INVER GROVE HEIGHTS
PLANNING COMMISSION AGENDA

TUESDAY, DECEMBER 3, 2013 – 7:00 p.m.
City Council Chambers - 8150 Barbara Avenue

1. CALL TO ORDER

2. APPROVAL OF PLANNING COMMISSION MINUTES FOR NOVEMBER 19, 2013.

3. APPLICANT REQUESTS AND PUBLIC HEARINGS

4. OTHER BUSINESS

4.01 CITY OF INVER GROVE HEIGHTS
Consider finding the modification to the Tax Increment Financing (TIF) District 2-1 consistent with the Comprehensive Plan.

Planning Commission Action _____

5. ADJOURN

This document is available upon 3 business day request in alternate formats such as Braille, large print, audio recording, etc. Please contact Kim Fox at 651.450.2545 or kfox@invergroveheights.org

PLANNING COMMISSION MINUTES - CITY OF INVER GROVE HEIGHTS

Tuesday, November 19, 2013 – 7:00 p.m.
City Hall Chambers - 8150 Barbara Avenue

Chair Hark called the Planning Commission meeting to order at 7:00 p.m.

Commissioners Present:	Paul Hark Pat Simon Tony Scales Bill Klein Victoria Elsmore Dennis Wippermann Harold Gooch
Commissioners Absent:	Armando Lissarrague (excused) Annette Maggi (excused)
Others Present:	Heather Botten, Associate Planner

DRAFT

APPROVAL OF MINUTES

The minutes from the November 6, 2013 Planning Commission meeting were approved as submitted.

DJ'S HANDYMAN SERVICE LLC – CASE NO. 13-53V

Reading of Notice

Commissioner Simon read the public hearing notice to consider the request for a variance to allow a covered landing for a handicap ramp to be located 17 feet from the front property line whereas 30 feet is the required setback, for the property located at 4604 Barbara Avenue. 6 notices were mailed.

Presentation of Request

Heather Botten, Associate Planner, explained the request as detailed in the report. She advised that the applicant would like to expand the existing platform area of a handicap ramp and add a roof addition over the platform to provide shade and cover from the elements. The roof addition would be a detached structure approximately three feet from the house. The applicant is requesting a 13 foot variance to allow the covered platform to be located 17 feet from the front property line whereas 30 feet is the required setback for covered areas. The proposed covered platform would be one of the only front yard encroachments in this neighborhood. The Zoning Code was modified about 10 years ago to allow uncovered decks and ramp platforms to encroach six feet into the front setback areas; covered roofs were not included with this code amendment. Staff recommends denial of the request for the reasons stated in Alternative B. She advised that a variance request for another ramp was recently brought before the Commission and was approved by City Council. That request was different; however, as it was an uncovered deck while this request would have a roof structure. Staff has not heard from any neighboring property owners.

Commissioner Klein asked if staff had objections to the existing platform.

Ms. Botten replied that staff would have no issues if the applicants were to only replace the existing ramp. Because they want to expand it; however, a variance is necessary.

Commissioner Klein stated it was his understanding that the applicants were asking for an

expansion because it was difficult to maneuver a wheelchair in such a confined space. He asked if staff would have an issue with the platform expansion if there was no roof.

Ms. Botten replied that staff's recommendation would likely not change. She explained that staff recommended denial of a recent similar request as well and they believe this is a larger area than what is necessary for turning around and accessing the house. She stated the applicants could look at other alternatives for shading and could possibly build a covered porch in the back yard.

Commissioner Klein noted that currently the applicants were using an umbrella for shading.

Chair Hark stated his understanding was that the Planning Commission could not consider health or medical conditions as a criterion for a variance.

Ms. Botten replied that was correct.

Opening of Public Hearing
Dick Johnson, 13836 Currant Circle, Rosemount, advised he was the general contractor.

Chair Hark asked if the applicant understood the staff recommendations.

Mr. Johnson replied in the affirmative. He advised that ten years ago he was asked by the homeowners to remodel the house so it could accommodate their son's daily care routine after his injury. The ramp was built as part of that remodel; however, it now needs additional work due to wear and tear. Since their son cannot be in the sun for more than 5-10 minutes, Mr. Johnson is proposing to put a hip roof over the platform. The homeowners would also like to expand the existing platform to allow more room for maneuverability and seating. The County will pay for such a structure since it is related to access but will not pay for anything in the back yard.

Commissioner Elsmore suggested the applicant expand the deck back towards the house in the empty area rather than expanding it towards the street and to the side.

Mr. Johnson replied that the proposed roof would then interfere with the existing house roof and overhang. Also, expanding the platform towards the house would serve no purpose.

Commissioner Elsmore stated it should partially help as it would create additional space for seating. She asked if staff had encroachment issues with the proposed two foot expansion to the side.

Ms. Botten replied that since the existing ramp was encroaching into the setback, any addition to the ramp would require a variance.

Commissioner Gooch asked for clarification of the proposed deck and roof dimensions.

Ms. Botten advised the proposed roof would be over the entire 10' x 10' deck area.

Mr. Johnson added that the roof line would encroach beyond the platform as there would be a 1–2 foot soffit.

Commissioner Gooch noted that visually the deck would still be 32 feet from the road.

Commissioner Wippermann asked if building a deck on the back of the house was a possibility.

Mr. Johnson stated he had not looked at the feasibility of doing that since the County would only

fund an addition onto the area associated with the ramp.

Commissioner Simon asked if their disabled son could get to the back yard from inside the house.

Mr. Johnson replied he could not.

Commissioner Simon stated if a covered deck were built in the backyard he could access it from the outside by being brought around the house through the yard.

Mr. Johnson advised it would be unsafe and they would have to go around the side of the garage.

Commissioner Simon agreed that running a wheelchair over a lawn was difficult.

Mr. Johnson advised it was more than a wheelchair.

Chair Hark closed the public hearing.

Planning Commission Discussion

Commissioner Klein asked if the zoning code gave any special consideration for handicapped individuals.

Ms. Botten replied it allowed uncovered decks and ramp platforms to encroach six feet into the front setback areas.

Chair Hark sympathized with the applicant and agreed with Commissioner Klein that there should be language in the zoning code that would better accommodate this type of situation. He suggested that perhaps such language could be found in other municipalities' code.

Commissioner Klein stated his aunt was handicapped and was able to have a deck and ramp on a temporary basis as it must be removed once it was no longer necessary.

Ms. Botten stated that could be recommended as a condition; however, staff would have no way of enforcing the removal of the ramp as zoning staff was not notified when houses were sold.

Commissioner Gooch agreed that the City should have provisions in their zoning ordinance to help people in need of this kind of assistance. He supported the variance request, stating he did not think they would be setting a precedent as this was specifically for someone with a disability, he felt it was a necessity rather than a convenience, there were no objections from the neighbors, and the ramp would still be 32 feet from the curb. He hoped that City Council would discuss changes that would help accommodate people with disabilities and enable them to live longer in their homes.

Commissioner Elsmore stated if the code was changed she would be in support of the request. Since they had to work with the existing code; however, she did not feel the request met the variance criteria as there were other alternatives available and the applicant did not identify a practical difficulty since the Commission was not allowed to consider physical disabilities of the homeowners. She stated that while the umbrella may not be aesthetically pleasing, it served its purpose and the deck could be expanded to the side rather than closer to the street to allow for more seating and maneuverability.

Commissioner Wippermann agreed with Commissioner Elsmore, stating he had concerns regarding the proposed roof structure as it did not meet the variance criteria.

DRAFT

Planning Commission Recommendation

Motion by Commissioner Gooch, second by Commissioner Klein, to approve the request for a variance to allow a covered landing for a handicap ramp to be located 17 feet from the front property line whereas 30 feet is the required setback, for the property located at 4604 Barbara Avenue, with the condition listed in Alternative A.

Motion failed (2/5 – Scales, Simon, Elsmore, Wippermann and Hark). This item goes to the City Council on November 25, 2013.

The meeting was adjourned by unanimous vote at 7:34 p.m.

Respectfully submitted,

Kim Fox
Recording Secretary

DRAFT

MEMO
CITY OF INVER GROVE HEIGHTS

TO: Planning Commission

FROM: Thomas J. Link, Director of Community Development

DATE: November 27, 2013 for December 3, 2013 Commission Meeting

SUBJECT: Modifications to Tax Increment Finance (TIF) District 2-1 – Consistency with the Comprehensive Plan

ACTION REQUESTED

The Planning Commission is to consider the attached resolution finding the modifications to Tax Increment Finance District 2-1 to be consistent with the City's Comprehensive Plan.

BACKGROUND

The City Council is considering modifications to TIF District 2-1. Before the City Council can consider such modifications, Minnesota Statutes require the Planning Commission to determine if the modifications are consistent with the Comprehensive Plan. The Planning Commission has no responsibility to address financial aspects of the plan.

The attached memo from Ehlers Associates, the City's financial consultant, explains the modifications. The revenue from TIF District 2-1 has been insufficient to pay the bonds because the State legislature changed tax capacity rates which reduced the increment revenue. The City Council, therefore, is considering extending the district by up to four years and using the additional revenue to pay the outstanding debt.

ANALYSIS

TIF District 2-1 is located on the southeast corner of Robert Street and Mendota Road. The property is designated as Regional Commercial on the City's Comprehensive Plan and is zoned B-3, General Business. The property is fully developed and consists of the Southridge Shopping Center and the Home Depot store. The proposed modification will not change the Comprehensive Plan designation, the Zoning Ordinance, or the existing use. The modification is being made for financial reasons and is not expected to have an impact on development or redevelopment of the property.

RECOMMENDATION

Staff recommends approval of the resolution that finds the modification to TIF District 2-1 to be consistent with the Comprehensive Plan since the modification does not necessitate amendments to the Comprehensive Plan or the zoning map or anticipate a change in the existing uses.

Enc: Resolution Related to the Modification to TIF District 2-1
Memo from Ehlers Associates, dated November 25, 2013
Modification to TIF District 2-1

PLANNING COMMISSION
CITY OF INVER GROVE HEIGHTS, MINNESOTA

RESOLUTION NO. _____

RESOLUTION OF THE CITY OF INVER GROVE HEIGHTS PLANNING COMMISSION FINDING THAT THE MODIFICATION OF THE DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 2 AND THE MODIFICATION OF THE TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 2-1 CONFORM TO THE GENERAL PLANS FOR THE DEVELOPMENT AND REDEVELOPMENT OF THE CITY.

WHEREAS, the City of Inver Grove Heights (the "City") has proposed to modify the Development Program for Development District No. 2 (the "Development Program Modification") and modify the Tax Increment Financing Plan for Tax Increment Financing District No. 2-1 (the "TIF Plan Modification") therefor (the Development Program Modification and the TIF Plan Modification are referred to collectively herein as the "Modifications") and has submitted the Modifications to the City Planning Commission (the "Commission") for review, and

WHEREAS, the Commission has reviewed the Modifications to determine their conformity with the general plans for the development and redevelopment of the City as described in the comprehensive plan for the City.

NOW, THEREFORE, BE IT RESOLVED by the Commission that the Modifications conform to the general plans for the development and redevelopment of the City as a whole.

Dated: December 3, 2013

_____
Chair

ATTEST:

_____
Secretary

EHLERS
LEADERS IN PUBLIC FINANCE

Memo

To:	**Tom Link, Community Development Director**
From:	**Steve Apfelbacher and Jessica Cook, Ehlers**
Cc:	**Joe Lynch, City Administrator and Kristi Smith, Finance Director**
Date:	**November 25, 2013**
Subject:	**Resolution Related to the Modification to TIF District 2-1**

The City of Inver Grove Heights established TIF District 2-1 to facilitate development of the southwest corner of Robert Street and Mendota Road. Subsequent modifications to the TIF District allowed the City to pledge increment from the district to pay principal and interest on bonds that financed the community center. In 2001 and 2002 the state legislature changed tax capacity rates so that commercial and industrial properties generated less tax revenue and therefore less increment. Since that time, the increment from TIF District 2-1 has been insufficient to make the full debt service payment on the bonds. One option provided for by state law to remedy the deficits in TIF District 2-1 is to extend the district by up to four years.

TIF District 2-1 is scheduled to decertify at the end of 2013; however the City Council is considering extending the district by four years. The process for extending the district includes a review by the Planning Commission to determine if the proposed Modification to TIF District 2-1conforms with the Comprehensive Plan.

The proposed Modification to TIF District 2-1 accomplishes the following:

1. Extends the term of the district by up to four years; and
2. Modifies the budget to be in conformance with current statute and reporting requirements.

