

Public Hearing Date: November 28, 2022

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:
Arbor Wood
(a redevelopment 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: Arbor Wood.

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: Arbor Wood

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: Arbor Wood (the "District"), a redevelopment 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 six (6) parcels of land and adjacent roads and internal rights-of-way. The District is being created to facilitate the development of approximately 48,960 square feet of light manufacturing and warehousing space, and the District includes space for future redevelopment in the City. The City has not entered into an agreement but anticipates entering into an agreement with Voyager Capital Group. Development is anticipated to begin in the winter of 2022/23 and be completed by the end of year 2023. 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 - Selected 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.

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
91-019-3200	502 Co. Rd. 63	Voyageur Cap.
91-019-2201	Unassigned	Voyageur Cap.
91-019-2202	Unassigned	Voyageur Cap.
91-019-2300	Unassigned	Voyageur Cap.
91-019-2403	Unassigned	Voyageur Cap.
91-019-3102	Unassigned	Voyageur Cap.

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.

The City currently does not own any of the property to be included in the District.

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 a redevelopment district pursuant to *M.S., Section 469.174, Subd. 10(a)(1)*.

- The District is a redevelopment district consisting of six (6) parcels.
- An inventory shows that parcels consisting of more than 70% of the area in the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures.
- An inspection of the buildings located within the District finds that more than 50% of the buildings are structurally substandard as defined in the TIF Act. (See Appendix D).

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 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 City (a total of 26 years of tax increment). The City elects to receive the first tax increment in 2025, 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 2050, or when the TIF Plan is satisfied. 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 2022 for taxes payable 2023.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2025) 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 2023, assuming the request for certification is made before June 30, 2023. The rates for 2023 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 2025. 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	\$1,139,204
Original estimated Net Tax Capacity	-34,687
Fiscal Disparities	<u>-278,067</u>
Estimated Captured Tax Capacity	826,450
Original Local Tax Rate	<u>168.1770%</u> Pay 2022
Estimated Annual Tax Increment	\$1,389,899
Percent Retained by the City	100%

Note: Tax capacity includes a 3.00% 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 26. The tax capacity of the District in year one is estimated to be \$69,729.

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	\$ 24,281,515
Interest	<u>2,428,151</u>
TOTAL	\$ 26,709,666

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 \$15,408,367. 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 approximately 48,960 square feet of light manufacturing and warehousing space. 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	\$ 2,500,000
Site Improvements/Preparation	3,000,000
Affordable Housing	-
Utilities	1,000,000
Other Qualifying Improvements	6,480,217
Administrative Costs (up to 10%)	2,428,151
PROJECT COSTS TOTAL	\$ 15,408,368
Interest	11,301,298
PROJECT AND INTEREST COSTS TOTAL	\$ 26,709,666

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 costs associated with the District are subject to change among categories without a modification to the 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% 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 Municipal Development District No. 1, (including administrative costs, which are considered to be spent outside of the District) subject to the limitations as described in the 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	2021/Pay 2022 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
Itasca County	63,718,485	826,450	1.2970%
City of Grand Rapids	9,252,644	826,450	8.9320%
ISD 318 (Itasca County)	44,974,111	826,450	1.8376%

Impact on Tax Rates				
Entity	Pay 2022 Extension Rate	Percent of Total	CTC	Potential Taxes
Itasca County	61.0290%	36.29%	826,450	\$ 504,374
City of Grand Rapids	84.0570%	49.98%	826,450	694,689
ISD 318 (Itasca County)	22.8080%	13.56%	826,450	188,497
Other	0.2830%	0.17%	826,450	2,339
	168.1770%	100.00%		\$1,389,899

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2022 rate. The total net capacity for the entities listed above are based on Pay 2022 figures. The District will be certified under the Pay 2023 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 \$24,281,515;
- (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 to be minimal. With any addition of new residents or businesses, police calls for service will be increased; however, the redevelopment is reinvesting in vacant space, which also may create policing challenges. 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 existing buildings, located at the site, which will be rehabilitated or eliminated by the new development, have public safety concerns that include several unprotected old buildings with issues such as access, hydrant locations, and converted structures. 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 \$3,293,035;
- (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 \$8,811,410;
- (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, (2) review of the Developer's proforma; and (3) 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.

