Planning Commission Memorandum

To: **Planning Commission**
From: **John Hinzman, Community Development Director**
Date: **September 28, 2015**
Item: **Tax Increment Finance District No. 7 (Great Rivers Landing\Hudson Mfg) – Review of Comprehensive Plan Conformance**

PLANNING COMMISSION ACTION REQUESTED:

The Planning Commission is asked to adopt the attached resolution finding that the proposed amendment to the Hastings Downtown Redevelopment Plan to establish Tax Increment Finance (TIF) District No. 7 (Great Rivers Landing\Hudson Manufacturing) is in conformance with the City's "general plan for development" as outlined in Minnesota State Statutes Chapter 469.028.

The proposed TIF District encompasses the eight parcels including seven parcels of the former Hudson Manufacturing Site located at 200 West 2nd Street (owned by HEDRA), and the former 1st National Bank Building property located at 119 West 2nd Street (owned by Confluence Development, LLC , the redeveloper of the Hudson Site). The City Council will hold a public hearing on October 5th to review the plans and consider establishment of the District.

Downtown Redevelopment Plan

Redevelopment Plans identify a neighborhood or corridor where the City wishes to encourage private redevelopment. A project area must be established before the City can provide loans to improve property, or use financial assistance such as TIF.

Development District No. 1, the Downtown Redevelopment Plan encompasses various properties within the downtown, generally located between Spring Street and Bailly Street, south to 5th Street.

Tax Increment Financing (TIF)

Tax increment financing (TIF) is a tool used to spur private development. The first step is to place a property into a TIF District. After the new building is completed, the City will take a portion of the new taxes generated by the new project and use them to pay for redevelopment costs. The taxes the parcel is currently paying continue to be distributed to the city, county, state, and school district.

TIF District No. 7 (Great River Landing\Hudson)

The Hastings Economic Development and Redevelopment Authority (HEDRA) proposes to establish TIF District No. 7 within the Downtown Redevelopment Plan (Development District No. 1). The proposed TIF District encompasses the eight parcels including seven parcels of the former Hudson Manufacturing Site located at 200 West 2nd Street (owned by HEDRA), and the former 1st National Bank Building property located at 119 West 2nd Street (owned by Confluence Development, LLC , the redeveloper of the Hudson Site).

GENERAL PLAN ANAYLSIS

The 2030 Hastings Comprehensive Plan and Heart of Hastings Redevelopment Plan are determined to be "General Plans" for City development and were reviewed to determine conformance with the creation of TIF District No. 7.

City staff has determined that the modification to the Project Area to create TIF District No. 7 is in conformance with the General Plans of the City. The following excerpts from the plans identify specific areas.

Heart of Hastings Neighborhood Plan (2003)

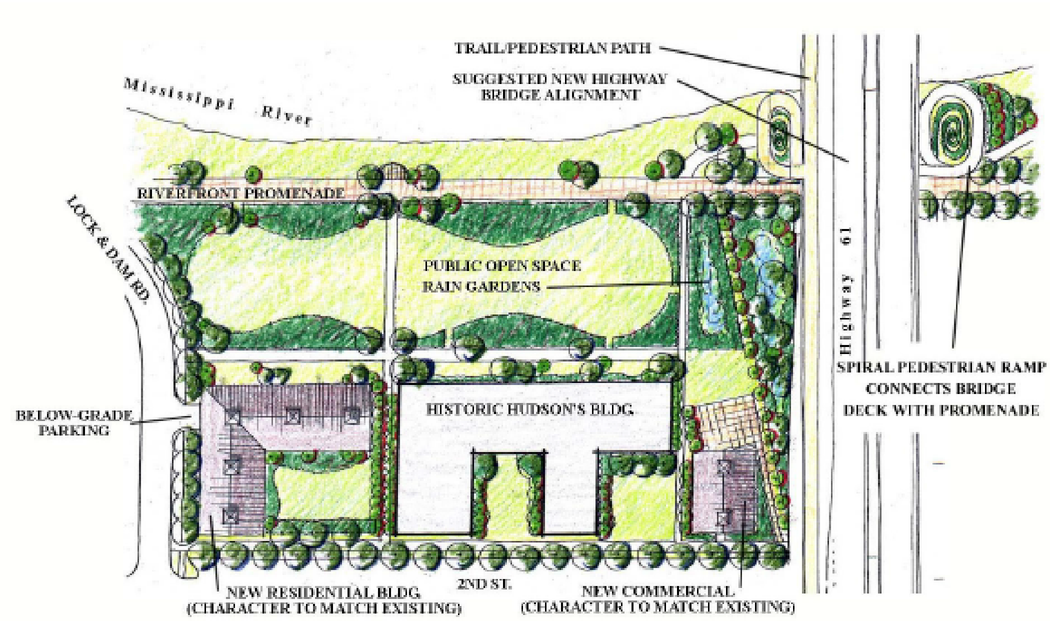
The Heart of Hastings Plan guides future development within Downtown Hastings and surrounding areas. The Plan provides the following guidance for development:

- **Maintain Dialogue with Hudson concerning relocation and reuse**. The City desires the eventual relocation of the current Hudson and reuse of the facility.

- **Use future bridge replacement as a catalyst for redevelopment.** Bridge construction will impact Hudson and First National Bank; coordinate with current property owners for relocation and redevelopment.

- **Adaptively reuse the Hudson Manufacturing Site**. Preserve the historic Hudson buildings for adaptive reuse.

- **Redevelopment of the Hudson property will likely require financial participation.** The building will require substantial renovation to meet codes for other uses. These conditions should allow a redevelopment TIF district to be established.



The Hudson Manufacturing property provides the combination of historic buildings and a prime location. Rehabilitation and reuse of the facility should be linked with Hudson's desire to relocate. The concept for the property could include reused historic buildings, expanded riverfront open space and new building additions in the historic character.

Reconstruction of the Highway 61 Bridge will provide a catalyst for redevelopment of the Hudson and First National Bank blocks.

City of Hastings 2030 Comprehensive Plan (2010)
The Comprehensive Plan guides future development city-wide. The Plan established goals and objectives for future decisions relating to land use, transportation, design, economic development, housing, historic preservation, parks, and utilities The Plan is updated every ten years to reflect development and initiative changes. The Plan provides the following guidance for development:

The proposed TIF District is guided "Mixed Use" within the Plan**.** The mixed use district foresees a mixture of commercial, retail, service, office, and residential uses.

