

**DRAFT**

**Housing and Redevelopment Authority  
of the  
City of Annandale, Minnesota**

Tax Increment Financing Plan for  
**Tax Increment Financing District No. 1-14**  
(HS Pintail, LLC Apartment Project)

To be Adopted: April 2, 2018



**DDA**

David Drown Associates, Inc.  
Public Finance Advisors

Minneapolis Office:  
5029 Upton Avenue South  
Minneapolis, MN 55410  
612-920-3320 (phone); 612-605-2375 (fax)  
[www.daviddrown.com](http://www.daviddrown.com)

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## **Modification of Redevelopment Project No. 1**

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### **Background**

On December 18, 1978 the City of Annandale and its HRA adopted the project plan for Redevelopment Project No. 1. The proposed modification is for the purpose of incorporating the projects proposed in Tax Increment Financing District No. 1-14. In order to accommodate the proposed projects, both the budget and boundaries of Redevelopment Project No. 1 shall be amended as follows:

### **Estimated Public Costs and Supportive Data**

The estimated costs of the public improvements and acquisition to be made within Redevelopment Project 1 may be financed by tax increments, special assessments, hookup fees, state grant programs, sewer and water charges, land sales, and other undesignated City funds.

### **Boundaries of Redevelopment Project No. 1**

The boundary of Redevelopment Project No. 1 is coterminous with the corporate limits of the City of Annandale as amended. (See map in Exhibit 2).

# Tax Increment Financing Plan for Tax Increment Financing District No. 1-14

## Section 1 Definitions

The terms defined in this section have the meanings given herein, unless the context in which they are used indicates a different meaning:

"Authority" means the Housing & Redevelopment Authority of the City of Annandale, Minnesota.

"City" means the City of Annandale, Minnesota.

"City Council" means the City Council of the City of Annandale, Minnesota.

"County" means Wright County, Minnesota.

"County Board" means the County Board of the County.

"Developer" means any person undertaking construction or renovation of taxable property within the Project Area, including HS Pintail, LLC.

"Project" means the Development Program for Redevelopment Project No. 1.

"Project Area" means the geographic area of the Project.

"Public Costs" means the costs of land acquisition, public and site improvements, repayment of debt service on tax increment bonds, and other eligible costs as set forth in the Redevelopment Program and Tax Increment Financing Plan(s).

"School District" means the Independent School District No. 876 (Annandale School District).

"State" means the State of Minnesota.

"TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1794, both inclusive.

"TIF District" means Tax Increment Financing District No. 1-14.

"TIF Plan" means the tax increment financing plan for the TIF District (this document).

## Section 2 Statement of Need and Public Purpose

There is a need for new development within the corporate limits of the City to provide housing opportunities, to improve the tax base, and to improve the general economy of the state.

## Section 3 Statutory Authorization

The Authority is empowered under the provisions of the TIF Act to establish a tax increment financing district.

## Section 4 Statement of Objectives

See the Development Program for Redevelopment Project No. 1.

## Section 5 Specific Development Expected to Occur in the TIF District

HS Pintail, LLC is intending to construction up to 96 rental housing units within the community. The proposed project will assist in meeting the demand for rental housing within the community.

## Section 6 Property to be Included in the TIF District

The TIF District includes one tax parcel. A map showing the location of the TIF District is provided in Exhibit 1 and the present parcel identification number and values are summarized in Exhibit 2.

The area encompassed by the TIF District shall also include all street rights-of-way and utility or drainage easements located upon or adjacent to the property described in Exhibits 1 and 2

## Section 7 Estimated Sources and Uses of Funds (Public Costs)

The estimated costs of the proposed development in the TIF District which are eligible for reimbursement with tax

increments of the TIF District and the projected sources of revenue available to fund these costs are summarized below.

**Uses of Funds (Public Costs)**

<u>Capital Costs:</u>	
Acquisition	\$250,000
Utilities	68,000
Site Improvements	163,303
Streets & Sidewalks	<u>100,000</u>
	581,303
 <u>Finance Costs</u>	
Bond & Note Principal Payments	\$ 1,200,000
Bond & Note Interest Payments	600,000
Capitalized Interest	<u>100,000</u>
Subtotal Finance Costs	1,900,000
 <u>Administrative Costs</u>	
Administrative costs paid with TIF	\$ <u>175,000</u>

**Total Uses of Funds** **\$2,656,303**

**Sources of Funds**

Tax Increments	\$2,531,903
Interest Earnings	<u>124,400</u>
 <b>Total Sources of Funds</b>	 <b>\$2,656,303</b>

The Authority reserves the right to adjust the amount of any of the line items listed above or to incorporate additional eligible items, so long as the total estimated public cost is not increased.

