



**SPECIAL CITY COUNCIL WORKSESSION  
RICHFIELD MUNICIPAL CENTER, BARTHOLOMEW ROOM  
AUGUST 21, 2018  
6:15 PM**

Call to order

1. City branding and communication update

Adjournment

**Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9738.**

**CITY OF RICHFIELD, MINNESOTA**  
Office of City Manager

August 16, 2018

Council Memorandum No. 65

The Honorable Mayor  
and  
Members of the City Council

Subject: City branding and communication update

Council Members:

As the city expands both the tools used to communicate with residents and the amount of content created on a weekly basis, the city's communication apparatus feels it is appropriate to update the city council on some of its recent, ongoing and upcoming initiatives.

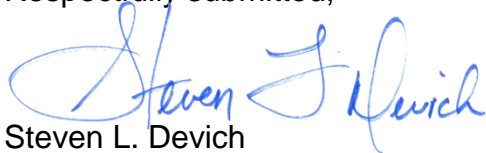
At the study session on August 21, media coordinator Neil Ruhland will give a brief presentation on past, present and future communication initiatives. He will also update the city council on the recent branding efforts undertaken by the city, which will be rolled out this fall. Mr. Ruhland will seek feedback from the city council regarding the direction of the proposed brand elements and how the new brand corresponds with the council's notion of Richfield.

Brand elements to be discussed include:

- City definition
- Colors
- Fonts
- Message tone

Mr. Ruhland looks forward to discussing the process that went into building the proposed brand and how a definitive brand will increase both the continuity and professionalism of the city's overall communication efforts.

Respectfully submitted,



Steven L. Devich  
City Manager

SLD:nr

Email: Assistant City Manager  
Department Directors



**SPECIAL CITY COUNCIL MEETING  
RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS  
AUGUST 21, 2018  
7:00 PM**

Call to order

Open forum (15 minutes maximum)

***Each speaker is to keep their comment period to three minutes to allow sufficient time for others. Comments are to be an opportunity to address the Council on items not on the agenda. Individuals who wish to address the Council must have registered prior to the meeting.***

Pledge of Allegiance

Approval of the minutes of the: (1) Special City Council work session of July 16, 2018; (2) Special concurrent City Council and Housing and Redevelopment Authority work session of July 16, 2018; (3) Special City Council work session of July 16, 2018; (4) Special City Council work session of July 24, 2018; (5) Special City Council work session of July 24, 2018; (6) Regular City Council meeting of July 24, 2018; and (7) Special City Council meeting of August 2, 2018.

**COUNCIL DISCUSSION**

1. Hats Off to Hometown Hits

**AGENDA APPROVAL**

2. Approval of the Agenda
3. **Consent Calendar contains several separate items, which are acted upon by the City Council in one motion. Once the Consent Calendar has been approved, the individual items and recommended actions have also been approved. No further Council action on these items is necessary. However, any Council Member may request that an item be removed from the Consent Calendar and placed on the regular agenda for Council discussion and action. All items listed on the Consent Calendar are recommended for approval.**
  - A. Consideration of the approval of Minnesota Department of Transportation lease agreement No. 27710 with Amendment #5 for continued use of excess land along I-494 next to the Best Buy Campus for a Metro Transit Park and Ride parking lot and transit station.

Staff Report No. 131
  - B. Consideration of approval of the bid tabulation and award a contract to Visu-Sewer, Inc., for the 2018 Sanitary Sewer Rehabilitation Program in the amount of \$368,904.20 and authorize the City Manager to approve contract changes under \$100,000 without further City Council consideration.

Staff Report No. 132
  - C. Consideration of the approval of the transfer of funds to close out the 76th Street West capital project fund.

Staff Report No. 133
  - D. Consideration of the approval of an Amendment to the Agreement for Management Services with Wheel

Fun Rentals, LLC to continue management services for Malt-T-Melt Mini-Golf.

Staff Report No. 134

- E. Consideration of the approval of a parking agreement with Kraus-Anderson Construction Company for non-exclusive use of the parking lot at Taft Park to park the personal vehicles of construction workers associated with the Chamberlain Housing Development.

Staff Report No. 135

- F. Consideration of the adoption of a resolution authorizing a three year interim use permit to allow temporary inventory storage of vehicles on a designated parking lot of the Church of St. Richard located at 7540 Penn Avenue.

Staff Report No. 136

- G. Consideration of the approval of Subordination Agreements consenting to Environmental Covenants on Outlot B, Lyndale Garden Center redevelopment site (shoreline property).

Staff Report No. 137

- 4. Consideration of items, if any, removed from Consent Calendar

### **PUBLIC HEARINGS**

- 5. Public hearing and consideration of the approval of resolutions regarding the modification of the Redevelopment Plan for the Richfield Redevelopment Project Area, the modification to the Tax Increment Financing Plan for the Cedar Avenue Tax Increment Financing District, and the establishment of Tax Increment Financing District No. 2018-1.

Staff Report No. 138

### **PROPOSED ORDINANCES**

- 6. Consideration of the approval of the second reading of an ordinance amending Section 300 of the Code of Ordinances formally establishing a Finance Department and Director of Finance position within the City organization and amending Subsection 315.11 to clarify the title of Director.

Staff Report No. 139

### **OTHER BUSINESS**

- 7. Discussion regarding City Council attendance at the 2018 National League of Cities City Summit Conference November 7-10 in Los Angeles, California.

Staff Report No. 140

### **CITY MANAGER'S REPORT**

- 8. City Manager's Report

### **CLAIMS AND PAYROLLS**

- 9. Claims and Payrolls

Open forum (15 minutes maximum)

***Each speaker is to keep their comment period to three minutes to allow sufficient time for others. Comments are to be an opportunity to address the Council on items not on the agenda. Individuals who wish to address the Council must have registered prior to the meeting.***

- 10. Adjournment

**Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9738.**





# CITY COUNCIL MEETING MINUTES

Richfield, Minnesota

## Special City Council Work Session

### July 16, 2018

#### CALL TO ORDER

The work session was called to order by Mayor Elliott at 6:01 p.m. in the Bartholomew Room.

*Council Members Present:* Pat Elliott, Mayor; Maria Regan Gonzalez; Michael Howard; and Simon Trautmann.

*Council Members Absent:* Edwina Garcia.

*Staff Present:* Steven L. Devich, City Manager; Jim Topitzhofer, Recreation Services Director; Kate Aitchinson, Housing Specialist.

|                |                               |
|----------------|-------------------------------|
| <b>Item #1</b> | <b>PUBLIC ART FUND UPDATE</b> |
|----------------|-------------------------------|

Recreation Services Director Jim Topitzhofer provided an update on the Public Art Fund, along with Joyce Marie from the Richfield Art Commission. A \$10,000 annual budget is being proposed for the Public Art Fund, which will follow the theme “families flourishing” in its first year.

#### ADJOURNMENT

The work session was adjourned by unanimous consent at 6:16 p.m.

Date Approved: August 21, 2018

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Jared Voto  
Executive Aide/Analyst

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Pat Elliott  
Mayor

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Steven L. Devich  
City Manager



# CITY COUNCIL MEETING MINUTES

Richfield, Minnesota

## Special concurrent City Council and Housing and Redevelopment Authority Work Session

**July 16, 2018**

### CALL TO ORDER

The work session was called to order by Mayor Elliott at 6:17 p.m. in the Bartholomew Room.

*Council Members Present:* Pat Elliot; Mayor; Michael Howard; Maria Regan Gonzalez; and Simon Trautmann.

*Council Members Absent:* Edwina Garcia.

*HRA Members Present:* Mary Supple, Chair; Michael Howard, Sue Sandahl; Erin Vrieze Daniels; and Pat Elliot.

*Staff Present:* Steve Devich, City Manager; John Stark, Community Development Director; Julie Urban, Housing Manager; Mary Tietjen, City Attorney; and Kate Aitchison, Housing Specialist.

| Item #1 | NOAH UPDATE |
|---------|-------------|
|---------|-------------|

Community Development Director John Stark and Housing Manager Julie Urban presented an update on NOAH tools and strategies for preserving and strengthening the City's naturally occurring affordable rental housing.

Housing Manager Urban presented a draft Tenant Protection Ordinance and provided an update on the development and implementation of that future ordinance.

Community Development Director John Stark presented a draft version of the Inclusionary Housing Policy and provided an update on the development of that policy.

### ADJOURNMENT

The work session was adjourned by unanimous consent at 7:02 p.m.

Date Approved: August 21, 2018

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Pat Elliott  
Mayor

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Jared Voto  
Executive Aide/Analyst

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Steven L. Devich  
City Manager



# CITY COUNCIL MEETING MINUTES

Richfield, Minnesota

## Special City Council Work Session

### July 16, 2018

#### CALL TO ORDER

The work session was called to order by Mayor Elliott at 7:50 p.m. in the Bartholomew Room.

*Council Members Present:* Pat Elliott, Mayor; Maria Regan Gonzalez; Michael Howard; and Simon Trautmann (arrived at 7:58 p.m.).

*Council Members Absent:* Edwina Garcia.

*Staff Present:* Steven L. Devich, City Manager; John Stark, Community Development Director.

#### Item #1

#### DISCUSS SELECTION OF EXECUTIVE SEARCH FIRM FOR CITY MANAGER RECRUITMENT.

Mayor Elliott stated that Council Member Garcia contacted him to let him know that she would not be able to attend but wanted to interview Hue Life and Mercer Group.

Council Member Regan Gonzalez indicated that she felt that the Mercer Group and Hue Life proposals stood out and wanted to interview them.

Mayor Elliott and Council Member Howard both concurred and stated they also felt that Hue Life and Mercer Group were the firms they wanted to bring in for interview.

Mayor Elliott asked City Manager Devich which of the proposals he felt were the strongest and best fit with what the Council was seeking. City Manager Devich responded that he also thought that Hue Life and Mercer Group were the two firms that he would interview for sure.

Council Member Trautmann stated that his first choice was Hue Life and was agreeable to bringing in the Mercer Group as well.

There was brief discussion about whether to select a third firm to be interviewed, but the consensus was that the Council believed that one of the two firms would most likely do a good job of the executive search and there was no reason to add another firm.

#### ADJOURNMENT

The work session was adjourned by unanimous consent at 8:05 p.m.

Date Approved: August 21, 2018

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Pat Elliott  
Mayor

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Jared Voto  
Executive Aide/Analyst

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Steven L. Devich  
City Manager



# CITY COUNCIL MEETING MINUTES

Richfield, Minnesota

## Special City Council Work Session

**July 24, 2018**

### CALL TO ORDER

The work session was called to order by Mayor Elliott at 6:00 p.m. in the Babcock Room.

*Council Members Present:* Pat Elliott, Mayor; Edwina Garcia; Maria Regan Gonzalez; Michael Howard; and Simon Trautmann.

|                |   |
|----------------|---|
| <b>Item #1</b> | <b>DISCUSSION REGARDING APPOINTMENTS TO THE HUMAN RIGHTS COMMISSION</b> |
|----------------|---|

Council Members reviewed the application materials and discussed the applicants to fill the vacancies on the Human Rights Commission.

### ADJOURNMENT

The work session was adjourned by unanimous consent at 6:17 p.m.

Date Approved: August 21, 2018

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Pat Elliott  
Mayor

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Jared Voto  
Executive Aide/Analyst

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Steven L. Devich  
City Manager



# CITY COUNCIL MEETING MINUTES

Richfield, Minnesota

## Special City Council Work Session

July 24, 2018

### CALL TO ORDER

The work session was called to order by Mayor Elliott at 6:18 p.m. in the Bartholomew Room.

*Council Members Present:* Pat Elliott, Mayor; Edwina Garcia; Maria Regan Gonzalez; Michael Howard; and Simon Trautmann.

*Staff Present:* Steven L. Devich, City Manager; Kristin Asher, Public Works Director; Jeff Pearson, City Engineer; Mike Petersen, Utility Supervisor/Engineer; and Jared Voto, Executive Aide/Analyst.

#### Item #1

#### COMPREHENSIVE PLAN: UTILITIES OVERVIEW

Utility Supervisor/Engineer Petersen presented water treatment statistics, water plant upgrades, water distribution statistics, and water usage statistic in Richfield. He discussed the water comprehensive plan including the purpose of the plan and how the plan is used; the plan found the city has adequate capacity. He also presented information on the water system condition assessment that includes a desktop analysis and a condition assessment using non-destructive techniques. Next, Utility Supervisor/Engineer Petersen presented a summary of the sanitary sewer comprehensive plan; the plan found the city has adequate capacity. He discussed maintenance practices and future sewer lining. Lastly, he reviewed the next steps for the comprehensive plan, with Metropolitan Council's review and approval.

Council Members asked questions about a previous work session topic on the potential use of surface water that was being discussed by the Metropolitan Council and financing of the required maintenance items.

Public Works Director Asher responded that the Metropolitan Council item seems to have gone away and discussed the capital investments in our water and sanitary systems.

#### Item #2

#### LOCAL SURFACE WATER MANAGEMENT PLAN

City Engineer Pearson presented an overview of the Surface Water Management Plan including the major sections of the plan: land and water resource inventory, assessment of issues and opportunities, goals, strategies, and policies, and implementation program.

Council Member Regan Gonzalez asked that this information be shared with the public.

City Engineer Pearson stated the plan is posted online and they would be sharing it through social media.

**ADJOURNMENT**

The work session was adjourned by unanimous consent at 6:59 p.m.

Date Approved: August 21, 2018

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Pat Elliott  
Mayor

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Jared Voto  
Executive Aide/Analyst

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Steven L. Devich  
City Manager





# CITY COUNCIL MEETING MINUTES

Richfield, Minnesota

## Regular Meeting

July 24, 2018

### CALL TO ORDER

The meeting was called to order by Mayor Elliott at 7:00 p.m. in the Council Chambers.

*Council Members Present:* Pat Elliott, Mayor; Maria Regan Gonzalez; Edwina Garcia; Michael Howard; and Simon Trautmann.

*Staff Present:* Steven L. Devich, City Manager; Mary Tietjen, City Attorney; John Stark, Community Development Director; Jay Henthorne, Chief of Police; Kristin Asher, Public Works Director; Jennifer Anderson, Support Services Manager; and Jared Voto, Executive Aide/Analyst.

### OPEN FORUM

None.

### PLEDGE OF ALLEGIANCE

Mayor Elliott led the Pledge of Allegiance.

### APPROVAL OF MINUTES

M/Elliott, S/Howard to approve the minutes of the: (1) City Council work session of July 10, 2018; and (2) City Council meeting of July 10, 2018.

Motion carried 5-0.

#### Item #1

#### COUNCIL DISCUSSION

- Hats Off to Hometown Hits

Mayor Elliott gave a teaser about a citizen of Richfield -- a special educator who received an honor from an important organization in the metropolitan area -- that he will be sharing information on at a future meeting.

Council Member Trautmann spoke regarding the "Wild Wings" program on August 14 at the Wood Lake Nature Center; and Sanneh Foundation soccer camp at Taft Park.

Council Member Howard spoke regarding Nite to Unite on Tuesday, August 7, and encouraged everyone to get out and connect with their neighbors.

Council Member Regan Gonzalez spoke regarding the Urban Wildland Half Marathon and 5K on Saturday, July 28; folk and blues concert at 6:30 p.m. on July 25 at the Lyndale Garden Center & Amphitheater behind Lakewinds Coop; and welcomed community members from Partnership Academy attending the Council meeting.

Council Member Garcia spoke regarding Assumption Church's annual fall festival on August 19; the Augsburg Park concert series continues on July 26 at 7 p.m.; Richfield Farmers Market every Saturday morning starting at 7:30 a.m. in Veterans Park; recognized the two Richfield firefighters who delivered a baby in Richfield on July 5; and welcomed Justice Trautmann, Council Member Trautmann's son and community members from Partnership Academy to the Council meeting.

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| <b>Item #2</b> | <b>APPROVAL OF THE AGENDA</b> |
|----------------|-------------------------------|

M/Howard, S/Elliott to approve the agenda

Motion carried 5-0.

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| <b>Item #3</b> | <b>CONSENT CALENDAR</b> |
|----------------|-------------------------|

City Manager Devich presented the consent calendar.

- A. Consideration of the adoption of a resolution authorizing a partnership agreement between the City of Richfield and the Minnesota Department of Transportation (MnDOT) for the purchase/storage of salt through June 30, 2022. (MnDOT Contract No. 1030429) (S.R. No. 122)

RESOLUTION NO. 11524  
RESOLUTION AUTHORIZING THE CITY OF RICHFIELD TO ENTER  
INTO MNDOT PARTNERSHIP AGREEMENT NO. 1030429 WITH THE  
MINNESOTA DEPARTMENT OF TRANSPORTATION FOR THE  
PURCHASE/STORAGE OF SALT UNTIL JUNE 30, 2022

This resolution appears as Resolution No. 11524.

- B. Consideration of the approval of a Temporary On Sale Intoxicating Liquor license for the Church of the Assumption, located at 305 77th Street East, for their annual festival taking place August 19, 2018. (S.R. No. 123)
- C. Consideration of the adoption of a resolution supporting a grant application to the Minnesota Department of Employment and Economic Development for the Cedar Point II Housing redevelopment project. (S.R. No. 124)

RESOLUTION NO. 11525  
RESOLUTION AFFIRMING AND RATIFYING CITY'S STAFF  
SUBMITTAL OF AN APPLICATION AND AUTHORIZING CONTRACT  
SIGNATURE TO THE MINNESOTA DEPARTMENT OF EMPLOYMENT  
AND ECONOMIC DEVELOPMENT (DEED) FOR REDEVELOPMENT

GRANT FUNDS FOR THE CEDAR POINT HOUSING  
REDEVELOPMENT AREA

This resolution appears as Resolution No. 11525.

M/Elliott, S/Regan Gonzalez to approve the consent calendar.

Mayor Elliott and Council Member Trautmann asked that additional information be shared on the grant application related to Item 3.C.

Community Development Director Stark discussed the grant application and the use of leveraging other organization's funds to assist in completing projects within the city.

Motion carried 5-0.

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| <b>Item #4</b> | <b>CONSIDERATION OF ITEMS, IF ANY, REMOVED FROM THE CONSENT CALENDAR</b> |
|----------------|--|

None.

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|----------------|---|
| <b>Item #5</b> | <b>CONSIDERATION OF THE APPROVAL OF THE FIRST READING OF AN ORDINANCE AMENDING SECTION 300 OF THE CODE OF ORDINANCES FORMALLY ESTABLISHING A FINANCE DEPARTMENT AND DIRECTOR OF FINANCE POSITION WITHIN THE CITY ORGANIZATION AND AMENDING SUBSECTION 315.11 TO CLARIFY THE TITLE OF DIRECTOR. (S.R. NO. 125)</b> |
|----------------|---|

Mayor Elliott presented Staff Report No. 125.

City Manager Devich discussed the proposed change to the organization and moving the Finance Department into its own department and reporting directly to the City Manager.

M/Elliott, S/Trautmann to approve the first reading of an ordinance amending Section 300 of the Code of Ordinances formally establishing a Finance Department and Director of Finance position within the City organization and amending Subsection 315.11 to clarify the title of Director.

Motion carried 5-0.

|                |   |
|----------------|---|
| <b>Item #6</b> | <b>CONSIDERATION OF THE ADOPTION OF A RESOLUTION GRANTING AN AMENDMENT TO A PLANNED UNIT DEVELOPMENT TO ALLOW CONSTRUCTION OF A K-8 SCHOOL AT 6500 NICOLLET AVENUE (BREMER BANK SITE). (S.R. NO. 126)</b> |
|----------------|---|

Council Member Garcia presented Staff Report No. 126. Council Member Garcia asked about the neighbors thoughts of the parking situation in the area.

Community Development Director Stark discussed the nearby doctor's office is concerned because some of their staff uses spaces on the Bremer Bank site. Staff has spoken with the HUB management and they are willing to work with Partnership Academy. The resolution states that with

the current parking they have on site they could not operate at full capacity and they need to show evidence that they have expanded parking on-site or secured parking on an abutting property in order to expand more grades. He stated staff is satisfied they can meet parking requirements and they are capped until they provide evidence they have additional parking.

Mayor Elliott asked about the ability to solicit assistance from the 494 commuter services group with a commuting option for the staff of Partnership Academy.

Community Development Director Stark responded that is an opportunity and Partnership Academy stated a number of their staff use transit. Partnership Academy can also come in with a travel demand management plan that shows that they do not need additional parking due to programs for their staff.

Mayor Elliott offered to have the Executive Director of the 494 commuter services come out to talk with the school and staff.

Council Member Garcia stated they do not want parking issues and asked if the applicant had looked at other sites that do not have parking limitations. She also discussed this would remove the location from the tax rolls.

Community Development Director Stark discussed staff has worked with Partnership Academy since around 2006 looking at different sites within the city. He discussed the issues typically with parking are with residential tenants or retail customer parking, which no one has control over, but this isn't an issue because it has to do with staff parking and the school has some control over their staff's parking.

Council Member Regan Gonzalez stated she is excited about Partnership Academy expanding and staying in Richfield.

M/Garcia, S/Regan Gonzalez to adopt a resolution granting an amended planned unit development, conditional use permit, and final development plans for a K-8 school at 6500 Nicollet Avenue.

RESOLUTION NO. 11526  
RESOLUTION APPROVING AN AMENDED FINAL DEVELOPMENT  
PLAN AND CONDITIONAL USE PERMIT TO ALLOW CONSTRUCTION  
OF A K-8 SCHOOL AT THE HUB SHOPPING CENTER PLANNED UNIT  
DEVELOPMENT

Motion carried 5-0. This resolution appears as Resolution No. 11526.

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| <b>Item #7</b> | <b>CONSIDERATION OF THE APPOINTMENTS OF TWO ADULT MEMBERS TO THE HUMAN RIGHTS COMMISSION. (S.R. NO. 127)</b> |
|----------------|--|

Council Member Howard presented Staff Report No. 127.

M/Howard, S/Elliott to appoint to the Human Rights Commission Katherine Goodemote with a term expiring January 31, 2019, and Robert Mulcahy with a term expiring January 31, 2020.

Motion carried 5-0.

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|----------------|------------------------------|
| <b>Item #8</b> | <b>CITY MANAGER'S REPORT</b> |
|----------------|------------------------------|

City Manager Devich reminded the City Council of an August 2 special council meeting to interview executive search firms and make a selection that evening. He also discussed the groundbreaking for the Chamberlain project and the grand re-opening for the Penn Avenue Liquor store on Friday, July 20, and thanked Council Member Trautmann for attending. He discussed the profits go to benefit the recreation amenities in the community.

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| <b>Item #9</b> | <b>CLAIMS AND PAYROLLS</b> |
|----------------|----------------------------|

M/Garcia, S/Elliott that the following claims and payrolls be approved:

|                             |                 |
|-----------------------------|-----------------|
| <b>U.S. Bank</b>            | <b>07/24/18</b> |
| A/P Checks: 269531 - 270020 | \$ 1,646,207.46 |
| Payroll: 137798 - 138178    | 701,048.75      |
| TOTAL                       | \$ 2,347,256.21 |

Motion carried 5-0.

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|-------------------|
| <b>OPEN FORUM</b> |
|-------------------|

None.

|                 |                    |
|-----------------|--------------------|
| <b>Item #10</b> | <b>ADJOURNMENT</b> |
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The meeting was adjourned by unanimous consent at 7:35 p.m.

Date Approved: August 21, 2018

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Pat Elliott  
Mayor

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Jared Voto  
Executive Aide/Analyst

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Steven L. Devich  
City Manager



# CITY COUNCIL MEETING MINUTES

Richfield, Minnesota

## Special Meeting

August 2, 2018

### CALL TO ORDER

The meeting was called to order by Mayor Elliott at 6:05 p.m. in the Heredia Room.

*Council Members Present:* Pat Elliott, Mayor; Maria Regan Gonzalez; Edwina Garcia; Michael Howard; and Simon Trautmann.

*Staff Present:* Steven L. Devich, City Manager.

|                |                         |
|----------------|-------------------------|
| <b>Item #1</b> | <b>CONSENT CALENDAR</b> |
|----------------|-------------------------|

City Manager Devich presented the consent calendar.

- A. Consideration of the approval of an agreement allowing Metro Sales to temporarily use City property at 1710 - 78th Street East for employee parking. (S.R. No. 128)
- B. Consideration of the approval of a Construction and Maintenance Agreement with Plaza 66 that defines ownership and maintenance responsibilities for certain features constructed at 1601 66th Street East. (S.R. No. 129)

M/Elliott, S/Regan Gonzalez to approve the consent calendar.

Motion carried 5-0.

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|----------------|--|
| <b>Item #2</b> | <b>CONSIDERATION OF ITEMS, IF ANY, REMOVED FROM THE CONSENT CALENDAR</b> |
|----------------|--|

None.

|                |  |
|----------------|--|
| <b>Item #3</b> | <b>SPECIAL MEETING ITEMS</b> <ul style="list-style-type: none"><li>• <b>INTERVIEWS OF EXECUTIVE SEARCH FIRMS (HUE LIFE AND THE MERCER GROUP) AND CONSIDERATION OF THE HIRING OF AN EXECUTIVE SEARCH FIRM TO COMPLETE RECRUITMENT OF A CITY MANAGER. (S.R. NO. 130)</b></li></ul> |
|----------------|--|

Dr. Richard Fursman of Huelife presented their proposal for completing the Richfield City Manager search.

Council members discussed the proposal from Huelife, the search process, and provided feedback related to community involvement in the search.

M/Elliott, S/Trautmann to hire Huelife to perform the executive search.

Motion carried 5-0.

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|-----------------|--------------------|
| <b>Item #10</b> | <b>ADJOURNMENT</b> |
|-----------------|--------------------|

The meeting was adjourned by unanimous consent at 7:25 p.m.

Date Approved: August 21, 2018

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Pat Elliott  
Mayor

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Jared Voto  
Executive Aide/Analyst

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Steven L. Devich  
City Manager



**STAFF REPORT NO. 131**  
**CITY COUNCIL MEETING**  
**8/21/2018**

REPORT PREPARED BY: Jeff Pearson, City Engineer

DEPARTMENT DIRECTOR REVIEW: Kristin Asher, Public Works Director  
8/14/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, City Manager  
8/15/2018

**ITEM FOR COUNCIL CONSIDERATION:**

**Consideration of the approval of Minnesota Department of Transportation lease agreement No. 27710 with Amendment #5 for continued use of excess land along I-494 next to the Best Buy Campus for a Metro Transit Park and Ride parking lot and transit station.**

**EXECUTIVE SUMMARY:**

The parcel of land along I-494 in front of the Best Buy Campus is currently leased to the City at no cost to be used as a Park and Ride for Metro Transit. The existing two-year lease agreement will expire at the end of August. The amendment to the lease agreement permits the continued use of the Mn/DOT property for the same uses as before for a period of two (2) years. The new agreement will become effective on August 31, 2018.

**RECOMMENDED ACTION:**

**By motion: Approve Minnesota Department of Transportation lease agreement No. 27710 with Amendment #5 for continued use of excess land along I-494 next to the Best Buy Campus for a Metro Transit Park and Ride parking lot and transit station.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- On January 13, 2004, City Council approved original Commercial Lease Agreement no. H-06048 for surplus land along I-494 adjacent to the Best Buy Campus.
- The Lease Agreement has been renewed several times since 2004, typically in 2 year increments.
- This land amounting to almost 62,000 square feet combined with land purchased from the Best Buy Company has been used as a parking lot by Best Buy, and a Park and Ride lot and transit station by Metro Transit.
- The excess I-494 right-of-way covered by the agreement will only be used for surface parking and a transit station until the land is needed for highway reconstruction/expansion.

**B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- The proposed lease agreement supports Goal #2 of the Transportation Chapter in the City



Comprehensive Plan to work with transit providers to enhance mass transit systems in the City.

C. **CRITICAL TIMING ISSUES:**

- The existing lease expires on August 31, 2018.

D. **FINANCIAL IMPACT:**

- Approval of the lease will have no impact on City finances.

E. **LEGAL CONSIDERATION:**

- The City Attorney has reviewed the lease agreement and will be available for questions.

**ALTERNATIVE RECOMMENDATION(S):**

- The Council may choose not to approve the lease and direct staff on how to proceed.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

None

**ATTACHMENTS:**

| Description                   | Type               |
|-------------------------------|--------------------|
| □ Lease Agreement Amendment 5 | Contract/Agreement |
| □ Lease Agreement Graphic     | Exhibit            |

Minnesota Department of Transportation  
Metro District  
1500 W. County Road B2  
Roseville, MN 55113  
651-234-7595

C.S. 2732 (5=111) 902  
PARCEL: 0017

LEASE NO. 27710

AMENDMENT OF COMMERCIAL LEASE  
No. 5

THIS AGREEMENT, is made by and between the State of Minnesota, Department of Transportation ("Landlord") and City of Richfield ("Tenant"), and shall be an amendment and addition to Lease No. 27710.

WITNESSETH:

WHEREAS, Landlord and Tenant entered into Lease No. 27710 ("Lease") involving the rental of a commercial property;

WHEREAS, the parties deem certain amendments and additional terms and conditions mutually beneficial for the effective continuation of said Lease; and

NOW THEREFOR, Landlord and Tenant agree to substitution and/or addition of the following terms and conditions which shall become a part of the Lease No. 27710, effective as of the date set forth hereinafter.

1. Effective on August 31, 2018, this Lease No. 27710 shall be renewed for a period of two (2) year(s) commencing on September 1, 2018 and continuing through August 31, 2020, with the right of termination in both Landlord and Tenant as set forth in the Lease.
2. Effective on August 31, 2018, Section 2 of the Lease is deleted in its entirety and the following is substituted in lieu thereof:  
  
2. RENT. The consideration for this lease shall be that the Landlord will provide the Premises to Tenant for Public on-street parking. At its own cost and expense, the tenant or its sub lessee will maintain the premises.
3. Effective August 31, 2018, Sections 9 of the Lease are deleted in their entirety and the following Sections 9 of the Lease is substituted thereof:  
  
9. INSURANCE. Prior to execution of this Lease by Landlord, the Tenant shall provide Landlord with a properly executed certificate(s) of insurance which shall clearly evidence the insurance required below, and provide that such insurance will not be canceled, except on 30 days' prior written notice to Landlord.

9.1 Tenant shall maintain during the full term of this Lease commercial general liability insurance or equivalent form including Premises-Operations Liability, Products/Completed Operations Liability (if applicable), Contractual Liability, and Fire Legal Liability with a limit of not less than \$2,000,000 each occurrence. If such insurance contains a general aggregate limit, it will be equal to or greater than \$2,000,000 and apply separately to this Lease.

9.1.1. The insurance shall name the State of Minnesota as an Additional Insured with respect to performance of the Lease.

This insurance shall be primary with respect to any insurance or self-insurance programs covering Landlord, its officers and employees.

9.2. Tenant shall maintain during the full term of this Lease workers' compensation insurance with statutory limits and employers' liability insurance with limits not less than \$100,000 bodily injury by disease per employee, \$500,000 bodily injury by disease aggregate and \$100,000 bodily injury by accident.

If Minnesota Statute 176.041 exempts Tenant from Workers' compensation insurance or if the Tenant has no employees in the State of Minnesota, Tenant must provide a written statement, signed by the authorized signer of the contract, stating the qualifying exemption that excludes Tenant from MN Workers' Compensation requirements.

If during the course of the contract the Tenant becomes eligible for Workers' Compensation, the Tenant must comply with the Worker's Compensation Insurance requirements included herein and provide the State of Minnesota with a certificate of insurance.

An Umbrella or Excess Liability insurance policy may be used to supplement the policy limit to satisfy the full policy limits required by the Lease.

4. Effective August 31, 2018, Section 20 of the Lease is hereby deleted and the following Section 20 is substituted therefore:

**Section 20 HAZARDOUS SUBSTANCES OR POLLUTANTS OR CONTAMINANTS.**

Tenant shall not cause or permit any hazardous substance or pollutant or contaminant to be used, generated, stored or disposed of on or in the Premises by Tenant, Tenant's agents, employees, contractors or invitees. If the Tenant causes or allows the Premises to become contaminated in any manner by hazardous substances or pollutants or contaminants, during the term of this Lease, Tenant shall indemnify and hold harmless the Landlord in accordance with Section 8 of this Lease. This indemnification is intended to, and shall, survive the termination of this Lease. Without limitation of the foregoing, if Tenant causes or permits the presence of any hazardous substance or pollutant or contaminant on the Premises, and that presence results in contamination, Tenant shall promptly, at its sole expense, take any and all necessary actions approved by the Landlord to return the Premises to a condition that is in accordance with all applicable Federal, State and Local regulations.

5. The terms of the original Lease and its amendment(s) are expressly reaffirmed and remain in full force and effect. By this reference the original Lease and its amendment(s) are attached and incorporated into this agreement.

**TENANT**  
**City of Richfield**

Signature\_\_\_\_\_

Print Name\_\_\_\_\_

Title\_\_\_\_\_ Date\_\_\_\_\_

Signature\_\_\_\_\_

Print Name\_\_\_\_\_

Title\_\_\_\_\_ Date\_\_\_\_\_

**LANDLORD, STATE OF MINNESOTA**  
**DEPARTMENT OF TRANSPORTATION**  
**COMMISSIONER OF TRANSPORTATION**

By \_\_\_\_\_  
Tom O'Keefe, P.E.  
Metro Program Delivery Engineer

Date \_\_\_\_\_

Approved as to form and execution

**OFFICE OF CONTRACT MANAGEMENT**

By \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

1 - INCH = 120 FEET

R.L.S.

-N-

77TH ST. W.

PENN AVE. S.

MORGAN AVE. S.

KNOX AVE. S.

R.L.S.

NO

M  
R.L.S.

NO.

NO

618

-FUTURE (RALF) Mn/DOT R/W

SOUTH LINE OF OUTLOT C

\*SOUTH LINE OF  
OUTLOT B

\*SOUTH LINE OF OUTLOT A  
- 370.53' N70°16'28"W -  
EXISTING ACCESS  
LINE

78TH STREET

~~CITY OF RICHFIELD~~  
~~CITY OF BLOOMINGTON~~

901.73' S89°59'25"W

\*AS SHOWN ON BEST BUY CAMPUS PLAT

# EXHIBIT A

AREA SHOWN IN RED CROSS-HATCHING REPRESENTS MNDOT PERMANENT R/W AREA LEASED TO CITY FOR PARKING PURPOSES.

REFER TO BEST BUY CAMPUS PLAT BY SUNDE LAND SURVEYING, LLC. (sheet 3 of 4) FOR DIMENSIONS





**STAFF REPORT NO. 132**  
**CITY COUNCIL MEETING**  
**8/21/2018**

REPORT PREPARED BY: Mike Peterson, Utilities Supervisor/Engineer

DEPARTMENT DIRECTOR REVIEW: Kristin Asher, Public Works Director  
8/14/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, City Manager  
8/15/2018

**ITEM FOR COUNCIL CONSIDERATION:**

**Consideration of approval of the bid tabulation and award a contract to Visu-Sewer, Inc., for the 2018 Sanitary Sewer Rehabilitation Program in the amount of \$368,904.20 and authorize the City Manager to approve contract changes under \$100,000 without further City Council consideration.**

**EXECUTIVE SUMMARY:**

Consistent with the Capital Improvement Plan, staff is beginning the multi-year process of rehabilitating the sanitary sewer system.

Most of the sanitary sewer system was installed in the 1950's and this aging infrastructure is in need of attention due to excessive maintenance needs and potential for blockages. The project will utilize the cured-in-place-pipe (CIPP) process which is a trenchless technology in which no excavation is required. This method is a cost-effective solution to provide new sanitary mains without the high cost of excavation.

Bids for the sanitary sewer rehabilitation program were opened on August 8, 2018. Visu-Sewer, Inc., was the lowest responsive and responsible bidder with a base bid amount of \$337,438.70. Included in the request for bid was a continuous temperature monitoring and data collection wire alternate bid item. Visu-Sewer, Inc., bid the alternate item in the amount of \$31,465.50 for a total bid amount of \$368,904.20.

Public Works staff recommends including the continuous temperature monitoring and data collection wire alternate bid item because this device greatly assists the contractor and City in determining the proper cure temperature and timing to minimize any "cold" spots in the new liner. Additionally, it provides a permanent record of the cure time and temperatures for City records.

**RECOMMENDED ACTION:**

**By motion: Approve the bid tabulation and award a contract to Visu-Sewer, Inc., for the 2018 Sanitary Sewer Rehabilitation Program in the amount of \$368,904.20 and authorize the City Manager to approve contract changes under \$100,000 without further City Council consideration.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- The City's 120 miles of sanitary sewer collection system was installed in the late 1950's. The

material used at that time was Vitrified Clay Pipe (VCP). Over time the VCP has allowed roots to intrude through joints and has resulted in partial blockage of the main lines. Our maintenance program currently in place includes the cleaning of the mains once per year. If we are not able to clean once per year it will result in blockages that could backup into the homes of residents.

- Technological advances now allow us to repair these sewer mains without digging up the road through a process called Cured-in-place-pipe (CIPP). This procedure involves the insertion of a liner into the existing VCP sanitary main. It expands and adheres to the main and then hardens to a schedule 40 PVC consistency and results in what is essentially a "new" pipe within the old pipe. After the liner hardens, the individual service connections are then reopened and placed back into service.
- This year will be the first of a multi-year approach to rehabilitate the sanitary sewer mains. Maintenance records and televising reports are used to select areas to be lined each year. Areas that are found to be the most critical will be addressed first and other areas will follow. The end result will be lining the entire sanitary main system.

**B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- For City contracts or purchases estimated to exceed \$100,000, sealed bids shall be solicited by public notice in the manner and subject to the law governing contracts or purchases by the City of Richfield.
- The scope of the project - 11,442 linear feet - meant the contract cost would exceed the \$100,000 threshold.
- The advertisement for bid was published in the Richfield Sun-Current July 12, 2018, and on the Questcdn.com website on July 12, 2018.
- Submitted bids were opened and read aloud publicly August 8, 2018.
- 6 bid submissions were received and the base bids ranged from \$337,438.70 to \$543,197.00.
- The project specifications made clear the bid award would be determined by the low base bid only, not including the alternate bid item.
- The lowest base bid was provided by Visu-Sewer, Inc., in the amount of \$337,438.70, with an alternate item bid of \$31,465.50, for a total of \$368,904.20.
- The Metropolitan Council Environmental Services (MCES) supports this type of sewer main repair.

**C. CRITICAL TIMING ISSUES:**

- By using the CIPP procedure, sewer mains can be repaired without intrusive excavation of existing sewer main.
- Approval at the August 21, 2018 City Council meeting will allow the project to move forward.

**D. FINANCIAL IMPACT:**

- The recommended contract for approval totals \$368,904.20 to be funded using Wastewater Utility Funds.
- The funding for this project was provided for in the adopted 2018 and proposed 2019 wastewater utility budget (7350) and was planned for as a capital improvement project during the utility rate study that was completed in 2017 (confirm completion date for rate study).
- This project is included in the Capital Improvement Plan.

**E. LEGAL CONSIDERATION:**

- When the amount of a contract or purchase is estimated to exceed \$100,000, sealed bids shall be solicited by public notice in the manner and subject to the law governing contracts or purchases by the City of Richfield.
- The advertisement for bid for the project was published in the Richfield Sun Current on July 12, 2018, and on the Questcdn.com website on July 12, 2018.
- Bid opening was held on August 8, 2018. A copy of the bid tabulation is attached.

**ALTERNATIVE RECOMMENDATION(S):**

- None

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

None



**ATTACHMENTS:**

| Description              |                | Type               |
|--------------------------|----------------|--------------------|
| <input type="checkbox"/> | Bid Tabulation | Backup Material    |
| <input type="checkbox"/> | Contract       | Contract/Agreement |



August 10, 2018

RE: City of Richfield  
Sanitary Sewer Rehabilitation Program  
2018/19 Sanitary Sewer Lining Project  
SEH No. RICHF 146784

Russ "Butch" Lupkes  
Richfield Maintenance Facility  
Public Works Department  
1901 E 66th Street  
Richfield, MN 55423

Dear Russ:

Bids were received and publicly opened at Richfield City Hall on August 8, 2018 for the above-referenced improvement. Six bids ranging in price from \$337,438.70 to \$543,197.00 were received. The engineer's estimate for the project is \$340,484.00. Below is a summary of the bids that were received.

|   | <b>Contractor</b>                                  | <b>Base Bid</b> |
|---|--|-----------------|
| 1 | Visu-Sewer Inc, Pewaukee, WI                       | \$337,438.70    |
| 2 | Insituform Technologies USA, LLC, Chesterfield, MO | \$348,619.80    |
| 3 | Lametti & Sons, Inc., Hugo, MN                     | \$415,926.00    |
| 4 | Veit & Company, Inc., Minneapolis, MN              | \$439,098.00    |
| 5 | Michels Corporation, Brownsville, WI               | \$537,754.00    |
| 6 | SAK Const. LLC, O'Fallon, MO                       | \$543,197.00    |

The low bid was submitted by Visu-Sewer, Inc. in the amount of \$337,438.70. SEH has reviewed all bids and concur with the amount of the proposals submitted. Attached is a bid tabulation for all pay items for all bidders for your information.

In reliance on our experience with Visu Sewer and/or materials and information provided by the contractor, we have determined that 1) they have a sufficient understanding of the project and equipment to perform the construction for which it bid; and 2) according to their bonding agent they presently have the financial ability to complete the project bid. SEH makes no representation or warranty as to the actual financial viability of the contractor or its ability to complete its work. SEH has positive experience with Visu-Sewer and feel that they are a qualified contractor.

In addition to the base bid for Sanitary Sewer Lining, the City also included an Alternate bid Item to install a Continuous Temperature Monitoring and Data Collection wire in the pipe. This device greatly assists the contractor and City in determining the proper cure temperature and timing to minimize any "cold" spots in the new liner. Additionally, it provides a permanent record of the cure time and temperatures for the City which could be linked to the GIS data base for future information. If the City has the budget available,

Engineers | Architects | Planners | Scientists

**Short Elliott Hendrickson Inc.**, 10901 Red Circle Drive, Suite 300, Minnetonka, MN 55343-9302  
SEH is 100% employee-owned | [sehinc.com](http://sehinc.com) | 952.912.2600 | 800.734.6757 | 888.908.8166 fax

Butch Lupkes  
August 10, 2018  
Page 2

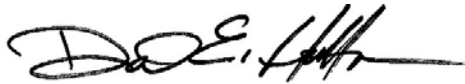
SEH recommends including the Alternate bid item in the contract. The specifications were clear in that the bid award would be determined by the low base bid only, not including the Alternate bid item.

The Visu Sewer price for the Alternate bid item was \$31,465.50 which was within our Engineer's estimate of \$34,326.00 for this item.

Accordingly, we recommend the project be awarded to Visu Sewer, Inc in the amount of \$368,904.20 which includes both the Base Bid plus Alternate Item 1.

If you have any questions concerning this matter, please feel free to contact me at 612.255.8747 or [dhutton@sehinc.com](mailto:dhutton@sehinc.com).

Sincerely,

A handwritten signature in black ink, appearing to read "D.E. Hutton", with a stylized flourish at the end.

