

Adoption Date: September 25, 2023

City of Grand Rapids Itasca County, Minnesota

MODIFICATION TO THE DEVELOPMENT PROGRAM

Municipal Development District No. 1

&

Tax Increment Financing (TIF) Plan

Establishment of Tax Increment Financing District No. 1-14: L&M
(an economic development district)



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Modification to the Development Program for Municipal Development District No. 1

FOREWORD

The following text represents a Modification to the Development Program for Municipal Development District No. 1. This modification represents a continuation of the goals and objectives set forth in the Development Program for Municipal Development District No. 1. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 1-14: L&M.

For further information, a review of the Development Program for Municipal Development District No. 1, is recommended. It is available from the Community Development Director at the City of Grand Rapids. Other relevant information is contained in the tax increment financing plans for the tax increment financing districts located within Municipal Development District No. 1.

Tax Increment Financing Plan for Tax Increment Financing District No. 1-14: L&M

FOREWORD

The City of Grand Rapids (the "City"), staff and consultants have prepared the following information to expedite the establishment of Tax Increment Financing District No. 1-14: L&M (the "District"), an economic development tax increment financing district, located in Municipal Development District No. 1.

STATUTORY AUTHORITY

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the City has certain statutory powers pursuant to *Minnesota Statutes ("M.S.")*, *Sections 469.124 - 469.133*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "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 Development Program for Municipal Development District No. 1.

STATEMENT OF OBJECTIVES

The District currently consists of four (4) parcels of land and adjacent roads and internal rights-of-way. The District is being created to facilitate the development of a state of the art distribution center for L&M Supply, Inc. with the anticipation of creating 35-50 new jobs in the City. The City has not entered into an agreement but they anticipate entering into an agreement with L&M Supply, Inc. Development is likely to occur the fall of 2023 with completion anticipated by the end of 2024. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Municipal Development District No. 1.

The activities contemplated in the Modification to the Development Program 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 Municipal Development District No. 1 and the District.

DEVELOPMENT PROGRAM OVERVIEW

Pursuant to the Development Program and authorizing state statutes, the City is authorized to undertake the following activities in the District:

1. Property to be Acquired - The City currently owns one (1) parcel of property within the District and has a purchase agreement for two additional parcels. The remaining property located within the District may be acquired by the 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 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 City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.
5. The City proposes both public and private infrastructure within the District. The proposed reuse of private property within the District will be for a warehouse distribution facility, and there will be continued operation of Municipal Development District No. 1 after the capital improvements within Municipal Development District No. 1 have been completed.

DESCRIPTION OF PROPERTY IN THE DISTRICT AND PROPERTY TO BE ACQUIRED

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

Parcel number	Address	Owner
91-033-1410	Unassigned	T. Moyer Trustee
91-033-1430	2804 Airport Rd.	E. Karpan
91-033-4120	Unassigned	MIMAR Dev.
91-033-1406	Unassigned	City of GR

Please also see the map in Appendix A for further information on the location of the District.

The 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 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 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.

DISTRICT CLASSIFICATION

The City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, finds that the District, to be established, is an economic development district pursuant to *M.S., Section 469.174, Subd. 12*.

The District is in the public interest because it will meet the statutory requirement of encouraging commerce, industry, or manufacturing from moving their operations to another state or municipality; resulting in increased employment in the State; and resulting in preservation and enhancement of the tax base of the State.

Pursuant to *M.S., Section 469.176, Subd. 4c*, revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if more than 15% of the buildings and facilities (determined on the basis of square footage) are used for a purpose other than:

1. The manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;
2. Warehousing, storage, and distribution of tangible personal property, excluding retail sales;
3. Research and development related to the activities listed in items (1) or (2);

4. Telemarketing if that activity is the exclusive use of the property; or
5. Tourism facilities;
6. Space necessary for and related to the activities listed in items (1) to (5); or
7. A workforce housing project that satisfies the requirements of *M.S., Section 469.176, Subd. 4c(d)*.

The facilities in the District meet the conditions of Purposes 2, and 6.

The District is being created to assist in the construction of a warehouse and distribution facility for L&M Supply, Inc. The proposed facility will be used for warehouse and distribution for providing product to retail stores and related activities.

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.