**Section 8 Estimated Impact on Other Taxing Jurisdictions**

Exhibit 4 shows the estimated impact on other taxing jurisdictions if the projected Retained Captured Net Tax Capacity of the TIF District were hypothetically available to the other jurisdictions. The Authority believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since only limited development would have occurred without the establishment of the TIF District and the provision of public assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified and the development therein becomes part of the general tax base.

**Section 9 Fiscal and economic implications**

M.S. Section 469.175 Subdivision (2b) requires a specific description of the fiscal and economic implications of the proposed TIF District on City-provided services, plus an estimate of the total TIF that will be generated over the life of the TIF District attributable to each taxing jurisdiction.

City Service Costs. The proposed project will result in the development of approximately 96 new rental housing units. As streets and utilities are already constructed and maintained in the area of the new project, new infrastructure or maintenance costs will be minor. Similarly, expected impacts on general government and administration expenses will be very small as the proposed project is anticipated to have little impact on existing services. The City proposes to provide TIF assistance through the issuance of bonds. This means that the TIF District will have an effect on City debt levels, but should not affect the City's ability to borrow in the future.

TIF Attribution. The City projects TIF collections will total \$2,531,903 over the life of the TIF District. Assuming current tax rates remain unchanged, \$1,264,478 will come from the City share of taxes; \$781,503 from the County share, and \$449,878 from the School share of tax levy.

## **Section 10 Property to be acquired in the TIF District**

The Authority may reimburse the developers or purchasers for the costs of any or all of the property located within the TIF District, and any such acquisition shall be considered authorized by this TIF Plan. Please see Exhibit 2 for a complete listing of parcels.

## **Section 11 Estimated Amount of Bonded Indebtedness**

The Authority plans to provide TIF assistance through the issuance of bonds. Therefore, the Authority reserves the right to issue G.O. TIF bonds of which tax increments will be responsible for the repayment of an amount not to exceed \$1,200,000 in principal and \$600,000 in interest. M.S. 475.58 Subd. 1 allows for the issuance of bonds that have a principal amount of up to 5 times the amount to be paid with tax increment.

Interfund Loans, including a negative balance in the TIF fund, must be authorized by resolution of the entity advancing the loan, within 60 days of the date money is transferred, advanced or spent. The resolution must include the terms and conditions for repayment of the loan to include, at a minimum, the principal amount of the loan, the interest rate and the maximum term. The interest rate to be charged on internal loans shall be 4% based upon the limit of the greater of the rates specified under Minnesota Statutes 270C.40 or 549.09 as of the date this Plan is approved. Terms may be modified or amended by the entity before the latest decertification of any District from which the advance or loan is to be repaid.

## **Section 12 Designation of TIF District as a Housing District (*not qualified*)**

The Tax Increment District qualifies as a housing district. A housing district is a type of tax increment financing district which consists of a project intended for occupancy, in part, by persons or families of low and moderate income. Low and moderate income is defined by federal, state and sometimes local legislation. A housing district may contain and provide assistance to commercial, retail, or other nonresidential uses, as long as the square footage of these uses does not exceed 20% of the total square footage of buildings in the TIF District.

Housing districts are subject to various income limitations. For owner occupied residential property, 95% 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. Generally, the initial occupants must have incomes of 100% or less of statewide median income for families of two or less, and 115% of statewide median income for families of three or more. 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. This requires that at least 40% of the units are rented to families with incomes at or below 60% of county median income, or 20% of the units rented to families with incomes at or below 50% of county median income, adjusted for family size. These requirements apply for the life of the District. The Authority will assure housing development within the District meets the above criteria. The Authority reserves the right, however, to remove property from the TIF District to accommodate proposed housing development(s) which do not meet these criteria.

## **Section 13 Original Net Tax Capacity**

The County Auditor shall certify the Original Net Tax Capacity of the TIF District, which will be the total Net Tax Capacity of all property in the TIF District as certified by the State Commissioner of Revenue. For districts certified between January 1 and June 30, inclusive, this value is based on the previous assessment year. For districts certified between July 1 and December 31, inclusive, this value is based on the current assessment year.

The Estimated Market Value of all property within the TIF District as of January 1, 2017 for taxes payable in 2018 is estimated to be \$47,500. The Original Net Tax Capacity of the TIF District will be approximately \$594.

Each year the County Auditor will certify the amount that the Original Net Tax Capacity has increased or decreased as a result of:

1. changes in the tax-exempt status of property;
2. reductions or enlargements of the geographic area of the TIF District;
3. changes due to stipulation agreements or abatements; or
4. changes in classification rates.