Land Use Objectives

- **Grow by investing in established areas, carefully planning new neighborhoods, providing attractive public amenities, and protection environmental resources.** Provide various incentives for the re-use or more intensive use of infill areas and activity centers such as downtown. Promote and environment that is walkable, dense and diverse keeping with its historic architectural character. Expand housing options downtown and improve linkage between downtown and the riverfront.

- **Reinforce or create neighborhoods with diversity of housing, attractive public spaces, compatible land uses, and a sense of identity.** Encourage infill development in older transitional neighborhoods. Combine commercial and residential uses within the downtown area.

- **Guide riverfront land uses to parks, housing, offices, hospitality, marinas, and similar land uses that take advantage of the riverfront.** Extend greenways along the Mississippi River. The downtown riverfront should emphasize land uses that take advantage of the river views such as mid and high density housing, offices, parks and trails, and hospitality businesses.

- **Restore underutilized urban and riverfront properties to viable commercial, residential or recreational opportunities.** Assist in redeveloping key blighted areas in downtown and the Mississippi Riverfront. Determine financial tools that the City may use to assist redevelopment such as TIF.

- **Reduce land use conflicts through redevelopment of blighted, vacant or underutilized properties, enhanced buffering or screening, and improved building and site design.** Consider acquisition of private property on a case-specific basis to eliminate land use incompatibilities or deteriorated properties and encourage redevelopment consistent with planned land uses for the area.

Community Design Objectives

- **Use public improvements, public art and land development regulations to preserve, highlight and interpret the unique cultural history and natural environment of Hastings.** Protect and enhance "Special Places" including the Mississippi Riverfront and 2nd Street corridor. Preserve and enhance important views and landmarks to maintain visual character and reinforce civic identity.

- **Maintain or revive the traditional urban character of the older neighborhoods so that they remain attractive places to live.** Encourage infill development in older traditional neighborhoods that respects the characteristics of those neighborhoods as described in the Heart of Hastings Plan and Design Guidelines. Preserve historic buildings.

- **Encourage a mix of compatible land uses in a variety of locations and scales in order create more vital and walkable activity centers.** Encourage the mixture of commercial and housing within the downtown area consistent with the Heart of Hastings Plan.

- **Continue to enhance the visual quality and connections to the Mississippi and Vermillion Rivers to support appropriate development and enhance the community's quality of life.** Private buildings along the Mississippi Riverfront should provide windows, doors, landscaping, high quality materials and possibly outdoor private spaces such as dining to complement the public space.

ATTACHMENTS

- Resolution
- TIF Plan

PLANNING COMMISSION
CITY OF HASTINGS, MINNESOTA

RESOLUTION NO. PC2015-01

RESOLUTION OF THE CITY OF HASTINGS PLANNING COMMISSION FINDING THAT A MODIFICATION TO THE REDEVELOPMENT PLAN FOR THE HASTINGS DOWNTOWN REDEVELOPMENT AREA AND A TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 7 - HUDSON SPRAYER CONFORM TO THE GENERAL PLANS FOR THE DEVELOPMENT AND REDEVELOPMENT OF THE CITY.

WHEREAS, the Hastings Economic Development and Redevelopment Authority (the "HEDRA") and the City of Hastings (the "City") have proposed to adopt a Modification to the Redevelopment Plan for the Hastings Downtown Redevelopment Area (the "Redevelopment Plan Modification") and a Tax Increment Financing Plan for Tax Increment Financing District No. 7 - Hudson Sprayer (the "TIF Plan") therefor (the Redevelopment Plan Modification and the TIF Plan are referred to collectively herein as the "Plans") and have submitted the Plans to the City Planning Commission (the "Commission") pursuant to Minnesota Statutes, Section 469.175, Subd. 3, and

WHEREAS, the Commission has reviewed the Plans to determine their conformity with the general plans for the development and redevelopment of the City as described in the comprehensive plan for the City.

NOW, THEREFORE, BE IT RESOLVED by the Commission that the Plans conform to the general plans for the development and redevelopment of the City as a whole.

Dated: September 28, 2015

____
Adam Estenson, Chair

ATTEST:

____
John Hinzman, Secretary

As of September 21, 2015
Draft for Planning Commission

Modification to the Redevelopment Plan for the Hastings Downtown Redevelopment Area

and the

Tax Increment Financing Plan

for the establishment of

Tax Increment Financing District No. 7 - Hudson Sprayer (a redevelopment district)

within

the Hastings Downtown Redevelopment Area

Hastings Economic Development and Redevelopment Authority
City of Hastings
Dakota County
State of Minnesota

Public Hearing: October 5, 2015
Adopted:

EHLERS

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(for reference purposes only)

Section 1 - Modification to the Redevelopment Plan for the Hastings Downtown Redevelopment Area

Foreword

The following text represents a Modification to the Redevelopment Plan for the Hastings Downtown Redevelopment Area. This modification represents a continuation of the goals and objectives set forth in the Redevelopment Plan for the Hastings Downtown Redevelopment Area. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 7 - Hudson Sprayer.

For further information, a review of the Redevelopment Plan for the Hastings Downtown Redevelopment Area is recommended. It is available from the HEDRA Director at the City of Hastings. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within the Hastings Downtown Redevelopment Area.

Section 2 - Tax Increment Financing Plan for Tax Increment Financing District No. 7 - Hudson Sprayer

Subsection 2-1. Foreword

The Hastings Economic Development and Redevelopment Authority (the "HEDRA"), the City of Hastings (the "City"), staff and consultants have prepared the following information to expedite the establishment of Tax Increment Financing District No. 7 - Hudson Sprayer (the "District"), a redevelopment tax increment financing district, located in the Hastings Downtown Redevelopment Area.

Subsection 2-2. Statutory Authority

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the HEDRA and City have certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.001 to 469.047*, *Sections 469.090 to 469.1082* inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Redevelopment Plan for the Hastings Downtown Redevelopment Area.