DURATION & FIRST YEAR OF DISTRICT'S TAX INCREMENT

Pursuant to *M.S., Section 469.175, Subd. 1*, and *M.S., 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 8 years after receipt of the first increment by the City. The date of receipt by the City of the first tax increment is expected to be 2026.

Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2034, or when the TIF Plan is satisfied. If increment is received in 2025, the term of the District will be 2033. The City reserves the right to decertify the District prior to the legally required date.

ORIGINAL TAX CAPACITY, TAX RATE & ESTIMATED CAPTURED NET TAX CAPACITY VALUE/INCREMENT & 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 2023 for taxes payable 2024.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2026) 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 City.

The original local tax rate for the District will be the local tax rate for taxes payable 2024, assuming the request for certification is made before June 30, 2024. The rates for 2024 were not available at the time the District was established. 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 Municipal Development District No. 1, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The City requests 100% of the available increase in tax capacity be used for repayment of the obligations of the City and current expenditures, beginning in the tax year payable 2026. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity	
Project estimated Tax Capacity upon completion	589,874
Original estimated Net Tax Capacity	12,608
Fiscal Disparities	(119,898)
Estimated Captured Tax Capacity	697,164
Original Local Tax Rate	<u>138.9000% Pay 2023</u>
Estimated Annual Tax Increment	\$968,361
Percent Retained by the City	100%

Note: Tax capacity includes a 5.00% 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 9. The tax capacity of the District in year one is estimated to be \$399,250.

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

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

SOURCES OF REVENUE/BONDS TO BE ISSUED

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

SOURCES	
Tax Increment	\$4,702,945
Interest	470,295
TOTAL	\$5,173,240

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The City reserves the right to issue bonds (as defined in the TIF Act) or incur other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by pay-as-you-go notes and interfund loans. Any refunding amounts will be deemed a budgeted cost without a formal modification to this TIF Plan.

This provision does not obligate the City to incur debt.

The City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The City may issue bonds secured in whole or in part with tax increments from the District in a maximum principal amount of \$4,419,674. 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.

USES OF FUNDS

Currently under consideration for the District is a proposal to facilitate the development of a state of the art distribution center for L&M Supply, Inc. with the anticipation of creating 35-50 new jobs. The City has determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described herein.

The City has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

USES	
Land/Building Acquisition	\$ 500,000
Site Improvements/Preparation	2,500,000
Affordable Housing	-
Utilities	-
Other Qualifying Improvements	949,379
Administrative Costs (up to 10%)	470,295
PROJECT COSTS TOTAL	\$4,419,674
Interest	753,567
PROJECT AND INTEREST COSTS TOTAL	\$5,173,241

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 the Sources of Revenue section.

Estimated capital and administrative costs listed above are subject to change among categories by modification of the TIF Plan without hearings and notices as required for approval of the initial TIF Plan, so long as the total capital and administrative costs combined do not exceed the total listed above. Further, the City may spend up to 20% of the tax increment revenues from the District for activities (described in the table above) located outside the boundaries of the District but within the boundaries of the Municipal Development District No. 1 (including administrative costs, which are considered to be spent outside the District), subject to all other terms and conditions of this TIF Plan.

FISCAL DISPARITIES ELECTION

Pursuant to *M.S., Section 469.177, Subd. 3*, the City may elect one of two methods to calculate fiscal disparities.

The City will choose to calculate fiscal disparities by clause b (inside).

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 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				
Entity	2022/Pay 2023 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total	
Itasca County	80,862,977	697,164	0.8622%	
City of Grand Rapids	11,091,835	697,164	6.2854%	
ISD 318 (Itasca County)	57,027,369	697,164	1.2225%	

Impact on Tax Rates				
Entity	Pay 2023 Extension Rate	Percent of Total	CTC	Potential Taxes
Itasca County	48.5890%	34.98%	697,164	\$ 338,745
City of Grand Rapids	71.9080%	51.77%	697,164	501,317
ISD 318 (Itasca County)	18.1760%	13.09%	697,164	126,717
Other	0.2270%	0.16%	697,164	1,583
	138.9000%	100.00%		\$ 968,361

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2023 rate. The total net capacity for the entities listed above are based on Pay 2023 figures. The District will be certified under the Pay 2024 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 \$4,702,945;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. With any addition of new residents or businesses, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

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 City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

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

The probable impact of the issuance of any general obligation tax increment bonds payable from tax increment revenues from the District on the City's 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 \$615,412;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$1,645,150;
- (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.