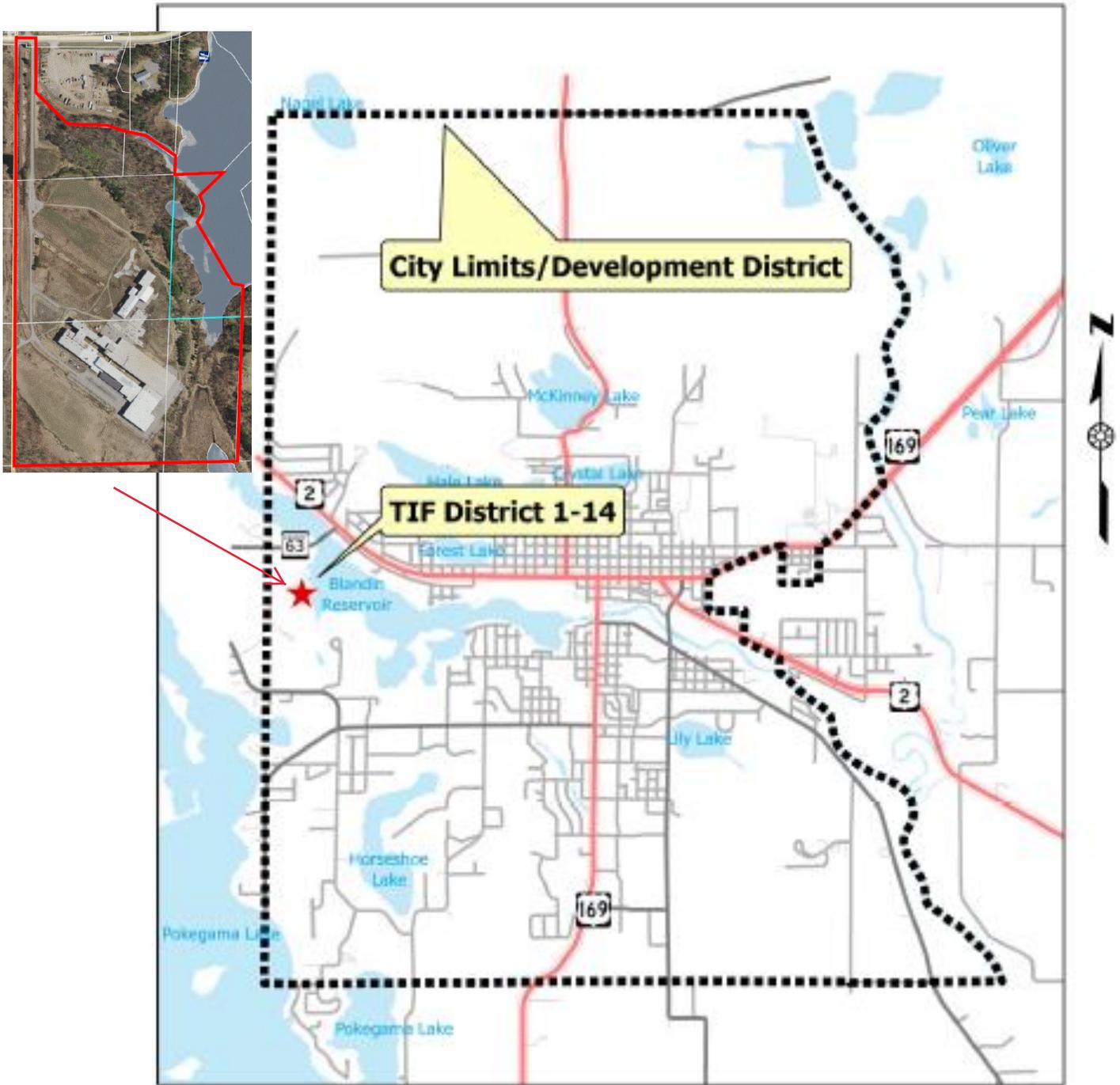
DISTRICT ADMINISTRATION

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: Arbor Wood

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



Legend
Municipal Development District No. 1
Boundaries of Municipal Development District No. 1 are coterminous with the City limits.