Subsection 2-3. Statement of Objectives

The District currently consists of eight parcels of land and adjacent and internal rights-of-way. The District is being created to facilitate the construction of 62 rental units, 80 hotel units, and 20,205 square feet of retail in the City. Please see Appendix A for further District information. The HEDRA will be entering into an agreement with Confluence Development LLC as the developer. This TIF Plan is expected to achieve many of the objectives outlined in the Redevelopment Plan for the Hastings Downtown Redevelopment Area.

The activities contemplated in the Modification to the Redevelopment Plan and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of the Hastings Downtown Redevelopment Area and the District.

Subsection 2-4. Redevelopment Plan Overview

1. Property to be Acquired - The HEDRA or City currently owns seven parcels of property within the District. The remaining property located within the District may be acquired by the HEDRA or City and is further described in this TIF Plan.

2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.

3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the HEDRA or City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.

4. The HEDRA or City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

Subsection 2-5. Description of Property in the District and Property To Be Acquired

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed in Appendix C of this TIF Plan. Please also see the map in Appendix B for further information on the location of the District.

The HEDRA or City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the HEDRA or City 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. The HEDRA or City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

Subsection 2-6. Classification of the District

The HEDRA and City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, find that the District, to be established, is a redevelopment district pursuant to *M.S., Section 469.174, Subd. 10(a)(1)* as defined below:

(a) "Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one or more of the following conditions, reasonably distributed throughout the district, exists:

(1) parcels consisting of 70 percent of the area in the district are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;

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

(3) tank facilities, or property whose immediately previous use was for tank facilities, as defined in Section 115C, Subd. 15, if the tank facility:

(i) have or had a capacity of more than one million gallons;
(ii) are located adjacent to rail facilities; or
(iii) have been removed, or are unused, underused, inappropriately used or infrequently used; or

(4) a qualifying disaster area, as defined in Subd. 10b.

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

(c) A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs or other similar reliable evidence. The municipality may not make such a determination without an interior inspection of the property, but need not have an independent, expert appraisal prepared of the cost of repair and rehabilitation of the building. An interior inspection of the property is not required, if the municipality finds that (1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and (2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard.

(d) A parcel is deemed to be occupied by a structurally substandard building for purposes of the finding under paragraph (a) or by the improvement described in paragraph (e) if all of the following conditions are met:

(1) the parcel was occupied by a substandard building or met the requirements of paragraph (e), as the case may be, within three years of the filing of the request for certification of the parcel as part of the district with the county auditor;

(2) the substandard building or the improvements described in paragraph (e) were demolished or removed by the authority or the demolition or removal was financed by the authority or was done by a developer under a development agreement with the authority;

(3) the authority found by resolution before the demolition or removal that the parcel was occupied by a structurally substandard building or met the requirement of paragraph (e) and that after demolition and clearance the authority intended to include the parcel within a district; and

(4) upon filing the request for certification of the tax capacity of the parcel as part of a district, the authority notifies the county auditor that the original tax capacity of the parcel must be adjusted as provided by § 469.177, subdivision 1, paragraph (f).

(e) For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots or other similar structures.

(f) For districts consisting of two or more noncontiguous areas, each area must qualify as a redevelopment district under paragraph (a) to be included in the district, and the entire area of the district must satisfy paragraph (a).

In meeting the statutory criteria the HEDRA and City rely on the following facts and findings:

- The District is a redevelopment district consisting of eight parcels.
- An inventory shows that parcels consisting of more than 70 percent of the area in the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures.
- An inspection of the buildings located within the District finds that more than 50 percent of the buildings are structurally substandard as defined in the TIF Act. (See Appendix F).

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111*, *273.112, or 273.114* or *Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

Subsection 2-7. Duration and First Year of Tax Increment of the District

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 25 years after receipt of the first increment by the HEDRA or City (a total of 26 years of tax increment). The HEDRA or City elects to receive the first tax increment in 2018, which is no later than four years following the year of approval of the District. Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2043, or when the TIF Plan is satisfied. The HEDRA or City reserves the right to decertify the District prior to the legally required date.

Subsection 2-8. Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2015 for taxes payable 2016.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2018) the amount by which the original value has increased or decreased as a result of:

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

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the HEDRA or City.

The original local tax rate for the District will be the local tax rate for taxes payable 2016, assuming the request for certification is made before June 30, 2016. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within the Hastings Downtown Redevelopment Area, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The HEDRA and City request 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2018. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Estimated Tax Capacity upon Completion (PTC)	**$491,716**	
Original Estimated Net Tax Capacity (ONTC)	**$24,763**	
Fiscal Disparities Election	**$126,401**	
Estimated Captured Tax Capacity (CTC)	**$340,552**	
Original Local Tax Rate	**1.18299**	Pay 2015
Estimated Annual Tax Increment (CTC x Local Tax Rate)	**$402,870**	
Percent Retained by the HEDRA	**100%**	

Tax capacity includes a 3% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 25. The tax capacity of the District in year one is estimated to be $107,360.

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

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

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

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The HEDRA or City reserves the right to incur bonds or other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by a bond issue, pay-as-you-go note and interfund loan. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the HEDRA or City to incur debt. The HEDRA or City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The total estimated tax increment revenues for the District are shown in the table below:

SOURCES OF FUNDS	**TOTAL**
Tax Increment	$7,057,241
Interest	$705,724
TOTAL	**$7,762,965**

The HEDRA 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 $4,810,780. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

Subsection 2-10. Uses of Funds

Currently under consideration for the District is a proposal to facilitate the construction of 62 rental units, 80 hotel units, and 20,205 square feet of retail. The HEDRA and City have determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described. The HEDRA has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

USES OF TAX INCREMENT FUNDS	TOTAL
Land/Building Acquisition	$2,500,000
Site Improvements/Preparation	$750,000
Utilities	$300,000
Other Qualifying Improvements	$555,115
Administrative Costs (up to 10%)	$705,665
PROJECT COST TOTAL	$4,810,780
Interest	$2,952,185
PROJECT AND INTEREST COSTS TOTAL	**$7,762,965**

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in Subsection 2-9.

Estimated costs associated with the District are subject to change among categories without a modification to this TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. Pursuant to *M.S., Section 469.1763, Subd. 2*, no more than 25 percent of the tax increment paid by property within the District will be spent on activities related to development or redevelopment outside of the District but within the boundaries of the Hastings Downtown Redevelopment Area, (including administrative costs, which are considered to be spent outside of the District) subject to the limitations as described in this TIF Plan.