SUPPORTING DOCUMENTATION

Pursuant to *M.S., Section 469.175, Subd. 1 (a), clause 7* this 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.

- (i) In making said determination, reliance has been placed upon (1) written representation made by the Developer to such effects; and (2) City staff awareness of the feasibility of developing the project site within the District, which is further outlined in the city council resolution approving the establishment of the District and Appendix C.

(ii) A comparative analysis of estimated market value both with and without establishment of the District and the use of tax increments has been performed. Such analysis is included with the cashflow in Appendix B 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.

DISTRICT ADMINISTRATION

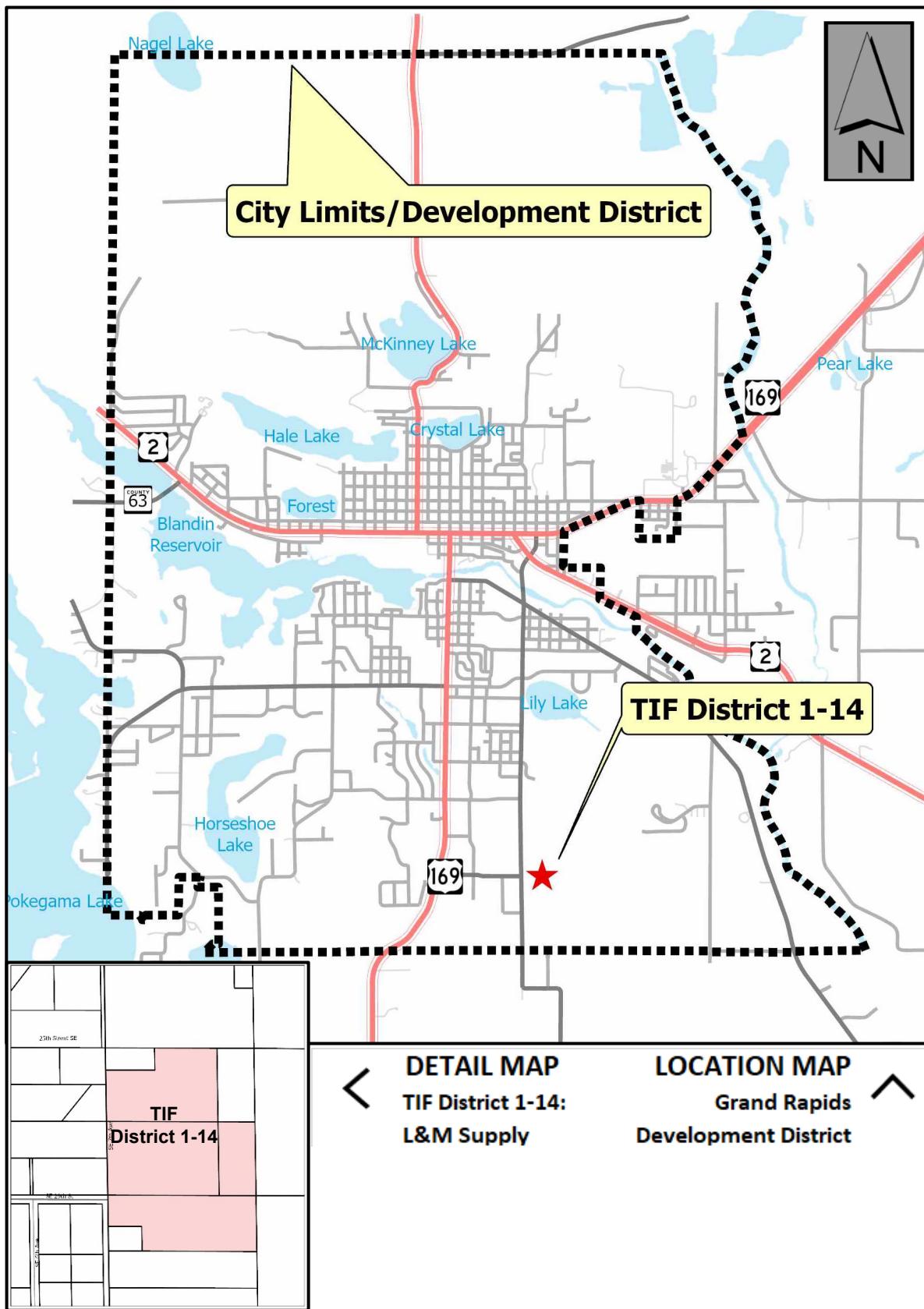
Administration of the District will be handled by the Community Development Director.

