoted affordable rental and owner-occupied housing for several years. The tax increment from the TIF District will be used to encourage the private market to offer a range of affordable housing choices and ensure that affordability is maintained over an extended period of time.*

Subsection 2.25.            State Tax Increment Financing Aid

*(AS MODIFIED DECEMBER 20, 2010)*

**Minnesota Statutes, Section 273.1399 has been repealed, and Section 2.25 of the TIF Plan is therefore deleted.**

Pursuant to Minnesota Statutes, Section 273.1399, for tax increment financing districts for which certification was requested after April 30, 1990, a municipality incurs a reduction in state tax increment financing aid (RISTIFA) applied to the municipality's Local Government Aids (LGA) first and, Homestead and Agricultural Aid (HACA) second, in an amount equal to a formula based upon the equalized qualifying captured tax capacity (QCTC) of the tax increment financing district.

Pursuant to Minnesota Statutes, Section 273.1399, Subdivision 6, for tax increment financing districts certified after June 30, 1994, the City may choose an option to the LGA-HACA penalty. A tax increment financing district is exempt if the City elects at the time of approving the tax increment financing plan to make a qualifying local contribution. To qualify for the exemption in each year, the City must make a qualifying local contribution to the project of a certain percentage. The local contribution for a redevelopment district is 7.5 percent. The maximum local contribution for all districts in the City is limited to two percent of the City's net tax capacity.

The amount of the local contribution must be made out of unrestricted money of the authority or municipality, such as the general fund, a property tax levy, or a federal or a state grand-in-aid which may be spent for general government purposes. The local contribution may not be made, directly or indirectly, with tax increments or developer payments. The local contribution must be used to pay project costs and cannot be used for general government purposes.

The City elects to make the annual local contribution to the project to exempt itself from the LGA-HACA penalty.

#### Subsection 2.26. County Road Costs

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

The improvements outlined in the Plan serve as notice to the county that the development of the residential facilities will be assisted with tax increment. In the opinion of the Authority and consultants, the proposed development will have little or no impact upon county roads. If the county elects to use increments to improve county roads, it must notify the Authority within thirty days of receipt of this plan.

#### Subsection 2.27. Fiscal Disparities Election

Pursuant to Minnesota Statutes, Section 469.177, Subdivision 3, the governing body may elect one of two methods to calculate fiscal disparities. If the calculations pursuant to Minnesota Statutes, Section 469.177, subdivision 3, clause a, are followed the following method of computation shall apply:

- (1) The original tax capacity and the current tax capacity shall be determined before the application of the fiscal disparity provisions of Chapter 473F. Where the original tax capacity is equal to or greater than the current tax capacity, there is no captured tax capacity and no tax increment determination. Where the original tax capacity is less than the current tax capacity, the difference between the original tax capacity and the current tax capacity is the captured tax capacity. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured tax capacity of the authority.*

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

If the calculations pursuant to Minnesota Statutes, Section 469.177, subdivision 3, clause b, are followed the following method of computation shall apply

- (1) *The original tax capacity shall be determined before the application of the fiscal disparity provisions of chapter 473F. The current tax capacity shall exclude any fiscal disparity commercial-industrial tax capacity increase between the original year and the current year multiplied by the fiscal disparity ratio determined pursuant to section 473F.08, subdivision 6. Where the original tax capacity is equal to or greater than the current tax capacity, there is no captured tax capacity and no tax increment determination. Where the original tax capacity is less than the current tax capacity, the difference between the original tax capacity and the current tax capacity is the captured tax capacity. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured tax capacity of the authority.*
- (2) *The county auditor shall exclude the retained captured tax capacity of the authority from the taxable value of the local taxing districts in determining local taxing district tax capacity rates. The tax capacity rates so determined are to be extended against the retained captured tax capacity of the authority as well as the taxable value of the local taxing districts. The tax generated by the extension of the less of (A) the local taxing district tax capacity rates or (B) the original tax capacity rate to the retained captured tax capacity of the authority is the tax increment of the authority.*

The authority shall submit to the county auditor at the time of the request for certification which method of computation of fiscal disparities the authority elected. By resolution, the City of Minnetonka will choose to calculate fiscal disparities by clause a.