Subsection 2-11. Fiscal Disparities Election

Pursuant to *M.S., Section 469.177, Subd. 3*, the HEDRA or City may elect one of two methods to calculate fiscal disparities. If the calculations pursuant to *M.S., Section 469.177, Subd. 3, clause b*, (within the District) are followed, the following method of computation shall apply:

(1) *The original net tax capacity shall be determined before the application of the fiscal disparity provisions of Chapter 276A or 473F. The current net tax capacity shall exclude any fiscal disparity commercial-industrial net tax capacity increase between the original year and the current year multiplied by the fiscal disparity ratio determined pursuant to M.S., Section*

276A.06, subdivision 7 or M.S., Section 473F.08, subdivision 6. Where the original net tax capacity is equal to or greater than the current net tax capacity, there is no captured tax capacity and no tax increment determination. Where the original tax capacity is less than the current tax capacity, the difference between the original net tax capacity and the current net tax capacity is the captured net tax capacity. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured net tax capacity of the authority.

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

The HEDRA will choose to calculate fiscal disparities by clause b.

According to *M.S., Section 469.177, Subd. 3:*

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

Subsection 2-12. Business Subsidies

Pursuant to *M.S., Section 116J.993, Subd. 3*, the following forms of financial assistance are not considered a business subsidy:

(1) A business subsidy of less than $150,000;
(2) Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
(3) Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
(4) Redevelopment property polluted by contaminants as defined in *M.S., Section 116J.552, Subd. 3;*
(5) Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50% of the total cost;
(6) Assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
(7) Assistance for housing;
(8) Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under *M.S., Section 469.174, Subd. 23*;
(9) Assistance for energy conservation;
(10) Tax reductions resulting from conformity with federal tax law;
(11) Workers' compensation and unemployment compensation;
(12) Benefits derived from regulation;
(13) Indirect benefits derived from assistance to educational institutions;
(14) Funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and

bonds issued for the benefit of an organization described in section 501 (c) (3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;

(15) Assistance for a collaboration between a Minnesota higher education institution and a business;

(16) Assistance for a tax increment financing soils condition district as defined under *M.S., Section 469.174, Subd. 19*;

(17) Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;

(18) General changes in tax increment financing law and other general tax law changes of a principally technical nature;

(19) Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;

(20) Funds from dock and wharf bonds issued by a seaway port authority;

(21) Business loans and loan guarantees of $150,000 or less;

(22) Federal loan funds provided through the United States Department of Commerce, Economic Development Administration; and

(23) Property tax abatements granted under *M.S., Section 469.1813* to property that is subject to valuation under Minnesota Rules, chapter 8100.

The HEDRA will comply with *M.S., Sections 116J.993 to 116J.995* to the extent the tax increment assistance under this TIF Plan does not fall under any of the above exemptions.

Subsection 2-13. County Road Costs

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

If the county elects to use increments to improve county roads, it must notify the HEDRA or City within forty-five days of receipt of this TIF Plan. In the opinion of the HEDRA and City and consultants, the proposed development outlined in this TIF Plan will have little or no impact upon county roads, therefore the TIF Plan was not forwarded to the county 45 days prior to the public hearing. The HEDRA and City are aware that the county could claim that tax increment should be used for county roads, even after the public hearing.

Subsection 2-14. Estimated Impact on Other Taxing Jurisdictions

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

IMPACT ON TAX BASE

	2014/Pay 2015 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) Upon Completion	Percent of CTC to Entity Total
Dakota County	386,012,628	340,552	**0.0882%**
City of Hastings	15,398,663	340,552	**2.2116%**
Hastings ISD No. 200	25,663,863	340,552	**1.3270%**

IMPACT ON TAX RATES

	Pay 2015 Extension Rates	Percent of Total	CTC	Potential Taxes
Dakota County	0.296330	25.05%	340,552	**100,916**
City of Hastings	0.625810	52.90%	340,552	**213,121**
Hastings ISD No. 200	0.209650	17.72%	340,552	**71,397**
Other	0.051200	4.33%	340,552	**17,436**
Total	1.182990	100.00%		**402,870**

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the actual Pay 2015 rate. The total net capacity for the entities listed above are based on actual Pay 2015 figures. The District will be certified under the actual Pay 2016 rates, which were unavailable at the time this TIF Plan was prepared.

Pursuant to *M.S. Section 469.175 Subd. 2(b)*:

(1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is $7,057,241;

(2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is not expected. With any addition of new residents or businesses, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment.

The probable impact of the District on fire protection is not expected to be significant. Typically newly renovated buildings generate few calls, if any, and are required to be have a sprinkler system installed per building code.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks.

The probable impact of any District general obligation tax increment bonds on the ability to issue debt for general fund purposes is expected to be minimal. The HEDRA will be refinancing the existing bonds on the project as GO TIF bonds, which save the HEDRA significant dollars in interest costs. In addition, there will be no impact on the City's ability to issue future debt or on the City's debt limit.

(3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is $1,250,543;

(4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is $1,767,839;

(5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

Subsection 2-15. Supporting Documentation

Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S. Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District. Following is a list of reports and studies on file at the City that support the HEDRA and City's findings:

- Hudson Reuse Study - Stark Preservation Planning: 2011.

Subsection 2-16. Definition of Tax Increment Revenues

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

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

Subsection 2-17. Modifications to the District

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

1. Reduction or enlargement of the geographic area of the District, if the reduction does not meet the requirements of *M.S., Section 469.175, Subd. 4(e)*;
2. Increase in amount of bonded indebtedness to be incurred;
3. A determination to capitalize interest on debt if that determination was not a part of the original TIF Plan;
4. Increase in the portion of the captured net tax capacity to be retained by the HEDRA or City;
5. Increase in the estimate of the cost of the District, including administrative expenses, that will be paid or financed with tax increment from the District; or
6. Designation of additional property to be acquired by the HEDRA or City,

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

Pursuant to *M.S. Section 469.175 Subd. 4(f)*, the geographic area of the District may be reduced, but shall not be enlarged after five years following the date of certification of the original net tax capacity by the county auditor. If a redevelopment district is enlarged, the reasons and supporting facts for the determination that the addition to the district meets the criteria of *M.S., Section 469.174, Subd. 10,* must be documented in writing and retained. The requirements of this paragraph do not apply if (1) the only modification is elimination of 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 HEDRA 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 HEDRA or City must notify the County Auditor of any modification to the District. Modifications to the District in the form of a budget modification or an expansion of the boundaries will be recorded in the TIF Plan.