David E. Hutton, PE  
Project Manager

p:\pt\trichf\146784\6-bid-const\bid award recommendation\20180810 recommendation of award.docx



| <b>2018 Sanitary Sewer Rehabilitation Program</b><br><b>Richfield, MN</b><br><b>SEH No.: RICHF 146784</b><br><b>Bid Date: 10:00 a.m., Wednesday, August 8, 2018</b> |   |      |               | <b>City Bid No. 18-07</b><br>Veit & Company, Inc.<br>14000 Veit Place<br>Minneapolis, MN 55374<br>\$439,098.00 |                     | Michels Corporation<br>PO Box 128<br>Brownsville, WI 53006<br>\$537,754.00 |                     | SAK Const., LLC<br>864 Hoff Road<br>O'Fallon, MO 63366<br>\$543,197.00 |                     |
|---|---|------|---------------|--|---------------------|--|---------------------|--|---------------------|
| Item No.  | Item  | Unit | Est. Quantity | Unit Price   | Total Price         | Unit Price   | Total Price         | Unit Price   | Total Price         |
|   | <b>BASE BID</b>                                       |      |               |  |                     |  |                     |  |                     |
| 1   | MOBILIZATION  | LS   | 1             | \$20,500.00  | \$20,500.00         | \$34,790.00  | \$34,790.00         | \$20,500.00  | \$20,500.00         |
| 2   | TRAFFIC CONTROL                                       | LS   | 1             | \$2,500.00   | \$2,500.00          | \$5,580.00   | \$5,580.00          | \$4,850.00   | \$4,850.00          |
| 3   | 9-INCH CIPP SANITARY SEWER LINING                     | LF   | 10,822        | \$34.00  | \$367,948.00        | \$42.00  | \$454,524.00        | \$43.50  | \$470,757.00        |
| 4   | 9-INCH CIPP SANITARY SEWER LINING – SPECIAL           | LF   | 620           | \$45.00  | \$27,900.00         | \$55.00  | \$34,100.00         | \$57.00  | \$35,340.00         |
| 5   | POINT REPAIRS BY GROUT                                | EA   | 5             | \$1,500.00   | \$7,500.00          | \$1,212.00   | \$6,060.00          | \$300.00   | \$1,500.00          |
| 6   | REMOVE AND REPLACE 9-INCH SEWER                       | LF   | 10            | \$1,275.00   | \$12,750.00         | \$270.00   | \$2,700.00          | \$1,025.00   | \$10,250.00         |
|   | <b>BASE BID TOTAL</b>                                 |      |               |  | <b>\$439,098.00</b> |  | <b>\$537,754.00</b> |  | <b>\$543,197.00</b> |
|   | <b>ADD ALTERNATE 1</b>                                |      |               |  |                     |  |                     |  |                     |
| 7   | CONTINUOUS TEMPERATURE MONITORING AND DATA COLLECTION | LF   | 11,442        | \$4.00   | \$45,768.00         | \$2.10   | \$24,028.20         | \$2.00   | \$22,884.00         |
|   | <b>ALTERNATE 1 TOTAL</b>                              |      |               |  | <b>\$45,768.00</b>  |  | <b>\$24,028.20</b>  |  | <b>\$22,884.00</b>  |

**CITY OF RICHFIELD**  
**HENNEPIN COUNTY, MINNESOTA**  
**CONTRACT FOR MUNICIPAL CONSTRUCTION**

**City Project No. 52000-7350**

**Contract No. 28-37**

**Bid No. 18-07**

**Class of Work: 2018 Sanitary Sewer Rehabilitation Program for the City of Richfield**

THIS AGREEMENT is made this \_\_\_\_\_ day of \_\_\_\_\_, 2018, between the City of Richfield, Minnesota, acting by and through its Mayor and City Manager ("City") and \_\_\_\_\_ ("Contractor").

1. **Contract Price.** The Contractor, in consideration of the payment of the contract price – \_\_\_\_\_ (\$ \_\_\_\_\_) – will furnish all materials (except such as are specified to be furnished by the City, if any), all necessary tools and equipment, and do and perform all the necessary work and labor for the full completion of the City Project: **2018 Sanitary Sewer Rehabilitation Program ("Project")**.
2. **Compliance with Plans.** The contract documents in this Project Manual shall be interpreted as a whole and the bidders and contractor shall attempt to give meaning to all provisions. If a conflict exists between two or more provisions on the same subject, the following is the order of priority in interpreting such conflicting provisions:
  1. Contract for Municipal Construction
  2. Special Provisions
  3. General Specifications
  4. Standard General Conditions

Contractor shall complete the Project as shown in the approved plans, specifications and special provisions (collectively, "Plans") that are on file in the office of the City's Public Works Department. The Plans are attached and are made a part of this Agreement.

Contractor agrees that all work shall be done and performed in the best and most proficient manner and that all materials and labor shall be in strict conformity with the Plans for the Project. All work is subject to inspection and approval by the City Engineer, or their authorized designee. If the City rejects any material or labor as defective or unsuitable, then the Contractor must remove the rejected materials and replace it with material approved by the City Engineer, at the cost of the Contractor. The Contractor must also perform anew any rejected labor to the satisfaction and approval of the City Engineer, or their designee, at the cost and expense of the Contractor.

3. **Commencement and Completion of Work.** Contractor shall notify the City Engineer in writing of its intentions to commence work at least five (5) days prior to moving onto the site according to the specifications. Work may begin at any time after September 4, 2018. The contractor shall have 60 continuous working days to complete the project once mobilized. The Contractor will have all work done and the improvement fully completed to the satisfaction and approval of the City Council of the City of Richfield, Minnesota, on or before August 31, 2019.

4. **Delays and Liquidated Damages.** Time is of the essence for completion of the Project. If the Contractor fails to complete the Project within the time herein specified, the City shall have the right to deduct from the unpaid part of the contract price, liquidated damages (it being impossible to determine the actual damages occasioned by the delay) of \$1,500 for each calendar day of delay, until the work is completed.

Upon receipt of written notice from the Contractor that there will be delay in completion of the Project, the City may in its discretion extend the date for completion. In such case, the Contractor shall become liable for liquidated damages only for failure to perform within the time so extended.

If delays are caused by the weather, labor strikes or other factors not caused by Contractor and Contractor cannot provide written notice as described above, then the City may also in its discretion excuse such delays and extend the date for completion.

5. **Claims for Extra Work or Materials.** Contractor shall not do any work or furnish any materials not covered by the Plans and this Agreement, unless such work or materials is first ordered in writing and approved in writing by the City. If Contractor performs such extra work or provides additional materials without the required written order and approval, the additional costs shall be borne by Contractor.

6. **City Not Liable.** The City, including its Council, employees and agents, shall not be liable or responsible in any manner to the Contractor, its subcontractors, materialmen, laborers or any other person for any claim, demand, damages, actions, or causes of action of any kind arising out of this Agreement or the performance and completion of the Project described herein.

Dated at Richfield, Minnesota, this \_\_\_\_ day of \_\_\_\_\_, 2018.

Signatures for:

\_\_\_\_\_(Contractor)

By \_\_\_\_\_

Its \_\_\_\_\_

Signatures for:

CITY OF RICHFIELD, MINNESOTA (City)

By \_\_\_\_\_

Its City Manager, Steven L. Devich

By \_\_\_\_\_

Its Mayor, Pat Elliott

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**STAFF REPORT NO. 133**  
**CITY COUNCIL MEETING**  
**8/21/2018**

REPORT PREPARED BY: Chris Regis, Finance Manager

DEPARTMENT DIRECTOR REVIEW: Steven L. Devich, City Manager  
 8/15/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, City Manager  
 8/15/2018

**ITEM FOR COUNCIL CONSIDERATION:**

Consideration of the approval of the transfer of funds to close out the 76th Street West capital project fund.

**EXECUTIVE SUMMARY:**

The 76th Street West capital project fund has existed since 2014, with no activity since 2015. For the purposes of the Engineering division, this project can be closed out.

**RECOMMENDED ACTION:**

By motion: Approve the transfer of funds to close out the 76th Street West capital project fund.

**BASIS OF RECOMMENDATION:**

A. **HISTORICAL CONTEXT**

- N/A

B. **POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- The City's financial policies do not directly address the closing out of City funds.
- The City's auditors have recommended that non-budgeted transfers between funds be approved by the City Council.

C. **CRITICAL TIMING ISSUES:**

- N/A

D. **FINANCIAL IMPACT:**

- The following table reflect the fund to close and the corresponding funding sources or recipients.

| <u>Fund to Close</u> | <u>Balance</u> | <u>Funding Source</u> | <u>Amount</u> |
|----------------------|----------------|-----------------------|---------------|
| 76th Street West     | \$895          | MSA Fund              | \$895         |

E. **LEGAL CONSIDERATION:**

- N/A

**ALTERNATIVE RECOMMENDATION(S):**

- City Council can direct staff to seek alternative funding sources to close certain funds.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

None



**STAFF REPORT NO. 134**  
**CITY COUNCIL MEETING**  
**8/21/2018**

REPORT PREPARED BY: Jim Topitzhofer, Recreation Services Director

DEPARTMENT DIRECTOR REVIEW: Jim Topitzhofer, Recreation Services Director  
8/13/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steve Devich, City Manager  
8/15/2018

**ITEM FOR COUNCIL CONSIDERATION:**

**Consideration of the approval of an Amendment to the Agreement for Management Services with Wheel Fun Rentals, LLC to continue management services for Malt-T-Melt Mini-Golf.**

**EXECUTIVE SUMMARY:**

Plans are proceeding to improve access to the mini-golf facility at Veterans Memorial Park. A new entrance is being installed on the south side of the building providing direct and accessible access to the play equipment area that receives extensive use throughout the season. The existing course is being repaired also, all of which is funded by the Wheel Fun Rentals, LLC, the current vendor that has provided management services to operate the mini-golf facility since 2011. An amendment to the current management agreement with Wheel Fun Rental, LLC is being proposed to lengthen the term of the agreement and increase rental fees associated with the agreement. Proposed changes include:

- Expand the operating season from April 1 to October 31 of each year.
- Expand use of the entire mini-golf building to include the space formerly used exclusively for arts programming.
- Expand the term of the agreement from September 1, 2018 to October 31, 2033.
- Increase the base rent to \$16,000 per year plus 10% of gross revenues from the operation of the Facility, concessions and bike rental, after \$200,000 of gross revenues is received.

The amendment also stipulates that the facility, building, and operating space are city facilities used primarily for the purpose and promotion of outdoor recreation and that the vendor understands and agrees that these spaces collectively are available for traditional recreational and park uses and must remain fully open to the public. Any advertising signs placed by the vendor must indicate that activities are sponsored by the City of Richfield. The vendor also understands and agrees that, except as allowed under this Agreement, no other commercial uses are permissible. The City's Arts Commission shall be allowed to use the Building one time per month, on a day of its choosing, for the term of this Agreement.

**RECOMMENDED ACTION:**

**By motion: Approve the Amendment to the Agreement for Management Services with Wheel Fun Rentals, LLC.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- On April 12, 2011, City Council approved an agreement with Wheel Fun Rentals, LLC to operate Adventure Gardens Mini-Golf for a three year period. The private vendor completed a successful first season and was optimistic about continuing a relationship with the City. With the help of coordination of advertising with their other operating centers located in South Minneapolis and expertise in the amusement industry, Wheel Fun Rentals was able to sell 20% more golf rounds in their first year of operation over the previous season.
- To build on this success, improvements were made to the facility the next year to increase use. These improvements included the following:
  - Repaired, refreshed and re-branded the existing mini-golf course.
  - Repaired the water feature, stonework and replaced signage.
  - Served malts, ice cream cones and mixed coffee drinks.
  - Added two outdoor patio eating areas, plantings and a pergola.
  - Installed new flooring in the common area of the building.
- These improvements were funded by Wheel Fun Rentals and became the property of the City. City Council approved an amendment to the management agreement extending the term to September 1, 2019.

**B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- Contracts and agreements of this type are typically reviewed and considered by City Council.

**C. CRITICAL TIMING ISSUES:**

- There are no critical timing issues for this item.

**D. FINANCIAL IMPACT:**

- Under the amended contract, the City will receive a base rent of \$16,000 per year plus 10% of gross revenues from the operation of the facility, concessions and bike rental, after \$200,000 of gross revenues is received.
- Wheel Fun Rentals will fund the recommended capital improvements to the mini-golf facility thereby relinquishing the need to invest capital dollars from the City's Special Revenue Fund to pay for repairs and upkeep for the years to come. All improvements funded by the Wheel Fun Rentals will become property of the City.

**E. LEGAL CONSIDERATION:**

- The City Attorney prepared the amendment and original agreement.
- The amended agreement was reviewed and approved by Joe Hiller, Minnesota DNR Grants Manager, for compliance with covenants associated with State Outdoor Recreation Grants Agreement used for funding improvements in Veterans Park.

**ALTERNATIVE RECOMMENDATION(S):**

- Staff believes that a partnership with the Wheel Fun Rentals, LLC will continue to increase the number of rounds sold at Adventure Gardens and improve the City's overall financial position of the Recreation Enterprise Fund. However, the Council may chose not to approve the Agreement and continue to operate the facility as is or to discontinue operation.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

Kris Weiby, Facilities Manager

**ATTACHMENTS:**

| Description   | Type               |
|---|--------------------|
| ▢ Second Amendment to the Management Agreement with Wheel Fun Rental, LLC | Contract/Agreement |

SECOND AMENDMENT TO  
AGREEMENT FOR MANAGEMENT SERVICES

THIS SECOND AMENDMENT is made as of August 21, 2018 to the Agreement for Management Services (the "Agreement") by and between CITY OF RICHFIELD, a Minnesota municipal corporation with offices at 6700 Portland Avenue South, Richfield, MN ("City") and WHEEL FUN RENTALS, LLC, a Minnesota limited liability company with offices at 3609 Heights Court, St. Cloud, MN ("Manager").

Recitals

- A. The Agreement for Management Services ("Agreement") was approved by City on April 12, 2011. The Agreement set a three-year term from April 1, 2011 through September 1, 2014.
- B. A First Amendment to the Agreement ("First Amendment") was approved by the City on January 24, 2012. The First Amendment extended the term of the Agreement through September 1, 2019 and also addressed the parties' responsibilities for facility repairs and improvements.
- C. The parties now wish to enter into this Second Amendment to the Agreement ("Second Amendment") to further extend the term of the Agreement, redefine compensation responsibilities, and establish requirements for use of the Facility.

Terms

- 1. Recitals Incorporated. The recitals set forth above are incorporated into and made a part of this Second Amendment.
- 2. Recital Revised. Recital (B) of the Agreement is amended to read as follows:

B. City is also the owner of a building located adjacent to the Facility (the "Building"), approximately 1,664 square feet of which has been used as storage, concessions, restrooms, and office space for operation of the Facility and for bicycle rental (the "Operating Space"). The Operating Space comprises the total area of the Building.
- 3. Amended Term. Paragraph 2 of the Agreement and First Amendment is amended to read as follows:
  - 2. Term. The Facility and Operating Space are open for use seasonally, from April 1 through October 31 of each year. The term of this Agreement is from September 1, 2018 through October 31, 2033, unless earlier terminated as provided in paragraph 16 below.

4. Compensation. Paragraph 3 of the Agreement is amended to read as follows:

3. Compensation/Rent. As compensation, the Manager will retain the gross revenues from the operation of the Facility, concessions and bike rental, less the amounts paid to the City under this paragraph. The Manager will annually pay to the City 10% of gross revenues from the operation of the Facility, concessions and bike rental, after \$200,000 of gross revenues is received. The Manager will pay this sum in one installment each year, payable by November 15<sup>th</sup> of each year.

Manager shall also pay to the City a base rent of \$16,000 to the City, with quarterly payments in the amount of \$4,000 due on January 1<sup>st</sup>, April 1<sup>st</sup>, July 1<sup>st</sup>, and October 1<sup>st</sup> of each year.

5. Hours of Operation and Rates. Paragraph 5 of the Agreement is amended to read as follows:

5. Hours of Operation and Rates. By January 1 of each year, Manager must submit to the City's contract manager for approval its proposed schedule of hours of operation and rental rates for the Facility and bicycle rental for the upcoming season. The City's contract manager may disapprove the proposed schedule of hours and rates only if they are commercially unreasonable; the City must notify Manager by January 15 if the schedule is not approved, or the schedule is deemed approved. If the schedule is not approved, Manager must submit a revised, commercially reasonable schedule to the City's contract manager by February 1 preceding the season for which the rates are applicable.

The hours of operation must include the mini-golf course open to the public starting the first weekend of May through the last weekend of October each year and open seven (7) days per week from June 1<sup>st</sup> through August 31<sup>st</sup> of each year.

6. Staffing. Paragraph 6 of the Agreement is amended as follows:

6. Staffing. At its sole expense, Manager must provide sufficient personnel to operate, maintain and repair the Facility, concessions and bicycle rental at all times during each operating season. This includes responsibility for general housekeeping and janitorial duties on days that the Facility is open to the public. Manager is required to obtain criminal background checks on each of its employees who will perform services under this Agreement. In advance of the season starting date of each year, Manager must certify in writing to City that criminal background checks have been performed on Manager's staff as required by this Agreement.

7. Termination. Paragraph 16(A) of the Agreement is amended as follows:

16. Termination. This Agreement may be terminated as provided in this paragraph, and payment of compensation shall be prorated to the last day this Agreement remains in force.

A. Termination Without Cause. On or after September 1, 2028, either party may cancel this Agreement without cause by giving written notice to the other party no later than October 15 of any year subsequent to this date; such termination shall be effective as of November 30 of the year in which notice is given. The City may cancel this Agreement without cause before September 1, 2028 if – due to events outside of the City’s control – funding cannot be continued at a level sufficient to allow for reasonable operation of the Facility.

8. A new paragraph 23 is added to the Agreement as follows:

23. Permissible Uses. The Facility, Building, and Operating Space are city facilities used primarily for the purpose and promotion of outdoor recreation. Manager understands and agrees that these spaces collectively are available for traditional recreational and park uses and must remain fully open to the public. Any advertising signs placed by Manager must indicate that activities are sponsored by the City of Richfield. Manager also understands and agrees that, except as allowed under this Agreement, no other commercial uses are permissible. The City reserves the right to conduct or sponsor additional recreational activities, as well as store recreational equipment, in the areas covered by this Agreement. The City’s Arts Commission shall be allowed to use the Building one time per month, on a day of its choosing, for the term of this Agreement.

9. Effect of Amendment. Except as expressly modified by this Second Amendment, the terms and conditions of the Agreement and First Amendment remain in full force and effect.

|                              |                         |
|------------------------------|-------------------------|
| CITY OF RICHFIELD            | WHEEL FUN RENTALS, LLC  |
| By _____<br>Its Mayor        | By _____<br>Its Manager |
| By _____<br>Its City Manager |                         |







**STAFF REPORT NO. 135**  
**CITY COUNCIL MEETING**  
**8/21/2018**

REPORT PREPARED BY: Jim Topitzhofer, Recreation Services Director

DEPARTMENT DIRECTOR REVIEW: Jim Topitzhofer, Recreation Services Director  
8/14/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, City Manager  
8/15/2018

**ITEM FOR COUNCIL CONSIDERATION:**

**Consideration of the approval of a parking agreement with Kraus-Anderson Construction Company for non-exclusive use of the parking lot at Taft Park to park the personal vehicles of construction workers associated with the Chamberlain Housing Development.**

**EXECUTIVE SUMMARY:**

Kraus-Anderson Construction Company has been hired to construct the Chamberlain Housing Development and has requested non-exclusive use of the parking lot at Taft Park to park the personal vehicles of construction workers from September 1, 2018 to October 31, 2019. The agreement outlines the mutual covenants and promises between the City and the contractor. Highlights include:

- Hours of non-exclusive parking lot use are 6:30 a.m. to 4:00 p.m., excluding Saturdays and Sundays, from April 1, 2019 to October 31, 2019 and not during scheduled tournament and events scheduled at Taft Park.
- There are up to 108 parking spaces available in the parking lot located at 1800 East 63rd Avenue and these spaces are generally available during the above hours, days and dates.
- The Contractor is compensating the City in the amount of \$7,500 for use of the parking during the above period.
- The Contractor may not utilize the parking lot for storage of other vehicles, materials and equipment and may not utilize the property as a staging area.
- The parking lot at Taft Park will remain available for use by the public at all times during the terms of this Agreement.

**RECOMMENDED ACTION:**

**By motion: Approve a parking agreement with Kraus-Anderson Construction Company for non-exclusive use of the parking lot at Taft Park to park the personal vehicles of construction workers associated with the Chamberlain Housing Development.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- Inland Development Partners is constructing 284 housing units spread across three new apartment buildings, along with the renovation of 33 housing units in three existing apartment buildings along Cedar Avenue. In conjunction with the project, Richfield Parkway will be extended

south of the roundabout at 66th Street, through the development down to 68th Street.

- The City Council approved the proposal on September 26, 2017.
- Construction began in July 2018.

**B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- Contracts and agreements of this type are typically reviewed and considered by City Council.

**C. CRITICAL TIMING ISSUES:**

- Construction on the Chamberlain Housing Development has begun already and a greater number of construction workers will need a place to park after September 1, 2018.

**D. FINANCIAL IMPACT:**

- Compensation received from Kraus-Anderson Construction Company through this agreement will be placed in the Parks Maintenance Fund which will benefit future parks maintenance projects.

**E. LEGAL CONSIDERATION:**

- The City Attorney prepared the parking agreement.

**ALTERNATIVE RECOMMENDATION(S):**

- Staff believes that granting Kraus-Anderson Construction Company non-exclusive parking spaces at Taft Park will not interfere with the normal usage of the park and that the compensation received is very valuable towards the upkeep of the parks system. However, the Council may chose not to approve the agreement and deny access of the parking lot at Taft Park to the contractor.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

There are no principal parties expected at the meeting.

**ATTACHMENTS:**

| Description         | Type               |
|---------------------|--------------------|
| ▢ Parking Agreement | Contract/Agreement |

## PARKING AGREEMENT

THIS PARKING AGREEMENT ("Agreement") is made this 21st day of August, 2018 by and among the City of Richfield, (the "City") and Kraus-Anderson Construction Company, a corporation formed under the laws of the state of Minnesota (the "Contractor").

### RECITALS

- A. The City of Richfield currently owns a parking lot at 1800 East 63<sup>rd</sup> Street with approximately 108 parking spaces as a part of Taft Park in the City of Richfield (the "Property"); and
- B. The Contractor has been hired to complete work on the Chamberlain housing development located on Richfield Parkway between 66<sup>th</sup> Street and 68<sup>th</sup> Street in the City of Richfield (the "Project"); and
- C. The Contractor has requested that the City of Richfield permit it the non-exclusive use of the Property to park the personal vehicles of construction workers associated with the Project pursuant to the terms of this Agreement.

### AGREEMENT

**NOW THEREFORE**, in consideration of the mutual covenants and promises contained herein, the parties hereto agree and stipulate as follows:

1. **Grant of Permit.** The City hereby grants the Contractor and its invitees a permit of non-exclusive use of the Property for the purpose of providing parking spaces for the personal vehicles of construction workers associated with the Project pursuant to the terms of this Agreement. The Contractor may not utilize the Property for storage of other vehicles, materials and equipment and may not utilize the Property as a staging area. The Contractor must use the Property in compliance with the terms and conditions of this Agreement, and all federal, state, and local laws, ordinances, rules, and regulations.
2. **Access.** The Contractor and its invitees shall be permitted to non-exclusive use of the Property for parking purposes beginning on September 1, 2018 until November 30, 2019, between the hours of 6:30 a.m. and 4:00 p.m. in order to provide parking spaces only for the personal vehicles of construction workers associated with the Project. The Contractor and its invitees shall not be permitted to utilize the Property on Saturdays and Sundays from April 1, 2019 to October 31, 2019 and during scheduled tournaments and events conducted at Taft Park. The Contractor shall not be permitted to access the Property at any other time during the term of this Agreement except as arranged 24 hours in advance with the Recreation Services Director of the City or his designee. Access shall be limited to the days and hours listed herein, except as otherwise agreed to, in writing, by the Recreation Services Director of the City or his designee. The Property is available and used by the public during the terms of this Agreement.
3. **Use.** The Contractor and its invitees shall use care in parking personal vehicles on the Property so that it does not damage the Property. The Contractor shall be responsible for repairing,

at its sole expense, any damage to the Property caused by the parking of personal vehicles. Whether or not damage to the Property was caused by the Contractor or its invitees is within the sole and reasonable judgement of the City.

4. **Term.** The Contractor and its invitees shall be permitted to non-exclusive use of the Property for parking purposes beginning on September 1, 2018 until November 30, 2019 in accordance with the Agreement. The Contractor may request and the City may agree to extend the term of this Agreement in its sole discretion. Said extension shall be in writing and executed by both parties to this Agreement.

5. **Compensation.** The Contractor hereby agrees to compensate the City for non-exclusive use of the Property the sum of \$7,500, payable by September 15, 2018.

6. **Risk of Loss.** During the time that the Contractor and its invitees are using the Property, the City shall not be liable for any loss or damage to any personal property of Contractor or its employees, agents, or invitees. The Contractor acknowledges that any personal property stored on the Property is not covered by the City's insurance and all risks relating to the presence of the Contractor or its invitees's personal property on the Property shall be borne exclusively by the Contractor.

7. **Insurance and Indemnification.** Upon execution of this Agreement, the Contractor must provide a certificate of insurance showing that it has property insurance coverage and liability coverage in an amount not less than \$1,000,000 per occurrence for bodily injury and property damage. The Contractor hereby releases and agrees to defend, indemnify, and hold harmless the City, its officials, agents, employees, representatives, and contractors from liability for claims for bodily injury and property damage occurring on the Property, arising out of or related to the Contractor's use of the Property in connection with this Agreement.

9. **Waiver.** Nothing in this Agreement shall constitute a waiver or limitation of any immunity or limitation on liability to which the City is entitled under Minnesota Statutes or otherwise.

10. **Termination.** The City may terminate this Agreement at any time upon 10 days written notice to the Contractor, or immediately upon written notice to the Contractor if the activities undertaken under this Agreement by the Contractor on the Property are deemed by the City, in its sole discretion, to have an adverse impact on the public health, safety, or welfare.

11. **Notices.** A notice, demand, or other communication under this Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally; and

a. To the City: Jim Topitzhofer, Recreation Services Director  
7000 Nicollet Avenue South  
Richfield, MN 55423

b. To Kraus-Anderson Construction Company:

Chris Dokken, Project Manager  
501 South Eighth Street  
Minneapolis, MN 55404

or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this Section 11.

**12. Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument and may not be amended or modified except by a writing signed by the parties hereto.

**13. Governing Law; Forum.** This Agreement shall be governed by and construed in accordance with the laws of the state of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

**14. Entire Agreement.** This Agreement is intended by the parties as the final and binding expression of their agreement and as the complete and exclusive statement of its terms. This Agreement supersedes all prior negotiations, representations, and agreements between the parties, whether oral or written, relating to the subject matter of this Agreement.

**15. Relationship of Parties.** Nothing in this Agreement shall be interpreted or construed as a partnership or joint venture between the City and the Contractor concerning the Contractor's use of the Property. This Agreement shall not be interpreted to be any type of lease or easement affecting the Property and does not convey an interest in the Property to the Contractor.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date written above.

**CITY OF RICHFIELD**

By: \_\_\_\_\_

Its Mayor

By: \_\_\_\_\_

Its City Manager

**KRAUS-ANDERSON CONSTRUCTION COMPANY**

By: \_\_\_\_\_

Its: \_\_\_\_\_



**STAFF REPORT NO. 136**  
**CITY COUNCIL MEETING**  
**8/21/2018**

REPORT PREPARED BY: Sadie Gannett, Assistant Planner

DEPARTMENT DIRECTOR REVIEW: Melissa Poehlman, Acting Community Development Director  
8/13/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, City Manager  
8/15/2018

**ITEM FOR COUNCIL CONSIDERATION:**

**Consideration of the adoption of a resolution authorizing a three year interim use permit to allow temporary inventory storage of vehicles on a designated parking lot of the Church of St. Richard located at 7540 Penn Avenue.**

**EXECUTIVE SUMMARY:**

The Church of St. Richard (Applicant) 7540 Penn Avenue South is located in the Single Family Residential Zoning District. This 10 acre parcel has a large amount of off-street parking and the Applicant has found that the available parking is more than they need for their parish. They are requesting a three year Interim Use Permit (IUP) to allow Bloomington Chrysler Jeep to use a small portion of their parking lot for inventory storage of approximately 100 vehicles.

The Single Family Residential District allows religious institutions as a conditional use, however, inventory storage is not a permitted accessory use. While inventory storage of vehicles is not an existing use in the area, there are many nearby properties with large parking lots. The properties directly to the east and the south are zoned high density multi family and the property to the southeast is zoned planned general commercial, all of which have large parking lots. The parking lot that would be used for the inventory storage is already paved and striped and it is likely that the property will be left in suitable condition after the use is terminated.

The Applicant has requested an IUP in order to more fully utilize their parking lot while they consider plans for long term use of their lot. The Applicant has been approached by developers to build senior housing on a two to three acre portion of their site, which includes the parking lot proposed to be used for the IUP. As they consider options for how to use their land for the longer term, they feel that the proposed interim use would not have an adverse impact on the surrounding area and allow them to use a portion of their parking lot that would otherwise be underutilized. Staff would support this situation for up three years if parking lot screening at a height of three to four feet is installed in all areas where the cars are visible from the street or adjacent residential properties. Since IUP's can be granted for up to five years, staff is recommending an allowance for one administrative extension of up to two years with a requirement that the parking lot screening is in good condition and the city has not received complaints from the surrounding neighbors.

In order to approve the IUP, the City Council must find that the temporary nature of the permit warrants waiving certain provisions of the Zoning Code, in this case not permitting inventory storage as an accessory

use.

**RECOMMENDED ACTION:**

**By motion: Adopt a resolution granting a three year interim use permit for vehicle inventory storage at 7540 Penn Avenue.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- Discussed in Executive Summary.

**B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- The purpose of an IUP is to allow a use that may not be compatible with the Comprehensive Plan to operate for a limited period of time.
- In evaluating a request for an IUP, the City Council must also consider its compliance with the criteria described in Subsection 547.15 of the City Code.
- Required findings are detailed in the attached document.

**C. CRITICAL TIMING ISSUES:**

**60-DAY RULE:** The 60-day clock 'started' when a complete application was received on July 9, 2018. A decision is required by September 7, 2018 or the Commission must notify the applicant that it is extending the deadline (up to a maximum of 60 additional days or 120 days total) for issuing a decision.

**D. FINANCIAL IMPACT:**

- The required application processing fee has been paid.
- If the applicant requests an extension, the additional annual monitoring fees will apply.

**E. LEGAL CONSIDERATION:**

- A public hearing was held before the Planning Commission on July 23, 2018.
- Notice of the public hearing was published in the Sun Current newspaper and mailed to properties within 350 feet of the site. No members of the public spoke at the public hearing.
- The Planning Commission recommended approval of the interim use permit (6-0).

**ALTERNATIVE RECOMMENDATION(S):**

- Approve the resolution with modifications (timing or conditions).
- Deny the requests with findings that requirements are not met.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

Sheryl Rose, Church of St. Richard Representatives of Bloomington Chrysler Jeep

**ATTACHMENTS:**

| Description          | Type              |
|----------------------|-------------------|
| □ Resolution         | Resolution Letter |
| □ Required Findings  | Backup Material   |
| □ Consent Agreement  | Backup Material   |
| □ Site Plans, Photos | Backup Material   |
| □ Zoning Map         | Backup Material   |



**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION APPROVING AN  
INTERIM USE PERMIT  
TO ALLOW TEMPORARY VEHICLE INVENTORY STORAGE  
AT 7540 PENN AVENUE SOUTH**

**WHEREAS**, the City of Richfield (the City) adopted a Comprehensive Plan in 2009 to guide the development of the community; and

**WHEREAS**, the City has adopted a Zoning Ordinance or other official controls to assist in implementing the Comprehensive Plan; and

**WHEREAS**, an application has been filed with the City of Richfield which requests an interim use permit to allow Bloomington Chrysler Jeep to store vehicle inventory at property legally described as follows:

Lots 1 & 2, Block 1, Saint Richard's Addition, Hennepin County, MN

**WHEREAS**, the Property is zoned Single-Family Residential (R); and

**WHEREAS**, private parking lots are not permitted as a principal use of property in any zoning district in the City; and

**WHEREAS**, the City Council finds that the temporary nature of the proposed interim use eliminates the adverse effects the prohibition was intended to prevent; and

**WHEREAS**, the Planning Commission held a public hearing on July 23, 2018 to review the application for an interim use permit, following mailed and published notice as required by law; and

**WHEREAS**, the City Council has reviewed all materials submitted by the Applicant; considered the oral and written testimony offered by the applicant and all interested parties; and has now concluded that the application is in compliance with all applicable standards and can be considered for approval.

**NOW, THEREFORE, BE IT RESOLVED**, by the City Council of the City of Richfield, Minnesota, as follows:

1. The proposed interim use permit request meets all applicable conditions and restrictions stated in Subsection 547.15 of the 2007 Zoning Ordinance except as follows:

The proposed interim use is not a permitted primary use within the City. In accordance with Subsection 547.15 Subd. 3e the City Council finds that the temporary nature of the interim use eliminates the detriment that a stand-alone parking lot/automobile inventory storage lot will have to a residential area.

2. An interim use permit for Bloomington Chrysler Jeep at the property legally described above, as described in City Council Staff Report No. \_\_\_\_\_ is approved with the following conditions:

- a. Parking lot screening must be installed at a height of 3 to 4 feet in all areas where the automobiles are visible from the street or adjacent residential properties.
- b. The property may be used for automobile inventory storage for no more than three months without improvements to the lot.
- c. The movement of vehicles is only allowed between the hours of 7:00 a.m. and 10:00 p.m.
- d. The interim use permit will expire three years from its effective date (August 21, 2021), or upon violation of the conditions under which the permit was issued, whichever occurs first.
- e. The Community Development Director may issue one administrative extension of this permit for up to 2 additional years. The granting of this extension will require that the parking lot screening is in good condition. The annual monitoring fee, as dictated by City Code, will apply to this extension.
- f. The interim use permit shall be reviewed periodically by the City to ensure compliance with the conditions set forth in this resolution.

Adopted by the City Council of the City of Richfield, Minnesota this 21st day of August 2018.

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Pat Elliott, Mayor

ATTEST:

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Elizabeth VanHoose, City Clerk

Interim Use Permit Requirements  
Subsection 547.15 Subd. 3.

- a) *The period of time for which the interim use permit is to be granted will terminate before any adverse impacts are felt upon adjacent properties.* The applicant is requesting a three-year interim use permit. A designated portion of the lot will be used for storage only and will not be used for direct sales. Only employees will enter/exit the site. No adverse impacts related to inventory storage for this period of time are anticipated.
- b) *The use will terminate upon a date or event that can be identified with certainty. Interim use permits may not be granted for a period greater than five (5) years.* Staff recommends termination on or before August 21, 2021.
- c) *The use will not adversely impact the health, safety and welfare of the community during the period of the interim use.* No adverse impacts are anticipated.
- d) *The use is similar to existing uses in the area.* There are many nearby properties with large parking lots.
- e) *An interim use shall conform to zoning regulations except the City Council may waive ordinance provisions upon a finding that the temporary nature of the interim use will eliminate the adverse effects the provisions were intended to prevent.* The interim use shall conform to the landscaping and screening requirements for parking lot perimeter plantings. Staff requires parking lot screening to a height of 3-4 feet in all areas where the cars are visible from the street or adjacent residential properties.
- f) *There is adequate assurance that the property will be left in suitable condition after the use is terminated.* The property will remain largely as-is. A consent agreement has been signed.
- g) *By agreement, the use will not impose additional costs on the public if it is necessary for the public to take the property in the future.* The property owner has signed a consent agreement agreeing to this condition.
- h) *The property owner, by agreement, agrees to any conditions that the City Council has deemed appropriate for permission of the use, including a condition that the owner will provide an appropriate financial surety to cover the cost of removing the interim use and interim structures upon the expiration of the interim use permit.* The property owner and applicant are aware of all conditions. No improvements that will need to be removed are proposed.
- i) *The property owner agrees to abide by any additional conditions that the Council deems appropriate for permission of the use.* The property owner and applicant are aware of all conditions.

## CONSENT AGREEMENT

WHEREAS, on November 13, 2007 the City Council of the City of Richfield adopted Ordinance No. 2007-19, which establishes a framework for regulating temporary use of land through the issuance of interim use permits; and

WHEREAS, Section 547.15 Subdivision 2 of this Ordinance requires an applicant for an interim use permit to sign a Consent Agreement wherein the applicant acknowledges and agrees that the proposed interim use will not impose additional costs on the public if there is a future need for public acquisition of the applicant's property through eminent domain, that the applicant has no entitlement to future reapproval of the interim use permit and that the applicant will abide by the conditions of approval that the City Council attaches to the interim use permit;

NOW, THEREFORE, Church of St. Richard, as applicant for

an interim use permit for parking lot rental at 7540 Penn Avenue South  
(use of property) (location)

agree as follows:

1. If this application is approved by the Richfield City Council and an interim use permit is issued, the interim use of the property will not impose additional costs on the City or any other public entity if it is necessary to acquire the property or a portion thereof by eminent domain after issuance of the interim use permit.
2. The applicant acknowledges that the proposed use is temporary and terminates upon expiration of the interim use permit. The applicant has no legal or equitable right to future reapproval of the interim use permit and must file a new application for that purpose.
3. The applicant will comply with all conditions imposed by the City Council on the interim use permit.
4. This Consent Agreement shall be binding on any owner, operator, tenant and/or user of the property for which the interim use permit has been granted and the applicant is authorized to sign this Consent Agreement on behalf of said owner, operator, tenant and/or user of the property.

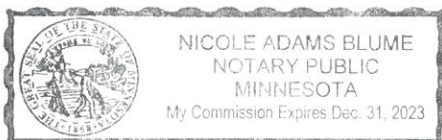
DATED: 20 June 2018

Arturo M. Perez  
Applicant (Applicant must be the Property Owner)

[illegible]

The foregoing instrument was acknowledged before me this 20 day of June, 2018 by Rev. Mark Parlik, the pastor of Church of St Richard, a Minnesota Catholic Church, on behalf of said company.

Notary Public





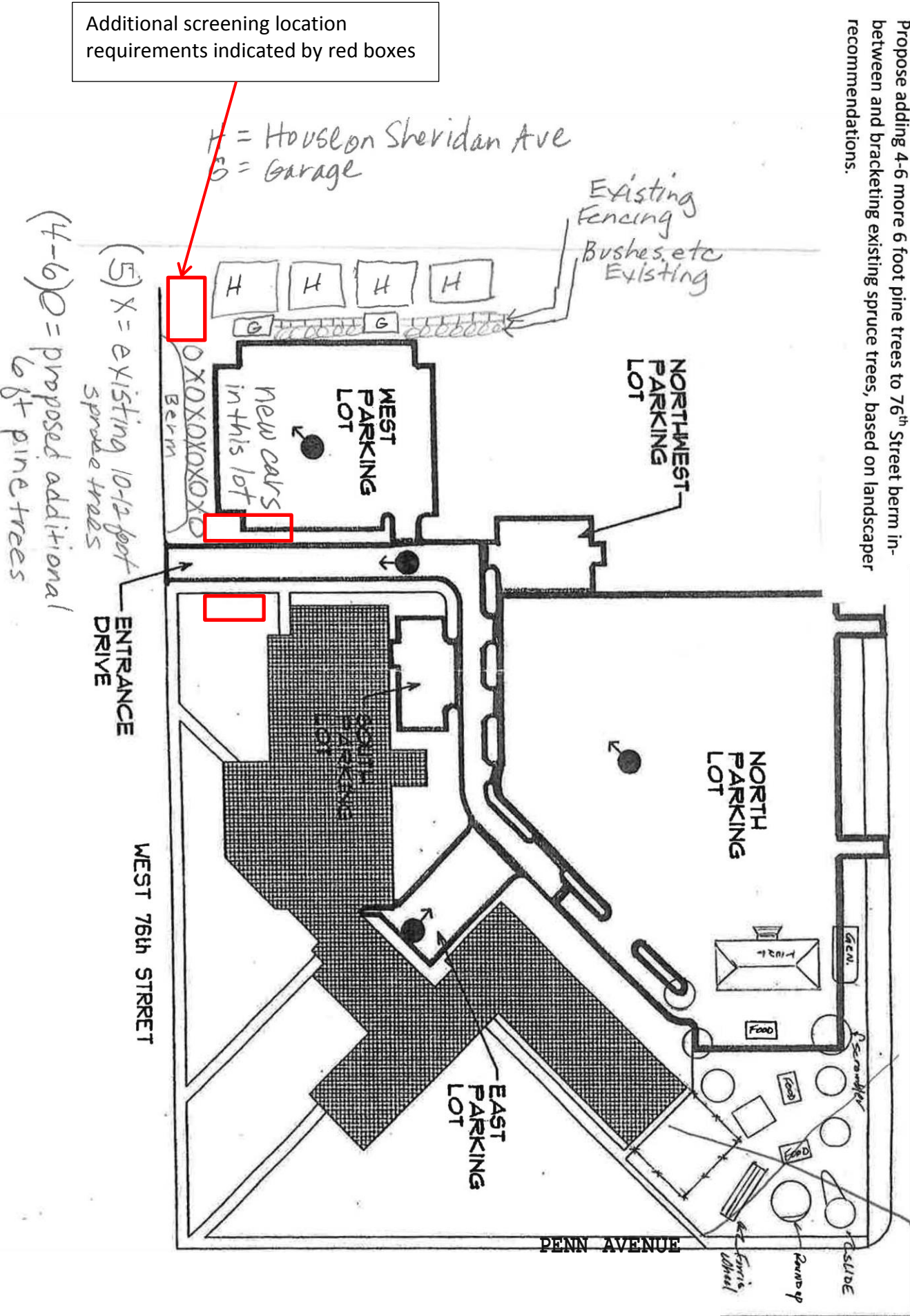






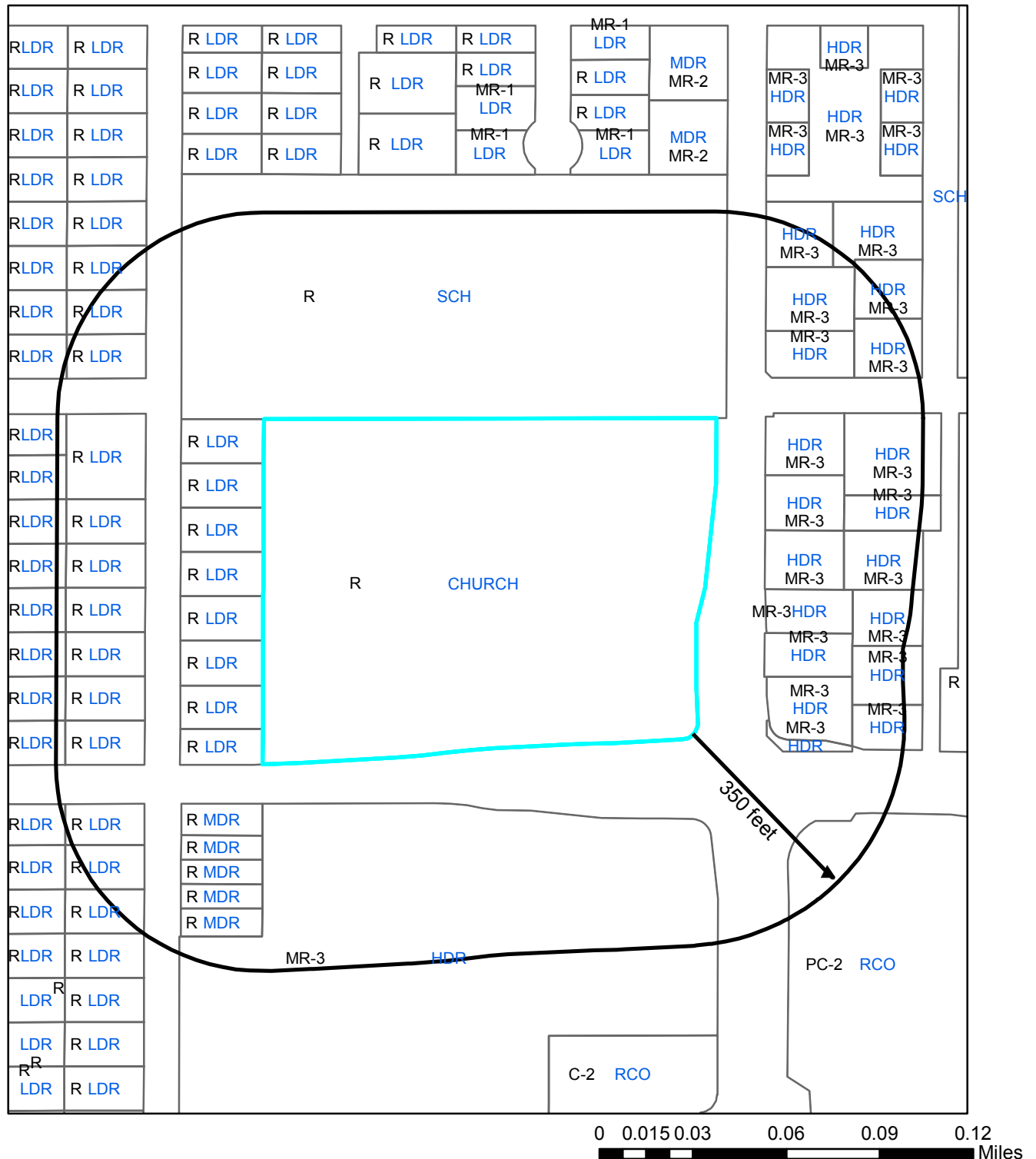
- The four houses on Sheridan are currently shielded from the parking lot by existing fencing and garages.
- On the 76<sup>th</sup> side there are currently five 10-12 foot spruce trees on berm that runs the length of the parking lot.
- Propose adding 4-6 more 6 foot pine trees to 76<sup>th</sup> Street berm in-between and bracketing existing spruce trees, based on landscaper recommendations.