According to Minnesota Statutes, Section 469.177, Subdivision 3:

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

Subsection 2.28. Economic Development and Job Creation

To the extent applicable, the City agrees to comply with Minnesota Statutes, Section 116J.991, which states that a business receiving state or local government assistance for economic development or job growth purposes, including tax increment financing, must create a net increase in jobs in Minnesota and meet wage requirements within two years of receiving assistance.

**(AS MODIFIED DECEMBER 20, 2010)**

**Minnesota Statutes, Section 116J.991 has been repealed and replaced by Sections 116J.993 to 116J.995 (the "Business Subsidy Act"). However, all the assistance using the Expanded Pooling Percentage under this TIF Plan amendment will be for housing, which is exempt from the Business Subsidy Act.**

**Subsection 2.29.            Definition of Tax Increment Revenues**

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

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

*(AS MODIFIED DECEMBER 20, 2010)*

**Subsection 2.30.            Summary**

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



APPENDIX A  
PARCELS INCLUDED IN REDEVELOPMENT TIF DISTRICT NO. 2

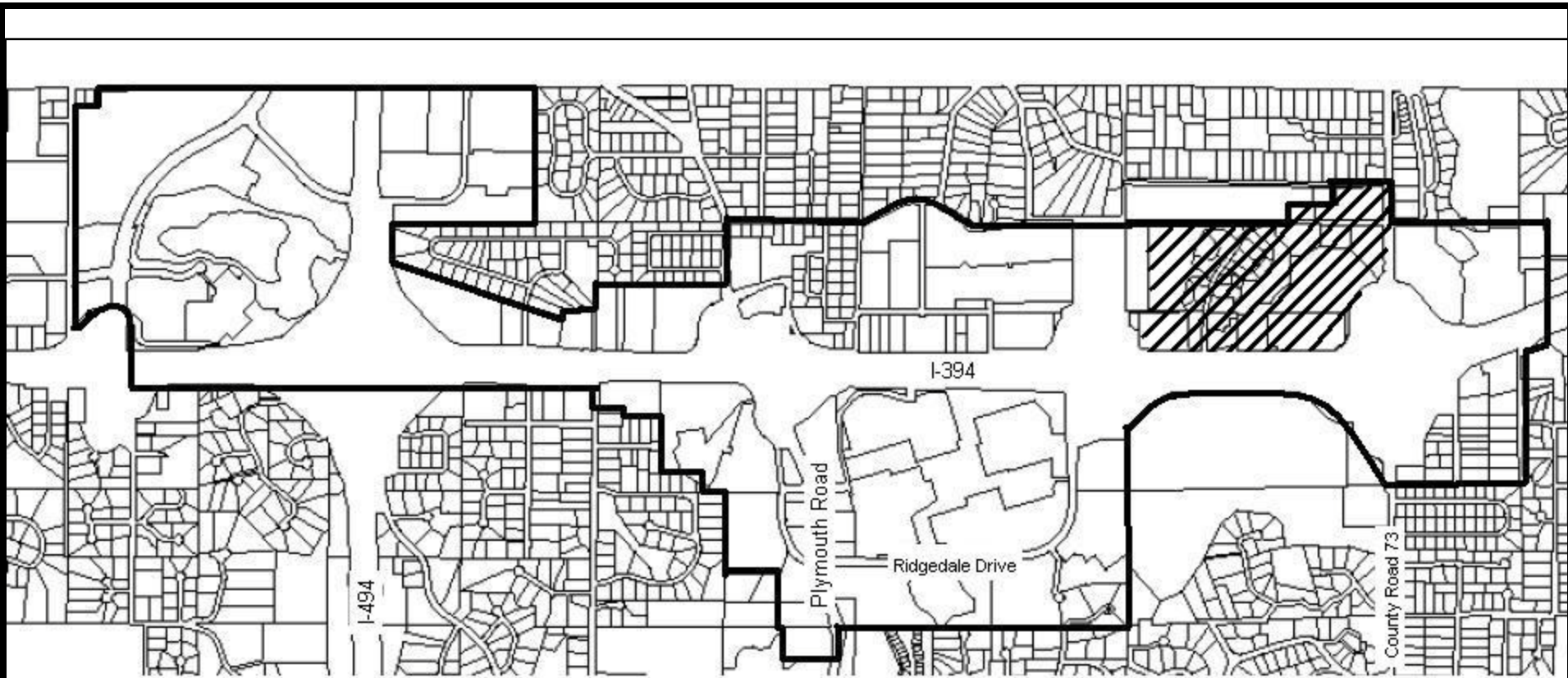
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(AS MODIFIED DECEMBER 20, 2010)