Subsection 2-18. Administrative Expenses

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

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

For districts for which the request for certification were made before August 1, 1979, or after June 30, 1982, and before August 1, 2001, 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.

For districts for which certification was requested after July 31, 2001, no tax increment may be used to pay any administrative expenses for District costs which exceed ten percent of total estimated tax increment expenditures authorized by the TIF Plan or the total tax increments, as defined in *M.S., Section 469.174, Subd. 25, clause (1)*, from the District, whichever is less.

Pursuant to *M.S., Section 469.176, Subd. 4h*, tax increments may be used to pay for the County's actual administrative expenses incurred in connection with the District and are not subject to the percentage limits of *M.S., Section 469.176, Subd. 3*. The county may require payment of those expenses by February 15 of the year following the year the expenses were incurred.

Pursuant to *M.S., Section 469. 177, Subd. 11*, the County Treasurer shall deduct an amount (currently .36 percent) of any increment distributed to the HEDRA or City and the County Treasurer shall pay the amount deducted to the State Commissioner of Management and Budget 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 2-19. Limitation of Increment

The tax increment pledged to the payment of bonds and interest thereon may be discharged and the 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 *M.S., Section 469.176, Subd. 6*:

> *if, after four years from the date of certification of the original net tax capacity of the tax increment financing district pursuant to M.S., Section 469.177, no demolition, rehabilitation or renovation of property or other site preparation, including qualified improvement of a street adjacent to a parcel but not installation of utility service including sewer or water systems, has been commenced on a parcel located within a tax increment financing district by the authority or by the owner of the parcel in accordance with the tax increment financing plan, no additional tax increment may be taken from that parcel, and the original net tax capacity of that parcel shall be excluded from the original net tax capacity of the tax increment financing district. If the authority or the owner of the parcel subsequently commences demolition, rehabilitation or renovation or other site preparation on that parcel including qualified improvement of a street adjacent to that parcel, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced and the county auditor shall certify the net tax capacity thereof as most recently certified by the commissioner of revenue and add it to the original net tax capacity of the tax increment financing district. The county auditor must enforce the provisions of this subdivision. The authority must submit to the county auditor evidence that the required activity has taken place for each parcel in the district. The evidence for a parcel must be submitted by February 1 of the fifth year following the year in which the parcel was certified*

as included in the district. For purposes of this subdivision, qualified improvements of a street are limited to (1) construction or opening of a new street, (2) relocation of a street, and (3) substantial reconstruction or rebuilding of an existing street.

The HEDRA or City or a property owner must improve parcels within the District by approximately October 2019 and report such actions to the County Auditor.

Subsection 2-20. Use of Tax Increment

The HEDRA 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 public redevelopment costs of the Hastings Downtown Redevelopment Area pursuant to *M.S., Sections 469.001 to 469.047 and Sections 469.090 to 469.1082*;
3. To pay for project costs as identified in the budget set forth in the TIF Plan;
4. To finance, or otherwise pay for other purposes as provided in *M.S., Section 469.176, Subd. 4*;
5. To pay principal and interest on any loans, advances or other payments made to or on behalf of the HEDRA or City or for the benefit of the Hastings Downtown Redevelopment Area by a developer;
6. To finance or otherwise pay premiums and other costs for insurance or other security guaranteeing the payment when due of principal of and interest on bonds pursuant to the TIF Plan or pursuant to *M.S., Chapter 462C. M.S., Sections 469.152 through 469.165*, and/or *M.S., Sections 469.178*; and
7. To accumulate or maintain a reserve securing the payment when due of the principal and interest on the tax increment bonds or bonds issued pursuant to *M.S., Chapter 462C, M.S., Sections 469.152 through 469.165*, and/or *M.S., Sections 469.178*.

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

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

Subsection 2-21. Excess Increments

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

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

The HEDRA or City must spend or return the excess increments under paragraph (c) within nine months after the end of the year. In addition, the HEDRA or City may, subject to the limitations set forth herein, choose to modify the TIF Plan in order to finance additional public costs in the Hastings Downtown Redevelopment

Area or the District.

Subsection 2-22. Requirements for Agreements with the Developer

The HEDRA or City will review any proposal for private development to determine its conformance with the Redevelopment 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 HEDRA or City to demonstrate the conformance of the development with City plans and ordinances. The HEDRA or City may also use the Agreements to address other issues related to the development.

Pursuant to *M.S., Section 469.176, Subd. 5,* no more than 25 percent, by acreage, of the property to be acquired in the District as set forth in the TIF Plan shall at any time be owned by the HEDRA or City as a result of acquisition with the proceeds of bonds issued pursuant to *M.S., Section 469.178* to which tax increments from property acquired is pledged, unless prior to acquisition in excess of 25 percent of the acreage, the HEDRA or City concluded an agreement for the development or redevelopment of the property acquired and which provides recourse for the HEDRA or City should the development or redevelopment not be completed.

Subsection 2-23. Assessment Agreements

Pursuant to *M.S., Section 469.177, Subd. 8,* the HEDRA or City may enter into a written assessment agreement in recordable form with the developer of property within the District which establishes a minimum market value of the land and completed improvements for the duration of the District. The assessment agreement shall be presented to the County Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, the County Assessor shall also certify the minimum market value agreement.

Subsection 2-24. Administration of the District

Administration of the District will be handled by the HEDRA Director.

Subsection 2-25. Annual Disclosure Requirements

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

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

Subsection 2-26. Reasonable Expectations

As required by the TIF Act, in establishing the District, the determination has been made that the anticipated development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan. In making said determination, reliance has been placed upon written representation made by the developer to such effects and upon HEDRA and City staff awareness of the feasibility of developing the project site(s) within the District. A comparative analysis of estimated market values both with and without establishment of the District and the use of tax increments has been performed as described above. Such analysis is included with the cashflow in Appendix D, and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the District and the use of tax increments.