**Section 14 Original Local Tax Rate**

The County Auditor will also certify the Original Tax Capacity Rate of the TIF District. This rate is the sum of all local tax rates that apply to property in the TIF District. This rate must match the same taxes payable year as the Original Net Tax Capacity.

In future years, the amount of tax increment generated by the TIF District will be calculated using the lesser of (a) the sum of the current local tax rates at that time or (b) the Original Tax Capacity Rate of the TIF District.

The sum of all local tax rates that apply to property in the TIF District for taxes payable in 2017 is **128.059%**. The final Original Local Tax Rate may be higher or lower than this value.

<u>Taxing Jurisdiction</u>	<u>Payable 2017 Tax Rate</u>
City of Annandale	63.955%
Wright County	39.527%
ISD # 876	22.754%
Other	<u>1.823%</u>
<b>Total</b>	<b>128.059%</b>

The State property tax on commercial, industrial and certain other property classes is not captured by the TIF District. However, this state tax does not apply to most residential property.

**Section 15 Projected Retained Captured Net Tax Capacity and Tax Increment**

Each year the County Auditor will determine the current Net Tax Capacity of all property in the TIF District. To the extent that this total exceeds the Original Net Tax Capacity, the difference is known as the Captured Net Tax Capacity of the TIF District. It is the Authority's intention to retain 100% of the Captured Net Tax Capacity of the TIF District. Such amount shall be known as the Retained Captured Net Tax Capacity of the TIF District.

Exhibit 3 estimates the total amount of retained net captured tax capacity, gross tax increments, adjustments, and the net tax increment revenues which will be available annually and cumulatively over the life of the TIF District.

**Section 16 Statutory Duration of the TIF District**

Housing districts may remain in existence through the end of the 25th year following receipt of the first tax increment, resulting in 26 TIF collections. The Authority anticipates that the TIF District will receive the first increment payment in 2020. The District is expected to remain in existence the maximum duration allowed by law (projected to be through 2045). Modifications of this plan (see Section 28) shall not extend these duration limits.

**Section 17 Use of Tax Increments – Housing Districts**

Tax increments derived from a housing district must be used solely to finance the costs of projects defined in Section 12. The cost of public improvements directly related to the housing projects and the allocated administrative expenses of the Authority may be included in the cost of a housing project.

**Section 18 Use of Tax Increments – General**

Each year the county treasurer will deduct an estimated 0.36% of the annual tax increment generated by the TIF District and pay such amount to the state general fund. Such amounts will be appropriated to the state auditor for the cost of financial reporting and auditing of tax increment financing information throughout the state. Exhibit 3 shows the projected deduction for this purpose over the anticipated life of the TIF District.

The Authority has determined that it will use 100% of the remaining tax increment generated by the TIF District for any of the following purposes:

1. pay for the estimated public costs of the TIF District (including administrative expenses, see Section 7) and City administrative costs associated with the TIF District (see Section 22);
2. pay principal and interest on tax increment bonds, notes or other financial obligations issued to finance the public costs of the TIF District;
3. accumulate a reserve securing the payment of tax increment bonds or other bonds issued to finance the public costs of the TIF District;

4. pay all or a portion of the county road costs as may be required by the County Board under M.S. Section 469.175, Subdivision 1a; or
5. return excess tax increments to the County Auditor for redistribution to the City, County and School District in proportion to their local tax capacity rates.

Tax increments from property located in one county must be expended for the direct and primary benefit of a project located within that county, unless both County Boards involved waive this requirement. Tax increments shall not be used to circumvent levy limitations.

Tax increment cannot be used to finance the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the State or Federal government. This prohibition does not apply to the construction or renovation of a parking structure, a common area used as a public park, or a facility used for social, recreational, or conference purposes and not primarily for conducting the business of the community.

If there exists any type of agreement or arrangement providing for the developer, or other beneficiary of assistance, to repay all or a portion of the assistance that was paid or financed with tax increments, such payments shall be subject to all of the restrictions imposed on the use of tax increments. Assistance includes sales of property at less than the cost of acquisition or fair market value, grants, ground or other leases at less than fair market rent, interest rate subsidies, utility service connections, roads, or other similar assistance that would otherwise be paid for by the developer or beneficiary.

### **Section 19 “Green Acres”**

A TIF District may NOT include parcels that qualified as “green acres” in any of the five (5) years preceding the request for certification, unless 85% of development in the district is restricted to qualified manufacturing or distribution facilities directly related to production of tangible personal property and paying at least 90% of its employees wages equal to or greater than 160% of the federal minimum wage, or the development in the district is a qualified housing project.