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| 02-117-22-13-0084 | 02-117-22-13-0164 | 02-117-22-13-0244 | 02-117-22-13-0328 |
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| 02-117-22-13-0086 | 02-117-22-13-0166 | 02-117-22-13-0246 | 02-117-22-13-0330 |
| 02-117-22-13-0087 | 02-117-22-13-0167 | 02-117-22-13-0247 | 02-117-22-13-0331 |
| 02-117-22-13-0088 | 02-117-22-13-0168 | 02-117-22-13-0248 | 02-117-22-13-0332 |
| 02-117-22-13-0089 | 02-117-22-13-0169 | 02-117-22-13-0249 | 02-117-22-13-0333 |
| 02-117-22-13-0090 | 02-117-22-13-0170 | 02-117-22-13-0250 | 02-117-22-13-0334 |
| 02-117-22-13-0091 | 02-117-22-13-0171 | 02-117-22-13-0251 | 02-117-22-13-0335 |
| 02-117-22-13-0092 | 02-117-22-13-0172 | 02-117-22-13-0252 | 02-117-22-13-0336 |
| 02-117-22-13-0093 | 02-117-22-13-0173 | 02-117-22-13-0253 | 02-117-22-13-0337 |
| 02-117-22-13-0094 | 02-117-22-13-0174 | 02-117-22-13-0254 | 02-117-22-13-0338 |
| 02-117-22-13-0095 | 02-117-22-13-0175 | 02-117-22-13-0255 | 02-117-22-13-0339 |
| 02-117-22-13-0096 | 02-117-22-13-0176 | 02-117-22-13-0256 | 02-117-22-13-0340 |
| 02-117-22-13-0097 | 02-117-22-13-0177 | 02-117-22-13-0257 | 02-117-22-13-0341 |
| 02-117-22-13-0098 | 02-117-22-13-0178 | 02-117-22-13-0258 | 02-117-22-13-0342 |
| 02-117-22-13-0099 | 02-117-22-13-0179 | 02-117-22-13-0259 | 02-117-22-13-0343 |
| 02-117-22-13-0100 | 02-117-22-13-0180 | 02-117-22-13-0260 | 02-117-22-13-0344 |
| 02-117-22-13-0101 | 02-117-22-13-0181 | 02-117-22-13-0261 | 02-117-22-13-0345 |
| 02-117-22-13-0102 | 02-117-22-13-0182 | 02-117-22-13-0262 | 02-117-22-13-0346 |
| 02-117-22-13-0103 | 02-117-22-13-0183 | 02-117-22-13-0263 | 02-117-22-13-0347 |
| 02-117-22-13-0104 | 02-117-22-13-0184 | 02-117-22-13-0264 | 02-117-22-13-0348 |
| 02-117-22-13-0105 | 02-117-22-13-0185 | 02-117-22-13-0265 | 02-117-22-13-0349 |
| 02-117-22-13-0106 | 02-117-22-13-0186 | 02-117-22-13-0266 | 02-117-22-13-0350 |
| 02-117-22-13-0107 | 02-117-22-13-0187 | 02-117-22-13-0267 | 02-117-22-13-0351 |
| 02-117-22-13-0108 | 02-117-22-13-0188 | 02-117-22-13-0268 | 02-117-22-13-0352 |
| 02-117-22-13-0109 | 02-117-22-13-0189 | 02-117-22-13-0269 | 02-117-22-13-0353 |
| 02-117-22-13-0110 | 02-117-22-13-0190 | 02-117-22-13-0270 | 02-117-22-13-0354 |
| 02-117-22-13-0111 | 02-117-22-13-0191 | 02-117-22-13-0271 | 02-117-22-13-0355 |
| 02-117-22-13-0112 | 02-117-22-13-0192 | 02-117-22-13-0272 | 02-117-22-13-0356 |
| 02-117-22-13-0113 | 02-117-22-13-0193 | 02-117-22-13-0273 | 02-117-22-13-0357 |
| 02-117-22-13-0114 | 02-117-22-13-0194 | 02-117-22-13-0274 | 02-117-22-13-0358 |

