

**Modified Redevelopment Plan for
Redevelopment Project No. 1**

Including Tax Increment Financing Plan

for

**Tax Increment Financing
(Redevelopment) District No. 1-15**

(Block 11 Redevelopment)

Housing and Redevelopment Authority

in and for the City of Marshall

City of Marshall, Minnesota

Prepared by

Baker Tilly Municipal Advisors, LLC

Dated: April 12, 2022

Public Hearing Scheduled: April 12, 2022
Anticipated Approval by City Council: April 12, 2022

Introduction

The purpose of the modification to the Redevelopment Plan for Redevelopment Project No. 1 in the City of Marshall is to include the establishment of Tax Increment Financing (Redevelopment) District No. 1-15. This proposed activity is in addition to the potential for the current proposed modification under consideration of the Redevelopment Plan for the purpose of (i) disclosure of budget modifications relating to the improvements required for the new developments and (ii) providing for the expenditure of available revenues on qualified uses within the Project Area.

The City and Authority reserve the right to finance any TIF-eligible costs within the Redevelopment Project Area utilizing available tax increment revenues from the existing TIF Districts and Project Area. Financing of identified projects within the Project Area and TIF Districts will be limited to the amount of revenues projected to be available upon development within the districts, as well as future tax increments generated from the existing TIF Districts through the remaining terms.

The section specifically being modified in the Redevelopment Plan includes Section 1.5, Estimated Public Improvement Costs. Section XIV is being added to include the establishment of Tax Increment Financing (Redevelopment) District No. 1-15. This proposed modification is in addition to the current proposed modification under consideration that include the sections specifically being modified in the Redevelopment Plan of Section 1.5, Estimated Public Improvement Costs.

MUNICIPAL ACTION TAKEN

Based upon the statutory authority described in the Modified Redevelopment Plan attached hereto, the public purpose findings by the Commissioners and for the purpose of fulfilling the Authority's redevelopment objectives as set forth in the Modified Redevelopment Plan, the Commissioners have created, established and designated Redevelopment Project No. 1 pursuant to and in accordance with the requirements of Sections 462.411 through 462.716, inclusive, as amended (the "Housing and Redevelopment Act").

On September 19, 1988, the City Council adopted an ordinance (the "Ordinance") which established the City of Marshall Economic Development Authority (the "EDA"), pursuant to Minnesota Statutes, Sections 469.090 to 469.108, inclusive, as amended. Pursuant to the Ordinance, the EDA, among other functions, shall manage the Marshall Community Reinvestment Fund (the "Fund"), which shall be used for purposes of economic development, including, but not limited to, acquisition of property, equity investments, working capitals loans, equipment/tooling loans and inventory loans, and shall accept from the Authority portions of Redevelopment Project No. 1 for purposes of assisting the Fund and using EDA powers to assist existing redevelopment project activities.

The following municipal action was taken in connection therewith:

June 7, 1982: The Redevelopment Plan for Redevelopment Project No. 1 was adopted by the City Council.

June 28, 1983: The Plan for Redevelopment Project No. 1 was modified by the City Council.

December 27, 1983: The Plan for Redevelopment Project No. 1 was modified by the City Council.

June 18, 1984: The Plan for Redevelopment Project No. 1 was modified by the City Council.

August 6, 1984: The Plan for Redevelopment Project No. 1 was modified by the City Council.

July 21, 1986: The Plan for Redevelopment Project No. 1 was modified by the City Council.

March 20, 1989: The Plan for Redevelopment Project No. 1 was modified by the City Council.

June 19, 1989: The Plan for Redevelopment Project No. 1 was modified by the City Council.

November 6, 1989: The Plan for Redevelopment Project No. 1 was modified by the City Council.

May 18, 1992: The Plan for Redevelopment Project No. 1 was modified by the City Council.

September 21, 1992: The Plan for Redevelopment Project No. 1 was modified by the City Council.

October 17, 1994: The Plan for Redevelopment Project No. 1 was modified by the City Council.

January 2, 1996: The Plan for Redevelopment Project No. 1 was modified by the City Council.

April 1, 1996: The Plan for Redevelopment Project No. 1 was modified by the City Council.

December 2, 1996: The Plan for Redevelopment Project No. 1 was modified by the City Council.

December 21, 1998: The Plan for Redevelopment Project No. 1 was modified by the City Council.

April 30, 2001: The Plan for Redevelopment Project No. 1 was modified by the City Council to reflect technical amendments and increased Project costs.

December 15, 2003: The Plan for Redevelopment Project No. was modified by the City Council to reflect increased Project Costs.

October 15, 2007: The Plan for Redevelopment Project No. 1 was modified by the City Council to reflect increased Project Costs.

June 2, 2008: The Plan for Redevelopment Project No. 1 was modified by the City Council to reflect enlarged geographic boundaries and increased Project Costs.

February 8, 2011: The Plan for Redevelopment Project No. 1 is to be modified by the City Council to reflect increased Project Costs and an enlargement of the geographic area.

August 16, 2011: The Plan for Redevelopment Project No. 1 was modified by the City Council to reflect increased Project Costs and the creation of TIF District No. 1-11.

June 12, 2012: The Redevelopment Plan for Redevelopment Project No. 1 is to be modified to reflect increased Project Costs and an enlargement of the geographic area to include future proposed projects.

June 12, 2012: The Redevelopment Plan for Redevelopment Project No. 1 is to be modified to reflect increased Project Costs and the creation of TIF District No. 1-12.

September 12, 2017: The Redevelopment Plan for Redevelopment Project No. 1 is to be modified to reflect increased Project Costs and the creation of TIF District No. 1-14.

April 12, 2022: The Redevelopment Plan for Redevelopment Project No. 1 is to be modified to reflect increased Project Costs and the creation of TIF District No. 1-15.

The following municipal action was taken with regard to the Tax Increment Financing Districts comprising portions of Redevelopment Project No. 1:

Tax Increment Financing District No. 1-1 (Minnesota Corn Processors, now ADM)

DECERTIFIED ON DECEMBER 31, 2009

Tax Increment Financing District No. 1-2 (Downtown)

DECERTIFIED ON DECEMBER 31, 2010

Tax Increment Financing District No. 1-3 (Independence Park)

DECERTIFIED ON JANUARY 29, 1999

Tax Increment Financing District No. 1-4 (General Resources)

DECERTIFIED ON DECEMBER 18, 2006

Tax Increment Financing District No. 1-5 (Industrial Pk/Airport Right-of-Way)

July 21, 1986: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-5 was adopted by the City Council.

March 20, 1989: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-5 was modified by the City Council.

June 19, 1989: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-5 was modified by the City Council.

November 6, 1989: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-5 was modified by the City Council.

May 18, 1992: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-5 was modified by the City Council.

September 21, 1992: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-5 was modified by the City Council.

October 17, 1994: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-5 was modified by the City Council.

January 2, 1996: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-5 was modified by the City Council.

April 1, 1996: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-5 was modified by the City Council.