### **Section 20 4-Year Knock-Down Rule**

If after four years from certification of the TIF District no demolition, rehabilitation, renovation, or qualified improvement of an adjacent street has commenced on a parcel located within the TIF District, then that parcel shall be excluded from the TIF District and the Original Net Tax Capacity shall be adjusted accordingly. Qualified improvements of a street are limited to construction or opening of a new street, relocation of a street, or substantial reconstruction or rebuilding of an existing street. The Authority must submit to the County Auditor, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

If a parcel is excluded from the TIF District and the Authority or owner of the parcel subsequently commences any of the above activities, the Authority shall certify to the County Auditor that such activity has commenced and the parcel shall once again be included in the TIF District. The County Auditor shall certify the net tax capacity of the parcel, as most recently certified by the Commissioner of Revenue, and add such amount to the Original Net Tax Capacity of the TIF District.

### **Section 21 Tax Increment Pooling – 5-year Rule**

At least 80% of the tax increments from the TIF District must be expended on activities within the district or to pay for bonds used to finance the estimated public costs of the TIF District. No more than 20% of the tax increments may be spent on costs outside of the TIF District, but within the boundaries of the Project Area. All administrative expenses are considered to have been spent outside of the TIF District. Revenues derived from tax increments paid by properties in the district are considered to have been spent within the TIF District if such amounts are:

1. actually paid to a third party for activities performed within the TIF District within five years after certification of the district;
2. used to make payments or reimbursements to a third party under binding contracts for activities performed within the TIF District, which were entered into within five years after certification of the district; or



3. used to pay bonds that were issued and sold to a third party, the proceeds of which are reasonably expected on the date of issuance to be spent within the later of the five-year period or a reasonable temporary period or are deposited in a reasonably required reserve or replacement fund.

Beginning with the sixth year following certification of the TIF District, at least 80% of the tax increments must be used to pay outstanding bonds or make contractual payments obligated within the first five years. When outstanding bonds have been defeased and sufficient money has been set aside to pay for such contractual obligations, the TIF District must be decertified.

The Authority also elects the option provided by M.S. 469.1763 to increase the amount of expenditures permitted outside the District by up to an additional 10%. However, these expenditures are limited to assisting housing which meets the requirements of a low income housing building defined under section 42(c) of the Internal Revenue Code.

The Authority expects that a portion of tax increments may be used for housing expenses elsewhere within the boundaries of Redevelopment Project No. 1.

## **Section 22 Excess Tax Increment**

On December 31st of each year, the Authority must determine the amount of excess increments for the TIF District. Excess increments may only be used to:

1. prepay any outstanding tax increment Bonds;
2. discharge the pledge of tax increments on any outstanding Bonds;
3. pay amounts into an escrow account dedicated to the payment of any outstanding Bonds; or
4. return excess tax increments to the County Auditor for redistribution to the City, County and School District in proportion to their local tax capacity rates. The County Auditor must report to the Commissioner of Education the amount of any excess tax increment redistributed to the School District within 30 days of such redistribution.

Allocation of excess increments must be completed by September 31<sup>st</sup> in the year following the year in which the excess increments were generated

## **Section 23 Limitation on Administrative Expenses**

Administrative expenses are defined as all costs of the Authority other than:

1. amounts paid for the purchase of land;
2. amounts paid for materials and services, including architectural and engineering services directly connected with the proposed development within the TIF District;
3. relocation benefits paid to, or services provided for, persons or businesses located within the TIF District; or
4. amounts used to pay interest on, fund a reserve for, or sell at a discount, tax increment bonds.

Administrative expenses include amounts paid for services provided by bond counsel, fiscal consultants, planning or economic development consultants, and actual costs incurred by the City in administering the TIF District. Tax increments may be used to pay administrative expenses of the TIF District up to the lesser of (a) 10% of the total estimated public costs authorized by the TIF Plan or (b) 10% of the total tax increment expenditures of the project.

## **Section 24 Prior Planned Improvements**

The City shall accompany its request for certification to the County Auditor with a listing of all properties within the TIF District for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan. The County Auditor shall increase the Original Net Tax Capacity of the TIF District by the Net Tax Capacity of each improvement for which a building permit was issued.

## **Section 25 Development Agreements**

If more than 10% of the acreage of a project (which contains an economic development district) is to be acquired by the Authority with proceeds from tax increment bonds then, prior to such acquisition, the Authority must enter into an agreement for the development of the property. Such agreement must provide recourse for the Authority

should the development not be completed.

## **Section 26 Exempt from Business Subsidy Laws**

Minnesota Statutes 116J.991 requires an Authority providing a business with a subsidy worth \$25,000 to complete a subsidy approval process. Housing assistance, however, is exempt from the requirements.

## **Section 27 Assessment Agreements**

The City may, upon entering into a development agreement, also enter into an assessment agreement with the developer, which establishes a minimum market value of the land and improvements for each year during the life of the TIF District.