|                   |                   |                   |                   |
|-------------------|-------------------|-------------------|-------------------|
| 02-117-22-13-0115 | 02-117-22-13-0195 | 02-117-22-13-0275 | 02-117-22-13-0359 |
| 02-117-22-13-0116 | 02-117-22-13-0196 | 02-117-22-13-0276 | 02-117-22-13-0360 |
| 02-117-22-13-0117 | 02-117-22-13-0197 | 02-117-22-13-0277 | 02-117-22-13-0361 |
| 02-117-22-13-0118 | 02-117-22-13-0198 | 02-117-22-13-0278 | 02-117-22-13-0362 |
| 02-117-22-13-0119 | 02-117-22-13-0199 | 02-117-22-13-0279 | 02-117-22-13-0363 |
| 02-117-22-13-0120 | 02-117-22-13-0200 | 02-117-22-13-0280 | 02-117-22-13-0364 |
| 02-117-22-13-0121 | 02-117-22-13-0201 | 02-117-22-13-0281 | 02-117-22-13-0365 |
| 02-117-22-13-0122 | 02-117-22-13-0202 | 02-117-22-13-0282 | 02-117-22-13-0366 |
| 02-117-22-13-0123 | 02-117-22-13-0203 | 02-117-22-13-0283 | 02-117-22-13-0367 |
| 02-117-22-13-0124 | 02-117-22-13-0204 | 02-117-22-13-0288 | 02-117-22-13-0368 |
| 02-117-22-13-0125 | 02-117-22-13-0205 | 02-117-22-13-0289 | 02-117-22-13-0369 |
| 02-117-22-13-0126 | 02-117-22-13-0206 | 02-117-22-13-0290 | 02-117-22-14-0015 |
| 02-117-22-13-0127 | 02-117-22-13-0207 | 02-117-22-13-0291 | 02-117-22-14-0054 |
| 02-117-22-13-0128 | 02-117-22-13-0208 | 02-117-22-13-0292 | 02-117-22-14-0055 |
| 02-117-22-13-0129 | 02-117-22-13-0209 | 02-117-22-13-0293 | 02-117-22-14-0057 |
| 02-117-22-13-0130 | 02-117-22-13-0210 | 02-117-22-13-0294 | 02-117-22-14-0060 |
| 02-117-22-13-0131 | 02-117-22-13-0211 | 02-117-22-13-0295 | 02-117-22-14-0064 |
| 02-117-22-13-0132 | 02-117-22-13-0212 | 02-117-22-13-0296 | 02-117-22-14-0065 |
| 02-117-22-13-0133 | 02-117-22-13-0213 | 02-117-22-13-0297 | 02-117-22-14-0066 |
| 02-117-22-13-0134 | 02-117-22-13-0214 | 02-117-22-13-0298 | 02-117-22-14-0067 |
| 02-117-22-13-0135 | 02-117-22-13-0215 | 02-117-22-13-0299 | 02-117-22-14-0068 |
| 02-117-22-13-0136 | 02-117-22-13-0216 | 02-117-22-13-0300 | 02-117-22-14-0069 |
| 02-117-22-13-0137 | 02-117-22-13-0217 | 02-117-22-13-0301 | 02-117-22-14-0070 |
| 02-117-22-13-0138 | 02-117-22-13-0218 | 02-117-22-13-0302 | 02-117-22-14-0071 |
| 02-117-22-13-0139 | 02-117-22-13-0219 | 02-117-22-13-0303 | 02-117-22-14-0072 |
| 02-117-22-13-0140 | 02-117-22-13-0220 | 02-117-22-13-0304 | 02-117-22-14-0073 |
| 02-117-22-13-0141 | 02-117-22-13-0221 | 02-117-22-13-0305 | 02-117-22-14-0074 |
| 02-117-22-13-0142 | 02-117-22-13-0222 | 02-117-22-13-0306 | 02-117-22-14-0075 |
| 02-117-22-13-0143 | 02-117-22-13-0223 | 02-117-22-13-0307 | 02-117-22-14-0076 |
| 02-117-22-13-0144 | 02-117-22-13-0224 | 02-117-22-13-0308 | 02-117-22-14-0077 |
| 02-117-22-13-0145 | 02-117-22-13-0225 | 02-117-22-13-0309 | 02-117-22-14-0078 |
| 02-117-22-13-0146 | 02-117-22-13-0226 | 02-117-22-13-0310 | 02-117-22-14-0079 |
| 02-117-22-13-0147 | 02-117-22-13-0227 | 02-117-22-13-0311 | 02-117-22-14-0080 |
| 02-117-22-13-0148 | 02-117-22-13-0228 | 02-117-22-13-0312 | 02-117-22-14-0081 |
| 02-117-22-13-0149 | 02-117-22-13-0229 | 02-117-22-13-0313 | 02-117-22-14-0082 |
| 02-117-22-13-0150 | 02-117-22-13-0230 | 02-117-22-13-0314 | 02-117-22-14-0083 |
| 02-117-22-13-0151 | 02-117-22-13-0231 | 02-117-22-13-0315 | 02-117-22-14-0084 |
| 02-117-22-13-0152 | 02-117-22-13-0232 | 02-117-22-13-0316 | 02-117-22-14-0085 |
| 02-117-22-13-0153 | 02-117-22-13-0233 | 02-117-22-13-0317 |                   |
| 02-117-22-13-0154 | 02-117-22-13-0234 | 02-117-22-13-0318 |                   |

