

**AGENDA
PLANNING COMMISSION MEETING
CITY OF SHOREVIEW**

**DATE: JULY 24, 2012
TIME: 7:00 PM
PLACE: SHOREVIEW CITY HALL
LOCATION: 4600 NORTH VICTORIA**

**1. CALL TO ORDER
ROLL CALL
APPROVAL OF AGENDA**

2. APPROVAL OF MINUTES
Brief Description of Meeting Process – Chair Steve Solomonson
May 22, 2012 Minutes
No June Meeting

3. REPORT ON CITY COUNCIL ACTIONS
Meeting Date: June 4, 2012 and June 18, 2012
July 2, 2012 and July 16, 2012

4. NEW BUSINESS

**A. FINDING THAT THE TAX INCREMENT FINANCING PLAN FOR PROPOSED
DISTRICT #8 IS IN COMPLIANCE WITH THE CITY'S COMPREHENSIVE PLAN**

5. MISCELLANEOUS

- A.** City Council Meeting Assignments for *August 6th and August 20th, 2012*
Planning Commissioners *Solomonson and Ferrington*
- B.** Scheduled Planning Commission Workshops
 - July 24th - after the regular meeting
 - August 28th – before the regular meeting.

6. ADJOURNMENT

**SHOREVIEW PLANNING COMMISSION MEETING
May 22, 2012**

CALL TO ORDER

Chair Solomonson called the meeting of the May 22, 2012 Shoreview Planning Commission meeting to order at 7:00 p.m.

ROLL CALL

The following members were present: Chair Solomonson; Commissioners Ferrington, McCool, Proud, Schumer, and Thompson.

Commissioner Wenner was absent.

APPROVAL OF AGENDA

MOTION: by Commissioner Schumer, seconded by Commissioner Ferrington to approve the May 22, 2012 agenda as submitted.

VOTE: **Ayes - 6** **Nays - 0**

APPROVAL OF MINUTES

MOTION: by Commissioner Schumer, seconded Commissioner Thompson to approve the April 24, 2012 Planning Commission minutes as submitted.

VOTE: **Ayes - 6** **Nays - 0**

REPORT ON COUNCIL ACTIONS

City Planner Kathleen Nordine reported that the City Council approved the additional use of limited auto sales for Automotive Ventures. The Council also requested staff to develop a text amendment to the ordinance for standards of automotive use as a conditional use permit in the Commercial District.

The Lakeview Terrace application has been delayed at the applicant's request due to site design and financing issues. Staff anticipates that the application will be reviewed again by the Planning Commission at the June 26th meeting.

NEW BUSINESS

COMPREHENSIVE SIGN PLAN

FILE NO: **2448-12-11**
APPLICANT: **Target - Signcrafters**

LOCATION: 3800 Lexington Avenue

Presentation by City Planner Kathleen Nordine

Target is seeking a Comprehensive Sign Plan amendment to remove existing wall signs in order to put in two new wall signs. The existing monument sign would be refaced. The new signage will be consistent with Target's new brand logo.

A Comprehensive Sign Plan Amendment was approved in 2000, when Target was converted to a SuperTarget. The store is now being remodeled and upgraded. Signage consistent with the new SuperTarget brand logo is requested. The sign height, width and area will remain the same. The change will be in the font for lettering.

Wall signs are limited to 5% of the wall area on which a sign is placed. On the west wall the maximum area permitted is 846 square feet; the existing sign is 747 square feet. The application request is 1,171 square feet. The new sign would be in addition to the existing Grocery and Pharmacy signs. On the north wall, the maximum area permitted is 486 square feet; existing signage is 478 square feet. The application request is for 902 square feet. Only the SuperTarget sign would be on the north wall. The requested increases that exceed permitted area requires a sign plan amendment.

Staff believes the proposal is not excessive because of the size and mass of the building. There is no increase to the height or area of the monument sign. Property owners within 350 feet were notified. One response of support was received. Staff is recommending the Planning Commission recommend to the City Council that the changes be approved.

Commissioner Ferrington asked if the building setback is considered in setting the size standard of wall signage. Ms. Nordine answered, no.

Chair Solomonson noted the new letters on the north wall will be 9 feet in height and asked the height of the old letters. Ms. Nordine responded that the current letters are 5 feet in height.

Mr. Pat Laurence, Signcrafters, was present to answer questions.

Commissioner McCool asked if the existing signs on the side of the building are being eliminated. **Mr. Lawrence** answered, yes. There is one change. The current sign is neon but will be changed to LED. It will not be brighter but will be consistent in the winter when temperatures are cold.

Chair Solomonson questioned the dimensions of the wall presented. **Mr. Lawrence** assured the Commission that the sign does fit the north wall.

MOTION: by Commissioner Schumer, seconded by Commissioner Proud to recommend that the City Council approve the Comprehensive Sign Plan for Target at 3800 Lexington Avenue North. The proposed signage is consistent with the rebranding of Target and will not appear to be out of scale due to the mass of the building and

Chair Solomonson asked if access to the play area is sufficiently distant from the service drive to assure safety of the children. Ms. Nordine stated that there is a sidewalk that leads from the school building to the play area.

Commissioner Thompson added that while the service drive runs next to the play area, it is not at all heavily traveled. She believes the location is appropriate.

Mr. Schumer also noted that there would be supervision for preschool age children.

MOTION: by Commissioner Thompson, seconded by Commissioner Ferrington to recommend the City Council approve the Site and Building Plan review application for St. Odilia 3495 Victoria Street North, to construct a playground on the property for the preschool program, subject to the following conditions:

1. The project must be completed in accordance with the submitted site and building plans. Any significant changes to these plans, as determined by the City Planner, will require review and approval by the Planning Commission and the City Council.
2. The approval will expire after one year if the required permits have not been issued and work has not begun on the project.
3. The applicant shall obtain a grading permit and a fence permit for the playground and fence that will be installed around the perimeter of the playground area.

This approval is based on the following findings:

1. The proposed improvement is consistent with the policies of the Comprehensive Plan, including the Land Use and Housing Chapters.
2. The proposed improvements will not conflict with or impede the use of adjoining property.

VOTE: **Ayes - 6** **Nays - 0**

PUBLIC HEARING - PLANNED UNIT DEVELOPMENT – DEVELOPMENT STAGE

FILE NO: **2449-12-12**
APPLICANT: **TCF Bank – Dave Kroona**
LOCATION: **3836 Lexington Avenue**

Presentation by City Planner Kathleen Nordine

This application request is to amend the PUD for the Sinclair gas station property at 3836 Lexington Avenue in order for redevelopment to occur with a bank facility. The property owner is also seeking tax increment financing (TIF) assistance to cover costs of demolition, tank removal and environmental cleanup. Benefits to the City for providing TIF assistance will be

redevelopment that serves a resident need, agreement to joint signage for the retail businesses in that area and granting needed right-of-way for road improvements of Red Fox Road and Lexington Avenue. The City Council will consider the TIF request at the June 18th City Council meeting. In order to use the TIF funds available, demolition must begin by July 1, 2012. The PUD amendment being reviewed by the Planning Commission at this meeting will be considered by the City Council at the June 2, 2012 meeting.

In 1989, this property was included in the PUD for Target to address access issues. The property is 34,168 square feet with a width of 167 feet along Lexington Avenue. Access is currently off Lexington, Red Fox Road and the private Target drive.

The redevelopment with a bank facility would be a one-story building of 2,200 square feet with three drive-through lanes and off-street parking. Right turn only access is proposed off Lexington and Red Fox Road. Full access would be from the Target private drive where an existing easement permits full access. Drive-through traffic is separated from on-site parking and pedestrian traffic entering the bank building.

The parking lot setback required from Red Fox Road is 20 feet; the proposal is for 11.4 feet. The drive-through lanes are required to have six spaces per lane; the proposal is for 4 and/or 5 spaces per lane.

On May 21, 2012, the City Council authorized a feasibility study for reconstruction of Red Fox Road. It is likely that a right turn lane from Lexington to the Target private drive will be recommended in the design. If additional right-of-way is needed to widen Red Fox Road, that would impact the parking lot setback.

Lexington Avenue is under the jurisdiction of Ramsey County. The County has submitted a memo to the City indicating that additional right-of-way will be needed from this site for a right turn lane onto Red Fox Road, which will impact parking setbacks from Lexington. Also, the access off Lexington may conflict with the right turn lane. Staff is continuing discussions with Ramsey County on these issues. Currently, there is a 20-foot utility easement for sewer and water lines along the southern boundary of the site. These lines will need to be relocated south of the proposed drive-through lanes. It may be possible to move the development back into the 20-foot easement area.

Notices were sent to property owners within 350 feet of the development site. One response was received in support of the proposal.

Staff finds that this redevelopment does support City commercial land use goals and provides a community need. The outstanding issues pertaining to road improvements may impact the site design, but staff believes these issues will be resolved prior to the Final Stage PUD. Staff recommends that the Commission recommend approval to the City Council, subject to the conditions listed.

Commissioner Schumer noted that the memo from Ramsey County states that the right turn access off Lexington would not be allowed. Ms. Nordine responded that there is room for

discussion, as the County will need additional right-of-way for that right turn lane. The site can be designed, if that access point must be closed.

Commissioner Proud asked if tests have been done on soil and ground water on the site.

Commissioner McCool asked if the access off Red Fox Road could become a full access. Ms. Nordine answered, no.

Chair Solomonson stated that even though the access is right only off Red Fox, it looks like it could be confusing, so that traffic would also try to exit onto Red Fox Road. He asked if traffic studies have been done. Ms. Nordine stated no traffic study has been done for Red Fox Road, and Ramsey County has not done modeling for Lexington. With signage and curb design, only a right turn access would be possible off Red Fox Road. The site possibly could function with only the full access off the Target drive.

Commissioner Ferrington stated that she is uncomfortable with how this project is being rushed without enough study information. Ms. Nordine responded that the site is commercial and the proposed use does fit within the PUD. While the issues regarding road improvements have not been resolved, they will be decided by the Final PUD. There is sufficient space to move the site plan to the east and south to maintain acceptable setbacks. The main issue is the access points. The Public Works Director is open to allowing the access point off Red Fox Road because it is a right only from a right turn lane. He does not see conflicts arising from that design.

Commissioner Ferrington stated that the right in only traffic from Red Fox Road will have to pass through the parking area where pedestrians will be parking and walking to access the lobby in order to reach the drive-through lanes. The issues surrounding the road improvements that are not resolved will impact this site development. Ms. Nordine noted that condition No. 2 addresses the fact that the issues identified in the memos from Ramsey County and the City Engineer must be addressed before the Final Stage PUD.

Commissioner Proud stated that he will offer an amendment to condition No. 2 to include traffic flow conditions on the site.

Commissioner McCool asked if the last drive-through lane is wide enough for cars to drive around that lane to exit. Ms. Nordine stated that the lane is wide enough at 18 feet.

Chair Solomonson asked if traffic will mistake the right turn only into the bank site for an entrance to the Target site. Ms. Nordine stated that issue will be addressed with signage.

Commissioner Thompson noted that traffic on the Target drive turning left onto Red Fox Road is already somewhat difficult. She asked how this additional traffic will be handled from this proposed development and the other development occurring in the area. Ms. Nordine stated that the Target drive aligns with the driveway across Red Fox Road. The City Engineer is aware of the issue and will address it in the road design.

Commissioner McCool asked if the exit from the bank site aligns with an entrance to the Target site on the other side of the Target private drive.

City Attorney Filla stated that the public hearing was properly noticed.

Chair Solomonson opened the public hearing.

Mr. Don Greenhank, 3333 Owasso Heights Road, stated that the intersection of Red Fox Road and Lexington is very congested. Cars turning right onto Red Fox then have to turn left across exit lanes going west to access the Exxon station. It is a big bottleneck. Traffic will increase with the commercial development that is taking place. The reason he does not buy gas at the Sinclair station is because of the difficulty of getting in and out of the site.

Mr. Robert Foster, Attorney for Luther Properties, Owner of the site. He introduced Mr. Mike Kraft from TCF Bank and Dave Kroona, owner of Luther Properties. Regarding environmental issues, an environmental consulting firm has been hired for an assessment of the site. Mr. Kroona is responsible site cleanup. There has never been a leak on the site. Soil borings were done this week. By the time of the this is presented to the City Council, it will be known what remediation is necessary. Secondly, the purchase agreement is contingent on the owner cleaning up the site and receiving TIF assistance for those costs. The legislature did not pass an extension of the TIF that would be available to this site. After July 1st, TIF assistance will be lost. The necessity of TIF assistance drives the tight time line.

Mr. Mike Kraft, HGT Architects, 9300 Hennepin Town Road, Eden Prairie, introduced Mr. Dave Nelson from TCF to answer any questions regarding bank operations. Due to the nature of banking over the last 10 years, the volume of traffic at bank sites has decreased. The majority of the parking for customers entering the bank building is alongside the building. Customers will be able to go into the building without crossing traffic going to the drive-through lanes. There have been a number of discussions regarding access off Lexington and Red Fox Road. TCF would not be pursuing development of this site, if there was no confidence that the access issues could not be worked out. A right turn into the site from Lexington would be from a right turn lane and would be much safer than turning right from a traffic lane. The same is true on Red Fox Road. These issues are a priority for TCF to resolve.