Subsection 2-27. Other Limitations on the Use of Tax Increment

1. General Limitations. All revenue derived from tax increment shall be used in accordance with the TIF Plan. The revenues shall be used to finance, or otherwise pay public redevelopment costs of the the Hastings Downtown Redevelopment Area pursuant to *M.S., Sections 469.001 to 469.047 and Sections 469.090 to 469.1082*. Tax increments may not be used to circumvent existing levy limit law. No tax increment may be used for the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the state or federal government. This provision does not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure.

2. Pooling Limitations. At least 75 percent of tax increments from the District must be expended on activities in the District or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities within said district or to pay, or secure payment of, debt service on credit enhanced bonds. Not more than 25 percent of said tax increments may be expended, through a development fund or otherwise, on activities outside of the District except to pay, or secure payment of, debt service on credit enhanced bonds. For purposes of applying this restriction, all administrative expenses must be treated as if they were solely for activities outside of the District.

3. Five Year Limitation on Commitment of Tax Increments. Tax increments derived from the District shall be deemed to have satisfied the 75 percent test set forth in paragraph (2) above only if the five year rule set forth in *M.S., Section 469.1763, Subd. 3*, has been satisfied; and beginning with the sixth year following certification of the District, 75 percent of said tax increments that remain after expenditures permitted under said five year rule must be used only to pay previously committed expenditures or credit enhanced bonds as more fully set forth in *M.S., Section 469.1763, Subd. 5*.

4. Redevelopment District. At least 90 percent of the revenues derived from tax increment from a redevelopment district must be used to finance the cost of correcting conditions that allow designation of redevelopment and renewal and renovation districts under *M.S., Section 469.176 Subd. 4j*. These costs include, but are not limited to, acquiring properties containing structurally substandard buildings or improvements or hazardous substances, pollution, or contaminants, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition and rehabilitation of structures, clearing of the land, the removal of hazardous substances or remediation necessary for development of the land, and installation of utilities, roads, sidewalks, and parking facilities for the site. The allocated administrative expenses of the HEDRA or City, including the cost of preparation of the development action response plan, may be included in the qualifying costs.

Subsection 2-28. Summary

The Hastings Housing and Redevelopment 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

Project Description

The District is being established to complete a historic renovation of the former Hudson Sprayer site into approximately 62 apartments and 20,330 sq/ft of retail, restaurant and commercial space and construction of a new 80-unit hotel on a parcel across the street.

Appendix B

Map of the Hastings Downtown Redevelopment Area and the District

Tax Increment Financing District No. 7 - Hudson Sprayer

Tax Increment Financing District No. 7 - Hudson Sprayer
Development District No. 1
City of Hastings
Dakota County, Minnesota

Appendix C

Description of Property to be Included in the District

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed below.

Parcel Numbers	Address	Owner
19-32150-05-021	Unassigned	HEDRA
19-32150-05-070	114 2^{nd} St W	HEDRA
19-32150-05-072	Unassigned	HEDRA
19-32150-06-050	Unassigned	HEDRA
19-32150-06-060	Unassigned	HEDRA
19-32150-06-061	Unassigned	HEDRA
19-32150-06-090	200 2^{nd} St. W	HEDRA
19-32150-12-042	119 2^{nd} St W	Confluence Development LLC

Appendix D

Estimated Cash Flow for the District

EHLERS
LEADERS IN PUBLIC FINANCE

Great River Landing

City of Hastings

62 Rental Units, 20,205 sq. ft. retail and 80 Hotel Units

ASSUMPTIONS AND RATES

DistrictType:	**Redevelopment**	
District Name/Number:		
County District #:		
First Year Construction or Inflation on Value	**2016**	
Existing District - Specify No. Years Remaining		
Inflation Rate - Every Year:	**3.00%**	
Interest Rate:	**4.00%**	
Present Value Date:	**1-Aug-16**	
First Period Ending	1-Feb-17	
Tax Year District was Certified:	**Pay 2016**	
Cashflow Assumes First Tax Increment For Development:	2018	
Years of Tax Increment	26	
Assumes Last Year of Tax Increment	2043	
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	**Inside(B)**	
Incremental or Total Fiscal Disparities	**Incremental**	
Fiscal Disparities Contribution Ratio	36.8484%	Pay 2015
Fiscal Disparities Metro-Wide Tax Rate	161.6250%	Pay 2015
Maximum/Frozen Local Tax Rate:	118.299%	Pay 2015
Current Local Tax Rate: (Use lesser of Current or Max.)	118.299%	Pay 2015
State-wide Tax Rate (Comm./Ind. only used for total taxes)	50.8400%	Pay 2015
Market Value Tax Rate (Used for total taxes)	0.25310%	Pay 2015

Tax Rates

Exempt Class Rate (Exempt)		0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)		
First	$150,000	1.50%
Over	$150,000	2.00%
Commercial Industrial Class Rate (C/I)		2.00%
Rental Housing Class Rate (Rental)		1.25%
Affordable Rental Housing Class Rate (Aff. Rental)		
First	$100,000	0.75%
Over	$100,000	0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)		
First	$500,000	1.00%
Over	$500,000	1.25%
Homestead Residental Class Rate (Hmstd. Res.)		
First	$500,000	1.00%
Over	$500,000	1.25%
Agricultural Non-Homestead		1.00%

BASE VALUE INFORMATION (Original Tax Capacity)

Map #	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/ Phase
1	19-32150-05-021	HEDRA	Parcel C	$18,800	$14,900	33,700	100%	33,700	Pay 2016	Exempt	-	Rental	421	1
2	19-32150-06-050	HEDRA	Parcel A	$424,300	$0	424,300	100%	424,300	Pay 2016	Exempt	-	Rental	5,304	1
3	19-32150-06-060	HEDRA	Parcel G	$35,100	$0	35,100	100%	35,100	Pay 2016	Exempt	-	Rental	439	1
4	19-32150-06-061	HEDRA	Parcel F	$29,200	$0	29,200	100%	29,200	Pay 2016	Exempt	-	Rental	365	1
5	19-32150-05-070	HEDRA	Parcel B	$351,300	$221,600	572,900	100%	572,900	Pay 2016	Exempt	-	Rental	7,161	1
6	19-32150-05-072	HEDRA	Parcel D	$12,100	$0	12,100	100%	12,100	Pay 2016	Exempt	-	Rental	151	1
7	19-32150-06-090	HEDRA	Parcel E	$224,700	$63,600	288,300	100%	288,300	Pay 2016	Exempt	-	Rental	3,604	1
8	19-32150-12-042	Confluence Dev	Parcel H	$166,000	$237,400	403,400	100%	403,400	Pay 2016	C/I Pref.	7,318	C/I Pref.	7,318	2
				1,261,500	537,500	1,799,000		**1,799,000**			**7,318**		**24,763**	