APPENDIX B  
BOUNDARY MAP OF DEVELOPMENT DISTRICT NO. 1 AND  
REDEVELOPMENT TAX INCREMENT FINANCING DISTRICT NO. 2



# TIF District 1-2 Boulevard Gardens



Development District No. 1



TIF District 1-2—Boulevard Gardens

APPENDIX C  
REDEVELOPMENT TIF DISTRICT QUALIFICATIONS

*For full reports, please see City files.*

APPENDIX D  
CASH FLOW

*(AS MODIFIED DECEMBER 20, 2010)*

**City of Minnetonka  
Fund Balance Analysis**

**TIF 1-2 Boulevard Gardens**

Redevelopment  
City approved: 12/11/1995  
Cert Request:6/11/1996  
Certified:7/2/1996  
Decertifies:12/31/22

|                               | Original<br>Budget | 2010<br>Cumulative<br>Modified Budget | End of<br>District<br>Projected<br>Actual<br>Total | 2022             | 2021             | 2020             | 2019             | 2018             | 2017             | 2016             | 2015             | 2014             |
|-------------------------------|--------------------|---------------------------------------|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                               |                    |                                       |  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Beginning Fund Balance        |                    |                                       |  | 271,968          | 323,890          | 374,794          | 424,700          | 473,628          | 521,596          | 568,623          | 614,729          | 659,930          |
| Revenues                      |                    |                                       |  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Bond proceeds                 |                    |                                       | 0  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Tax increment                 | 20,191,632         | 36,000,000                            | 35,591,730   | 1,500,000        | 1,500,000        | 1,500,000        | 1,500,000        | 1,500,000        | 1,500,000        | 1,500,000        | 1,500,000        | 1,500,000        |
| Interest (2%)                 |                    | 350,000                               | 241,627  | 5,439            | 6,478            | 7,496            | 8,494            | 9,473            | 10,432           | 11,372           | 12,295           | 13,199           |
| MVHC                          |                    | 400,000                               | 358,302  | 16,600           | 16,600           | 16,600           | 16,600           | 16,600           | 16,600           | 16,600           | 16,600           | 16,600           |
| Other                         |                    | 900,000                               | 872,031  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Total Revenues</b>         | <b>20,191,632</b>  | <b>37,650,000</b>                     | <b>37,063,690</b>                                  | <b>1,522,039</b> | <b>1,523,078</b> | <b>1,524,096</b> | <b>1,525,094</b> | <b>1,526,073</b> | <b>1,527,032</b> | <b>1,527,972</b> | <b>1,528,895</b> | <b>1,529,799</b> |
| Expenditures                  |                    |                                       |  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Land/building                 | 9,556,000          | 10,164,578                            | 9,516,099  | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Admin                         | 955,600            | 2,335,422                             | 2,622,250  | 75,000           | 75,000           | 75,000           | 75,000           | 75,000           | 75,000           | 75,000           | 75,000           | 75,000           |
| Jobs Bill Spending Plan       |                    | 400,000                               | 300,000  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Loan                          |                    |                                       | 0  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Principal                     |                    |                                       | 0  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Interest                      | 9,680,032          | 7,350,000                             | 7,219,323  | 112,989          | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Affordable Housing            |                    | 6,400,000                             | 6,300,000  | 500,000          | 500,000          | 500,000          | 500,000          | 500,000          | 500,000          | 500,000          | 500,000          | 500,000          |
| Returned TIF to County        |                    | 11,000,000                            | 11,000,000   | 1,000,000        | 1,000,000        | 1,000,000        | 1,000,000        | 1,000,000        | 1,000,000        | 1,000,000        | 1,000,000        | 1,000,000        |
| <b>Total Expenditures</b>     | <b>20,191,632</b>  | <b>37,650,000</b>                     | <b>36,957,672</b>                                  | <b>1,687,989</b> | <b>1,575,000</b> | <b>1,575,000</b> | <b>1,575,000</b> | <b>1,575,000</b> | <b>1,575,000</b> | <b>1,575,000</b> | <b>1,575,000</b> | <b>1,575,000</b> |
| Projected Ending Fund Balance |                    | 0                                     | 106,018  | 106,018          | 271,968          | 323,890          | 374,794          | 424,700          | 473,628          | 521,596          | 568,623          | 614,729          |