Appendix A: Map of Municipal Development District No. 1 and the TIF District

Tax Increment Financing District No. 1-14: L&M Supply

Municipal Development District No. 1 in the City of Grand Rapids, MN

The boundaries of Municipal Development District No. 1 are coterminous with the City limits.



Appendix B: Estimated Cash Flow for the District

Proposed L&M Distribution Center - 5% Inflation

City of Grand Rapids, MN

210,000 SF warehouse / distribution facility



ASSUMPTIONS AND RATES

DistrictType:	Economic Development		Tax Rates	
District Name/Number:	TIF 1-14			
County District #:	TBD			
First Year Construction or Inflation on Value	2024			
Existing District - Specify No. Years Remaining				
Inflation Rate - Every Year:	5.00%			
Interest Rate:	4.00%			
Present Value Date:	1-Feb-26			
First Period Ending	1-Aug-26			
Tax Year District was Certified:	Pay 2023			
Cashflow Assumes First Tax Increment For Development:	2026			
Years of Tax Increment	9			
Assumes Last Year of Tax Increment	2034			
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	Inside(B)			
Incremental				
Fiscal Disparities Contribution Ratio	20.7700%	Pay 2023		
Fiscal Disparities Metro-Wide Tax Rate	169.9670%	Pay 2023		
Maximum/Frozen Local Tax Rate:	138.900%	Pay 2023		
Current Local Tax Rate: (Use lesser of Current or Max.)	138.900%	Pay 2023		
State-wide Tax Rate (Comm./Ind. only used for total taxes)	33.0030%	Pay 2023		
Market Value Tax Rate (Used for total taxes)	0.09300%	Pay 2023		

BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/ Phase
1	91-033-1410	T. Moyer Trustee	Unassigned	92,100	92,100	92,100	100%	92,100	Pay 2023	Res. V Land	1,151	C/I	1,842	
2	91-033-1430	E. Karpan	2804 Airport Rd.	102,500	203,300	305,800	100%	305,800	Pay 2023	Res. 1 Unit	2,961	C/I Pref.	5,366	
3	91-033-4120	MIMAR Dev.	Unassigned	109,000		109,000	100%	109,000	Pay 2023	Res. V Land	1,363	C/I	2,180	
4	91-033-1406	City of GR	Unassigned	161,000		161,000	100%	161,000	Pay 2023	Exempt	-	C/I	3,220	
				464,600	203,300	667,900		667,900			5,475		12,608	

Note:

1. Base values are for pay 2023 based upon Review of Pay 2023 tax statements in August 2023.
2. Located in SD # 318.

Proposed L&M Distribution Center - 5% Inflation

City of Grand Rapids, MN 210,000 SF warehouse / distribution facility



PROJECT INFORMATION (Project Tax Capacity)											PUBLIC FINANCE ADVISORS		
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 2024	Percentage Completed 2025	Percentage Completed 2026	Percentage Completed 2027	First Year Full Taxes Payable
1	Warehouse	95	95	210,000	20,000,000	C/I Pref.	399,250	2	100%	100%	100%	100%	2026
TOTAL					20,000,000		399,250						
Subtotal Residential				0	0		0						
Subtotal Commercial/Ind.				210,000	20,000,000		399,250						

Note

1. On May 1, 2023 the County Assessor provided an estimated completed market value of \$17,977.000.

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
Warehouse	399,250	82,924	316,326	439,377	140,944	131,022	18,600	729,942	3.48
TOTAL	399,250	82,924	316,326	439,377	140,944	131,022	18,600	729,942	

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.
2. If tax increment is received in 2025, then the district will be one year shorter.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	729,942
less State-wide Taxes	(131,022)
less Fiscal Disp. Adj.	(140,944)
less Market Value Taxes	(18,600)
less Base Value Taxes	(13,875)
Annual Gross TIF	425,501

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	667,90
New Market Value - Est.	20,000,00
Difference	19,332,10
Present Value of Tax Increment	3,879,61
Difference	15,452,48
Value likely to occur without Tax Increment is less than:	15,452,48