The Modification does not expand the geographic area of the district. No new development or redevelopment activities are contemplated and, in fact, the increment received after December 31, 2013 will be limited to payment of the outstanding debt. The proposed Modification to TIF District 2-1 is being considered for financial reasons and is not expected to have an impact on the development and redevelopment plans of the City.

Draft for Planning Commission

Modification to the Development Program

For

Development District No. 2

And the

Modification to the Tax Increment Financing Plan

for

Tax Increment Financing District No. 2-1,

(a redevelopment district)

within

Development District No. 2

City of Inver Grove Heights
Dakota County
State of Minnesota

Originally Adopted:	July 14, 1986
Modification No. 1 Adopted:	May 26, 1987
Modification No. 2 Adopted:	May 8, 1995
Modification No. 3 Adopted:	March 24, 1997
Modification No. 4 Public Hearing:	December 9, 2013

EHLERS

Prepared by: EHLERS & ASSOCIATES, INC.
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MUNICIPAL ACTION TAKEN

Based upon the statutory authority described in the Development Program attached hereto, the public purpose findings by the City Council and for the purpose of fulfilling the City's development objectives as set forth in the Development Program, the City Council has created, established and designated Development District No. 2 pursuant to and in accordance with the requirements of Minnesota Statutes, Section 469.124 to 469.134.

The following municipal action was taken in connection therewith:

July 14, 1986: The Program for Development District No. 2 was adopted by the City Council.

May 8, 1995: The Program for Development District No. 2 was amended by the City Council.

March 24, 1997: The Program for Development District No. 2 was amended by the City Council.

(AS MODIFIED DECEMBER 9, 2013)

December 9, 2013: The Development Program for Development District No. 2 was modified by the City Council.

The following municipal action was taken with regard to the Tax Increment Financing District located within Development District No. 2:

Tax Increment Financing District No. 1:

July 14, 1986: The Tax Increment Financing Plan for Tax Increment District No. 2-1 was adopted by the City Council.

May 8, 1995: The Tax Increment Financing Plan for Tax Increment District No. 2-1 was amended by the City Council.

March 24, 1997: The Tax Increment Financing Plan for Tax Increment District No. 2-1 was modified by the City Council.

(AS MODIFIED DECEMBER 9, 2013)

December 9, 2013: The Tax Increment Financing Plan for Tax Increment District No. 2-1 was modified by the City Council to extend the term of the District, conform to statutory changes & OSA reporting requirements and to include certain lease revenues

SECTION I.

MODIFIED DEVELOPMENT PROGRAM FOR
DEVELOPMENT DISTRICT NO. 2

(AS MODIFIED DECEMBER 9, 2013)

The following text represents a Modification to the Development Program for Development District No. 2. This modification represents a continuation of the goals and objectives set forth in the Development Program for Development District No. 2. Generally, the substantive changes include the modification of Tax Increment Financing District No. 2-1.

The modifications below are intended to modify specific sections of the Development Program for Development District No. 2, established on July 14, 1986 and modified on May 8, 1995. The City of Inver Grove Heights has jurisdiction over the Development Program for Development District No. 2. This modified Development Program for Development District No. 2 is intended to replace any previous versions.

In general, the modifications below are intended to specify additional projects to be included in Development District No. 2, and to expand the boundaries of Development District No. 2 as indicated on the attached maps and described below.

Subsection 1.1. Definitions. The terms defined below shall, for purposes of this Development Program, have the meanings herein specified, unless the context otherwise specifically requires:

"City" means the City of Inver Grove Heights, a statutory municipal corporation and political subdivision of the State of Minnesota.

"Comprehensive Plan" means the City's Comprehensive Plan which contains the objectives, policies, standards and programs to guide public and private land use, development, redevelopment and preservation for all lands and water within the City.

"Council" means the City Council of the City, also referred to as the governing body (See "Governing Body" below).

"County" means the County of Dakota, Minnesota.

"Development District Act" means the statutory provisions of Minnesota Statutes, Sections 469.124 to 469.134, as amended and supplemented.

"Development District" means Development District No. 2 in the City, which is created and established pursuant to and in accordance with the Development District Act, and is geographically described in Section I, Subsection 1.11 of the Development Program.

"Development Program" means this Development Program for Development District No. 2, initially adopted by the Council on July 14, 1986 and amended by the Council on May 8, 1995. As defined in the Development District Act, a development program is a statement of objectives of the City for improvement of a development district which contains a complete statement as to the public facilities to be constructed within the district, the open space to be created, the environmental controls to be applied, the proposed reuse of private property and the proposed operations of the district after the capital improvements within the district have been completed.

"Governing Body" means the duly elected City Council.

"State" means the State of Minnesota.

"Tax Increment Bonds" means any general obligation or revenue bonds issued and to be issued by the City to finance the public costs associated with Development District No. 2 as stated in the Development Program and in the Tax Increment Financing Plan for Tax Increment Financing District No. 2-1 within Development District No. 2, which are payable in whole or in part from Tax Increments. The term "Tax Increment Bonds" shall also include any obligations issued to refund the Tax Increment Bonds.

"Tax Increment Financing District" means Tax Increment Financing District No. 2-1 established within Development District No. 2.

"Tax Increment Financing Act" means Minnesota Statutes 1986, Sections 273.71 through 273.78, inclusive, as amended, which has been recodified as Sections 469.174 to 469.179.

"Tax Increment Financing Plan" means the Tax Increment Financing Plan for the Tax Increment Financing District.

"Tax Increments" means ad valorem tax increments derived by the City from the Tax Increment Financing District, or the proceeds of Tax Increment Bonds issued in anticipation of Tax Increments.

Subsection 1.2. Statement and Finding of Public Purpose. The City Council (the "Council") of the City of Inver Grove Heights (the "City") determines that there is a need for development and redevelopment within the corporate limits of the City in the Development District to provide employment opportunities, to improve the tax base and to improve the general economy of the State. It is found that the area within the Development District is potentially more useful and valuable than is being realized under existing development, is less productive than is possible under this program and, therefore, is not contributing to the tax base to its full potential.

Therefore, the City has determined to exercise its authority to develop a program for improving the Development District of the City to improve impetus for private development, to maintain and increase employment, to utilize existing potential and to provide other facilities as are outlined in the Development Program adopted by the City.

The Council has also determined that the proposed developments would not occur solely through private investment in the foreseeable future; that the tax increment financing plan proposed herein is consistent with the Development Program; and that the tax increment plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the Development District by private enterprise.

The Council finds that the welfare of the City as well as the State of Minnesota requires active promotion, attraction, encouragement and development of economically sound industry and commerce to carry out its stated public purpose objectives.

Subsection 1.3. Statutory Authority. The Council determines that it is desirable and in the public interest to establish, develop and administer a Development Program for Development District No. 2 (the "Development District") in the City to implement its Development District Plan, pursuant to the provisions of the Development District Act.

Funding of the necessary activities and improvements in the Development District shall be accomplished through tax increment financing in accordance with the Tax Increment Financing Act and other applicable laws, and through the use of other types of financing.

The City has designated the area shown in Exhibit I-A as Development District No. 2 in accordance with the Development District Act. Within the Development District, the City has established Tax Increment Financing District No. 2-1 as a "redevelopment district" pursuant to Section 273.73, Subdivision 10(a)(1), of the Tax Increment Act.

Subsection 1.4. Statement of Objectives. The Council determines that the establishment of the Development District will provide the City with the ability to achieve certain public purpose goals not otherwise obtainable in the foreseeable future without City intervention in the normal development process. The public purpose goals include: restore and improve the tax base and tax revenue generating capacity of the Development District; increase employment opportunities; realize comprehensive planning goals; remove blighted conditions; revitalize the property within the Development District to create an attractive, comfortable, convenient, and efficient area for industrial, commercial, and related uses; and provide necessary public infrastructure and facilities.

The City and Council seek to achieve the following Development District program objectives:

1. Promote and secure the prompt development of certain property in the Development District, which property is not now in productive use or in its highest and best use, in a manner consistent with the City's Comprehensive Plan and with a minimum adverse impact on the environment, and thereby promote and secure the development of other land in the City.

2. Promote and secure additional employment opportunities within the Development District and the City of residents of the City and the surrounding area, thereby improving living standards, reducing unemployment and the loss of skilled and unskilled labor and other human resources in the City.

3. Secure the increase of commercial property subject to taxation by the City, Independent School District No. 199, Dakota County, and other taxing jurisdictions in order to better enable such entities to pay for governmental services and programs required to be provided by them.

4. Provide for the financing and construction of public improvements in and adjacent to the Development District, necessary for the orderly and beneficial development of the Development District and adjacent areas of the City.

5. Promote the concentration of new desirable commercial, office, and other appropriate development in the Development District so as to maintain the area in a manner compatible with its accessibility and prominence in the City.

6. Encourage local business expansion, improvement, and development, whenever possible.

7. Create a desirable and unique character within the Development District through quality land use alternatives and design quality in new remodeled buildings.

8. Encourage and provide maximum opportunity for private redevelopment of

existing areas and structures which are compatible with the Development Program.

9. Provide for the construction of public infrastructure and facilities deemed necessary to support development and to provide for the health, safety and welfare of the residents of the City.

Subsection 1.5. Estimated Public Costs and Supportive Data. The estimated public redevelopment costs and public improvement costs to be incurred within Development District No. 2 and financed in whole or in part by Tax Increments derived from Tax Increment District No. 2-1 are as follows:

(AS MODIFIED MAY 8, 1995)

IN TAX INCREMENT FINANCING DISTRICT NO. 2-1

ON-SITE PUBLIC IMPROVEMENTS	$2,150,000
Soil Corrections	$750,000
Storm Drainage/Pond Improvements	100,000
Water Tower	1,300,000
OFF-SITE PUBLIC IMPROVEMENTS	$350,000
Road Improvements	
PROFESSIONAL SERVICES	
Estimated project costs for legal assistance, planning, design engineering, appraisals, marketing, bond issuance costs, and other project services	$ 380,000
CONTINGENCY	$ 120,000
BOND DISCOUNT	$ 76,100
INTEREST ON BONDS PRIOR TO RECEIPT OF TAX INCREMENT TO FULLY FUND PRINCIPAL AND INTEREST-assumes 10.5% interest rate	$ 835,000
TOTAL	$3,911,100

OUTSIDE TAX INCREMENT FINANCING DISTRICT NO. 2-1

Project	Estimated Total Project Cost	Amount Paid Tax Increments	Amount Paid Other Sources
Mendota Road (CSAH 14) - T.H. 52 to T.H. 110	700,000	600,000	100,000
Babcock Trail (CSAH 73) - I-494 to Mendota Road (CSAH 14)	300,000	250,000	50,000
Blaine Ave. - 50th Ave. to No. City Limits	1,500,000	950,000	550,000
70th St. (CSAH 26) - West City Limits to Babcock Trail (CSAH 73)	2,250,000	1,250,000	1,000,000
Veterans Memorial Community Center	4,500,000	2,500,000	2,000,000
Central Interceptor Sewer - Babcock Tr. to Robert St. & North	5,100,000	1,090,000	4,010,000
TOTAL	$14,350,000	$6,640,000*	$7,710,000

Detailed descriptions of the above-described projects and their locations are set forth in Appendix A. The estimated Tax Increments as shown in Appendix B are allocated to pay costs of the above-described projects as set forth above.

*Includes $1,793,566 of Tax Increments on hand and $4,846,434 of Tax Increment Bond proceeds and interest earning thereon.

(AS MODIFIED MARCH 24, 1997)

Outside Tax Increment Financing District No. 2-1

PROJECT	Estimated Total Project Cost	Amount Paid Tax Incr.	Amount Paid Other Sources
Mendota Road (CSAH 14) -- T.H. 52 to T.H. 110	$900,000	$750,000	$150,000
Babcock Trail (CSAH 73) -- I-494 to Mendota Road (CSAH 14)	300,000	250,000	50,000
Blaine Ave. -- 50th Ave. To North City Limits	1,500,000	950,000	550,000
70th Street (CSAH 26)-- West City Limits to Babcock Trail (CSAH 73)	2,250,000	1,250,000	1,000,000
Veterans Memorial Community Center	7,500,000	5,000,000	2,500,000
Central Interceptor Sewer-- Babcock Tr. To Robert St. & North	6,000,000	2,000,000	4,000,000
80th Street (CSAH 28) West City Limits to Babcock Trail (CSAH 73)	2,000,000	1,000,000	1,000,000
Pine Bend Elementary School Sanitary Sewer/Road Access	1,000,000	500,000	500,000
Water Treatment Plant	8,800,000	6,600,000	2,200,000
South Robert Trail (TH3) and Diffley Road (CSAH30) Roadway And Intersection Improvements	690,000	690,000	0
TOTAL	$30,940,000	$18,990,000	$11,950,000

SUPPORTIVE DATA FOR ESTIMATED COSTS OF
IMPROVEMENTS FOR DEVELOPMENT DISTRICT
UNDER DEVELOPMENT PROGRAM

It was necessary to make certain assumptions regarding income, costs and timing of the tax increment financing district. These assumptions are based on discussions with City and County staff, the developer and architects.