The assessment agreement shall be presented to the County or City Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land, and so long as the minimum market value contained in the assessment agreement appears to be a reasonable estimate, shall certify the assessment agreement as reasonable. The assessment agreement shall be filed for record in the office of the County Recorder of each county where the property is located. Any modification or premature termination of this agreement must first be approved by the City, and if the project is valued below the minimum market value, also approved by the County and School District.

## **Section 28 Modifications of the Tax Increment Financing Plan**

Any reduction or enlargement in the geographic area of the Project Area or the TIF District; increase in the amount of bonded indebtedness to be incurred; increase in the amount of capitalized interest; increase in that portion of the Captured Net Tax Capacity to be retained by the Authority; increase in the total estimated public costs; or designation of additional property to be acquired by the Authority shall be approved only after satisfying all the necessary requirements for approval of the original TIF Plan. This paragraph does not apply if:

1. the only modification is elimination of parcels from the Project Area or the TIF District; and
2. the current net tax capacity of the parcels eliminated equals or exceeds the net tax capacity of those parcels in the TIF District's Original Net Tax Capacity, or the Authority agrees that the TIF District's Original Net Tax Capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

The Authority must notify the County Auditor of any modification that reduces or enlarges the geographic area of the Project Area or the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

## **Section 29 Administration of the Tax Increment Financing Plan**

Upon adoption of the TIF Plan, the Authority must submit a copy of such plan to the State Auditor's Office and the Department of Revenue. The Authority must also request that the County Auditor certify the Original Net Tax Capacity and Net Tax Capacity Rate of the TIF District. To assist the County Auditor in this process, the Authority must submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements. The Authority must also send the County Assessor any assessment agreement establishing the minimum market value of land and improvements in the TIF District, and shall request that the County Assessor review and certify this assessment agreement as reasonable.

The County will distribute to the Authority the amount of tax increment as it becomes available. The amount of tax increment in any year represents the applicable property taxes generated by the Retained Captured Net Tax Capacity of the TIF District. The amount of tax increment may change due to development anticipated by the TIF Plan, other development, inflation of property values, or changes in property classification rates or formulas. In administering and implementing the TIF Plan, the following actions should occur on an annual basis:

1. Prior to July 1, the Authority shall notify the County Assessor of any new development that has occurred in the TIF District during the past year to insure that the new value will be recorded in a timely manner.
2. If the County Auditor receives the request for certification of a new TIF District, or for modification of an existing TIF District, before July 1, the request shall be recognized in determining local tax rates for the current and subsequent levy years. Requests received on or after July 1 shall be used to determine local tax rates in subsequent years.
3. Each year the County Auditor shall certify the amount of the Original Net Tax Capacity of the TIF District.

The amount certified shall reflect any changes that occur as a result of the following:

- a. the value of property that changes from tax-exempt to taxable shall be added to the Original Net Tax Capacity of the TIF District. The reverse shall also apply;
- b. the Original Net Tax Capacity may be modified by any approved enlargement or reduction of the TIF District;
- c. if laws governing the classification of real property cause changes to the percentage of Estimated Market Value to be applied for property tax purposes, then the resulting increase or decrease in net tax capacity shall be applied proportionately to the Original Net Tax Capacity and the Retained Captured Net Tax Capacity of the TIF District.

The County Auditor shall notify the Authority of all changes made to the Original Net Tax Capacity of the TIF District.

### **Section 30 Financial Reporting and Disclosure Requirements**

The Authority is responsible for information and financial reporting on the activities of the TIF District. These responsibilities include:

1. Prepare and Publish an Annual Statement. No later than August 1 of each year, the Authority must prepare and publish an annual statement which includes at least the following information:
  - a. tax increment received and expended in that year
  - b. Original Net Tax Capacity
  - c. captured Net Tax Capacity
  - d. amount of outstanding bonded indebtedness
  - e. increments paid to other government bodies
  - f. administrative costs
  - g. increments paid directly or indirectly outside of the district
  - h. if a fiscal disparities contribution is computed under section 469.177, Subd. 3(a), the increase in property tax imposed on other properties in the municipality as a result of the fiscal disparities contribution in the manner prescribed by the commissioner of revenue.

A copy of the annual statement must also be provided to the State Auditor, county board and county auditor, and the municipality.

2. Prepare an Annual Report. (469.175 Subds. 5 and 6) The State Auditor enforces the provisions of the TIF Act and has full responsibility for financial and compliance auditing of the Authority's use of tax increment financing. The State Auditor's office provides detailed tax increment reporting forms for use in complying with annual reporting requirements. On or before August 1 of each year, the Authority and/or the City must prepare a status and financial report for the TIF District and submit it to the state auditor, the county board, the county auditor, and the governing body of the municipality, if the municipality is not also the authority.