Proposed L&M Distribution Center - 5% Inflation

City of Grand Rapids, MN

210,000 SF warehouse / distribution facility

TAX INCREMENT CASH FLOW

% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
100%	399,250	(12,608)	(80,306)	306,336	138.900%	425,501	212,751	(766)	(21,198)	190,786	187,045	0.5	#VALUE!	08/01/26
100%	419,213	(12,608)	(84,452)	322,153	138.900%	447,470	223,735	(805)	(21,198)	190,786	370,423	1	2026	02/01/27
100%	440,173	(12,608)	(88,805)	338,760	138.900%	470,537	235,269	(847)	(22,293)	200,637	559,488	1.5	2027	08/01/27
100%	462,182	(12,608)	(93,376)	356,197	138.900%	494,758	247,379	(847)	(23,442)	210,980	935,936	2.5	2028	02/01/28
100%	485,291	(12,608)	(98,176)	374,507	138.900%	520,190	260,095	(936)	(24,649)	221,840	1,123,279	3	2028	02/01/29
100%	509,555	(12,608)	(103,216)	393,731	138.900%	546,893	273,446	(984)	(25,916)	233,243	1,316,404	3.5	2029	08/01/29
100%	535,033	(12,608)	(108,508)	413,917	138.900%	574,931	287,466	(1,035)	(26,643)	245,216	1,505,742	4	2029	02/01/30
100%	561,785	(12,608)	(114,064)	435,113	138.900%	604,372	302,186	(1,035)	(28,643)	257,788	1,700,909	4.5	2030	08/01/30
100%	589,874	(12,608)	(119,898)	457,368	138.900%	635,284	302,186	(1,088)	(30,110)	270,988	1,892,249	5	2030	02/01/31
							317,642	(1,088)	(31,650)	284,849	2,089,467	5.5	2031	08/01/31
							317,642	(1,144)	(31,650)	284,849	2,282,818	6	2031	02/01/32
								(1,144)	(31,650)	284,849	2,482,097	6.5	2032	08/01/32
									(31,650)	284,849	2,677,468	7	2032	02/01/33
										284,849	2,878,816	7.5	2033	08/01/33
										284,849	3,076,216	8	2033	02/01/34
										284,849	3,279,644	8.5	2034	08/01/34
										284,849	3,479,084	9	2034	02/01/35
Total		Present Value From 02/01/2026		Present Value Rate		4.00%		4,719,937	(16,992)	(470,295)	4,232,651			
								3,879,615	(13,967)	(386,565)	3,479,084			

Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 1-14: L&M as required pursuant to *Minnesota Statutes (M.S.), Section 469.175, Subd. 3* are as follows:

1. *Finding that Tax Increment Financing District No. 1-14: L&M is an economic development district as defined in M.S., Section 469.174, Subd. 12.*

Tax Increment Financing District No. 1-14: L&M is a contiguous geographic area within the City's Municipal Development District No. 1, delineated in the TIF Plan, for the purpose of financing economic development in the City through the use of tax increment. The District is in the public interest because it will facilitate the development of a state of the art distribution center for L&M Supply, Inc. with the anticipation of creating 35-50 new jobs in the City which will increase employment in the State and preserve and enhance the tax base of the State.

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 Tax Increment Financing District No. 1-14: L&M 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 development proposed in this plan is warehouse and distribution facility that meets the City's objectives for economic development. The cost of land acquisition, and related site improvements necessary to maximize development potential, makes development of the facility infeasible without City assistance. The Developer was asked for and provided a tax increment application and letter as justification that the developer would not have gone forward without tax increment assistance.

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: The City supported this finding on the grounds that the project includes a state of the art warehouse and distribution facility that will increase the City's tax base and create between 35-50 jobs. The City reasonably determines that no other development of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.
- b. If the proposed development occurs, the total increase in market value will be \$19,332,100 (see Appendix B of the TIF Plan)
- c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$3,879,615 (see Appendix B of the TIF Plan).
- d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$15,452,485 (the amount in clause b less the amount in clause c) without tax increment assistance.

3. *Finding that the TIF Plan for Tax Increment Financing District No. 1-14: L&M conforms to the general plan for the development or redevelopment of the municipality as a whole.*

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

4. *Finding that the Tax Increment Financing Plan for Tax Increment Financing District No. 1-14: L&M will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of Municipal Development District No. 1 by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, increased tax base of the State, and add a high-quality development to the City.