ITEM	BASIS FOR ESTIMATE
PUBLIC IMPROVEMENTS	Estimated by Developer, Architects and City Staff and Consultants
PROFESSIONAL SERVICES	Estimate of Project costs for legal assistance, bond issuance costs, planning, design engineering, appraisals, marketing
INTEREST ON BONDS PRIOR TO RECEIPT OF TAX INCREMENT TO FULLY FUND PRINCIPAL AND INTEREST	Estimated by the financial consultant to the City to be 6.40% on tax-exempt bonds, if any are issued.

Subsection 1.6. Environmental Controls. The proposed economic development in the Development District does not present significant environmental concerns. All municipal actions, public improvements and private development shall be carried out in a manner consistent with existing environmental standards.

Subsection 1.7. Proposed Reuse of Property. The public improvements needed to encourage new development include acquisition of land or acquisition of a leasehold in the land, site improvements, and general improvements. The Development Program does not contemplate the acquisition of private property until such time as a private developer presents an economically feasible program for the reuse of that property. It is the intent of the City to negotiate the acquisition of property whenever necessary. Appropriate restrictions regarding the reuse and redevelopment of property shall be incorporated into any land sale contract to which the City is a part. The Development Program does contemplate potential land acquisition in relation to Tax Increment Financing District No. 2-1. See Section I, Development Program, Subsection 1.12.

Subsection 1.8. Administration and Maintenance of Development District. Maintenance and operation of the public improvements will be the responsibility of the City Administrator of the City who shall serve as Administrator of the Development District.

The Administrator will administer the Development District pursuant to the provisions of the Development District Act; provided, however, that such powers may only be exercised at the direction of the Council. No action taken by the Administrator pursuant to the above-mentioned powers shall be effective without authorization by the Council.

Subsection 1.9. Rehabilitation. Owners of properties within the Development District will be encouraged to rehabilitate their properties to conform with the applicable state and local codes and ordinances, as well as any design standards. Owners of properties who purchase property within the

Development District from the City may be required to rehabilitate their properties as a condition of sale or land. The City will provide such rehabilitation assistance as may be available from federal, state or local sources.

Subsection 1.10. Relocation. The City accepts its responsibility for providing for relocation pursuant to the Development District Act.

Subsection 1.11. Boundaries of Development District.

The boundaries of Development District No. 2 are expanded as described by the legal description below. The new boundaries of Development District No. 2 are also shown on the map in Appendix B.

A. Boundaries of Development District No. 2 *as established on July 14, 1986.*

The Municipal Development District boundary for Development District No. 2 is legally described as the eastern one-half of the southwestern one-quarter of the southwestern one-quarter of Section 29, Township 28, Range 22 in the City of Inver Grove Heights, Minnesota; and is generally described as Mendota Road (45th Street East) to the north, U.S. Highway 110 to the south, the eastern property line of the abandoned drive-in movie theater to the east, and South Robert Trail to the west.

B. Boundaries of Development District No. 2 *as amended May 8, 1995*

Boundaries of Development District No. 2 as amended are:

Tract I

A parcel of land located in Sections 28, 29, 30, 32, and 33, Township 28 North, Range 22 West, City of Inver Grove Heights, Dakota County, Minnesota, which is bounded by the Inver Grove Heights/West St. Paul and Inver Grove Heights/South St. Paul municipal boundaries on the north, the Inver Grove Heights/South St. Paul municipal boundary on the east, the north right-of-way line of Interstate 494 on the south, and the Inver Grove Heights/Sunfish Lake municipal boundary on the west;

together with,

Tract II

A parcel of land located in Sections 32 and 33, Township 28 North, Range 22 West, City of Inver Grove Heights, Dakota County, Minnesota, beginning at the intersection of the north right-of-way line of Interstate 494 and the west section line of Section 32, thence east along the north right-of-way line of Interstate 494 to the west right-of-way of U.S. Highway 52 (Lafayette Freeway), thence south along the west right-of-way line of U.S. Highway 52 (Lafayette Freeway) to a line located 722.66 feet north of the south section line of Section 33, thence east along said line to the east right-of way line of Blaine Avenue, thence south along east right-of-way line of Blaine Avenue to the south line of Section 33, thence west along the south line of Section 33 and 32 to the Inver Grove Heights/Sunfish Lake municipal boundary, thence north along the Inver Grove Heights/Sunfish Lake municipal boundary to the point of beginning;

together with,

Tract III

A parcel of land located in Sections 4, 5, 6, 7, 8, 9, 16, 17, and 18, Township 27 North, Range 22 West, Inver Grove Heights, Dakota County, Minnesota, beginning at the northwest corner of Section 7 and thence east along the north section lines of Sections 7, 6, 5, and 4 to the east right-of-way line of Blaine Avenue, thence south along east right-of-way line of Blaine Avenue to the north right-of-way line of County Road

26 (70th Street East), thence west along the north right-of-way line of County Road 26 (70th Street East) to the west right-of-way line of U.S. Highway 52, thence south along the west right-of-way line of U.S. Highway 52 (Lafayette Freeway) to the north right-of-way line of State Trunk Highway 55, thence northwesterly along the north line of State Trunk Highway 55 to the centerline of the east half of Section 18, thence south along centerline of the east half of Section 18 to the centerline of the south half of Section 18, thence west along the centerline of the south half of Section 18 to the Inver Grove Heights/Eagan municipal boundary, thence north along the Inver Grove Heights/Eagan municipal boundary to the point of beginning and there terminating.

C. Boundaries of Development District No. 2 as amended March 24, 1997

PROPOSED EXPANSION AREAS:

I. A parcel of land located in Sections 17, 18, 19 and 30, Township 27, Range 22 West, Inver Grove Heights, Dakota County, Minnesota. Beginning at the intersection of Eagan boundary and 88th Street; thence south along the Eagan boundary to the intersection of C.M. St. Paul and P.R.R. right-of-way; thence north along C.M. St. Paul and P.R.R. to the intersection of South Robert Trail; thence northeast along and following South Robert Trail to the intersection of the north line of the SW 1/4 of Section 17; thence west to the east line of SE 1/4 of Section 18; thence south to the northwest corner of Meadowwood on Marcott plat; thence due west to the point of beginning and there terminating.

II. A parcel of land located in Sections 33 and 34, Township 28 North, Range 22 West, and Sections 3, 4, 9, 10, 15, 16, 21, and 22, Township 27 North, Range 22 West. Beginning at the intersection of Upper 55th Street and Blaine Avenue; thence south along and following Blaine Avenue to the intersection of Bester Avenue; thence westerly along and following Bester Avenue extended to the intersection of Highway 52 R/W; thence southerly along and following Highway 52 R/W to the intersection of Highway 55; thence easterly along and following Highway 55 to the intersection of Inver Grove Trail; thence northerly along and following Inver Grove Trail to the intersection of Concord Boulevard; thence northerly along Concord Boulevard to the intersection of 80th Street; thence westerly along and following 80th Street to the intersection of Dawn Avenue, thence northerly along Dawn Avenue to the intersection of 70th Street; thence westerly along and following 70th Street to the Municipal boundary line of South St. Paul and Inver Grove Heights; thence northerly along and following South St. Paul and Inver Grove Heights' Municipal boundary to the intersection of Carmen Avenue; thence northerly along and following Carmen Avenue to the intersection of Upper 55th Street; thence westerly along and following Upper 55th Street to Cahill Avenue; thence south along Cahill Avenue approximately 800 feet; thence westerly along a parcel line to the intersection of the Majestic Woodlands plat line; thence southerly and westerly along Majestic Woodlands plat line to the intersection of the Foresthaven plat line; thence northerly along the Forest Haven plat line to the intersection of the Upper 55th; thence westerly along Upper 55th Street to the point of beginning and there terminating.

Subsection 1.12. Parcels To Be Acquired or May Be Acquired In Whole or In Part Within the Development District.

(AS MODIFIED MAY, 1995)

In Tax Increment Financing District No. 2-1

The City is anticipating to either acquire a fee interest or a leasehold interest

in the property located within Tax Increment Financing District No. 2-1 identified in Section II, Tax Increment Financing Plan for Tax Increment Financing District No. 2-1, Subsection 2.3, in order to assist with the public costs of correcting soil deficiencies.

Outside Tax Increment Financing District No. 2-1

Project	Property to be Acquired
Mendota Road (CSAH 14) - T.H. 52 to T.H. 110	Minor additions to right-of-way
Babcock Trail (CSAH 73) - I-494 to Mendota Road (CSAH 14)	Minor additions to right-of-way
Blaine Ave. - 50th Ave. to North City Limits	Major additions to right-of-way
70th Street (CSAH 26) - West City Limits to Babcock Trail (CSAH 73)	Minor additions to right-of-way
Veterans Memorial Community Center	None
Central Interceptor Sewer - Babcock Trail to Robert Street & North	Easements along path of interceptor

(AS MODIFIED MARCH 24, 1997)

Outside Tax Increment Financing District No. 2-1

Project	Property to be Acquired
80th Street (CSAH 28) West City Limits to Major additions to Babcock Trail (CSAH 73)	Street right-of-way
Pine Bend Elementary School Sanitary Sewer/Road Access	Major additions to street and sewer right-of-way
Water Treatment Plant	Easements for water lines
South Robert Trail (TH3) and Diffley Road (CSAH30) Roadway and Intersection Improvements	Intersection improvement and major additions to street right-of-way

SECTION II.

MODIFIED TAX INCREMENT FINANCING PLAN FOR
TAX INCREMENT FINANCING DISTRICT NO. 2-1

(AS MODIFIED DECEMBER 9, 2013)

The modifications below are intended to modify specific sections of the Tax Increment Financing Plan (the "TIF Plan") for Tax Increment Financing District No. 2-1 (the "TIF District"), established on July 14, 1986 and modified on May 8, 1995 and March 24, 1997. This modified TIF Plan for TIF District No. 2-1 is intended to replace any previous versions.

In general, the modifications below are intended to modify the duration of TIF District No. 2-1 pursuant to *Minnesota Statutes Section 469.1794* and to bring the TIF Plan into conformance with current law and Office of the State Auditor (the "OSA") reporting requirements.

Subsection 2.1. Statement of Objectives. See Section I, Development Program for Development District No. 2, Subsection 1.4, Statement of Objectives.

Subsection 2.2. Development Plan. The development plan for Development District No. 2 originally provided for the new construction and full-lease occupancy of an approximately 205,000 square foot retail and wholesale shopping center. The proposed development is to occur on the site of a former drive-in movie theater located southeast of the intersection of Mendota Road and South Robert Street. The plan anticipates assistance to the developer for on-site and offsite public improvement costs which will be financed by tax increments generated as a result of this new development. The Development Program also contemplates the construction of various public improvements and public facilities described in Subsection 1.5 of the Development Program.

Subsection 2.3. Parcel to be Included in Tax Increment Financing District No. 2-1. The following parcel is located in the City of Inver Grove Heights, County of Dakota, State of Minnesota:

PIN	Owner
20-02910-11-50	F.A.I. Liquidated Limited Partnership 1916 IDS Center Minneapolis, MN 55402

Legal Description

Section 29, Township 28, Range 22, north 800' of northeast quarter of southwest quarter except part platted Fine Associates Addition except 0.46 acres in parcel 5 of State Trunk Highway right-of-way plat number 19-65.

FURTHER INFORMATION REGARDING THE IDENTIFICATION OF THE PARCEL TO BE INCLUDED IN TAX INCREMENT FINANCING DISTRICT NO. 2-1 CAN BE OBTAINED FROM THE OFFICE OF THE ADMINISTRATOR-CLERK.

(AS MODIFIED DECEMBER 9, 2013)

The parcels in this District have been replatted. The current parcel numbers are:

- **20-33400-01-010**
- **20-33400-01-020**

Subsection 2.4. Parcel(s) in Acquisition. The City intends to acquire and reconvey a fee or leasehold interest in the parcel identified in Section I, Subsection 1.12 of the Development Program.

The following are conditions under which properties not designated to be acquired may be acquired at a future date:

(1) The City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of the Tax increment Financing Plan; and

(2) Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

Subsection 2.5. Development Activity in Development District No. 2 for which Contracts have been Signed. The following contracts have been entered into by the City of Inver Grove Heights and the persons named below:

[Contracts entered into by the City of Inver Grove Heights will be inserted in this Subsection as they are consummated.]