0 0.38 0.75 1.5 Miles

Appendix B: Estimated Cash Flow for the District

Tax Increment Financing District 1-14: Arbor Wood - 3% Inflation

City of Grand Rapids, MN

Redevelopment for approximately 48,960 SF Manufacturing and Warehousing and Future Development



ASSUMPTIONS AND RATES

DistrictType:	Redevelopment
District Name/Number:	TIF 1-14
County District #:	TBD
First Year Construction or Inflation on Value	2023
Existing District - Specify No. Years Remaining	
Inflation Rate - Every Year:	3.00%
Interest Rate:	5.00%
Present Value Date:	1-Aug-24
First Period Ending	1-Feb-25
Tax Year District was Certified:	Pay 2023
Cashflow Assumes First Tax Increment For Development:	2025
Years of Tax Increment	26
Assumes Last Year of Tax Increment	2050
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	Inside(B)
Incremental or Total Fiscal Disparities	Incremental
Fiscal Disparities Contribution Ratio	25.1754% Pay 2022
Fiscal Disparities Metro-Wide Tax Rate	174.2243% Pay 2022
Maximum/Frozen Local Tax Rate:	168.177% Pay 2022
Current Local Tax Rate: (Use lesser of Current or Max.)	168.177% Pay 2022
State-wide Tax Rate (Comm./Ind. only used for total taxes)	36.2890% Pay 2022
Market Value Tax Rate (Used for total taxes)	0.11974% Pay 2022

Tax Rates

Exempt Class Rate (Exempt)	0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)	
First \$150,000	1.50%
Over \$150,000	2.00%
Commercial Industrial Class Rate (C/I)	2.00%
Rental Housing Class Rate (Rental)	1.25%
Affordable Rental Housing Class Rate (Aff. Rental)	
First \$100,000	0.75%
Over \$100,000	0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)	
First \$500,000	1.00%
Over \$500,000	1.25%
Homestead 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 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
91-019-3200		Voyageur Cap.	502 Co. Rd. 63	258,200	963,000	1,221,200	100%	1,221,200	Pay 2023	C/I Pref.	23,674	C/I Pref.	23,674	
91-019-2201		Voyageur Cap.	Unassigned	78,600		78,600	100%	78,600	Pay 2023	C/I Pref.	1,179	C/I Pref.	1,179	
91-019-2201		Voyageur Cap.	Unassigned	300		300	100%	300	Pay 2023	Taconite	-	C/I Pref.	5	
91-019-2202		Voyageur Cap.	Unassigned	15,800		15,800	100%	15,800	Pay 2023	C/I Pref.	237	C/I Pref.	237	
91-019-2300		Voyageur Cap.	Unassigned	267,300	164,100	431,400	100%	431,400	Pay 2023	C/I Pref.	7,878	C/I Pref.	7,878	
91-019-2300		Voyageur Cap.	Unassigned	100		100	100%	100	Pay 2023	Taconite	-	C/I Pref.	2	
91-019-2403		Voyageur Cap.	Unassigned	39,100	11,600	50,700	100%	50,700	Pay 2023	C/I Pref.	761	C/I Pref.	761	
91-019-3102		Voyageur Cap.	Unassigned	63,500		63,500	100%	63,500	Pay 2023	C/I Pref.	953	C/I Pref.	953	
				722,900	1,138,700	1,861,600		1,861,600			34,681		34,687	

Note:

1. Base values are based on information from the County Assessor dated Sept. 22, 2022.
2. Located in SD # 318.

Tax Increment Financing District 1-14: Arbor Wood - 3% Inflation
 City of Grand Rapids, MN
 Redevelopment for approximately 48,960 SF Manufacturing and Warehousing and Future Development



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 2023	Percentage Completed 2024	Percentage Completed 2025	Percentage Completed 2026	First Year Full Taxes Payable
1	Arbor Wood	72	72	48,960	3,523,936	C/I Pref.	69,729	1	100%	100%	100%	100%	2025
2	Future Warehouse/A	72	72	350,000	25,200,000	C/I Pref.	503,250	1	0%	50%	100%	100%	2027
TOTAL					28,723,936		572,979						
Subtotal Residential				0	0		0						
Subtotal Commercial/Ind.				398,960	28,723,936		572,979						

Note:

- Market values for Arbor Wood are based on information from the County Assessor dated Sept. 22, 2022.

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
Arbor Wood	69,729	17,554	52,174	87,745	30,584	24,760	4,220	147,308	3.01
Future Warehouse/Mfg	503,250	126,695	376,555	633,279	220,734	182,080	30,174	1,066,267	3.05
TOTAL	572,979	144,250	428,729	721,024	251,318	206,840	34,394	1,213,575	

Note:

- 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	1,213,575
less State-wide Taxes	(206,840)
less Fiscal Disp. Adj.	(251,318)
less Market Value Taxes	(34,394)
less Base Value Taxes	(43,649)
Annual Gross TIF	677,374

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	1,861,600
New Market Value - Est.	28,723,936
Difference	26,862,336
Present Value of Tax Increment	11,766,878
Difference	15,095,458
Value likely to occur without Tax Increment is less than:	15,095,458