December 2, 1996: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-5 was modified by the City Council.

December 21, 1998: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-5 was modified by the City Council.

April 30, 2001: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-5 was modified by the City Council to reflect technical amendments and increased Project costs.

December 15, 2003: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-5 was modified by the City Council to reflect increased Project costs.

October 15, 2007: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-5 was modified by the City Council to reflect increased Project Costs.

June 2, 2008: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-5 was modified by the City Council to reflect increased Project Costs.

February 8, 2011: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-5 is to be modified by the City Council.

Tax Increment Financing District No. 1-6 (MCP Area Development)

DECERTIFIED FEBRUARY OF 2002

Tax Increment Financing District No. 1-7 (Commercial Redevelopment)

July 21, 1986: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-7 was adopted by the City Council.

March 20, 1989: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-7 was modified by the City Council.

June 19, 1989: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-7 was modified by the City Council.

November 6, 1989: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-7 was modified by the City Council.

May 18, 1992: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-7 was modified by the City Council.

September 21, 1992: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-7 was modified by the City Council.

October 17, 1994: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-7 was modified by the City Council.

January 2, 1996: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-7 was modified by the City Council.

April 1, 1996: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-7 was modified by the City Council.

December 2, 1996: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-7 was modified by the City Council.

December 21, 1998: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-7 was modified by the City Council.

April 30, 2001: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-7 was modified by the City Council to reflect technical amendments and increased Project costs.

December 15, 2003: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-7 was modified by the City Council to reflect increased Project costs.

October 15, 2007: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-7 was modified by the City Council to reflect increased Project Costs.

June 2, 2008: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-7 was modified by the City Council to reflect increased Project Costs.

February 8, 2011: The Tax Increment Financing Plan for Tax Increment Financing District No. 1-7 is to be modified by the City Council.

Tax Increment Financing District No. 1-8 (Congregate Housing)

DECERTIFIED ON DECEMBER 18, 2006

Tax Increment Financing District No. 1-9 (Reinhart/Lake Beverage Projects)

DECERTIFIED ON JANUARY 29, 1999

Tax Increment Financing District No. 1-10 (Heartland Foods Project)

DECERTIFIED ON DECEMBER 18, 2006

Tax Increment Financing District No. 1-11 (Industrial Park Project)

August 16, 2011: Tax Increment Financing District No. 1-11 was established and the Tax Increment Financing Plan for Tax Increment Financing District No. 1-11 was adopted by the City Council to finance project costs relating to the development of the City and Authority's industrial park.

Tax Increment Financing District No. 1-12 (Bend-Rite Expansion Project)

June 12, 2012: Tax Increment Financing District No. 1-12 was established and the Tax Increment Financing Plan for Tax Increment Financing District No. 1-12 was adopted by the City Council to finance project costs relating to the expansion of an existing business within the City.

Tax Increment Financing District No. 1-14 (Commerce Industrial Park Project)

September 12, 2017: Tax Increment Financing District No. 1-14 is proposed to be established and the Tax Increment Financing Plan for Tax Increment Financing District No. 1-14 is proposed to be adopted by the City Council to finance project costs relating to the development of a new industrial park within the City.

Tax Increment Financing District No. 1-15 (Block 11 Redevelopment Project)

April 12, 2022: Tax Increment Financing District No. 1-15 is proposed to be established and the Tax Increment Financing Plan for Tax Increment Financing District No. 1-15 is proposed to be adopted by the City Council to finance project costs relating to the redevelopment of certain properties referenced as Block 11 to include a new mixed-use project with rental housing and first floor commercial space.

STATUTORY REFERENCES

During the 1987 Minnesota Legislative Session, the development statutes were recodified into once chapter, Chapter 469. The following table cross-references the previous statutory cites with the recodified cites.

<u>Previous Statutory Cite</u>	<u>Recodified Cite</u>
462.415	469.001
462.421	469.002
462.425	469.003
462.426	469.004
462.427	469.005
462.428	469.006
462.429	469.007
462.429	469.008
462.432	469.009
462.435	469.010
462.441	469.011
462.445	469.012
462.451	469.013
462.455	469.014
462.461	469.015
462.465	469.016
462.466	469.017
462.471	469.018
462.475	469.019
462.481	469.020
462.485	469.021
462.491	469.022
462.495	469.023
462.501	469.024
462.505	469.025
462.511	469.026
462.515	469.027
462.521	469.028
462.525	469.029
462.531	469.030
462.535	469.031
462.541	469.032
462.545	469.033
462.551	469.034
462.555	469.035
462.556	469.036
462.561	469.037
462.565	469.038
462.571	469.039
462.575	469.040
462.581	469.041
462.585	469.042

<u>Previous Statutory Cite</u>	<u>Recodified Cite</u>
462.645	469.043
462.651	469.043
462.713	469.044
462.714	469.045
462.715	469.046
462.716	469.047
273.73	469.174
273.74	469.175
273.75	469.176
273.76	469.177
273.77	469.178
273.78	469.179

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**SECTION II
Tax Increment Financing Plan for
Tax Increment Financing District No. 1-1
(Minnesota Corn Processors, now ADM)**

DECERTIFIED ON DECEMBER 31, 2009

**SECTION III
Tax Increment Financing Plan for
Tax Increment Financing District No. 1-2
(Downtown)**

DECERTIFIED ON DECEMBER 31, 2010

SECTION IV
Tax Increment Financing Plan for
Tax Increment Financing District No. 1-3
(Independence Park)

DECERTIFIED ON JANUARY 29, 1999

SECTION V
Tax Increment Financing Plan for
Tax Increment Financing District No. 1-4
(General Resources)

DECERTIFIED ON DECEMBER 18, 2006

SECTION VI
Tax Increment Financing Plan for
Tax Increment Financing District No. 1-5
(Industrial Park/Airport Right-of-Way)

No Changes to the TIF Plan for TIF No. 1-5 with this modification

SECTION VII
Tax Increment Financing Plan for
Tax Increment Financing District No. 1-6
(MCP Area Development)

DECERTIFIED ON FEBRUARY OF 2002

SECTION VIII
Tax Increment Financing Plan for
Tax Increment Financing District No. 1-7
(Commercial Redevelopment)

No Changes to the TIF Plan for TIF No. 1-7 with this modification

SECTION IX
Tax Increment Financing Plan for
Tax Increment Financing District No. 1-8
(Congregate Housing)

DECERTIFIED ON DECEMBER 18, 2006

SECTION X
Tax Increment Financing Plan for
Tax Increment Financing District No. 1-9
(Reinhart/Lake Beverage Projects)

DECERTIFIED ON JANUARY 29, 1999

SECTION XI
Tax Increment Financing Plan for
Tax Increment Financing District No. 1-10
(Heartland Foods Project)

DECERTIFIED ON DECEMBER 18, 2006

SECTION XII
Tax Increment Financing Plan for
Tax Increment Financing (Economic Development) District No. 1-11
(Industrial Park Project)

No Changes to the TIF Plan for TIF No. 1-11 with this modification

SECTION XIII
Tax Increment Financing Plan for
Tax Increment Financing (Economic Development) District No. 1-12
(Bend-Rite Expansion Project)

No Changes to the TIF Plan for TIF No. 1-12 with this modification

SECTION XIV
Tax Increment Financing Plan for
Tax Increment Financing (Economic Development) District No. 1-14
(Commerce Park Project)

No Changes to the TIF Plan for TIF No. 1-14 with this modification

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**SECTION I – MODIFICATION TO THE REDEVELOPMENT PLAN
FOR REDEVELOPMENT PROJECT NO. 1**

Foreword

The following text represents a Modification to the Redevelopment Plan for Redevelopment Project No. 1. This modification represents a continuation of the goals and objectives set forth in the Redevelopment Plan for Redevelopment Project No. 1. The changes generally include the establishment of Tax Increment Financing (Redevelopment) District No. 1-15.