Interim Use Permit  
Landscaping Plan Proposal  
July 3, 2018  
20 Parking Spaces



# 7540 Penn Ave - Church of St. Richard - IUP 7/2018

## Surrounding Zoning and Comp Plan



### Zoning:

R - Single Family Residential  
 MR-1 - Two-Family  
 MR-2 - Multi-Family  
 MR-3 - High-Density Multi-Family  
 PC-2 - Planned General Commercial  
 C-2 - General Commercial

### Comp Plan Zoning:

LDR - Low Density Residential  
 CHURCH, SCH - Public/Quasi-Public  
 MDR - Medium Density Residential  
 HDR - High Density Residential  
 RCO - Regional Commercial/Office







**STAFF REPORT NO. 137**  
**CITY COUNCIL MEETING**  
**8/21/2018**

REPORT PREPARED BY: Melissa Poehlman, Assistant CD Director

DEPARTMENT DIRECTOR REVIEW: Melissa Poehlman, Acting Community Development Director  
8/14/2018

OTHER DEPARTMENT REVIEW: Public Works Department Staff

CITY MANAGER REVIEW: Steven L. Devich, City Manager  
8/15/2018

**ITEM FOR COUNCIL CONSIDERATION:**

**Consideration of the approval of Subordination Agreements consenting to Environmental Covenants on Outlot B, Lyndale Garden Center redevelopment site (shoreline property).**

**EXECUTIVE SUMMARY:**

Site investigation work on the former Lyndale Garden Center property identified a number of environmental conditions within Outlot B (the shoreline property). This area, and the surrounding parcels, were formerly the site of an unpermitted dump. In addition to remediation that has taken place, the Minnesota Pollution Control Agency (MPCA) has determined that an Environmental Covenant prohibiting certain types of work and activity is necessary to prevent infiltration and precipitation and/or prevent human exposure to residential contamination. The City has an interest in Outlot B via a number of easements and land use approvals and is therefore required to subordinate these interests to the Environmental Covenant. The City has reviewed the Covenant and finds that it will not unduly interfere with the maintenance of City facilities within the property.

**RECOMMENDED ACTION:**

**By motion: Approve Subordination of Interest Agreements related to an Environmental Covenant on Outlot B of the Lyndale Garden Center redevelopment site.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- Additional information related to the site investigation, findings, and clean-up (remediation) work done on the former Lyndale Garden Center is included in the attached Environmental Covenant.

**B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- None

**C. CRITICAL TIMING ISSUES:**

- None

**D. FINANCIAL IMPACT:**

- None

**E. LEGAL CONSIDERATION:**

- The City Attorney has reviewed the agreements.

**ALTERNATIVE RECOMMENDATION(S):**

- None

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

Representative(s) of The Cornerstone Group

**ATTACHMENTS:**

| Description                    | Type               |
|--------------------------------|--------------------|
| ▣ Subordination Agreements (4) | Contract/Agreement |
| ▣ Environmental Covenant       | Backup Material    |
| ▣ Lyndale Gardens Plat         | Exhibit            |

**ATTACHMENT 6**

**SUBORDINATION OF INTEREST  
TO ENVIRONMENTAL COVENANT**

**The City of Richfield**, a Minnesota municipal corporation is the holder of an interest in certain real property located at **6400 Lyndale Ave South**, Richfield, MN 55423, Hennepin County, Minnesota (hereinafter the "Property"), which is legally described as follows:

Outlot B, Lyndale Gardens, Hennepin County, Minnesota.

1. The interest in the Property held by The City of Richfield is evidenced by Easements of record in Book 2034 of Deeds, Page 560, Document No. 2928405 and Book 2028 of Deeds, page 142, Document No. 2917948.
2. This Subordination Agreement is attached as Attachment \_\_\_\_ to an Environmental Covenant pursuant to Minn. Stat. Ch. 114E which imposes certain Activity and Use Restrictions on the Property.
3. The City of Richfield hereby consents to the foregoing Environmental Covenant, agrees to be bound by the terms thereof, and agrees that its interest in the Property shall be subordinate to the covenants contained therein.
4. In granting this consent, The City of Richfield hereby waives the right to consent to any subsequent amendment or modification of the foregoing Environmental Covenant.
5. This Agreement binds The City of Richfield, its heirs, successors, and assigns.

THE UNDERSIGNED REPRESENTATIVE OF THE CITY OF RICHFIELD REPRESENTS AND CERTIFIES THAT HE/SHE IS AUTHORIZED TO EXECUTE THIS SUBORDINATION OF INTEREST TO ENVIRONMENTAL COVENANT.

IN WITNESS WHEREOF THIS INSTRUMENT HAS BEEN EXECUTED ON THE DATE INDICATED BELOW:

**The City of Richfield**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

State of Minnesota    )  
                                  ) ss.  
County of \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this day of \_\_\_\_\_, 2018, by \_\_\_\_\_,  
the \_\_\_\_\_ of The City of Richfield, a \_\_\_\_\_.

Notary Public

My Commission Expires \_\_\_\_\_

**ATTACHMENT 7**

**SUBORDINATION OF INTEREST  
TO ENVIRONMENTAL COVENANT**

**The City of Richfield**, a Minnesota municipal corporation is the holder of an interest in certain real property located at **6400 Lyndale Ave South**, Richfield, MN 55423, Hennepin County, Minnesota (hereinafter the "Property"), which is legally described as follows:

Outlot B, Lyndale Gardens, Hennepin County, Minnesota.

1. The interest in the Property held by The City of Richfield is evidenced by Easement recorded September 6, 2007, as Document No. T4423473.
2. This Subordination Agreement is attached as Attachment \_\_\_\_ to an Environmental Covenant pursuant to Minn. Stat. Ch. 114E which imposes certain Activity and Use Restrictions on the Property.
3. The City of Richfield hereby consents to the foregoing Environmental Covenant, agrees to be bound by the terms thereof, and agrees that its interest in the Property shall be subordinate to the covenants contained therein.
4. In granting this consent, The City of Richfield hereby waives the right to consent to any subsequent amendment or modification of the foregoing Environmental Covenant.
5. This Agreement binds The City of Richfield, its heirs, successors, and assigns.

THE UNDERSIGNED REPRESENTATIVE OF THE CITY OF RICHFIELD REPRESENTS AND CERTIFIES THAT HE/SHE IS AUTHORIZED TO EXECUTE THIS SUBORDINATION OF INTEREST TO ENVIRONMENTAL COVENANT.

IN WITNESS WHEREOF THIS INSTRUMENT HAS BEEN EXECUTED ON THE DATE INDICATED BELOW:

**The City of Richfield**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

State of Minnesota    )  
                                  ) ss.  
County of \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this day of \_\_\_\_\_, 2018, by \_\_\_\_\_,  
the \_\_\_\_\_ of The City of Richfield, a \_\_\_\_\_.

Notary Public

My Commission Expires \_\_\_\_\_

**ATTACHMENT 8**

**SUBORDINATION OF INTEREST  
TO ENVIRONMENTAL COVENANT**

**The City of Richfield**, a Minnesota municipal corporation is the holder of an interest in certain real property located at **6400 Lyndale Ave South**, Richfield, MN 55423, Hennepin County, Minnesota (hereinafter the "Property"), which is legally described as follows:

Outlot B, Lyndale Gardens, Hennepin County, Minnesota.

1. The interest in the Property held by The City of Richfield is evidenced by Declaration recorded April 7, 2014, as Document No. T5163361.
2. This Subordination Agreement is attached as Attachment \_\_\_\_ to an Environmental Covenant pursuant to Minn. Stat. Ch. 114E which imposes certain Activity and Use Restrictions on the Property.
3. The City of Richfield hereby consents to the foregoing Environmental Covenant, agrees to be bound by the terms thereof, and agrees that its interest in the Property shall be subordinate to the covenants contained therein.
4. In granting this consent, The City of Richfield hereby waives the right to consent to any subsequent amendment or modification of the foregoing Environmental Covenant.
5. This Agreement binds The City of Richfield, its heirs, successors, and assigns.

THE UNDERSIGNED REPRESENTATIVE OF THE CITY OF RICHFIELD REPRESENTS AND CERTIFIES THAT HE/SHE IS AUTHORIZED TO EXECUTE THIS SUBORDINATION OF INTEREST TO ENVIRONMENTAL COVENANT.

IN WITNESS WHEREOF THIS INSTRUMENT HAS BEEN EXECUTED ON THE DATE INDICATED BELOW:

**The City of Richfield**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

State of Minnesota    )  
                                  ) ss.  
County of \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this day of \_\_\_\_\_, 2018, by \_\_\_\_\_,  
the \_\_\_\_\_ of The City of Richfield, a \_\_\_\_\_.

Notary Public

My Commission Expires \_\_\_\_\_



**ATTACHMENT 9**

**SUBORDINATION OF INTEREST  
TO ENVIRONMENTAL COVENANT**

**The City of Richfield**, a Minnesota municipal corporation is the holder of an interest in certain real property located at **6400 Lyndale Ave South**, Richfield, MN 55423, Hennepin County, Minnesota (hereinafter the "Property"), which is legally described as follows:

Outlot B, Lyndale Gardens, Hennepin County, Minnesota.

1. The interest in the Property held by The City of Richfield is evidenced by Conditional Use Permit recorded September 2, 2016, as Document No. T5377266.
2. This Subordination Agreement is attached as Attachment \_\_\_\_ to an Environmental Covenant pursuant to Minn. Stat. Ch. 114E which imposes certain Activity and Use Restrictions on the Property.
3. The City of Richfield hereby consents to the foregoing Environmental Covenant, agrees to be bound by the terms thereof, and agrees that its interest in the Property shall be subordinate to the covenants contained therein.
4. In granting this consent, The City of Richfield hereby waives the right to consent to any subsequent amendment or modification of the foregoing Environmental Covenant.
5. This Agreement binds The City of Richfield, its heirs, successors, and assigns.

THE UNDERSIGNED REPRESENTATIVE OF THE CITY OF RICHFIELD REPRESENTS AND CERTIFIES THAT HE/SHE IS AUTHORIZED TO EXECUTE THIS SUBORDINATION OF INTEREST TO ENVIRONMENTAL COVENANT.

IN WITNESS WHEREOF THIS INSTRUMENT HAS BEEN EXECUTED ON THE DATE INDICATED BELOW:

**The City of Richfield**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

State of Minnesota    )  
                                  ) ss.  
County of \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this day of \_\_\_\_\_, 2018, by \_\_\_\_\_,  
the \_\_\_\_\_ of The City of Richfield, a \_\_\_\_\_.

Notary Public

My Commission Expires \_\_\_\_\_

## ENVIRONMENTAL COVENANT AND EASEMENT

This Environmental Covenant and Easement ("Environmental Covenant") is executed pursuant to the Uniform Environmental Covenants Act, Minn. Stat. ch. 114E ("UECA") in connection with an environmental response project approved by the Minnesota Pollution Control Agency.

### **1. Grantor and Property Description.**

#### **A. Owner and Legal Description of Property.**

Lyndale Gardens, LLC is the fee owner of certain real property located in Richfield, Hennepin County, Minnesota (hereinafter the "Property"), shown on Attachment 1, Figure 1 and legally described as follows:

*Outlot B, Lyndale Gardens, Hennepin County, Minnesota*

#### **B. Grantor.**

Lyndale Gardens, LLC is the Grantor of this Environmental Covenant.

### **2. Grant of Covenant; Covenant Runs with The Land.**

Grantor does hereby Covenant and Declare that the Property shall be subject to the Activity and Use Limitations and associated terms and conditions set forth in this Environmental Covenant including the Easement in Paragraph 9, and that these Activity and Use Limitations and associated terms and conditions constitute covenants which run with the Property and which shall be binding on Grantor, its heirs, successors and assigns, and on all present and future Owners of the Property and all persons who now or hereafter hold any right, title or interest in the Property. An Owner is bound by this Environmental Covenant during the time when the Owner holds fee title to the Property. Any other person that holds any right, title or interest in or to the Property is bound by this Environmental Covenant during the time the person holds the right, title or interest. An Owner ceases to be bound by this Environmental Covenant when the Owner conveys fee title to another person, and any other person that holds any right, title or interest in or to the Property ceases to be bound when the person conveys the right, title or interest to another person.

**3. Environmental Agency; Grantee and Holder of Environmental Covenant; Acceptance of Interest in Real Property.**

**A. Environmental Agency.**

The Minnesota Pollution Control Agency (“MPCA”) is the environmental agency with authority to approve this Environmental Covenant under UECA.

**B. Grantee and Holder; Acceptance of Interest in Property.**

The MPCA is the Grantee and Holder of the interest in real property conveyed by this Environmental Covenant. MPCA has authority to acquire an interest in real property, including an Environmental Covenant, for response actions under Minn. Stat. § 115B.17, subd. 15. MPCA’s signature on this Environmental Covenant constitutes approval of this Environmental Covenant under UECA and acceptance of the interest in real property granted herein for purposes of Minn. Stat. § 115B.17, subd. 15.

**4. Environmental Response Project.**

The Property is the location of releases or threatened releases of hazardous substances, or pollutants or contaminants that are addressed by an environmental response project under the MPCA Voluntary Investigation and Cleanup (“VIC”) Program pursuant to Minn. Stat. § 115B. MPCA has determined that an Environmental Covenant is needed for the Property because debris remains at the Property at depths greater than two feet below ground surface in green space areas and at depths greater than six inches beneath hard covers such as bituminous and concrete.

**5. Statement of Facts.**

**A. Facts about the Release and Response Actions.**

**BACKGROUND**

The 1.5-acre Property was formerly part of a larger unpermitted dump. Buried waste was discovered on the west-adjacent property in 2007 by the city of Richfield (City) during environmental due diligence activities in preparation for construction of a stormwater pond on the eastern shoreline of Richfield Lake. The Minnesota Department of Transportation (MNDOT) subsequently implemented an MPCA-approved Response Action Plan for the west-adjacent property during construction of Stormwater Pond No. 6, see Attachment 1 Figure 2. Observed waste materials included railroad ties, electrical fixtures, minor amounts of solid waste (trash, plastic bottles, paper), miscellaneous materials from a garden center formerly located east of the Property (clay pots, plastic irrigation and landscaping materials, landscape pavers, bricks and treated lumber), and demolition debris, including asbestos containing material (ACM). Details pertaining to the investigation and cleanup of the portion of the dump on the west-adjacent property can be found in MPCA’s file for the MNDOT I-35W/TH62 Corridor VIC site, VP23110.

**PROPERTY-SPECIFIC INVESTIGATION AND REMEDIATION**

A Phase I Environmental Site Assessment (ESA) and Additional Phase II ESA were prepared in 2016 which documented buried debris and impacted soil at the Property above applicable MPCA risk-based criteria. A Voluntary Response Action Plan (VRAP) was prepared in April of 2016 detailing response actions as they related to the Grantor’s development plan of a recreational park including an amphitheater and performance plaza, a cooking terrace, walkways, and a bridge.

Based upon the previous investigation results, PAHs (calculated as benzo(a)pyrene [BaP] equivalent), arsenic, and asbestos containing materials (ACM) were the primary chemicals of concern (COCs) in soil and fill material. Three hot spots, S1, S2, and S3, were identified for contaminated soil removal. The MPCA approved the VRAP in April 2016.

In September, October, and November 2016, response actions were completed at the Property. The three hot spot locations were excavated and the soil disposed of properly. Buried debris at the Property was removed to a depth of at least two feet below ground surface in all green space areas. In non-green space/hard-covered areas, debris was removed to a depth of at least six inches. Clean backfill material was imported to the Property and placed on top of debris-laden soil to achieve final grade.

Across the entire Property, debris-laden soil remains at depths of six inches below hard surfaces (concrete and asphalt) and two feet below green space areas. Debris remaining includes concrete, brick, metal, wire, wood, plastic, miscellaneous solid waste and materials from the former garden center, and potentially ACM.

**B. Facts Constitute Affidavit Under Minn. Stat. § 115B.16, subd. 2.**

The facts stated in Paragraph 5.A. are stated under oath by the person signing this Environmental Covenant on behalf of the Grantor and are intended to satisfy the requirement of an affidavit under Minn. Stat. § 115B.16, subd. 2. In the event of a material change in any facts stated in Paragraph 5.A. requiring the recording of an additional affidavit under Minn. Stat. § 115B.16, subd. 2, the additional affidavit may be made and recorded without amending this Environmental Covenant.

**6. Definitions.**

The terms used in this Environmental Covenant shall have the meanings given in UECA, and in the Minnesota Environmental Response and Liability Act (MERLA), Minn. Stat. §115B.02. In addition, the definitions in this Paragraph 6 apply to the terms used in this Environmental Covenant.

A. “Commissioner” means the Commissioner of the Minnesota Pollution Control Agency, the Commissioner’s successor, or other person delegated by the Commissioner to act on behalf of the Commissioner.

B. “MPCA” means the Minnesota Pollution Control Agency, an agency of the State of Minnesota, or its successor or assign under any governmental reorganization.

C. “Owner” means a person that holds fee title to the Property and is bound by this Environmental Covenant as provided in Paragraph 2. When the Property is subject to a contract for deed, both the contract for deed vendor and vendee are collectively considered the Owner.

D. “Political Subdivision” means the county, and the statutory or home rule charter city or township, in which the Property is located.

E. “Property” means the real property described in Paragraph 1 of this Environmental Covenant.

**7. Activity and Use Limitations.**

The following Activity and Use Limitations shall apply to the Property:

**A. Use Limitations.**

The Property use shall be limited to commercial, industrial, or open-space/recreational use. The Property shall not be used for residential purposes.

**B. Activity Limitations.**

The following activities on the Property are prohibited except as provided in Paragraph 8:

There shall be no disturbance or alteration of soils on the Property below two (2) feet in greenspace areas or six (6) inches below hard surfaces (concrete/asphalt) of any nature whatsoever, specifically including, but not limited to, grading, excavation, boring, drilling or construction without prior MPCA approval.

**C. Affirmative Obligations of Owner.**

The Activity and Use Limitations imposed under this Environmental Covenant include the following affirmative covenants and obligations:

Owner shall maintain the integrity of pavement, building floors and a two-foot thick vertical buffer in greenspace areas at the Property to prevent human exposure to residual contamination on the Property.

**8. Prior MPCA Approval Required for Activities Limited Under Environmental Covenant.**

**A. Approval Procedure.**

Any activity subject to limitation under Paragraph 7.B. shall not occur without the prior written approval of the Commissioner. The Commissioner's approval may include conditions which the Commissioner deems reasonable and necessary to protect public health or welfare or the environment, including submission to and approval of a contingency plan for the activity. Within 60 days after receipt of a written request for approval to engage in any activities subject to a limitation under Paragraph 7.B., the MPCA shall respond, in writing, by approving such request, disapproving such request, or requiring that additional information be provided. A lack of response from the Commissioner shall not constitute approval by default or authorization to proceed with the proposed activity.

**B. Emergency Procedures.**

Owner shall follow the procedures set forth in this Paragraph 8.B. when an emergency requires immediate excavation affecting contaminated soil or other media at the Property to repair utility lines or other infrastructure on the Property, or to respond to other types of emergencies (e.g., fires, floods):

i. notify the Minnesota Duty Officer, or successor officer, immediately of obtaining knowledge of such emergency conditions; the current phone numbers for the Duty Officer are 1-800-422-0798 (Greater Minnesota only); (651) 649-5451 (Twin Cities Metro Area and outside Minnesota); fax (any location) (651) 296-2300 and TDD (651) 297-5353 or 800-627-3529.

ii. assure that the persons carrying out the excavation limit the disturbance of contaminated media to the minimum reasonably necessary to adequately respond to the emergency;

iii. assure that the persons carrying out the excavation prepare and implement a site-specific health and safety plan for excavation and undertake precautions to minimize exposure to workers, occupants and neighbors of the Property to contaminated media (e.g., provide appropriate types of protective clothing for workers conducting the excavation, and establish procedures for minimizing the dispersal of contaminated dust); and

iv. assure preparation and implementation of a plan to restore the Property to a level that protects public health and welfare and the environment. The plan must be submitted to and approved by the MPCA prior to implementation of the plan, and a follow-up report must be submitted to the MPCA after implementation so that the MPCA can determine whether protection of the public health and welfare and the environment has been restored.

#### **9. Easement; Right of Access to the Property.**

Owner grants to the MPCA, the City of Richfield, and Hennepin County an easement to enter the Property from time to time, to inspect the Property and to evaluate compliance with the Activity and Use Limitations set forth in Paragraph 7. In addition, for the purpose of evaluating compliance, Owner grants to the MPCA the right to take samples of environmental media such as soil, ground water, surface water, and air, and to install, maintain and close borings, probes, wells or other structures necessary to carry out the sampling.

MPCA, the City of Richfield, and Hennepin County, and their employees, agents, contractors and subcontractors, may exercise the rights granted under this Paragraph 9 at reasonable times and with reasonable notice to the then-current owner, conditioned only upon showing identification or credentials by the persons seeking to exercise those rights.

#### **10. Duration; Amendment or Termination of Environmental Covenant.**

##### **A. Duration of Environmental Covenant.**

This environmental covenant is perpetual as provided in Minn. Stat. § 114E.40(a).

##### **B. Amendment or Termination by Consent.**

i. This Environmental Covenant may be amended or terminated in writing by the Owner and the MPCA. If an interest in real property is subject to this Environmental Covenant, the interest is not affected by an amendment of the Environmental Covenant unless the current owner of the interest consents to the amendment or has waived in the Environmental Covenant or other signed record the right to consent to the amendment.

ii. The Grantor of this Environmental Covenant agrees that, upon conveying fee title to the Property to any other person, the Grantor waives the right to consent to amendment or termination of this Environmental Covenant.

##### **C. Termination, Reduction of Burden, or Modification by MPCA.**

The MPCA may terminate, reduce the burden of, or modify this Environmental Covenant as provided in Minn. Stat. § 114E.40.

**11. Disclosure in Property Conveyance Instruments.**

Notice of this Environmental Covenant, and the Activity and Use Limitations and Compliance Reporting Requirements set forth in Paragraphs 7 and 19 of this Environmental Covenant, shall be incorporated in full or by reference into all instruments conveying an interest in and/or a right to use the Property (e.g., easements, mortgages, leases). The notice shall be substantially in the following form:

THE INTEREST CONVEYED HEREBY IS SUBJECT TO AN ENVIRONMENTAL COVENANT UNDER MINN. STAT. CH. 114E, DATED \_\_\_\_\_, RECORDED IN THE OFFICIAL PROPERTY RECORDS OF HENNEPIN COUNTY, MINNESOTA AS DOCUMENT NO. \_\_\_\_\_.

**12. Recording and Notice of Environmental Covenant, Amendments and Termination.**

**A. The Original Environmental Covenant.**

Within 30 days after the MPCA executes and delivers to Grantor this Environmental Covenant, the Grantor shall record this Environmental Covenant in the office of the County Recorder or Registrar of Titles of Hennepin County.

**B. Termination, Amendment or Modification.**

Within 30 days after MPCA executes and delivers to Owner any termination, amendment or modification of this Environmental Covenant, the Owner shall record the amendment, modification, or notice of termination of this Environmental Covenant in the office of the County Recorder or Registrar of Titles of Hennepin County.

**C. Providing Notice of Covenant, Termination, Amendment or Modification.**

Within 30 days after recording this Environmental Covenant, the Grantor shall transmit a copy of the Environmental Covenant in recorded form to:

- i. each person that signed the covenant or their successor or assign;
- ii. each person holding a recorded interest in the Property;
- iii. each person in possession of the Property;
- iv. the environmental officer of each political subdivision in which the Property is located; and
- v. any other person the environmental agency requires.

Within 30 days after recording a termination, amendment, or modification of this Environmental Covenant, the Owner shall transmit a copy of the document in recorded form to the persons listed in items i to iv above.



**13. Notices to Grantor and Environmental Agency.**

**A. Manner of Giving Notice.**

Any notice required or permitted to be given under this Environmental Covenant is given in accordance with this Environmental Covenant if it is placed in United States first class mail postage prepaid; or deposited cost paid for delivery by a nationally recognized overnight delivery service; or transmitted by facsimile if followed by mailed notice or overnight delivery as above required.

**B. Notices to the Grantor.**

Notices to the Grantor shall be directed to:

Ms. Colleen Carey  
Lyndale Gardens, LLC  
2213 W. 54<sup>th</sup> Street  
Minneapolis, MN 55419  
(952) 484-6857 or ccarey@tcgmn.com

**C. Notices to MPCA.**

All notices, including reports or other documents, required to be submitted to the MPCA shall reference the MPCA Project Number and be submitted to:

Minnesota Pollution Control Agency  
Remediation Division  
MPCA Project No. VP 27223  
520 Lafayette Road North  
St. Paul, MN 55155-4194

**14. Enforcement and Compliance.**

**A. Civil Action for Injunction or Equitable Relief.**

This Environmental Covenant may be enforced through a civil action for injunctive or other equitable relief for any violation of any term or condition of this Environmental Covenant, including violation of the Activity and Use Limitations under Paragraph 7 and denial of Right of Access under Paragraph 9. Such an action may be brought by:

- i. the MPCA;
- ii. a political subdivision in which the Property is located;
- iii. a person whose interest in the Property or whose collateral or liability may be affected by the alleged violation of the covenant;
- iv. a party to the covenant, including all holders; or
- v. any person to whom the covenant expressly grants power to enforce.

**B. Additional Rights of Enforcement By MPCA.**

In addition to its authority under subparagraph A of this Paragraph 14, the MPCA may enforce this Environmental Covenant using any remedy or enforcement measure authorized under UECA or other applicable law, including remedies pursuant to Minn. Stat. §§ 115.071, subds. 3 to 5, or 116.072.

**C. No Waiver of Enforcement.**

Failure or delay in the enforcement of this Environmental Covenant shall not be considered a waiver of the right to enforce, nor shall it bar any subsequent action to enforce, this Environmental Covenant.

**D. Former Owners and Interest Holders Subject to Enforcement.**

Subject to any applicable statute of limitations, an Owner, or other person holding any right, title or interest in or to the Property that violates this Environmental Covenant during the time when the Owner or other person is bound by this Environmental Covenant remains subject to enforcement with respect to that violation regardless of whether the Owner or other person has subsequently conveyed the fee title, or other right, title or interest, to another person.

**E. Other Authorities of MPCA Not Affected.**

Nothing in this Environmental Covenant affects MPCA's authority to take or require performance of response actions to address releases or threatened releases of hazardous substances or pollutants or contaminants at or from the Property, or to enforce a consent order, consent decree or other settlement agreement entered into by MPCA, or to rescind or modify a liability assurance issued by MPCA, that addresses such response actions.

**15. Administrative Record.**

Subject to the document retention policy of the MPCA, reports, correspondence and other documents which support and explain the environmental response project for the Property are maintained by the MPCA VIC Program at the MPCA's office at 520 Lafayette Road in St. Paul, Minnesota in the file maintained for the Lyndale Gardens Shoreline Development site, VP 27223. The file includes the following key reports:

- a. Phase I Environmental Site Assessment, Shoreline Development, Western Portion of 6400 Lyndale Avenue South, Richfield, MN, prepared by Landmark, March 2016.
- b. Additional Phase II Environmental Investigation and Phase I ESA Update Report, 6400 Lyndale Avenue South, Richfield, MN, prepared by Landmark, March 2016.
- c. Revised Voluntary Response Action Plan, Shoreline Development, Western Portion of 6400 Lyndale Avenue South, Richfield, MN, prepared by Landmark, April 2016.
- d. Approval of Response Action Plan, Lyndale Gardens Shoreline Development, Southwestern portion of 6400 Lyndale Avenue South, Richfield, MN, prepared by MPCA, April 2016.

- e. Environmental Construction Contingency Plan (ECCP), Residential and Shoreline Developments, 6400 & 6330 Lyndale Avenue South, Richfield, MN, prepared by Landmark, July 2016.
- f. Voluntary Response Action Plan Addendum, Lyndale Gardens Shoreline Development – Western Portion of 6400 Lyndale Avenue South, Residential Development – 6330 Lyndale Avenue South & Northern Portion of the 6400 Lyndale Avenue South, Richfield, MN, prepared by Landmark Environmental, LLC, January 19, 2017.
- g. Response Action Implementation Report, Lyndale Gardens Shoreline Development, Southwestern Portion of 6400 Lyndale Avenue South, Richfield, MN, prepared by Landmark Environmental, LLC, March 2017.

**16. Representations and Warranties.**

Grantor hereby represents and warrants to the MPCA and any other signatories to this Environmental Covenant that, at the time of execution of this Environmental Covenant:

- A. Every fee owner of the Property has been identified;
- B. Grantor holds fee simple title to the Property which is:

subject to the interests and encumbrances identified in Attachment 2 to this Environmental Covenant.

C. Grantor has authority to grant the rights and interests and carry out the obligations provided in this Environmental Covenant;

D. Nothing in this Environmental Covenant materially violates, contravenes, or constitutes a default under any agreement, document or instrument that is binding upon the Grantor.

E. Except as otherwise directed by MPCA, Grantor has obtained, from each person holding an interest and encumbrance in the Property identified in Attachment 2 a Subordination Agreement, or other agreement satisfactory to the Commissioner, assuring that such person is bound by this Environmental Covenant and that this Environmental Covenant shall survive any foreclosure or other action to enforce the interest. Such an agreement may include a waiver of that person's right to consent to any amendment of this Environmental Covenant. Executed agreements by such persons are attached as Attachments 3 to Attachment 9 to this Environmental Covenant.

**17. Governing Law.**

This Environmental Covenant shall be governed by and interpreted in accordance with the laws of the State of Minnesota.

**18. Compliance Reporting.**

The Owner shall submit to MPCA on an annual basis a written report confirming compliance with the Activity and Use Limitations provided in Paragraph 7 and summarizing any actions taken pursuant to Paragraph 8 of this Environmental Covenant. Reports shall be submitted on the first July 1

that occurs at least six months after the effective date of this Environmental Covenant, and on each succeeding July 1 thereafter.

Owner shall notify the MPCA as soon as possible of any actions or conditions that would constitute a breach of the Activity and Use Limitations in Paragraph 7.

**19. Notice of Conveyance of Interest in Property.**

Owner shall provide written notice to MPCA within 30 days after any conveyance of fee title to the Property or any portion of the Property. The notice shall identify the name and contact information of the new Owner, and the portion of the Property conveyed to that Owner.

**20. Severability.**

In the event that any provision of this Environmental Covenant is held by a court to be unenforceable, the other provisions of this Environmental Covenant shall remain valid and enforceable.

**21. Effective Date.**

This Environmental Covenant is effective on the date of acknowledgement of the signature of the MPCA.

THE UNDERSIGNED REPRESENTATIVE OF THE GRANTOR REPRESENTS AND CERTIFIES THAT HE/SHE IS AUTHORIZED TO EXECUTE THIS ENVIRONMENTAL COVENANT.

IN WITNESS WHEREOF, THIS INSTRUMENT HAS BEEN EXECUTED ON THE DATES INDICATED BELOW:

**FOR THE GRANTOR:**

Lyndale Gardens, LLC

By \_\_\_\_\_ (signature)

[Name of signer] \_\_\_\_\_ (print)

[Title] \_\_\_\_\_ (print)

State of Minnesota     )  
  ) SS.

County of Hennepin)

On \_\_\_\_\_, 20 \_\_, this instrument was acknowledged before me, and the facts stated herein were affirmed by, Colleen Carey, President of Lyndale Gardens, LLC, on behalf of Lyndale Gardens, LLC.

\_\_\_\_\_ (signature)

Notary Public

My Commission Expires \_\_\_\_\_

**FOR THE ENVIRONMENTAL AGENCY AND HOLDER:**

**MINNESOTA POLLUTION CONTROL AGENCY**

By \_\_\_\_\_ (signature)

[Name] \_\_\_\_\_ (print)

Sandeep Burman, Manager  
Site Remediation and Redevelopment Section  
Remediation Division  
Delegate of the Commissioner of the  
Minnesota Pollution Control Agency

State of Minnesota        )  
                                      )SS.  
County of Ramsey        )

          This instrument was acknowledged before me on \_\_\_\_\_, 20\_\_\_\_, by  
\_\_\_\_\_, a delegate of the Commissioner of the Minnesota Pollution Control Agency, a  
state agency, on behalf of the State of Minnesota.

\_\_\_\_\_(signature)  
Notary Public  
My Commission Expires \_\_\_\_\_

**THIS INSTRUMENT WAS DRAFTED BY:**

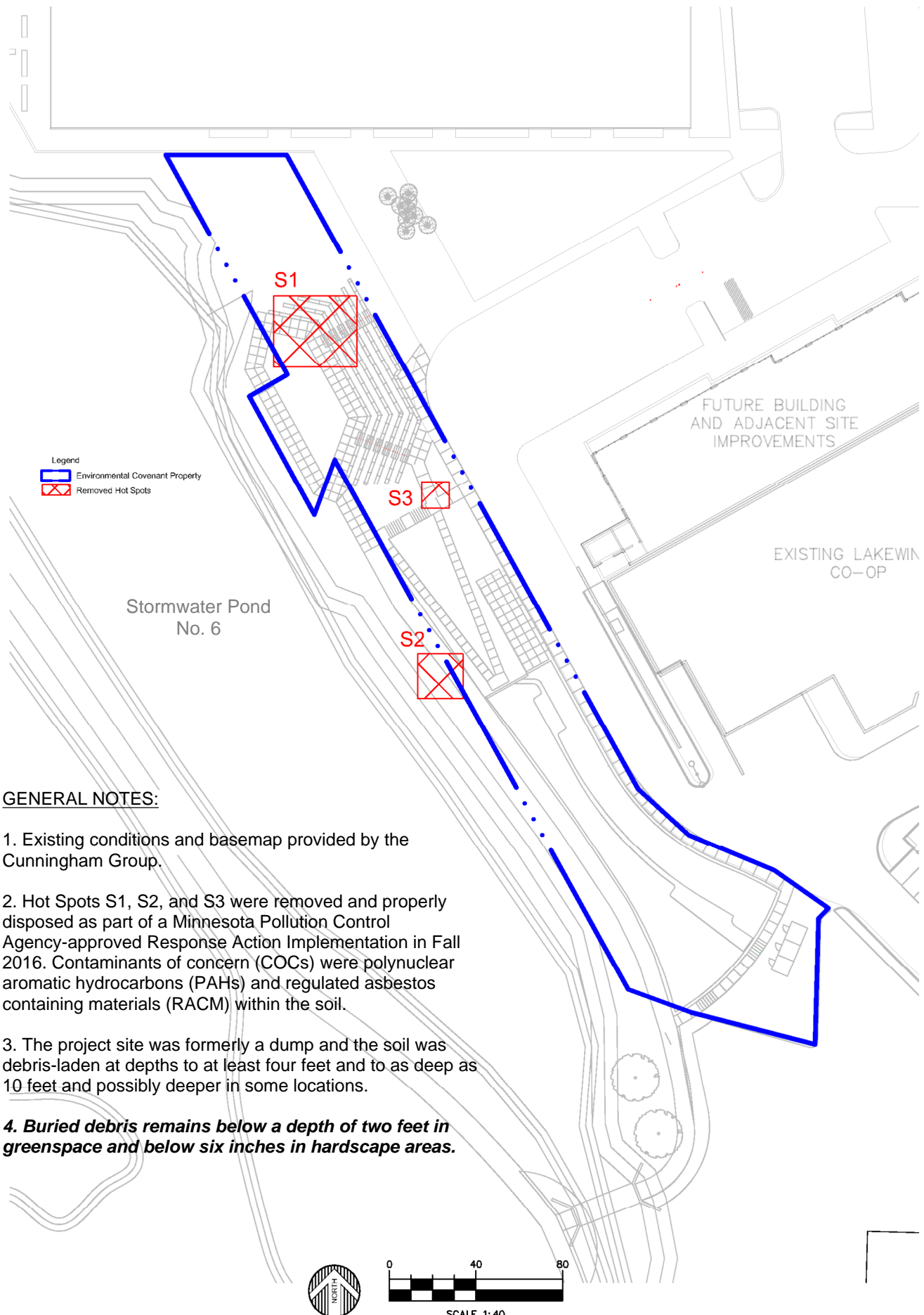
Sherry Van Duyn  
Landmark Environmental, LLC  
2042 West 98<sup>th</sup> Street  
Bloomington, MN 55431

**AND WHEN RECORDED RETURN TO:**

Colleen Carey  
Lyndale Gardens, LLC  
2213 W. 54<sup>th</sup> Street  
Minneapolis, MN 55419

## Attachments

## Attachment 1



#### GENERAL NOTES:

- Existing conditions and basemap provided by the Cunningham Group.
- Hot Spots S1, S2, and S3 were removed and properly disposed as part of a Minnesota Pollution Control Agency-approved Response Action Implementation in Fall 2016. Contaminants of concern (COCs) were polynuclear aromatic hydrocarbons (PAHs) and regulated asbestos containing materials (RACM) within the soil.
- The project site was formerly a dump and the soil was debris-laden at depths to at least four feet and to as deep as 10 feet and possibly deeper in some locations.
- Buried debris remains below a depth of two feet in greenspace and below six inches in hardscape areas.***

| REVISIONS   |            |
|-------------|------------|
| DATE ISSUED | 01/31/2017 |
| LOG NO.     | 18037.01   |
| DRAWING NO. | FIGURE 4   |
| SHEET       | 1 OF 1     |

**FIGURE 1 PROPERTY LIMITS**  
**LYNDALE GARDENS - SHORELINE IMPROVEMENTS**  
 LYNDALE GARDENS, LLC  
 7681 BUSH LAKE DRIVE  
 BLOOMINGTON, MINNESOTA 55438

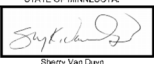
|   |  |
|---|--|
| I HEREBY CERTIFY THAT THIS PLAN, SPECIFICATION, OR REPORT WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A DULY LICENSED PROFESSIONAL ENGINEER UNDER THE LAWS OF THE STATE OF MINNESOTA. |  |
| SIGNED  |  |
| DATE  | 7/18/2016  |
| LIC. NO.  | 23271  |



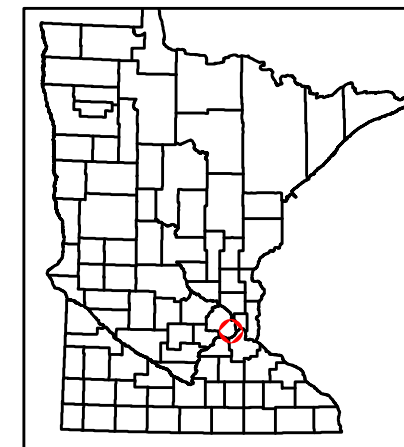




FIGURE 2

**PROPERTY LAYOUT MAP**  
**[FORMER] 6330 & 6400 Lyndale**  
**Avenue South and**  
**6328 Aldrich Avenue South**  
**Richfield, Minnesota**

**LANDMARK ENVIRONMENTAL, LLC**






0 25 50 100 150 200  
 Feet

1 inch = 150 feet



### Legend

-  Environmental Covenant Property
-  Residential Development (VP27222)
-  Shoreline Project Limits (VP27223)

Service Layer Credits: Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, © OpenStreetMap contributors, and the GIS User Community \*

## Attachment 2

ATTACHMENT 2  
ENCUMBRANCES

1. Rights of City of Richfield as shown by Stipulation on file in Torrens Case No. 17200, to use and maintain sewer easements of record in Book 2034 of Deeds, Page 560, Doc. No. 2928405 and Book 2028 of Deeds, page 142, Doc. No. 2917948 over that part of above land lying between two lines drawn parallel with and distant 7 ½ feet northerly and 5 feet Southerly of a line bearing South 77 degrees 48 minutes West from a point on the east line of the Northeast Quarter of Section 28, Township 28, Range 24 (assuming said east line as bearing north and south) distant 1321.9 feet South of the Northeast corner of said Northeast Quarter to permit the flow of water from said easements.
2. Easement in favor of the City of Richfield, filed September 6, 2007, as Document No. T4423473, for utility and drainage purposes now over part of the land.
3. Mortgage in favor of Local Initiatives Support Corporation, filed November 22, 2011, as Document No. T4903926, in the original amount of \$2,300,000.
4. Mortgage in favor of Hennepin County Housing and Redevelopment Authority, filed November 22, 2011, as Document No. T4903927, in the original amount of \$850,000.
5. Subordination of Mortgage between Hennepin County Housing and Redevelopment Authority and Local Initiatives Support Corporation, filed November 23, 2011, as Document No. T4904274.
6. Amendment of Mortgage filed September 13, 2012, as Document No. T4992449, regarding Mortgage Document No. T4903926.
7. Amendment of Mortgage filed August 23, 2013, as Document No. T5109567, regarding Mortgage Document No. T4903926.
8. Amendment of Mortgage filed August 23, 2013, as Document No. T5109568, regarding Mortgage Document No. T4903927.
9. Easement in favor of Lakewinds Natural Foods Cooperative, filed August 23, 2013, as Document No. T5109577, for drainage and utility and other purposes over part of the land.
10. Declaration in favor of the City of Richfield creating covenants and restrictions, filed April 7, 2014, as Document No. T5163361.
11. Conditional Use Permit by the City of Richfield, filed September 2, 2016, as Document No. T5377266.
12. Easement filed September 19, 2016, as Document No. T5382874, regarding access and parking easement over other land to benefit the subject land.