Subsection 2.6. Other Specific Development Expected to Occur within Development District No. 2. Please refer to Appendix A for a complete listing of the projects expected to occur within Development District No. 2 and Tax Increment Financing District No. 2-1.

Subsection 2.7. Estimated Cost of Project. See Subsection 1.5 of the Development Program for estimated public redevelopment costs and public improvement costs associated with Development District. No. 2.

(AS MODIFIED ON DECEMBER 9, 2013)

The budget is being modified to:

1) Conform with statutory changes and OSA reporting requirements; and

2) To include certain lease revenues which are classified as tax increment.

The revised cumulative uses of tax increment funds is summarized in the table below:

USES OF TAX INCREMENT FUNDS	TOTAL
Land/Building Acquisition	**$100,000**
Site Improvements/Preparation	**$500,00**
Public Utilities	**$15,000,000**
Other Qualifying Improvements	**$6,000,000**
Administrative Costs (up to 10%)	**$400,000**
PROJECT COST TOTAL	**$22,000,000**
Interest	**$8,000,000**
PROJECT AND INTEREST COSTS TOTAL	**$30,000,000**

For purposes of OSA reporting forms, uses of funds include interfund loans, bond principal, TIF Note principal, and transfers, all in the principal amount of $22,000,000 These amounts are not cumulative, but represent the various forms of "bonds" included within the concept of bonded indebtedness under the TIF Act.

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the TIF District as shown in Section 2.9.

Estimated capital and administrative costs listed above are subject to change among categories by modification of the TIF Plan without hearings and notices as required for approval of the initial TIF Plan, so long as the total capital and administrative costs combined do not exceed the total listed above.

Subsection 2.8. Estimated Amount of Bonded Indebtedness.

(AS MODIFIED MAY 8, 1995)

The City has heretofore issued its $950,000 General Obligation Taxable Tax Increment Bonds, Series 1986A; its $1,900,000 General Obligation Tax Increment Bonds, Series 1987C; and its $1,545,000 General Obligation Tax Increment Refunding Bonds, Series 1992 D. The Series 1987C Bonds were refunded by 1992D Bonds and are no longer outstanding. Additional debt to be issued which will be payable from Tax Increment and other sources is estimated to be less than $5,000,000.

(AS MODIFIED MARCH 24, 1997)

Additional Tax Increment General Obligation, Revenue Capital Appreciation or Serial Bonds, or other bonded indebtedness (including pay-as-you-go notes) and related interest are authorized, in a cumulative principal amount not to exceed $15,900,000. The bonded indebtedness is authorized for any of the projects listed in Appendix A, and can be issued based on the timing of the project and availability of tax increment revenues.

(AS MODIFIED DECEMBER 9, 2013)

The City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the TIF District in a maximum principal amount of $22,000,000. 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 this Modification.

Subsection 2.9. Sources of Revenue. Public redevelopment costs and public improvement costs and other costs outlined in the Estimated Cost of Project (Subsection 2.7 above) will be financed through the annual collection of Tax Increments as described in Subsection 1.5 of the Development Program and Appendices A and B, as well as special assessments, utility revenues, project revenues and, only if necessary, ad valorem taxes.

(AS MODIFIED DECEMBER 9, 2013)

The total estimated tax increment revenues for the District are expected to be approximately $30,000,000, as shown in the table below:

SOURCES OF FUNDS	TOTAL
Tax Increment	$25,000,000
Interest	$5,000,000
Total	$30,000,000

Subsection 2.10. Original and Captured Tax Capacity and Estimate of Tax Increment. The original net tax capacity of Tax Increment Financing District No. 2-1 is $26,411. The captured net tax capacity of Tax Increment Financing District No. 2-1 is $339,955.

(AS MODIFIED DECEMBER 9, 2013)

The original net tax capacity of the TIF District is $11,212 and the captured net tax capacity of the TIF District is $273,434.

Subsection 2.11. Tax Capacity Rate. The tax capacity rate for taxes payable in 1994 is 128.887%.

(AS MODIFIED DECEMBER 9, 2013)

The tax rate for taxes payable in 2013 is 112.63%.

Subsection 2.12. Tax Increment. Tax Increment was originally calculated at approximately $305,350 per year assuming a static tax capacity rate and a valuation increased by zero percent (0%) compounded annually. The Tax Increment presently on hand and to be received in each year from 1995 through 2013 is estimated to be as shown in Appendix B, assuming a static tax capacity rate and a valuation increase of 3.00% per year, compounded annually.

Subsection 2.13. Capitalized Interest. Capitalized interest will cover interest payments on the Bonds prior to receipt of tax increment to fully fund the principal of and interest on the Bonds.

Subsection 2.14. Bond Interest Rate. The average interest rate on outstanding bonds is 8.70%. The interest rate on new bonds to be issued, if any, is expected not to exceed 6.50%.

Subsection 2.15. Investment Interest Rate. Investment interest is the estimated rate at which unspent but obligated funds will earn interest as well as any surplus tax increment funds within any given year. This rate is contingent upon rates paid on savings and upon arbitration considerations. Tax increments on hand from time to time are expected to earn interest at a rate of not less than 5% per annum.

Subsection 2.16. Type of Tax Increment Financing District. Tax Increment Financing District No. 2-1 is, pursuant to Minnesota Statutes 1986, Section 273.73, Subdivision 10(a)(1), a redevelopment district as defined below:

(1) 70 percent of the parcels in the district are occupied by buildings, streets, utilities or other improvements and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance.

Subsection 2.17. Duration of Tax Increment Financing District No. 2-1. The duration of Tax Increment Financing District No. 2-1 is expected to be twenty-five (25) years from the receipt of the first tax increment. The date of receipt of the first partial tax increment was July, 1988. The date of receipt of the last tax increment is expected to be in 2013.

(AS MODIFIED DECEMBER 9, 2013)

The Minnesota Legislature in 2003 granted cities the ability to extend the term of a tax increment financing district to pay for deficits in the Tax Increment Financing district. Pursuant to *Minnesota Statutes, Section 469.1794*, a city may extend a district up to a maximum of four years to pay for qualifying obligations. The actual allowable duration extension is the lesser of four years or an amount determined by a formula which measures the amount of class rate compression resulting from property tax changes that affected the income of the district. The other factor in the formula is the remaining term of the TIF district beyond December 31, 2001. This formula results in a potential five year extension as shown in the calculations in Exhibit E. Since five years is a longer extension than allowed under state law, the extension of the District in this Modification is four years or until December 31, 2017.

Pursuant to *Minnesota Statues, Section 469.1794, Subdivision 8*, an extended district must be decertified at the end of the first calendar year when sufficient increments have been received to pay the qualified obligations of the extended district. Any remaining unspent increments must be distributed as excess increments under section 469.176, subdivision 2, paragraph (c), clause (4).

Pursuant to *Minnesota Statutes, Section 469.1794, Subdivision 3*, before an authority may extend the duration of district under this section, the following conditions must be met with regard to the district:

(1) the original local tax rate under section 469.177, subdivision 1a, does not apply under an election made under section 469.1792, subdivision 3, or under other operation of law;

(2) for a district in the metropolitan area or taconite tax relief area, the fiscal disparities contribution is computed under section 469.177, subdivision 3, paragraph (a);

(3) the municipality has transferred any available increments in other districts to pay qualified obligations of the district or other districts in the municipality under section 469.1763, subdivision 6; and

(4) the authority finds that, taking into account all of the increments that are available to pay qualifying obligations for the district, the increments from the district will be insufficient to pay the amount of qualifying obligations and that the insufficiency is a result of (i) the changes in the class rates and (ii) elimination of the state-determined general education property tax levy under Laws 2001, First Special Session chapter 5.

The City has undertaken all of the above actions prior to extending the term of the district.

The analysis of the class rate compression for TIF District No. 2-1 is attached in Appendix D.

Subsection 2.18. Estimated Impact on Other Taxing Jurisdictions. The estimated impact on other taxing jurisdictions assumes construction would have occurred without the creation of Tax Increment Financing District No. 2-1. If the construction is a result of tax increment financing, the impact is $0 to other entities. Notwithstanding the fact that the fiscal impact on the other taxing jurisdictions is $0 due to the fact that the financing would not have occurred without the assistance of the City, the following estimated impact of Tax Increment Financing District No. 2-1 would be as follows if the "but for" test was not met:

IMPACT ON TAX BASE

Entity	Tax Base	Original Tax Capacity	Future Tax Capacity	Captured Tax Capacity	District % of Entity
Inver Grove Heights	$16,612,428	$26,411	$366,366	$339,955	2.05%
Dakota Cty.	$229,994,905	$26,411	$366,366	$339,955	.15%
S.D. #199	$15,450,397	$26,411	$366,366	$339,955	2.20%

IMPACT ON TAX CAPACITY RATES

Entity	Current Tax Capacity Rate	Potential Tax Increment
Inver Grove Heights	24.046	$81,745
Dakota County	27.474	93,399
S.D. #199	58.239	197,986
Other	5.434	18,473
Total	115.193	391,603

(AS MODIFIED MARCH 24, 1997)

The estimated impact on other taxing jurisdictions assumes construction would have occurred without the creation of a Tax Increment Financing District. If the construction is a result of tax increment financing, the impact is $0 to other entities. Notwithstanding the fact that the fiscal impact on the other taxing jurisdictions is $0 due to the fact that the construction would not have occurred without the assistance of the City, the following estimated impact of the Tax Increment Financing District would be as follows if the "but for" test was not met. The captured tax capacity listed is the total captured tax capacity of District 2-1, including the portion currently being devoted to existing obligations. Fiscal implications for the total tax capacity are as follows:

Latest Net Tax Capacity Value and Rate of Each Governmental Unit

	1995/96 Tax Capacity	Estimated Captured Tax Capacity (CTC)	Percent of CTC to Entity Total
Dakota County	229,853,006	340,538	0.148%
I.S.D. No. 199	14,528,973	340,538	2.344%
City of Inver Grove Hts	15,502,700	340,538	2.197%

Obligations currently exist for Tax Increment Financing District No. 2-1. Therefore, a portion of the current captured tax capacity for the tax increment district and projects is being utilized for existing obligations.

If the new taxes estimated within Tax Increment Financing Districts Nos. 2-1 are captured for the duration of the District, taxes and values will experience no change during the life of the District. If the new taxes were not captured (and if the project could be done without tax increment financing), they would be distributed as follows:

	1995/96 Tax Extension Rates	Percentage of Total	CTC	Taxes
Dakota County	0.266260	26.31%	340,538	90,672
I.S.D. No. 199	0.476290	43.21%	340,538	162,195
City of Inver Grove Hts	0.303450	27.53%	340,538	103,336
Other Taxing Districts	0.056180	5.10%	340,538	19,131
	1.102180	100.00%		

In addition, the impacts on School District No. 199 do not include the effect of state aids for education upon school district funding. The tax rate used for the above calculations is the 1995/Pay 1996 rate. The total net capacity for the entities listed above are based on Pay 1996 figures. These estimates are being provided only for purposes of reference.

(AS MODIFIED DECEMBER 9, 2013)

IMPACT ON TAX BASE

	Pay 2013 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) Upon Completion	Percent of CTC to Entity Total
Dakota County	**339,623,261**	**273,434**	**.0805%**
City of Inver Grove Heights	**27,027,925**	**273,434**	**1.0117%**
ISD No. 199	**21,720,840**	**273,434**	**1.2589%**

IMPACT ON TAX RATES

	Pay 2013 Extension Rates	Percent of Total	CTC	Potential Taxes
Dakota County	**0.334210**	**29.67%**	**273,434**	**$91,384**
City of Inver Grove Heights	**0.463120**	**41.12%**	**273,434**	**$126,633**
ISD No. 199	**0.275560**	**24.47%**	**273,434**	**$75,348**
Other	**0.053410**	**4.74%**	**273,434**	**$14,604**
Total	**1.126300**	**100.00%**		**$307,969**

The estimates listed above display the captured tax capacity when all construction is completed.

The tax rate used for calculations is the actual Pay 2013 rate. The total net capacity for the entities listed above are based on actual Pay 2013 figures.

I. It is estimated that the total amount of tax increment that will be generated over the life of the District is $25,000,000;

II. No impact on police protection, fire protection and emergency medical services is expected as part of this modification.