For further information, a review of the Redevelopment Plan for Redevelopment Project No. 1 is recommended. It is available at City Hall for the City of Marshall. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within Redevelopment Project No. 1.

1.1 Definitions

No Change

1.2 Statement and Finding of Public Purpose

No Change

1.3 Statutory Authority

No Change

1.4 Statement of Objectives

No Change

1.5 Estimated Public Improvement Costs and Supportive Data

(AS MODIFIED ON APRIL 12, 2022)

Included in this section are the estimated future development and public improvement costs related to the proposed property listed in Exhibit I-B that is anticipated to be included within Redevelopment Project No. 1 and improvements to which are to be financed by tax increments derived from tax increment financing districts within Redevelopment Project No. 1.

**(PUBLIC IMPROVEMENT COSTS AS INCREASED BY MODIFICATION OF
THE REDEVELOPMENT PLAN ON APRIL 12, 2022)**

Estimated Future Development Costs of the Redevelopment Plan

Project Costs	Amount
Land/building acquisition	\$400,000
Site improvements/preparation costs	\$1,302,146
Utilities	
Other public improvements	\$771,954
Construction of affordable housing	
Administrative expenses	\$130,216
Subtotal	\$2,604,316
Interest	
Total	\$2,604,316

1.6 Boundaries of Redevelopment Project No. 1

No Change

1.7 Boundary Maps of Redevelopment Project No. 1

No Change

1.8 Parcels to be Acquired in Whole or in Part Within Redevelopment Project No. 1

No Change

1.9 Public Improvements and Facilities Within Redevelopment Project No. 1

No Change

1.10 Environmental Controls

No Change

1.11 Proposed Reuse of Property

No Change

1.12 Administration and Maintenance of Redevelopment Project No. 1

No Change

1.13 Rehabilitation

No Change

1.14 Relocation

No Change

SECTION II

**Tax Increment Financing Plan for
Tax Increment Financing District No. 1-1
(Archer Daniels Midland – ADM formerly Minnesota Corn Processors)**

DECERTIFIED ON DECEMBER 31, 2009

SECTION III

**Tax Increment Financing Plan for
Tax Increment Financing District No. 1-2
(Downtown)**

DECERTIFIED ON DECEMBER 31, 2010

SECTION IV

**Tax Increment Financing Plan for
Tax Increment Financing District No. 1-3
(Independence Park)**

DECERTIFIED ON JANUARY 29, 1999

SECTION V

**Tax Increment Financing Plan for
Tax Increment Financing District No. 1-4
(General Resources)**

DECERTIFIED ON DECEMBER 18, 2006

SECTION VI

**Tax Increment Financing Plan for
Tax Increment Financing District No. 1-5
(Industrial Park/Airport Right-of-Way)**

No Changes to the TIF Plan for TIF No. 1-5 with this modification

SECTION VII

**Tax Increment Financing Plan for
Tax Increment Financing District No. 1-6
(MCP Area Development)**

DECERTIFIED FEBRUARY OF 2002

SECTION VIII

**Tax Increment Financing Plan for
Tax Increment Financing District No. 1-7
(Commercial Redevelopment)**

No Changes to the TIF Plan for TIF No. 1-7 with this modification

SECTION IX

**Tax Increment Financing Plan for
Tax Increment Financing District No. 1-8
(Congregate Housing)**

DECERTIFIED DECEMBER 18, 2006

SECTION X

**Tax Increment Financing Plan for
Tax Increment Financing District No. 1-9
(Reinhart/Lake Beverage Projects)**

DECERTIFIED ON JANUARY 29, 1999

SECTION XI

**Tax Increment Financing Plan for
Tax Increment Financing District No. 1-10
(Heartland Foods Project)**

DECERTIFIED DECEMBER 18, 2006

SECTION XII

**Tax Increment Financing Plan for
Tax Increment Financing (Economic Development) District No. 1-11
(Industrial Park Project)**

No Changes to the TIF Plan for TIF No. 1-11 with this modification

SECTION XIII

**Tax Increment Financing Plan for
Tax Increment Financing (Economic Development) District No. 1-12**

(Bendrite Project)

No Changes to the TIF Plan for TIF No. 1-12 with this modification

**SECTION XIV
Tax Increment Financing Plan for
Tax Increment Financing (Economic Development) District No. 1-14
(Commerce Park Project)**

No Changes to the TIF Plan for TIF No. 1-12 with this modification

**SECTION XV –TAX INCREMENT FINANCING PLAN
FOR TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 1-15**

Introduction

The following text represents the Tax Increment Financing Plan for Tax Increment Financing District No. 1-15.

Section A 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 and Redevelopment Authority in and for the City of Marshall, Minnesota, a housing and redevelopment authority and a public body corporate and politic duly organized and existing under the Constitution and laws of the State.

"City" means the City of Marshall, Minnesota, a municipal corporation, and political subdivision of the State duly organized and existing under its Charter and the Constitution and laws of the State, also referred to as a "Municipality".

"City Council" means the City Council of the City.

"County" means Lyon County, Minnesota.

"Developer": mean Block 11 Marshall, LLC.

"Governing Body" means the Board of Commissioners of the Authority.

"HRA Act" means Minnesota Statutes, Sections 469.001 to 469.047, as amended.

"Project Area" means Redevelopment Project Area No. 1 in the City, which is described in the corresponding Redevelopment Plan and shown in the map attached as Exhibit I, which includes the property legally described in Exhibit I.

"Redevelopment Plan" means the Redevelopment Plan for the Project Area.

"School District" means Independent School District No. 413, Minnesota.

"State" means the State of Minnesota.

"TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1794, as amended.

"TIF District" or "TIF District No. 1-15" means Tax Increment Financing (Redevelopment) District No. 1-15.

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

Section B Statutory Authorization

See the Redevelopment Plan for the Redevelopment Project Area.

Section C Statement of Need and Public Purpose

See the Redevelopment Plan for the Redevelopment Project Area.

Section D Statement of Objectives

See the Redevelopment Plan for the Redevelopment Project Area.