### **Section 31 Findings and Need for Tax Increment Financing**

In establishing the TIF District, the City makes the following findings:

1. The TIF District qualifies as a housing district;
 

See Section 12 of this document for the reasons and facts supporting this finding.
2. 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, and the increased market value of the site that could reasonably be expected to occur without the use of tax increment 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 TIF District permitted by the TIF Plan;

The project developer has indicated that TIF assistance is necessary to control certain development costs such that unit rents can be maintained at affordable levels. Without assistance, the developer

believes that required rents will exceed affordable levels and the project will not be feasible.

A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed. Such analysis is included as Exhibit 5, indicates that:

- a. The increase in estimated market value of the proposed developments is \$6,083,500; and
  - b. The present value of expected tax increments collected over the maximum duration of the TIF District is \$1,269,722; and
  - c. The expected increased estimated market value of the site without the use of tax increment is \$600,000, assuming the land is developed for single-family residential purposes.
3. The TIF Plan conforms to the general plan for development or redevelopment of the City as a whole.
- The reasons and facts supporting this finding are that the housing developments proposed for the TIF District are generally consistent with the City's development plan and zoning ordinances, and serves to promote the City's development objectives.
4. The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of the Project Area by private enterprise.

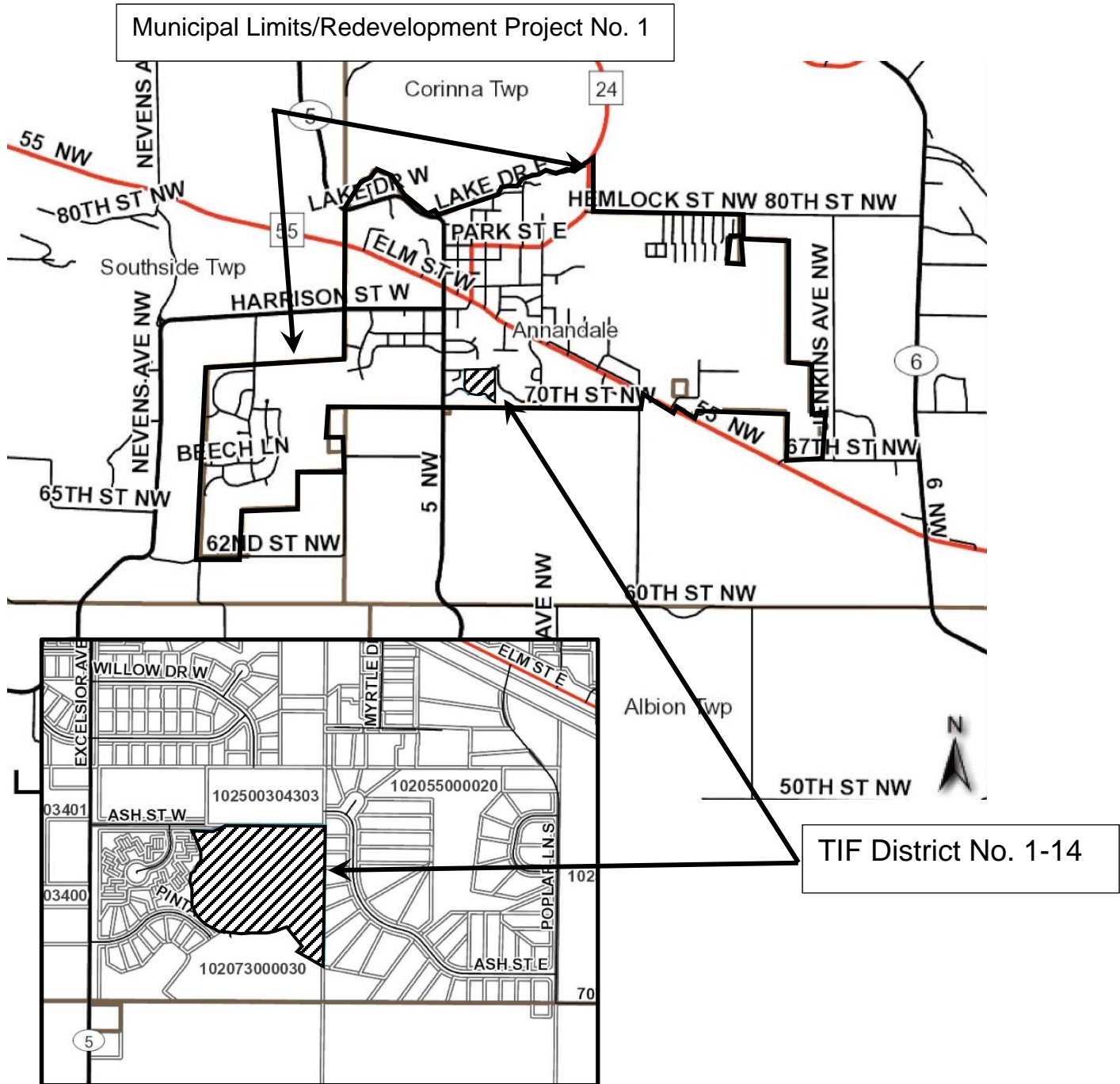
The reasons and facts supporting this finding are that the development activities are necessary so that development and redevelopment by private enterprise can occur within Redevelopment Project Area No. 1.