## Attachment 3

**ATTACHMENT 3**

**SUBORDINATION OF INTEREST  
TO ENVIRONMENTAL COVENANT**

**Hennepin County Housing and Redevelopment Authority (HCHRA)**, a public body corporate and politic under the laws of the State of MN is the holder of an interest in certain real property located at **6400 Lyndale Ave South**, Richfield, MN 55423, Hennepin County, Minnesota (hereinafter the “Property”), which is legally described as follows:

Outlot B, Lyndale Gardens, Hennepin County, Minnesota.

1. The interest in the Property held by HCHRA is evidenced by Mortgage filed the 22nd of November, 2011, as Document No. T4903927.
2. This Subordination Agreement is attached as Attachment 3 to an Environmental Covenant pursuant to Minn. Stat. Ch. 114E which imposes certain Activity and Use Restrictions on the Property.
3. HCHRA hereby consents to the foregoing Environmental Covenant, agrees to be bound by the terms thereof, and agrees that its interest in the Property shall be subordinate to the covenants contained therein.
4. In granting this consent, HCHRA hereby waives the right to consent to any subsequent amendment or modification of the foregoing Environmental Covenant.
5. This Agreement binds HCHRA, its heirs, successors, and assigns.

*[Remainder of Page Left Intentionally Blank.  
Signature Page to Follow.]*

IN WITNESS WHEREOF, this document has been executed by the undersigned as of this 1<sup>st</sup> day of May, 2018.

**HENNEPIN COUNTY HOUSING AND  
REDEVELOPMENT AUTHORITY,**

a public body corporate and politic under the laws of the  
State of Minnesota

Reviewed by the County  
Attorney's Office

By: [Signature]

Date: 4/25/18

By: [Signature]

Chair of its Board

Attest: [Signature]

Deputy/Clerk of the County Board

By: [Signature]

Executive Director

STATE OF MINNESOTA    )  
  ) SS.  
COUNTY OF Hennepin    )

The foregoing instrument was acknowledged before me this 1<sup>st</sup> day of May, 2018, by Linda Higgins, the Chair of the Board and David J. Hough the Executive Director of the Hennepin County Housing and Redevelopment Authority, a public body corporate and politic, on behalf of the Authority.



[Signature]

Notary Public

**RECOMMENDED FOR APPROVAL:**

[Signature]

Deputy Executive Director

Date: 5/7/18

[Signature]

Director, Community Works

Date: 4/23/18

## Attachment 4

## Attachment 5



ATTACHMENT 5

SUBORDINATION OF INTEREST TO ENVIRONMENTAL COVENANT

**Lakewinds Natural Foods Cooperative**, a Minnesota Cooperative is the holder of an interest in certain real property located at **6400 Lyndale Ave South**, Richfield, MN 55423, Hennepin County, Minnesota (hereinafter the "Property"), which is legally described as follows:

Outlot B, Lyndale Gardens, Hennepin County, Minnesota.

1. The interest in the Property held by **Lakewinds Natural Foods Cooperative** is evidenced by Easement filed the 23rd of August, 2013, as Document No. T5109577.
2. This Subordination Agreement is attached as Attachment 5 to an Environmental Covenant pursuant to Minn. Stat. Ch. 114E which imposes certain Activity and Use Restrictions on the Property.
3. Lakewinds Natural Foods Cooperative hereby consents to the foregoing Environmental Covenant, agrees to be bound by the terms thereof, and agrees that its interest in the Property shall be subordinate to the covenants contained therein.
4. In granting this consent, Lakewinds Natural Foods Cooperative does not waive the right to consent to any subsequent amendment or modification of the foregoing Environmental Covenant.
5. This Agreement binds Lakewinds Natural Foods Cooperative, its heirs, successors, and assigns.

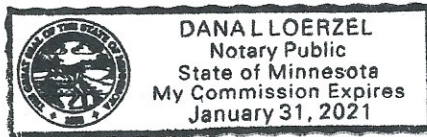
THE UNDERSIGNED REPRESENTATIVE OF LAKEWINDS NATURAL FOODS COOPERATIVE REPRESENTS AND CERTIFIES THAT HE/SHE IS AUTHORIZED TO EXECUTE THIS SUBORDINATION OF INTEREST TO ENVIRONMENTAL COVENANT.

IN WITNESS WHEREOF THIS INSTRUMENT HAS BEEN EXECUTED ON THE DATE INDICATED BELOW:

Lakewinds Natural Foods Cooperative

By:

Name: Dale Woodbeck  
Its: General Manager  
State of Minnesota )  
                                  ) ss.  
County of Hennepin )



The foregoing instrument was acknowledged before me this 18 day of July, 2018, by Dale Woodbeck, the General Manager of Lakewinds Natural Foods Cooperative, a Minnesota Cooperative.

Notary Public

My Commission Expires: January 31, 2021

## Attachment 6

## Attachment 7

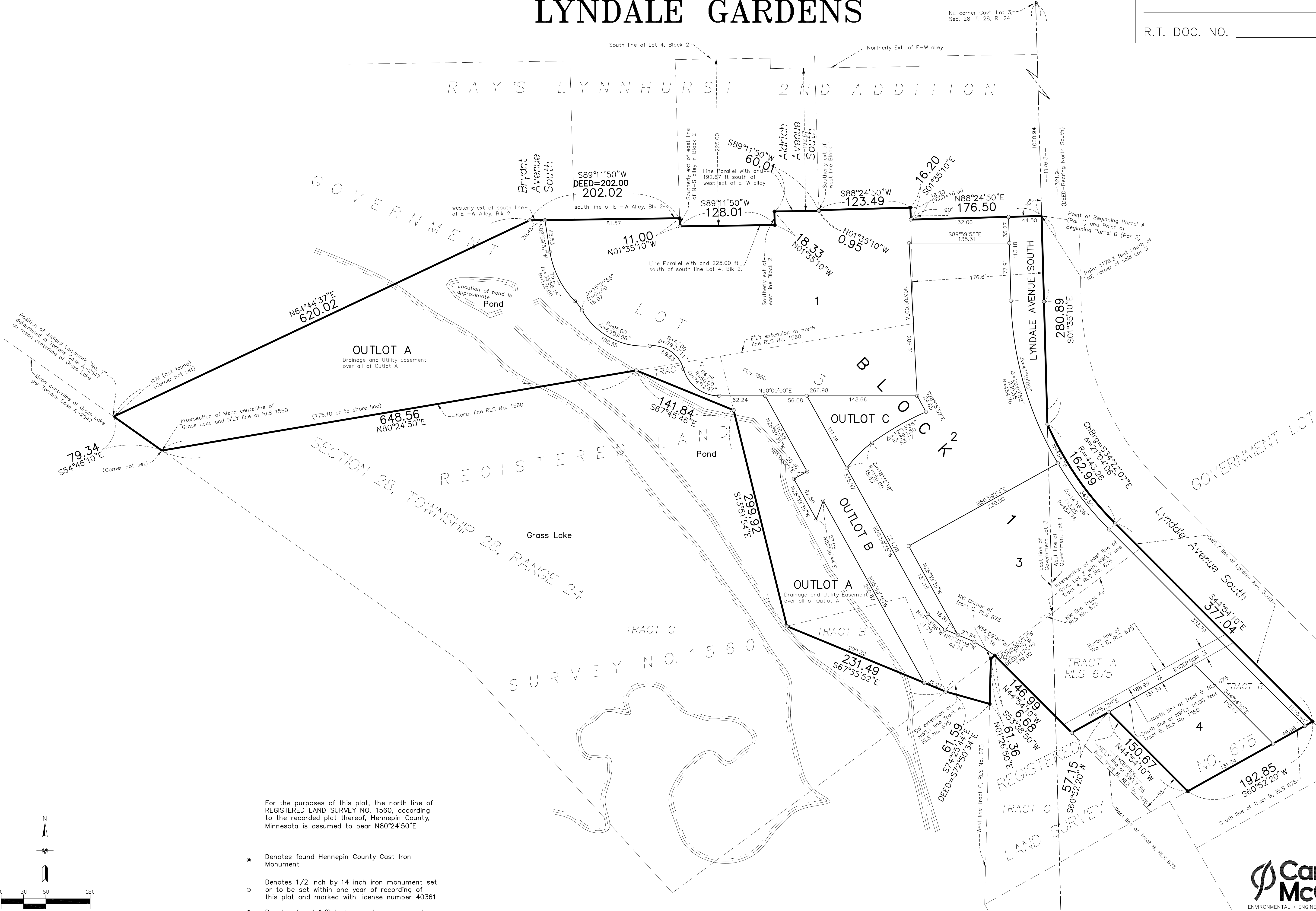
## Attachment 8

## Attachment 9

# LYNDALE GARDENS

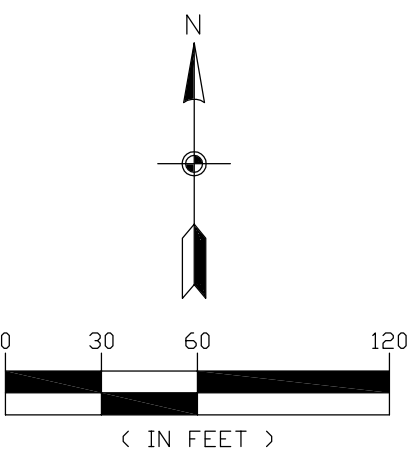
NE corner Govt. Lot 3,  
Sec. 28, T. 28, R. 24

R.T. DOC. NO. \_\_\_\_\_



For the purposes of this plat, the north line of REGISTERED LAND SURVEY NO. 1560, according to the recorded plat thereof, Hennepin County, Minnesota is assumed to bear N80°24'50"E

- Denotes found Hennepin County Cast Iron Monument
- Denotes 1/2 inch by 14 inch iron monument set or to be set within one year of recording of this plat and marked with license number 40361
- Denotes found 1/2 inch open iron monument





**STAFF REPORT NO. 138**  
**CITY COUNCIL MEETING**  
**8/21/2018**

REPORT PREPARED BY: Julie Urban, Housing Manager

DEPARTMENT DIRECTOR REVIEW: John Stark, Community Development Director  
8/15/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, City Manager  
8/16/2018

**ITEM FOR COUNCIL CONSIDERATION:**

**Public hearing and consideration of the approval of resolutions regarding the modification of the Redevelopment Plan for the Richfield Redevelopment Project Area, the modification to the Tax Increment Financing Plan for the Cedar Avenue Tax Increment Financing District, and the establishment of Tax Increment Financing District No. 2018-1.**

**EXECUTIVE SUMMARY:**

In March 2018, the Housing and Redevelopment Authority (HRA) entered into a preliminary development agreement with NHH Companies, LLC to develop a multi-family housing project in the Cedar Point II area (bounded by 63rd Street to the north, Richfield Parkway to the east, 65th Street to the south, and 16th Avenue to the west). The proposed development includes 218 market-rate apartments on Richfield Parkway and up to 80 for-sale townhomes along 16th Avenue.

The financial feasibility analysis indicates a substantial gap in the project. Significant acquisition costs for the existing single-family homes on 16th Avenue; the high cost of structured parking, stormwater improvements, and construction materials required to meet sound attenuation standards, and the desire to include affordable townhome units necessitate the need for public assistance to bridge the gap.

The development currently sits within the Cedar Avenue Tax Increment Financing District (District) that was established in 2005 and extended in 2017. Under the proposed modification, the east half of the site and the proposed apartment development would remain in the existing District, and a new Housing Tax Increment Financing (TIF) District would be established to cover the west half of the site and the proposed affordable townhomes.

**RECOMMENDED ACTION:**

**Conduct and close the public hearing and by motion:**

- 1. Adopt a resolution adopting a modification to the Tax Increment Financing Plan for the Cedar Avenue Tax Increment Financing District within the Richfield Redevelopment Project Area.**
- 2. Adopt a resolution adopting a modification to the Redevelopment Plan for the Richfield Redevelopment Project Area and establishing Tax Increment Finance District No. 2018-1 therein and the adoption of the Tax Increment Financing Plan therefor.**

**BASIS OF RECOMMENDATION:**

## **A. HISTORICAL CONTEXT**

- A 1999-2000 study commissioned by the City of Richfield and the Metropolitan Airports Commission (MAC) concluded that many of the structures in this area, including all single-family homes, were not capable of withstanding the negative impacts of low frequency noise. As a result of the study, this area was identified as a Redevelopment Area in 2000.
- In 2004, the Minnesota Legislature approved the creation of a special Redevelopment TIF District to provide a funding mechanism for redevelopment of the area.
- During the economic downturn from 2007-2011, there was little interest in developing this area due to weak market conditions.
- Upon conclusion of the recession, HRA staff concentrated their development efforts on the Cedar Point II area. The challenge of property acquisitions and the significant financial gap in the project made it difficult to find a developer and project that could succeed.
- In 2014, homes along 17th Avenue were purchased for the construction of Richfield Parkway from 63rd to 66th Streets leaving 14 fewer homes to be purchased in the development area.
- In 2015, the HRA signed a pre-development agreement with Boisclair Corporation to redevelop the area with single family homes and townhomes. In 2017, the HRA cancelled the agreement with Boisclair due to slow progress in solving the acquisition and other development issues.
- In the Spring of 2017, the Legislature extended the Redevelopment TIF District for an additional 10 years to 2044.
- In the Fall of 2017, NHH Properties and Boisclair Corporation approached the HRA and Council with a new development team and plan for acquiring the remaining single family homes and closing the financial gap.
- In March of 2018, the HRA signed a pre-development agreement with NHH Properties (dba NHH Companies, LLC) to redevelop the area with 218 market-rate apartments and up to 80 townhomes affordable to households earning 100/115% of the area median income.

## **B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- The project has considered a variety of ways to include a minimum of 20% affordable units. The proposed plan to provide 100% market-rate apartments and 95% affordable townhome units is being proposed. Establishment of a Housing TIF District will ensure that the affordable units will be included in the project.
- The 2008 Comprehensive Plan housing goals and policies include:
  - Maintain an appropriate mix of housing types in each neighborhood based on available amenities, transportation resources, and adjacent land uses;
  - Promote the development of a balanced housing stock that is available to a range of income levels;
  - Promote housing diversity to serve families at all stages of their life-cycle, and
  - Promote the development, management, and maintenance of affordable housing in the City through assistance programs, alternative funding sources, and the creation of partnerships whose mission is to promote low to moderate income housing.
- The Cedar Corridor Master Plan, approved in 2004 and amended in 2016, calls for development in the area that responds to the challenges of the area's proximity to the airport and provides a diversity of housing types.
- Richfield Affordable Housing Policy encourages the development of projects that:
  - Contain a mix of market-rate and affordable units, with a higher proportion of market-rate units.
  - Include attributes such as townhome/row style housing.

## **C. CRITICAL TIMING ISSUES:**

- The HRA considered the modifications and the plan on August 20, 2018.
- The Planning Commission found the modification of the existing district and the establishment of a housing district to be consistent with Richfield's Comprehensive Plan on July 23, 2018.

## **D. FINANCIAL IMPACT:**

- The estimated gross tax increment available through the existing Redevelopment TIF District is approximately \$9.2 million over the life of the District with a present value of \$4.9 million.
- The estimated gross tax increment available through the creation of a new Housing TIF District is approximately \$6.7 million over the life of the District with a present value of \$3.5 million.



- Without the TIF, this project would be unable to proceed.

**E. LEGAL CONSIDERATION:**

- The City's financial advisor and HRA attorney have reviewed the required documents.
- In accordance with State Statute, Hennepin County, School Districts, and other taxing jurisdictions received notice of the proposed Tax Increment Plan and other information on fiscal impacts related to the modification/establishment of a Redevelopment Project Area and/or TIF District at least 30 days prior to the hearing or agreed to waive the 30-day requirement.

**ALTERNATIVE RECOMMENDATION(S):**

- Do not approve the Modification and the TIF Plan.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

A representative from Ehlers, the City's Financial Consultant A representative from NHH Companies, LLC

**ATTACHMENTS:**

| Description                     | Type              |
|---------------------------------|-------------------|
| ❑ Modification Resolution       | Resolution Letter |
| ❑ Adopting Resolution           | Resolution Letter |
| ❑ Summary of TIF Plan/Mod       | Executive Summary |
| ❑ TIF Plan - Cedar Ave Mod 2018 | Backup Material   |
| ❑ TIF Plan - Housing District   | Backup Material   |

CITY OF RICHFIELD  
HENNEPIN COUNTY  
STATE OF MINNESOTA

Council member \_\_\_\_\_ introduced the following resolution and moved its adoption:

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION ADOPTING A MODIFICATION TO THE TAX INCREMENT  
FINANCING PLAN FOR THE CEDAR AVENUE TAX INCREMENT  
FINANCING DISTRICT WITHIN THE RICHFIELD REDEVELOPMENT  
PROJECT AREA.**

BE IT RESOLVED by the City Council (the "Council") of the City of Richfield, Minnesota (the "City"), as follows:

Section 1.      Recitals.

1.01.    The Board of Commissioners (the "Board") of the Richfield Housing and Redevelopment Authority (the "HRA") has heretofore established the Richfield Redevelopment Project Area and adopted the Redevelopment Plan therefor and established the Cedar Avenue Tax Increment Financing District and adopted the Tax Increment Financing Plan therefor. It has been proposed that the City adopt a Modification to the Tax Increment Financing Plan (the "Modification") for the Cedar Avenue Tax Increment Financing District (the "District"), all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.001 to 469.047, and Sections 469.174 to 469.1794, inclusive as amended (the "Act") as reflected in the Modifications, and presented for the Council's consideration.

1.02.    The Council has investigated the facts related to the Modification and has caused the Modification to be prepared.

1.03.    The City has performed all actions required by law to be performed prior to the adoption and approval of the proposed Modification, including, but not limited to, notification of Hennepin County and Independent School District No. 280 having taxing jurisdiction over the property included in the District, and the holding of a public hearing upon published notice as required by law.

1.04.    The City is not modifying the boundaries of the Richfield Redevelopment Project Area.

1.05.    The City is modifying the boundaries by removing parcels for inclusion in Tax Increment Financing District No. 2018-1.

Section 2.      Decertification of Parcels from the Cedar Avenue Tax Increment Financing District

2.01.    On September 26, 2006, the HRA created the District pursuant to the 2005 Special Law within the Richfield Redevelopment Project Area by approval of the Tax Increment Financing Plan for the District.

2.02. The City desires by this resolution to amend the Tax Increment Financing Plan for the District to remove the parcels listed in Exhibit A from the District, thereby reducing the size thereof.

2.03. The City has determined that the current net tax capacity (pay 2018) of the parcels proposed to be eliminated from the District is \$21,850. Since the current tax capacity is lower than the frozen tax capacity of \$34,382, the City has undergone the full public hearing process pursuant to Minnesota Statutes 469.175, Subdivision 4.

2.04. The City resolves that the Tax Increment Financing Plan for the District is hereby amended to remove the described parcels and the Community Development Director is authorized and directed to notify the County Auditor thereof pursuant to Minnesota Statutes, Section 469.175, Subdivision 4, clause (b).

Section 3. Findings for the Tax Increment Plan Modification

3.01. The Council hereby reaffirms the original findings for the District, namely that the when the District was established, it was established as an a "redevelopment district" under Minnesota Statutes, Section 469.174, Subdivision 10.

In addition, the City makes the following findings:

- I. The Modification conforms to the general plan for development or redevelopment of the City as a whole. The reason for supporting this finding is that the Modification reaffirms the original finding that the District will generally complement and serve to implement policies adopted in the City's comprehensive plan.
- II. The Modification will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the Richfield Redevelopment Project Area by private enterprise. The reason for supporting this finding is that the City reaffirms that the development activities contemplated during the establishment of the District were necessary so that development and redevelopment by private enterprise can occur within Richfield Redevelopment Project Area.
- III. The development and redevelopment efforts, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and therefor the use of tax increment financing is deemed necessary.

Section 4. Public Purpose

4.01. The adoption of the Modification conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the State which is already built up and that the adoption of the proposed Modification will help provide employment opportunities in the State and in the preservation and enhancement of the tax base of the City and the State because it will discourage commerce and industry from moving their operations to another state or municipality and thereby serves a public purpose.

Section 5. Approval and Adoption of the Modification; Filing.

5.01. The Modification is hereby approved and shall be placed on file in the office of the Community Development Director. Approval of the Modification does not constitute approval of any project or a development agreement with any developer.

5.02. The staff of the City are authorized to file the Modification with the Commissioner of Revenue, the Office of the State Auditor and the Hennepin County Auditor.

5.03. The staff of the City, the City's advisors and legal counsel are authorized and directed to proceed with the implementation of the Modification and for this purpose to negotiate, draft, prepare and present to this Council for its consideration all further modifications, resolutions, documents and contracts necessary for this purpose.

The motion for the adoption of the foregoing resolution was duly seconded by Council member \_\_\_\_\_, and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Dated: August 21, 2018

ATTEST:

\_\_\_\_\_  
Pat Elliott, Mayor

ATTEST:

\_\_\_\_\_  
Elizabeth Van Hoose, Clerk

(Seal)

# EXHIBIT A

The following parcels are being removed from the Cedar Avenue Tax Increment Financing District for inclusion in Tax Increment Financing District No. 2018-1:

| PID               | Address             | Base Tax Capacity | 2018 Tax Capacity | Difference |
|-------------------|---------------------|-------------------|-------------------|------------|
| 26.028.24.11.0033 | 6309 - 16th Ave. S  | 2,170             | 1,920             | (250)      |
| 26.028.24.11.0034 | 6315 - 16th Ave. S. | 2,290             | -                 | (2,290)    |
| 26.028.24.11.0035 | 6321 - 16th Ave. S. | 2,094             | 1,920             | (174)      |
| 26.028.24.11.0036 | 6327 - 16th Ave. S. | 2,090             | 1,820             | (270)      |
| 26.028.24.11.0037 | 6333 - 16th Ave. S. | 2,094             | -                 | (2,094)    |
| 26.028.24.11.0038 | 6339 - 16th Ave. S. | 2,120             | 1,860             | (260)      |
| 26.028.24.11.0039 | 6345 - 16th Ave. S. | 2,180             | 1,990             | (190)      |
| 26.028.24.14.0004 | 6401 - 16th Ave. S. | 2,073             | -                 | (2,073)    |
| 26.028.24.14.0005 | 6409 - 16th Ave. S. | 2,181             | -                 | (2,181)    |
| 26.028.24.14.0006 | 6415 - 16th Ave. S. | 2,140             | 1,900             | (240)      |
| 26.028.24.14.0007 | 6421 - 16th Ave. S. | 2,050             | 1,820             | (230)      |
| 26.028.24.14.0008 | 6427 - 16th Ave. S. | 2,330             | 2,200             | (130)      |
| 26.028.24.14.0009 | 6433 - 16th Ave. S. | 2,180             | 1,980             | (200)      |
| 26.028.24.14.0010 | 6439 - 16th Ave. S. | 2,580             | 2,350             | (230)      |
| 26.028.24.14.0011 | 6445 - 16th Ave. S. | 2,070             | 2,090             | 20         |
| 26.028.24.14.0003 | 6501 - 16th Ave. S. | -                 | -                 | -          |
| 26.028.24.14.0002 | 6509 - 16th Ave. S. | 1,740             | -                 | (1,740)    |
|                   |                     | 34,382            | 21,850            | (12,532)   |

**CITY OF RICHFIELD  
HENNEPIN COUNTY  
STATE OF MINNESOTA**

Council member \_\_\_\_\_ introduced the following resolution and moved its adoption:

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION ADOPTING A MODIFICATION TO THE REDEVELOPMENT  
PLAN FOR THE RICHFIELD REDEVELOPMENT PROJECT AREA AND  
ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 2018-1  
THEREIN AND ADOPTING A TAX INCREMENT FINANCING PLAN  
THEREFOR.**

BE IT RESOLVED by the City Council (the "Council") of the City of Richfield, Minnesota (the "City"), as follows:

Section 1.      Recitals.

1.01.    The Board of Commissioners of the Richfield Housing and Redevelopment Authority (the "HRA") has heretofore established the Richfield Redevelopment Project Area and adopted a Redevelopment Plan therefor. It has been proposed by the HRA and the City that the City adopt a Modification to the Redevelopment Plan (the "Redevelopment Plan Modification") for the Richfield Redevelopment Project Area (the "Project Area") and establish Tax Increment Financing District No. 2018-1 (the "District") therein and adopt a Tax Increment Financing Plan (the "TIF Plan") therefor (the Redevelopment Plan Modification and the TIF Plan are referred to collectively herein as the "Plans"); all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.001 to 469.047 and Sections 469.174 to 469.1794, all inclusive, as amended, (the "Act") all as reflected in the Plans, and presented for the Council's consideration.

1.02.    The HRA and City have investigated the facts relating to the Plans and have caused the Plans to be prepared.

1.03.    The HRA and City have performed all actions required by law to be performed prior to the establishment of the District and the adoption and approval of the proposed Plans, including, but not limited to, notification of Hennepin County and Independent School District No. 280 having taxing jurisdiction over the property to be included in the District, a review of and written comment on the Plans by the City Planning Commission, approval of the Plans by the HRA on July 23, 2018, and the holding of a public hearing upon published notice as required by law.

1.04.    Certain written reports (the "Reports") relating to the Plans and to the activities contemplated therein have heretofore been prepared by staff and consultants and submitted to the Council and/or made a part of the City files and proceedings on the Plans. The Reports include data, information and/or substantiation constituting or relating to the basis for the other findings and determinations made in this resolution. The Council hereby confirms, ratifies and adopts the Reports, which are hereby incorporated into and made as fully a part of this resolution to the same extent as if set forth in full herein.

1.05.    The City is not modifying the boundaries of the Project Area, but is however, modifying the Redevelopment Plan therefor.

Section 2.      Findings for the Adoption and Approval of the Redevelopment Plan Modification.

2.01.    The Council approves the Redevelopment Plan Modification, and specifically finds that: (a) the land within the Project Area would not be available for redevelopment without the financial aid to be sought under this Redevelopment Plan; (b) the Redevelopment Plan Modification will afford maximum opportunity, consistent with the needs of the City as a whole, for the development of the Project Area by private enterprise; and (c) that the Redevelopment Plan Modification conforms to the general plan for the development of the City as a whole.

Section 3.      Findings for the Establishment of Tax Increment Financing District No. 2018-1.

3.01.    The Council hereby finds that Tax Increment Financing District No. 2018-1 is in the public interest and is a "housing district" under Minnesota Statutes, Section 469.174, Subd. 11 of the Act.

3.02.    The Council further finds that the proposed development would not occur solely through private investment within the reasonably foreseeable future, that the Plans conform to the general plan for the development or redevelopment of the City as a whole; and that the Plans will afford maximum opportunity consistent with the sound needs of the City as a whole, for the development or redevelopment of the District by private enterprise.

3.03.    The Council further finds, declares and determines that the City made the above findings stated in this Section and has set forth the reasons and supporting facts for each determination in writing, attached hereto as Exhibit A.

Section 4.      Public Purpose.

4.01.    The adoption of the Plans conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the City which is already built up, to provide housing opportunities, to improve the tax base and to improve the general economy of the State and thereby serves a public purpose. For the reasons described in Exhibit A, the City believes these benefits directly derive from the tax increment assistance provided under the TIF Plan. A private developer will receive only the assistance needed to make this development financially feasible. As such, any private benefits received by a developer are incidental and do not outweigh the primary public benefits.

Section 5.      Approval and Adoption of the Plans.

5.01.    The Plans, as presented to the Council on this date, including without limitation the findings and statements of objectives contained therein, are hereby approved, ratified, established, and adopted and shall be placed on file in the office of the Community Development Director.

5.02.    The staff of the City, the City's advisors and legal counsel are authorized and directed to proceed with the implementation of the Plans and to negotiate, draft, prepare and present to this Council for its consideration all further plans, resolutions, documents and contracts necessary for this purpose.

5.03    The Auditor of Hennepin County is requested to certify the original net tax capacity of the District, as described in the Plans, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased; and the HRA is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within the District, for which building permits have been issued during the 18 months immediately preceding the adoption of this resolution.

5.04. The Community Development Director is further authorized and directed to file a copy of the Plans with the Commissioner of the Minnesota Department of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes 469.175, Subd. 4a.

The motion for the adoption of the foregoing resolution was duly seconded by Council member \_\_\_\_\_, and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Dated: August 20, 2018

Adopted:

\_\_\_\_\_  
Pat Elliott, Mayor

ATTEST:

\_\_\_\_\_  
Elizabeth Van Hoose, Clerk

(Seal)



EXHIBIT A  
RESOLUTION NO. \_\_\_\_\_

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 2018-1, as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that Tax Increment Financing District No. 2018-1 is a housing district as defined in M.S., Section 469.174, Subd. 11.*

TIF District No.2018-1 consists of 17 parcels. As proposed, the development will consist of 80 units of owner-occupied townhomes with at least 95% of the units purchased by persons at or below 100% to 115% of area median income. Ninety-five percent of the units which will receive tax increment assistance will meet income restrictions described in *M.S. 469.1761*. Appendices A and E of the TIF Plan contains background for the above finding.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.*

*The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future:* This finding is supported by the fact that the development proposed in this plan is a housing district that meets the City's objectives for development and redevelopment, but that due to the high costs of building new housing in the City, the cost of financing the proposed public improvements, and the insufficiency of affordable, owner-occupied housing to provide a sufficient financial return, the project is feasible only through the assistance, in part, from tax increment financing. The developer was asked for and provided a pro forma as justification that the developer would not have gone forward without tax increment assistance.

3. *Finding that the TIF Plan for Tax Increment Financing District No. 2018-1 conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission reviewed the TIF Plan on July 23, 2018 and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for Tax Increment Financing District No. 2018-1 will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Richfield Redevelopment Project Area by private enterprise.*

Through the implementation of the TIF Plan, the HRA or City will provide an impetus for residential development, which is desirable or necessary for increased population and an increased need for life-cycle housing within the City.



# Tax Increment Financing District 2018-1 and the Modification to the Cedar Avenue TIF District

## City of Richfield

The following summary contains an overview of the basic elements of the Tax Increment Financing Plan for Tax Increment Financing District 2018-1. More detailed information on each of these topics can be found in the Tax Increment Financing Plan.

- Proposed action:**
- Establishment of Tax Increment Financing District No. 2018-1 (the “2018-1 District”) and the adoption of a Tax Increment Financing Plan (TIF Plan).
  - Modification of the Tax Increment Financing Plan for the Cedar Avenue Tax Increment Financing District (the “Cedar Avenue TIF District”) to remove parcels for inclusion in the new District.
  - Modification to the Redevelopment Plan for the Richfield Redevelopment Project to include the establishment of Tax Increment Financing District No.2018-1, which represents a continuation of the goals and objectives set forth in the Redevelopment Plan for the Richfield Redevelopment Project.

**Type of TIF District:** Housing district

|                        |                   |                   |                   |
|------------------------|-------------------|-------------------|-------------------|
| <b>Parcel Numbers:</b> | 26.028.24.11.0033 | 26.028.24.11.0039 | 26.028.24.14.0009 |
|                        | 26.028.24.11.0034 | 26.028.24.14.0004 | 26.028.24.14.0010 |
|                        | 26.028.24.11.0035 | 26.028.24.14.0005 | 26.028.24.14.0011 |
|                        | 26.028.24.11.0036 | 26.028.24.14.0006 | 26.028.24.14.0002 |
|                        | 26.028.24.11.0037 | 26.028.24.14.0007 | 26.028.24.14.0003 |
|                        | 26.028.24.11.0038 | 26.028.24.14.0008 |                   |

\*All the parcels listed are currently in the Cedar Avenue TIF District and will be removed for inclusion in Tax Increment Financing District 2018-1.

**Proposed Development:** The 2018-1 District is being created to facilitate the development of 80 owner-occupied townhomes for low- to moderate income persons in the City. See Appendix A of the TIF Plan for a more detailed project description.

**Maximum duration:** The duration of the 2018-1 District will be 25 years from the date of receipt of the first increment (26 years of increment). The City elects to receive the first tax increment in 2021. It is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate December 31, 2046, or when the TIF Plan is satisfied.

The Cedar Avenue TIF will terminate December 31, 2043, or when the TIF Plan is satisfied.



**Estimated annual tax increment:** \$673,146

**Authorized uses:** The TIF Plan contains a budget that authorizes the maximum amount that may be expended:

|  |                     |
|--|---------------------|
| Land/Building Acquisition .....                | \$4,275,000         |
| Site Improvements/Preparation .....            | \$750,000           |
| Utilities .....                                | \$225,000           |
| Other Qualifying Improvements.....             | \$554,779           |
| Administrative Costs (up to 10%) .....         | \$1,144,713         |
| <b>Project Total Costs .....</b>               | <b>\$6,959,492</b>  |
| Interest .....                                 | \$5,642,349         |
| <b>Project &amp; Interest Total Costs.....</b> | <b>\$12,591,841</b> |

See Subsection 2-10 of the TIF Plan for the full budget authorization.

**Form of financing:** The project is proposed to be financed by a pay-as-you-go note and interfund loan.

**Administrative fee:** Up to 10% of annual increment, if costs are justified.

**Interfund Loan Requirement:** If the City wants to pay for administrative expenditures from a tax increment fund, it must pass a resolution authorizing a loan from another fund be *within 60 days of* the issuance of the check or the reimbursement will not be allowed.

**4 Year Activity Rule:** After four years from the date of certification of the District one of the following activities must have been commenced on each parcel in the District (§ 469.176 Subd. 6):

- Demolition
- Rehabilitation
- Renovation
- Other site preparation (not including utility services such as sewer and water)

If the activity has not been started by approximately August 2022, no additional tax increment may be taken from that parcel until the commencement of a qualifying activity.

The reasons and facts supporting the findings for the adoption of the TIF Plan for the District, as required pursuant to *M.S., Section 469.175, Subd. 3*, are included in Exhibit A of the City resolution.

# CEDAR CORRIDOR & 2018-1 HOUSING TIF DISTRICTS



## Appendix F

### Findings for the District

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 2018-1, as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that Tax Increment Financing District No. 2018-1 is a housing district as defined in M.S., Section 469.174, Subd. 11.*

TIF District No.2018-1 consists of 17 parcels. As proposed, the development will consist of 80 units of owner-occupied townhomes with at least 95% of the units purchased by persons at or below 100% to 115% of area median income. Ninety-five percent of the units which will receive tax increment assistance will meet income restrictions described in *M.S. 469.1761*. Appendices A and E of the TIF Plan contains background for the above finding.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.*

*The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future:* This finding is supported by the fact that the development proposed in this plan is a housing district that meets the City's objectives for development and redevelopment, but that due to the high costs of building new housing in the City, the cost of financing the proposed public improvements, and the insufficiency of affordable, owner-occupied housing to provide a sufficient financial return, the project is feasible only through the assistance, in part, from tax increment financing. The developer was asked for and provided a pro forma as justification that the developer would not have gone forward without tax increment assistance.

3. *Finding that the TIF Plan for Tax Increment Financing District No. 2018-1 conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission reviewed the TIF Plan on July 23, 2018 and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for Tax Increment Financing District No. 2018-1 will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Richfield Redevelopment Project Area by private enterprise.*

Through the implementation of the TIF Plan, the HRA or City will provide an impetus for residential development, which is desirable or necessary for increased population and an increased need for life-cycle housing within the City.

*As of August 13, 2018  
Draft for City Council review*

**Modification to the  
Tax Increment Financing Plan**

**for the**

**Cedar Avenue Tax Increment Financing District  
(a redevelopment district)**

**within**

**the Richfield Redevelopment Project Area**

Richfield Housing and Redevelopment Authority  
City of Richfield  
Hennepin County  
State of Minnesota

|                                    |                    |
|------------------------------------|--------------------|
| Adopted:                           | September 26, 2006 |
| Modification No. 1 Adopted:        | November 28, 2017  |
| Modification No. 2 Public Hearing: | August 21, 2018    |

Prepared by: EHLERS & ASSOCIATES, INC.  
3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105  
651-697-8500 fax: 651-697-8555 [www.ehlers-inc.com](http://www.ehlers-inc.com)

# TABLE OF CONTENTS

(for reference purposes only)

## SECTION I - TAX INCREMENT FINANCING PLAN

|   |      |
|---|------|
| FOR THE CEDAR AVENUE TAX INCREMENT FINANCING DISTRICT .....   | 1-1  |
| Subsection 1-1. Foreword .....  | 1-1  |
| Subsection 1-2. Statutory Authority .....   | 1-1  |
| Subsection 1-3. Statement of Objectives .....   | 1-1  |
| Subsection 1-4. Redevelopment Plan Overview .....   | 1-1  |
| Subsection 1-5. Description of Property in the District and Property To Be Acquired ..  | 1-2  |
| Subsection 1-6. Classification of the District .....  | 1-2  |
| Subsection 1-7. Duration of the District .....  | 1-3  |
| Subsection 1-8. Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity<br>Value/Increment and Notification of Prior Planned Improvements ..... | 1-3  |
| Subsection 1-9. Sources of Revenue/Bonded Indebtedness .....  | 1-4  |
| Subsection 1-10. Uses of Funds .....  | 1-5  |
| Subsection 1-11. Fiscal Disparities Election .....  | 1-6  |
| Subsection 1-12. Business Subsidies .....   | 1-7  |
| Subsection 1-13. County Road Costs .....  | 1-8  |
| Subsection 1-14. Estimated Impact on Other Taxing Jurisdictions .....   | 1-8  |
| Subsection 1-15. Supporting Documentation .....   | 1-10 |
| Subsection 1-16. Definition of Tax Increment Revenues .....   | 1-11 |
| Subsection 1-17. Modifications to the District .....  | 1-11 |
| Subsection 1-18. Administrative Expenses .....  | 1-12 |
| Subsection 1-19. Limitation of Increment .....  | 1-12 |
| Subsection 1-20. Use of Tax Increment .....   | 1-13 |
| Subsection 1-21. Excess Increments .....  | 1-14 |
| Subsection 1-22. Requirements for Agreements with the Developer .....   | 1-14 |
| Subsection 1-23. Assessment Agreements .....  | 1-14 |
| Subsection 1-24. Administration of the District .....   | 1-14 |
| Subsection 1-25. Annual Disclosure Requirements .....   | 1-15 |
| Subsection 1-26. Reasonable Expectations .....  | 1-15 |
| Subsection 1-27. Other Limitations on the Use of Tax Increment .....  | 1-15 |
| Subsection 1-28. Summary .....  | 1-16 |

## APPENDIX A

|                           |     |
|---------------------------|-----|
| PROJECT DESCRIPTION ..... | A-1 |
|---------------------------|-----|

## APPENDIX B

|   |     |
|---|-----|
| MAP OF THE RICHFIELD REDEVELOPMENT PROJECT AREA AND THE DISTRICT<br>..... | B-1 |
|---|-----|

## APPENDIX C

|  |     |
|--|-----|
| DESCRIPTION OF PROPERTY TO BE INCLUDED IN THE DISTRICT ..... | C-1 |
|--|-----|

## APPENDIX D

|  |     |
|--|-----|
| ESTIMATED CASH FLOW FOR THE DISTRICT ..... | D-1 |
|--|-----|

## APPENDIX E

|  |     |
|--|-----|
| MINNESOTA BUSINESS ASSISTANCE FORM ..... | E-1 |
|--|-----|

|   |     |
|---|-----|
| APPENDIX F                                |     |
| FINDINGS AND BUT/FOR QUALIFICATIONS ..... | F-1 |
| APPENDIX G                                |     |
| PRIOR IMPROVEMENTS .....                  | G-1 |
| APPENDIX H                                |     |
| LAWS OF MINNESOTA 2005 .....              | H-1 |



## **SECTION I - TAX INCREMENT FINANCING PLAN FOR THE CEDAR AVENUE TAX INCREMENT FINANCING DISTRICT**

### **Subsection 1-1. Foreword**

The Richfield Housing and Redevelopment Authority (the "HRA"), the City of Richfield (the "City"), staff and consultants have prepared the following information to expedite the establishment of the Cedar Avenue Tax Increment Financing District (the "District"), a redevelopment tax increment financing district, located in the Richfield Redevelopment Project Area.

### **Subsection 1-2. Statutory Authority**

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the HRA and City have certain statutory powers pursuant to *Minnesota Statutes ("M.S.")*, Sections 469.001 to 469.047, inclusive, as amended, and *M.S.*, Sections 469.174 to 469.1799, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project. The HRA and City derive further statutory authority by virtue of *Laws of Minnesota 2005, Chapter 152, Article 2, Section 25*.

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 Richfield Redevelopment Project Area.

*(AS MODIFIED NOVEMBER 28, 2017)*

Pursuant to *Minnesota Laws 2017, First Special Session, Chapter 1, Article 6, Section 18* (the "Special Law"), the duration of the District is being extended an additional ten years. A copy of the Special Law can be found in Appendix I.

### **Subsection 1-3. Statement of Objectives**

The District currently consists of 172 parcel(s) of land and adjacent and internal rights-of-way. The District is being created to facilitate construction of approximately 350,000 sq. ft. of retail development, 600,000 sq. ft. of office space and 600 housing units in the City of Richfield. Please see Appendix A for further project information. Contracts for this have not been entered into at the time of preparation of this TIF Plan, but development is likely to occur in 2007. This TIF Plan is expected to achieve many of the objectives outlined in the Redevelopment Plan for the Richfield Redevelopment Project 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 Richfield Redevelopment Project Area and the District.

*(AS MODIFIED NOVEMBER 28, 2017)*

The District is being modified in order to remove 31 parcels for inclusion in Tax Increment Financing District No. 2017-1 (The Chamberlain) and to extend the duration of the District pursuant to the Special Law. Contracts for redevelopment have not been entered into at the time of preparation of this Modification, but development may occur in 2019. Please see Appendix A for further project information and background information on the District.