| Projected |           |           |           |           |           |           | Acctd for<br>In Prior<br>Years |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------------------------------|
| 2013      | 2012      | 2011      | 2010      | 2009      | 2008      | 2007      |                                |
| 704,245   | 747,692   | 347,138   | 598,567   | 499,053   | 635,811   | 851,507   |                                |
| 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,519,925 | 1,460,645 | 1,368,995 | 11,742,165                     |
| 14,085    | 14,954    | 6,943     | 11,971    | 9,981     | 2,062     | 4,206     | 92,748                         |
| 16,600    | 16,600    | 16,600    | 16,600    | 16,600    | 16,600    | 17,408    | 91,894                         |
|           |           |           |           |           |           |           | 872,031                        |
| 1,530,685 | 1,531,554 | 1,523,543 | 1,528,571 | 1,546,506 | 1,479,307 | 1,390,609 | 12,798,838                     |
| 0         | 0         | 100,000   | 1,119,805 | 996,594   | 1,085,837 | 1,085,414 | 5,128,449                      |
| 75,000    | 75,000    | 110,000   | 150,000   | 151,993   | 146,065   | 136,305   | 1,102,887                      |
|           |           | 300,000   |           |           |           |           |                                |
| 0         | 0         | 112,989   | 210,195   | 298,406   | 384,163   | 384,586   | 5,715,995                      |
| 500,000   | 500,000   | 500,000   | 300,000   |           |           |           |                                |
| 1,000,000 | 1,000,000 |           |           |           |           |           |                                |
| 1,575,000 | 1,575,000 | 1,122,989 | 1,780,000 | 1,446,993 | 1,616,065 | 1,606,305 | 11,947,331                     |
| 659,930   | 704,245   | 747,692   | 347,138   | 598,567   | 499,053   | 635,811   | 851,507                        |

*(AS MODIFIED DECEMBER 20, 2010)*

**APPENDIX E  
SPENDING PLAN FOR DISTRICT**

ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MINNETONKA

CITY OF MINNETONKA

SPENDING PLAN

FOR REDEVELOPMENT TAX INCREMENT FINANCING DISTRICT NO. 2

(TEMPORARY TIF AUTHORITY UNDER MINN. STATS., SECTION 469.176, SUBD. 4M)

ADOPTED BY EDA BOARD SEPTEMBER 13, 2010

ADOPTED BY CITY COUNCIL SEPTEMBER 13, 2010

SPENDING PLAN  
FOR TAX INCREMENT FINANCING DISTRICT NO. 2  
(TEMPORARY TIF AUTHORITY UNDER MINN. STATS., SECTION 469.176, SUBD. 4M)