Note:

1. **Base values are for pay 2016 based upon review of County website on August 10, 2015.**
2. **Located in the V watershed**

EHLERS
LEADERS IN PUBLIC FINANCE

Great River Landing

City of Hastings

62 Rental Units, 20,205 sq. ft. retail and 80 Hotel Units

PROJECT INFORMATION (Project Tax Capacity)

Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2016	Percentage Completed 2017	Percentage Completed 2018	Percentage Completed 2019	First Year Full Taxes Payable
	Residential	90,000	90,000	62	5,580,000	Rental	69,750	1,125	100%	100%	100%	100%	2018
	Restaurant	120	120	3,540	424,800	C/I Pref.	7,746	2	100%	100%	100%	100%	2018
	Restaurant	120	120	2,145	257,400	C/I	5,148	2	100%	100%	100%	100%	2018
	Retail	120	120	1,765	211,800	C/I	4,236	2	100%	100%	100%	100%	2018
	Art Space	80	80	3,935	314,800	C/I	6,296	2	100%	100%	100%	100%	2018
	River Outfit	80	80	2,360	188,800	C/I	3,776	2	100%	100%	100%	100%	2018
	Event Space	80	80	6,505	520,400	C/I	10,408	2	100%	100%	100%	100%	2018
	Hotel	85,000	85,000	80	6,800,000	C/I Pref.	135,250	1,691	0%	50%	100%	100%	2020
TOTAL					**14,298,000**		**242,610**						
Subtotal Residential				**62**	**5,580,000**		**69,750**						
Subtotal Commercial/Ind.				**20,330**	**8,718,000**		**172,860**						

Note:

1. Market values are based upon discussions with the County Asessor in April 2015.

TAX CALCULATIONS

New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Residential	**69,750**	**0**	**69,750**	**82,514**	**0**	**0**	**14,123**	**96,637**	**1,558.65**
Restaurant	**7,746**	**2,854**	**4,892**	**5,787**	**4,613**	**3,938**	**1,075**	**15,413**	**4.35**
Restaurant	**5,148**	**1,897**	**3,251**	**3,846**	**3,066**	**2,617**	**651**	**10,181**	**4.75**
Retail	**4,236**	**1,561**	**2,675**	**3,165**	**2,523**	**2,154**	**536**	**8,377**	**4.75**
Art Space	**6,296**	**2,320**	**3,976**	**4,704**	**3,750**	**3,201**	**797**	**12,451**	**3.16**
River Outfit	**3,776**	**1,391**	**2,385**	**2,821**	**2,249**	**1,920**	**478**	**7,467**	**3.16**
Event Space	**10,408**	**3,835**	**6,573**	**7,776**	**6,199**	**5,291**	**1,317**	**20,583**	**3.16**
Hotel	**135,250**	**49,838**	**85,412**	**101,042**	**80,550**	**68,761**	**17,211**	**267,564**	**3,344.55**
TOTAL	**242,610**	**63,696**	**178,914**	**211,653**	**102,949**	**87,882**	**36,188**	**438,672**	

Note:

1. Taxes and tax increment will vary signficantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?

Total Property Taxes	**438,672**
less State-wide Taxes	**(87,882)**
less Fiscal Disp. Adj.	**(102,949)**
less Market Value Taxes	**(36,188)**
less Base Value Taxes	**(26,104)**
Annual Gross TIF	**185,549**

MARKET VALUE BUT / FOR ANALYSIS

Current Market Value - Est.	1,799,000
New Market Value - Est.	14,298,000
Difference	12,499,000
Present Value of Tax Increment	3,790,032
Difference	8,708,968
Value likely to occur without Tax Increment is less than:	**8,708,968**

EHLERS
LEADERS IN PUBLIC FINANCE

Great River Landing
City of Hastings
62 Rental Units, 20,205 sq. ft. retail and 80 Hotel Units