*(AS MODIFIED AUGUST 21, 2018)*

**The District is being modified in order to remove 17 parcels for inclusion in Tax Increment Financing District No. 2018-1. Contracts for redevelopment have not been entered into at the time of preparation of this Modification, but development may occur in 2018. Please see Appendix A for further project information and background information on the District.**

#### **Subsection 1-4. Redevelopment Plan Overview**

1. Property to be Acquired - Selected property located within the District may be acquired by the HRA 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 HRA 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 HRA 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 1-5. 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 below. See the map in Appendix B for further information on the location of the District.

Parcel Numbers

\*See Appendix C

The HRA 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 HRA 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 HRA 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 1-6. Classification of the District**

The HRA and City, in determining the need to create a tax increment financing district in accordance with *Laws of Minnesota 2005, Chapter 152, Article 2, Section 25*. Specifically, the enacted language is as follows:

*Sec. 25. [CITY OF RICHFIELD; TAX INCREMENT FINANCING DISTRICT.]*

*Subdivision 1. [AUTHORIZATION.]*

*The City of Richfield may create a tax increment financing district consisting of an area lying west of Trunk Highway 77 extending: to 16<sup>th</sup> Avenue between Crosstown Highway 62 and 66<sup>th</sup> Street; to 17<sup>th</sup>*

*Avenue between 66<sup>th</sup> and 69<sup>th</sup> Streets; and to 18<sup>th</sup> Avenue between 69<sup>th</sup> and 72<sup>nd</sup> Streets. The City or it's Housing and Redevelopment Authority may be the authority for the purposes of Minnesota Statutes, sections 469.174 to 469.179.*

*Subd. 2. [DISTRICT IS REDEVELOPMENT DISTRICT.]*

*The redevelopment tax increment district created pursuant to subdivision 1 is deemed to be a redevelopment district and is subject to Minnesota Statutes, sections 469.174 to 469.179, except that:*

*(1) expenditures for activities as defined in Minnesota Statutes, section 469.1763, subdivision 1, paragraph (b), anywhere in the district are deemed to be the costs of correcting conditions that allow the designation of redevelopment districts pursuant to Minnesota Statutes, section 469.174, subdivision 10; and*

*(2) the five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, does not apply.*

*[EFFECTIVE DATE.] This section received local approval by the City of Richfield on June 28, 2005 in compliance with Minnesota Statutes, section 645.021.*

Pursuant to M.S., Sections 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 or 273.112 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 1-7. Duration of the District**

Pursuant to M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1, the duration 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 HRA or City (a total of 26 years of tax increment). The date of receipt by the City of the first tax increment is expected to be 2008. Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2033, or when the TIF Plan is satisfied. If increment is received in 2009, the term of the District will be 2034. The HRA or City reserves the right to decertify the District prior to the legally required date.

**(AS MODIFIED NOVEMBER 28, 2017)**

Pursuant to M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1, the duration of the District must be indicated within the TIF Plan. Section 469.176, Subd. 1b, provides that the duration of the District would be 25 years after receipt of the first increment by the City (a total of 26 years of tax increment). Pursuant to the Special Law, the duration of District is being extended an additional ten years (for a total of 35 years from receipt of first increment). The date of receipt by the City of the first increment was in 2008. Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate on December 31, 2043, or when the TIF Plan is satisfied. The City reserves the right to decertify the District prior to the legally required date.

### **Subsection 1-8. 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 2006 for taxes payable 2007.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2008) 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 HRA or City.

The original local tax rate for the District will be the local tax rate for taxes payable 2007, assuming the request for certification is made before June 30, 2007. 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 Richfield Redevelopment Project Area, upon completion of the project, will annually approximate tax increment revenues as shown in the following table. The HRA 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 2008. The Project Tax Capacity (PTC) listed is an estimate of values when the project is completed.

#### **WATERSHED DISTRICT NO. 0**

|  |                    |          |
|--|--------------------|----------|
| <b>Project Estimated Tax Capacity upon Completion (PTC)</b>  | <b>\$4,159,167</b> |          |
| <b>Original Estimated Net Tax Capacity (ONTC)</b>            | <b>\$524,969</b>   |          |
| <b>Fiscal Disparities Reduction</b>                          | <b>\$862,825</b>   |          |
| <b>Estimated Captured Tax Capacity (CTC)</b>                 | <b>\$2,771,373</b> |          |
| <b>Original Local Tax Rate</b>                               | <b>1.07715</b>     | Pay 2006 |
| <b>Estimated Annual Tax Increment (CTC x Local Tax Rate)</b> | <b>\$2,985,184</b> |          |
| <b>Percent Retained by the HRA</b>                           | <b>100%</b>        |          |

### WATERSHED DISTRICT NO. 3

|  |                  |          |
|--|------------------|----------|
| <b>Project Estimated Tax Capacity upon Completion (PTC)</b>  | <b>\$831,833</b> |          |
| <b>Original Estimated Net Tax Capacity (ONTC)</b>            | <b>\$143,105</b> |          |
| <b>Fiscal Disparities Reduction</b>                          | <b>\$163,557</b> |          |
| <b>Estimated Captured Tax Capacity (CTC)</b>                 | <b>\$525,171</b> |          |
| <b>Original Local Tax Rate</b>                               | <b>1.087870</b>  | Pay 2006 |
| <b>Estimated Annual Tax Increment (CTC x Local Tax Rate)</b> | <b>\$571,318</b> |          |
| <b>Percent Retained by the HRA</b>                           | <b>100%</b>      |          |

Pursuant to *M.S., Section 469.177, Subd. 4*, the HRA 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 has found building permits that were issued in the past 18 months prior to the public hearing. Please see Appendix H for the building permits that were issued.

#### **Subsection 1-9. Sources of Revenue/Bonded Indebtedness**

Public improvement costs, acquisition, relocation, utilities, parking facilities, streets and sidewalks, and site preparation costs and other costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The HRA or City reserves the right to use other sources of revenue legally applicable to the HRA or City and the TIF Plan, including, but not limited to, special assessments, general property taxes, state aid for road maintenance and construction, proceeds from the sale of land, other contributions from the developer and investment income, to pay for the estimated public costs.

The HRA or City reserves the right to incur bonded indebtedness or other indebtedness as a result of the TIF Plan. As presently proposed, the project will be financed by a bond issue/pay-as-you-go note/interfund loan/transfer. Additional indebtedness may be required to finance other authorized activities. The total principal amount of bonded indebtedness, including a general obligation (GO) TIF bond, or other indebtedness related to the use of tax increment financing will not exceed \$40,000,000 without a modification to the TIF Plan pursuant to applicable statutory requirements. It is estimated that \$200,000 in interfund loans will be financed with tax increment revenues. It is estimated that \$ 40,000,000 in bonded debt/loan proceeds will be financed with tax increment revenues.

This provision does not obligate the HRA or City to incur debt. The HRA 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 HRA or City may also finance the activities to be undertaken pursuant to the TIF Plan through loans from funds of the HRA or City or to reimburse the developer on a "pay-as-you-go" basis for eligible costs paid for by a developer.

The estimated sources of funds for the District are contained in the table below.

| <b>SOURCES OF FUNDS</b> | <b>TOTAL</b>        |
|-------------------------|---------------------|
| Tax Increment           | \$88,000,000        |
| <b>PROJECT REVENUES</b> | <b>\$88,000,000</b> |
| Interfund Loans         | \$200,000           |
| Bond Principal          | \$10,000,000        |
| TIF Note Principal      | \$30,000,000        |

The other financing sources list above is included for purposes of OSA reporting for the TIF District. It is not intended to be cumulative. Transfers are included in case money is moved from one fund to another before an expenditure.

### **Subsection 1-10. Uses of Funds**

Currently under consideration for the District is a proposal to facilitate construction of approximately 350,000 sq. ft. of retail development, 600,000 sq. ft. of office space and 600 housing units. The HRA and City have determined that it will be necessary to provide assistance to the project for certain costs. The HRA 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.

| <b>USES OF FUNDS</b>             | <b>TOTAL</b>        |
|----------------------------------|---------------------|
| Land/Building Acquisition        | \$21,940,000        |
| Site Improvements/Preparation    | \$3,640,000         |
| Public Utilities                 | \$3,640,000         |
| Public Parking Facilities        | \$3,640,000         |
| Streets and Sidewalks            | \$3,640,000         |
| Interest                         | \$42,700,000        |
| Administrative Costs (up to 10%) | \$8,800,000         |
| <b>PROJECT COSTS TOTAL</b>       | <b>\$88,000,000</b> |
| Interfund Loans                  | \$200,000           |
| Bond Principal                   | \$10,000,000        |
| TIF Note Principal               | \$30,000,000        |

The other financing uses listed above is included for purposes of OSA reporting for the TIF District. It is not intended to be cumulative. Transfers are included in case money is moved from one fund to another before an expenditure. TIF is expected to be used for the project costs listed above, which is a not-to-exceed budget

rather than an expected budget of costs.

Pursuant to *M.S., Section 469.175, Subd. 1 (5)*, it is estimated that the cost of improvements, including administrative expenses which will be paid or financed with tax increments, will equal \$88,000,000. For purposes of OSA reporting forms, it is estimated that the cost of improvements, including financing which will be paid for with tax increment will equal \$128,200,000 as is presented in the budget above.

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 Richfield Redevelopment Project 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 1-11. Fiscal Disparities Election**

Pursuant to *M.S., Section 469.177, Subd. 3*, the HRA 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 HRA 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 1-12. Business Subsidies**

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

- (1) A business subsidy of less than \$25,000;
- (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 \$75,000 or less; and
- (22) Federal loan funds provided through the United States Department of Commerce, Economic Development Administration.

The HRA will comply with *M.S., Section 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.

***(AS MODIFIED NOVEMBER 28, 2017, TO INCLUDE LANGUAGE IN CURRENT LAW)***

Pursuant to *M.S., Section 116J.993, Subd. 3*, the following two items related to what is considered a business subsidy were increased from \$75,000 to \$150,000:



- (1) A business subsidy of less than \$150,000;
- (21) Business loans and loan guarantees of \$150,000 or less;

In addition, an additional form of financial assistance is not considered a business subsidy:

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

The HRA 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 in this Subsection.

### **Subsection 1-13. County Road Costs**

Pursuant to *M.S., Section 469.175, Subd. 1a*, the county board may require the HRA 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 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 within five years under another county plan.

If the county elects to use increments to improve county roads, it must notify the HRA or City within forty-five days of receipt of this TIF Plan. The HRA and City are aware that the county could claim that tax increment should be used for county roads, even after the public hearing.

### **Subsection 1-14. 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 HRA 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:

| <b>IMPACT ON TAX BASE</b> |  |   |  |
|---------------------------|--|---|--|
|                           | <b><u>2005/2006<br/>Total Net<br/>Tax Capacity</u></b> | <b><u>Estimated Captured<br/>Tax Capacity (CTC)<br/>Upon Completion</u></b> | <b><u>Percent of CTC<br/>to Entity Total</u></b> |
| Hennepin County           | 1,229,390,982  | 3,314,080   | <b>0.2696%</b>                                   |
| City of Richfield         | 26,793,818   | 3,314,080   | <b>12.3688%</b>                                  |
| ISD No. 280               | 32,426,328   | 3,314,080   | <b>10.2203%</b>                                  |

**WATERSHED DISTRICT NO. 0****IMPACT ON TAX RATES**

|                   | <u>2005/2006<br/>Extension Rates</u> | <u>Percent<br/>of Total</u> | <u>CTC</u> | <u>Potential<br/>Taxes</u> |
|-------------------|--------------------------------------|-----------------------------|------------|----------------------------|
| Hennepin County   | 0.410160                             | 38.08%                      | 2,771,373  | <b>1,136,706</b>           |
| City of Richfield | 0.404970                             | 37.60%                      | ??         | <b>ERR</b>                 |
| ISD No. 280       | 0.192040                             | 17.83%                      | ??         | <b>ERR</b>                 |
| Other             | <u>0.069980</u>                      | <u>6.50%</u>                | <u>??</u>  | <u><b>ERR</b></u>          |
| <b>Total</b>      | 1.077150                             | 100.00%                     |            | <b>1,136,706</b>           |

**WATERSHED DISTRICT NO 3****IMPACT ON TAX RATES**

|                   | <u>2005/2006<br/>Extension Rates</u> | <u>Percent<br/>of Total</u> | <u>CTC</u>     | <u>Potential<br/>Taxes</u> |
|-------------------|--------------------------------------|-----------------------------|----------------|----------------------------|
| Hennepin County   | 0.410160                             | 37.70%                      | 525,171        | <b>215,404</b>             |
| City of Richfield | 0.404970                             | 37.23%                      | 525,171        | <b>212,678</b>             |
| ISD No. 280       | 0.192040                             | 17.65%                      | 525,171        | <b>100,854</b>             |
| Other             | <u>0.080700</u>                      | <u>7.42%</u>                | <u>525,171</u> | <u><b>42,381</b></u>       |
| <b>Total</b>      | 1.087870                             | 100.00%                     |                | <b>571,318</b>             |

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the actual 2005/Pay 2006 rate. The total net capacity for the entities listed above are based on actual Pay 2006 figures. The District will be certified under the actual 2006/Pay 2007 rates, which were unavailable at the time this TIF Plan was prepared. The cashflows assume a 1% inflation rate.

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 \$88,000,000.
- (2) Probable impact of the District on city provided services and ability to issue debt. While, an impact on the District on police protection is expected, the degree of impact is uncertain. With new residents and businesses, police calls for service may increase. New development will increase vehicular traffic and additional overall demands to the call load. Even though call demand is expected to increase, the City does not expect that the proposed development, in and of itself, will necessitate new capital investment in equipment or require the City hire additional employees.

The probable impact of the District on fire protection should be negligible. An increase in service calls can be expected due to the increase in the density of development; however, new buildings typically generate few calls, if any, because of superior construction and fire sprinklers. None of the existing buildings, which will be eliminated by the new development, have fire sprinkler systems.

The impact of the District on Parks should be insignificant. Recreational Services has two costs associated with its operations: Program Costs and Capital Costs. Program costs are funded by user

fees. If more programs are added as a result of the District, the additional programs will be entirely funded by user fees. If Capital Costs are needed for new facilities, the District and developments within would be contributors. Therefore, it is anticipated that the District will have a negligible impact on the Department's existing infrastructure.

The District should benefit public infrastructure. There should be a net reduction in miles of public streets and a corresponding reduction in public street lighting. This reduces the maintenance costs for Public Works. Land parcels for development will generally be larger than existing land parcels. While new development will be at increased densities, the number of water and sanitary sewer lines will be reduced making for lower maintenance costs for the City. Also, the proposed development densities can be accommodated with existing capacity of the water and sanitary sewer infrastructure. The new development may require additional storm water treatment but this should be funded by the developer(s).

Traffic resulting from the new development will increase over existing traffic volumes. However, both East 66<sup>th</sup> Street and the Highway 77 interchange at 66<sup>th</sup> Street have been upgraded to accommodate increased traffic volumes. The District will require a new north-south road that extends from 67<sup>th</sup> Street south to 72<sup>nd</sup> Street to serve the new development. The new road will likely be located generally between the existing 17<sup>th</sup> and 18<sup>th</sup> Avenues, and will be designed as a parkway. Financing for the new road will be folded into financing for the new private redevelopment.

The probable impact of any debt issuance within the District on the main operating fund of the city is expected to be minimal. In addition, the ability of the City to issue future debt will not be affected by the creation of this TIF District.

- (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 \$16,459,768;
- (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 \$35,154,860;
- (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 1-15. Supporting Documentation**

Pursuant to *M.S. Section 469.175 Subd 1, 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 Authority's findings:

**(AS MODIFIED NOVEMBER 28, 2017)**

- Cedar Avenue Corridor Redevelopment Concept Master Plan, JLG Architects, September 2004
- Acoustical Construction - Baseline Measurements, Orfield Laboratories, Inc., December 30, 2004
- Acoustical Construction Criteria, Orfield Laboratories, Inc., January 13, 2005
- Acoustical Construction Criteria, Orfield Laboratories, Inc., May 18, 2005
- Roadway and Transit Assessment of Cedar Avenue Corridor Transit Oriented Development, WSB & Associates, Inc., January 10, 2005
- Legislative Summary 2005, John Choi, Kennedy & Graven, Chartered
- House Research Summary 2005, Joel Michael, House Research

**Subsection 1-16. 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 1-17. 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 HRA or 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 HRA 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*, 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 HRA 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 HRA or 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 1-18. Administrative Expenses**

In accordance with *M.S., Section 469.174, Subd. 14*, administrative expenses means all expenditures of the HRA 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 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 HRA or 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 1-19. 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 HRA or City or a property owner must improve parcels within the District by approximately September, 2010 and report such actions to the County Auditor.

***(AS MODIFIED NOVEMBER 28, 2017, TO INCLUDE LANGUAGE IN CURRENT LAW)***

In 2009 *M.S., Section 469.176, Subd. 6* was amended to include Subd 6(b) which reads:

For districts which were certified on or after January 1, 2005, and before April 20, 2009, the four-year period under paragraph (a) is increased to six years.

This District was certified on May 21, 2007. Since it meets the requirement of the updated language in the law, the new date by which qualifying activities must take place on or adjacent to any parcel in the District is May 2013.

**Subsection 1-20. Use of Tax Increment**

The HRA 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 Richfield Redevelopment Project Area pursuant to the *M.S., Sections 469.001 to 469.047*;
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 HRA or City or for the benefit of the Richfield Redevelopment Project 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 Hennepin County to the HRA for the Tax Increment Fund of said District. The HRA 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 HRA or City administration (up to 10 percent) and the costs of public improvement activities outside the District.

### **Subsection 1-21. 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 HRA or City must spend or return the excess increments under paragraph (c) within nine months after the end of the year. In addition, the HRA 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 Richfield Redevelopment Project Area or the District.

### **Subsection 1-22. Requirements for Agreements with the Developer**

The HRA 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 HRA or City to demonstrate the conformance of the development with City plans and ordinances. The HRA 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 HRA 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 HRA or City concluded an agreement for the development or redevelopment of the property acquired and which provides recourse for the HRA or City should the development or redevelopment not be completed.

### **Subsection 1-23. Assessment Agreements**

Pursuant to *M.S., Section 469.177, Subd. 8*, the HRA 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 1-24. Administration of the District**

Administration of the District will be handled by the Community Development Director.

#### **Subsection 1-25. Annual Disclosure Requirements**

Pursuant to *M.S., Section 469.175, Subd. 5, 6, and 6b* the HRA 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 OSA will direct the County Auditor to withhold the distribution of tax increment from the District.

#### **Subsection 1-26. 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 HRA and City staff awareness of the feasibility of developing the project site. 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 1-27. 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 Richfield Redevelopment Project Area pursuant to the *M.S., Sections 469.001 to 469.047*. 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. Pursuant to *Laws of Minnesota 2005, Chapter 152, Article 2, Section 25 Subd 2*:  
  
*(2) the five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, does not apply.*
4. Redevelopment District. Pursuant to *Laws of Minnesota 2005, Chapter 152, Article 2, Section 25 Subd 2*:  
  
*(1) expenditures for activities as defined in Minnesota Statutes, section 469.1763, subdivision 1, paragraph (b), anywhere in the district are deemed to be the costs of correcting conditions that allow the designation of redevelopment districts pursuant to Minnesota Statutes, section 469.174, subdivision 10;*

#### **Subsection 1-28. Summary**

The Richfield 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

In 1996, the Minnesota State Legislature made a decision that the Minneapolis-St. Paul International airport (MSP) would remain and expand at its current location. Expansion included the construction of a new North/South Runway, and independent studies confirmed that the noise from this runway - believed to be the closest that any similar runway has been built to an existing residential area in the country - would be incompatible with the adjacent predominantly residential land uses. Based on decibel level studies, the City identified a redevelopment area which essentially included land bounded by Highway 62 to the north, Interstate 494 to the south, Highway 77 to the east, and 16<sup>th</sup> Avenue to the west. In 1999, a redevelopment plan was created. (See Subsection 2-15).

Since that time, additional sound studies completed in 2000 revised the noise impact area to include land bounded by Highway 62 to the north, 72<sup>nd</sup> Street to the south, Highway 77 to the east, and a jogged profile from approximately 16<sup>th</sup> Avenue at the north end of the site to 18<sup>th</sup> Avenue at the south end. (See Subsection 2-15).

Expansion work at the Minneapolis-St. Paul Airport has presented tremendous challenges and opportunities for the City of Richfield. The construction of a new north-south runway at the westernmost area of the airport site and its resulting low-frequency noise levels have made it essential for the City to revision its eastern edge. The existing land-use, essentially single family residential, is no longer an appropriate neighbor for the airport. These challenges have given rise to opportunities for development that serve the future of the City of Richfield and help to mitigate the problems caused by the airport expansion.

JLG Architects was contracted in 2004 to prepare a new land-use master plan based on these new parameters. In 2005 WSB & Associates, Inc. prepared a Roadway and Transit Assessment that suggests the overall proposed redevelopment is anticipated to consist of the following primary components:

- Approximately 350,000 square feet of new retail development
- Approximately 600,000 square feet of new office space
- Approximately 600 new housing units

After completing various financial feasibility models it was determined that Tax Increment Financing was needed to make the project feasible.

Also in 2005 the City of Richfield requested and received special Tax Increment Financing legislation for this area. (See Subsection 2-6).

### ***(AS MODIFIED NOVEMBER 28, 2017)***

In 2006, the City and HRA established the Cedar Avenue TIF District as a result of decisions made by the Minnesota State Legislature to keep the MSP airport in its current location, and as an effort of the City to be proactive with its redevelopment efforts. The TIF District was established to encourage new commercial and housing development instead of capital and people moving to newer developing communities.

The Financial Crisis of 2007-2008 marked the start of a recession that continued into 2009. During this period and for several years following, development slowed or halted, and the type of development contemplated for the area changed.

The Cedar Avenue TIF District received inflationary increment in the first year starting the term of the

District. Market values then declined and increment was not generated over the past eight years.

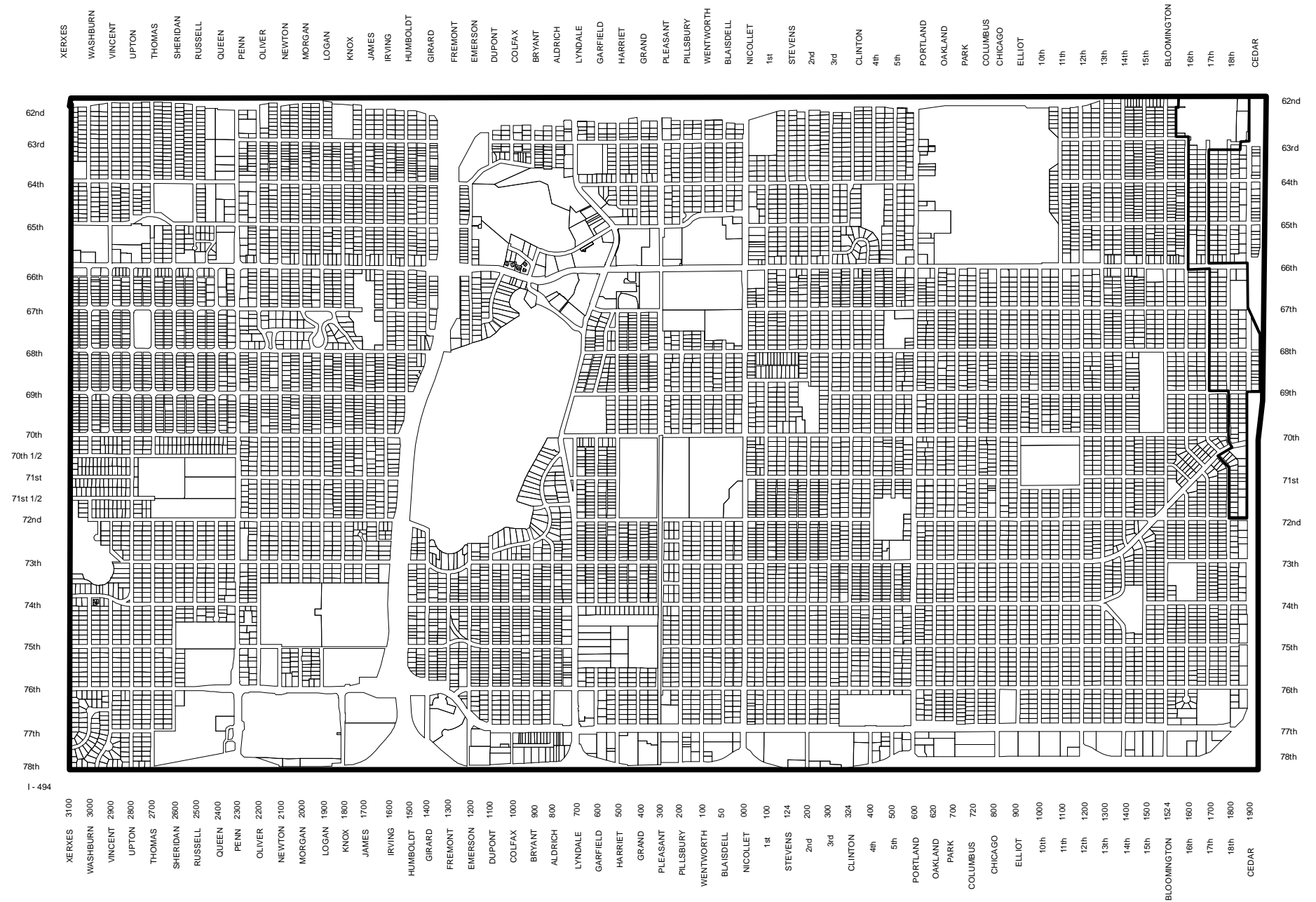
During this time the City and HRA considered multiple development proposals; however, for a variety of reasons, none of the projects moved forward. In 2013, the City issued General Obligation Improvement Bonds to acquire properties and construct Richfield Parkway (Series 2013A Bonds) in the north portion of the District.

In 2017 the City of Richfield received special legislation to extend the term of the Cedar Avenue TIF District (see Appendix I). The City and HRA have not entered into an agreement, but anticipate housing and retail development in the District. It is anticipated that development may occur in 2019.

## APPENDIX B

### MAP OF THE RICHFIELD REDEVELOPMENT PROJECT AREA AND THE DISTRICT

# **RICHFIELD REDEVELOPMENT PROJECT AREA** **Cedar Corridor Tax Increment Financing District**



# CEDAR CORRIDOR, 2017-1 & 2018-1 HOUSING TIF DISTRICTS



## 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.

| <b>PARCEL</b> | <b>ADDRESS</b>   |
|---------------|------------------|
| 2502824320001 | 6733 CEDAR AVE S |
| 2502824330054 | 6841 CEDAR AVE S |
| 2502824330055 | 6839 CEDAR AVE S |
| 2502824330056 | 6833 CEDAR AVE S |
| 2502824330057 | 6829 CEDAR AVE S |
| 2502824330058 | 6825 CEDAR AVE S |
| 2502824330059 | 6821 CEDAR AVE S |
| 2502824330060 | 6813 CEDAR AVE S |
| 2502824330061 | 6809 CEDAR AVE S |
| 2502824330062 | 6801 CEDAR AVE S |
| 2602824110002 | 6300 18TH AVE S  |
| 2602824110033 | 6309 16TH AVE S  |
| 2602824110034 | 6315 16TH AVE S  |
| 2602824110035 | 6321 16TH AVE S  |
| 2602824110036 | 6327 16TH AVE S  |
| 2602824110037 | 6333 16TH AVE S  |
| 2602824110038 | 6339 16TH AVE S  |
| 2602824110039 | 6345 16TH AVE S  |
| 2602824110040 | 6344 17TH AVE S  |
| 2602824110041 | 6338 17TH AVE S  |
| 2602824110042 | 6332 17TH AVE S  |
| 2602824110043 | 6326 17TH AVE S  |
| 2602824110044 | 6320 17TH AVE S  |
| 2602824110045 | 6314 17TH AVE S  |
| 2602824110062 | 6309 18TH AVE S  |
| 2602824140001 | 6541 16TH AVE S  |
| 2602824140002 | 6509 16TH AVE S  |
| 2602824140003 | 6501 16TH AVE S  |
| 2602824140004 | 6401 16TH AVE S  |
| 2602824140005 | 6409 16TH AVE S  |
| 2602824140006 | 6415 16TH AVE S  |
| 2602824140007 | 6421 16TH AVE S  |
| 2602824140008 | 6427 16TH AVE S  |
| 2602824140009 | 6433 16TH AVE S  |
| 2602824140010 | 6439 16TH AVE S  |
| 2602824140011 | 6445 16TH AVE S  |
| 2602824140012 | 6444 17TH AVE S  |
| 2602824140013 | 6438 17TH AVE S  |
| 2602824140014 | 6432 17TH AVE S  |
| 2602824140015 | 6426 17TH AVE S  |
| 2602824140016 | 6420 17TH AVE S  |
| 2602824140017 | 6414 17TH AVE S  |

|               |                  |
|---------------|------------------|
| 2602824140018 | 6408 17TH AVE S  |
| 2602824140019 | 6400 17TH AVE S  |
| 2602824140020 | 6500 17TH AVE S  |
| 2602824140021 | 6508 17TH AVE S  |
| 2602824140022 | 6514 17TH AVE S  |
| 2602824140023 | 6520 17TH AVE S  |
| 2602824140024 | 6526 17TH AVE S  |
| 2602824140025 | 6532 17TH AVE S  |
| 2602824140122 | 1620 66TH ST E   |
| 2602824140123 | 1614 66TH ST E   |
| 2602824410001 | 6607 18TH AVE S  |
| 2602824410002 | 660 CEDAR AVE S  |
| 2602824410063 | 6636 CEDAR AVE S |
| 2602824410066 | 6614 18TH AVE S  |
| 2602824410067 | 6620 18TH AVE S  |
| 2602824410068 | 6626 18TH AVE S  |
| 2602824410069 | 6632 18TH AVE S  |
| 2602824410070 | 6638 18TH AVE S  |
| 2602824410071 | 6644 18TH AVE S  |
| 2602824410072 | 6645 17TH AVE S  |
| 2602824410073 | 6639 17TH AVE S  |
| 2602824410074 | 6633 17TH AVE S  |
| 2602824410075 | 6627 17TH AVE S  |
| 2602824410076 | 6621 17TH AVE S  |
| 2602824410077 | 6615 17TH AVE S  |
| 2602824410078 | 6609 17TH AVE S  |
| 2602824410079 | 6601 17TH AVE S  |
| 2602824410080 | 6700 18TH AVE S  |
| 2602824410081 | 6708 18TH AVE S  |
| 2602824410082 | 6714 18TH AVE S  |
| 2602824410083 | 6720 18TH AVE S  |
| 2602824410084 | 6726 18TH AVE S  |
| 2602824410085 | 6732 18TH AVE S  |
| 2602824410086 | 6738 18TH AVE S  |
| 2602824410087 | 6744 18TH AVE S  |
| 2602824410088 | 6745 17TH AVE S  |
| 2602824410089 | 6739 17TH AVE S  |
| 2602824410090 | 6733 17TH AVE S  |
| 2602824410091 | 6727 17TH AVE S  |
| 2602824410092 | 6721 17TH AVE S  |
| 2602824410093 | 6715 17TH AVE S  |
| 2602824410094 | 6709 17TH AVE S  |
| 2602824410095 | 6701 17TH AVE S  |
| 2602824410096 | 6700 CEDAR AVE S |
| 2602824410097 | 6720 CEDAR AVE S |
| 2602824410098 | 6730 CEDAR AVE S |
| 2602824410099 | 6744 CEDAR AVE S |
| 2602824410100 | 6745 18TH AVE S  |
| 2602824410101 | 6739 18TH AVE S  |
| 2602824410102 | 6733 18TH AVE S  |



|               |                  |
|---------------|------------------|
| 2602824410103 | 6727 18TH AVE S  |
| 2602824410104 | 6721 18TH AVE S  |
| 2602824410105 | 6715 18TH AVE S  |
| 2602824410106 | 6709 18TH AVE S  |
| 2602824410107 | 6701 18TH AVE S  |
| 2602824410108 | 1717 66TH ST E   |
| 2602824440001 | 6800 CEDAR AVE S |
| 2602824440002 | 6808 CEDAR AVE S |
| 2602824440003 | 6814 CEDAR AVE S |
| 2602824440004 | 6820 CEDAR AVE S |
| 2602824440005 | 6826 CEDAR AVE S |
| 2602824440006 | 6832 CEDAR AVE S |
| 2602824440007 | 6838 CEDAR AVE S |
| 2602824440008 | 6844 CEDAR AVE S |
| 2602824440009 | 6845 18TH AVE S  |
| 2602824440010 | 6839 18TH AVE S  |
| 2602824440011 | 6833 18TH AVE S  |
| 2602824440012 | 6827 18TH AVE S  |
| 2602824440013 | 6821 18TH AVE S  |
| 2602824440014 | 6815 18TH AVE S  |
| 2602824440015 | 6809 18TH AVE S  |
| 2602824440016 | 6801 18TH AVE S  |
| 2602824440017 | 6800 18TH AVE S  |
| 2602824440018 | 6808 18TH AVE S  |
| 2602824440019 | 6814 18TH AVE S  |
| 2602824440020 | 6820 18TH AVE S  |
| 2602824440021 | 6826 18TH AVE S  |
| 2602824440022 | 6832 18TH AVE S  |
| 2602824440023 | 6838 18TH AVE S  |
| 2602824440024 | 6844 18TH AVE S  |
| 2602824440025 | 6845 17TH AVE S  |
| 2602824440026 | 6839 17TH AVE S  |
| 2602824440027 | 6833 17TH AVE S  |
| 2602824440028 | 6827 17TH AVE S  |
| 2602824440029 | 6821 17TH AVE S  |
| 2602824440030 | 6815 17TH AVE S  |
| 2602824440031 | 6809 17TH AVE S  |
| 2602824440032 | 6801 17TH AVE S  |
| 2602824440065 | 6900 CEDAR AVE S |
| 2602824440066 | 6908 CEDAR AVE S |
| 2602824440067 | 6914 CEDAR AVE S |
| 2602824440068 | 6920 CEDAR AVE S |
| 2602824440069 | 6924 CEDAR AVE S |
| 2602824440070 | 6932 CEDAR AVE S |
| 2602824440073 | 6945 18TH AVE S  |
| 2602824440074 | 6939 18TH AVE S  |
| 2602824440075 | 6933 18TH AVE S  |
| 2602824440076 | 6927 18TH AVE S  |
| 2602824440077 | 6921 18TH AVE S  |
| 2602824440078 | 6915 18TH AVE S  |

|               |                  |
|---------------|------------------|
| 2602824440079 | 6909 18TH AVE S  |
| 2602824440080 | 6901 18TH AVE S  |
| 2602824440129 | 6938 CEDAR AVE S |
| 3502824110001 | 6958 CEDAR AVE S |
| 3502824110002 | 7001 18TH AVE S  |
| 3502824110003 | 7005 18TH AVE S  |
| 3502824110009 | 7000 CEDAR AVE S |
| 3502824110010 | 7034 CEDAR AVE S |
| 3502824110011 | 7040 CEDAR AVE S |
| 3502824110012 | 7048 CEDAR AVE S |
| 3502824110013 | 7100 CEDAR AVE S |
| 3502824110014 | 7108 CEDAR AVE S |
| 3502824110015 | 7116 CEDAR AVE S |
| 3502824110016 | 7121 18TH AVE S  |
| 3502824110017 | 7115 18TH AVE S  |
| 3502824110018 | 7111 18TH AVE S  |
| 3502824110019 | 7105 18TH AVE S  |
| 3502824110020 | 7101 18TH AVE S  |
| 3502824110021 | 7049 18TH AVE S  |
| 3502824110022 | 7045 18TH AVE S  |
| 3502824110023 | 7039 18TH AVE S  |
| 3502824110024 | 7035 18TH AVE S  |
| 3502824110025 | 7033 18TH AVE S  |
| 3502824110026 | 7029 18TH AVE S  |
| 3502824110027 | 7025 18TH AVE S  |
| 3502824110123 | 7134 CEDAR AVE S |
| 3502824110124 | 7145 18TH AVE S  |
| 3502824110125 | 7137 18TH AVE S  |
| 3502824110126 | 7131 18TH AVE S  |
| 3502824110127 | 7127 18TH AVE S  |

***(AS MODIFIED NOVEMBER 28, 2017)***

The following parcels are being removed from the District for inclusion in Tax Increment Financing District No. 2017-1 (The Chamberlain):

| <b><u>Parcel Numbers</u></b> | <b><u>Address</u></b>       | <b><u>Owner</u></b>    |
|------------------------------|-----------------------------|------------------------|
| 26-028-24-41-0067            | 6620 18 <sup>th</sup> Ave S | HRA                    |
| 26-028-24-41-0068            | 6626 18 <sup>th</sup> Ave S | HRA                    |
| 26-028-24-41-0069            | 6632 18 <sup>th</sup> Ave S | HRA                    |
| 26-028-24-41-0070            | 6638 18 <sup>th</sup> Ave S | HRA                    |
| 26-028-24-41-0071            | 6644 18 <sup>th</sup> Ave S | HRA                    |
| 26-028-24-41-0072            | 6645 17 <sup>th</sup> Ave S | HRA                    |
| 26-028-24-41-0073            | 6639 17 <sup>th</sup> Ave S | HRA                    |
| 26-028-24-41-0074            | 6633 17 <sup>th</sup> Ave S | HRA                    |
| 26-028-24-41-0075            | 6627 17 <sup>th</sup> Ave S | HRA                    |
| 26-028-24-41-0076            | 6621 17 <sup>th</sup> Ave S | HRA                    |
| 26-028-24-41-0077            | 6615 17 <sup>th</sup> Ave S | HRA                    |
| 26-028-24-41-0080            | 6700 18 <sup>th</sup> Ave S | HRA                    |
| 26-028-24-41-0081            | 6708 18 <sup>th</sup> Ave S | HRA                    |
| 26-028-24-41-0082            | 6714 18 <sup>th</sup> Ave S | HRA                    |
| 26-028-24-41-0083            | 6720 18 <sup>th</sup> Ave S | HRA                    |
| 26-028-24-41-0084            | 6726 18 <sup>th</sup> Ave S | HRA                    |
| 26-028-24-41-0085            | 6732 18 <sup>th</sup> Ave S | HRA                    |
| 26-028-24-41-0086            | 6738 18 <sup>th</sup> Ave S | HRA                    |
| 26-028-24-41-0087            | 6744 18 <sup>th</sup> Ave S | HRA                    |
| 26-028-24-41-0096            | 6700 Cedar Ave S            | HRA                    |
| 26-028-24-41-0097            | 6720 Cedar Ave S            | Cedar South Pointe LLC |
| 26-028-24-41-0098            | 6730 Cedar Ave S            | Cedar South Pointe LLC |
| 26-028-24-41-0099            | 6744 Cedar Ave S            | Cedar South Pointe LLC |
| 26-028-24-41-0100            | 6745 18 <sup>th</sup> Ave S | HRA                    |
| 26-028-24-41-0101            | 6739 18 <sup>th</sup> Ave S | HRA                    |

|                   |                             |                          |
|-------------------|-----------------------------|--------------------------|
| 26-028-24-41-0102 | 6733 18 <sup>th</sup> Ave S | HRA                      |
| 26-028-24-41-0103 | 6727 18 <sup>th</sup> Ave S | HRA                      |
| 26-028-24-41-0104 | 6721 18 <sup>th</sup> Ave S | HRA                      |
| 26-028-24-41-0105 | 6715 18 <sup>th</sup> Ave S | Richfield Apartments LLC |
| 26-028-24-41-0106 | 6709 18 <sup>th</sup> Ave S | HRA                      |
| 26-028-24-41-0107 | 6701 18 <sup>th</sup> Ave S | HRA                      |

The following are the parcels remaining in the District:

|               |               |               |               |               |
|---------------|---------------|---------------|---------------|---------------|
| 2502824320001 | 2502824330054 | 2502824330055 | 2502824330056 | 2502824330057 |
| 2502824330058 | 2502824330059 | 2502824330060 | 2502824330061 | 2502824330062 |
| 2602824110002 | 2602824110033 | 2602824110034 | 2602824110035 | 2602824110036 |
| 2602824110037 | 2602824110038 | 2602824110039 | 2602824110040 | 2602824110041 |
| 2602824110042 | 2602824110043 | 2602824110044 | 2602824110045 | 2602824110062 |
| 2602824140001 | 2602824140002 | 2602824140003 | 2602824140004 | 2602824140005 |
| 2602824140006 | 2602824140007 | 2602824140008 | 2602824140009 | 2602824140010 |
| 2602824140011 | 2602824140012 | 2602824140013 | 2602824140014 | 2602824140015 |
| 2602824140016 | 2602824140017 | 2602824140018 | 2602824140019 | 2602824140137 |
| 2602824140138 | 2602824140140 | 2602824140141 | 2602824410001 | 2602824410002 |
| 2602824410063 | 2602824410066 | 2602824410088 | 2602824410089 | 2602824410090 |
| 2602824410091 | 2602824410092 | 2602824410093 | 2602824410094 | 2602824410095 |
| 2602824410108 | 2602824440001 | 2602824440002 | 2602824440003 | 2602824440004 |
| 2602824440005 | 2602824440006 | 2602824440007 | 2602824440008 | 2602824440009 |
| 2602824440010 | 2602824440011 | 2602824440012 | 2602824440013 | 2602824440014 |
| 2602824440015 | 2602824440016 | 2602824440017 | 2602824440018 | 2602824440019 |
| 2602824440020 | 2602824440021 | 2602824440022 | 2602824440023 | 2602824440024 |
| 2602824440025 | 2602824440026 | 2602824440027 | 2602824440028 | 2602824440029 |
| 2602824440030 | 2602824440031 | 2602824440032 | 2602824440065 | 2602824440066 |
| 2602824440067 | 2602824440068 | 2602824440069 | 2602824440071 | 2602824440073 |
| 2602824440074 | 2602824440075 | 2602824440076 | 2602824440077 | 2602824440078 |

|               |               |               |               |               |
|---------------|---------------|---------------|---------------|---------------|
| 2602824440079 | 2602824440080 | 2602824440129 | 3502824110001 | 3502824110002 |
| 3502824110003 | 3502824110009 | 3502824110010 | 3502824110011 | 3502824110012 |
| 3502824110013 | 3502824110014 | 3502824110015 | 3502824110016 | 3502824110017 |
| 3502824110018 | 3502824110019 | 3502824110020 | 3502824110021 | 3502824110022 |
| 3502824110023 | 3502824110024 | 3502824110025 | 3502824110026 | 3502824110027 |
| 3502824110123 | 3502824110124 | 3502824110125 | 3502824110126 | 3502824110127 |