Commissioner Ferrington asked if the parking on the west side for employees would be lost with the required right-of-way needed for the right turn lane to be put in on Lexington. **Mr. Kraft** stated that there is enough space for the utility easement to be moved and the design shifted to keep a good traffic flow. The access on Red Fox has been pulled further east, and the one on Lexington further south to keep site traffic away from the intersection.

Chair Solomonson asked if the site can function with the full access off the Target private drive. **Mr. Kraft** responded that not having a public access puts the development in a difficult position. The site would not function well, and he does not believe TCF would pursue development without public access.

In response to Commissioner McCool's question, Mr. Kraft stated that the exit onto the Target drive does not align with a Target entrance; there is a median. There will not be traffic coming from Target or TCF wondering who has right of way. He added that there is room for cars to get around the drive aisles. If the design can be shifted south, there will be more opportunity to make that last drive aisle wider than 18 feet to assure plenty of room to drive around the drive-through lanes.

Mr. Kraft supported Commissioner Proud's amendment to condition No. 2 to resolve traffic flow conditions. He believes traffic studies will show that traffic flow will be improved.

MOTION: by Commissioner Proud, seconded by Commissioner Schumer to close the public hearing.

ROLL CALL: Ayes - 6 Nays - 0

Commissioner Ferrington expressed concern that with the development by Stonehenge, TCF Bank and increased visibility of Target, she would like to be sure that public works staff will prioritize the design of that intersection and Red Fox Road improvements.

Chair Solomonson stated that there are many unknowns about traffic, access, and site design that make it difficult to make a decision on this project. He would like to see the questions raised by the Planning Commission addressed for the City Council. The Commission will not have another opportunity to review this application. His preference would be to see no access from Lexington or Red Fox Road to get traffic away from the intersection.

Commissioner Proud stated that he does support an access off Lexington. With all of the engineering expertise of staff and the developers, he is confident that the issues will be resolved. The common goal is for good traffic flow.

Commissioner McCool expressed support for the proposal. He has traffic concerns, but he is confident that Ramsey County will not allow access off Lexington without an adequate construction design. He would like to see more space on the south side of the building for a circular movement around the site. Access from Red Fox Road should only be right in.

Commissioner Schumer agreed with Commissioner Proud and will support the project. With all the development occurring in the area, he believes all parties will work to come to the best resolution of the issues.

MOTION: by Commissioner Proud, seconded by Commissioner Schumer to recommend the City Council approve the PUD amendment permitting the redevelopment of the Sinclair property 3836 Lexington Avenue with a retail bank facility, subject to the following conditions with a modification to condition No. 2 that reads, "The applicant shall continue to work with the City staff and Ramsey County representatives to resolve issues regarding road right-of-way, planned access points, future road improvements and on-site traffic flow issues. The applicant shall also

cooperate and assist nearby property owners to improve traffic flow issues. These issues shall be addressed prior to the City's approval of the Final Stage PUD.

Planned Unit Development – Development Stage

1. The property shall be developed in accordance with the plans submitted as part of this application. Revisions to the submitted plans may be permitted to respond to comments received from the City Engineer and Ramsey County representative. Said revisions shall be submitted as part of the Final Stage PUD application.
2. The applicant shall continue to work with the City Engineer and Ramsey County representatives to resolve issues regarding road right-of-way, planned access points and future road improvements. These issues shall be addressed prior to the City's approval of the Final Stage PUD.
3. Prior to the issuance of a building permit, the applicant shall address the items stated in the memo from the Fire Marshal.
4. The applicant shall enter into a site development agreement and an erosion control agreement with the City prior to the issuance of a building permit for the project.
5. The existing public sewer and water utilities shall be relocated south of the proposed drive through facility and pavement area. The existing utility easement shall be vacated and a new easement established along the south property line.
6. A permit is required from Ramsey County for any work in the Lexington Avenue right-of-way.
7. The landscape plan shall be revised to provide a diversity of trees with a ratio of 30-20-10.
8. The applicant shall work with the City to develop a commercial gateway sign for the Red Fox Road retail area.
9. A Comprehensive Sign Plan is required prior to the installation of any signage on the property.
10. Authorize the Building Official to issue proper building permits after Final Stage approval of the PUD and execution of the development agreement.

This approval is based on the following findings of fact:

1. The proposed land use is consistent with the designated commercial land use in the Comprehensive Plan and PUD.
2. The redevelopment supports the City's commercial land use goals regarding the reinvestment in commercial areas and providing services which support resident needs and employment opportunities.
3. Redevelopment of this site provides the City with an opportunity to address roadway improvements and infrastructure needs in this commercial area.

Discussion:

Commissioner McCool stated that he agrees with condition No. 2 but expressed concern about the last sentence because it suggests a duty to grant easements to nearby property owners. Implicit in the continued study, traffic is a regional issue. He requested the last sentence be stricken.

Memorandum

To: Planning Commission Members

From: Tom Simonson
Assistant City Manager and Community Development Director

Date: July 19, 2012

Re: Planning Commission Finding that the Tax Increment Financing Plan for Proposed Tax Increment Financing District No. 8 for Midland Plaza Redevelopment (Lakeview Terrace Apartments) Conforms to the General Development Plans of the City

Introduction

The developer of the proposed Lakeview Terrace Apartments is moving forward with seeking final development and public financing approvals on the redevelopment of the Midland Plaza strip center to construct a new upscale market rate rental apartment building. The City Council will be holding a public hearing in consideration of the establishment of a new tax increment financing district on August 20th.

A requirement of the State laws governing tax increment financing calls for the Planning Commission to find that the draft Tax Increment Financing Plan for the proposed creation of a new Tax Increment Financing District No. 8 is in conformance to the general development and redevelopment plans of the City, as described in the Comprehensive Plan. A resolution has been prepared for Planning Commission consideration.

Background

The redevelopment project requires the proposed creation of a new tax increment financing district to serve as the primary funding source for the public improvements and other eligible development costs to benefit the project. The developer has submitted a formal application request for the tax increment financing review process. The majority of the costs for the public infrastructure improvements will be



reimbursed through the tax increment generated from the new apartment building, with additional financial support provided back to the developer of the increment remaining for eligible expenses once the public costs have been repaid.

The project was scheduled to be considered by the City Council in May, but the developer requested a delay to allow further time evaluate the financial feasibility of the project. Factors that have complicated the project include the recent financial analysis showing there is now less tax increment available to direct back into the project due to the increasing cost of the road project, less number of apartment units based on modifications to the plans after Council and Planning Commission review, and the preliminary estimated values established by the Ramsey County.



City staff has further reviewed the project financing with both the City Council and Economic Development Authority over the past couple of months and discussed the developer’s request for additional tax increment financing upfront to assist. City representatives and the developer’s project team have been reviewing financing options and negotiating preliminary terms for an agreement that meets the needs of the developer to move forward but is within the financing parameters set forth earlier by the Council and EDA that protects the City’s significant public investment and limits the public risk.

The following is a revised schedule for establishment of the tax increment district and approval of the public financing:

**Revised Schedule for Establishing a Redevelopment Tax Increment District
for Midland Plaza/Lakeview Terrace Apartment Project**

07-16-2012	City Council called for public hearing
07-20-2012	Revised fiscal/economic implications distributed to School District and County Board; letter to County Commissioner representing Shoreview
07-24-2012	Planning Commission reviews Plans to determine conformance with the City’s Comprehensive Plan
08-13-2012	EDA formally considers the Plans; recommends action to City Council
08-20-2012	City Council holds public hearing at 7:00 p.m. for TIF District and considers approval of TIF Development Agreement
By October 31, 2012	Certify Plans with County & State

The delay in the developer obtaining final project approvals has also impacted the City’s schedule for undertaking and completing the public road improvements. While most of the final engineering design work and property right-of-way acquisition agreements have been

finalized, there is also significant scheduling coordination with other agencies that need to be done on what is a very complex infrastructure project. If the development project receives City approval, the City would then execute our agreements with the Canadian Pacific Railway (Soo Line) and Ramsey County, and complete the property acquisitions with both Deluxe Corporation and School District 621 for the additional land required for the intersection improvements at Victoria Street and County Road E. The City would then seek bids on the construction and award a contract to start the public improvements in early spring of next year. The developer would be able to commence construction on the apartment project once Owasso Street was realigned and a new building pad is created.

Planning Commission Action

The City's development consultant Kirstin Barsness and development attorney Robert Deike have prepared a draft Tax Increment Plan for proposed TIF District No. 8 (included with this report).

Attached is a separate memorandum from the City's tax increment development consultant providing background on the State laws governing economic development assistance requiring the Planning Commission to make a determination that tax increment plans conform to the land use and development plans of the Comprehensive Plan.

The City Planner has also provided a background page summarizing the genesis of the redevelopment project and how the redevelopment is consistent with the general goals and polices of the Comprehensive Plan and Housing Action Plan of the City.

Staff is recommending that the Planning Commission adopt the attached proposed Resolution No. 12-61, finding that the draft Tax Increment Financing Plan for the proposed creation of a new Tax Increment Financing District No. 8 for the Midland Plaza Redevelopment (Lakeview Terrace Apartments) conforms to the general development and redevelopment plans of the City as described in the Comprehensive Plan. This action is a necessary step in consideration of providing financial assistance for the proposed market rate rental apartment project.

PLANNING COMMISSION
CITY OF SHOREVIEW, MINNESOTA

RESOLUTION 12-61

RESOLUTION OF THE PLANNING COMMISSION FINDING THE MODIFICATION OF MUNICIPAL DEVELOPMENT DISTRICT NO. 2 AND THE TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 8 CONFORM TO THE GENERAL PLANS FOR THE DEVELOPMENT AND REDEVELOPMENT OF THE CITY.

WHEREAS, the City Council for the City of Shoreview, Minnesota, (the "City") has proposed a modification to Municipal Development District No. 2 and the adoption of a Tax Increment Financing Plan for Tax Increment Financing District No. 8 (collectively, the "Plans") and has submitted the Plans to the Shoreview Planning Commission (the "Commission") pursuant to *Minnesota Statutes, Section 469.175, Subdivision 3*; and

WHEREAS, the Commission has reviewed the Plans 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 Plans conform to the general plans for the development and redevelopment of the City as a whole.

Adopted this ____ day of July, 2012.

Chair

ATTEST:

MEMORANDUM

DATE: July 17, 2012
TO: Tom Simonson, Assistant City Manager/Comm. Dev. Director
FROM: Kirstin Barsness, Economic Development Consultant
RE: Lake View Terrace Tax Increment Financing Resolution

The Planning Commission is requested to determine whether the redevelopment plan for Lake View Terrace (formerly Midland Plaza) conforms to the general plans for the development and redevelopment of the City as described in the *Comprehensive Plan* for the City.

On August 20, 2012, the City Council will consider granting tax increment financing (TIF) assistance for the redevelopment of the former Midland Plaza site which will result in the construction of the Lake View Terrace apartment building. As part of the TIF process, the Planning Commission is required to review the TIF plan for conformance with the *Comprehensive Plan*. Minnesota Statutes, Section 469.175, subdivision 3 states "Before or at time of approval of the tax increment financing plan, the municipality shall make the following findings, and shall set forth in writing the reasons and supporting facts for each determination:...that the tax increment financing plan conforms to the general plans conform to the general plan for development or redevelopment of the municipality as a whole."

The Planning Commission reviewed the following applications related to Case File 2446-12-09 at a public hearing on April 24th and recommended approval to the City Council.

- 1) Comprehensive Plan Amendment changing the designated land use from C, Commercial to RH, High-Density Residential
- 2) Preliminary Plat – to plat the property for development
- 3) Rezoning – Rezoning the property from C1, Retail Service and R3, Multi-family residential to PUD, Planned Unit Development, Development Stage
- 4) PUD, Planned Unit Development, Development Stage – to develop the property with a 104 unit apartment building.

Although the Planning Commission has already approved the project through Planned Unit Development Stage, TIF statutes require the Commission to approve a separate resolution finding the redevelopment plans conform to the City's *Comprehensive Plan*. The Shoreview City Council will make the determination on the approval of the tax increment request and corresponding TIF plan at the August 20, 2012 regular meeting.

Attachments

- A. Tax Increment Financing Plan – District #8
- B. Resolution

Consistency with General Development Plans and Policies

Urban Land Institute/Regional Council of Mayors

In 2008, the City of Shoreview was selected to participate in the Urban Land Institute's/Regional Council of Mayors (ULI/RCM) Opportunity City Pilot Program. This program was a collaborative effort between ULI/RCM and selected communities and resulted in the identification of housing practices and implementation strategies that support the community's housing goals. A housing audit was completed in addition to a site analysis for the redevelopment of the Midland Plaza.

For the site analysis, the ULI Minnesota Technical Assistance Panel (TAP) process was used to evaluate land use options for the City's largest apartment complex, Midland Terrace. The TAP consisted of an interdisciplinary panel of ULI Minnesota experts in the real estate, planning and development fields who explored the project and its potential for renovation and/or redevelopment. Recommendations and site considerations for the property owner and policy leaders were identified to help the project move forward. In accordance with these recommendations, the City and property owner, Tycon Companies, have worked towards the redevelopment of the obsolete retail center with a higher-end new apartment building, diversifying the rental housing opportunities in Midland Terrace and expanding lifecycle rental housing opportunities in the community.