Section E Designation of Tax Increment Financing District as a Redevelopment District

Redevelopment districts are a type of tax increment financing district in which one or more of the following conditions exists and is reasonably distributed throughout the district:

- (1) parcels comprising at least 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, not including outbuildings, are structurally substandard requiring substantial renovation or clearance. A parcel is deemed "occupied" if at least 15% of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or other similar structures.
- (2) the property consists of vacant, unused, underused, inappropriately used, or infrequently used railyards, rail storage facilities, or excessive or vacated railroad right-of-ways; or
- (3) tank facilities, or property whose immediately previous use was for tank facilities, as defined in section 115C.02, subdivision 15, if the tank facilities:
 - (i) have or had a capacity of more than 1,000,000 gallons;
 - (ii) are located adjacent to rail facilities; and
 - (iii) have been removed or are unused, underused, inappropriately used, or infrequently used.

For districts consisting of two or more noncontiguous areas, each area must individually qualify under the provisions listed above, and the entire area must also qualify as a whole.

The TIF District qualifies as a redevelopment district in that it meets all of the criteria listed in (1) above. The supporting facts and documentation for this determination will be retained by the Authority for the life of the TIF District and are available to the public upon request. An analysis was completed to make this determination.

"Structurally substandard" means buildings that contain defects or deficiencies in structural elements, essential utilities and facilities, light and ventilation, fire protection (including egress), layout and condition of interior partitions, or similar factors. Generally, a building is not structurally substandard if it is in compliance with the building code applicable to a new building or could be modified to satisfy the existing code at a cost of less than 15% of the cost of constructing a new structure of the same size and type.

A city may not find that a building is structurally substandard without an interior inspection, unless it cannot gain access to the property and there exists evidence which supports the structurally substandard finding. Such evidence includes recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence. Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained. A parcel is deemed to be occupied by a structurally substandard building if the following conditions are met:

- (1) the parcel was occupied by a substandard building within three years of the filing of the request for certification of the parcel as part of the district;
- (2) the demolition or removal of the substandard building was performed or financed by the Authority, or was performed by a developer under a development agreement with the Authority;
- (3) the Authority found by resolution before such demolition or removal occurred that the building was structurally substandard and that the Authority intended to include the parcel in the TIF district, and
- (4) the Authority notifies the county auditor that the original tax capacity of the parcel must be adjusted upon filing the request for certification of the tax capacity of the parcel as part of a district.

In the case of (4) above, the County Auditor shall certify the original net tax capacity of the parcel to be the greater of (a) the current tax capacity of the parcel, or (b) a computed tax capacity of the parcel using the estimated market value of the parcel for the year in which the demolition or removal occurred, and the appropriate classification rate(s) for the current year.

At least 90 percent of the tax increment revenues from a redevelopment district must be used to finance the cost of correcting conditions that allow designation as a redevelopment district. These costs include, but are not limited to, acquiring properties containing structurally substandard buildings or improvements or hazardous substances, pollution, or contaminants, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition and rehabilitation of structures, clearing of land, removal of hazardous substances or remediation necessary to develop the land, and installation of utilities, roads, sidewalks, and parking facilities for the site. The allocated administrative expenses of the Authority may be included in the qualifying costs.

Section F Duration of the TIF District

Redevelopment districts may remain in existence 25 years from the date of receipt by the Authority of the first tax increment. Modifications of this plan (see Section Z) shall not extend these limitations.

Pursuant to Minnesota Statutes, Section 469.175, subd. 1(b), the Authority specifies 2024 as the first year in which it elects to receive tax increment from the TIF District, which is no later than four years following the year of approval of the TIF District. Thus, the Authority may collect increment from the district through December 31, 2049 but anticipates that the TIF District could

be decertified early (see Section P). All tax increments from taxes payable in the year the TIF District is decertified shall be paid to the Authority.

Section G Property to be Included in the TIF District

The TIF District comprises of the property described below and also includes adjacent streets and right-of-ways located within the Project Area. A map showing the location of the TIF District is shown in Exhibit I. The boundaries and area encompassed by the TIF District are described below:

Parcel Number	Legal Description
27-677119-0	
27-677129-0	ORIGINAL PLAT 01010001 LOTS 15-20 BLK 11

The area encompassed by the TIF District shall also include all streets and utility right-of-ways located upon or adjacent to the property described above, as illustrated in the boundary map included in Exhibit I.

Section H Property to be Acquired in the TIF District

The Authority does not anticipate acquiring any property located within the TIF District but plans to sell the property to the Developer for the planned redevelopment activities.

Section I Specific Development Expected to Occur Within the TIF District

The proposed project includes redevelopment of a portion of the property referred to as 'Block 11' in the City of Marshall. The City and Authority have assembled the property for qualification as substandard and eligible for inclusion within the creation of a redevelopment TIF District. Redevelopment is expected to include extraordinary site development costs as necessary for new development to occur. The developer, Block 11 Marshall, LLC, is planning to construct a 3-phase mixed use project that is expected to consist of 83 1 and 2-bedroom residential apartment units and 8,840 square feet of commercial space. Tax increment revenues are proposed to be used to finance the cost of correcting conditions that allowed for qualification of the project site including acquisition, site development, public improvements and other related eligible redevelopment costs, including allowable administrative expenses.

Construction of phase 1 (39 residential units) is projected to start in fall 2022 and continue through 2023. Construction of phase 2 (22 residential units and 4,420 commercial square feet) is projected to start in 2023 and continue through 2024. Construction of phase 3 (22 residential units and 4,420 commercial square feet) is projected to start in 2024 and continue through 2025. The project is expected to be fully constructed by December 31, 2025 and be 100% assessed and on the tax rolls as of January 2, 2026 for taxes payable 2027.

Section J 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 redevelopment district;

The City building department inspected and evaluated the property within the proposed Tax Increment Financing District to be established by the Authority. The purpose of the evaluation was to determine if the proposed district met the statutory requirements for coverage and if the buildings met the qualifications required for a Redevelopment District.

A final report will be prepared for the City to retain on file in City offices for public inspection. The report contains the details of the findings summarized below regarding the substandard qualifications:

- The TIF District consists of two (2) parcels and such parcels, consisting of 100 percent of the area of the proposed TIF District, are occupied by buildings (exceeding the 70 percent coverage test);
 - 100 percent (3 of 3) of the buildings in the proposed TIF District contain code deficiencies exceeding the 15 percent threshold;
 - 100 percent of the buildings (3 of 3, which is greater than 50%) are structurally substandard to a degree requiring substantial renovation or clearance, because of defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance, exceeding the more than 50 percent substandard test; and
 - The foregoing conditions are reasonably distributed throughout the geographic area of the proposed TIF District.
- (2) The proposed redevelopment, 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 financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the TIF Plan.