*(AS MODIFIED AUGUST 21, 2018)*

The following parcels are being removed from the District for inclusion in Tax Increment Financing District No. 2018-1:

| <u>Parcel Numbers*</u> | <u>Address</u>                  | <u>Owner</u>  |
|------------------------|---------------------------------|---------------|
| 26.028.24.11.0033      | 6309 - 16 <sup>th</sup> Ave. S. | Dunn          |
| 26.028.24.11.0034      | 6315 - 16 <sup>th</sup> Ave. S. | Richfield HRA |
| 26.028.24.11.0035      | 6321 - 16 <sup>th</sup> Ave. S. | Ramirez       |
| 26.028.24.11.0036      | 6327 - 16 <sup>th</sup> Ave. S. | Kowal         |
| 26.028.24.11.0037      | 6333 - 16 <sup>th</sup> Ave. S. | Richfield HRA |
| 26.028.24.11.0038      | 6339 - 16 <sup>th</sup> Ave. S. | Bolstad       |
| 26.028.24.11.0039      | 6345 - 16 <sup>th</sup> Ave. S. | Robinson      |
| 26.028.24.14.0004      | 6401 - 16 <sup>th</sup> Ave. S. | Richfield HRA |
| 26.028.24.14.0005      | 6409 - 16 <sup>th</sup> Ave. S. | Richfield HRA |
| 26.028.24.14.0006      | 6415 - 16 <sup>th</sup> Ave. S. | Ray           |
| 26.028.24.14.0007      | 6421 - 16 <sup>th</sup> Ave. S. | Jones         |
| 26.028.24.14.0008      | 6427 - 16 <sup>th</sup> Ave. S. | Garcia        |
| 26.028.24.14.0009      | 6433 - 16 <sup>th</sup> Ave. S. | Secora        |
| 26.028.24.14.0010      | 6439 - 16 <sup>th</sup> Ave. S. | Pina          |
| 26.028.24.14.0011      | 6445 - 16 <sup>th</sup> Ave. S. | Soderberg     |
| 26.028.24.14.0003      | 6501 - 16 <sup>th</sup> Ave. S. | Mt. Calvary   |
| 26.028.24.14.0002      | 6509 - 16 <sup>th</sup> Ave. S. | Mt. Calvary   |

The following parcels remain in the District:

|               |               |               |               |               |
|---------------|---------------|---------------|---------------|---------------|
| 2502824320001 | 2502824330054 | 2502824330055 | 2502824330056 | 2502824330057 |
| 2502824330058 | 2502824330059 | 2502824330060 | 2502824330061 | 2502824330062 |
| 2602824110002 | 2602824110040 | 2602824110041 | 2602824110042 | 2602824110043 |
| 2602824110044 | 2602824110045 | 2602824110062 | 2602824140001 | 2602824140012 |
| 2602824140013 | 2602824140014 | 2602824140015 | 2602824140016 | 2602824140017 |
| 2602824140018 | 2602824140019 | 2602824140137 | 2602824140138 | 2602824140140 |
| 2602824140141 | 2602824410001 | 2602824410002 | 2602824410063 | 2602824410066 |
| 2602824410088 | 2602824410089 | 2602824410090 | 2602824410091 | 2602824410092 |
| 2602824410093 | 2602824410094 | 2602824410095 | 2602824410108 | 2602824440001 |
| 2602824440002 | 2602824440003 | 2602824440004 | 2602824440005 | 2602824440006 |
| 2602824440007 | 2602824440008 | 2602824440009 | 2602824440010 | 2602824440011 |
| 2602824440012 | 2602824440013 | 2602824440014 | 2602824440015 | 2602824440016 |
| 2602824440017 | 2602824440018 | 2602824440019 | 2602824440020 | 2602824440021 |
| 2602824440022 | 2602824440023 | 2602824440024 | 2602824440025 | 2602824440026 |
| 2602824440027 | 2602824440028 | 2602824440029 | 2602824440030 | 2602824440031 |
| 2602824440032 | 2602824440065 | 2602824440066 | 2602824440067 | 2602824440068 |
| 2602824440069 | 2602824440071 | 2602824440073 | 2602824440074 | 2602824440075 |
| 2602824440076 | 2602824440077 | 2602824440078 | 2602824440079 | 2602824440080 |
| 2602824440129 | 3502824110001 | 3502824110002 | 3502824110003 | 3502824110009 |
| 3502824110010 | 3502824110011 | 3502824110012 | 3502824110013 | 3502824110014 |
| 3502824110015 | 3502824110016 | 3502824110017 | 3502824110018 | 3502824110019 |
| 3502824110020 | 3502824110021 | 3502824110022 | 3502824110023 | 3502824110024 |
| 3502824110025 | 3502824110026 | 3502824110027 | 3502824110123 | 3502824110124 |
| 3502824110125 | 3502824110126 | 3502824110127 |               |               |

APPENDIX D  
ESTIMATED CASH FLOW FOR THE DISTRICT



**CEDAR AVE TAX INCREMENT DISTRICT  
CITY OF RICHFIELD**

**SUMMARY**

| <b>T.I.F. CASH FLOW ASSUMPTIONS</b>                 |                                   |          |  |
|---|-----------------------------------|----------|--|
| <b>District</b>                                     | <b>New Redevelopment District</b> |          |  |
| <b>County District #</b>                            |                                   |          |  |
| Inflation Rate - Every _ Years                      | 1.00%                             |          |  |
| Pay-As-You-Go Interest Rate:                        | 6.50%                             |          |  |
| City Internal Loan Rate                             | 4.00%                             |          |  |
| Note Issued Date (Present Value Date):              | 01-Feb-06                         |          |  |
| Local Tax Rate - Frozen                             | 113.5680%                         | Pay 2006 |  |
| Fiscal Disparities Election                         | Inside                            |          |  |
| Year District was certified                         | 2006                              |          |  |
| Assumes First Tax Increment For District            | 2008                              |          |  |
| Year District was Modified                          | N/A                               |          |  |
| Development located in modified area                | N/A                               |          |  |
| Assumes First Tax Increment For Dev                 | 2009                              |          |  |
| Years of Tax Increment                              | 26                                |          |  |
| Assumes Last Year of Tax Increment                  | 2033                              |          |  |
|   |                                   |          |  |
| Fiscal Disparities Ratio                            | 33.6177%                          | Pay 2006 |  |
| Fiscal Disparities Metro Wide Tax Rate              | 121.8020%                         | Pay 2006 |  |
| Local Tax Rate - Current                            | 107.7150%                         | Pay 2006 |  |
| State Wide Property Tax Rate (Used for total taxes) | 50.8270%                          | Pay 2006 |  |
| Market Value Tax Rate (used for total taxes)        | N/A                               | Pay 2006 |  |
|   |                                   |          |  |
| Commercial Industrial Class Rate                    | 1.5%-2.0%                         | Pay 2006 |  |
| First 150,000                                       | 1.50%                             |          |  |
| Over 150,000  | 2.00%                             |          |  |
| Rental Class Rate                                   | 1.25%                             | Pay 2006 |  |
| Residential Class Ra - Under \$500,000              | 1.00%                             |          |  |
| Over \$500,000                                      | 1.25%                             |          |  |

**Note:**

1. Tax estimates are based upon market value, construction costs and taxes per sq/ft.
2. Apartments/residential do not pay State-wide property tax or Fiscal Disparities
3. Assumes Fiscal Disparities is paid inside the district





## CEDAR AVE TAX INCREMENT DISTRICT

CITY OF RICHFIELD

### SUMMARY

| TAX INCREMENT CASH FLOW |           |      |               |              |                       |              |                     |                  |                    |                     |                   |                   | PAYMENT DATE  |       |      |
|-------------------------|-----------|------|---------------|--------------|-----------------------|--------------|---------------------|------------------|--------------------|---------------------|-------------------|-------------------|---------------|-------|------|
| PERIOD                  | BEGINNING |      | Base          | Project      | Fiscal                | Captured     | Semi-Annual         | State            | Admin.             | Housing             | Semi-Annual       | Semi-Annual       | PERIOD ENDING |       |      |
| Yrs.                    | Mth.      | Yr.  | Tax Capacity  | Tax Capacity | Disparities Reduction | Tax Capacity | Gross Tax Increment | Auditor 0.36%    | 10.00%             | 15.00%              | Net Tax Increment | Present Value     | Yrs.          | Mth.  | Yr.  |
| Present Value Date      |           |      |               |              |                       | 01-Feb-06    |                     |                  |                    |                     |                   |                   |               |       |      |
| 0.0                     | 1-Aug     | 2006 | 668,074       | 668,074      |                       |              |                     | 0                |                    |                     |                   |                   | 0.0           | 1-Feb | 2006 |
| 0.0                     | 1-Feb     | 2007 | 668,074       | 668,074      | 0                     | 0            | 0                   | 0                | 0                  | 0                   | 0                 | 0                 | 0.0           | 1-Aug | 2006 |
| 0.0                     | 1-Aug     | 2007 | 668,074       | 668,074      | 0                     | 0            | 0                   | 0                | 0                  | 0                   | 0                 | 0                 | 0.0           | 1-Feb | 2007 |
| 0.0                     | 1-Feb     | 2008 | 668,074       | 668,074      | 0                     | 0            | 0                   | 0                | 0                  | 0                   | 0                 | 0                 | 0.5           | 1-Aug | 2007 |
| 0.5                     | 1-Aug     | 2008 | 668,074       | 668,074      | 0                     | 0            | 0                   | 0                | 0                  | 0                   | 0                 | 0                 | 1.0           | 1-Feb | 2008 |
| 1.0                     | 1-Feb     | 2009 | 668,074       | 974,938      | (78,342)              | 228,522      | 123,076             | (443)            | (12,263)           | (18,395)            | 91,975            | 78,383            | 1.5           | 1-Aug | 2008 |
| 1.5                     | 1-Aug     | 2009 | 668,074       | 974,938      | (78,342)              | 228,522      | 123,076             | (443)            | (12,263)           | (18,395)            | 91,975            | 154,298           | 2.0           | 1-Feb | 2009 |
| 2.0                     | 1-Feb     | 2010 | 668,074       | 1,806,772    | (290,749)             | 847,948      | 456,684             | (1,644)          | (45,504)           | (68,256)            | 341,280           | 427,120           | 2.5           | 1-Aug | 2009 |
| 2.5                     | 1-Aug     | 2010 | 668,074       | 1,806,772    | (290,749)             | 847,948      | 456,684             | (1,644)          | (45,504)           | (68,256)            | 341,280           | 691,355           | 3.0           | 1-Feb | 2010 |
| 3.0                     | 1-Feb     | 2011 | 668,074       | 2,638,605    | (503,157)             | 1,467,373    | 790,291             | (2,845)          | (78,745)           | (118,117)           | 590,584           | 1,134,220         | 3.5           | 1-Aug | 2010 |
| 3.5                     | 1-Aug     | 2011 | 668,074       | 2,638,605    | (503,157)             | 1,467,373    | 790,291             | (2,845)          | (78,745)           | (118,117)           | 590,584           | 1,563,145         | 4.0           | 1-Feb | 2011 |
| 4.0                     | 1-Feb     | 2012 | 668,074       | 3,470,438    | (715,565)             | 2,086,799    | 1,123,898           | (4,046)          | (111,985)          | (167,978)           | 839,889           | 2,153,932         | 4.5           | 1-Aug | 2011 |
| 4.5                     | 1-Aug     | 2012 | 668,074       | 3,470,438    | (715,565)             | 2,086,799    | 1,123,898           | (4,046)          | (111,985)          | (167,978)           | 839,889           | 2,726,123         | 5.0           | 1-Feb | 2012 |
| 5.0                     | 1-Feb     | 2013 | 668,074       | 4,302,272    | (927,973)             | 2,706,224    | 1,457,505           | (5,247)          | (145,226)          | (217,839)           | 1,089,193         | 3,444,801         | 5.5           | 1-Aug | 2012 |
| 5.5                     | 1-Aug     | 2013 | 668,074       | 4,302,272    | (927,973)             | 2,706,224    | 1,457,505           | (5,247)          | (145,226)          | (217,839)           | 1,089,193         | 4,140,857         | 6.0           | 1-Feb | 2013 |
| 6.0                     | 1-Feb     | 2014 | 668,074       | 4,991,000    | (1,103,879)           | 3,219,047    | 1,736,447           | (6,251)          | (173,020)          | (259,529)           | 1,297,647         | 4,944,023         | 6.5           | 1-Aug | 2013 |
| 6.5                     | 1-Aug     | 2014 | 668,074       | 4,991,000    | (1,103,879)           | 3,219,047    | 1,736,447           | (6,251)          | (173,020)          | (259,529)           | 1,297,647         | 5,721,909         | 7.0           | 1-Feb | 2014 |
| 7.0                     | 1-Feb     | 2015 | 668,074       | 5,040,910    | (1,116,623)           | 3,256,213    | 1,756,497           | (6,323)          | (175,017)          | (262,526)           | 1,312,630         | 6,484,007         | 7.5           | 1-Aug | 2014 |
| 7.5                     | 1-Aug     | 2015 | 668,074       | 5,040,910    | (1,116,623)           | 3,256,213    | 1,756,497           | (6,323)          | (175,017)          | (262,526)           | 1,312,630         | 7,222,118         | 8.0           | 1-Feb | 2015 |
| 8.0                     | 1-Feb     | 2016 | 668,074       | 5,091,319    | (1,129,495)           | 3,293,750    | 1,776,747           | (6,396)          | (177,035)          | (265,553)           | 1,327,763         | 7,945,236         | 8.5           | 1-Aug | 2015 |
| 8.5                     | 1-Aug     | 2016 | 668,074       | 5,091,319    | (1,129,495)           | 3,293,750    | 1,776,747           | (6,396)          | (177,035)          | (265,553)           | 1,327,763         | 8,645,593         | 9.0           | 1-Feb | 2016 |
| 9.0                     | 1-Feb     | 2017 | 668,074       | 5,142,232    | (1,142,496)           | 3,331,662    | 1,797,199           | (6,470)          | (179,073)          | (268,609)           | 1,343,047         | 9,331,712         | 9.5           | 1-Aug | 2016 |
| 9.5                     | 1-Aug     | 2017 | 668,074       | 5,142,232    | (1,142,496)           | 3,331,662    | 1,797,199           | (6,470)          | (179,073)          | (268,609)           | 1,343,047         | 9,996,235         | 10.0          | 1-Feb | 2017 |
| 10.0                    | 1-Feb     | 2018 | 668,074       | 5,193,655    | (1,155,626)           | 3,369,954    | 1,817,857           | (6,544)          | (181,131)          | (271,697)           | 1,358,484         | 10,647,239        | 10.5          | 1-Aug | 2017 |
| 10.5                    | 1-Aug     | 2018 | 668,074       | 5,193,655    | (1,155,626)           | 3,369,954    | 1,817,857           | (6,544)          | (181,131)          | (271,697)           | 1,358,484         | 11,277,750        | 11.0          | 1-Feb | 2018 |
| 11.0                    | 1-Feb     | 2019 | 668,074       | 5,245,591    | (1,168,888)           | 3,408,629    | 1,838,720           | (6,619)          | (183,210)          | (274,815)           | 1,374,076         | 11,895,424        | 11.5          | 1-Aug | 2018 |
| 11.5                    | 1-Aug     | 2019 | 668,074       | 5,245,591    | (1,168,888)           | 3,408,629    | 1,838,720           | (6,619)          | (183,210)          | (274,815)           | 1,374,076         | 12,493,655        | 12.0          | 1-Feb | 2019 |
| 12.0                    | 1-Feb     | 2020 | 668,074       | 5,298,047    | (1,182,283)           | 3,447,690    | 1,859,793           | (6,695)          | (185,310)          | (277,965)           | 1,389,823         | 13,079,696        | 12.5          | 1-Aug | 2019 |
| 12.5                    | 1-Aug     | 2020 | 668,074       | 5,298,047    | (1,182,283)           | 3,447,690    | 1,859,793           | (6,695)          | (185,310)          | (277,965)           | 1,389,823         | 13,647,290        | 13.0          | 1-Feb | 2020 |
| 13.0                    | 1-Feb     | 2021 | 668,074       | 5,351,028    | (1,195,811)           | 3,487,142    | 1,881,076           | (6,772)          | (187,430)          | (281,146)           | 1,405,728         | 14,203,309        | 13.5          | 1-Aug | 2020 |
| 13.5                    | 1-Aug     | 2021 | 668,074       | 5,351,028    | (1,195,811)           | 3,487,142    | 1,881,076           | (6,772)          | (187,430)          | (281,146)           | 1,405,728         | 14,741,826        | 14.0          | 1-Feb | 2021 |
| 14.0                    | 1-Feb     | 2022 | 668,074       | 5,404,538    | (1,209,475)           | 3,526,988    | 1,902,572           | (6,849)          | (189,572)          | (284,358)           | 1,421,792         | 15,269,352        | 14.5          | 1-Aug | 2021 |
| 14.5                    | 1-Aug     | 2022 | 668,074       | 5,404,538    | (1,209,475)           | 3,526,988    | 1,902,572           | (6,849)          | (189,572)          | (284,358)           | 1,421,792         | 15,780,274        | 15.0          | 1-Feb | 2022 |
| 15.0                    | 1-Feb     | 2023 | 668,074       | 5,458,583    | (1,223,276)           | 3,567,233    | 1,924,282           | (6,927)          | (191,736)          | (287,603)           | 1,438,016         | 16,280,760        | 15.5          | 1-Aug | 2022 |
| 15.5                    | 1-Aug     | 2023 | 668,074       | 5,458,583    | (1,223,276)           | 3,567,233    | 1,924,282           | (6,927)          | (191,736)          | (287,603)           | 1,438,016         | 16,785,492        | 16.0          | 1-Feb | 2023 |
| 16.0                    | 1-Feb     | 2024 | 668,074       | 5,513,169    | (1,237,214)           | 3,607,881    | 1,946,210           | (7,006)          | (193,920)          | (290,881)           | 1,454,403         | 17,240,316        | 16.5          | 1-Aug | 2023 |
| 16.5                    | 1-Aug     | 2024 | 668,074       | 5,513,169    | (1,237,214)           | 3,607,881    | 1,946,210           | (7,006)          | (193,920)          | (290,881)           | 1,454,403         | 17,700,194        | 17.0          | 1-Feb | 2024 |
| 17.0                    | 1-Feb     | 2025 | 668,074       | 5,568,301    | (1,251,292)           | 3,648,935    | 1,968,358           | (7,086)          | (196,127)          | (294,191)           | 1,470,954         | 18,150,665        | 17.5          | 1-Aug | 2024 |
| 17.5                    | 1-Aug     | 2025 | 668,074       | 5,568,301    | (1,251,292)           | 3,648,935    | 1,968,358           | (7,086)          | (196,127)          | (294,191)           | 1,470,954         | 18,586,956        | 18.0          | 1-Feb | 2025 |
| 18.0                    | 1-Feb     | 2026 | 668,074       | 5,623,984    | (1,265,511)           | 3,690,399    | 1,990,726           | (7,167)          | (198,356)          | (297,534)           | 1,487,670         | 19,014,316        | 18.5          | 1-Aug | 2025 |
| 18.5                    | 1-Aug     | 2026 | 668,074       | 5,623,984    | (1,265,511)           | 3,690,399    | 1,990,726           | (7,167)          | (198,356)          | (297,534)           | 1,487,670         | 19,428,225        | 19.0          | 1-Feb | 2026 |
| 19.0                    | 1-Feb     | 2027 | 668,074       | 5,680,224    | (1,279,871)           | 3,732,278    | 2,013,319           | (7,248)          | (200,607)          | (300,911)           | 1,504,553         | 19,833,654        | 19.5          | 1-Aug | 2026 |
| 19.5                    | 1-Aug     | 2027 | 668,074       | 5,680,224    | (1,279,871)           | 3,732,278    | 2,013,319           | (7,248)          | (200,607)          | (300,911)           | 1,504,553         | 20,226,321        | 20.0          | 1-Feb | 2027 |
| 20.0                    | 1-Feb     | 2028 | 668,074       | 5,737,026    | (1,294,376)           | 3,774,576    | 2,036,137           | (7,330)          | (202,881)          | (304,321)           | 1,521,605         | 20,610,939        | 20.5          | 1-Aug | 2027 |
| 20.5                    | 1-Aug     | 2028 | 668,074       | 5,737,026    | (1,294,376)           | 3,774,576    | 2,036,137           | (7,330)          | (202,881)          | (304,321)           | 1,521,605         | 20,983,451        | 21.0          | 1-Feb | 2028 |
| 21.0                    | 1-Feb     | 2029 | 668,074       | 5,794,396    | (1,309,025)           | 3,817,297    | 2,059,184           | (7,413)          | (205,177)          | (307,766)           | 1,538,828         | 21,348,320        | 21.5          | 1-Aug | 2028 |
| 21.5                    | 1-Aug     | 2029 | 668,074       | 5,794,396    | (1,309,025)           | 3,817,297    | 2,059,184           | (7,413)          | (205,177)          | (307,766)           | 1,538,828         | 21,701,704        | 22.0          | 1-Feb | 2029 |
| 22.0                    | 1-Feb     | 2030 | 668,074       | 5,852,340    | (1,323,821)           | 3,860,445    | 2,082,461           | (7,497)          | (207,496)          | (311,245)           | 1,556,223         | 22,047,834        | 22.5          | 1-Aug | 2029 |
| 22.5                    | 1-Aug     | 2030 | 668,074       | 5,852,340    | (1,323,821)           | 3,860,445    | 2,082,461           | (7,497)          | (207,496)          | (311,245)           | 1,556,223         | 22,383,069        | 23.0          | 1-Feb | 2030 |
| 23.0                    | 1-Feb     | 2031 | 668,074       | 5,910,863    | (1,338,765)           | 3,904,024    | 2,105,971           | (7,581)          | (209,839)          | (314,758)           | 1,573,792         | 22,711,417        | 23.5          | 1-Aug | 2030 |
| 23.5                    | 1-Aug     | 2031 | 668,074       | 5,910,863    | (1,338,765)           | 3,904,024    | 2,105,971           | (7,581)          | (209,839)          | (314,758)           | 1,573,792         | 23,029,429        | 24.0          | 1-Feb | 2031 |
| 24.0                    | 1-Feb     | 2032 | 668,074       | 5,969,972    | (1,353,858)           | 3,948,040    | 2,129,715           | (7,667)          | (212,205)          | (318,307)           | 1,591,536         | 23,340,904        | 24.5          | 1-Aug | 2031 |
| 24.5                    | 1-Aug     | 2032 | 668,074       | 5,969,972    | (1,353,858)           | 3,948,040    | 2,129,715           | (7,667)          | (212,205)          | (318,307)           | 1,591,536         | 23,642,575        | 25.0          | 1-Feb | 2032 |
| 25.0                    | 1-Feb     | 2033 | 668,074       | 6,029,672    | (1,369,103)           | 3,992,495    | 2,153,698           | (7,753)          | (214,594)          | (321,892)           | 1,609,458         | 23,938,041        | 25.5          | 1-Aug | 2032 |
| 25.5                    | 1-Aug     | 2033 | 668,074       | 6,029,672    | (1,369,103)           | 3,992,495    | 2,153,698           | (7,753)          | (214,594)          | (321,892)           | 1,609,458         | 24,224,206        | 26.0          | 1-Feb | 2033 |
|                         |           |      | <b>Totals</b> |              | <b>(54,332,949)</b>   |              | <b>85,495,591</b>   | <b>(307,645)</b> | <b>(8,514,920)</b> | <b>(12,772,380)</b> | <b>63,861,898</b> |                   |               |       |      |
| <b>Present Value</b>    |           |      |               |              |                       |              | <b>45,943,843</b>   | <b>(165,398)</b> | <b>(6,624,506)</b> | <b>(6,866,767)</b>  |                   | <b>24,224,206</b> |               |       |      |

#### NOTES:

1. State Auditor payment is based upon 1st half, pay 2006 actual and may increase over term of district
2. TIF run does not reflect potential reduction in Market Value Homestead Credit
3. Amount of increment will vary depending upon market value, tax rates, class rates, construction schedule and inflation on Market Value.
4. Inflation on tax rates cannot be captured.
5. TIF does not capture state wide property taxes or market value property taxes



## CEDAR AVE TAX INCREMENT DISTRICT CITY OF RICHFIELD

### RETAIL

| T.I.F. CASH FLOW ASSUMPTIONS                        |                            |           |          |
|---|----------------------------|-----------|----------|
| District  | New Redevelopment District |           |          |
| County District #                                   |                            |           |          |
| Inflation Rate - Every _ Years                      |                            | 1.00%     |          |
| Pay-As-You-Go Interest Rate:                        |                            | 6.50%     |          |
| City Internal Loan Rate                             |                            | 4.00%     |          |
| Note Issued Date (Present Value Date):              |                            | 01-Feb-06 |          |
| Local Tax Rate - Frozen                             | 107.71500%                 |           | Pay 2006 |
| Fiscal Disparities Election                         |                            | Inside    |          |
| Year District was certified                         |                            | 2006      |          |
| Assumes First Tax Increment For District            |                            | 2008      |          |
| Year District was Modified                          |                            | N/A       |          |
| Development located in modified area                |                            | N/A       |          |
| Assumes First Tax Increment For Dev                 |                            | 2009      |          |
| Years of Tax Increment                              |                            | 26        |          |
| Assumes Last Year of Tax Increment                  |                            | 2033      |          |
|   |                            |           |          |
| Fiscal Disparities Ratio                            |                            | 33.6177%  | Pay 2006 |
| Fiscal Disparities Metro Wide Tax Rate              |                            | 121.8020% | Pay 2006 |
| Local Tax Rate - Current                            |                            | 107.7150% | Pay 2006 |
| State Wide Property Tax Rate (Used for total taxes) |                            | 50.8270%  | Pay 2006 |
| Market Value Tax Rate (used for total taxes)        |                            | N/A       | Pay 2006 |
|   |                            |           |          |
| Commercial Industrial Class Rate                    |                            | 1.5%-2.0% | Pay 2006 |
| First 150,000                                       |                            | 1.50%     |          |
| Over 150,000  |                            | 2.00%     |          |
| Rental Class Rate                                   |                            | 1.25%     | Pay 2006 |
| Residential Class Ra - Under \$500,000              |                            | 1.00%     |          |
| Over \$500,000                                      |                            | 1.25%     |          |

| BASE VALUE INFORMATION |             |         |              |                  |                |
|------------------------|-------------|---------|--------------|------------------|----------------|
| Watershed              |             |         | Market Value | Tax Capacity     |                |
| <b>0</b>               |             |         | 32,594,600   | 396,759          |                |
| Comm Retail            | 158,333,333 | 61.29%  | 19,977,335   | <b>1.5%-2.0%</b> | <b>398,797</b> |
| Housing                | 100,000,000 | 38.71%  | 12,617,265   | <b>1.00%</b>     | <b>126,173</b> |
| Total                  | 258,333,333 | 100.00% | 32,594,600   | 524,969          |                |

| PROJECT INFORMATION |         |                     |                            |              |            |                  |                |            |              |
|---------------------|---------|---------------------|----------------------------|--------------|------------|------------------|----------------|------------|--------------|
| PHASE               | Use     | Total Sq. Ft./Units | Market Value Sq. Ft./Units | Market Value | Class Rate | New Tax Capacity | Date Completed | Date Asses | Date Payable |
| 1                   | Retail  | 58,333              | 200.00                     | 11,666,667   | 1.5%-2.0%  | 232,583          | 2007           | 2008       | 2009         |
|                     | Office  | 100,000             | 200.00                     | 20,000,000   | 1.5%-2.0%  | 399,250          | 2007           | 2008       | 2009         |
|                     | Housing | 100                 | 200,000.00                 | 20,000,000   | 1.00%      | 200,000          | 2007           | 2008       | 2009         |
| 2                   | Retail  | 58,333              | 200.00                     | 11,666,667   | 1.5%-2.0%  | 232,583          | 2008           | 2009       | 2010         |
|                     | Office  | 100,000             | 200.00                     | 20,000,000   | 1.5%-2.0%  | 399,250          | 2008           | 2009       | 2010         |
|                     | Housing | 100                 | 200,000.00                 | 20,000,000   | 1.00%      | 200,000          | 2008           | 2009       | 2010         |
| 3                   | Retail  | 58,333              | 200.00                     | 11,666,667   | 1.5%-2.0%  | 232,583          | 2009           | 2010       | 2011         |
|                     | Office  | 100,000             | 200.00                     | 20,000,000   | 1.5%-2.0%  | 399,250          | 2009           | 2010       | 2011         |
|                     | Housing | 100                 | 200,000.00                 | 20,000,000   | 1.00%      | 200,000          | 2009           | 2010       | 2011         |
| 4                   | Retail  | 58,333              | 200.00                     | 11,666,667   | 1.5%-2.0%  | 232,583          | 2010           | 2011       | 2012         |
|                     | Office  | 100,000             | 200.00                     | 20,000,000   | 1.5%-2.0%  | 399,250          | 2010           | 2011       | 2012         |
|                     | Housing | 100                 | 200,000.00                 | 20,000,000   | 1.00%      | 200,000          | 2010           | 2011       | 2012         |
| 5                   | Retail  | 58,333              | 200.00                     | 11,666,667   | 1.5%-2.0%  | 232,583          | 2011           | 2012       | 2013         |
|                     | Office  | 100,000             | 200.00                     | 20,000,000   | 1.5%-2.0%  | 399,250          | 2011           | 2012       | 2013         |
|                     | Housing | 100                 | 200,000.00                 | 20,000,000   | 1.00%      | 200,000          | 2011           | 2012       | 2013         |
| TOTAL               |         | 792,167             |                            | 258,333,333  |            | 4,159,167        |                |            |              |

**Note:**

1. Tax estimates are based upon market value, construction costs and taxes per sq/ft.
2. Apartments/residential do not pay State-wide property tax or Fiscal Disparities
3. Assumes Fiscal Disparities is paid inside the district



# CEDAR AVE TAX INCREMENT DISTRICT

CITY OF RICHFIELD

RETAIL

## TAX INCREMENT CASH FLOW

| PERIOD BEGINNING   |       |      | Base<br>Tax<br>Capacity | Project<br>Tax<br>Capacity | Fiscal<br>Disparities<br>Reduction | Captured<br>Tax<br>Capacity | Semi-Annual<br>Gross Tax<br>Increment | State<br>Auditor<br>0.36% | Admin.<br>10.00% | Housing<br>15.00% | Semi-Annual<br>Net Tax<br>Increment | Semi-Annual<br>Present<br>Value | PAYMENT DATE |       |      |  |  |
|--------------------|-------|------|-------------------------|----------------------------|------------------------------------|-----------------------------|---------------------------------------|---------------------------|------------------|-------------------|-------------------------------------|---------------------------------|--------------|-------|------|--|--|
| Yrs.               | Mth.  | Yr.  |                         |                            |                                    |                             |                                       |                           |                  |                   |                                     |                                 | Yrs.         | Mth.  | Yr.  |  |  |
| Present Value Date |       |      |                         |                            |                                    |                             | 01-Feb-06                             |                           |                  |                   |                                     |                                 |              |       |      |  |  |
| 0.0                | 1-Aug | 2006 | 524,969                 | 524,969                    |                                    |                             |                                       |                           |                  |                   |                                     |                                 | 0.0          | 1-Feb | 2006 |  |  |
| 0.0                | 1-Feb | 2007 | 524,969                 | 524,969                    | 0                                  | 0                           | 0                                     | 0                         | 0                | 0                 | 0                                   | 0                               | 0.0          | 1-Aug | 2006 |  |  |
| 0.0                | 1-Aug | 2007 | 524,969                 | 524,969                    | 0                                  | 0                           | 0                                     | 0                         | 0                | 0                 | 0                                   | 0                               | 0.0          | 1-Feb | 2007 |  |  |
| 0.0                | 1-Feb | 2008 | 524,969                 | 524,969                    | 0                                  | 0                           | 0                                     | 0                         | 0                | 0                 | 0                                   | 0                               | 0.5          | 1-Aug | 2007 |  |  |
| 0.5                | 1-Aug | 2008 | 524,969                 | 524,969                    | 0                                  | 0                           | 0                                     | 0                         | 0                | 0                 | 0                                   | 0                               | 1.0          | 1-Feb | 2008 |  |  |
| 1.0                | 1-Feb | 2009 | 524,969                 | 831,833                    | (78,342)                           | 228,522                     | 123,076                               | (443)                     | (12,263)         | (18,395)          | 91,975                              | 78,383                          | 1.5          | 1-Aug | 2008 |  |  |
| 1.5                | 1-Aug | 2009 | 524,969                 | 831,833                    | (78,342)                           | 228,522                     | 123,076                               | (443)                     | (12,263)         | (18,395)          | 91,975                              | 154,298                         | 2.0          | 1-Feb | 2009 |  |  |
| 2.0                | 1-Feb | 2010 | 524,969                 | 1,663,667                  | (290,749)                          | 847,948                     | 456,684                               | (1,644)                   | (45,504)         | (68,256)          | 341,280                             | 427,120                         | 2.5          | 1-Aug | 2009 |  |  |
| 2.5                | 1-Aug | 2010 | 524,969                 | 1,663,667                  | (290,749)                          | 847,948                     | 456,684                               | (1,644)                   | (45,504)         | (68,256)          | 341,280                             | 691,355                         | 3.0          | 1-Feb | 2010 |  |  |
| 3.0                | 1-Feb | 2011 | 524,969                 | 2,495,500                  | (503,157)                          | 1,467,373                   | 790,291                               | (2,845)                   | (78,745)         | (118,117)         | 590,584                             | 1,134,220                       | 3.5          | 1-Aug | 2010 |  |  |
| 3.5                | 1-Aug | 2011 | 524,969                 | 2,495,500                  | (503,157)                          | 1,467,373                   | 790,291                               | (2,845)                   | (78,745)         | (118,117)         | 590,584                             | 1,563,145                       | 4.0          | 1-Feb | 2011 |  |  |
| 4.0                | 1-Feb | 2012 | 524,969                 | 3,327,333                  | (715,565)                          | 2,086,799                   | 1,123,898                             | (4,046)                   | (111,985)        | (167,978)         | 839,889                             | 2,153,932                       | 4.5          | 1-Aug | 2011 |  |  |
| 4.5                | 1-Aug | 2012 | 524,969                 | 3,327,333                  | (715,565)                          | 2,086,799                   | 1,123,898                             | (4,046)                   | (111,985)        | (167,978)         | 839,889                             | 2,726,123                       | 5.0          | 1-Feb | 2012 |  |  |
| 5.0                | 1-Feb | 2013 | 524,969                 | 4,159,167                  | (927,973)                          | 2,706,224                   | 1,457,505                             | (5,247)                   | (145,226)        | (217,839)         | 1,089,193                           | 3,444,801                       | 5.5          | 1-Aug | 2012 |  |  |
| 5.5                | 1-Aug | 2013 | 524,969                 | 4,159,167                  | (927,973)                          | 2,706,224                   | 1,457,505                             | (5,247)                   | (145,226)        | (217,839)         | 1,089,193                           | 4,140,857                       | 6.0          | 1-Feb | 2013 |  |  |
| 6.0                | 1-Feb | 2014 | 524,969                 | 4,159,167                  | (927,973)                          | 2,706,224                   | 1,457,505                             | (5,247)                   | (145,226)        | (217,839)         | 1,089,193                           | 4,815,003                       | 6.5          | 1-Aug | 2013 |  |  |
| 6.5                | 1-Aug | 2014 | 524,969                 | 4,159,167                  | (927,973)                          | 2,706,224                   | 1,457,505                             | (5,247)                   | (145,226)        | (217,839)         | 1,089,193                           | 5,467,929                       | 7.0          | 1-Feb | 2014 |  |  |
| 7.0                | 1-Feb | 2015 | 524,969                 | 4,200,758                  | (938,593)                          | 2,737,196                   | 1,474,185                             | (5,307)                   | (146,888)        | (220,332)         | 1,101,659                           | 6,107,540                       | 7.5          | 1-Aug | 2014 |  |  |
| 7.5                | 1-Aug | 2015 | 524,969                 | 4,200,758                  | (938,593)                          | 2,737,196                   | 1,474,185                             | (5,307)                   | (146,888)        | (220,332)         | 1,101,659                           | 6,727,018                       | 8.0          | 1-Feb | 2015 |  |  |
| 8.0                | 1-Feb | 2016 | 524,969                 | 4,242,766                  | (949,320)                          | 2,768,477                   | 1,491,032                             | (5,368)                   | (148,566)        | (222,850)         | 1,114,248                           | 7,333,854                       | 8.5          | 1-Aug | 2015 |  |  |
| 8.5                | 1-Aug | 2016 | 524,969                 | 4,242,766                  | (949,320)                          | 2,768,477                   | 1,491,032                             | (5,368)                   | (148,566)        | (222,850)         | 1,114,248                           | 7,921,588                       | 9.0          | 1-Feb | 2016 |  |  |
| 9.0                | 1-Feb | 2017 | 524,969                 | 4,285,194                  | (960,154)                          | 2,800,070                   | 1,508,048                             | (5,429)                   | (150,262)        | (225,393)         | 1,126,964                           | 8,497,318                       | 9.5          | 1-Aug | 2016 |  |  |
| 9.5                | 1-Aug | 2017 | 524,969                 | 4,285,194                  | (960,154)                          | 2,800,070                   | 1,508,048                             | (5,429)                   | (150,262)        | (225,393)         | 1,126,964                           | 9,054,925                       | 10.0         | 1-Feb | 2017 |  |  |
| 10.0               | 1-Feb | 2018 | 524,969                 | 4,328,046                  | (971,096)                          | 2,831,980                   | 1,525,234                             | (5,491)                   | (151,974)        | (227,961)         | 1,139,807                           | 9,601,136                       | 10.5         | 1-Aug | 2017 |  |  |
| 10.5               | 1-Aug | 2018 | 524,969                 | 4,328,046                  | (971,096)                          | 2,831,980                   | 1,525,234                             | (5,491)                   | (151,974)        | (227,961)         | 1,139,807                           | 10,130,153                      | 11.0         | 1-Feb | 2018 |  |  |
| 11.0               | 1-Feb | 2019 | 524,969                 | 4,371,326                  | (982,148)                          | 2,864,209                   | 1,542,591                             | (5,553)                   | (153,704)        | (230,556)         | 1,152,779                           | 10,648,350                      | 11.5         | 1-Aug | 2018 |  |  |
| 11.5               | 1-Aug | 2019 | 524,969                 | 4,371,326                  | (982,148)                          | 2,864,209                   | 1,542,591                             | (5,553)                   | (153,704)        | (230,556)         | 1,152,779                           | 11,150,235                      | 12.0         | 1-Feb | 2019 |  |  |
| 12.0               | 1-Feb | 2020 | 524,969                 | 4,415,039                  | (993,310)                          | 2,896,760                   | 1,560,123                             | (5,616)                   | (155,451)        | (233,176)         | 1,165,880                           | 11,641,846                      | 12.5         | 1-Aug | 2019 |  |  |
| 12.5               | 1-Aug | 2020 | 524,969                 | 4,415,039                  | (993,310)                          | 2,896,760                   | 1,560,123                             | (5,616)                   | (155,451)        | (233,176)         | 1,165,880                           | 12,117,983                      | 13.0         | 1-Feb | 2020 |  |  |
| 13.0               | 1-Feb | 2021 | 524,969                 | 4,459,190                  | (1,004,583)                        | 2,929,637                   | 1,577,829                             | (5,680)                   | (157,215)        | (235,822)         | 1,179,112                           | 12,584,367                      | 13.5         | 1-Aug | 2020 |  |  |
| 13.5               | 1-Aug | 2021 | 524,969                 | 4,459,190                  | (1,004,583)                        | 2,929,637                   | 1,577,829                             | (5,680)                   | (157,215)        | (235,822)         | 1,179,112                           | 13,036,070                      | 14.0         | 1-Feb | 2021 |  |  |
| 14.0               | 1-Feb | 2022 | 524,969                 | 4,503,782                  | (1,015,970)                        | 2,962,842                   | 1,595,713                             | (5,745)                   | (158,997)        | (238,495)         | 1,192,476                           | 13,478,514                      | 14.5         | 1-Aug | 2021 |  |  |
| 14.5               | 1-Aug | 2022 | 524,969                 | 4,503,782                  | (1,015,970)                        | 2,962,842                   | 1,595,713                             | (5,745)                   | (158,997)        | (238,495)         | 1,192,476                           | 13,907,030                      | 15.0         | 1-Feb | 2022 |  |  |
| 15.0               | 1-Feb | 2023 | 524,969                 | 4,548,819                  | (1,027,470)                        | 2,996,380                   | 1,613,775                             | (5,810)                   | (160,797)        | (241,195)         | 1,205,974                           | 14,326,756                      | 15.5         | 1-Aug | 2022 |  |  |
| 15.5               | 1-Aug | 2023 | 524,969                 | 4,548,819                  | (1,027,470)                        | 2,996,380                   | 1,613,775                             | (5,810)                   | (160,797)        | (241,195)         | 1,205,974                           | 14,733,271                      | 16.0         | 1-Feb | 2023 |  |  |
| 16.0               | 1-Feb | 2024 | 524,969                 | 4,594,308                  | (1,039,086)                        | 3,030,252                   | 1,632,018                             | (5,875)                   | (162,614)        | (243,921)         | 1,219,607                           | 15,131,440                      | 16.5         | 1-Aug | 2023 |  |  |
| 16.5               | 1-Aug | 2024 | 524,969                 | 4,594,308                  | (1,039,086)                        | 3,030,252                   | 1,632,018                             | (5,875)                   | (162,614)        | (243,921)         | 1,219,607                           | 15,517,076                      | 17.0         | 1-Feb | 2024 |  |  |
| 17.0               | 1-Feb | 2025 | 524,969                 | 4,640,251                  | (1,050,817)                        | 3,064,464                   | 1,650,444                             | (5,942)                   | (164,450)        | (246,675)         | 1,233,377                           | 15,894,791                      | 17.5         | 1-Aug | 2024 |  |  |
| 17.5               | 1-Aug | 2025 | 524,969                 | 4,640,251                  | (1,050,817)                        | 3,064,464                   | 1,650,444                             | (5,942)                   | (164,450)        | (246,675)         | 1,233,377                           | 16,260,616                      | 18.0         | 1-Feb | 2025 |  |  |
| 18.0               | 1-Feb | 2026 | 524,969                 | 4,686,653                  | (1,062,666)                        | 3,099,018                   | 1,669,053                             | (6,009)                   | (166,304)        | (249,457)         | 1,247,284                           | 16,618,921                      | 18.5         | 1-Aug | 2025 |  |  |
| 18.5               | 1-Aug | 2026 | 524,969                 | 4,686,653                  | (1,062,666)                        | 3,099,018                   | 1,669,053                             | (6,009)                   | (166,304)        | (249,457)         | 1,247,284                           | 16,965,947                      | 19.0         | 1-Feb | 2026 |  |  |
| 19.0               | 1-Feb | 2027 | 524,969                 | 4,733,520                  | (1,074,633)                        | 3,133,917                   | 1,687,849                             | (6,076)                   | (168,177)        | (252,266)         | 1,261,330                           | 17,305,836                      | 19.5         | 1-Aug | 2026 |  |  |
| 19.5               | 1-Aug | 2027 | 524,969                 | 4,733,520                  | (1,074,633)                        | 3,133,917                   | 1,687,849                             | (6,076)                   | (168,177)        | (252,266)         | 1,261,330                           | 17,635,025                      | 20.0         | 1-Feb | 2027 |  |  |
| 20.0               | 1-Feb | 2028 | 524,969                 | 4,780,855                  | (1,086,720)                        | 3,169,165                   | 1,706,833                             | (6,145)                   | (170,069)        | (255,103)         | 1,275,516                           | 17,957,439                      | 20.5         | 1-Aug | 2027 |  |  |
| 20.5               | 1-Aug | 2028 | 524,969                 | 4,780,855                  | (1,086,720)                        | 3,169,165                   | 1,706,833                             | (6,145)                   | (170,069)        | (255,103)         | 1,275,516                           | 18,269,704                      | 21.0         | 1-Feb | 2028 |  |  |
| 21.0               | 1-Feb | 2029 | 524,969                 | 4,828,663                  | (1,098,928)                        | 3,204,766                   | 1,726,007                             | (6,214)                   | (171,979)        | (257,969)         | 1,289,845                           | 18,575,537                      | 21.5         | 1-Aug | 2028 |  |  |
| 21.5               | 1-Aug | 2029 | 524,969                 | 4,828,663                  | (1,098,928)                        | 3,204,766                   | 1,726,007                             | (6,214)                   | (171,979)        | (257,969)         | 1,289,845                           | 18,871,744                      | 22.0         | 1-Feb | 2029 |  |  |
| 22.0               | 1-Feb | 2030 | 524,969                 | 4,876,950                  | (1,111,258)                        | 3,240,722                   | 1,745,372                             | (6,283)                   | (173,909)        | (260,863)         | 1,304,317                           | 19,161,846                      | 22.5         | 1-Aug | 2029 |  |  |
| 22.5               | 1-Aug | 2030 | 524,969                 | 4,876,950                  | (1,111,258)                        | 3,240,722                   | 1,745,372                             | (6,283)                   | (173,909)        | (260,863)         | 1,304,317                           | 19,442,816                      | 23.0         | 1-Feb | 2030 |  |  |
| 23.0               | 1-Feb | 2031 | 524,969                 | 4,925,720                  | (1,123,711)                        | 3,277,039                   | 1,764,931                             | (6,354)                   | (175,858)        | (263,787)         | 1,318,933                           | 19,717,991                      | 23.5         | 1-Aug | 2030 |  |  |
| 23.5               | 1-Aug | 2031 | 524,969                 | 4,925,720                  | (1,123,711)                        | 3,277,039                   | 1,764,931                             | (6,354)                   | (175,858)        | (263,787)         | 1,318,933                           | 19,984,505                      | 24.0         | 1-Feb | 2031 |  |  |
| 24.0               | 1-Feb | 2032 | 524,969                 | 4,974,977                  | (1,136,289)                        | 3,313,718                   | 1,784,686                             | (6,425)                   | (177,826)        | (266,739)         | 1,333,696                           | 20,245,519                      | 24.5         | 1-Aug | 2031 |  |  |
| 24.5               | 1-Aug | 2032 | 524,969                 | 4,974,977                  | (1,136,289)                        | 3,313,718                   | 1,784,686                             | (6,425)                   | (177,826)        | (266,739)         | 1,333,696                           | 20,498,317                      | 25.0         | 1-Feb | 2032 |  |  |
| 25.0               | 1-Feb | 2033 | 524,969                 | 5,024,726                  | (1,148,993)                        | 3,350,764                   | 1,804,638                             | (6,497)                   | (179,814)        | (269,721)         | 1,348,606                           | 20,745,895                      | 25.5         | 1-Aug | 2032 |  |  |
| 25.5               | 1-Aug | 2033 | 524,969                 | 5,024,726                  | (1,148,993)                        | 3,350,764                   | 1,804,638                             | (6,497)                   | (179,814)        | (269,721)         | 1,348,606                           | 20,985,680                      | 26.0         | 1-Feb | 2033 |  |  |
| Totals             |       |      |                         |                            | (46,439,011)                       |                             | 72,977,389                            | (262,579)                 | (7,267,606)      | (10,901,409)      | 54,507,045                          |                                 |              |       |      |  |  |
| Present Value      |       |      |                         |                            |                                    |                             | 39,555,053                            | (142,398)                 | (5,762,797)      | (5,911,898)       |                                     | 20,985,680                      |              |       |      |  |  |