Housing Action Plan

As a participant in the Metropolitan Council's Livable Communities Act, the City prepared and adopted a Housing Action Plan. This housing plan summarizes the current housing efforts and identifies gaps in the community's housing needs that should be addressed in the future. The Midland Terrace Plaza Redevelopment Project has been identified as part of the work plan and is a priority for the City. The following is an excerpt from the Plan:

Midland Terrace Plaza Redevelopment

This redevelopment project stems from the ULI/RCM Opportunity City Pilot Program, which included a site analysis for the Midland Terrace Apartment Complex redevelopment site, 3529 Owasso Street. The City and property owner, Tycon Companies, are working towards redeveloping an obsolete retail center with a higher-end new apartment building, diversifying rental housing opportunities in Midland Terrace and expanding lifecycle rental housing opportunities in the city. Midland Terrace includes a 13,000 square foot dilapidated retail center that is occupied by just two tenants who only lease 15% of the floor area. The plan includes demolishing the retail center, realigning Owasso Street, and creating a waterfront redevelopment parcel on which a high-density apartment building would be constructed. This new apartment product is not available in the affordable Midland Terrace complex or other Shoreview apartment complexes.

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2008 Shoreview Comprehensive Plan – Housing

The adopted Comprehensive Plan establishes goals, policies, recommended actions related to housing maintenance and neighborhood reinvestment, life-cycle and affordable housing and residential infill and redevelopment. The Mildland Plaza redevelopment project supports these goals by reinvesting in our older apartment communities and providing a housing option not currently available in the community.

Furthermore, this development carries out the implementation plan as it is an example of Shoreview's housing efforts using a multi-faceted approach that incorporates partnerships, financial assistance programs and development planning. With this approach, the project will address the community's changing housing needs while maintaining a high quality housing stock and strong neighborhoods.

Metropolitan Council – Livable Communities Demonstration Account Grant

To off-set public improvement and redevelopment costs, the City sought and received a \$655,000 grant through the Metropolitan Council's Livable Communities Demonstration Account Grant program. The Livable Communities Demonstration Account (LCDA) funds development and redevelopment projects that achieve connected development patterns linking housing, jobs and services, and maximize the development potential of existing infrastructure and regional facilities. Funding through this project will assist with local costs associated with the Owasso Street realignment, demolition of the old retail center, public utility improvements and site preparation for a proposed high-end apartment building.

**Development Program
for Municipal Development District No. 2**

and the

**Tax Increment Financing Plan
for the establishment of**

**Tax Increment Financing District No. 8
Lakeview Terrace
(a redevelopment district)**

within

Municipal Development District No. 2



**City of Shoreview
Ramsey County
State of Minnesota**

Draft: July 16, 2012

Public Hearing: August 20, 2012

Adopted:

DRAFT

Table of Contents

Section 1 - Development Program for Municipal Development District No. 2

Foreword	4
Definitions	4
Subsection 1-1. Statement of Public Purpose	5
Subsection 1-2. Statutory Authority.....	5
Subsection 1-3. Statement of Objectives	6
Subsection 1-4. Estimated Public Costs and Supportive Data.....	7
Subsection 1-5. Environmental Controls	8
Subsection 1-6. Proposed Reuse of Property.....	8
Subsection 1-7. Administration and Maintenance of Development District.....	8
Subsection 1-8. Rehabilitation	8
Subsection 1-9. Relocation	9
Subsection 1-10. Boundary of Development.....	9
Map of Municipal Development District No. 2.....	10

Section 2 - Tax Increment Financing Plan for Tax Increment Financing District No. 8

Subsection 2-1. Foreword	11
Subsection 2-2. Statutory Authority.....	11
Subsection 2-3. Statement of Objectives	11
Subsection 2-4. Development Program Overview	11
Subsection 2-5. Description of Property in the District and Property To Be Acquired	12
Subsection 2-6. Classification of the District	12
Subsection 2-7. Duration and First Year of Tax Increment of the District	14
Subsection 2-8. Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements	15
Subsection 2-9. Sources of Revenue/Bonds to be Issued	15
Subsection 2-10. Uses of Funds	16
Subsection 2-11. Business Subsidies	17
Subsection 2-12. County Road Costs	18
Subsection 2-13. Estimated Impact on Other Taxing Jurisdictions.....	19
Subsection 2-14. Supporting Documentation	21
Subsection 2-15. Definition of Tax Increment Revenues	21
Subsection 2-16. Modifications to the District	21
Subsection 2-17. Administrative Expenses.....	22
Subsection 2-18. Limitation of Increment	23
Subsection 2-19. Use of Tax Increment	24
Subsection 2-20. Excess Increments	24
Subsection 2-21. Requirements for Agreements with the Developer	25
Subsection 2-22. Assessment Agreements	25
Subsection 2-23. Administration of the District	25
Subsection 2-24. Annual Disclosure Requirements	25
Subsection 2-25. Reasonable Expectations	26
Subsection 2-26. Other Limitations on the Use of Tax Increment.....	26
Subsection 2-27. Summary.....	27

Appendix A
Project Description 28

Appendix B
Map of Tax Increment District #7..... 30

Appendix C
Description of Property to be Included in the District 31

Appendix D
Estimated Cash Flow for the District 34

Appendix E
Findings Including But/For Qualifications 36

Appendix F
Minimum Assessment Agreement..... 38

Appendix G
TIF Qualification/Blight Report 41

**Section 1 - Development Program
for Municipal Development District No. 2**

Foreword

The following text represents a Modification to the Development Program for Municipal Development District No. 2. This modification represents a continuation of the goals and objectives set forth in the Development Program for Municipal Development District No. 2. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 8. (As Modified August 20, 2012)

Tax Increment District No. 8 was created to assist with the redevelopment of the Midland Plaza Shopping Center site. The shopping center will be demolished, Owasso Street will be vacated and realigned to make a buildable site for a new 104 unit market rate apartment building called Lakeview Terrace. The project will be owned by Lakeview Terrace, LLC and operated by Tycon Companies, the manager of the adjacent Midland Terrace apartment complex.

The realignment of Owasso Street is the catalyst for the reconstruction of the entire intersection which includes improvements to County Road E, Victoria Street, and the Canadian Pacific (CP) Railroad. Assistance for the project will include the demolition of Midland Plaza, the vacation and reconstruction of Owasso Street, the reconstruction and improvement of County Road E, Victoria Street and the Railroad property, utility and site preparation work, parking and other TIF eligible activities.

Definitions

The terms defined below shall, for purposes of the Development Program, have the meanings herein specified, unless the context otherwise specifically required:

"City" means the City of Shoreview, a municipal corporation and political subdivision of the State of Minnesota.

"Comprehensive Plan" means the documents which contain 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 of Shoreview, also referred to as the governing body. (See "Governing Body" below).

"County" means the County of Ramsey, Minnesota.

"County Board" means the Board of Commissioners for Ramsey County.

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

"Development District" means Municipal Development District No. 2 in the City, which was created and established pursuant to and in accordance with the Development District Act, and is geographically described in Section 1, Subsection 10 of the Development Program.

"Development Program" means this Development Program for Municipal Development District No. 2, initially adopted by the Council on February 14, 1984, and as it shall be modified. As defined in Minnesota Statutes, Section 469.125, Subdivision 5, 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 Council.

"Municipal Industrial Development Act" means the statutory provisions of Minnesota Statutes, Sections 469.152 to 469.165, as amended.

"Municipality" means any city, however organized as defined in Minnesota Statutes, Section 469.125, Subdivision 2.

"Project Area" means the Development District as geographically described in Subsection 1, Subsection 10 of the Development Program.

"State" means the State of Minnesota.

"Tax Increment Bonds" means any general obligation or revenue tax increment bonds issued and to be issued by the City To finance the public costs associated with Municipal Development District No. 2, as stated in the Development Program and in the Tax Increment Financing Plans for the Tax Increment Financing Districts within Municipal Development District No. 2. The term "Tax Increment Bonds" shall also include any obligations issued to refund the Tax Increment Bonds.

"Tax Increment Financing District" means any tax increment financing district presently established or to be established in the future in Municipal Development District No. 2.

"Tax Increment Financing Act" means the statutory provisions of Minnesota Statutes, Sections 469.174 to 469.1799, inclusive, as amended.

SUBSECTION 1.1.

STATEMENT AND FINDING OF PUBLIC PURPOSE

The City Council (the "Council") of the City of Shoreview (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, maintain and renovate housing stock 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 modified program for improving Development District No. 2 of the City to provide impetus for private development, to maintain and increase employment, maintain and renovate housing stock, to utilize existing potential and to provide other facilities as are outlined in the Development Program adopted by the City.

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, commerce and housing activities to carry out its stated public purpose objectives.

SUBSECTION 1.2.

STATUTORY AUTHORITY

The Council determines that it is desirable and in the public interest to modify, 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 Sections 469.124 to 469.134, as amended, of Minnesota Statutes (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 Minnesota Statutes, Sections 469.174 through 469.179, inclusive (the "Tax Increment Act") and through the use of industrial revenue bonds pursuant to the provisions of Chapter 469.152 to 469.165, as amended, of Minnesota Statutes (the "Municipal Industrial Development Act").

The City has designated the corporate limits (Modification No.4, 4/19/2010) of the City as Development District No. 2 as authorized by Minnesota Statutes, Section 469.126 of the Development District Act. Within the Development District, the City plans to undertake tax increment financing pursuant to Minnesota Statutes, Section 469.174, Subd. 10, 10(A), 11 and 12 of the Tax Increment Financing Act.

SUBSECTION 1.3.

STATEMENT OF OBJECTIVES

The Council determines that the modification 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, residential, commercial, governmental, convention, and related uses.

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 for 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 Districts, Ramsey 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 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 and redeveloped buildings.
8. Encourage and provide maximum opportunity for private redevelopment of existing areas and structures which are compatible with the Development Program.
9. Specific objectives include:
 - a. Acquire land or space which is vacant, unused, underused or inappropriately used for new or expanding uses as well as supportive parking.
 - b. Encourage the renovation and expansion of existing businesses.
 - c. Acquire property containing structurally substandard buildings and remove structurally substandard buildings for which rehabilitation is not feasible.
 - d. Provide park improvements to compliment private development.
 - e. Eliminate blighting influences which impede potential development.
 - f. Acquisition of property to support park improvements and proposed development.
 - g. Provide opportunities for market rate and affordable housing development.
 - h. Fund and operate loan programs for housing improvement activities.

(Modification No.4, 4/19/2010)

SUBSECTION 1.4.

ESTIMATED PUBLIC COSTS AND SUPPORTIVE DATA

The estimated costs of the public improvements to be made within the Development District and financed by tax increments will be derived from the tax increment financing districts within Development District No. 2. (See Appendix "D" of Tax Increment Plan)

SUBSECTION 1.5.

ENVIRONMENTAL CONTROLS

The proposed development activities in the Development District do 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 1.6.

PROPOSED REUSE OF PROPERTY

The public improvements needed to bring about the redevelopment of property may include acquisition of buildings, demolition and removal, site improvements, and general improvements. The estimated public improvement costs will be summarized in each of the applicable tax increment financing plans.

The Development Program does contemplate the acquisition of private property at such time as a private developer presents an economically feasible program for the reuse of that property. Proposals, in order to be considered, must be within the framework of the above cited goals and objectives, and must clearly demonstrate feasibility as a public program. Prior to formal consideration of the acquisition of any property, the City Council will require a binding contract, performance bond, and/or other evidence or guarantees that a supporting tax increment or other funds will be available to repay the public cost associated with the proposed acquisition. It shall be 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 or development agreement to which the City is a part.

SUBSECTION 1.7.

ADMINISTRATION AND MAINTENANCE OF DEVELOPMENT DISTRICT

Maintenance and operation of the public improvements will be the responsibility of the Manager of the City who shall serve as Administrator of the Development District. Each year the Administrator will submit to the Council the maintenance and operation budget for the following year.

The Administrator will administer the Development District pursuant to the provisions of Minnesota Statutes, Section 469.131 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 1.8.

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 or receive assistance within the Development District from the City may be required to rehabilitate their properties as a condition

of sale of land. The City will provide such rehabilitation assistance as may be available from federal, state or local sources.

SUBSECTION 1.9.

RELOCATION

The City accepts its responsibility for providing for relocation pursuant to Minnesota Statutes, Section 469.133 of the Development District Act, if applicable.

SUBSECTION 1.10.