Factual basis:

Proposed development not expected to occur:

The proposed project consists of the redevelopment of property within the City that consisted of blighted property found to be substandard and has been demolished to allow for redevelopment of the project site. The City found by resolution the property to be substandard for inclusion within a redevelopment district prior to demolition. The City has identified significant and extraordinary costs including site development/preparation, public improvements and other redevelopment costs associated with redevelopment of the project site in conjunction with new development. The estimated total redevelopment costs for this property make the total cost of this effort significantly higher than costs reasonably incurred for similar developments on a clean site. The City's finding that the proposed redevelopment would be unlikely to occur solely through private investment within the reasonably foreseeable future is based on an analysis of the proforma and other materials submitted by the developer.

No higher market value expected:

If the proposed redevelopment did not go forward, for the same reasons described above, no significant alternative redevelopment of the proposed TIF area would occur. The existing building is currently substandard and it is highly unlikely that the improvements would be made on the property site without tax increment financing. In short, there is no basis for expectation that the area would redevelop or be renovated in any significant way purely by private action without public subsidy.

To summarize the basis for the City's findings regarding alternative market value, in accordance with Minnesota Statutes, Section 469.175, Subd. 3(d), the City makes the following determinations:

- a. The City's estimate of the amount by which the market value of the site will increase without the use of tax increment financing is anywhere from \$0 to some modest amount based on small scale renovation or redevelopment that could be possible without assistance; any estimated values would be too speculative to ascertain.
 - b. If the proposed development to be assisted with tax increment occurs in the District, the total increase in market value would be approximately \$7,087,510, including the value of the building (See Exhibit V).
 - 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 \$1,379,247 (See Exhibit V).
 - 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 \$5,708,263 (the amount in clause b less the amount in clause c) without tax increment assistance.
- (3) The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for development of the Project Area by private enterprise.

Factual basis:

The anticipated redevelopment of the project site and any subsequent demolition, reconstruction, or renovation related to the project will remain consistent with the City's design goals. The Development proposed to occur within the TIF District will afford maximum opportunity for the development of the applicable parcel consistent with the needs of the City and the removal of substandard buildings. The Development will increase the taxable market valuation of the City and provide additional housing options in the City.

- (4) The TIF Plan conforms to general plans for development of the City as a whole.

Factual basis: The City has determined that the development proposed in the TIF Plan conforms to the City comprehensive plan.

Section K Estimated Public Costs

The estimated public costs of the TIF District are listed below. Such costs are eligible for reimbursement from tax increments of the TIF District.

Project Costs	Amount
Land/building acquisition	\$400,000
Site improvements/preparation costs	\$1,302,146
Utilities	
Other public improvements	\$771,954
Construction of affordable housing	
Administrative expenses	\$130,216
Subtotal	\$2,604,316
Interest	
Total	\$2,604,316

The Authority anticipates using tax increment to the extent available to finance redevelopment costs of the project including primarily acquisition, site improvement/preparation costs, related administrative expenses, and other TIF-eligible expenditures as deemed necessary and related to redevelopment of the project site.

The Authority reserves the right to administratively adjust the amount of any of the items listed above or to incorporate additional eligible items, so long as the total estimated public cost (\$2,604,316) is not increased. The Authority also reserves the right to fund any of the identified costs with any other legally available revenues but anticipates that such costs will be primarily financed with tax increments.

Section L Estimated Sources of Revenue

Sources of Revenue	Amount
Tax Increment revenue	\$2,604,316
Interest on invested funds	
Other	
Total	\$2,604,316

The Authority anticipates capturing the tax increments from the project for financing of the identified redevelopment costs and reimbursing the developer for a portion of those costs. As tax increments are collected from the TIF District in future years, a portion of these taxes will be used by the Authority to reimburse the developer for public costs incurred (see Section K). The Authority also anticipates retaining any remaining increment to finance eligible administrative or other expenses related to the project.

The Authority reserves the right to finance any or all public costs of the TIF District using pay-as-you-go assistance, internal funding, general obligation or revenue debt, or any other financing mechanism authorized by law. The Authority also reserves the right to use other sources of revenue legally applicable to the Project Area to pay for such costs including, but not limited to, special assessments, utility revenues, federal or state funds, and investment income.

Section M Estimated Amount of Bonded Indebtedness

The maximum principal amount of bonds (as defined in the TIF Act) secured in whole or part with tax increment from the TIF District is \$2,604,316. The Authority currently plans to finance the site improvements and redevelopment costs through one or more pay-as-you-go notes but

reserves the right to issue bonds in any form, including without limitation any interfund loan with interest not to exceed the maximum permitted under Section 469.178, subd. 7 of the TIF Act.

Section N Original Net Tax Capacity

The County Auditor shall certify the original net tax capacity of the TIF District. This value will be equal to 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 Taxable Value of all property within the TIF District as of January 2, 2021, for taxes payable in 2022, is \$365,900. Upon establishment of the TIF District and classification of the property as residential rental, the estimated original net tax capacity of the TIF District is estimated to be \$4,574. This assumes the property is classified as residential rental. This value is also assumed to be the value of the property, including land and building, as of the date the substandard buildings occupied the parcel.

Each year the County Auditor shall 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 property classification rates.

Section O Original Local Tax Rate

The County Auditor shall also certify the original local tax rate of the TIF District. This rate shall be the sum of all local tax rates that apply to property in the TIF District. This rate shall be for 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 local tax rate of the TIF District.

The County Auditor shall certify the sum of all local tax rates that apply to property in the TIF District for taxes levied in 2021 and payable in 2022 as the original tax capacity rate of the TIF District. Because those rates are not yet available, for purposes of estimating the tax increment generated by the TIF District, the sum of the local tax rates for taxes levied in 2020 and payable in 2021 is 129.013% as shown below.

<u>Taxing Jurisdiction</u>	<u>2020/2021 Local Tax Rate</u>
City of Marshall	59.012%
Lyon County	37.514%
ISD #413	32.334%
Other	<u>0.153%</u>
Total	129.013%

Section P Projected Retained Captured Net Tax Capacity and Projected Tax Increment

The Authority anticipates that the redevelopment will be completed by December 31, 2025, creating a total tax capacity for TIF District No. 1-15 of \$68,278 as of January 2, 2026. The captured tax capacity as of that date is projected to be \$63,704 and the first full year of increment is projected to be \$82,187 in taxes payable 2027. A complete schedule of estimated tax increment from the TIF District is shown in Exhibit III.

Each year the County Auditor shall 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 shall be known as the captured net tax capacity of the TIF District.

The estimates shown in this TIF Plan assume that residential rental class rates remain at 1.25% and commercial-industrial class rates remain at 1.5% for first \$150,000 and 2% value above \$150,000 of the estimated taxable value and assume 2% annual increases in market values.

Each year the County Auditor shall 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 shall be known as the captured net tax capacity of the TIF District.

The County Auditor shall certify to the Authority the amount of captured net tax capacity each year. The Authority may choose to retain any or all of this amount. 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 II gives a listing of the various information and assumptions used in preparing a number of the exhibits contained in this TIF Plan, including Exhibit III which shows the projected tax increment generated over the anticipated life of the TIF District.