### NOTES:

1. State Auditor payment is based upon 1st half, pay 2006 actual and may increase over term of district
2. TIF run does not reflect potential reduction in Market Value Homestead Credit
3. Amount of increment will vary depending upon market value, tax rates, class rates, construction schedule and inflation on Market Value.
4. Inflation on tax rates cannot be captured.
5. TIF does not capture state wide property taxes or market value property taxes



## CEDAR AVE TAX INCREMENT DISTRICT CITY OF RICHFIELD

### RETAIL

| T.I.F. CASH FLOW ASSUMPTIONS                        |                            |           |          |
|---|----------------------------|-----------|----------|
| District  | New Redevelopment District |           |          |
| County District #                                   |                            |           |          |
| Inflation Rate - Every _ Years                      |                            | 1.00%     |          |
| Pay-As-You-Go Interest Rate:                        |                            | 6.50%     |          |
| City Internal Loan Rate                             |                            | 4.00%     |          |
| Note Issued Date (Present Value Date):              |                            | 01-Feb-06 |          |
| Local Tax Rate - Frozen                             |                            | 108.7870% | Pay 2006 |
| Fiscal Disparities Election                         |                            | Inside    |          |
| Year District was certified                         |                            | 2006      |          |
| Assumes First Tax Increment For District            |                            | 2008      |          |
| Year District was Modified                          |                            | N/A       |          |
| Development located in modified area                |                            | N/A       |          |
| Assumes First Tax Increment For Dev                 |                            | 2009      |          |
| Years of Tax Increment                              |                            | 26        |          |
| Assumes Last Year of Tax Increment                  |                            | 2033      |          |
|   |                            |           |          |
| Fiscal Disparities Ratio                            |                            | 33.6177%  | Pay 2006 |
| Fiscal Disparities Metro Wide Tax Rate              |                            | 121.8020% | Pay 2006 |
| Local Tax Rate - Current                            |                            | 107.7150% | Pay 2006 |
| State Wide Property Tax Rate (Used for total taxes) |                            | 50.8270%  | Pay 2006 |
| Market Value Tax Rate (used for total taxes)        |                            | N/A       | Pay 2006 |
|   |                            |           |          |
| Commercial Industrial Class Rate                    |                            | 1.5%-2.0% | Pay 2006 |
| First 150,000                                       |                            | 1.50%     |          |
| Over 150,000  |                            | 2.00%     |          |
| Rental Class Rate                                   |                            | 1.25%     | Pay 2006 |
| Residential Class Ra - Under \$500,000              |                            | 1.00%     |          |
| Over \$500,000                                      |                            | 1.25%     |          |

| BASE VALUE INFORMATION |            |         |              |                  |                |
|------------------------|------------|---------|--------------|------------------|----------------|
| Watershed              |            |         | Market Value | Tax Capacity     |                |
| <b>3</b>               |            |         | 8,919,000    | 108,761          |                |
| Comm Retail            | 31,666,667 | 61.29%  | 5,466,484    | <b>1.5%-2.0%</b> | <b>108,580</b> |
| Housing                | 20,000,000 | 38.71%  | 3,452,516    | <b>1.00%</b>     | <b>34,525</b>  |
| Total                  | 51,666,667 | 100.00% | 8,919,000    | 143,105          |                |

| PROJECT INFORMATION |         |                     |                            |              |            |                  |                |            |              |
|---------------------|---------|---------------------|----------------------------|--------------|------------|------------------|----------------|------------|--------------|
| PHASE               | Use     | Total Sq. Ft./Units | Market Value Sq. Ft./Units | Market Value | Class Rate | New Tax Capacity | Date Completed | Date Asses | Date Payable |
| 6                   | Retail  | 58,333              | 200.00                     | 11,666,667   | 1.5%-2.0%  | 232,583          | 2012           | 2013       | 2014         |
|                     | Office  | 100,000             | 200.00                     | 20,000,000   | 1.5%-2.0%  | 399,250          | 2012           | 2013       | 2014         |
|                     | Housing | 100                 | 200,000.00                 | 20,000,000   | 1.00%      | 200,000          | 2012           | 2013       | 2014         |
|                     |         |                     |                            |              |            |                  |                |            |              |
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# CEDAR AVE TAX INCREMENT DISTRICT

CITY OF RICHFIELD

RETAIL

| TAX INCREMENT CASH FLOW |           |      |               |              |                       |              |                     |                 |                    |                    |                   |                  | PAYMENT DATE |       |      |
|-------------------------|-----------|------|---------------|--------------|-----------------------|--------------|---------------------|-----------------|--------------------|--------------------|-------------------|------------------|--------------|-------|------|
| PERIOD                  | BEGINNING |      | Base          | Project      | Fiscal                | Captured     | Semi-Annual         | State           | Admin.             | Housing            | Semi-Annual       | Semi-Annual      |              |       |      |
| Yrs.                    | Mth.      | Yr.  | Tax Capacity  | Tax Capacity | Disparities Reduction | Tax Capacity | Gross Tax Increment | Auditor 0.36%   | 10.00%             | 15.00%             | Net Tax Increment | Present Value    | Yrs.         | Mth.  | Yr.  |
| Present Value Date      |           |      |               |              |                       |              | 01-Feb-06           |                 |                    |                    |                   |                  |              |       |      |
| 0.0                     | 1-Aug     | 2006 | 143,105       | 143,105      |                       |              |                     |                 |                    |                    |                   |                  | 0.0          | 1-Feb | 2006 |
| 0.0                     | 1-Feb     | 2007 | 143,105       | 143,105      | 0                     | 0            | 0                   | 0               | 0                  | 0                  | 0                 | 0                | 0.0          | 1-Aug | 2006 |
| 0.0                     | 1-Aug     | 2007 | 143,105       | 143,105      | 0                     | 0            | 0                   | 0               | 0                  | 0                  | 0                 | 0                | 0.0          | 1-Feb | 2007 |
| 0.0                     | 1-Feb     | 2008 | 143,105       | 143,105      | 0                     | 0            | 0                   | 0               | 0                  | 0                  | 0                 | 0                | 0.5          | 1-Aug | 2007 |
| 0.5                     | 1-Aug     | 2008 | 143,105       | 143,105      | 0                     | 0            | 0                   | 0               | 0                  | 0                  | 0                 | 0                | 1.0          | 1-Feb | 2008 |
| 1.0                     | 1-Feb     | 2009 | 143,105       | 143,105      | 0                     | 0            | 0                   | 0               | 0                  | 0                  | 0                 | 0                | 1.5          | 1-Aug | 2008 |
| 1.5                     | 1-Aug     | 2009 | 143,105       | 143,105      | 0                     | 0            | 0                   | 0               | 0                  | 0                  | 0                 | 0                | 2.0          | 1-Feb | 2009 |
| 2.0                     | 1-Feb     | 2010 | 143,105       | 143,105      | 0                     | 0            | 0                   | 0               | 0                  | 0                  | 0                 | 0                | 2.5          | 1-Aug | 2009 |
| 2.5                     | 1-Aug     | 2010 | 143,105       | 143,105      | 0                     | 0            | 0                   | 0               | 0                  | 0                  | 0                 | 0                | 3.0          | 1-Feb | 2010 |
| 3.0                     | 1-Feb     | 2011 | 143,105       | 143,105      | 0                     | 0            | 0                   | 0               | 0                  | 0                  | 0                 | 0                | 3.5          | 1-Aug | 2010 |
| 3.5                     | 1-Aug     | 2011 | 143,105       | 143,105      | 0                     | 0            | 0                   | 0               | 0                  | 0                  | 0                 | 0                | 4.0          | 1-Feb | 2011 |
| 4.0                     | 1-Feb     | 2012 | 143,105       | 143,105      | 0                     | 0            | 0                   | 0               | 0                  | 0                  | 0                 | 0                | 4.5          | 1-Aug | 2011 |
| 4.5                     | 1-Aug     | 2012 | 143,105       | 143,105      | 0                     | 0            | 0                   | 0               | 0                  | 0                  | 0                 | 0                | 5.0          | 1-Feb | 2012 |
| 5.0                     | 1-Feb     | 2013 | 143,105       | 143,105      | 0                     | 0            | 0                   | 0               | 0                  | 0                  | 0                 | 0                | 5.5          | 1-Aug | 2012 |
| 5.5                     | 1-Aug     | 2013 | 143,105       | 143,105      | 0                     | 0            | 0                   | 0               | 0                  | 0                  | 0                 | 0                | 6.0          | 1-Feb | 2013 |
| 6.0                     | 1-Feb     | 2014 | 143,105       | 831,833      | (175,906)             | 512,823      | 278,942             | (1,004)         | (27,794)           | (41,691)           | 208,453           | 129,020          | 6.5          | 1-Aug | 2013 |
| 6.5                     | 1-Aug     | 2014 | 143,105       | 831,833      | (175,906)             | 512,823      | 278,942             | (1,004)         | (27,794)           | (41,691)           | 208,453           | 253,980          | 7.0          | 1-Feb | 2014 |
| 7.0                     | 1-Feb     | 2015 | 143,105       | 840,152      | (178,030)             | 519,017      | 282,311             | (1,016)         | (28,130)           | (42,194)           | 210,971           | 376,467          | 7.5          | 1-Aug | 2014 |
| 7.5                     | 1-Aug     | 2015 | 143,105       | 840,152      | (178,030)             | 519,017      | 282,311             | (1,016)         | (28,130)           | (42,194)           | 210,971           | 495,099          | 8.0          | 1-Feb | 2015 |
| 8.0                     | 1-Feb     | 2016 | 143,105       | 848,553      | (180,175)             | 525,273      | 285,714             | (1,029)         | (28,469)           | (42,703)           | 213,514           | 611,382          | 8.5          | 1-Aug | 2015 |
| 8.5                     | 1-Aug     | 2016 | 143,105       | 848,553      | (180,175)             | 525,273      | 285,714             | (1,029)         | (28,469)           | (42,703)           | 213,514           | 724,005          | 9.0          | 1-Feb | 2016 |
| 9.0                     | 1-Feb     | 2017 | 143,105       | 857,039      | (182,342)             | 531,592      | 289,151             | (1,041)         | (28,811)           | (43,217)           | 216,083           | 834,395          | 9.5          | 1-Aug | 2016 |
| 9.5                     | 1-Aug     | 2017 | 143,105       | 857,039      | (182,342)             | 531,592      | 289,151             | (1,041)         | (28,811)           | (43,217)           | 216,083           | 941,310          | 10.0         | 1-Feb | 2017 |
| 10.0                    | 1-Feb     | 2018 | 143,105       | 865,609      | (184,530)             | 537,974      | 292,623             | (1,053)         | (29,157)           | (43,735)           | 218,677           | 1,046,103        | 10.5         | 1-Aug | 2017 |
| 10.5                    | 1-Aug     | 2018 | 143,105       | 865,609      | (184,530)             | 537,974      | 292,623             | (1,053)         | (29,157)           | (43,735)           | 218,677           | 1,147,597        | 11.0         | 1-Feb | 2018 |
| 11.0                    | 1-Feb     | 2019 | 143,105       | 874,265      | (186,741)             | 544,420      | 296,129             | (1,066)         | (29,506)           | (44,259)           | 221,297           | 1,247,074        | 11.5         | 1-Aug | 2018 |
| 11.5                    | 1-Aug     | 2019 | 143,105       | 874,265      | (186,741)             | 544,420      | 296,129             | (1,066)         | (29,506)           | (44,259)           | 221,297           | 1,343,421        | 12.0         | 1-Feb | 2019 |
| 12.0                    | 1-Feb     | 2020 | 143,105       | 883,008      | (188,973)             | 550,930      | 299,670             | (1,079)         | (29,859)           | (44,789)           | 223,943           | 1,437,850        | 12.5         | 1-Aug | 2019 |
| 12.5                    | 1-Aug     | 2020 | 143,105       | 883,008      | (188,973)             | 550,930      | 299,670             | (1,079)         | (29,859)           | (44,789)           | 223,943           | 1,529,307        | 13.0         | 1-Feb | 2020 |
| 13.0                    | 1-Feb     | 2021 | 143,105       | 891,838      | (191,228)             | 557,505      | 303,247             | (1,092)         | (30,215)           | (45,323)           | 226,616           | 1,618,942        | 13.5         | 1-Aug | 2020 |
| 13.5                    | 1-Aug     | 2021 | 143,105       | 891,838      | (191,228)             | 557,505      | 303,247             | (1,092)         | (30,215)           | (45,323)           | 226,616           | 1,705,756        | 14.0         | 1-Feb | 2021 |
| 14.0                    | 1-Feb     | 2022 | 143,105       | 900,756      | (193,505)             | 564,146      | 306,859             | (1,105)         | (30,575)           | (45,863)           | 229,316           | 1,790,839        | 14.5         | 1-Aug | 2021 |
| 14.5                    | 1-Aug     | 2022 | 143,105       | 900,756      | (193,505)             | 564,146      | 306,859             | (1,105)         | (30,575)           | (45,863)           | 229,316           | 1,873,243        | 15.0         | 1-Feb | 2022 |
| 15.0                    | 1-Feb     | 2023 | 143,105       | 909,764      | (195,805)             | 570,854      | 310,507             | (1,118)         | (30,939)           | (46,408)           | 232,042           | 1,954,003        | 15.5         | 1-Aug | 2022 |
| 15.5                    | 1-Aug     | 2023 | 143,105       | 909,764      | (195,805)             | 570,854      | 310,507             | (1,118)         | (30,939)           | (46,408)           | 232,042           | 2,032,221        | 16.0         | 1-Feb | 2023 |
| 16.0                    | 1-Feb     | 2024 | 143,105       | 918,862      | (198,128)             | 577,628      | 314,192             | (1,131)         | (31,306)           | (46,959)           | 234,796           | 2,108,875        | 16.5         | 1-Aug | 2023 |
| 16.5                    | 1-Aug     | 2024 | 143,105       | 918,862      | (198,128)             | 577,628      | 314,192             | (1,131)         | (31,306)           | (46,959)           | 234,796           | 2,183,117        | 17.0         | 1-Feb | 2024 |
| 17.0                    | 1-Feb     | 2025 | 143,105       | 928,050      | (200,475)             | 584,471      | 317,914             | (1,144)         | (31,677)           | (47,515)           | 237,577           | 2,255,874        | 17.5         | 1-Aug | 2024 |
| 17.5                    | 1-Aug     | 2025 | 143,105       | 928,050      | (200,475)             | 584,471      | 317,914             | (1,144)         | (31,677)           | (47,515)           | 237,577           | 2,326,340        | 18.0         | 1-Feb | 2025 |
| 18.0                    | 1-Feb     | 2026 | 143,105       | 937,331      | (202,844)             | 591,381      | 321,673             | (1,158)         | (32,051)           | (48,077)           | 240,386           | 2,395,396        | 18.5         | 1-Aug | 2025 |
| 18.5                    | 1-Aug     | 2026 | 143,105       | 937,331      | (202,844)             | 591,381      | 321,673             | (1,158)         | (32,051)           | (48,077)           | 240,386           | 2,462,277        | 19.0         | 1-Feb | 2026 |
| 19.0                    | 1-Feb     | 2027 | 143,105       | 946,704      | (205,238)             | 598,361      | 325,470             | (1,172)         | (32,430)           | (48,645)           | 243,223           | 2,527,818        | 19.5         | 1-Aug | 2026 |
| 19.5                    | 1-Aug     | 2027 | 143,105       | 946,704      | (205,238)             | 598,361      | 325,470             | (1,172)         | (32,430)           | (48,645)           | 243,223           | 2,591,296        | 20.0         | 1-Feb | 2027 |
| 20.0                    | 1-Feb     | 2028 | 143,105       | 956,171      | (207,655)             | 605,411      | 329,304             | (1,185)         | (32,812)           | (49,218)           | 246,089           | 2,653,500        | 20.5         | 1-Aug | 2027 |
| 20.5                    | 1-Aug     | 2028 | 143,105       | 956,171      | (207,655)             | 605,411      | 329,304             | (1,185)         | (32,812)           | (49,218)           | 246,089           | 2,713,746        | 21.0         | 1-Feb | 2028 |
| 21.0                    | 1-Feb     | 2029 | 143,105       | 965,733      | (210,097)             | 612,531      | 333,177             | (1,199)         | (33,198)           | (49,797)           | 248,983           | 2,772,783        | 21.5         | 1-Aug | 2028 |
| 21.5                    | 1-Aug     | 2029 | 143,105       | 965,733      | (210,097)             | 612,531      | 333,177             | (1,199)         | (33,198)           | (49,797)           | 248,983           | 2,829,960        | 22.0         | 1-Feb | 2029 |
| 22.0                    | 1-Feb     | 2030 | 143,105       | 975,390      | (212,563)             | 619,722      | 337,089             | (1,214)         | (33,588)           | (50,381)           | 251,906           | 2,885,988        | 22.5         | 1-Aug | 2029 |
| 22.5                    | 1-Aug     | 2030 | 143,105       | 975,390      | (212,563)             | 619,722      | 337,089             | (1,214)         | (33,588)           | (50,381)           | 251,906           | 2,940,253        | 23.0         | 1-Feb | 2030 |
| 23.0                    | 1-Feb     | 2031 | 143,105       | 985,144      | (215,054)             | 626,986      | 341,039             | (1,228)         | (33,981)           | (50,972)           | 254,859           | 2,993,425        | 23.5         | 1-Aug | 2030 |
| 23.5                    | 1-Aug     | 2031 | 143,105       | 985,144      | (215,054)             | 626,986      | 341,039             | (1,228)         | (33,981)           | (50,972)           | 254,859           | 3,044,924        | 24.0         | 1-Feb | 2031 |
| 24.0                    | 1-Feb     | 2032 | 143,105       | 994,995      | (217,569)             | 634,321      | 345,030             | (1,242)         | (34,379)           | (51,568)           | 257,841           | 3,095,385        | 24.5         | 1-Aug | 2031 |
| 24.5                    | 1-Aug     | 2032 | 143,105       | 994,995      | (217,569)             | 634,321      | 345,030             | (1,242)         | (34,379)           | (51,568)           | 257,841           | 3,144,258        | 25.0         | 1-Feb | 2032 |
| 25.0                    | 1-Feb     | 2033 | 143,105       | 1,004,945    | (220,110)             | 641,731      | 349,060             | (1,257)         | (34,780)           | (52,170)           | 260,852           | 3,192,146        | 25.5         | 1-Aug | 2032 |
| 25.5                    | 1-Aug     | 2033 | 143,105       | 1,004,945    | (220,110)             | 641,731      | 349,060             | (1,257)         | (34,780)           | (52,170)           | 260,852           | 3,238,526        | 26.0         | 1-Feb | 2033 |
|                         |           |      | <b>Totals</b> |              | <b>(7,893,938)</b>    |              | <b>12,556,951</b>   | <b>(45,066)</b> | <b>(1,247,314)</b> | <b>(1,870,971)</b> | <b>9,354,853</b>  |                  |              |       |      |
| <b>Present Value</b>    |           |      |               |              |                       |              | <b>6,388,790</b>    | <b>(23,000)</b> | <b>(861,709)</b>   | <b>(954,869)</b>   |                   | <b>3,238,526</b> |              |       |      |

## NOTES:

1. State Auditor payment is based upon 1st half, pay 2006 actual and may increase over term of district
2. TIF run does not reflect potential reduction in Market Value Homestead Credit
3. Amount of increment will vary depending upon market value, tax rates, class rates, construction schedule and inflation on Market Value.
4. Inflation on tax rates cannot be captured.
5. TIF does not capture state wide property taxes or market value property taxes

APPENDIX E

MINNESOTA BUSINESS ASSISTANCE FORM  
(MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT)

## APPENDIX F

### FINDINGS AND BUT/FOR QUALIFICATIONS

| But-For Analysis                                       |                    |
|--|--------------------|
| Current Market Value                                   | 41,513,600         |
| New Market Value - Estimate                            | 310,000,000        |
| Difference   | 268,486,400        |
| Present Value of Tax Increment                         | 45,943,843         |
| Difference   | 222,542,557        |
| <b>Value Likely to Occur Without TIF is Less Than:</b> | <b>222,542,557</b> |

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan (TIF Plan) for the Cedar Avenue Tax Increment Financing District (District), as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that the Cedar Avenue Tax Increment Financing District is a redevelopment district as defined in the Laws of Minnesota 2005, Chapter 152, Article 2, Section 25.*

*Sec. 25. [CITY OF RICHFIELD; TAX INCREMENT FINANCING DISTRICT.]*

*Subdivision 1. [AUTHORIZATION.]*

*The City of Richfield may create a tax increment financing district consisting of an area lying west of Trunk Highway 77 extending: to 16<sup>th</sup> Avenue between Crosstown Highway 62 and 66<sup>th</sup> Street; to 17<sup>th</sup> Avenue between 66<sup>th</sup> and 69<sup>th</sup> Streets; and to 18<sup>th</sup> Avenue between 69<sup>th</sup> and 72<sup>nd</sup> Streets. The City or its Housing and Redevelopment Authority may be the authority for the purposes of Minnesota Statutes, sections 469.174 to 469.179.*

*Subd. 2. [DISTRICT IS REDEVELOPMENT DISTRICT.]*

*The redevelopment tax increment district created pursuant to subdivision 1 is deemed to be a redevelopment district and is subject to Minnesota Statutes, sections 469.174 to 469.179, except that:*

*(1) expenditures for activities as defined in Minnesota Statutes, section 469.1763, subdivision 1, paragraph (b), anywhere in the district are deemed to be the costs of correcting conditions that allow the designation of redevelopment districts pursuant to Minnesota Statutes, section 469.174, subdivision 10; and*

*(2) the five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, does not apply.*

*[EFFECTIVE DATE.] This section received local approval by the City of Richfield on June 28, 2005 in compliance with Minnesota Statutes, section 645.021.*

2. *Finding that the proposed development, in the opinion of the City Council, 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.*

*The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future:* This finding is supported by the fact that the redevelopment proposed in the TIF Plan meets the City's objectives for redevelopment. Due to the high cost of redevelopment on the parcels because of their location in a noise impacted area, and the cost of financing the proposed improvements, this project is feasible only through assistance, in part, from tax increment financing.

*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 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:* This finding is justified on the grounds that the cost of site improvements and utilities add to the total redevelopment cost. Historically, due to the extra cost of sound mitigation and site improvements costs in this area have made redevelopment infeasible without tax increment assistance. This is also the basis for the Special TIF Statute by the State for this TIF District. Therefore, the City reasonably determines that no other redevelopment of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

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. If all development which is proposed to be assisted with tax increment were to occur in the District, the total increase in market value would be up to \$268,486,400. The present value of tax increments from the District is estimated to be \$47,049,903. It is the Council's finding that no development with a market value of greater than \$221,436,497 would occur without tax increment assistance in this district within 25 years. This finding is based upon evidence from general past experience with the high cost of acquisition and public improvements in the general area of the District. (See Cashflow in Appendix D of the TIF Plan.)

3. *Finding that the TIF Plan for the District conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for the District will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the Richfield Redevelopment Project Area by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, the renovation of substandard properties, increased tax base of the State and add a high quality development to the City.



APPENDIX G  
PRIOR IMPROVEMENTS

## APPENDIX H

### Laws of Minnesota 2005, Chapter 152, Article 2, Section 25

#### Sec. 25. [CITY OF RICHFIELD; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [AUTHORIZATION.] The city of Richfield may create a tax increment financing district consisting of an area lying west of Trunk Highway 77 extending: to 16th Avenue between Crosstown Highway 62 and 66th Street; to 17th Avenue between 66th and 69th Streets; and to 18th Avenue between 69th and 72nd Streets. The city or its housing and redevelopment authority may be the authority for the purposes of Minnesota Statutes, sections 469.174 to 469.179.

Subd. 2. [DISTRICT IS REDEVELOPMENT DISTRICT.] The redevelopment tax increment district created pursuant to subdivision 1 is deemed to be a redevelopment district and is subject to Minnesota Statutes, sections 469.174 to 469.179, except that:

(1) expenditures for activities as defined in Minnesota Statutes, section 469.1763, subdivision 1, paragraph (b), anywhere in the district are deemed to be the costs of correcting conditions that allow the designation of redevelopment districts pursuant to Minnesota Statutes, section 469.174, subdivision 10; and

(2) the five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, does not apply.

[EFFECTIVE DATE.] This section is effective upon local approval by the city of Richfield in compliance with Minnesota Statutes, section 645.021.

## APPENDIX I

### 2017 SPECIAL LEGISLATION

*Minnesota Laws 2017, First Special Session, Chapter 1, Article 6, Section 18* is as follows:

Sec. 18. CITY OF RICHFIELD; EXTENSION OF CEDAR AVENUE TIF DISTRICT.

Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, or any other law to the contrary, the city of Richfield and the Housing and Redevelopment Authority in and for the city of Richfield may elect to extend the duration limit of the redevelopment tax increment financing district known as the Cedar Avenue Tax Increment Financing District established by Laws 2005, chapter 152, article 2, section 25, by ten years.

EFFECTIVE DATE. This section is effective upon compliance by the governing bodies of the city of Richfield, Hennepin County and Independent School District No. 280 with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2; and 645.021, subdivisions 2 and 3.



*As of August 13, 2018  
Draft for City Council review*

**Modification to the Redevelopment Plan  
for the Richfield Redevelopment Project Area**

**and the**

**Tax Increment Financing Plan**

**for the establishment of**

**Tax Increment Financing District No. 2018-1  
(a housing district)**

**within**

**Richfield Redevelopment Project Area**

Richfield Housing and Redevelopment Authority  
City of Richfield  
Hennepin County  
State of Minnesota

Public Hearing: August 21, 2018  
Adopted:

*This document is in draft form for distribution to the County and the School District. The TIF Plan contains the estimated fiscal and economic implications of the proposed TIF District. The City and the HRA may make minor changes to this draft document prior to the public hearing.*



**EHLERS**

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## **Table of Contents**

**(for reference purposes only)**

|  |      |
|--|------|
| Section 1 - Modification to the Redevelopment Plan                                     |      |
| for Richfield Redevelopment Project Area .....   | 1-4  |
| Foreword .....   | 1-4  |
| Section 2 - Tax Increment Financing Plan   |      |
| for Tax Increment Financing District No. 2018-1 .....                                  | 2-1  |
| Subsection 2-1. Foreword .....   | 2-1  |
| Subsection 2-2. Statutory Authority .....  | 2-1  |
| Subsection 2-3. Statement of Objectives .....  | 2-1  |
| Subsection 2-4. Redevelopment Plan Overview .....                                      | 2-1  |
| Subsection 2-5. Description of Property in the District and Property To Be Acquired .. | 2-2  |
| Subsection 2-6. Classification of the District .....                                   | 2-2  |
| Subsection 2-7. Duration and First Year of Tax Increment of the District .....         | 2-3  |
| Subsection 2-8. Original Tax Capacity, Tax Rate and Estimated Captured Net Tax         |      |
| Capacity Value/Increment and Notification of Prior Planned Improvements .....          | 2-3  |
| Subsection 2-9. Sources of Revenue/Bonds to be Issued .....                            | 2-5  |
| Subsection 2-10. Uses of Funds .....   | 2-5  |
| Subsection 2-11. Fiscal Disparities Election .....                                     | 2-6  |
| Subsection 2-12. Business Subsidies .....  | 2-6  |
| Subsection 2-13. County Road Costs .....   | 2-7  |
| Subsection 2-14. Estimated Impact on Other Taxing Jurisdictions .....                  | 2-8  |
| Subsection 2-15. Supporting Documentation .....  | 2-9  |
| Subsection 2-16. Definition of Tax Increment Revenues .....                            | 2-10 |
| Subsection 2-17. Modifications to the District .....                                   | 2-10 |
| Subsection 2-18. Administrative Expenses .....   | 2-10 |
| Subsection 2-19. Limitation of Increment .....   | 2-11 |
| Subsection 2-20. Use of Tax Increment .....  | 2-12 |
| Subsection 2-21. Excess Increments .....   | 2-12 |
| Subsection 2-22. Requirements for Agreements with the Developer .....                  | 2-13 |
| Subsection 2-23. Assessment Agreements .....   | 2-13 |
| Subsection 2-24. Administration of the District .....                                  | 2-13 |
| Subsection 2-25. Annual Disclosure Requirements .....                                  | 2-13 |
| Subsection 2-26. Reasonable Expectations .....   | 2-14 |
| Subsection 2-27. Other Limitations on the Use of Tax Increment .....                   | 2-14 |
| Subsection 2-28. Summary .....   | 2-14 |
| Appendix A   |      |
| Project Description .....  | A-1  |
| Appendix B   |      |
| Map(s) of Richfield Redevelopment Project Area and the District .....                  | B-1  |
| Appendix C   |      |
| Description of Property to be Included in the District .....                           | C-1  |
| Appendix D   |      |
| Estimated Cash Flow for the District .....   | D-1  |

|   |     |
|---|-----|
| Appendix E  |     |
| Housing Qualifications for the District . . . . . | E-1 |
| Appendix F  |     |
| Findings for the District . . . . .               | F-1 |

## ***Section 1 - Modification to the Redevelopment Plan for Richfield Redevelopment Project Area***

### **Foreword**

The following text represents a Modification to the Redevelopment Plan for Richfield Redevelopment Project Area. This modification represents a continuation of the goals and objectives set forth in the Redevelopment Plan for Richfield Redevelopment Project Area. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 2018-1.

For further information, a review of the Redevelopment Plan for Richfield Redevelopment Project Area, adopted June 14, 1993, is recommended. It is available from the Community Development Director or at the City of Richfield. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within Richfield Redevelopment Project Area.

## **Section 2 - Tax Increment Financing Plan for Tax Increment Financing District No. 2018-1**

### **Subsection 2-1. Foreword**

The Richfield Housing and Redevelopment Authority (the "HRA"), the City of Richfield (the "City"), staff and consultants have prepared the following information to expedite the establishment of Tax Increment Financing District No. 2018-1 (the "District"), a housing tax increment financing district, located in the Richfield Redevelopment Project 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 HRA and City have certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.001 to 469.047*, 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 Richfield Redevelopment Project Area.

### **Subsection 2-3. Statement of Objectives**

The District currently consists of 17 parcels of land and adjacent and internal rights-of-way. The District is being created to facilitate the construction of approximately 80 owner occupied townhomes in the City. Please see Appendix A for further District information. The HRA has not entered into an agreement but anticipates entering into an agreement with NHH Properties, and development is likely to begin in the Fall 2018. This TIF Plan is expected to achieve many of the objectives outlined in the Redevelopment Plan for Richfield Redevelopment Project 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 Richfield Redevelopment Project Area and the District.

### **Subsection 2-4. Redevelopment Plan Overview**

1. Property to be Acquired - The HRA or City currently owns 4 parcels of property within the District. The remaining property located within the District may be acquired by the HRA 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 HRA 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 HRA 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 HRA or City currently owns 4 parcels to be included in the District.

## **Subsection 2-6. Classification of the District**

The HRA and City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1799*, as amended, inclusive, find that the District, to be established, is a housing district pursuant to *M.S., Section 469.174, Subd. 11* and *M.S., Section 469.1761* as defined below:

*M.S., Section 469.174, Subd.11:*

*"Housing district" means a type of tax increment financing district which consists of a project, or a portion of a project, intended for occupancy, in part, by persons or families of low and moderate income, as defined in chapter 462A, Title II of the National Housing Act of 1934, the National Housing Act of 1959, the United States Housing Act of 1937, as amended, Title V of the Housing Act of 1949, as amended, any other similar present or future federal, state, or municipal legislation, or the regulations promulgated under any of those acts, and that satisfies the requirements of M.S., Section 469.1761. Housing project means a project, or portion of a project, that meets all the qualifications of a housing district under this subdivision, whether or not actually established as a housing district.*

*M.S., Section 469.1761:*

*Subd. 1. Requirement imposed.*

*(a) In order for a tax increment financing district to qualify as a housing district:*

*(1) the income limitations provided in this section must be satisfied; and*

*(2) no more than 20 percent of the square footage of buildings that receive assistance from tax increments may consist of commercial, retail, or other nonresidential uses.*

*(b) The requirements imposed by this section apply to property receiving assistance financed with tax increments, including interest reduction, land transfers at less than the authority's cost of acquisition, utility service or connections, roads, parking facilities, or other subsidies. The provisions of this section do not apply to districts located within a targeted area as defined in Section 462C.02 Subd 9, clause (e).*

*(c) For purposes of the requirements of paragraph (a), the authority may elect to treat an addition to an existing structure as a separate building if:*

*(1) construction of the addition begins more than three years after construction of the existing structure was completed; and*

(2) *for an addition that does not meet the requirements of paragraph (a), clause (2), if it is treated as a separate building, the addition was not contemplated by the tax increment financing plan which includes the existing structure.*

*Subd. 2. Owner occupied housing.*

*For owner occupied residential property, 95 percent of the housing units must be initially purchased and occupied by individuals whose family income is less than or equal to the income requirements for qualified mortgage bond projects under section 143(f) of the Internal Revenue Code.*

*Subd. 3. Rental property.*

*For residential rental property, the property must satisfy the income requirements for a qualified residential rental project as defined in section 142(d) of the Internal Revenue Code. The requirements of this subdivision apply for the duration of the tax increment financing district.*

*Subd. 4. Noncompliance; enforcement.*

*Failure to comply with the requirements of this section is subject to M.S., Section 469.1771.*

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

- The District consists of 17 parcels.
- The development will consist of approximately 80 units of single family owner occupied housing
- At least 95% of the houses assisted with tax increment must be occupied with persons at 100% of median income for a family of two or less and 115% of median income for families of three or more (rental housing would have stricter income limitations). Median income under this provision is the greater of the statewide median or the county median. For Hennepin County, the median income is \$94,300 and the statewide median is \$69,500 (year 2018). Therefore, the family of three or more could earn up to \$108,445 (115% of \$94,300) and still qualify to live in the homes. (See Appendix E).

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 HRA (a total of 26 years of tax increment). The HRA elects to receive the first tax increment in 2021, 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 2046, or when the TIF Plan is satisfied. The HRA 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 2018 for taxes payable 2019.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2021) 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 HRA or City.

The original local tax rate for the District will be the local tax rate for taxes payable 2019, assuming the request for certification is made before June 30, 2019. 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 Richfield Redevelopment Project Area, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The HRA 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 2021. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

|  |                  |          |
|--|------------------|----------|
| <b>Project Estimated Tax Capacity upon Completion (PTC)</b>  | <b>\$476,294</b> |          |
| <b>Original Estimated Net Tax Capacity (ONTC)</b>            | <b>\$27,120</b>  |          |
| <b>Estimated Captured Tax Capacity (CTC)</b>                 | <b>\$449,174</b> |          |
| <b>Original Local Tax Rate</b>                               | <b>1.49863</b>   | Pay 2018 |
| <b>Estimated Annual Tax Increment (CTC x Local Tax Rate)</b> | <b>\$673,146</b> |          |
| <b>Percent Retained by the HRA</b>                           | <b>100%</b>      |          |

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 \$36,079.

Pursuant to *M.S., Section 469.177, Subd. 4*, the HRA 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 is reviewing the area to be included in the District to determine if any 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 HRA 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 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 HRA or City to incur debt. The HRA 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:

| <b><u>SOURCES OF FUNDS</u></b> | <b><u>TOTAL</u></b> |
|--------------------------------|---------------------|
| Tax Increment                  | \$11,447,128        |
| <u>Interest</u>                | <u>\$1,144,713</u>  |
| <b>TOTAL</b>                   | <b>\$12,591,841</b> |

The HRA 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 \$12,591,841. 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 approximately 80 owner occupied townhomes. The HRA and City have determined that it will be necessary to provide assistance to the project for certain District costs, as described. The HRA 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.

| <b><u>USES OF TAX INCREMENT FUNDS</u></b> | <b><u>TOTAL</u></b> |
|---|---------------------|
| Land/Building Acquisition                 | \$4,275,000         |
| Site Improvements/Preparation             | \$750,000           |
| Utilities                                 | \$225,000           |
| Other Qualifying Improvements             | \$554,779           |
| <u>Administrative Costs (up to 10%)</u>   | <u>\$1,144,713</u>  |
| PROJECT COST TOTAL                        | \$6,949,492         |
| <u>Interest</u>                           | <u>\$5,642,349</u>  |
| <b>PROJECT AND INTEREST COSTS TOTAL</b>   | <b>\$12,591,841</b> |

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. The HRA may expend funds for qualified housing activities outside of the District boundaries.

### **Subsection 2-11. Fiscal Disparities Election**

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

- (1) The original net tax capacity and the current net tax capacity shall be determined before the application of the fiscal disparity provisions of Chapter 276A or 473F. Where the original net tax capacity is equal to or greater than the current net tax capacity, there is no captured net tax capacity and no tax increment determination. Where the original net tax capacity is less than the current net 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 lesser 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 City will choose to calculate fiscal disparities by clause a. It is not anticipated that the District will contain commercial/industrial property. As a result, there should be no impact due to the fiscal disparities provision on the District.**

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 HRA 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 HRA 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 HRA or City within forty-five days of receipt of this TIF Plan. In the opinion of the HRA 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 HRA 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 HRA 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                              |   |  |   |
|---|---|--|---|
|   | <b>2017/Pay 2018<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> |
| Hennepin County                                 | 1,685,924,784                                       | 449,174  | 0.0266%                                   |
| City of Richfield                               | 30,001,418  | 449,174  | 1.4972%                                   |
| Richfield Public School<br>District ISD No. 280 | 43,598,799  | 449,174  | 1.0302%                                   |

| IMPACT ON TAX RATES                             |  |                             |            |                            |
|---|--|-----------------------------|------------|----------------------------|
|   | <b>2017/Pay 2018<br/>Extension Rates</b> | <b>Percent<br/>of Total</b> | <b>CTC</b> | <b>Potential<br/>Taxes</b> |
| Hennepin County                                 | 0.428080                                 | 28.56%                      | 449,174    | 192,282                    |
| City of Richfield                               | 0.593350                                 | 39.59%                      | 449,174    | 266,517                    |
| Richfield Public School<br>District ISD No. 280 | 0.370500                                 | 24.72%                      | 449,174    | 166,419                    |
| Other   | 0.106700                                 | 7.12%                       | 449,174    | 47,927                     |
| <b>Total</b>                                    | 1.498630                                 | 100.00%                     |            | 673,146                    |

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the actual Pay 2018 rate. The total net capacity for the entities listed above are based on actual Pay 2018 figures. The District will be certified under the actual Pay 2019 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 \$11,447,127;
- (2) Probable impact of the District on city provided services and ability to issue debt. A minimal impact of the District on police protection is expected. The City does track all calls for service including property-type calls and crimes. 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 believes there is a slight possibility that the proposed development, in and of itself, will necessitate new capital investment in vehicles.

The probable impact of the District on fire protection is not expected to be significant. Typically new buildings generate few calls, if any, and are of superior construction. The existing buildings are several non-sprinkled single family homes that are being replaced by new, sprinklered town homes.