## Exhibits

Map of Financing District and Project Area.....	Exhibit 1
Parcels and Valuations.....	Exhibit 2
Tax Increment Projections .....	Exhibit 3
Statement of Fiscal and Economic Impacts.....	Exhibit 4
Market Value Analysis .....	Exhibit 5

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# HRA of the City of Annandale, Minnesota Tax Increment Financing District No. 1-14



The boundaries of Redevelopment Project No. 1 are coterminous with the City Limits.

**Parcel Summary -- Areas, Values & Conditions**

Owner of Record	Parcel I.D.#	Land Value	Building Value	Total Value	Est. Original Tax Cap.
Pintail Development, LLC	102073000030	47,500	0	47,500	594
				47,500	594

**City of Annandale, Minnesota  
TIF District No. 1-14**

**Tax Increment Projections**

**Valuations & Projected Increases**

	Market	Tax Capacity
Original Values	47,500	594
Increased Value: (New Development)	6,131,000	76,638

**Tax Rate Assumptions:**

	2017 Tax Rate
City of Annandale	63.955%
Wright County	39.527%
School District	22.754%
Other	1.823%
	<u>128.059%</u>

**Projected Tax Increment**

Payable Year	Original Tax Capacity	Projected Tax Capacity	Net Captured Tax Capacity	Less Fiscal Disparities	Retained Net Captured Tax Capacity	Projected Tax Rate*	Gross Tax Increment	Adjustments		TOTAL NET REVENUES	Net Present Value
								10.00% Admin. Retainage	0.36% State Auditor's Deduction		
2018	594	594	-	-	-	-	-	-	-	-	0.04 - Discount Rate
2019	594	594	-	-	-	128.06%	-	-	-	-	
2020	594	76,638	76,044	-	76,044	128.06%	97,381	9,738	351	87,292	80,707
2021	594	76,638	76,044	-	76,044	128.06%	97,381	9,738	351	87,292	77,602
2022	594	76,638	76,044	-	76,044	128.06%	97,381	9,738	351	87,292	74,618
2023	594	76,638	76,044	-	76,044	128.06%	97,381	9,738	351	87,292	71,748
2024	594	76,638	76,044	-	76,044	128.06%	97,381	9,738	351	87,292	68,988
2025	594	76,638	76,044	-	76,044	128.06%	97,381	9,738	351	87,292	66,335
2026	594	76,638	76,044	-	76,044	128.06%	97,381	9,738	351	87,292	63,784
2027	594	76,638	76,044	-	76,044	128.06%	97,381	9,738	351	87,292	61,330
2028	594	76,638	76,044	-	76,044	128.06%	97,381	9,738	351	87,292	58,971
2029	594	76,638	76,044	-	76,044	128.06%	97,381	9,738	351	87,292	56,703
2030	594	76,638	76,044	-	76,044	128.06%	97,381	9,738	351	87,292	54,522
2031	594	76,638	76,044	-	76,044	128.06%	97,381	9,738	351	87,292	52,425
2032	594	76,638	76,044	-	76,044	128.06%	97,381	9,738	351	87,292	50,409
2033	594	76,638	76,044	-	76,044	128.06%	97,381	9,738	351	87,292	48,470
2034	594	76,638	76,044	-	76,044	128.06%	97,381	9,738	351	87,292	46,606
2035	594	76,638	76,044	-	76,044	128.06%	97,381	9,738	351	87,292	44,813
2036	594	76,638	76,044	-	76,044	128.06%	97,381	9,738	351	87,292	43,090
2037	594	76,638	76,044	-	76,044	128.06%	97,381	9,738	351	87,292	41,433
2038	594	76,638	76,044	-	76,044	128.06%	97,381	9,738	351	87,292	39,839
2039	594	76,638	76,044	-	76,044	128.06%	97,381	9,738	351	87,292	38,307
2040	594	76,638	76,044	-	76,044	128.06%	97,381	9,738	351	87,292	36,833
2041	594	76,638	76,044	-	76,044	128.06%	97,381	9,738	351	87,292	35,417
2042	594	76,638	76,044	-	76,044	128.06%	97,381	9,738	351	87,292	34,055
2043	594	76,638	76,044	-	76,044	128.06%	97,381	9,738	351	87,292	32,745
2044	594	76,638	76,044	-	76,044	128.06%	97,381	9,738	351	87,292	31,485
2045	594	76,638	76,044	-	76,044	128.06%	97,381	9,738	351	87,292	30,274
							<b>2,531,903</b>	<b>253,190</b>	<b>9,115</b>	<b>2,269,597</b>	1,341,511