III. 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 $6,117,500;

IV. It is estimated that the amount of tax increments over the life of the District that would be attributable to county district levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same is $7,417,500;

Subsection 2.19. Tax Increment Financing Account for Tax Increment Financing District No. 2-1. The Tax Increment received with respect to payment of principal and interest for bonds issued for improvements made within Tax Increment Financing District No. 2-1 will be segregated by the City in a special account or accounts (the "Tax Increment Account") on its official books and records or as otherwise established by resolution of the City to be held by a trustee or trustees for the benefit of holders of the Bonds.

Subsection 2.20. Modification of Tax Increment District No. 2-1 and/or Tax Increment Financing Plan.

- The Tax Increment Financing Plan for Tax Increment Financing District No. 2-1 was modified on May 8, 1995.

- The Tax Increment Financing Plan for Tax Increment Financing District No. 2-1 was modified on March 24, 1997.

(AS MODIFIED DECEMBER 9, 2013)

- **The Tax Increment Financing Plan for Tax Increment Financing District No. 2-1 was modified on December 9, 2013.**

(AS MODIFIED ON DECEMBER 9, 2013)

Subsection 2.21. Limitation on the Use of Increment. *Minnesota Statutes 469.1794, Subdivision 7* limits the use of increments of an extended district. It reads:

> **(a) Tax increments of an extended district may only be used to pay preexisting obligations of the district and administrative expenses, effective upon the final required approval of the extension under this section. All tax increments that are attributable to an extension of the duration of a district under this section must be used only to pay qualified obligations of the district. If increments from a district subject to this subdivision are pledged to pay preexisting obligations that are not qualified obligations, increments received under the duration limit, determined without regard to this section, must be used to pay qualified obligations and preexisting obligations that are not qualified obligations in proportion to their relative shares of all payments due on all preexisting obligations.**
>
> **(b) If the authority elects to extend the duration of a district under this section and if increments from one or more other districts are pledged to pay preexisting obligations of the extended district, increments from all of the districts may only be used to pay preexisting obligations and administrative expenses.**

A "qualifying obligation" according to *Minnesota Statutes 469.1794, Subdivision 2(e)* means: (1) a preexisting obligation that is:

> **(i) a general obligation bond of the municipality;**
>
> **(ii) a general obligation bond of the authority;**
>
> **(iii) a revenue bond of the authority to which other revenues or money of the authority in addition to tax increments are pledged to pay;**
>
> **(iv) an interfund loan, including an advance or payment made by the municipality or authority after June 1, 2002, to pay an obligation listed in items (i) to (iii);**

(v) an obligation assumed by a developer before January 1, 2001, to repay a general obligation bond issued by a municipality to fund cleanup and development activities, if the developer assumed the obligation more than five years after the issuance of the bonds; or

(2) a bond issued to refinance a preexisting obligation under clause (1).

A "pre-existing obligation" according to *Minnesota Statutes 469.1792, Subdivision 2* means a bond or binding contract that:

(1)(i) was issued or approved before August 1, 2001, or was issued pursuant to a binding contract entered into before July 1, 2001; or

(ii) was issued to refinance an obligation under item (i), if the refinancing does not increase the present value of the debt service; and

(2) is secured by increments from a preexisting district.

A list of the outstanding qualifying obligations of the TIF District is below:

- General Obligation Tax Increment Refunding Bonds, Series 2005A
- General Obligation Tax Increment Refunding Bonds, Series 2005B

(AS MODIFIED ON DECEMBER 9, 2013 TO INCLUDE APPLICABLE LAWS ADOPTED SINCE 1997)

Subsection 2.22. Business Subsidies. Pursuant to *M.S., Section 116J.993, Subd. 3*, the following forms of financial assistance are not considered a business subsidy:

(1) A business subsidy of less than $150,000;
(2) Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
(3) Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
(4) Redevelopment property polluted by contaminants as defined in *M.S., Section 116J.552, Subd. 3;*
(5) Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50% of the total cost;
(6) Assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
(7) Assistance for housing;
(8) Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under *M.S., Section 469.174, Subd. 23*;
(9) Assistance for energy conservation;
(10) Tax reductions resulting from conformity with federal tax law;
(11) Workers' compensation and unemployment compensation;
(12) Benefits derived from regulation;

(13) Indirect benefits derived from assistance to educational institutions;
(14) Funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501 (c) (3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
(15) Assistance for a collaboration between a Minnesota higher education institution and a business;
(16) Assistance for a tax increment financing soils condition district as defined under *M.S., Section 469.174, Subd. 19*;
(17) Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;
(18) General changes in tax increment financing law and other general tax law changes of a principally technical nature;
(19) Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;
(20) Funds from dock and wharf bonds issued by a seaway port authority;
(21) Business loans and loan guarantees of $150,000 or less;
(22) Federal loan funds provided through the United States Department of Commerce, Economic Development Administration; and
(23) Property tax abatements granted under M.S., Section 469.1813 to property that is subject to valuation under Minnesota Rules, chapter 8100.

(AS MODIFIED ON DECEMBER 9, 2013 TO INCLUDE APPLICABLE LAWS ADOPTED SINCE 1997)

Subsection 2.23. Definition of Tax Increment Revenues. Pursuant to *M.S., Section 469.174, Subd. 25*, tax increment revenues derived from a tax increment financing district include all of the following potential revenue sources:

1. Taxes paid by the captured net tax capacity, but excluding any excess taxes, as computed under *M.S., Section 469.177*;
2. The proceeds from the sale or lease of property, tangible or intangible, to the extent the property was purchased by the City with tax increments;
3. Principal and interest received on loans or other advances made by the City with tax increments;
4. Interest or other investment earnings on or from tax increments;
5. Repayments or return of tax increments made to the City under agreements for districts for which the request for certification was made after August 1, 1993; and
6. The market value homestead credit paid to the City under *M.S., Section 273.1384.*

(AS MODIFIED ON DECEMBER 9, 2013 TO INCLUDE APPLICABLE LAWS ADOPTED SINCE 1997)

Subsection 2.24. Administrative Expenses. In accordance with *M.S., Section 469.174, Subd. 14,* administrative expenses means all expenditures of the City, *other than*:

1. Amounts paid for the purchase of land;
2. Amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the TIF District;
3. Relocation benefits paid to or services provided for persons residing or businesses located in

the TIF District; or

4. Amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to *M.S., Section 469.178*; or
5. Amounts used to pay other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to (3).

For districts for which the request for certification were made before August 1, 1979, or after June 30, 1982, and before August 1, 2001, administrative expenses also include amounts paid for services provided by bond counsel, fiscal consultants, and planning or economic development consultants. Pursuant to *M.S., Section 469.176, Subd. 3*, tax increment may be used to pay any authorized and documented administrative expenses for the TIF District up to but not to exceed 10 percent of the total estimated tax increment expenditures authorized by the TIF Plan or the total tax increments, as defined by *M.S., Section 469.174, Subd. 25, clause (1)*, from the TIF District, whichever is less.

Pursuant to *M.S., Section 469.176, Subd. 4h*, tax increments may be used to pay for the County's actual administrative expenses incurred in connection with the District and are not subject to the percentage limits of *M.S., Section 469.176, Subd. 3*. The county may require payment of those expenses by February 15 of the year following the year the expenses were incurred.

Pursuant to *M.S., Section 469. 177, Subd. 11*, the County Treasurer shall deduct an amount (currently .36 percent) of any increment distributed to the City and the County Treasurer shall pay the amount deducted to the State Commissioner of Management and Budget for deposit in the state general fund to be appropriated to the State Auditor for the cost of financial reporting of tax increment financing information and the cost of examining and auditing authorities' use of tax increment financing. This amount may be adjusted annually by the Commissioner of Revenue.

(AS MODIFIED ON DECEMBER 9, 2013 TO INCLUDE APPLICABLE LAWS ADOPTED SINCE 1997)

Subsection 2.26. Excess Increments. Excess increments, as defined in *M.S., Section 469.176, Subd. 2*, shall be used only to do one or more of the following:

1. Prepay any outstanding bonds;
2. Discharge the pledge of tax increment for any outstanding bonds;
3. Pay into an escrow account dedicated to the payment of any outstanding bonds; or
4. Return the excess to the County Auditor for redistribution to the respective taxing jurisdictions in proportion to their local tax rates.

The City must spend or return the excess increments under paragraph (c) within nine months after the end of the year. In addition, the City may, subject to the limitations set forth herein, choose to modify the TIF Plan in order to finance additional public costs in Development District No. 2 or the TIF District.

EXHIBIT II-A

Findings of Blight

The City Council of the City of Inver Grove Heights, Minnesota, in determining the need for a tax increment financing district in accordance with Minnesota Statutes 1986, Sections 273.71-273.78 inclusive, finds that the district to be established is a redevelopment district pursuant to Minnesota Statutes 1986, Section 273.73, Subdivision 10. It has been determined that the one parcel in the district (100 percent) is occupied by buildings, streets, utilities, or other improvements and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance. The one parcel of land constituting the redevelopment district has been investigated by consultants. It has been found that this parcel of land was the former site of a drive-in movie theater. Currently, the site is deteriorated in nature and is functionally and structurally obsolete and substandard to a degree requiring clearance in order to remove existing blighting influences as a commercial building (former movie projection house/snack bar); fence; speaker stand poles and cement footings; and subsurface speaker wiring. In addition, the former nature of the site renders it is unusual terrain due to the inadequacy of the soil to support building foundations. Thus, the tax increment financing district appears to meet the statutory requirements of a redevelopment district and will henceforth be referred to as a redevelopment tax increment financing district. The parcel that has been used to establish eligibility as a redevelopment tax increment financing district is:

PIN	Owner
20-02910-011-50	F.A.I. Liquidation Limited Partnership 1916 IDS Center Minneapolis, MN 55402

Legal Description

Section 29, Township 28, Range 22, north 800' of northeast quarter of southwest quarter except part platted Fine Associates Addition except 0.46 acres in parcel 5 of State Trunk Highway right-of-way plat number 19-65.

APPENDIX A
Description of Various Projects to be Financed
in Whole or in Part from Tax Increments

MENDOTA ROAD (CSAH 14) - TH52 TO TH110
BABCOCK TRAIL (CSAH 73) - 1-494 TO MENDOTA ROAD (CSAH 14)

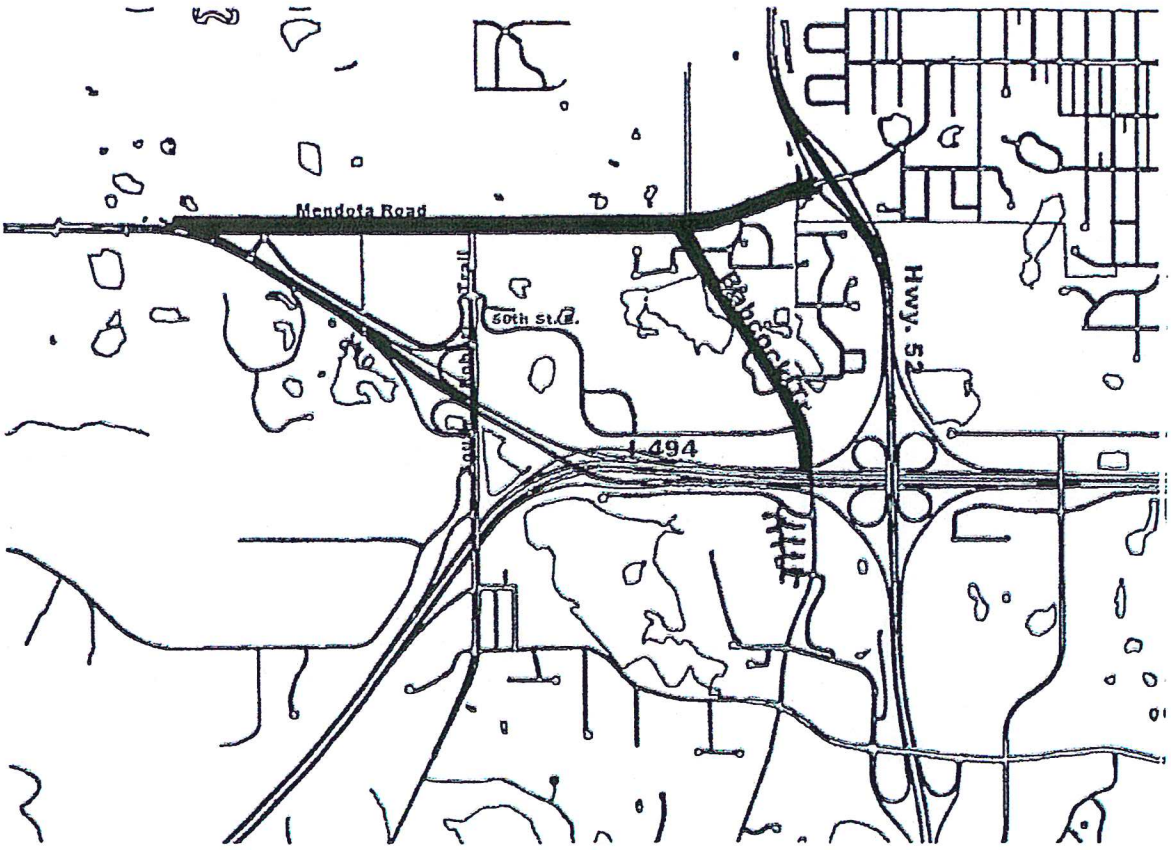
(AS MODIFIED MARCH 24, 1997)

Mendota Road (CSAH 14) is currently a two-lane County roadway on the City limits line between Inver Grove Heights and West St. Paul. The corridor is highly developed with commercial and multiple family properties. Increased traffic has created major capacity problems for the roadway. New construction includes widening the roadway, installing signalized traffic controls and providing for pedestrian traffic. Additional right-of-way will be required.