BOUNDARY OF DEVELOPMENT DISTRICT

(Modification No. 4, 4/19/2010)

MDD #1 (Removed 5/15/95)

MDD#2 (Modification No.4, 4/19/2010)

The boundary of MDD #2 will include all of the following Sections:

Sections 2, 3, 4, 11, 14, 23, 24, 25, 26, 35, 36

The boundary of MDD#2 will include partial of the following Sections:

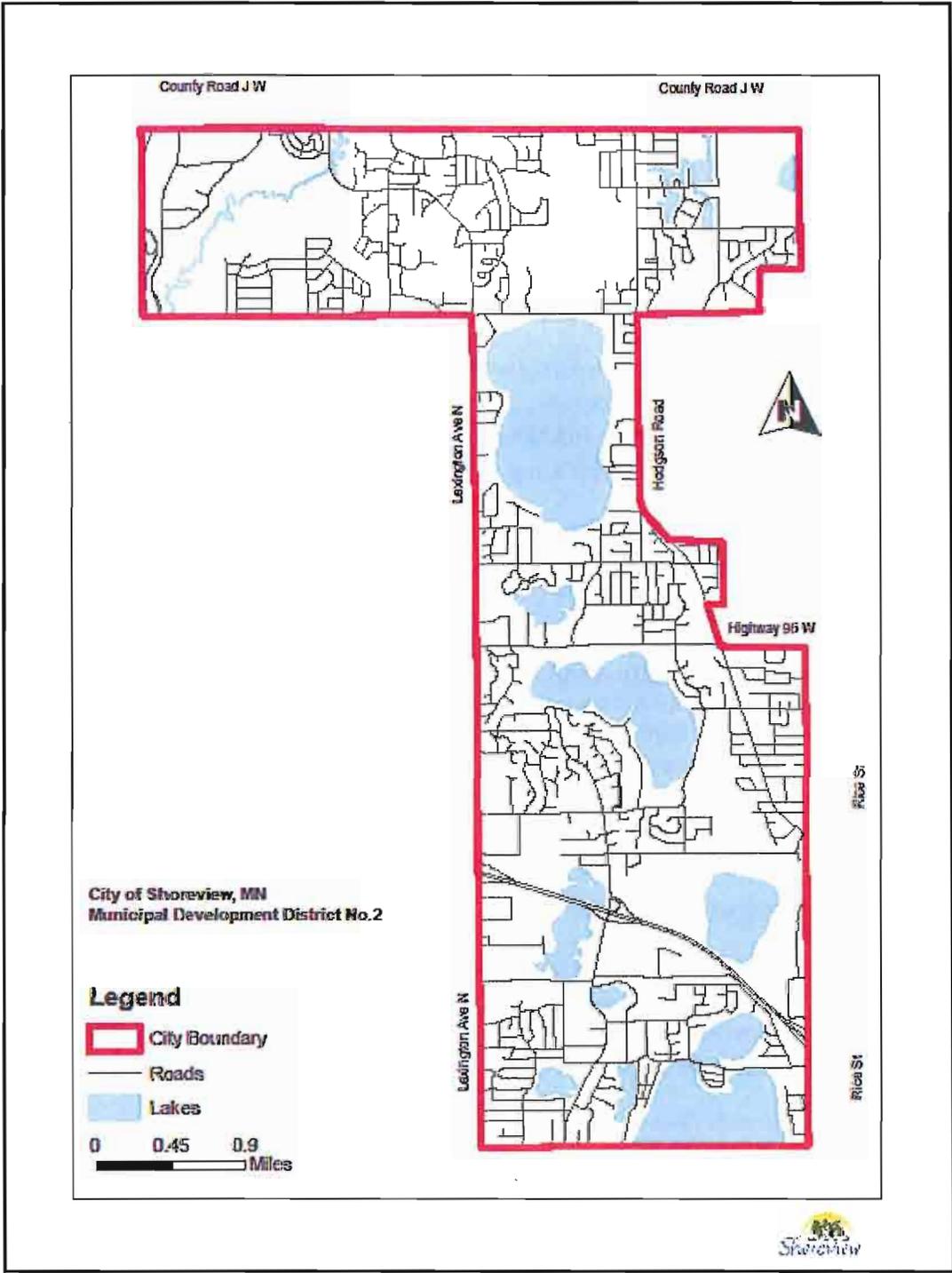
Section 1: Includes the portion containing the corporate limits of the City of Shoreview and excluding the portion of the Section residing in the corporate limits of the City of North Oaks.

Section 13: Includes the portion containing the corporate limits of the City of Shoreview and excluding the portion of the Section residing in the corporate limits of the City of North Oaks.

(AS MODIFIED AUGUST 20, 2012)

The boundaries of Municipal Development District No. 2 are not being changed as part of the modification to Municipal Development District No. 2

SEE MAP ON FOLLOWING PAGE



Section 2 - Tax Increment Financing Plan
for Tax Increment Financing District No. 8

Subsection 2-1. Foreword

The City of Shoreview (the "City"), staff and consultants have prepared the following information to expedite the establishment of Tax Increment Financing District No. 8 (the "District"), a redevelopment tax increment financing district, located in Municipal Development District No. 2.

Subsection 2-2. Statutory Authority

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the City has certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.124 to 469.134*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1799*, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project.

This plan constitutes the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Development Program for Municipal Development District No. 2.

Subsection 2-3. Statement of Objectives

The District currently consists of two parcels of land and adjacent and internal rights-of-way, including Owasso Street and designated portions of County Road E, Victoria Street and the adjacent railroad property owned and operated by Canadian Pacific Railroad. The District is being created to assist with the redevelopment of the Midland Plaza Shopping Center site. The shopping center will be demolished, and Owasso Street will be vacated and realigned to make a buildable site for a new 104 unit market rate apartment building called Lakeview Terrace. The project will be owned by Lakeview Terrace, LLC and operated by Tycon Companies, the manager of the adjacent Midland Terrace apartment complex.

Please see Appendix A for further District information.

The City has not entered into an agreement at the time of preparation of this TIF Plan, but construction of the road improvements are likely to commence in spring/summer 2013 and the new market rate apartment building in summer/fall 2013. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Municipal Development District No. 2.

The activities contemplated in the Modification to the Development Program and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Municipal Development District No. 2 and the District.

Subsection 2-4. Development Program Overview

1. Property to be Acquired - Selected property located within the District may be acquired by the City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.

3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
4. The City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.
5. The City proposes both public and private infrastructure within the District. The proposed reuse of private property within the District will be for a 104 unit market rate apartment building and there will be continued operation of Municipal Development District No. 2 after the capital improvements within Development District No. 2 have been completed.

Subsection 2-5. Description of Property in the District and Property To Be Acquired

The District encompasses all property and adjacent and internal rights-of-way identified by the parcels listed in Appendix C of this TIF Plan. Additionally, the District contains portions of County Road E, Victoria Street and the adjacent Railroad property impacted by the reconstruction of the intersection of County Road E/Owasso Street and Victoria Street. Please also see the map in Appendix B for further information on the location of the District.

The City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan. The City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

Subsection 2-6. Classification of the District

The City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1799*, as amended, inclusive, finds that the District, to be established, is a redevelopment district pursuant to *M.S., Section 469.174, Subd. 10* as defined below:

"Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one or more of the following conditions, reasonably distributed throughout the district, exists:

(1) parcels consisting of 70 percent 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 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;

(2) the property consists of vacant, unused, underused, inappropriately used, or infrequently used rail yards, rail storage facilities, or excessive or vacated railroad rights-of-way;

(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; or

(4) a qualifying disaster area, as defined in subdivision 10b.

(b) For purposes of this subdivision, "structurally substandard" shall mean containing 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.

(c) A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence. The municipality may not make such a determination without an interior inspection of the property, but need not have an independent, expert appraisal prepared of the cost of repair and rehabilitation of the building. An interior inspection of the property is not required, if the municipality finds that (1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and (2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard. Items of evidence that support such a conclusion include 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 under section 469.175, subdivision 3, clause (1). Failure of a building to be disqualified under the provisions of this paragraph is a necessary, but not a sufficient, condition to determining that the building is substandard.

(d) A parcel is deemed to be occupied by a structurally substandard building for purposes of the finding under paragraph (a) or by the improvements described in paragraph (e) if all of the following conditions are met:

(1) the parcel was occupied by a substandard building or met the requirements of paragraph (e), as the case may be, within three years of the filing of the request for certification of the parcel as part of the district with the county auditor;

(2) the substandard building or the improvements described in paragraph (e) were demolished or removed by the authority or the demolition or removal was financed by the authority or was done by a developer under a development agreement with the authority;

(3) the authority found by resolution before the demolition or removal that the parcel was occupied by a structurally substandard building or met the requirements of paragraph (e) and that after demolition and clearance the authority intended to include the parcel within a district; and

(4) upon filing the request for certification of the tax capacity of the parcel as part of a district, the authority notifies the county auditor that the original tax capacity of the parcel must be adjusted as provided by section 469.177, subdivision 1, paragraph (f).

(e) For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or other similar structures.

(f) For districts consisting of two or more noncontiguous areas, each area must qualify as a redevelopment district under paragraph (a) to be included in the district, and the entire area of the district must satisfy paragraph (a).

In meeting the statutory criteria the City relies on the following facts and findings:

- The District will be a redevelopment district consisting of 2 parcels (new plat to be filed with Ramsey County) plus the portions of County Road E, Victoria Street and the Railroad property impacted by the reconstruction of the intersection. (See Appendix A and B for details).
- An inventory shows that parcels consisting of 70% of the area in the District are occupied by building, streets, utilities or other improvements.
- An inspection of the buildings located within the District finds that more than 50 percent of the buildings are structurally substandard as defined in the TIF Act. (See Appendix G).

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111 or 273.112 or Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

Subsection 2-7. Duration and First Year of Tax Increment of the District

Pursuant to *M.S., Section 469.175, Subd. 1, and M.S., Section 469.176, Subd. 1*, the duration of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 25 years after receipt of the first increment by the City. The date of receipt by the City of the first tax increment is expected to be 2015. Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2040, or when the TIF Plan is satisfied. If the first increment is received in 2016, the term of the District will be 2041. The City reserves the right to decertify the District prior to the legally required date.

Subsection 2-8. Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2011 for taxes payable 2012.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2013) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the district;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the City.

The original local tax rate for the District will be the local tax rate for taxes payable 2012. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. , and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Municipal Development District No. 2, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The City requests 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2015. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Estimated Tax Capacity upon Completion (PTC)	\$149,500
Original Estimated Net Tax Capacity (ONTC)	\$16,335
Estimated Captured Tax Capacity (CTC)	\$133,165
Original Local Tax Rate	131.4740% Pay 2012
Estimated Annual Tax Increment (CTC x Local Tax Rate)	\$175,077
Percent Retained by the City	100%

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

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

Subsection 2-9. Sources of Revenue/Bonds to be Issued

Public Improvement costs, acquisition, relocation, utilities, street and sidewalks, and site preparation costs and other costs outline in the Use of Funds will be financed primarily through the annual collection of tax increments. The City reserves the right to use other sources of revenue legally applicable to the City and the Plan, including but not limited to, special assessments, general property taxes, state aid for road maintenance and construction, proceeds from the sale of land, other contributions from the developer and investment income, to pay for the estimated public costs.

The City reserves the right to incur bonded indebtedness or other indebtedness as a result of the Plan. As presently proposed, the project will be financed through a loan from Tax Increment District No. 1 with the loan repayment plus interest being the first use of the tax increment generated by the new TIF District No. 8. TIF District No. 1 is a pre-1990 district which allows for pooling outside of the district, but within the Development District for MDD No. 2. Additional indebtedness may be required to finance other authorized activities. The total amount of bonded indebtedness or other indebtedness related to the use of tax increment financing will not exceed \$3,100,000 without a modification to the Plan pursuant to applicable statutory requirements.

This provision does not obligate the City to incur debt. The City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City. The City may also finance the activities to be undertaken pursuant to the TIF Plan through loans from funds of the City or to reimburse the developer on a "pay-as-you-go" basis for eligible costs paid for by a developer.

The total estimated tax increment revenues for the District are expected to be approximately \$4,884,562 as shown in the table below:

SOURCES OF FUNDS	TOTAL
Tax Increment	\$4,885,000
Met Council LCDA Grant	\$ 655,000
Ramey County	\$ 360,000
PROJECT REVENUES	\$5,900,000
Inter-fund Loan/Transfer from TIF No. 1	\$2,100,000
TOTAL PROJECT AND FINANCE REVENUES	\$8,900,000

The City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of \$3,100,000. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or inter fund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

Subsection 2-10. Uses of Funds

Currently under consideration for the District is a proposal to facilitate the demolition of an existing retail strip center; realign Owasso Street, Victoria Street and County Road E; upgrade the railroad crossing and signalization; in order to construction of a 104 unit- six story market rate luxury apartment building. The City has determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described. The City has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

<u>USES OF TAX INCREMENT FUNDS</u>	<u>TOTAL</u>
Streets and Sidewalks	\$2,550,000
Rail road Signal/Crossing	\$ 350,000
Demolition/Site Improvements	\$ 205,000
Parking Facilities	\$ 2,000,000
<u>Administrative Costs (up to 10%)</u>	<u>\$ 480,000</u>
PROJECT COST TOTAL	\$5,585,000
Inter-fund Loan from TIF No. 1 Principal	\$2,100,000
Loan Interest	\$ 1,215,000
TOTAL FINANCING AND PROJECT COSTS	\$8,900,000

For purposes of OSA reporting forms, uses of funds include inter fund loans, bond principal, TIF Note principal, and transfers, all in the principal amount of up to \$3,100,000. 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 on the previous page does not exceed the total projected tax increments for the District as shown in Appendix D.