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 development in the District is expected to contribute an estimated \$198,800 in sanitary sewer (SAC) and water (WAC) connection fees.

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. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore 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 \$2,829,730;
- (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 \$3,269,300;
- (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 HRA and City's findings:

- Cedar Avenue Corridor Master Plan (2016)
- City of Richfield Comprehensive Plan (2007)
- Cedar Avenue Corridor Redevelopment Concept Master Plan (2004)
- Tax Increment Application from NHH Properties.



## **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 HRA 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 HRA 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 housing 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. 11* must be documented. 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 HRA 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 HRA 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 HRA 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 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 HRA 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 HRA or City or a property owner must improve parcels within the District by approximately August 2022 and report such actions to the County Auditor.

## **Subsection 2-20. Use of Tax Increment**

The HRA 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 Richfield Redevelopment Project Area pursuant to *M.S., Sections 469.001 to 469.047*;
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 HRA or City or for the benefit of Richfield Redevelopment Project 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*.

**Revenues derived from tax increment from a housing district must be used solely to finance the cost of housing projects as defined in *M.S., Sections 469.174, Subd. 11 and 469.1761*. The cost of public improvements directly related to the housing projects and the allocated administrative expenses of the HRA or City may be included in the cost of a housing project.**

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 Hennepin County to the HRA for the Tax Increment Fund of said District. The HRA or City will pay to the developer 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 HRA 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 HRA or City must spend or return the excess increments under paragraph (c) within nine months after the end of the year. In addition, the HRA or City may, subject to the limitations set forth herein, choose to modify the TIF Plan in order to finance additional public costs in Richfield Redevelopment Project Area or the District.

## **Subsection 2-22. Requirements for Agreements with the Developer**

The HRA 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 HRA or City to demonstrate the conformance of the development with City plans and ordinances. The HRA 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 10 percent, by acreage, of the property to be acquired in the project area as set forth in the TIF Plan shall at any time be owned by the HRA 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 10 percent of the acreage, the HRA or City concluded an agreement for the development of the property acquired and which provides recourse for the HRA or City should the development not be completed.

## **Subsection 2-23. Assessment Agreements**

Pursuant to *M.S., Section 469.177, Subd. 8*, the HRA 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 Community Development Director.

## **Subsection 2-25. Annual Disclosure Requirements**

Pursuant to *M.S., Section 469.175, Subds. 5, 6, and 6b* the HRA 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 HRA 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 Richfield Redevelopment Project Area pursuant to *M.S., Sections 469.001 to 469.047*. 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. Housing District Exceptions to Restriction on Pooling; Five Year Limit. Pursuant to *M.S., Section 469.1763*, (1) At least 80% of revenues derived from tax increments paid by properties in the District must be expended on Public Costs incurred within said district, and up to 20% of said tax increments may be spent on public costs incurred outside of the District but within Richfield Redevelopment Project Area; provided that in the case of a housing district, a housing project, as defined in *M.S., Section 469.174, Subd. 11*, is deemed to be an activity in the District, even if the expenditure occurred after five years.

### **Subsection 2-28. Summary**

The Richfield Housing and Redevelopment Authority is establishing the District to provide an impetus for residential development and provide safe and decent life cycle housing in the City. The TIF Plan for the District was prepared by Ehlers & Associates, Inc., 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, telephone (651) 697-8500.

## Appendix A

### Project Description

Tax Increment Financing District No. 2018-1 is being established to facilitate the development of approximately 80 units of owner-occupied townhomes in the City. At least 95% of the units will be purchased by persons at or below 100% to 115% of area median income. Construction is anticipated to begin in the Fall 2018.

Parcels are being removed from the Cedar Avenue Tax Increment Financing District for establishment of TIF District 2018-1.

The HRA anticipates issuing a Pay-as-you-go Note to the developer to assist with acquisition and demolition of property and other qualified costs.

## Appendix B

### Map of the Richfield Redevelopment Project Area and the District



# CEDAR CORRIDOR, 2017-1 & 2018-1 HOUSING TIF DISTRICTS





## 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.

| <u>Parcel Numbers*</u> | <u>Address</u>                  | <u>Owner</u>  |
|------------------------|---------------------------------|---------------|
| 26.028.24.11.0033      | 6309 - 16 <sup>th</sup> Ave. S. | Dunn          |
| 26.028.24.11.0034      | 6315 - 16 <sup>th</sup> Ave. S. | Richfield HRA |
| 26.028.24.11.0035      | 6321 - 16 <sup>th</sup> Ave. S. | Ramirez       |
| 26.028.24.11.0036      | 6327 - 16 <sup>th</sup> Ave. S. | Kowal         |
| 26.028.24.11.0037      | 6333 - 16 <sup>th</sup> Ave. S. | Richfield HRA |
| 26.028.24.11.0038      | 6339 - 16 <sup>th</sup> Ave. S. | Bolstad       |
| 26.028.24.11.0039      | 6345 - 16 <sup>th</sup> Ave. S. | Robinson      |
| 26.028.24.14.0004      | 6401 - 16 <sup>th</sup> Ave. S. | Richfield HRA |
| 26.028.24.14.0005      | 6409 - 16 <sup>th</sup> Ave. S. | Richfield HRA |
| 26.028.24.14.0006      | 6415 - 16 <sup>th</sup> Ave. S. | Ray           |
| 26.028.24.14.0007      | 6421 - 16 <sup>th</sup> Ave. S. | Jones         |
| 26.028.24.14.0008      | 6427 - 16 <sup>th</sup> Ave. S. | Garcia        |
| 26.028.24.14.0009      | 6433 - 16 <sup>th</sup> Ave. S. | Secora        |
| 26.028.24.14.0010      | 6439 - 16 <sup>th</sup> Ave. S. | Pina          |
| 26.028.24.14.0011      | 6445 - 16 <sup>th</sup> Ave. S. | Soderberg     |
| 26.028.24.14.0003      | 6501 - 16 <sup>th</sup> Ave. S. | Mt. Calvary   |
| 26.028.24.14.0002      | 6509 - 16 <sup>th</sup> Ave. S. | Mt. Calvary   |

\*All of the parcels are currently in the Cedar Avenue Tax Increment Financing District and will be removed for inclusion in the District.

## Appendix D

### Estimated Cash Flow for the District



## Cedar Point - 3% Inflation

City of Richfield, MN

80 For Sale Townhomes -- New Housing TIF District. Assumptions include church property

### ASSUMPTIONS AND RATES

DistrictType: Housing  
 District Name/Number: TIF 2018-1  
 County District #: TBD  
 First Year Construction or Inflation on Value: 2019  
 Existing District - Specify No. Years Remaining:  
 Inflation Rate - Every Year: 3.00%  
 Interest Rate: 5.00%  
 Present Value Date: 1-Aug-19  
 First Period Ending: 1-Feb-20  
 Tax Year District was Certified: Pay 2019  
 Cashflow Assumes First Tax Increment For Development: 2021  
 Years of Tax Increment: 26  
 Assumes Last Year of Tax Increment: 2046  
 Fiscal Disparities Election [Outside (A), Inside (B), or NA]: Inside(B)  
 Incremental or Total Fiscal Disparities: Incremental  
 Fiscal Disparities Contribution Ratio: 34.6683% Pay 2018  
 Fiscal Disparities Metro-Wide Tax Rate: 145.0950% Pay 2018  
 Maximum/Frozen Local Tax Rate: 149.860% Pay 2018  
 Current Local Tax Rate: (Use lesser of Current or Max.) 149.860% Pay 2018  
 State-wide Tax Rate (Comm./Ind. only used for total taxes): 43.8650% Pay 2018  
 Market Value Tax Rate (Used for total taxes): 0.17401% Pay 2018

#### 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 \$121,000  | 0.75% |
| Over \$121,000   | 0.25% |
| Non-Homestead Residential (Non-H Res. 1 Unit)          |       |
| First \$500,000  | 1.00% |
| Over \$500,000   | 1.25% |
| Homestead Residential 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 ID            | PID | Owner       | Address             | Land<br>Market Value | Building<br>Market Value | Total<br>Market Value | Percentage<br>Of Value Used<br>for District | Original<br>Market Value | Tax Year<br>Original<br>Market Value | Property<br>Tax<br>Class | Current<br>Original<br>Tax Capacity | Class<br>After<br>Conversion | After<br>Conversion<br>Orig. Tax Cap. | Area/<br>Phase |
|-------------------|-----|-------------|---------------------|----------------------|--------------------------|-----------------------|---|--------------------------|--------------------------------------|--------------------------|-------------------------------------|------------------------------|---------------------------------------|----------------|
| 26.028.24.11.0033 |     | Dunn        | 6309 - 16th Ave. S  | 67,000               | 125,000                  | 192,000               | 100%  | 192,000                  | Pay 2019                             | Hmstd. Res.              | 1,920                               | Hmstd. Res.                  | 1,920                                 |                |
| 26.028.24.11.0034 |     | HRA         | 6315 - 16th Ave. S. | 67,000               |                          | 67,000                | 100%  | 67,000                   | Pay 2019                             | Exempt                   | -                                   | Hmstd. Res.                  | 670                                   |                |
| 26.028.24.11.0035 |     | Ramirez     | 6321 - 16th Ave. S. | 67,000               | 125,000                  | 192,000               | 100%  | 192,000                  | Pay 2019                             | Hmstd. Res.              | 1,920                               | Hmstd. Res.                  | 1,920                                 |                |
| 26.028.24.11.0036 |     | Kowal       | 6327 - 16th Ave. S. | 67,000               | 115,000                  | 182,000               | 100%  | 182,000                  | Pay 2019                             | Hmstd. Res.              | 1,820                               | Hmstd. Res.                  | 1,820                                 |                |
| 26.028.24.11.0037 |     | HRA         | 6333 - 16th Ave. S. | 67,000               |                          | 67,000                | 100%  | 67,000                   | Pay 2019                             | Exempt                   | -                                   | Hmstd. Res.                  | 670                                   |                |
| 26.028.24.11.0038 |     | Bolstad     | 6339 - 16th Ave. S. | 67,000               | 119,000                  | 186,000               | 100%  | 186,000                  | Pay 2019                             | Hmstd. Res.              | 1,860                               | Hmstd. Res.                  | 1,860                                 |                |
| 26.028.24.11.0039 |     | Robinson    | 6345 - 16th Ave. S. | 67,000               | 132,000                  | 199,000               | 100%  | 199,000                  | Pay 2019                             | Hmstd. Res.              | 1,990                               | Hmstd. Res.                  | 1,990                                 |                |
| 26.028.24.14.0004 |     | HRA         | 6401 - 16th Ave. S. | 67,000               |                          | 67,000                | 100%  | 67,000                   | Pay 2019                             | Exempt                   | -                                   | Hmstd. Res.                  | 670                                   |                |
| 26.028.24.14.0005 |     | HRA         | 6409 - 16th Ave. S. | 67,000               |                          | 67,000                | 100%  | 67,000                   | Pay 2019                             | Exempt                   | -                                   | Hmstd. Res.                  | 670                                   |                |
| 26.028.24.14.0006 |     | Ray         | 6415 - 16th Ave. S. | 67,000               | 123,000                  | 190,000               | 100%  | 190,000                  | Pay 2019                             | Hmstd. Res.              | 1,900                               | Hmstd. Res.                  | 1,900                                 |                |
| 26.028.24.14.0007 |     | Jones       | 6421 - 16th Ave. S. | 67,000               | 115,000                  | 182,000               | 100%  | 182,000                  | Pay 2019                             | Hmstd. Res.              | 1,820                               | Hmstd. Res.                  | 1,820                                 |                |
| 26.028.24.14.0008 |     | Garcia      | 6427 - 16th Ave. S. | 67,000               | 153,000                  | 220,000               | 100%  | 220,000                  | Pay 2019                             | Hmstd. Res.              | 2,200                               | Hmstd. Res.                  | 2,200                                 |                |
| 26.028.24.14.0009 |     | Secora      | 6433 - 16th Ave. S. | 67,000               | 131,000                  | 198,000               | 100%  | 198,000                  | Pay 2019                             | Hmstd. Res.              | 1,980                               | Hmstd. Res.                  | 1,980                                 |                |
| 26.028.24.14.0010 |     | Pina        | 6439 - 16th Ave. S. | 67,000               | 168,000                  | 235,000               | 100%  | 235,000                  | Pay 2019                             | Hmstd. Res.              | 2,350                               | Hmstd. Res.                  | 2,350                                 |                |
| 26.028.24.14.0011 |     | Soderberg   | 6445 - 16th Ave. S. | 67,000               | 142,000                  | 209,000               | 100%  | 209,000                  | Pay 2019                             | Hmstd. Res.              | 2,090                               | Hmstd. Res.                  | 2,090                                 |                |
| 26.028.24.14.0003 |     | Mt. Clavary | 6501 - 16th Ave. S. | 67,000               | 125,000                  | 192,000               | 100%  | 192,000                  | Pay 2019                             | Exempt                   | -                                   | Hmstd. Res.                  | 1,920                                 | 1              |
| 26.028.24.14.0002 |     | Mt. Clavary | 6509 - 16th Ave. S. | 67,000               |                          | 67,000                | 100%  | 67,000                   | Pay 2019                             | Exempt                   | -                                   | Hmstd. Res.                  | 670                                   | 1              |
|                   |     |             |                     | 1,139,000            | 1,573,000                | 2,712,000             |   | 2,712,000                |                                      |                          | 21,850                              |                              | 27,120                                |                |

#### Note:

1. Base values are preliminary for pay 2019 based upon review of County website on May 4, 2018. Tax exempt land value is estimate based on surrounding property.



## Cedar Point - 3% Inflation

City of Richfield, MN

80 For Sale Townhomes -- New Housing TIF District. Assumptions include church property

| 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 2019 | Percentage Completed 2020 | Percentage Completed 2021 | Percentage Completed 2022 | First Year Full Taxes Payable |
| 1  | Townhome | 310,000                                 | 300,660                               | 8                   | 2,405,280                  | Hmstd. Res.        | 24,053               | 3,007                     | 100%                      | 100%                      | 100%                      | 100%                      | 2021                          |
| 2  | Townhome | 310,000                                 | 300,660                               | 16                  | 4,810,560                  | Hmstd. Res.        | 48,106               | 3,007                     | 25%                       | 100%                      | 100%                      | 100%                      | 2022                          |
| 3  | Townhome | 310,000                                 | 300,660                               | 16                  | 4,810,560                  | Hmstd. Res.        | 48,106               | 3,007                     | 0%                        | 50%                       | 100%                      | 100%                      | 2023                          |
| 4  | Townhome | 310,000                                 | 300,660                               | 16                  | 4,810,560                  | Hmstd. Res.        | 48,106               | 3,007                     | 0%                        | 0%                        | 100%                      | 100%                      | 2023                          |
| 5  | Townhome | 310,000                                 | 300,660                               | 16                  | 4,810,560                  | Hmstd. Res.        | 48,106               | 3,007                     | 0%                        | 0%                        | 0%                        | 100%                      | 2024                          |
| 6  | Townhome | 310,000                                 | 300,660                               | 8                   | 2,405,280                  | Hmstd. Res.        | 24,053               | 3,007                     | 0%                        | 0%                        | 0%                        | 100%                      | 2024                          |
| <b>TOTAL</b>                               |          |   |                                       |                     | <b>24,052,800</b>          |                    | <b>240,528</b>       |                           |                           |                           |                           |                           |                               |
| <b>Subtotal Residential</b>                |          |   |                                       | <b>80</b>           | <b>24,052,800</b>          |                    | <b>240,528</b>       |                           |                           |                           |                           |                           |                               |
| <b>Subtotal Commercial/Ind.</b>            |          |   |                                       | <b>0</b>            | <b>0</b>                   |                    | <b>0</b>             |                           |                           |                           |                           |                           |                               |

### Note:

1. Market values are based upon estimates from developer discussion on May 3, 2018.

| 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 |
| Townhome         | 24,053             | 0                               | 24,053             | 36,046               | 0                        | 0                         | 4,185              | 40,231         | 5,028.87               |
| Townhome         | 48,106             | 0                               | 48,106             | 72,091               | 0                        | 0                         | 8,371              | 80,462         | 5,028.87               |
| Townhome         | 48,106             | 0                               | 48,106             | 72,091               | 0                        | 0                         | 8,371              | 80,462         | 5,028.87               |
| Townhome         | 48,106             | 0                               | 48,106             | 72,091               | 0                        | 0                         | 8,371              | 80,462         | 5,028.87               |
| Townhome         | 48,106             | 0                               | 48,106             | 72,091               | 0                        | 0                         | 8,371              | 80,462         | 5,028.87               |
| Townhome         | 24,053             | 0                               | 24,053             | 36,046               | 0                        | 0                         | 4,185              | 40,231         | 5,028.87               |
| <b>TOTAL</b>     | <b>240,528</b>     | <b>0</b>                        | <b>240,528</b>     | <b>360,455</b>       | <b>0</b>                 | <b>0</b>                  | <b>41,854</b>      | <b>402,310</b> |                        |

### Note:

1. Taxes and tax increment will vary significantly 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    | 402,310        |
| less State-wide Taxes   | 0              |
| less Fiscal Disp. Adj.  | 0              |
| less Market Value Taxes | (41,854)       |
| less Base Value Taxes   | (40,642)       |
| <b>Annual Gross TIF</b> | <b>319,813</b> |

### MARKET VALUE BUT / FOR ANALYSIS

|   |            |
|---|------------|
| Current Market Value - Est.                               | 2,712,000  |
| New Market Value - Est.                                   | 24,052,800 |
| Difference  | 21,340,800 |
| Present Value of Tax Increment                            | 5,196,548  |
| Difference  | 16,144,252 |
| Value likely to occur without Tax Increment is less than: | 16,144,252 |



**Cedar Point - 3% Inflation**  
**City of Richfield, MN**

80 For Sale Townhomes -- New Housing TIF District. Assumptions include church property

| TAX INCREMENT CASH FLOW              |                            |                             |                                      |                             |                      |                                  |                                       |                           |                     |                                     |                                 |                          |             |                 |
|--------------------------------------|----------------------------|-----------------------------|--------------------------------------|-----------------------------|----------------------|----------------------------------|---------------------------------------|---------------------------|---------------------|-------------------------------------|---------------------------------|--------------------------|-------------|-----------------|
| % of<br>OTC                          | Project<br>Tax<br>Capacity | Original<br>Tax<br>Capacity | Fiscal<br>Disparities<br>Incremental | Captured<br>Tax<br>Capacity | Local<br>Tax<br>Rate | Annual<br>Gross Tax<br>Increment | Semi-Annual<br>Gross Tax<br>Increment | State<br>Auditor<br>0.36% | Admin.<br>at<br>10% | Semi-Annual<br>Net Tax<br>Increment | Semi-Annual<br>Present<br>Value | PERIOD<br>ENDING<br>Yrs. | Tax<br>Year | Payment<br>Date |
|                                      |                            |                             |                                      |                             |                      | -                                | -                                     | -                         | -                   | -                                   | -                               |                          |             | 02/01/20        |
|                                      |                            |                             |                                      |                             |                      | -                                | -                                     | -                         | -                   | -                                   | -                               |                          |             | 08/01/20        |
|                                      |                            |                             |                                      |                             |                      | -                                | -                                     | -                         | -                   | -                                   | -                               |                          |             | 02/01/21        |
| 100%                                 | 36,079                     | (27,120)                    | -                                    | 8,959                       | 149.860%             | 13,426                           | 6,713                                 | (24)                      | (669)               | 6,020                               | 5,454                           | 0.5                      | 2021        | 08/01/21        |
|                                      |                            |                             |                                      |                             |                      |                                  | 6,713                                 | (24)                      | (669)               | 6,020                               | 10,775                          | 1                        | 2021        | 02/01/22        |
| 100%                                 | 96,933                     | (27,120)                    | -                                    | 69,813                      | 149.860%             | 104,621                          | 52,311                                | (188)                     | (5,212)             | 46,910                              | 51,225                          | 1.5                      | 2022        | 08/01/22        |
|                                      |                            |                             |                                      |                             |                      |                                  | 52,311                                | (188)                     | (5,212)             | 46,910                              | 90,689                          | 2                        | 2022        | 02/01/23        |
| 100%                                 | 171,278                    | (27,120)                    | -                                    | 144,158                     | 149.860%             | 216,035                          | 108,017                               | (389)                     | (10,763)            | 96,866                              | 170,191                         | 2.5                      | 2023        | 08/01/23        |
|                                      |                            |                             |                                      |                             |                      |                                  | 108,017                               | (389)                     | (10,763)            | 96,866                              | 247,754                         | 3                        | 2023        | 02/01/24        |
| 100%                                 | 248,574                    | (27,120)                    | -                                    | 221,454                     | 149.860%             | 331,871                          | 165,936                               | (597)                     | (16,534)            | 148,805                             | 364,000                         | 3.5                      | 2024        | 08/01/24        |
|                                      |                            |                             |                                      |                             |                      |                                  | 165,936                               | (597)                     | (16,534)            | 148,805                             | 477,411                         | 4                        | 2024        | 02/01/25        |
| 100%                                 | 256,032                    | (27,120)                    | -                                    | 228,912                     | 149.860%             | 343,047                          | 171,523                               | (617)                     | (17,091)            | 153,815                             | 591,781                         | 4.5                      | 2025        | 08/01/25        |
|                                      |                            |                             |                                      |                             |                      |                                  | 171,523                               | (617)                     | (17,091)            | 153,815                             | 703,362                         | 5                        | 2025        | 02/01/26        |
| 100%                                 | 263,712                    | (27,120)                    | -                                    | 236,592                     | 149.860%             | 354,558                          | 177,279                               | (638)                     | (17,664)            | 158,976                             | 815,874                         | 5.5                      | 2026        | 08/01/26        |
|                                      |                            |                             |                                      |                             |                      |                                  | 177,279                               | (638)                     | (17,664)            | 158,976                             | 925,642                         | 6                        | 2026        | 02/01/27        |
| 100%                                 | 271,624                    | (27,120)                    | -                                    | 244,504                     | 149.860%             | 366,413                          | 183,207                               | (660)                     | (18,255)            | 164,292                             | 1,036,313                       | 6.5                      | 2027        | 08/01/27        |
|                                      |                            |                             |                                      |                             |                      |                                  | 183,207                               | (660)                     | (18,255)            | 164,292                             | 1,144,285                       | 7                        | 2027        | 02/01/28        |
| 100%                                 | 279,773                    | (27,120)                    | -                                    | 252,653                     | 149.860%             | 378,625                          | 189,313                               | (682)                     | (18,863)            | 169,768                             | 1,253,135                       | 7.5                      | 2028        | 08/01/28        |
|                                      |                            |                             |                                      |                             |                      |                                  | 189,313                               | (682)                     | (18,863)            | 169,768                             | 1,359,329                       | 8                        | 2028        | 02/01/29        |
| 100%                                 | 288,166                    | (27,120)                    | -                                    | 261,046                     | 149.860%             | 391,203                          | 195,602                               | (704)                     | (19,490)            | 175,408                             | 1,466,375                       | 8.5                      | 2029        | 08/01/29        |
|                                      |                            |                             |                                      |                             |                      |                                  | 195,602                               | (704)                     | (19,490)            | 175,408                             | 1,570,811                       | 9                        | 2029        | 02/01/30        |
| 100%                                 | 296,811                    | (27,120)                    | -                                    | 269,691                     | 149.860%             | 404,159                          | 202,079                               | (727)                     | (20,135)            | 181,217                             | 1,676,073                       | 9.5                      | 2030        | 08/01/30        |
|                                      |                            |                             |                                      |                             |                      |                                  | 202,079                               | (727)                     | (20,135)            | 181,217                             | 1,778,768                       | 10                       | 2030        | 02/01/31        |
| 100%                                 | 305,715                    | (27,120)                    | -                                    | 278,595                     | 149.860%             | 417,503                          | 208,751                               | (752)                     | (20,800)            | 187,200                             | 1,882,266                       | 10.5                     | 2031        | 08/01/31        |
|                                      |                            |                             |                                      |                             |                      |                                  | 208,751                               | (752)                     | (20,800)            | 187,200                             | 1,983,240                       | 11                       | 2031        | 02/01/32        |
| 100%                                 | 314,887                    | (27,120)                    | -                                    | 287,767                     | 149.860%             | 431,247                          | 215,623                               | (776)                     | (21,485)            | 193,362                             | 2,084,994                       | 11.5                     | 2032        | 08/01/32        |
|                                      |                            |                             |                                      |                             |                      |                                  | 215,623                               | (776)                     | (21,485)            | 193,362                             | 2,184,266                       | 12                       | 2032        | 02/01/33        |
| 100%                                 | 324,333                    | (27,120)                    | -                                    | 297,213                     | 149.860%             | 445,404                          | 222,702                               | (802)                     | (22,190)            | 199,710                             | 2,284,297                       | 12.5                     | 2033        | 08/01/33        |
|                                      |                            |                             |                                      |                             |                      |                                  | 222,702                               | (802)                     | (22,190)            | 199,710                             | 2,381,887                       | 13                       | 2033        | 02/01/34        |
| 100%                                 | 334,063                    | (27,120)                    | -                                    | 306,943                     | 149.860%             | 459,985                          | 229,992                               | (828)                     | (22,916)            | 206,248                             | 2,480,214                       | 13.5                     | 2034        | 08/01/34        |
|                                      |                            |                             |                                      |                             |                      |                                  | 229,992                               | (828)                     | (22,916)            | 206,248                             | 2,576,143                       | 14                       | 2034        | 02/01/35        |
| 100%                                 | 344,085                    | (27,120)                    | -                                    | 316,965                     | 149.860%             | 475,004                          | 237,502                               | (855)                     | (23,665)            | 212,982                             | 2,672,788                       | 14.5                     | 2035        | 08/01/35        |
|                                      |                            |                             |                                      |                             |                      |                                  | 237,502                               | (855)                     | (23,665)            | 212,982                             | 2,767,076                       | 15                       | 2035        | 02/01/36        |
| 100%                                 | 354,408                    | (27,120)                    | -                                    | 327,288                     | 149.860%             | 490,473                          | 245,237                               | (883)                     | (24,435)            | 219,918                             | 2,862,060                       | 15.5                     | 2036        | 08/01/36        |
|                                      |                            |                             |                                      |                             |                      |                                  | 245,237                               | (883)                     | (24,435)            | 219,918                             | 2,954,727                       | 16                       | 2036        | 02/01/37        |
| 100%                                 | 365,040                    | (27,120)                    | -                                    | 337,920                     | 149.860%             | 506,407                          | 253,203                               | (912)                     | (25,229)            | 227,063                             | 3,048,071                       | 16.5                     | 2037        | 08/01/37        |
|                                      |                            |                             |                                      |                             |                      |                                  | 253,203                               | (912)                     | (25,229)            | 227,063                             | 3,139,139                       | 17                       | 2037        | 02/01/38        |
| 100%                                 | 375,991                    | (27,120)                    | -                                    | 348,871                     | 149.860%             | 522,818                          | 261,409                               | (941)                     | (26,047)            | 234,421                             | 3,230,864                       | 17.5                     | 2038        | 08/01/38        |
|                                      |                            |                             |                                      |                             |                      |                                  | 261,409                               | (941)                     | (26,047)            | 234,421                             | 3,320,352                       | 18                       | 2038        | 02/01/39        |
| 100%                                 | 387,271                    | (27,120)                    | -                                    | 360,151                     | 149.860%             | 539,722                          | 269,861                               | (971)                     | (26,889)            | 242,000                             | 3,410,481                       | 18.5                     | 2039        | 08/01/39        |
|                                      |                            |                             |                                      |                             |                      |                                  | 269,861                               | (971)                     | (26,889)            | 242,000                             | 3,498,411                       | 19                       | 2039        | 02/01/40        |
| 100%                                 | 398,889                    | (27,120)                    | -                                    | 371,769                     | 149.860%             | 557,133                          | 278,566                               | (1,003)                   | (27,756)            | 249,807                             | 3,586,964                       | 19.5                     | 2040        | 08/01/40        |
|                                      |                            |                             |                                      |                             |                      |                                  | 278,566                               | (1,003)                   | (27,756)            | 249,807                             | 3,673,357                       | 20                       | 2040        | 02/01/41        |
| 100%                                 | 410,855                    | (27,120)                    | -                                    | 383,735                     | 149.860%             | 575,066                          | 287,533                               | (1,035)                   | (28,650)            | 257,848                             | 3,760,356                       | 20.5                     | 2041        | 08/01/41        |
|                                      |                            |                             |                                      |                             |                      |                                  | 287,533                               | (1,035)                   | (28,650)            | 257,848                             | 3,845,233                       | 21                       | 2041        | 02/01/42        |
| 100%                                 | 423,181                    | (27,120)                    | -                                    | 396,061                     | 149.860%             | 593,537                          | 296,769                               | (1,068)                   | (29,570)            | 266,130                             | 3,930,699                       | 21.5                     | 2042        | 08/01/42        |
|                                      |                            |                             |                                      |                             |                      |                                  | 296,769                               | (1,068)                   | (29,570)            | 266,130                             | 4,014,081                       | 22                       | 2042        | 02/01/43        |
| 100%                                 | 435,877                    | (27,120)                    | -                                    | 408,757                     | 149.860%             | 612,563                          | 306,281                               | (1,068)                   | (30,521)            | 274,692                             | 4,098,047                       | 22.5                     | 2043        | 08/01/43        |
|                                      |                            |                             |                                      |                             |                      |                                  | 306,281                               | (1,103)                   | (30,518)            | 274,661                             | 4,179,955                       | 23                       | 2043        | 02/01/44        |
| 100%                                 | 448,953                    | (27,120)                    | -                                    | 421,833                     | 149.860%             | 632,159                          | 316,079                               | (1,138)                   | (31,494)            | 283,447                             | 4,262,422                       | 23.5                     | 2044        | 08/01/44        |
|                                      |                            |                             |                                      |                             |                      |                                  | 316,079                               | (1,138)                   | (31,494)            | 283,447                             | 4,342,877                       | 24                       | 2044        | 02/01/45        |
| 100%                                 | 462,421                    | (27,120)                    | -                                    | 435,301                     | 149.860%             | 652,343                          | 326,171                               | (1,174)                   | (32,500)            | 292,497                             | 4,423,876                       | 24.5                     | 2045        | 08/01/45        |
|                                      |                            |                             |                                      |                             |                      |                                  | 326,171                               | (1,174)                   | (32,500)            | 292,497                             | 4,502,900                       | 25                       | 2045        | 02/01/46        |
| 100%                                 | 476,294                    | (27,120)                    | -                                    | 449,174                     | 149.860%             | 673,132                          | 336,566                               | (1,212)                   | (33,535)            | 301,819                             | 4,582,453                       | 25.5                     | 2046        | 08/01/46        |
|                                      |                            |                             |                                      |                             |                      |                                  | 336,566                               | (1,212)                   | (33,535)            | 301,819                             | 4,660,066                       | 26                       | 2046        | 02/01/47        |
| <b>Total</b>                         |                            |                             |                                      |                             |                      |                                  | <b>11,488,452</b>                     | <b>(41,324)</b>           | <b>(1,144,713)</b>  | <b>10,302,415</b>                   |                                 |                          |             |                 |
| <b>Present Value From 08/01/2019</b> |                            |                             |                                      |                             |                      |                                  | <b>5,196,548</b>                      | <b>(18,697)</b>           | <b>(517,785)</b>    | <b>4,660,066</b>                    |                                 |                          |             |                 |

## Appendix E

### Housing Qualifications for the District

| <b>Income Restrictions- Adjusted for Family Size</b>       |                       |                       |
|--|-----------------------|-----------------------|
| <b>(Owner Occupied Housing District - Hennepin County)</b> |                       |                       |
| No. of Persons   | 100% of Median Income | 115% of Median Income |
| 1-2 persons  | \$94,300              | N/A                   |
| 3-4 persons  | N/A                   | \$108,445             |

Source: U.S. Department of Housing and Urban Development

\*Please note: These numbers are adjusted annually. All income figures reported on this page are for 2018.

## Appendix F

### Findings for the District

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 2018-1, as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that Tax Increment Financing District No. 2018-1 is a housing district as defined in M.S., Section 469.174, Subd. 11.*

TIF District No.2018-1 consists of 17 parcels. As proposed, the development will consist of 80 units of owner-occupied townhomes with at least 95% of the units purchased by persons at or below 100% to 115% of area median income. Ninety-five percent of the units which will receive tax increment assistance will meet income restrictions described in *M.S. 469.1761*. Appendices A and E of the TIF Plan contains background for the above finding.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.*

*The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future:* This finding is supported by the fact that the development proposed in this plan is a housing district that meets the City's objectives for development and redevelopment, but that due to the high costs of building new housing in the City, the cost of financing the proposed public improvements, and the insufficiency of affordable, owner-occupied housing to provide a sufficient financial return, the project is feasible only through the assistance, in part, from tax increment financing. The developer was asked for and provided a pro forma as justification that the developer would not have gone forward without tax increment assistance.

3. *Finding that the TIF Plan for Tax Increment Financing District No. 2018-1 conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission reviewed the TIF Plan on July 23, 2018 and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for Tax Increment Financing District No. 2018-1 will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Richfield Redevelopment Project Area by private enterprise.*

Through the implementation of the TIF Plan, the HRA or City will provide an impetus for residential development, which is desirable or necessary for increased population and an increased need for life-cycle housing within the City.



**STAFF REPORT NO. 139**  
**CITY COUNCIL MEETING**  
**8/21/2018**

REPORT PREPARED BY: Steven L. Devich, City Manager

DEPARTMENT DIRECTOR REVIEW: Steven L. Devich, City Manager  
8/15/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, City Manager  
8/15/2018

**ITEM FOR COUNCIL CONSIDERATION:**

**Consideration of the approval of the second reading of an ordinance amending Section 300 of the Code of Ordinances formally establishing a Finance Department and Director of Finance position within the City organization and amending Subsection 315.11 to clarify the title of Director.**

**EXECUTIVE SUMMARY:**

The department structure of the City of Richfield has been modified periodically to fit the needs of the organization. Prior to 1979, the Finance Department was an independent department within City administration. In late 1979, the department structure of the City was changed featuring the combination of several departments into few large departments. This change included the establishment of the Administrative Services Department which incorporated the Finance, City Clerk/Deputy Registrar, Human Resources, Assessing and Central Services/Data Processing functions (Divisions) into one department.

Over the years, some of the functions and their associated divisions have changed, been renamed or moved from one department to another. The Administrative Services Department has also had changes, but remained structured relatively the same since its creation. However, there has not been an Administrative Services Director, since 2004 when then Administrative Services Director/Assistant City Manager Steven Devich was promoted to the position of City Manager. The practical impact of that continued vacancy is that the Finance division and Finance Manager have reported directly to the City Manager for the past 14 years. This made good business sense in that from budgets to project spending to bonding, the City Manager and the Finance Manager typically work closely together on such matters.

In addition, changes in how the City provides services and staffs its functions provides the appropriate time to formalize how the services have been delivered during the past few years and how they will likely be delivered in the future. To that end, it is recommended that the Finance function be re-established as an independent department. The new Finance Department would also handle those assessing functions that remain, after the elimination of the Assessing Division and transfer of many of those duties to a contract-for-services with Hennepin County Assessing.

Finally, it should be noted that most of the comparable cities to Richfield have a Finance Director, as it is generally seen as a department level position.



The remaining divisions of the Administrative Services Department would continue to exist including Human Resources, City Clerk/Deputy Registrar, Data Processing and Risk Management and Government Buildings.

The first reading was approved at the July 24, 2018, City Council meeting.

**RECOMMENDED ACTION:**

**By motion: Approve the second reading of an ordinance amending Section 300 of the Code of Ordinances formally establishing a Finance Department and Director of Finance position within the City organization and amending Subsection 315.11 to clarify the title of Director.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- Some historical background is contained in the Executive Summary section.
- The Finance Department provides financial support services for all departments of the City, the HRA and the EDA. It is responsible for the safe fiscal management and processing of all accounting transactions for all city, HRA, and EDA funds. This includes the daily financial operations of processing accounts payable, accounts receivable, payroll, and utility receipts.
- In addition, the department manages the investment of public funds and cash flow, the issuance and management of debt of the city, and the preparation of periodic and annual financial reports.
- The department coordinates the City, HRA, and EDA budget compilation and development, manages the administration of special assessments, and coordinates and compiles the capital improvement budget and plan.

**B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- City Ordinance Section 300 of the City Code governs the establishment of departments in the City and must be amended to initiate a change.

**C. CRITICAL TIMING ISSUES:**

- While there is no deadline for this proposed change, the actual manner that the Administrative Services Department has been managed for the past couple of years and the elimination of the Assessing Division and subsequent absorption of the remaining duties into the Finance Division make this an opportune time to make this change.
- The City Manager would like to deal with this issue before leaving.

**D. FINANCIAL IMPACT:**

- The actual financial impact of this change is minimal as the salary of the Finance Division Manager is very comparable to other City Department Director positions currently.
- Additionally, the current budget also provides for the salary of the Administrative Services Director position.

**E. LEGAL CONSIDERATION:**

- No such change can occur without the approved change in the City Ordinance Code.

**ALTERNATIVE RECOMMENDATION(S):**

- Do not approve the first reading of the ordinance amendment.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

None

**ATTACHMENTS:**

| Description | Type      |
|-------------|-----------|
| □ Ordinance | Ordinance |

BILL NO. \_\_\_\_\_

**AN ORDINANCE AMENDING SUBSECTION 300.03 AND 315.11 OF THE  
RICHFIELD CODE OF ORDINANCES PERTAINING TO  
DEPARTMENTAL AND DIVISIONAL ORGANIZATION**

**THE CITY OF RICHFIELD DOES ORDAIN:**

Section 1. Subsection 300.03 of the Richfield City Code is amended as follows:

**300.03. - Departmental and divisional organization.**

The administrative service of the City is divided into the following departments and heads thereof:

|                                    |                                     |
|------------------------------------|-------------------------------------|
| Executive Department               | City Manager                        |
| Administrative Services Department | Director of Administrative Services |
| Fire Department                    | Fire Chief                          |
| Public Safety Department           | Director of Public Safety           |
| Public Works Department            | Director of Public Works            |
| Recreation Services Department     | Director of Recreation Services     |
| Community Development Department   | Director of Community Development   |
| Legal Department                   | City Attorney                       |
| Liquor Department                  | Liquor Operations Director          |
| <u>Finance Department</u>          | <u>Finance Director</u>             |

Divisions within departments shall be established from time to time by resolution of the City Council with the recommendation of the Manager.

Sec. 2. A new subsection 300.21 is added to the Richfield Code of Ordinances as follows:

**300.21. – Finance department: duties of director.**

The Finance Director is responsible to the manager for the organization, planning, administration and coordination of the financial management of the city. The Finance Director shall perform the duties described in the job description for that position and any additional duties assigned by the manager.

Sec. 3. Subsection 315.11, subdivision 3 of the Richfield Code of Ordinances is amended as follows:

**Subd. 3. Prepayment in part.** The owner of property assessed for a local improvement, where the total principal amount of the assessment against such property exceeds \$300.00, may pay any part of the assessment, without interest, to the finance

~~Manager~~ Finance Director. The partial payment may be made within 30 days after the adoption of the assessment roll containing the assessment. The ~~finance Manager~~ Finance Director shall reduce the principal amount of such assessment by the amount of the prepayment prior to the certification of the assessment roll or the first installment thereof to the county auditor. The remaining unpaid balance of the assessment shall be payable in the same number of years and with the same rate of interest as set forth in the assessment containing the assessment. No partial prepayment of less than \$100.00 may be made.

Sec. 4. This Ordinance will be effective in accordance with Section 3.09 of the City Charter.

Adopted this 21st day of August, 2018.

By: \_\_\_\_\_  
Pat Elliott, Mayor

ATTEST:

\_\_\_\_\_  
Elizabeth VanHoose, City Clerk



**STAFF REPORT NO. 140**  
**CITY COUNCIL MEETING**  
**8/21/2018**

REPORT PREPARED BY: Jared Voto, Executive Aide/Analyst

DEPARTMENT DIRECTOR REVIEW: Steven L. Devich, City Manager  
8/15/2018

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Steven L. Devich, City Manager  
8/15/2018

**ITEM FOR COUNCIL CONSIDERATION:**

**Discussion regarding City Council attendance at the 2018 National League of Cities City Summit Conference November 7-10 in Los Angeles, California.**

**EXECUTIVE SUMMARY:**

According to State Statute 471.661, the governing body of cities and school districts must adopt a policy that controls out-of-state travel for elected officials. That policy was adopted by the City Council in November 2005 and stipulates that the City Council must approve, in advance by a motion, attendance at out-of-state conferences.

**RECOMMENDED ACTION:**

**By motion: Designate Council Member(s) to attend the November 7-10, 2018, NLC City Summit in Los Angeles, California.**

**BASIS OF RECOMMENDATION:**

**A. HISTORICAL CONTEXT**

- The City Council has determined that attendance at the NLC conferences is beneficial to the City's operations and long-range planning efforts.
- Information regarding the 2018 conferences is available on their website: [www.nlc.org](http://www.nlc.org).

**B. POLICIES (resolutions, ordinances, regulations, statutes, etc):**

- This information is contained in the Executive Summary.

**C. CRITICAL TIMING ISSUES:**

- It is critical that the City Council remains in the informational loop regarding congressional activities as it relates to federal funds and homeland security issues.

**D. FINANCIAL IMPACT:**

- Funds for the City Council to attend the NLC conference(s) are included in the City's 2018 budget.

**E. LEGAL CONSIDERATION:**

- None

**ALTERNATIVE RECOMMENDATION(S):**

- The City Council may address this designation prior to each conference or the Council may decline to send delegates.

**PRINCIPAL PARTIES EXPECTED AT MEETING:**

N/A

**ATTACHMENTS:**

| Description                     | Type            |
|---------------------------------|-----------------|
| 2014-2017 Conference Attendance | Backup Material |

**COUNCIL MEMBER ATTENDANCE AT NATIONAL CONFERENCES  
2014 - 2017**

| <b>CONFERENCE</b>      | <b>DATE</b> | <b>LOCATION</b> | <b>ATTENDEES</b>         |
|------------------------|-------------|-----------------|--------------------------|
| <b>2017</b>            |             |                 |                          |
| NLC Congressional City | March 11-14 | Washington, DC  | Garcia<br>Regan Gonzalez |
| NLC City Summit        | Nov. 15-18  | Charlotte, NC   | Trautmann                |
| <b>2016</b>            |             |                 |                          |
| NLC Congressional City | March 5-9   | Washington, DC  | Goettel                  |
| NLC City Summit        | Nov. 16-19  | Pittsburgh, PA  | Goettel                  |
| <b>2015</b>            |             |                 |                          |
| NLC Congressional City | March 3-7   | Washington, DC  | Goettel                  |
| NLC City Summit        | Nov. 4-7    | Nashville, TN   | Goettel                  |
| <b>2014</b>            |             |                 |                          |
| NLC Congressional City | March 8-12  | Washington, DC  | Goettel<br>Garcia        |
| NLC City Summit        | Nov. 18-22  | Austin, TX      | Goettel                  |