ESTIMATED COST - $700,000 as modified on May 8, 1995
ESTIMATED COST - $900,000 as modified on March 24, 1997

Babcock Trail (CSAH 73), between I-494 and Mendota Road (CSAH 14), is proposed to be widened in conjunction with the Mendota Road project. This two-lane County roadway needs to be widened to carry traffic, to match the widened roadways at the north and south ends, and to provide for pedestrian traffic. Additional right-of-way will be required.

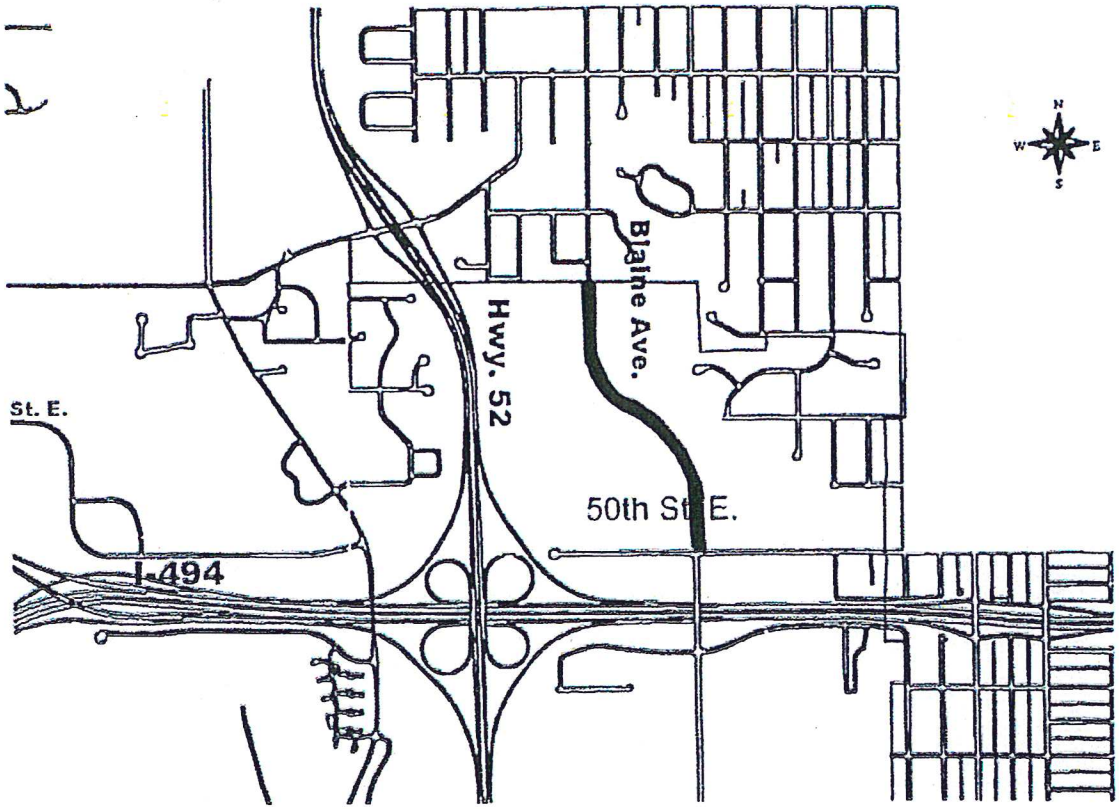
ESTIMATED COST- $300,000 as modified on May 8, 1995



BLAINE AVENUE - 50TH STREET NORTH TO CITY LIMITS

This proposed collector roadway extension would serve the undeveloped area in the City known as the Northeast Quadrant of TH 52 and I-494. The roadway is proposed to be an extension of the existing Blaine Avenue which serves the developing Southeast Quadrant and is proposed to be extended into the City of South St. Paul to connect with Southview Boulevard. Until this collector roadway is constructed, providing the undeveloped area with access is very difficult. Right-of-Way is required.

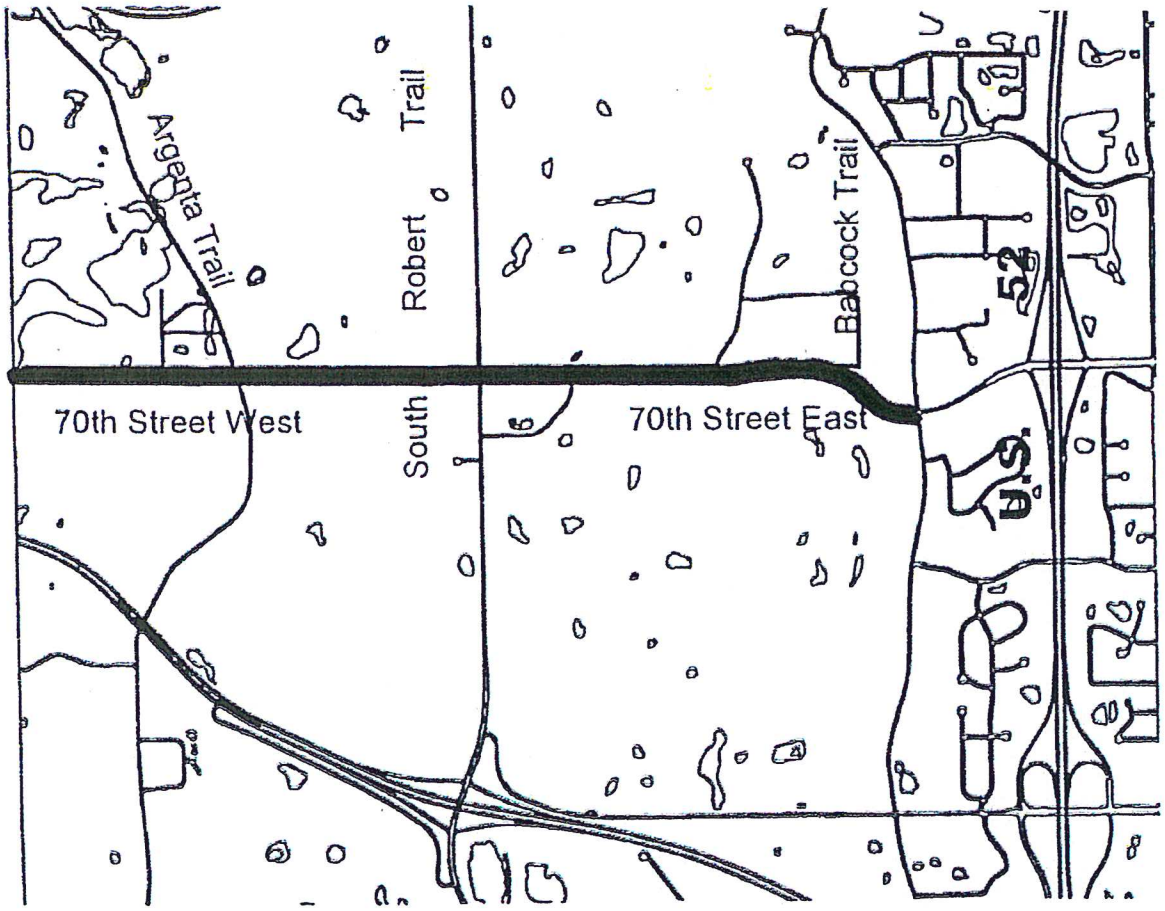
ESTIMATED COST - $1,500,000 as modified on May 8, 1995



70TH STREET (CSAH 26) - EAGAN CITY LIMITS
TO BABCOCK TRAIL (CSAH 73)

This two-lane County roadway is a major east-west arterial connection between the City's of Inver Grove Heights and Eagan. The roadway is currently improved part way through Eagan and from Concord Boulevard to Babcock Trail (CSAH 73) in Inver Grove Heights. Continued development in both communities requires the up-grading of this roadway. The roadway serves commercial, as well as developing residential areas, and intersects with major State Highways. Right-of-Way along the roadway will be required.

ESTIMATED COST - $2,250,000 as modified on May 8, 1995

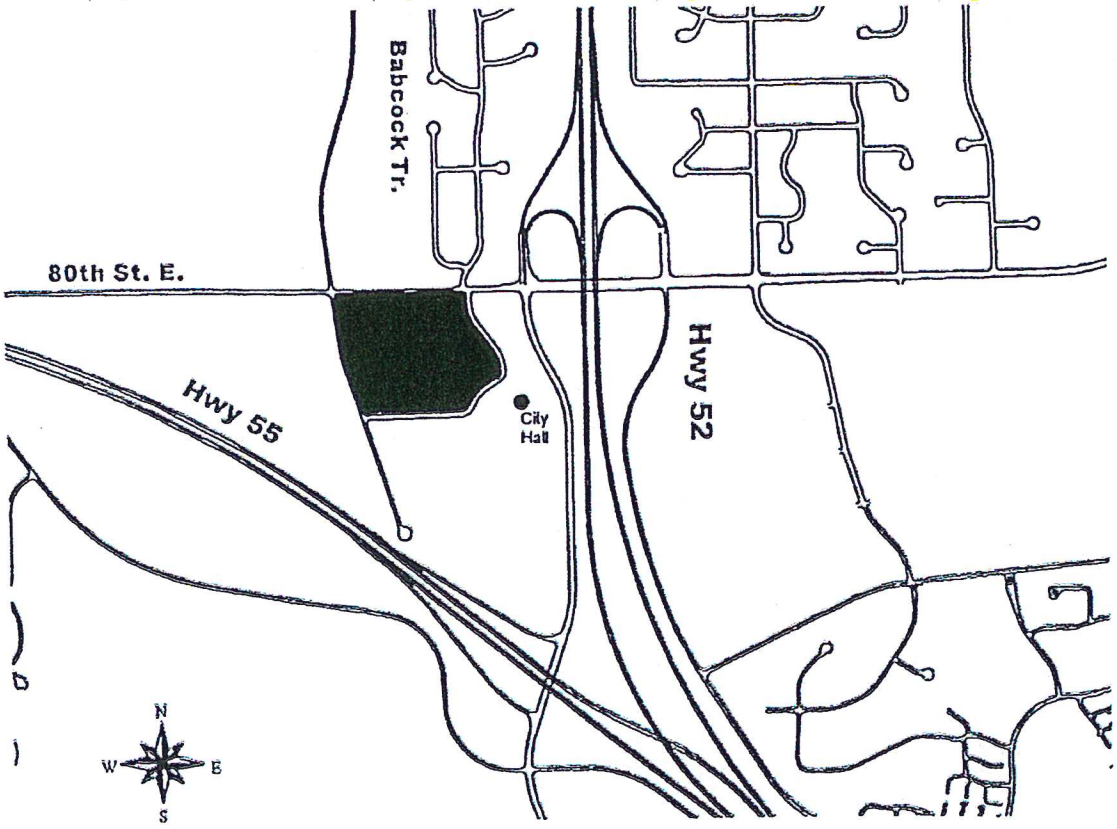


VETERAN'S MEMORIAL COMMUNITY CENTER

(AS MODIFIED MARCH 24, 1997)

This project consists of an eleven-month ice sheet, a five-month ice sheet, and other proposed recreation spaces including swimming and water features. The facility is adjacent to a National Guard Training and Community Center Armory at 80th Street and Barbara Avenue near City Hall. This multiple use recreational facility is designed for a variety of recreation uses, and is to be used by the Inver Grove Heights Schools for a wide variety of recreational uses and instructional programs. Property is already owned by the City for the structure. Site grading, drainage and other improvements are to be constructed in conjunction with the building.