I. PURPOSE

The City of Minnetonka (the “City”) and the Economic Development Authority in and for the City of Minnetonka (the “the “Authority”) propose to adopt a spending plan (the “Spending Plan”) for Tax Increment Financing District No. 2 (the “TIF District”) in accordance with 2010 Minnesota Law, Chapter 216, Section 32 (codified as Minnesota Statutes, Section 469.176 Subd. 4m, and referred to as the “Temporary TIF Authority Act”).

Under the Temporary TIF Authority Act, the Authority is authorized to spend available tax increment from any existing tax increment financing district, notwithstanding any other law to the contrary, to provide improvements, loans, interest rate subsidies, or assistance in any form to private development consisting of construction or substantial rehabilitation of buildings and ancillary facilities, if the following conditions exist:

- (1) Such assistance will create or retain jobs in the State of Minnesota, including construction jobs;
- (2) Construction commences before July 1, 2011;
- (3) The construction would not have commenced before that date without the assistance; and
- (4) The City Council approves a written spending plan (after a duly noticed public hearing) that specifically authorizes the Authority to take such actions.

The City and Authority have determined to authorize expenditures of tax increment from the TIF District under the Temporary TIF Authority Act as further described in this Spending Plan.

II. SPENDING PLAN

The Authority is authorized as follows:

(a) The Authority may use any available tax increments from the TIF District on hand at the time of approval of this Spending Plan and received through December 31, 2010 and not otherwise pledged to any outstanding contract or obligation (referred to as “Available Spending Plan Increment”), to provide improvements, loans, interest rate subsidies, or assistance in any form to private development occurring anywhere within the City that meets the requirements of the Temporary TIF Authority Act described above.

(b) The assistance authorized under this Spending Plan expressly includes, but is not limited to, assistance to Glen Lake Senior Housing Development, LLC (the “Phase II Subdeveloper”) in the amount of not more than \$100,000 to defray a portion of certain City

utility charges owing by the Phase II Subdeveloper in connection with construction of an approximately 150-unit senior rental housing development in the City. Such development is referred to as “Phase II” in the Contract for Private Redevelopment among the Authority, the City and Glen Lake Redevelopment LLC dated as of January 4, 2010 (the “Contract”), as partially assigned to the Phase II Subdeveloper.

In connection with such assistance, the Authority and City expressly find that:

1. Construction of Phase II will create approximately 30 new full-time equivalent jobs in the State (representing jobs that would not otherwise exist elsewhere in Minnesota), based on estimates provided by the Phase II Subdeveloper.
2. Under the Contract (as partially assigned), the Phase II Subdeveloper is required to commence construction of Phase II by August 1, 2012, but the Authority expects that construction will in fact commence before July 1, 2011, and the Authority will require such accelerated construction as a condition of providing assistance under this Spending Plan..
3. Construction of Phase II would not have commenced before July 1, 2011 without the assistance under this Spending Plan, both because that date accelerates the construction schedule otherwise required under the Contract, and because unexpected increases in various utility charges exceed amounts in the Phase II Subdeveloper’s planned pro forma for Phase II, making the development infeasible without the assistance under this Spending Plan.

(c) In addition to the assistance for the Phase II housing development described above, the Authority is authorized to spend Available Spending Plan Increment for any other private development in the City for which the Authority finds that the private development will create or retain jobs in the State (including construction jobs); that the private development will commence before July 1, 2011; and that such construction would not have commenced before that date without the assistance under this Spending Plan. The Authority must document its findings under this section at the time of approval of assistance to each development.

(d) In accordance with the Temporary TIF Authority Act, the Authority may implement this Spending Plan by making an equity or similar investment in a corporation, partnership or limited liability that the Authority determines is necessary to make construction that meets the requirements of paragraph (c) financially feasible.

(e) This Spending Plan authorizes, but does not obligate, the Authority to spend Available Spending Plan Increment. Any obligation to provide assistance under this Spending Plan must be evidenced by a contract approved by the Authority’s board, entered into with a private party who otherwise meets the requirements of this Spending Plan and the Temporary TIF Authority Act.