Tax Increment Financing District 1-14: Arbor Wood - 3% Inflation

City of Grand Rapids, MN

Redevelopment for approximately 48,960 SF Manufacturing and Warehousing and Future Development

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%	69,729	(34,687)	(8,822)	26,220	168.177%	44,096	22,048	(79)	(2,197)	19,772	18,819	0.5	2025	02/01/25
							22,048	(79)	(2,197)	19,772	37,179	1	2025	02/01/26
100%	323,446	(34,687)	(70,851)	217,908	168.177%	366,470	183,235	(660)	(18,258)	164,318	186,043	1.5	2026	08/01/26
							183,235	(660)	(18,258)	164,318	331,276	2	2026	02/01/27
100%	577,225	(34,687)	(136,586)	405,952	168.177%	682,718	341,359	(1,229)	(34,013)	306,117	595,240	2.5	2027	08/01/27
							341,359	(1,229)	(34,013)	306,117	852,765	3	2027	02/01/28
100%	594,542	(34,687)	(140,946)	418,909	168.177%	704,509	352,254	(1,268)	(35,099)	315,888	1,112,029	3.5	2028	08/01/28
							352,254	(1,268)	(35,099)	315,888	1,364,969	4	2028	02/01/29
100%	612,378	(34,687)	(145,436)	432,255	168.177%	726,954	363,477	(1,309)	(36,217)	325,952	1,619,602	4.5	2029	08/01/29
							363,477	(1,309)	(36,217)	325,952	1,868,025	5	2029	02/01/30
100%	630,750	(34,687)	(150,061)	446,001	168.177%	750,072	375,036	(1,350)	(37,369)	336,317	2,118,095	5.5	2030	08/01/30
							375,036	(1,350)	(37,369)	336,317	2,362,067	6	2030	02/01/31
100%	649,672	(34,687)	(154,825)	460,160	168.177%	773,883	386,942	(1,393)	(38,555)	346,994	2,607,644	6.5	2031	08/01/31
							386,942	(1,393)	(38,555)	346,994	2,847,231	7	2031	02/01/32
100%	669,162	(34,687)	(159,732)	474,744	168.177%	798,409	399,205	(1,437)	(39,777)	357,991	3,088,382	7.5	2032	08/01/32
							399,205	(1,437)	(39,777)	357,991	3,323,652	8	2032	02/01/33
100%	689,237	(34,687)	(164,786)	489,764	168.177%	823,671	411,836	(1,483)	(41,035)	369,318	3,560,446	8.5	2033	08/01/33
							411,836	(1,483)	(41,035)	369,318	3,791,465	9	2033	02/01/34
100%	709,914	(34,687)	(169,991)	505,236	168.177%	849,691	424,845	(1,529)	(42,332)	380,984	4,023,968	9.5	2034	08/01/34
							424,845	(1,529)	(42,332)	380,984	4,250,801	10	2034	02/01/35
100%	731,212	(34,687)	(175,353)	521,172	168.177%	876,491	438,246	(1,578)	(43,667)	393,001	4,479,082	10.5	2035	08/01/35
							438,246	(1,578)	(43,667)	393,001	4,701,794	11	2035	02/01/36
100%	753,148	(34,687)	(180,875)	537,586	168.177%	904,095	452,048	(1,627)	(45,042)	405,378	4,925,918	11.5	2036	08/01/36
							452,048	(1,627)	(45,042)	405,378	5,144,575	12	2036	02/01/37
100%	775,742	(34,687)	(186,564)	554,492	168.177%	932,528	466,264	(1,679)	(46,459)	418,127	5,364,608	12.5	2037	08/01/37
							466,264	(1,679)	(46,459)	418,127	5,579,274	13	2037	02/01/38
100%	799,015	(34,687)	(192,423)	571,905	168.177%	961,813	480,906	(1,731)	(47,918)	431,258	5,795,281	13.5	2038	08/01/38
							480,906	(1,731)	(47,918)	431,258	6,006,020	14	2038	02/01/39
100%	822,985	(34,687)	(198,457)	589,841	168.177%	991,977	495,988	(1,786)	(49,420)	444,783	6,218,067	14.5	2039	08/01/39
							495,988	(1,786)	(49,420)	444,783	6,424,942	15	2039	02/01/40
100%	847,675	(34,687)	(204,673)	608,315	168.177%	1,023,046	511,523	(1,841)	(50,968)	458,713	6,633,092	15.5	2040	08/01/40
							511,523	(1,841)	(50,968)	458,713	6,836,166	16	2040	02/01/41
100%	873,105	(34,687)	(211,075)	627,343	168.177%	1,055,046	527,523	(1,899)	(52,562)	473,062	7,040,484	16.5	2041	08/01/41
							527,523	(1,899)	(52,562)	473,062	7,239,819	17	2041	02/01/42
100%	899,298	(34,687)	(217,669)	646,942	168.177%	1,088,007	544,004	(1,958)	(54,205)	487,841	7,440,367	17.5	2042	08/01/42
							544,004	(1,958)	(54,205)	487,841	7,636,024	18	2042	02/01/43
100%	926,277	(34,687)	(224,461)	667,129	168.177%	1,121,957	560,978	(2,020)	(55,896)	503,063	7,832,865	18.5	2043	08/01/43
							560,978	(2,020)	(55,896)	503,063	8,024,905	19	2043	02/01/44
100%	954,065	(34,687)	(231,457)	687,921	168.177%	1,156,925	578,463	(2,082)	(57,638)	518,742	8,218,100	19.5	2044	08/01/44
							578,463	(2,082)	(57,638)	518,742	8,406,583	20	2044	02/01/45
100%	982,687	(34,687)	(238,663)	709,337	168.177%	1,192,942	596,471	(2,147)	(59,432)	534,891	8,596,194	20.5	2045	08/01/45
							596,471	(2,147)	(59,432)	534,891	8,781,181	21	2045	02/01/46
100%	1,012,168	(34,687)	(246,085)	731,396	168.177%	1,230,040	615,020	(2,214)	(61,281)	551,525	8,967,267	21.5	2046	08/01/46
							615,020	(2,214)	(61,281)	551,525	9,148,815	22	2046	02/01/47
100%	1,042,533	(34,687)	(253,729)	754,117	168.177%	1,268,251	634,125	(2,283)	(63,184)	568,658	9,331,438	22.5	2047	08/01/47
							634,125	(2,283)	(63,184)	568,658	9,509,606	23	2047	02/01/48
100%	1,073,809	(34,687)	(261,603)	777,519	168.177%	1,307,608	653,804	(2,354)	(65,145)	586,305	9,688,822	23.5	2048	08/01/48
							653,804	(2,354)	(65,145)	586,305	9,863,668	24	2048	02/01/49
100%	1,106,023	(34,687)	(269,713)	801,623	168.177%	1,348,146	674,073	(2,427)	(67,165)	604,481	10,039,537	24.5	2049	08/01/49
							674,073	(2,427)	(67,165)	604,481	10,211,116	25	2049	02/01/50
100%	1,139,204	(34,687)	(278,067)	826,450	168.177%	1,389,899	694,950	(2,502)	(69,245)	623,203	10,383,696	25.5	2050	08/01/50
							694,950	(2,502)	(69,245)	623,203	10,552,066	26	2050	02/01/51
Total							24,369,244	(87,729)	(2,428,151)	21,853,363				
		Present Value From 08/01/2024		Present Value Rate	5.00%		11,766,878	(42,361)	(1,172,452)	10,552,066				