TAX INCREMENT CASH FLOW

% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
							-	-	-	-				02/01/17
							-	-	-	-				08/01/17
							-	-	-	-				02/01/18
100%	107,360	(24,763)	(11,162)	71,435	118.299%	84,507	42,253	(152)	(4,210)	37,891	35,006	0.5	2018	08/01/18
							42,253	(152)	(4,210)	37,891	69,325	1	2018	02/01/19
100%	178,206	(24,763)	(35,771)	117,672	118.299%	139,205	69,602	(251)	(6,935)	62,417	124,749	1.5	2019	08/01/19
							69,602	(251)	(6,935)	62,417	179,086	2	2019	02/01/20
100%	249,148	(24,763)	(61,844)	162,542	118.299%	192,285	96,143	(346)	(9,580)	86,217	252,671	2.5	2020	08/01/20
							96,143	(346)	(9,580)	86,217	324,814	3	2020	02/01/21
100%	256,623	(24,763)	(63,780)	168,080	118.299%	198,837	99,418	(358)	(9,906)	89,154	397,952	3.5	2021	08/01/21
							99,418	(358)	(9,906)	89,154	469,655	4	2021	02/01/22
100%	264,321	(24,763)	(66,700)	172,858	118.299%	204,490	102,245	(368)	(10,188)	91,689	541,951	4.5	2022	08/01/22
							102,245	(368)	(10,188)	91,689	612,830	5	2022	02/01/23
100%	272,251	(24,763)	(68,782)	178,706	118.299%	211,408	105,704	(381)	(10,532)	94,791	684,670	5.5	2023	08/01/23
							105,704	(381)	(10,532)	94,791	755,101	6	2023	02/01/24
100%	280,419	(24,763)	(70,926)	184,729	118.299%	218,533	109,267	(393)	(10,887)	97,986	826,478	6.5	2024	08/01/24
							109,267	(393)	(10,887)	97,986	896,456	7	2024	02/01/25
100%	288,831	(24,763)	(73,135)	190,933	118.299%	225,872	112,936	(407)	(11,253)	101,277	967,366	7.5	2025	08/01/25
							112,936	(407)	(11,253)	101,277	1,036,885	8	2025	02/01/26
100%	297,496	(24,763)	(75,410)	197,323	118.299%	233,431	116,716	(420)	(11,630)	104,666	1,107,322	8.5	2026	08/01/26
							116,716	(420)	(11,630)	104,666	1,176,379	9	2026	02/01/27
100%	306,421	(24,763)	(77,753)	203,905	118.299%	241,218	120,609	(434)	(12,017)	108,157	1,246,339	9.5	2027	08/01/27
							120,609	(434)	(12,017)	108,157	1,314,927	10	2027	02/01/28
100%	315,614	(24,763)	(80,166)	210,684	118.299%	249,237	124,619	(449)	(12,417)	111,753	1,384,406	10.5	2028	08/01/28
							124,619	(449)	(12,417)	111,753	1,452,523	11	2028	02/01/29
100%	325,082	(24,763)	(82,652)	217,667	118.299%	257,497	128,749	(463)	(12,829)	115,457	1,521,518	11.5	2029	08/01/29
							128,749	(463)	(12,829)	115,457	1,589,160	12	2029	02/01/30
100%	334,834	(24,763)	(85,213)	224,859	118.299%	266,005	133,003	(479)	(13,252)	119,272	1,657,666	12.5	2030	08/01/30
							133,003	(479)	(13,252)	119,272	1,724,829	13	2030	02/01/31
100%	344,879	(24,763)	(87,850)	232,266	118.299%	274,769	137,384	(495)	(13,689)	123,201	1,792,845	13.5	2031	08/01/31
							137,384	(495)	(13,689)	123,201	1,859,527	14	2031	02/01/32
100%	355,226	(24,763)	(90,566)	239,896	118.299%	283,795	141,897	(511)	(14,139)	127,248	1,927,049	14.5	2032	08/01/32
							141,897	(511)	(14,139)	127,248	1,993,247	15	2032	02/01/33
100%	365,883	(24,763)	(93,364)	247,755	118.299%	293,092	146,546	(528)	(14,602)	131,417	2,060,273	15.5	2033	08/01/33
							146,546	(528)	(14,602)	131,417	2,125,985	16	2033	02/01/34
100%	376,859	(24,763)	(96,246)	255,850	118.299%	302,668	151,334	(545)	(15,079)	135,710	2,192,513	16.5	2034	08/01/34
							151,334	(545)	(15,079)	135,710	2,257,737	17	2034	02/01/35
100%	388,165	(24,763)	(99,214)	264,187	118.299%	312,531	156,266	(563)	(15,570)	140,133	2,323,766	17.5	2035	08/01/35
							156,266	(563)	(15,570)	140,133	2,388,500	18	2035	02/01/36
100%	399,810	(24,763)	(102,272)	272,775	118.299%	322,690	161,345	(581)	(16,076)	144,688	2,454,028	18.5	2036	08/01/36
							161,345	(581)	(16,076)	144,688	2,518,271	19	2036	02/01/37
100%	411,804	(24,763)	(105,421)	281,620	118.299%	333,154	166,577	(600)	(16,598)	149,380	2,583,296	19.5	2037	08/01/37
							166,577	(600)	(16,598)	149,380	2,647,047	20	2037	02/01/38
100%	424,158	(24,763)	(108,664)	290,731	118.299%	343,932	171,966	(619)	(17,135)	154,212	2,711,569	20.5	2038	08/01/38
							171,966	(619)	(17,135)	154,212	2,774,826	21	2038	02/01/39
100%	436,883	(24,763)	(112,005)	300,115	118.299%	355,033	177,516	(639)	(17,688)	159,190	2,838,845	21.5	2039	08/01/39
							177,516	(639)	(17,688)	159,190	2,901,608	22	2039	02/01/40
100%	449,989	(24,763)	(115,446)	309,780	118.299%	366,467	183,233	(660)	(18,257)	164,316	2,965,123	22.5	2040	08/01/40
							183,233	(660)	(18,257)	164,316	3,027,392	23	2040	02/01/41
100%	463,489	(24,763)	(118,991)	319,736	118.299%	378,244	189,122	(681)	(18,844)	169,597	3,090,402	23.5	2041	08/01/41
							189,122	(681)	(18,844)	169,597	3,152,177	24	2041	02/01/42
100%	477,394	(24,763)	(122,641)	329,990	118.299%	390,374	195,187	(703)	(19,448)	175,036	3,214,682	24.5	2042	08/01/42
							195,187	(703)	(19,448)	175,036	3,275,962	25	2042	02/01/43
100%	491,716	(24,763)	(126,401)	340,551	118.299%	402,869	201,434	(725)	(20,071)	180,638	3,337,963	25.5	2043	08/01/43
							201,434	(725)	(20,071)	180,638	3,398,749	26	2043	02/01/44
	Total						**7,082,142**	**(25,496)**	**(705,665)**	**6,350,982**				
		Present Value From 08/01/2016		**Present Value Rate**	**4.00%**		**3,790,032**	**(13,644)**	**(377,639)**	**3,398,749**				

Appendix E

Minnesota Business Assistance Form
(Minnesota Department of Employment and Economic Development)

A Minnesota Business Assistance Form (MBAF) should be used to report and/or update each calendar year's activity by April 1 of the following year.

Please see the Minnesota Department of Employment and Economic Development (DEED) website at http://www.deed.state.mn.us/Community/subsidies/MBAFForm.htm for information and forms.

Appendix F

Redevelopment Qualifications for the District

To be added to prior to the public hearing

Appendix G

Findings Including But/For Qualifications

To be added to prior to the public hearing

But-For Analysis	
Current Market Value	1,799,000
New Market Value - Estimate	14,298,000
Difference	12,499,000
Present Value of Tax Increment	3,790,032
Difference	8,708,968
Value Likely to Occur Without TIF is Less Than:	**8,708,968**