Section Q Use of Tax Increment

Each year the County Treasurer shall deduct 0.36% of the annual tax increment generated by the TIF District and pay such amount to the State's 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 III 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 (see Section K) and County administrative costs associated with the TIF District (see Section T);
- (2) pay principal and interest on tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (3) accumulate a reserve securing the payment of tax increment bonds or other bonds issued to finance the estimated 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.

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 applicable to the City.

Tax increment shall not 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, or for a commons area used as a public park, or a facility used for social, recreational, or conference purposes. This prohibition does not apply to the construction or renovation of a parking structure or of a privately-owned facility for conference purposes.

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 sale 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 R Excess Tax Increment

In any year in which the tax increments from the TIF District exceed the amount necessary to pay the estimated public costs authorized by the TIF Plan, the Authority shall use the excess tax increments to:

- (1) prepay any outstanding tax increment bonds;
- (2) discharge the pledge of tax increments thereof;
- (3) pay amounts into an escrow account dedicated to the payment of the tax increment bonds; or
- (4) return excess tax increments to the County Auditor for redistribution to the City, County and School District. The County Auditor must, prior to February 1 of each year, report to the Commissioner of Education the amount of any excess tax increment redistributed to the School District for the preceding taxable year.

Section S Tax Increment Pooling and the Five-Year Rule

At least 75% 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 (see Section E for additional restrictions). No more than 25% of the tax increments may be spent on costs outside of the TIF District but within the boundaries of the Project Area, except to pay debt service on credit enhanced bonds. All administrative expenses are considered to have been spent outside of the TIF District. Tax increments 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 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.
- (3) 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
- (4) used to reimburse a party for payment of eligible costs (including interest) incurred within five years from certification of the district.

Beginning with the sixth year following certification of the TIF District, at least 75% 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 anticipates that an allowable portion of tax increments generated by the project may be spent outside the TIF District (including allowable administrative expenses), and such expenditures are expressly authorized in this TIF Plan.

Section T 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 physical development of the real property in the project;
- (3) relocation benefits paid to, or services provided for, persons residing or businesses located in the project;
- (4) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to section 469.178; or
- (5) amounts used to pay other financial obligations to the extent those obligations were used to finance costs described in clause (1) to (3).

Administrative expenses include amounts paid for services provided by bond counsel, fiscal consultants, planning or economic development consultants, and actual costs incurred by the County 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 tax increment expenditures authorized by the TIF Plan or (b) 10% of the total tax increments received by the TIF District.

Section U Limitation on Property Not Subject to Improvements - Four Year 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 V Estimated Impact on Other Taxing Jurisdictions

Exhibit IV shows the estimated impact on other taxing jurisdictions if the maximum projected retained captured net tax capacity of the TIF District was hypothetically available to the other taxing jurisdictions. The Authority believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since the proposed development would not 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.

The fiscal and economic implications of the proposed tax increment financing district, as pursuant to Minnesota Statutes, Section 469.175, Subdivision 2, are listed below.

1. The total amount of tax increment that will be generated over the life of the district is estimated to be \$2,613,723.
2. To the extent the project in TIF District No. 1-15 generates any public cost impacts on city-provided services such as police and fire protection, public infrastructure, and the impact of any general obligation tax increment bonds attributable to the district upon the ability to issue other debt for general fund purposes, such costs will be levied upon the taxable net tax capacity of the City, excluding that portion captured by the TIF District. The City does not anticipate issuing general obligation tax increment bonds but reserves the right to the use of internal financing, as necessary, to finance a portion of the project costs attributable to the District.
3. 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 estimated to be \$655,066.
4. 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 estimated to be \$760,010.
5. No additional information has been requested by the county or school district that would enable it to determine additional costs that will accrue to it due to the development proposed for the district.

Section W Prior Planned Improvements

The Authority shall accompany its request for certification to the County Auditor (or notice of district enlargement), 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.

There have been no building permits issued in the last 18 months in conjunction with any of the properties within the TIF District.

Section X Development Agreements

If within a project containing a redevelopment district, more than 25% of the acreage of the property to be acquired by the Authority is purchased with tax increment bonds proceeds (to which tax increment from the property is pledged), 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.

The Authority anticipates entering into an agreement for development.

Section Y Assessment Agreements

The Authority 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, County and School District.

The Authority does not anticipate entering into an assessment agreement.

Section Z Modifications of the Tax Increment Financing Plan

Any reduction or enlargement in the geographic area of the Project Area or the TIF District; a determination to capitalize interest on the debt if that determination was not part of the original TIF Plan, an increase in the portion of the captured net tax capacity to be retained by the Authority, an increase in the total estimated public costs, or designation of 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 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 TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

Section AA Administration of the Tax Increment Financing Plan

Upon adoption of the TIF Plan, the Authority shall submit a copy of such plan to the Minnesota Department of Revenue and the Office of the State Auditor. The Authority shall 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 shall 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 shall 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 shall 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 City shall notify the County Assessor of any new development that has occurred in the TIF District during the past year to ensure 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.