Appendix C: Findings Including But/For Qualifications

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

1. *Finding that Tax Increment Financing District No. 1-14: Arbor Wood is a redevelopment district as defined in M.S., Section 469.174, Subd. 10.*

The District consists of six (6) parcels and vacant right-of-way, with plans to redevelop the area for the development of approximately 48,960 square feet of light manufacturing and warehousing space. Parcels consisting of 70% of the area of the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures and more than 50% of the buildings in the District, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance. (See Appendix D of the TIF Plan.)

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: Arbor Wood 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 currently occupied by a substandard building, and the cost of financing the proposed improvements, this project is feasible only through assistance, in part, from tax increment financing. The Developer was asked for and provided a letter and a pro forma 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: This finding is justified on the grounds that the cost of site and public improvements and utilities add to the total redevelopment cost. Historically, construction costs, site and public improvements costs in this area have made redevelopment infeasible without tax increment assistance. 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.

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 \$26,862,336.
 - 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 \$11,766,878.
 - 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 \$15,095,458 (the amount in clause b less the amount in clause c) without tax increment assistance.
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 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 TIF Plan for Tax Increment Financing District No. 1-14: Arbor Wood will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment 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, the renovation of substandard properties, increased tax base of the State and add a high-quality development to the City.

Appendix D: Redevelopment Qualifications for the District

To be added to prior to the public hearing