**City of Annandale, Minnesota  
TIF District No. 1-14**

**STATEMENT OF FISCAL AND ECONOMIC IMPACTS OF PROPOSED TIF DISTRICT**

Taxing Jurisdiction	Without TIF District		With TIF District					
	2018 Taxable Net Tax Capacity <sup>(1)</sup>	2017 Local Tax Rate	2018 Taxable Net Tax Capacity <sup>(1)</sup>	Projected Captured Net Tax Capacity	Hypothetical Tax Generated By TIF	New Taxable Net Tax Capacity	Hypothetical Adjusted Local Tax Rate	Hypothetical Decrease in Tax Rate
City of Annandale, Minnesota	2,382,732	63.96%	2,382,732	76,044	48,634	2,458,776	61.977%	1.978%
Wright County	156,632,990	39.53%	156,632,990	76,044	30,058	156,709,034	39.508%	0.019%
School District	16,775,984	22.75%	16,775,984	76,044	17,303	16,852,028	22.651%	0.103%
Other <sup>(2)</sup>	--	1.82%	--	-	-	--	1.82%	--
<b>Totals</b>		<b>128.06%</b>			<b>95,995</b>		<b>125.959%</b>	<b>2.100%</b>

**Statement #1** If all of the projected captured net tax capacity of the project were hypothetically available to each taxing jurisdiction if TIF were not used, the tax capacities of each jurisdiction would be increased by the amounts shown above, and the local tax rates of each jurisdiction would be decreased by the amounts shown.

**Statement #2:** As the projected captured tax capacity of the project would not be available without the use of TIF, the tax capacities and tax rates of each jurisdiction will not be affected.

**Statement #3:** The estimated amount of tax increment generated over the life of the TIF District is estimated to be \$2,531,903.

**Statement #4** A description of the probable impact of the TIF District on City services as a result of the creation of this TIF District would include the following: The City will be collecting an estimated \$1,264,478 in city property tax revenue from the proposed project area and applying it to project related expenses rather than general services such as police, fire, and other services not paid by user fees.

**Statement #5:** The estimated amount of increment attributed to the school districts' tax levies and captured as a result of the creation of this TIF District is \$449,878 for School District 876.

**Statement #6:** The estimated amount of increment attributed to the county tax levy and captured as a result of the creation of this TIF district is \$781,503.

<sup>(1)</sup> Taxable net tax capacity = total net tax capacity less value captured in TIF Districts and powerline value.

<sup>(2)</sup> The impacts upon other taxing jurisdictions not included since they represent a small percentage of the total tax rate.

# City of Annandale, Minnesota

## TIF District No. 1-14

### Market Value Analysis

Increased Market Value of Site	\$	6,083,500
Less Present Value of TIF Revenues	\$	<u>1,269,722</u>
	\$	4,813,778
Estimated Increased Site Value w/out TIF	\$	<u>600,000</u>
Net Value Increase	\$	4,213,778

### Present Value of Tax Increments

Calculation Date: 2/1/2018  
 Present Value Factor: 5.00%

#	Year	Gross Tax Increment	Present Value
1	2018	-	-
2	2019	-	-
3	2020	97,381	84,121
4	2021	97,381	80,115
5	2022	97,381	76,300
6	2023	97,381	72,667
7	2024	97,381	69,207
8	2025	97,381	65,911
9	2026	97,381	62,773
10	2027	97,381	59,783
11	2028	97,381	56,937
12	2029	97,381	54,225
13	2030	97,381	51,643
14	2031	97,381	49,184
15	2032	97,381	46,842
16	2033	97,381	44,611
17	2034	97,381	42,487
18	2035	97,381	40,464
19	2036	97,381	38,537
20	2037	97,381	36,702
21	2038	97,381	34,954
22	2039	97,381	33,290
23	2040	97,381	31,704
24	2041	97,381	30,195
25	2042	97,381	28,757
26	2043	97,381	27,387
27	2044	97,381	26,083
28	2045	97,381	24,841
		<u>2,531,903</u>	<u>1,269,722</u>