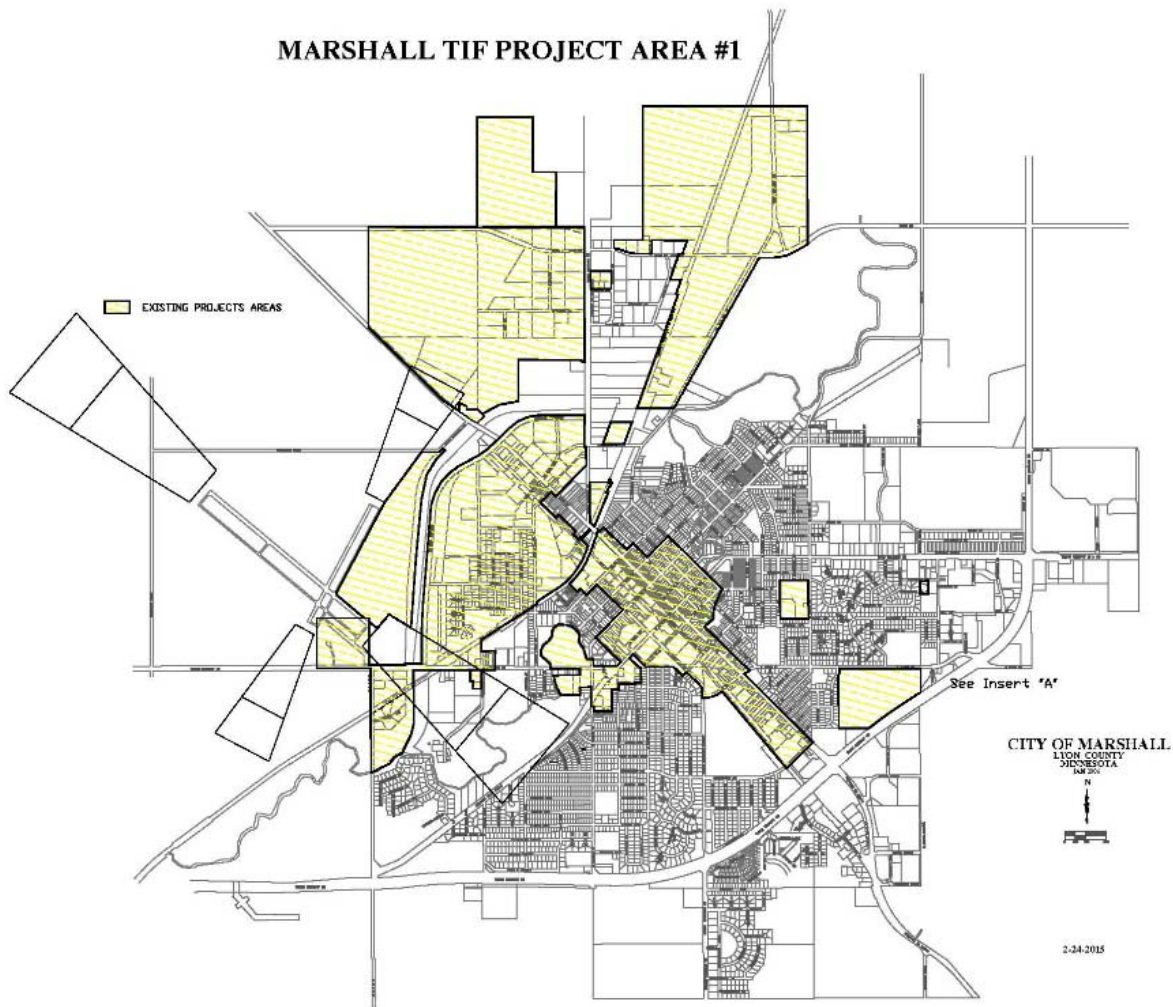
Section AB Filing TIF Plan, Financial Reporting and Disclosure Requirements

The Authority will file the TIF Plan, and any subsequent amendments thereto, with the Commissioner of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes, Section 469.175, subdivision 4A. The Authority will comply with all reporting requirements for the TIF District under Minnesota Statutes, Section 469.175, subdivisions 5 and 6.

Map of
Tax Increment Financing (Redevelopment) District No. 1-15



MARSHALL TIF PROJECT AREA #1



Assumptions Report

City of Marshall, Minnesota
Tax Increment Financing (Redevelopment) District No. 1-15
Proposed Block 11 Redevelopment (Mixed Use)
Draft TIF Plan Exhibits: \$4,646,000 New Taxable Value

Type of Tax Increment Financing District	Housing
Maximum Duration of TIF District	25 years from 1st increment Assume 1st Increment is 2020

Projected Certification Request Date	06/30/22
Decertification Date	12/31/50 (26 Years of Increment)

	2022/2023	2023/2024	2024/2025	2025/2026
Base Estimated Market Value*	\$365,900	\$365,900	\$365,900	\$365,900
Parcel IDS:	27-677119-0			
	27-677129-0			

* Values provided by City

Original Net Tax Capacity	\$4,574	\$4,574	4,574	4,574
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	Assessment/Collection Year			
	2022/2023	2023/2024	2024/2025	2025/2026
Base Estimated Market Value	\$365,900	\$365,900	\$365,900	\$365,900
Estimated Increase in Value - New Construction	0	0	1,194,100	2,768,300
Total Estimated Market Value	\$365,900	\$365,900	\$1,560,000	\$3,134,200
Total Net Tax Capacity	\$4,574	\$4,574	\$14,926	\$43,400

	Payable 2021
City of Marshall	59.012%
Lyon County	37.514%
ISD #413	32.334%
Other	0.153%

Local Tax Capacity Rate	129.013%
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Frozen Tax Capacity Rate	129.013%
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	2023/2024
Fiscal Disparities Contribution From TIF District	NA
Administrative Retainage Percent (maximum = 10%)	10.00%
Pooling Percent	15.00%

Bonds		Projected PayGO Note	
Bonds Dated	NA	Loan Dated	08/01/22
Bond Issue @ 0.00% (NIC)	NA	Loan Rate	4.00%
Eligible Project Costs	NA	Loan Amount	\$4,060,000
Present Value Date & Rate	08/01/22	4.00% PV Amount	\$705,340

Notes

Assumes no changes to future class rates or tax rates.
 Construction to commence in 2022 and complete in 2025
 Total taxable value estimate of \$40,000/unit for apartments and \$150/sf commercial

Projected Tax Increment Report

**City of Marshall, Minnesota
 Tax Increment Financing (Redevelopment) District No. 1-15
 Proposed Block 11 Redevelopment (Mixed Use)
 Draft TIF Plan Exhibits: \$4,646,000 New Taxable Value**