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 on the previous page.

Further, the City may spend up to 25 percent of the tax increments from the District for activities (described in the table on the previous page) located outside the boundaries of the District but within the boundaries of the Project (including administrative costs, which are considered to be spend outside the District), subject to all other terms and conditions of this TIF Plan.

Subsection 2-11. 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; and
- (22) Federal loan funds provided through the United States Department of Commerce, Economic Development Administration.

The City will comply with M.S., Sections 116J.993 to 116J.995 to the extent the tax increment assistance under this TIF Plan qualifies for the exemption for housing (7) listed above and on the previous page.

Subsection 2-12. County Road Costs

Pursuant to M.S., Section 469.175, Subd. 1a, the county board may require the City to pay for all or part of the cost of county road improvements if the proposed development to be assisted by tax increment will, in the judgment of the county, substantially increase the use of county roads requiring construction of road improvements or other road costs and if the road improvements are not scheduled within the next five years under a capital improvement plan or within five years under another county plan.

If the county elects to use increments to improve county roads, it must notify the City within forty-five days of receipt of this TIF Plan. The City is aware that the county could claim that tax increment should be used for county roads, even after the public hearing.

Tax increment from TIF District No. 8 will be used to offset the costs of the reconstruction and signalization of both County Road E [Ramsey County 15] and Victoria Street [County Road 52]. The estimates for the road reconstruction project (2012 figures) and the proposed financing split are depicted in the table below.

Road Project	Ramsey County Cost	City of Shoreview
County Road E	230,009	456,929
Victoria Street	67,000	545,517
Owasso Street Signal	33,500	16,500
CP Rail Crossing Upgrade	0	350,000
Totals	330,509	1,368,946

Subsection 2-13. Estimated Impact on Other Taxing Jurisdictions

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

IMPACT ON TAX BASE

	2011/Pay 2012 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) Upon Completion	Percent of CTC to Entity Total
Ramsey County	480,575,818	133,165	0.000277%
City of Shoreview	29,471,145	133,165	0.004518%
Moundsvieview ISD No.621	94,727,714	133,165	0.001406%

IMPACT ON TAX RATES

	Pay 2012 Extension Rates	Percent of Total CTC	Potential Taxes
Ramsey County	.61316	46.64%	81,652
City of Shoreview	.33252	25.29%	44,280
Moundsvieview ISD No.621	.29044	22.09%	38,676
Other (HRA, EDA, et.al)	<u>.07861</u>	<u>5.98%</u>	<u>10,468</u>
Total	1.31474	100%	\$175,076

The estimates listed display the captured tax capacity when all construction is completed. The tax rate used for calculations is the actual Pay 2012 rate. The total net capacity for the entities listed is based on actual Pay 2012 figures.

Pursuant to M.S. Section 469.175 Subd. 2(b):

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$4,884,562;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. With any addition of new residents or businesses, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or require that the City expand its police force.

The probable impact of the District on fire protection is not expected to be significant. Typically new buildings generate few calls, if any, and are of superior construction and include fire protection equipment.

The development will impact traffic movements in the area. The additional traffic will be managed through the reconstruction of Owasso, Victoria and County Road E as part of the development project. These costs in addition to additional traffic signals and trails will improve safety in the area. The costs for these public improvements will be paid for out of revenues generated in the TIF District.

The development in the District is expected to contribute an estimated \$68,122 in local sanitary sewer (SAC) and water (WAC) connection charges. This does not include water meter fees or fees charged by the Metropolitan Council.

The probable impact of any District general obligation tax increment bonds on the ability to issue debt for general fund purposes is expected to be minimal. There may be some general obligation debt issued in relation to this project, however, the amount will be such that there will be no impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$1,005,539;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$2,123,057;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the TIF Plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

Subsection 2-14. Supporting Documentation

Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S. Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District. Following is a list of reports and studies on file at the City that support the City's findings:

- **ULI Study** - Technical Assistance Panel, Midland Terrace Site, 5/19/09
- **City Council reports or workshops (dates):** 7/09/09 ULI Workshop with PC; 8/1/11 LCDA Grant authorization to submit; 3/05/12 - Concept Stage PUD:
- **Planning Commission reports/workshops:** 7/09/09 ULI Workshop with CC, 2/28/12 Concept Stage PUD
- **LCDA Grant Application – Date & Title:** 7/15/11 Midland Terrace Plaza Redevelopment
- **Housing Action Plan** - page 12
- **EDA Staff Reports:** 7/9/2012; 6/11/2012; 5/9/2011; 4/9/2012;
- **Engineering and Consulting Engineer Reports:** CC Report 4/16/2012

Subsection 2-15. 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 Authority with tax increments;
3. Principal and interest received on loans or other advances made by the Authority with tax increments;

4. Interest or other investment earnings on or from tax increments;
5. Repayments or return of tax increments made to the Authority 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 Authority under M.S., Section 273.1384.

Subsection 2-16. Modifications to the District

In accordance with *M.S., Section 469.175, Subd. 4*, any:

1. Reduction or enlargement of the geographic area of the District, if the reduction does not meet the requirements of *M.S., Section 469.175, Subd. 4(e)*;
2. Increase in amount of bonded indebtedness to be incurred;
3. A determination to capitalize interest on debt if that determination was not a part of the original TIF Plan;
4. Increase in the portion of the captured net tax capacity to be retained by the City;
5. Increase in the estimate of the cost of the District, including administrative expenses, that will be paid or financed with tax increment from the District; or
6. Designation of additional property to be acquired by the City, shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original TIF Plan.

Pursuant to *M.S., Section 469.175 Subd. 4(f)*, the geographic area of the District may be reduced following the date of certification of the original net tax capacity by the county auditor, but shall not be enlarged after five years following the date of certification of the original net tax capacity by the county auditor. If an economic development district is enlarged, the reasons and supporting facts for the determination that the addition to the District meets the criteria of *M.S., Section 469.174, Subd. 12*, must be documented in writing and retained. The requirements of this paragraph do not apply if (1) the only modification is elimination of parcel(s) from the District and (2) (A) the current net tax capacity of the parcel(s) eliminated from the District equals or exceeds the net tax capacity of those parcel(s) in the District's original net tax capacity or (B) the City agrees that, notwithstanding *M.S., Section 469.177, Subd. 1*, the original net tax capacity will be reduced by no more than the current net tax capacity of the parcel(s) eliminated from the District. Economic Development districts, for which the request for certification date was made after June 30, 2009, may be enlarged provided the request for certification date of the enlargement is made prior to June 30, 2012.

The City must notify the County Auditor of any modification to the District. Modifications to the District in the form of a budget modification or an expansion of the boundaries will be recorded in the TIF Plan.

Subsection 2-17. 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 District;
3. Relocation benefits paid to or services provided for persons residing or businesses located in the 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 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 District, whichever is less.

For districts for which certification was requested after July 31, 2001, no tax increment may be used to pay any administrative expenses for District costs which exceed ten percent of total estimated tax increment expenditures authorized by the TIF Plan or the total tax increments, as defined in *M.S., Section 469.174, Subd. 25, clause (1)*, from the 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 Treasurer 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.

Subsection 2-18. Limitation of Increment

The tax increment pledged to the payment of bonds and interest thereon may be discharged and the District may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or redemption date.

Pursuant to *M.S., Section 469.176, Subd. 6*:

if, after four years from the date of certification of the original net tax capacity of the tax increment financing district pursuant to M.S., Section 469.177, no demolition, rehabilitation or renovation of property or other site preparation, including qualified improvement of a street adjacent to a parcel but not installation of utility service including sewer or water systems, has been commenced on a parcel located within a tax increment financing district by the authority or by the owner of the parcel in accordance with the tax increment financing plan, no additional tax increment may be taken from that parcel and the original net tax capacity of that parcel shall be excluded from the original net tax capacity of the tax increment financing district. If the authority or the owner of the parcel subsequently commences demolition, rehabilitation or renovation or other site preparation on that parcel including qualified improvement of a street adjacent to that parcel, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced and the county auditor shall certify the net tax capacity thereof as most recently certified by the commissioner of revenue and add it to the original net tax capacity of the tax increment financing district. The county auditor must enforce the provisions of this subdivision. The authority must submit to the county auditor evidence that the required activity has taken place for each parcel in the district. The evidence for a parcel must be

submitted by February 1 of the fifth year following the year in which the parcel was certified as included in the district. For purposes of this subdivision, qualified improvements of a street are limited to (1) construction or opening of a new street, (2) relocation of a street, and (3) substantial reconstruction or rebuilding of an existing street.

The City or a property owner must improve parcels within the District by approximately July 2015 and report such actions to the County Auditor.

Subsection 2-19. Use of Tax Increment

The City hereby determines that it will use 100 percent of the captured net tax capacity of taxable property located in the District for the following purposes:

1. To pay the principal of and interest on bonds issued to finance a project;
2. To finance, or otherwise pay the capital and administration costs of Municipal Development District No. 2 pursuant to *M.S., Sections 469.124 to 469.134*;
3. To pay for project costs as identified in the budget set forth in the TIF Plan;
4. To finance, or otherwise pay for other purposes as provided in *M.S., Section 469.176, Subd. 4*;
5. To pay principal and interest on any loans, advances or other payments made to or on behalf of the City or for the benefit of Municipal Development District No. 2 by a developer;
6. To finance or otherwise pay premiums and other costs for insurance or other security guaranteeing the payment when due of principal of and interest on bonds pursuant to the TIF Plan or pursuant to *M.S., Chapter 462C, M.S., Sections 469.152 through 469.165, and/or M.S., Sections 469.178*; and
7. To accumulate or maintain a reserve securing the payment when due of the principal and interest on the tax increment bonds or bonds issued pursuant to *M.S., Chapter 462C, M.S., Sections 469.152 through 469.165, and/or M.S., Sections 469.178*.

These revenues shall not be used to circumvent any levy limitations applicable to the City nor for other purposes prohibited by *M.S., Section 469.176, Subd. 4*.

Tax increments generated in the District will be paid by Ramsey County to the City for the Tax Increment Fund of said District. The City will pay to the developer(s) annually an amount not to exceed an amount as specified in a developer's agreement to reimburse the costs of land acquisition, public improvements, demolition and relocation, site preparation, and administration. If the request for certification of the District was made after June 30, 2009 and no later than June 30, 2012 and construction commenced in the District by January 1, 2011, tax increments from the District may also be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities. Remaining increment funds will be used for City administration (up to 10 percent) and the costs of public improvement activities outside the District.

Subsection 2-20. 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 Municipal Development District No. 2 or the District.

Subsection 2-21. Requirements for Agreements with the Developer

The City will review any proposal for private development to determine its conformance with the Development Program and with applicable municipal ordinances and codes. To facilitate this effort, the following documents may be requested for review and approval: site plan, construction, mechanical, and electrical system drawings, landscaping plan, grading and storm drainage plan, signage system plan, and any other drawings or narrative deemed necessary by the City to demonstrate the conformance of the development with City plans and ordinances. The City may also use the Agreements to address other issues related to the development.

Pursuant to *M.S., Section 469.176, Subd. 5*, no more than 25 percent, by acreage, of the property to be acquired in the District as set forth in the TIF Plan shall at any time be owned by the City as a result of acquisition with the proceeds of bonds issued pursuant to *M.S., Section 469.178* to which tax increments from property acquired is pledged, unless prior to acquisition in excess of 25 percent of the acreage, the City concluded an agreement for the development of the property acquired and which provides recourse for the City should the development not be completed.

Subsection 2-22. Assessment Agreements

Pursuant to *M.S., Section 469.177, Subd. 8*, the City may enter into a written assessment agreement in recordable form with the developer of property within the District which establishes a minimum market value of the land and completed improvements for the duration of the District. The assessment agreement shall be presented to the County Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, the County Assessor shall also certify the minimum market value agreement.

There will be a minimum assessment agreement between the developer and the City of Shoreview. The details of the Minimum Assessment Agreement are located in Appendix F.

Subsection 2-23. Administration of the District

Administration of the District will be handled by the City Manager.

Subsection 2-24. Annual Disclosure Requirements

Pursuant to *M.S., Section 469.175, Subds. 5, 6, and 6b* the City must undertake financial reporting for all tax increment financing districts to the Office of the State Auditor, County Board and County Auditor on or before August 1 of each year. *M.S., Section 469.175, Subd. 5* also provides that an annual statement shall be published in a newspaper of general circulation in the City on or before August 15.

If the City fails to make a disclosure or submit a report containing the information required by *M.S., Section 469.175 Subd. 5 and Subd. 6*, the OSA will direct the County Auditor to withhold the distribution of tax increment from the District.

Subsection 2-25. Reasonable Expectations

As required by the TIF Act, in establishing the District, the determination has been made that the anticipated development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan. In making said determination, reliance has been placed upon written representation made by the developer to such effects and upon City staff awareness of the feasibility of developing the project site(s) within the District. A comparative analysis of estimated market values both with and without establishment of the District and the use of tax increments has been performed as described above. Such analysis is included with the cash flow in Appendix D, and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the District and the use of tax increments.