(f) In accordance with the Temporary TIF Authority Act, the authority to spend Available Spending Plan Increment under this Spending Plan expires on December 31, 2011. No Available Spending Plan Increment may be spent under this Spending Plan after December 31, 2011 unless such expenditure is otherwise authorized by law without regard to the Temporary TIF Authority Act.

(g) The City and Authority acknowledge that assistance provided pursuant to this Spending Plan will be subject to Minnesota Statutes, Sections 116J.993 to 116J.995 (the "Business Subsidy Act"), unless the assistance provided to a specified recipient is exempt from the Business Subsidy Act under the terms of that statute.

(h) The Authority and City may amend this Spending Plan at any time in accordance with the procedures for approval of the Spending Plan under the Temporary TIF Authority Act.

(i) Authority staff are authorized and directed to maintain a copy of this Spending Plan with the Authority's records for the TIF District, and to file a copy of the Spending Plan with the Office of the State Auditor (as requested by the State Auditor in the August, 2010 TIF Division Newsletter).

**EDA Resolution No. 2022-**

**Resolution approving a modification to the tax increment financing plan for Tax  
Increment Financing District No. 1-2 (Boulevard Gardens)**

---

Be it resolved by the Board of Commissioners (the "Board") of the Economic Development Authority in and for the City of Minnetonka, Minnesota (the "Authority") as follows:

Section 1. Recitals.

- 1.01. The City of Minnetonka, Minnesota (the "City") and the Authority previously established, and the Authority administers, Tax Increment Financing District No. 1-2 (Boulevard Gardens) (the "TIF District"), a redevelopment district within Development District No. 1 in the City. The City and the Authority approved a tax increment financing plan, as heretofore amended (the "TIF Plan"), for the TIF District pursuant to the provisions of Minnesota Statutes, Section 469.174 through 469.1794, as amended (the "TIF Act").
- 1.02. The City and the Authority have determined to modify and increase the budget and modify the sources of revenue set forth in the TIF Plan to reflect the tax increment generated from property within the TIF District to date and align the budget with expenditures (collectively, the "Modification"). The proposed Modification has been presented to the Board.
- 1.03. Pursuant to Section 469.175, subdivision 2a of the TIF Act, notice of the proposed Modification was presented to the commissioner of Hennepin County, Minnesota representing the area included in the TIF District at least thirty (30) days before the publication of a notice of public hearing on the proposed Modification.
- 1.04. Pursuant to Section 469.175, subdivision 2 of the TIF Act, the proposed Modification and the estimates of the fiscal and economic implications of the Modification were presented to the Clerk of the Board of Education of Independent School District No. 276 (Minnetonka Public Schools) and to the Taxpayer Services Division Manager, as the county auditor (the "County Auditor"), of Hennepin County, Minnesota at least thirty (30) days before the date of the public hearing on the proposed Modification.
- 1.05. On the date hereof, the City Council of the City conducted a duly noticed public hearing on the proposed Modification to the TIF Plan, at which the views of all interest parties were heard, approved the proposed Modification, and transmitted the proposed Modification to the Board.
- 1.06. The Board has reviewed the contents of the proposed Modification to the TIF Plan and has determined that it is in the best interest of the City to approve the proposed Modification.

Section 2. Modification to TIF Plan.

2.01. The Modification to the TIF Plan is hereby approved.

2.02. The Executive Director of the Authority is hereby authorized and directed to file a copy of the Modification to the TIF Plan with the County Auditor and with the Commissioner of Revenue of the State of Minnesota and the State Auditor, as required by Section 469.175, subdivision 4 of the TIF Act.

2.03. Authority staff, the Authority's advisors, and legal counsel are authorized and directed to proceed with the implementation of the Modification to the TIF Plan.

Adopted by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka, Minnesota on June 27, 2022.

---

Brad Wiersum, President

ATTEST:

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Becky Koosman, Secretary

**Action on this resolution:**

Motion for adoption:

Seconded by:

Voted in favor of:

Voted against:

Abstained:

Absent:

Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka, Minnesota, at a duly authorized meeting held on June 27, 2022.

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Becky Koosman, Secretary