Annual Period Ending (1)	Total Market Value (2)	Total Net Tax Capacity (3)	Less: Original Net Tax Capacity (4)	Retained Captured Net Tax Capacity (5)	Times: Tax Capacity Rate (4) (6)	Annual Gross Tax Increment (7)	Less: State Aud. Deduction 0.360% (8)	Subtotal Net Tax Increment (9)	Less: Adm./Pooling Retainage 25.00% (10)	Less: Land Interfund Loan 25.00% (11)	Annual Net Revenue (12)	P.V. Annual Net Rev. To 08/01/22 4.00%
12/31/22	365,900	4,574	4,574	0	129.013%	0	0	0	0	0	0	0
12/31/23	365,900	4,574	4,574	0	129.013%	0	0	0	0	0	0	0
12/31/24	365,900	4,574	4,574	0	129.013%	0	0	0	0	0	0	0
12/31/25	1,560,000	19,500	4,574	14,926	129.013%	19,257	69	19,188	4,797	4,797	9,594	8,698
12/31/26	3,134,200	43,400	4,574	38,826	129.013%	50,091	180	49,911	12,478	12,478	24,955	21,754
12/31/27	4,726,624	68,278	4,574	63,704	129.013%	82,187	296	81,891	20,473	20,473	40,945	34,320
12/31/28	4,821,156	69,658	4,574	65,085	129.013%	83,968	302	83,666	20,917	20,917	41,832	33,715
12/31/29	4,917,580	71,067	4,574	66,493	129.013%	85,784	309	85,475	21,369	21,369	42,737	33,120
12/31/30	5,015,931	72,503	4,574	67,929	129.013%	87,637	315	87,322	21,831	21,831	43,660	32,534
12/31/31	5,116,250	73,968	4,574	69,394	129.013%	89,527	322	89,205	22,301	22,301	44,603	31,958
12/31/32	5,218,575	75,462	4,574	70,889	129.013%	91,455	329	91,126	22,782	22,782	45,562	31,390
12/31/33	5,322,946	76,987	4,574	72,413	129.013%	93,422	336	93,086	23,272	23,272	46,542	30,832
12/31/34	5,429,405	78,541	4,574	73,967	129.013%	95,428	344	95,084	23,771	23,771	47,542	30,283
12/31/35	5,537,993	80,127	4,574	75,553	129.013%	97,474	351	97,123	24,281	24,281	48,561	29,742
12/31/36	5,648,753	81,745	4,574	77,171	129.013%	99,560	358	99,202	24,801	24,801	49,600	29,210
12/31/37	5,761,728	83,395	4,574	78,821	129.013%	101,689	366	101,323	25,331	25,331	50,661	28,687
12/31/38	5,876,963	85,077	4,574	80,504	129.013%	103,860	374	103,486	25,872	25,872	51,742	28,173
12/31/39	5,994,502	86,794	4,574	82,220	129.013%	106,075	382	105,693	26,423	26,423	52,847	27,668
12/31/40	6,114,392	88,545	4,574	83,971	129.013%	108,334	390	107,944	26,986	26,986	53,972	27,170
12/31/41	6,236,680	90,331	4,574	85,757	129.013%	110,638	398	110,240	27,560	27,560	55,120	26,680
12/31/42	6,361,414	92,152	4,574	87,579	129.013%	112,988	407	112,581	28,145	28,145	56,291	26,199
12/31/43	6,488,642	94,010	4,574	89,437	129.013%	115,385	415	114,970	28,743	28,743	57,484	25,725
12/31/44	6,618,415	95,906	4,574	91,332	129.013%	117,830	424	117,406	29,352	29,352	58,702	25,260
12/31/45	6,750,783	97,839	4,574	93,265	129.013%	120,324	433	119,891	29,973	29,973	59,945	24,803
12/31/46	6,885,799	99,810	4,574	95,237	129.013%	122,868	442	122,426	30,607	30,607	61,212	24,353
12/31/47	7,023,515	101,822	4,574	97,248	129.013%	125,462	452	125,010	31,253	31,253	62,504	23,911
12/31/48	7,163,985	103,873	4,574	99,299	129.013%	128,109	461	127,648	31,912	31,912	63,824	23,477
12/31/49	7,307,265	105,966	4,574	101,392	129.013%	130,809	471	130,338	32,585	32,585	65,168	23,049
12/31/50	7,453,410	108,100	4,574	103,526	129.013%	133,562	481	133,081	33,270	33,270	66,541	22,629
						\$2,613,723	\$9,407	\$2,604,316	\$651,085	\$651,085	\$1,302,146	\$705,340

* election to delay receipt of first increment until 2026 (up to 4 years from approval date)

(1) Total estimated market value based on preliminary information provided by City Assessor (\$40,000/unit apartments and \$150/SF commercial)

very preliminary and subject to further review. Includes 2% annual market value inflator

(2) Total net tax capacity based on residential rental class rate of 1.25% and commercial-industrial class rates of 1.5% up to \$150,000 of value and 2% for value above \$150,000

(3) Original net tax capacity based on existing value for parcels to be included in development

(4) Total local combined tax rate for taxes payable 2021

Estimated Impact on Other Taxing Jurisdictions Report

**City of Marshall, Minnesota
 Tax Increment Financing (Redevelopment) District No. 1-15
 Proposed Block 11 Redevelopment (Mixed Use)
 Draft TIF Plan Exhibits: \$4,646,000 New Taxable Value**

Taxing Jurisdiction	Without Project or TIF District		With Project and TIF District					
	2020/2021 Taxable Net Tax Capacity (1)	2020/2021 Local Tax Rate	2020/2021 Taxable Net Tax Capacity (1)	Projected Retained Captured Net Tax Capacity +	New Taxable Net Tax Capacity =	Hypothetical Adjusted Local Tax Rate (*)	Hypothetical Decrease In Local Tax Rate (*)	Hypothetical Tax Generated by Retained Captured N.T.C. (*)
City of Marshall	12,317,601	59.012%	12,317,601	\$103,526	12,421,127	58.520%	0.492%	60,584
Lyon County	39,640,163	37.514%	39,640,163	103,526	39,743,689	37.416%	0.098%	38,736
ISD #413	19,021,259	32.334%	19,021,259	103,526	19,124,785	32.159%	0.175%	33,293
Other (2)	---	0.153%	---	103,526	---	0.153%	---	---
Totals		129.013%				128.248%	0.765%	

*** Statement 1:** If the projected Retained Captured Net Tax Capacity of the TIF District was hypothetically available to each of the taxing jurisdictions above, the result would be a lower local tax rate (see Hypothetical Adjusted Tax Rate above) which would produce the same amount of taxes for each taxing jurisdiction. In such a case, the total local tax rate would decrease by 0.765% (see Hypothetical Decrease in Local Tax Rate above). The hypothetical tax that the Retained Captured Net Tax Capacity of the TIF District would generate is also shown above.

Statement 2: Since the projected Retained Captured Net Tax Capacity of the TIF District is not available to the taxing jurisdictions, then there is no impact on taxes levied or local tax rates.

- (1) Taxable net tax capacity = total net tax capacity - captured TIF - fiscal disparity contribution, if applicable.
- (2) The impact on these taxing jurisdictions has not been calculated. They represent 0.12% of the total tax rate.

Market Value Analysis Report

City of Marshall, Minnesota

Tax Increment Financing (Redevelopment) District No. 1-15

Proposed Block 11 Redevelopment (Mixed Use)

Draft TIF Plan Exhibits: \$4,646,000 New Taxable Value

<u>Assumptions</u>				
	Present Value Date			08/01/22
	P.V. Rate - Gross T.I.			4.00%
<hr/>				
	Increase in EMV With TIF District			\$7,087,510
	Less: P.V of Gross Tax Increment			<u>1,379,247</u>
	Subtotal			\$5,708,263
	Less: Increase in EMV Without TIF			<u>0</u>
	Difference			\$5,708,263
<hr/>				
		Year	Annual Gross Tax Increment	Present Value @ 4.00%
		<hr/>	<hr/>	<hr/>
1		2025	19,257	17,008
2		2026	50,091	42,539
3		2027	82,187	67,112
4		2028	83,968	65,929
5		2029	85,784	64,764
6		2030	87,637	63,618
7		2031	89,527	62,491
8		2032	91,455	61,381
9		2033	93,422	60,290
10		2034	95,428	59,216
11		2035	97,474	58,159
12		2036	99,560	57,119
13		2037	101,689	56,096
14		2038	103,860	55,090
15		2039	106,075	54,101
16		2040	108,334	53,128
17		2041	110,638	52,171
18		2042	112,988	51,230
19		2043	115,385	50,305
20		2044	117,830	49,395
21		2045	120,324	48,501
22		2046	122,868	47,621
23		2047	125,462	46,756
24		2048	128,109	45,906
25		2049	130,809	45,071
26		2050	<u>133,562</u>	<u>44,250</u>
			\$2,613,723	\$1,379,247

**Report of Inspection Procedures and Results for Determining Qualifications of a Tax
Increment Financing District as a Redevelopment District**