Subsection 2-26. Other Limitations on the Use of Tax Increment

1. General Limitations. All revenue derived from tax increment shall be used in accordance with the TIF Plan. The revenues shall be used to finance, or otherwise pay the capital and administration costs of Municipal Development District No. 2 pursuant to *M.S., Sections 469.124 to 469.134*. Tax increments may not be used to circumvent existing levy limit law. No tax increment may be used for the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the state or federal government. This provision does not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure.
2. Pooling Limitations. At least 75 percent of tax increments from the District must be expended on activities in the District or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities within said district or to pay, or secure payment of, debt service on credit enhanced bonds. Not more than 25 percent of said tax increments may be expended, through a development fund or otherwise, on activities outside of the District except to pay, or secure payment of, debt service on credit enhanced bonds. For purposes of applying this restriction, all administrative expenses must be treated as if they were solely for activities outside of the District.
3. Five Year Limitation on Commitment of Tax Increments. Tax increments derived from the District shall be deemed to have satisfied the 75 percent test set forth in paragraph (2) above only if the five year rule set forth in *M.S., Section 469.1763, Subd. 3*, has been satisfied; and beginning with the sixth year following certification of the District, 75 percent of said tax increments that remain after expenditures permitted under said five year rule must be used only to pay previously committed expenditures or credit enhanced bonds as more fully set forth in *M.S., Section 469.1763, Subd. 5*.

Subsection 2-27. Summary

The City of Shoreview is establishing the District to preserve and enhance the tax base; to facilitate the demolition of an existing retail strip center; realign and reconstruct portions of Owasso Street, Victoria Street and County Road E; upgrade the railroad crossing and signalization; and construct a 104 unit- six story market rate luxury apartment building in the City. The TIF Plan for the District was prepared by Kirstin Barsness, Development Consultant, 24438 Imperial Court, Forest Lake, Minnesota 55025, telephone 651-408-1032. Reviewed by Robert Deike, attorney, Bradley & Deike, 4018 West 65th Street Suite 100, Edina, Minnesota 55435, telephone 952-926-5337.

Appendix A

Project Description

The proposed Tax Increment District No. 8 (the "District") is to facilitate the demolition of an existing retail strip center; realign Owasso Street, Victoria Street and County Road E; upgrade the railroad crossing and signalization; and construct a 104 unit- six story market rate luxury apartment building in the City.

Project Financing

In May 2009, Midland Terrace Apartments was the subject of a technical assistance panel through the Urban Land Institute sponsored by the Regional Council of Mayors. Through the process, the property owners with technical assistance from City and the City's consulting Engineers, SEH, began discussions on the realignment of Owasso Street to a new building pad for a new market rate apartment building. The realignment requires the demolition of an existing strip center also held by the apartment owners.

Ramsey County needed to be involved with the road realignment discussions since it has jurisdiction over Victoria Street and County Road E. Realigning Owasso Street is the catalyst for a major road reconstruction project of the intersection of Owasso, Victoria and County Road E. Ramsey County limited its financial participation to approximately \$360,000 of the total \$2,550,000. The road project was not a part of its capital improvement program and but for the new apartment building, the County would not be considering any upgrade to Victoria or County Road E.

CP Rail was notified that road improvement would occur at its crossing on Victoria Street. In order for the Victoria road improvements to move forward, CP required that the City of Shoreview upgrade its crossing and signal for an additional \$350,000. The budget for the public improvements is currently estimated at \$2,900,000 including engineering and contingency costs. The reconstructed sections of Owasso, Victoria and County E will be included in the boundary of the TIF District. (see Appendix C for maps)

Adjacent uses to the project include a school, a fire station and sliver of Deluxe's property which will need to be acquired for additional right-of-way. It is the City's finding that the road project would not occur if the apartment building was not being constructed. Conversely, the apartment building cannot be built without the road improvement taking place. It is necessary to reconstruct Owasso Street prior to the apartment building construction in order to provide a building pad. Therefore, the road component of the overall project will commence in spring/summer of 2013, while the apartment building construction is scheduled for 2013.

Given the scope and cost of the road reconstruction is prohibitive for a single property to assume; coupled with the improvement of safety concerns in the area, the City of Shoreview elected to financially assist the project. Shoreview was successful in receiving a Livable Communities Demonstration Account Grant for \$655,000 to offset grant eligible costs.

The City will utilize an inter-fund loan from TIF District No.1 to TIF District No. 8 in the amount of approximately \$2,100,000. Approximately \$1,100,000 will be used to front a portion of the costs of the road reconstruction project, while the other \$1,000,000 of the inter-fund loan will provide for upfront assistance to the developer for construction of on-site parking facilities. The developer has agreed to fund \$1,000,000 in road costs through a 15 year improvement (assessment) bond. The entire inter-fund loan will be repaid to Tax Increment District No. 1

through new increment generated from TIF District No. 8. The tax increment generated in TIF No. 8 will be divided between the City and the Developer. The City will receive 67% of the increment generated after District Administration and the Office of the State Auditor fee have been accounted. The remaining 33% will be distributed to the developer for payment on a \$1,000,000 pay-as-you-go note. Once the repayment of the principal and interest from the inter-fund loan is fulfilled, any additional increment be generated will be used to satisfy the pay-as-you-go note.

The developer has provided a list of TIF eligible activities in excess of \$2,783,000, including, but not limited to the demolition of strip center, site improvements, utilities, and parking facilities.

The Total Project cost is estimated to be approximately \$ 27,085,000. The proposed Source and Use is depicted below and is subject to change until the project is constructed. The table does not represent the interest accrued on the inter-fund loan:

USE		SOURCE	
Land Acquisition	890,000	Equity*	10,500,000
Site Development	586,000	Conventional Loan*	11,170,000
Building Cost	18,809,000	Land Transfer*	890,000
Architectural/Engineering	665,000	LCDA Grant	655,000
Legal Fees	50,000	Ramsey Co.	360,000
Financing/Start-up Costs	575,000	Inter Fund TIF loan -City Share	1,100,000
Interest During Construction	760,000	Inter Fund TIF loan - Developer	1,000,000
Soft Costs	350,000	Improvement Bond	1,000,000
Contingencies	1,500,000		
Lakeview Terrace subtotal	24,185,000		
Rail Road Crossing upgrade	350,000		
Road Reconstruction	2,550,000		
TOTAL	\$ 27,085,000		\$ 27,085,000

Note: All funding sources depicted with a * are subject to change until project is constructed.

Appendix B

Map of Tax Increment District No.8 Lakeview Terrace

SEE APPENDIX C FOR MAP DETAILS

Appendix C

Description of Property to be Included in the District

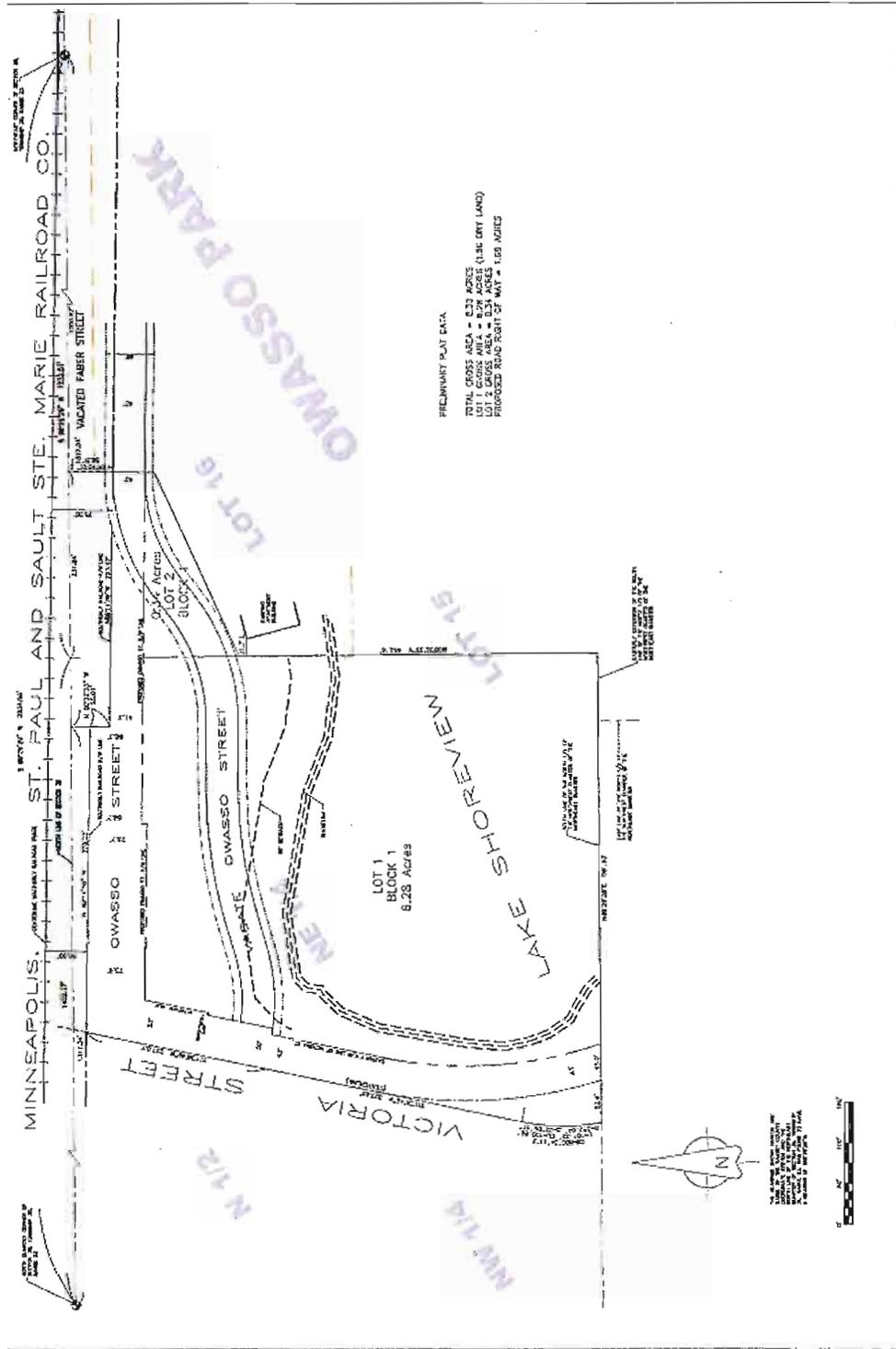
The District encompasses the following portions of property and adjacent rights-of-way and abutting roadways identified by the parcels listed below. The property will be platted at a later date. A copy of the proposed plat and parcel configuration is on page 32.

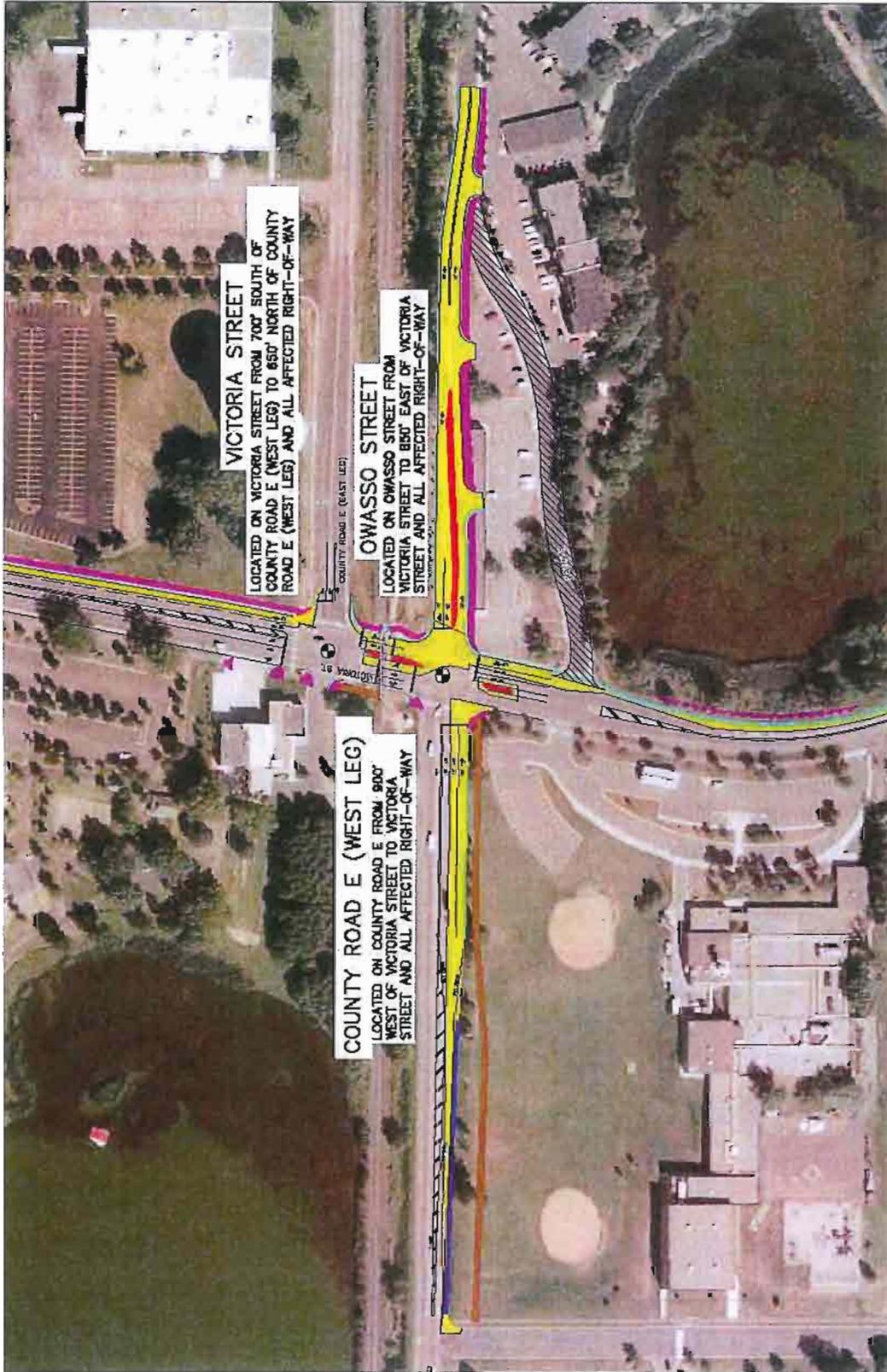
PARCEL NUMBERS	PERCENT IN TO BE IN DISTRICT	OWNER
35.30.23.12.0012	100%	Terrace Apartments Company
35.30.23.11.0023	25%	Terrace Apartments Company
35.30.23.12.0003	100%	Terrace Apartments Company
35.30.23.11.0022	8%	Terrace Apartments Company