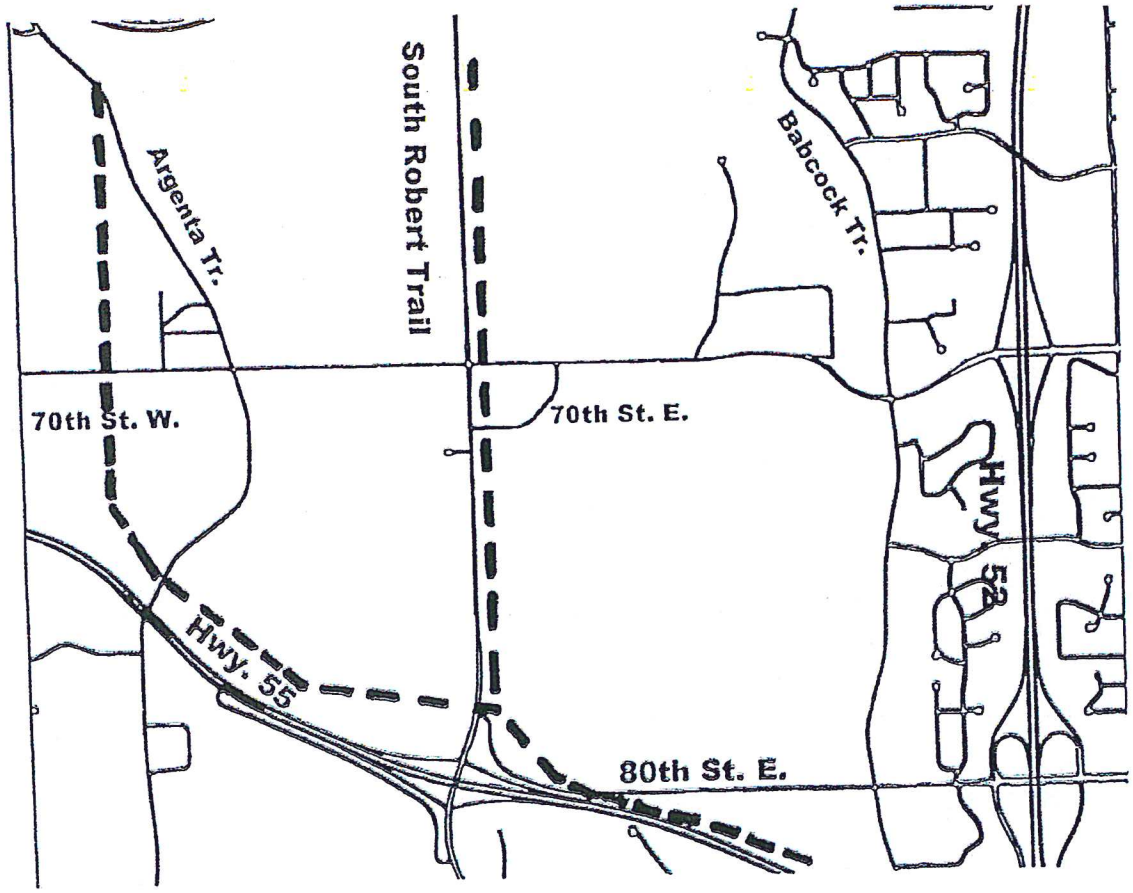
ESTIMATED COST - $4,500,000 as modified on May 8, 1995
ESTIMATED COST - $7,500,000 as modified on March 24, 1997



CENTRAL INTERCEPTOR SANITARY SEWER
BABCOCK TRAIL TO ROBERT STREET AND NORTH

The City's major trunk sanitary sewer is currently stubbed south of City Hall on Babcock Trail. In order for the City to extend the MUSA boundary and to provide sewer service to the Northwest part of the City, this trunk interceptor sanitary sewer needs to be extended. Because of difficult terrain and limited number of properties which can be assessed, funding of the sewer will be difficult. The sewer consists of 24-inch and smaller trunk mains, force mains, and lift stations. Easements will be required.

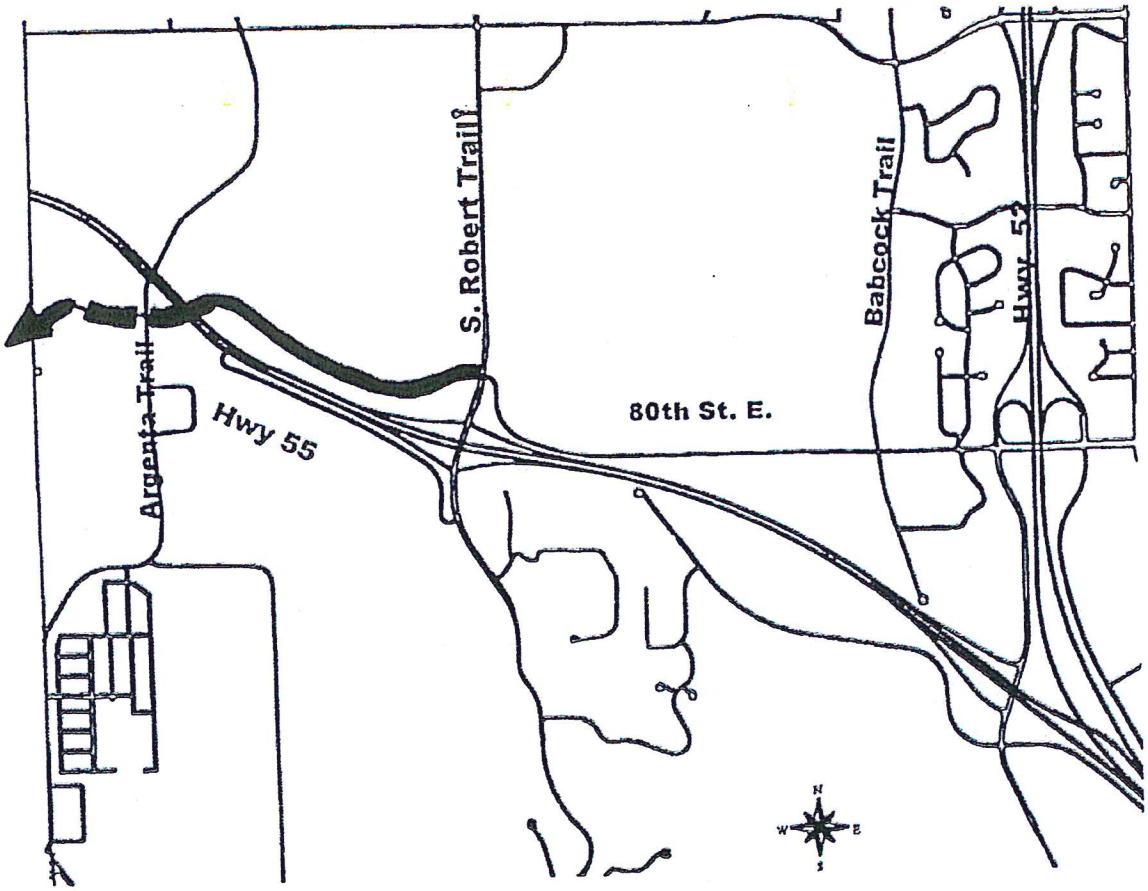
ESTIMATED COST - $5,100,000 as modified on May 8, 1995
ESTIMATED COST - $6,000,000 as modified on March 24, 1997



80th STREET (CSAH 28) - CITY LIMITS TO BABCOCK TRAIL (CSAH 73)

Since 1980, the extension of 80th Street (County Road 28) has been in the City's long range transportation plan. The roadway would connect to Yankee Doodle Road in Eagan on the west, and to Robert Street on the east, with further improvements on existing 80th easterly to Babcock Trail (County Road 73). This project involves Eagan, Dakota County and MnDOT. The four agencies are currently working together to develop one or more alternative alignments for the proposed extension. The project will require the acquisition by the City of road right-of-way.

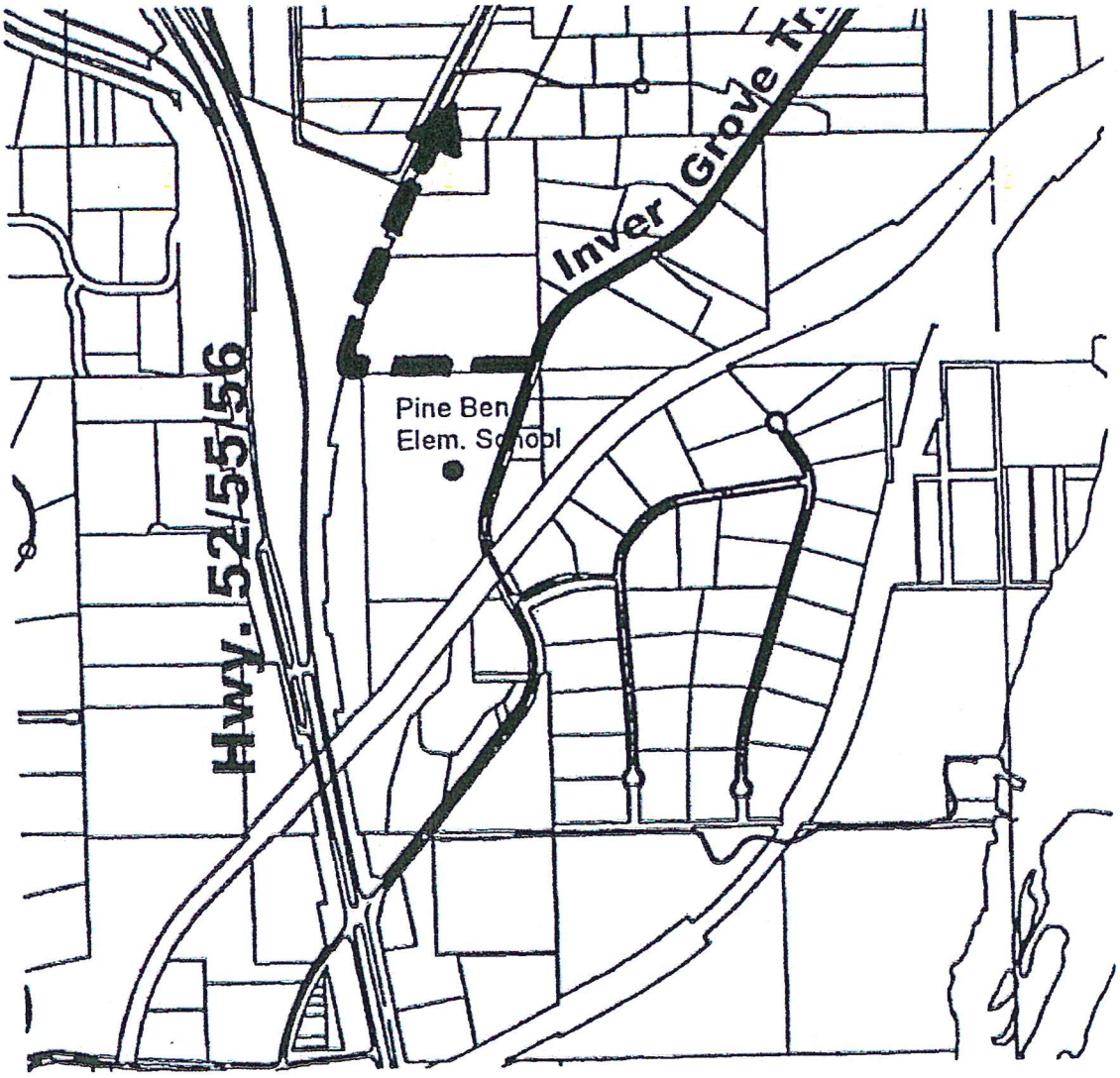
ESTIMATED COST - $2,000,000 as modified on March 24, 1997



PINE BEND ELEMENTARY SCHOOL SANITARY SEWER/ROAD ACCESS

This proposed project is contemplated to bring sanitary sewer service to the Pine Band Elementary School, replacing the current on-site disposal system. As part of this work, it is anticipated that the sewer routing will provide a secondary access to the school and to Inver Grove Trail, from Old Concord Blvd. thereby improving the safe ingress and egress to the school site for the bussing of students.