The District will also encompass following portions of the road reconstruction (see map on page 33):

Owasso Street	Section located on Owasso Street from Victoria Street to 850 feet east of Victoria Street and all affected right-of way
Victoria Street	Section located on Victoria Street from 700 feet south of County Road E (west leg) to 650 feet north of County Road E (west leg) and all affected right-of-way
County Road E (West Leg)	Section located on County Road E from 900 feet west of Victoria Street to Victoria Street and all affected right-of-way

PROPOSED PLAT - To be platted as May 2012





Appendix D

LAKEVIEW TERRACE APARTMENTS City of Shoreview Redevelopment Tax Increment District

T.J.F. CASH FLOW ASSUMPTIONS	
District	New Redevelopment District
Inflation Rate - Every _ Years	0.00%
Interfund Loan Interest Rate:	2.75%
Pay as you go interest rate:	5.50%
Note Issued Date (Present Value Date):	01-Aug-14
Local Tax Rate - Frozen	131.4740%
Fiscal Disparities Election (A - inside or B outside)	N/A
Year District was certified	Pay 2012
Assumes First Tax Increment For District	2015
Years of Tax Increment	26
Assumes Last Year of Tax Increment	2041
Fiscal Disparities Ratio	N/A
Fiscal Disparities Metro Wide Tax Rate	N/A
Local Tax Rate - Current	131.4740%
State Wide Property Tax Rate (Used for total taxes)	N/A
Market Value Tax Rate (used for total taxes)	N/A
Commercial Industrial Class Rate	1.5%-2.0%
First 150,000	1.50%
Over 150,000	2.00%
Rental Class Rate	1.25%
Residential Class Rate - Under \$500,000	1.00%
Over \$500,000	1.25%

BASE VALUE INFORMATION (Original Tax Capacity)										
PID	Land Market Value	Building Market Value	Percentage of value used for District	Total Original Market Value*	Tax Year Original Market Value	Property Tax Class Rate	Original Tax Capacity	Tax rate After Conversion	After Conversion Orig. Tax Cap.	
35.30.23.12.001	\$ 322,700.00	\$ 569,400.00	1.00	\$ 892,100.00	\$ 2,012.00	Commercial	\$ 17,842.00	Rental	\$ 11.	
35.30.23.11.002	\$ 319,000.00	\$ 828,500.00	0.25	\$ 319,000.00	\$ 2,012.00	Rental	\$ 3,987.50	Rental	\$ 3	
35.30.23.12.000	\$ 87,600.00	\$ -	1.00	\$ 87,600.00	\$ 2,012.00	Rental (vacant)	\$ 1,095.00	Rental	\$ 1.0	
35.30.23.11.002	\$ 8,100.00	\$ -	0.08	\$ 8,100.00	\$ 2,012.00	Rental (vacant)	\$ 101.25	Rental	\$ 101.25	
Totals				\$ 1,306,800.00			\$ 23,025.75		\$ 16,335.00	

Note:

1. *Base Value provided by Ramsey County Assessor's Office on April 23, 2012

PROJECT INFORMATION						
Use	Total Sq. Ft./Units	Est. Market Value Per Unit*	Total Estimated Market Value	Property Tax Class Rate	Project Tax Capacity	Percentage Completed 2014
Lakeview Terrace Apartment	104	115,000	11,960,000	Rental	149,500	100%
TOTAL						

Note:

1. * Market Value is based on project provided by the Ramsey County Assessor's Office. Maybe revised when additional information on project construction is available.

TAX CALCULATIONS						
Use	Total Tax Capacity	Local Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes
Midland Terrace Apt.	149,500	178,615	0	0	0	178,615
TOTAL	149,500	178,615	0	0	0	178,615

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon value, rates, state laws and other factors.

2. Development Program is located in School District #621

LAKEVIEW TERRACE APARTMENTS
CITY OF SHOREVIEW
REDEVELOPMENT TAX INCREMENT DISTRICT

Project Tax Capacity	Original Tax Capacity	Captured Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor Assessor 0.35%	Admin. 10.00%	Net Tax Increment	City Portion of Tax Increment	City Semi-Annual Present Value	Developer Portion of Tax Increment	Developer Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date												
																2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
23,026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2/1/2013												
23,026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2/1/2014												
16,335	133,165	0	1.314740%	175,077	87,539	315	8,722	76,501	52,596	46,458	25,905	22,014	0.5	2015	2/1/2015												
16,335	133,913	0	1.314740%	176,080	87,539	315	8,722	76,501	52,596	46,458	25,905	22,014	1.0	2015	2/1/2015												
16,335	134,664	0	1.314740%	177,048	87,539	317	8,771	76,501	52,596	46,458	25,905	22,014	1.5	2016	2/1/2016												
16,335	135,419	0	1.314740%	178,040	87,539	319	8,821	76,501	52,596	46,458	25,905	22,014	2.0	2016	2/1/2016												
16,335	136,177	0	1.314740%	179,036	87,539	320	8,870	76,501	52,596	46,458	25,905	22,014	3.0	2017	2/1/2017												
16,335	136,940	0	1.314740%	180,041	87,539	322	8,920	76,501	52,596	46,458	25,905	22,014	4.0	2018	2/1/2018												
16,335	137,706	0	1.314740%	181,048	87,539	324	8,970	76,501	52,596	46,458	25,905	22,014	4.5	2019	2/1/2019												
16,335	138,477	0	1.314740%	182,061	87,539	326	9,020	76,501	52,596	46,458	25,905	22,014	5.0	2020	2/1/2020												
16,335	139,251	0	1.314740%	183,078	87,539	328	9,070	76,501	52,596	46,458	25,905	22,014	5.5	2021	2/1/2021												
16,335	140,029	0	1.314740%	184,101	87,539	330	9,121	76,501	52,596	46,458	25,905	22,014	6.0	2022	2/1/2022												
16,335	140,810	0	1.314740%	185,128	87,539	331	9,172	76,501	52,596	46,458	25,905	22,014	6.5	2023	2/1/2023												
16,335	141,596	0	1.314740%	186,162	87,539	315	9,225	76,501	52,596	46,458	25,905	22,014	7.0	2024	2/1/2024												
16,335	142,366	0	1.314740%	187,200	87,539	317	9,276	76,501	52,596	46,458	25,905	22,014	7.5	2025	2/1/2025												
16,335	143,178	0	1.314740%	188,244	87,539	319	9,328	76,501	52,596	46,458	25,905	22,014	8.0	2026	2/1/2026												
16,335	143,977	0	1.314740%	189,292	87,539	320	9,380	76,501	52,596	46,458	25,905	22,014	8.5	2027	2/1/2027												
16,335	144,779	0	1.314740%	190,346	87,539	322	9,432	76,501	52,596	46,458	25,905	22,014	9.0	2028	2/1/2028												
16,335	145,584	0	1.314740%	191,405	87,539	324	9,485	76,501	52,596	46,458	25,905	22,014	9.5	2029	2/1/2029												
16,335	146,394	0	1.314740%	192,470	87,539	326	9,538	76,501	52,596	46,458	25,905	22,014	10.0	2030	2/1/2030												
16,335	147,207	0	1.314740%	193,539	87,539	328	9,591	76,501	52,596	46,458	25,905	22,014	10.5	2031	2/1/2031												
16,335	148,025	0	1.314740%	194,615	87,539	330	9,644	76,501	52,596	46,458	25,905	22,014	11.0	2032	2/1/2032												
16,335	148,847	0	1.314740%	195,695	87,539	331	9,698	76,501	52,596	46,458	25,905	22,014	11.5	2033	2/1/2033												
16,335	149,073	0	1.314740%	196,781	87,539	315	9,753	76,501	52,596	46,458	25,905	22,014	12.0	2034	2/1/2034												
16,335	150,503	0	1.314740%	197,872	87,539	317	9,807	76,501	52,596	46,458	25,905	22,014	12.5	2035	2/1/2035												
16,335	151,337	0	1.314740%	198,969	87,539	319	9,862	76,501	52,596	46,458	25,905	22,014	13.0	2036	2/1/2036												
16,335	152,175	0	1.314740%	200,071	87,539	319	9,916	76,501	52,596	46,458	25,905	22,014	13.5	2037	2/1/2037												
16,335	153,010	0	1.314740%	201,179	87,539	320	9,971	76,501	52,596	46,458	25,905	22,014	14.0	2038	2/1/2038												
16,335	153,853	0	1.314740%	202,292	87,539	322	10,026	76,501	52,596	46,458	25,905	22,014	14.5	2039	2/1/2039												
16,335	154,696	0	1.314740%	203,420	87,539	324	10,081	76,501	52,596	46,458	25,905	22,014	15.0	2040	2/1/2040												
16,335	155,539	0	1.314740%	204,563	87,539	326	10,136	76,501	52,596	46,458	25,905	22,014	15.5	2041	2/1/2041												
16,335	156,382	0	1.314740%	205,717	87,539	328	10,191	76,501	52,596	46,458	25,905	22,014	16.0	2042	2/1/2042												
16,335	157,225	0	1.314740%	206,881	87,539	330	10,246	76,501	52,596	46,458	25,905	22,014	16.5	2043	2/1/2043												
16,335	158,068	0	1.314740%	208,055	87,539	331	10,301	76,501	52,596	46,458	25,905	22,014	17.0	2044	2/1/2044												
16,335	158,915	0	1.314740%	209,239	87,539	315	10,356	76,501	52,596	46,458	25,905	22,014	17.5	2045	2/1/2045												
16,335	159,764	0	1.314740%	210,433	87,539	317	10,411	76,501	52,596	46,458	25,905	22,014	18.0	2046	2/1/2046												
16,335	160,615	0	1.314740%	211,637	87,539	319	10,466	76,501	52,596	46,458	25,905	22,014	18.5	2047	2/1/2047												
16,335	161,468	0	1.314740%	212,851	87,539	320	10,521	76,501	52,596	46,458	25,905	22,014	19.0	2048	2/1/2048												
16,335	162,323	0	1.314740%	214,075	87,539	322	10,576	76,501	52,596	46,458	25,905	22,014	19.5	2049	2/1/2049												
16,335	163,180	0	1.314740%	215,309	87,539	324	10,631	76,501	52,596	46,458	25,905	22,014	20.0	2050	2/1/2050												
16,335	164,039	0	1.314740%	216,553	87,539	326	10,686	76,501	52,596	46,458	25,905	22,014	20.5	2051	2/1/2051												
16,335	164,899	0	1.314740%	217,807	87,539	328	10,741	76,501	52,596	46,458	25,905	22,014	21.0	2052	2/1/2052												
16,335	165,761	0	1.314740%	219,071	87,539	330	10,796	76,501	52,596	46,458	25,905	22,014	21.5	2053	2/1/2053												
16,335	166,625	0	1.314740%	220,345	87,539	331	10,851	76,501	52,596	46,458	25,905	22,014	22.0	2054	2/1/2054												
16,335	167,491	0	1.314740%	221,629	87,539	315	10,906	76,501	52,596	46,458	25,905	22,014	22.5	2055	2/1/2055												
16,335	168,359	0	1.314740%	222,923	87,539	317	10,961	76,501	52,596	46,458	25,905	22,014	23.0	2056	2/1/2056												
16,335	169,229	0	1.314740%	224,227	87,539	319	11,016	76,501	52,596	46,458	25,905	22,014	23.5	2057	2/1/2057												
16,335	170,101	0	1.314740%	225,541	87,539	320	11,071	76,501	52,596	46,458	25,905	22,014	24.0	2058	2/1/2058												
16,335	170,975	0	1.314740%	226,865	87,539	322	11,126	76,501	52,596	46,458	25,905	22,014	24.5	2059	2/1/2059												
16,335	171,851	0	1.314740%	228,199	87,539	324	11,181	76,501	52,596	46,458	25,905	22,014	25.0	2060	2/1/2060												
16,335	172,729	0	1.314740%	229,543	87,539	326	11,236	76,501	52,596	46,458	25,905	22,014	25.5	2061	2/1/2061												
16,335	173,609	0	1.314740%	230,897	87,539	328	11,291	76,501	52,596	46,458	25,905	22,014	26.0	2062	2/1/2062												
16,335	174,491	0	1.314740%	232,261	87,539	330	11,346	76,501	52,596	46,458	25,905	22,014	26.5	2063	2/1/2063												
16,335	175,375	0	1.314740%	233,635	87,539	331	11,401	76,501	52,596	46,458	25,905	22,014	27.0	2064	2/1/2064												
16,335	176,261	0	1.314740%	235,019	87,539	315	11,456	76,501	52,596	46,458	25,905	22,014	27.5	2065	2/1/2065												
16,335	177,149	0	1.314740%	236,413	87,539	317	11,511	76,501	52,596	46,458	25,905	22,014	28.0	2066	2/1/2066												
16,335	178,039	0	1.314740%	237,817	87,539	319	11,566	76,501	52,596	46,458	25,905	22,014	28.5	2067	2/1/2067												
16,335	178,931	0	1.314740%	239,231	87,539	320	11,621	76,501	52,596	46,458	25,905	22,014	29.0	2068	2/1/2068												
16,335	179,825	0	1.314740%	240,655	87,539	322	11,676	76,501	52,596	46,458	25,905	22,014	29.5	2069	2/1/2069												
16,335	180,721	0	1.314740%	242,089	87,539	324	11,731	76,501	52,596	46,458	25,905	22,014	30.0	2070	2/1/2070												
16,335	181,619	0	1.314740%	243,533	87,539	326	11,786	76,501	52,596	46,458	25,905	22,014	30.5	2071	2/1/2071												
16,335	182,511	0	1.314740%	244,987	87,539	328	11,841	76,501	52,596	46,458	25,905	22,014	31.0	2072	2/1/2072												
16,335	183,405	0	1.314740%	246,451	87,539	330	11,896	76,501	52,596	46,458	25,905	22,014	31.5	2073	2/1/2073												
16,335	184,301	0	1.314740%	247,925	87,539	331	11,951	76,501	52,596	46,458	25,905	22,014	32.0	2074	2/1/2074												
16,335	185,201	0	1.314740%	249,409	87,539	315	12,006	76,501	52,596	46,458	25,905	22,014	32.5	2075	2/1/2075												
16,335	186,103	0	1.314740%	250,903	87,539	317	12,061	76,501	52,596	46,458	25,905	22,014	33.0	2076	2/1/2076												
16,335	187,007	0	1.314740%	252,407	87,539	319	12,116	76,501	52,596	46,458	25,905	22,014	33.5	2077	2/1/2077												
16,335	187,913	0	1.314740%	253,921	87,539	320	12,171	76,501	52,596																		