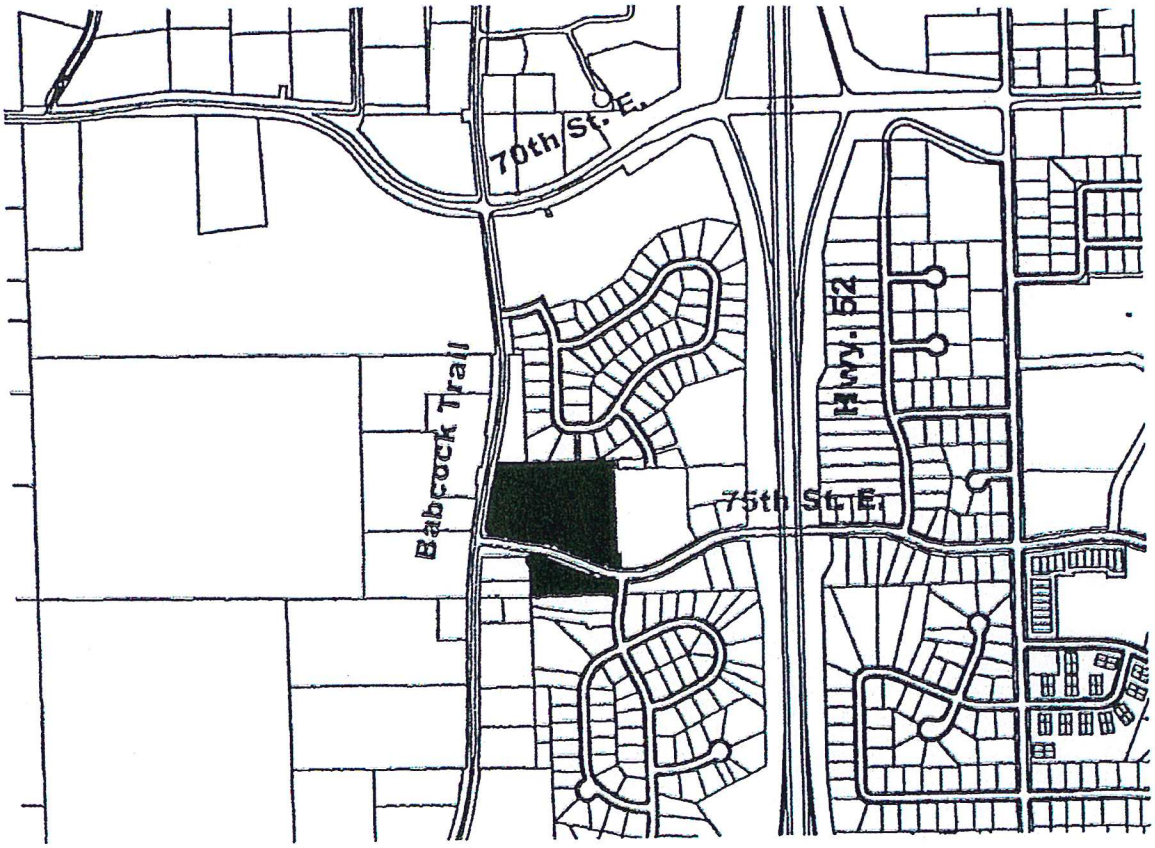
PRELIMINARY ESTIMATED COST - $1,000,000 as modified on March 24, 1997



WATER TREATMENT PLANT

This project consists of a new water treatment plant to meet the present and future growth of the City. The current City population is 20,905 with ultimate population projected to be 47,727 in 2040. The users are generally residential in nature. Existing residents within the District comprise about 60% of the total customers of the water supply system. When future anticipated development in the Northwestern part of the City is complete, approximately 75% of all water customers will reside within the District boundaries. Therefore, the City could use tax increment revenues from Development District No. 2 to pay for up to $6,600,000 of this project. Additionally, the Dakota County HRA has examined current census tract and block groups for Development District No. 2. Their independent review has concluded that 30.85% of the current residents within Development District No. 2 are low and moderate income residents. The City concludes that up to $2,035,000 of the cost of this project will benefit low or moderate income persons. The plant, with an original capacity of treating 6,000,000 gallons of water per day, with an opportunity to expand to 15,000,000 gallons per day, will be constructed on the corner of Babcock Trail and 75th Street, which is within Development District No. 2. Also included in the project are water lines to bring untreated water from the City's wells to the treatment plant. Property for the treatment plant is owned by the City, but an easement will be required for the construction of necessary water lines.

ESTIMATED COST - $8,800,000 as modified on March 24, 1997

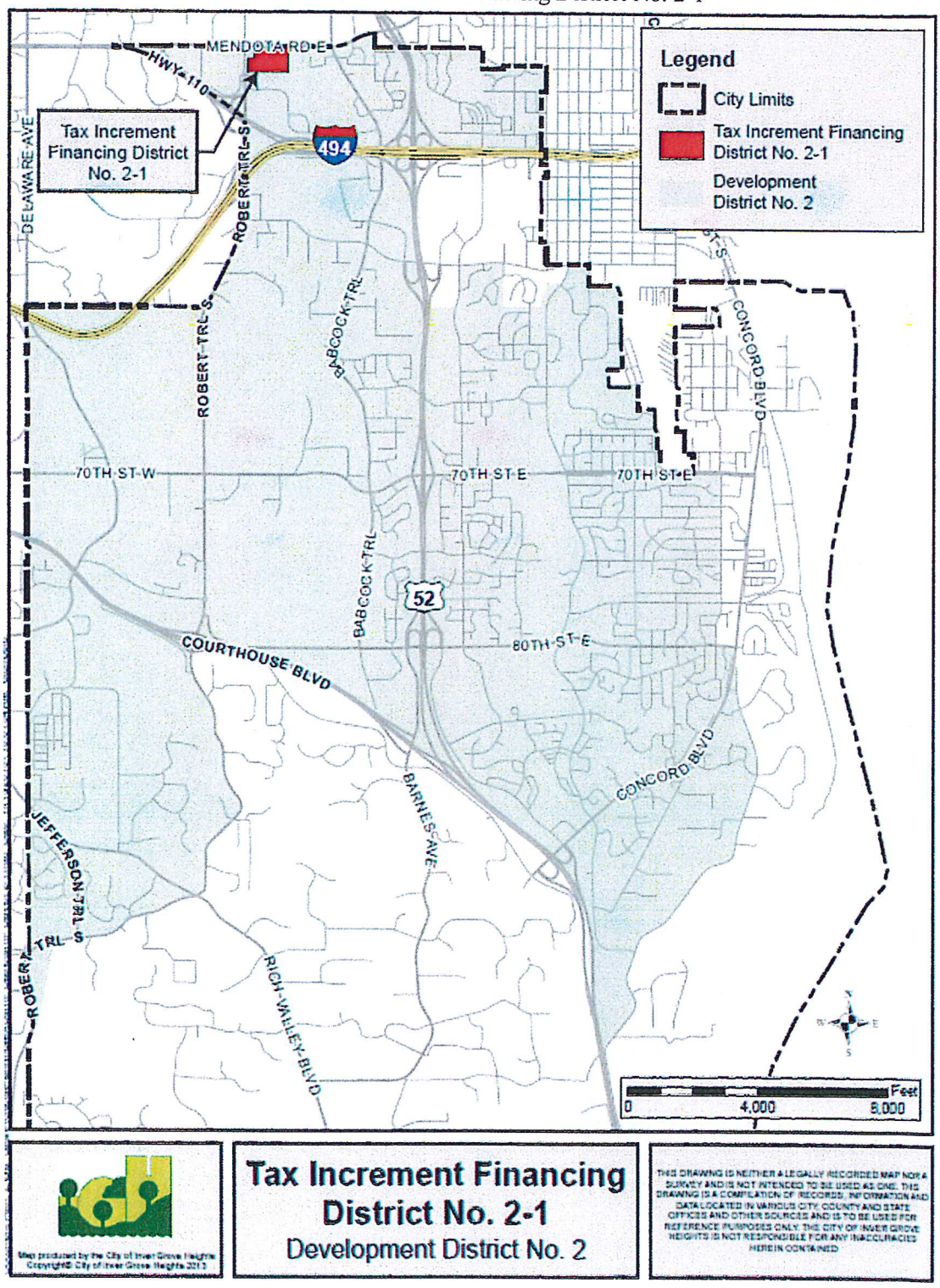


SOUTH ROBERT TRAIL (TH 3) AND DIFFLEY ROAD (CSAH 30) ROADWAY AND INTERSECTION IMPROVEMENTS

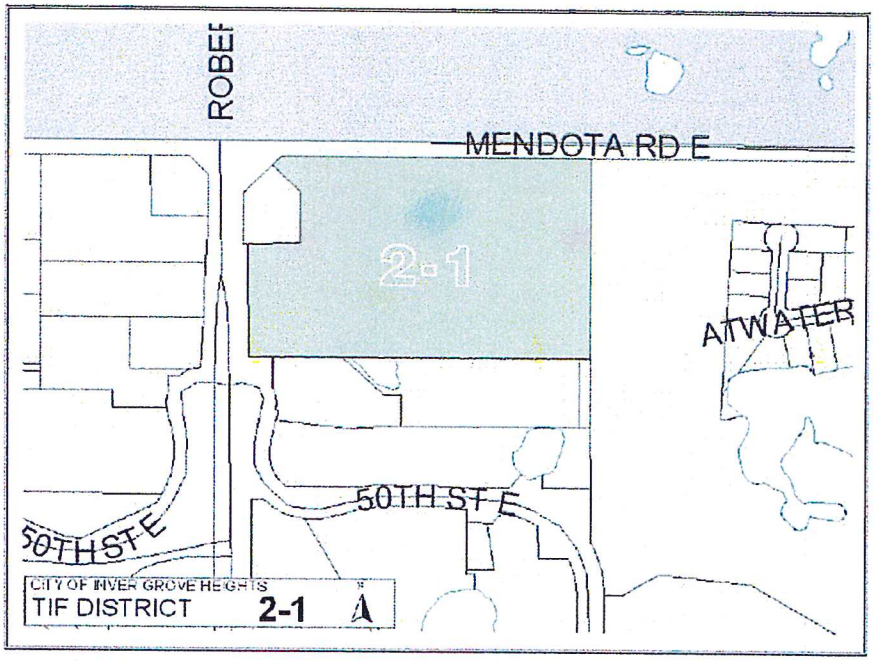
Private development interests have proposed a mixed-use development on a 20 acre parcel east of the intersection of Diffley Road (CSAH 30) and South Robert Trail (TH 3). They have suggested that the City establish a Tax Increment Financing district for some of the activities contemplated to take place in the development. Their anticipated needs from tax increment funds amount to $690,000. Of this sum, $250,000 is estimated to be required to improve the intersection of Diffley Road and South Robert Trail, including the installation of traffic signal lights, and $440,000 for the redevelopment of property on the northern portion of the site, including the construction of a new access to South Robert Trail.

ESTIMATED COST - $690,000 as modified on March 24, 1997

APPENDIX B
Boundary Map of
Development District No. 2,
Tax Increment Financing District No. 2-1



TIF District No. 2-1 Southridge Center



APPENDIX C
Cash Flow Estimates for
Development District No. 2,
Tax Increment Financing District No. 2-1

The revenue projections in this Appendix are based on current estimates of tax increment generated by Tax Increment Financing Districts Nos. 2-1 and 3-1. Actual revenue could vary significantly depending on the tax rate and tax capacity value of the projects. Additional project costs to be paid by this estimated revenue are authorized by this March 24, 1997 modification and are greater than the tax increment revenue currently expected. Additional revenue above and beyond these estimates will require a modification of the Tax Increment Financing Plans only if additional costs not authorized herein are expected to be incurred.

APPENDIX D

(AS MODIFIED DECEMBER 9, 2013)

Class Rate Compression Analysis for
Tax Increment Financing District No. 2-1

City of Inver Grove Heights

COMPRESSION ANALYSIS FOR PAY 2002

Dakota County	Market Value	Class Code Current Code	Sub	EMV Base	EMV Current	Tax Capacity Base	Tax Capacity 2002	Hypothetical Tax Capacity with 1997 Rates	Change Due To Compression	
TIF District 2-1										
20-02910-011-50	Total									
Base 233-0		233	3a		10,238,400		204,018	469,366	265,348	-56.53%
2002 TMV 233	10,238,400									
Base Net CPC										
Current Net CPC										

APPENDIX E

(AS MODIFIED DECEMBER 9, 2013)

Calculation of Maximum Extension of TIF Districts to Fund Deficits

City of Inver Grove Heights
Calculation of Maximum Extension of TIF Districts to Fund Deficits

	2001 Base TC	2001 Tax Rate	2001 Taxes on Base TC	2002 Base TC	2002 Tax Rate	2002 Taxes on Base TC	2003 Base TC	2003 Tax Rate	2003 Taxes on Base TC	Average of 2002-2003 Tax	Tax Reform Percentage	Years Remaining In District	Estimated Maximum Extension
TIF 2-1	18,835	1.01366	19,092	11,212	0.99584	11,165	11,212	0.93143	10,443	10,804	43.41%	12	5 years