Appendix E

Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 8 as required pursuant to *M.S., Section 469.175, Subd. 3* are as follows:

1. Finding that the Tax Increment Financing District No. 8 is redevelopment district as defined in *M.S., Section 469.174, Subd. 12*. Tax Increment Financing District No. 8 is a contiguous geographic area within the City's Municipal Development District No. 2, delineated in the TIF Plan, for the purpose of financing redevelopment in the City through the use of tax increment. The District is in the public interest because it will facilitate the demolition of an existing retail strip center; realign Owasso Street, Victoria Street and County Road E; upgrade the railroad crossing and signalization; and construct a 104 unit- six story market rate luxury apartment building in the City of Shoreview. Additionally, it will increase construction employment in the state, and preserve and enhance the tax base of the state.
2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of Tax Increment Financing District No. 8 permitted by the TIF Plan.*

The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future: It is the City's finding that the road project would not occur if the apartment building was not being constructed. Conversely, the apartment building cannot be built without the road improvement taking place. It is necessary to reconstruct Owasso Street prior to the apartment building construction in order to provide a building pad. The \$2.9 million road reconstruction is prohibitive for one developer to assume. The City, without tax increment assistance, would not have the resources to make the required public improvements as prescribed by Ramsey County and CP Rail.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan: The City supported this finding on the grounds that the approximate cost of \$2.9 million in public improvements (road reconstruction and realignment of Owasso Street, Victoria Street and County Road E) and the improvements required to by CP Rail for their crossing add to the total development, making the proposed development not economically feasible if paid completely by the developer. The City reasonably determines that no other development of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.
- b. If the proposed development occurs, the total increase in market value will be \$10,653,200 (see Appendix D and E of the TIF Plan)
- c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$2,880,000 (see Appendix D and E of the TIF Plan).
- d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$7,773,200 (the amount in clause b less the amount in clause c) without tax increment assistance.

But-For Analysis	
Current Market Value	1,306,800
New Market Value - Estimate	11,960,000
Difference	10,653,200
Present Value of Tax Increment	2,880,000
Difference	7,773,200
Value Likely to Occur without TIF is less than	\$7,773,200

- 3. *Finding that the TIF Plan for Tax Increment Financing District No. 8 conforms to the general plan for the development or redevelopment of the municipality as a whole.*

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

- 4. *Finding that the Tax Increment Financing Plan for Tax Increment Financing District No. 8 will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of Municipal Development District No. 2 by private enterprise.*

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

Appendix F

ASSESSMENT AGREEMENT

and

ASSESSOR'S CERTIFICATION

By and among

CITY OF SHOREVIEW, MINNESOTA,

LAKEVIEW TERRACE, LLC,

and

COUNTY ASSESSOR OF THE COUNTY OF RAMSEY

This document was drafted by:

BRADLEY & DEIKE, P.A.
4018 West 65th Street, Suite 100
Edina, Minnesota 55435

THIS AGREEMENT, dated as of this ____ day of _____, 2012, is by and between the City of Shoreview, Minnesota, a statutory city under the laws of the state of Minnesota (the "City") and Lakeview Terrace, LLC, a Minnesota limited liability company (the "Developer").

WITNESSETH: that

WHEREAS, on or before the date hereof the City and Developer have entered into a Development Agreement (the "Development Contract") regarding certain real property located in the City of Shoreview hereinafter referred to as the "Property" and legally described in Exhibit A hereto; and

WHEREAS, it is contemplated that pursuant to the Development Contract the Developer will construct a housing facility on the Property; and

WHEREAS, the City and the Developer desire to establish a minimum market value for said land and the proposed improvements thereon, pursuant to Minnesota Statutes, Section 469.177, Subdivision 8; and

WHEREAS, the City and the County Assessor for the County of Ramsey, Minnesota have reviewed the preliminary plans and specifications for the improvements which it is contemplated will be erected.

NOW, THEREFORE, the parties to this Agreement, in consideration of the promises, covenants and agreements made by each to the other, do hereby agree as follows:

1. Commencing on January 1, 2015, and continuing on each tax assessment date thereafter until this Agreement is terminated, the minimum market value which shall be assessed for the land described in Exhibit A and the above described completed improvements shall be not less than Eleven Million Nine Hundred and Sixty Thousand Dollars (\$11,960,000.00), notwithstanding incomplete construction of the above described improvements.
2. This Agreement shall terminate in its entirety on December 31, 20__.
3. This Agreement shall be promptly recorded at the expense of the Developer.
4. Neither the preambles nor provisions of this Agreement are intended to, nor shall they be construed as, modifying the terms of the Development Contract between the City and the Developer.
5. This Agreement, together with the burdens and benefits contained herein, shall run with title to the Property and shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.
6. The City will not amend, terminate or otherwise modify this Agreement without the prior written consent of the Developer and Lender, except as provided in Section 2 above.

[Remainder of page intentionally blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

CITY OF SHOREVIEW

By: _____
Its _____

By: _____
Its _____

LAKEVIEW TERRACE, LLC

By _____
Its _____

STATE OF MINNESOTA)
)ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2012, by _____ and _____, the _____ and _____ of the City of Shoreview, Minnesota, a statutory city under the laws of the state of Minnesota, on behalf of the City.

Notary Public

STATE OF MINNESOTA)
)ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2012, by _____ the _____ of Lakeview Terrace, LLC, a Minnesota limited liability company, on behalf of the company.

Notary Public

CERTIFICATION BY COUNTY ASSESSOR

The undersigned, having reviewed the plans and specifications for the improvements to be constructed and the market value assigned to the land upon which the improvements are to be constructed, and being of the opinion that the minimum market value contained in the foregoing Agreement appears reasonable, hereby certifies as follows: The undersigned assessor, being legally responsible for the assessment of the above described property, certifies that the market values assigned to such land and improvements are reasonable.

County Assessor for the County
of Ramsey, Minnesota

STATE OF MINNESOTA)
)ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2012, by the County Assessor for the County of Ramsey, Minnesota.

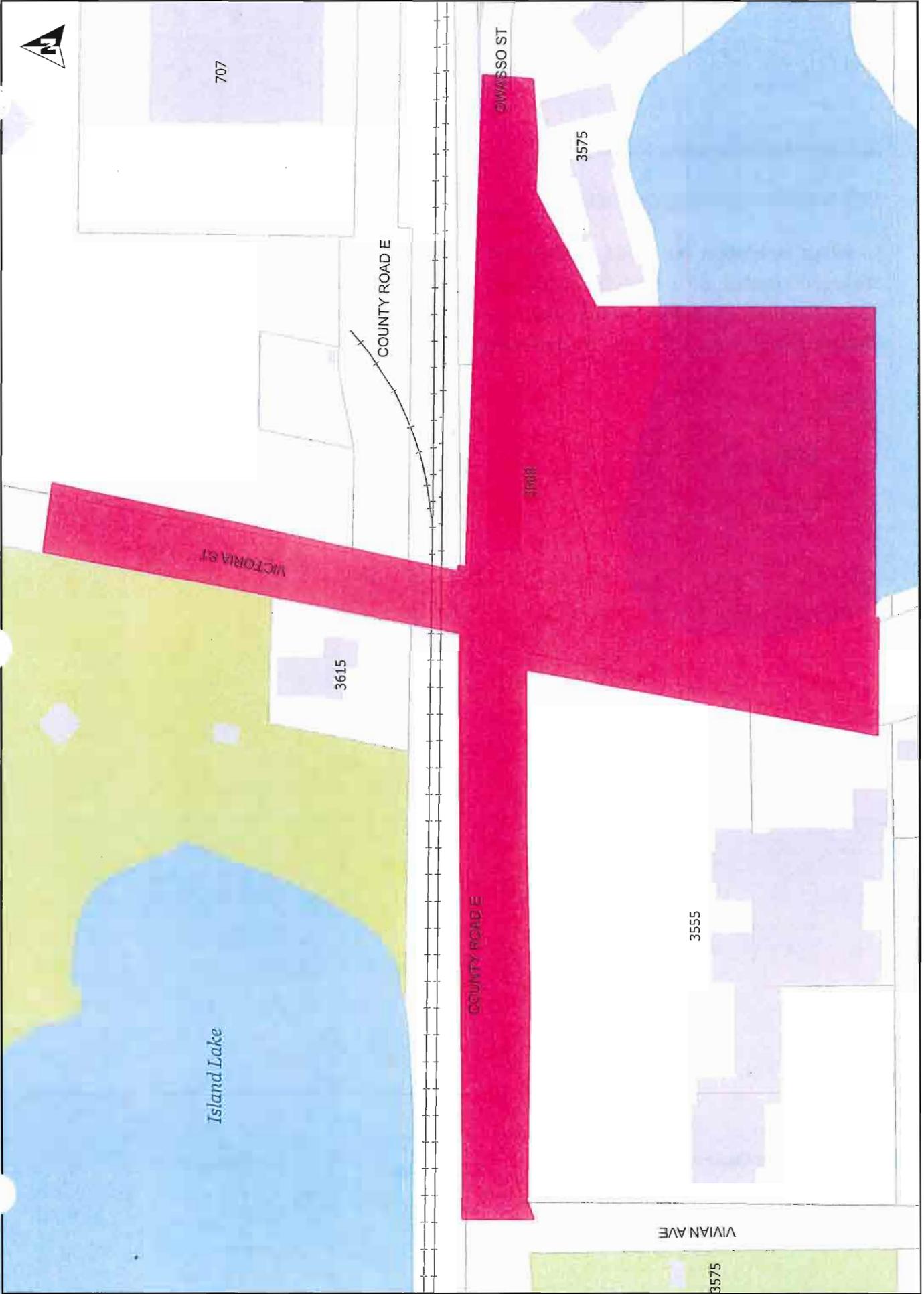
Notary Public

APPENDIX G

TIF Qualification/Blight Report

prepared by

LHB, Inc.



TIF District 8

 TIF Boundary



PROPOSED MOTION

MOVED BY COMMISSION MEMBER: _____

SECONDED BY COMMISSION MEMBER: _____

To adopt Resolution No. 12-61, finding that the draft Tax Increment Financing Plan for the proposed creation of a new Tax Increment Financing District No. 8 for the Midland Plaza Redevelopment (Lakeview Terrace Apartments) conforms to the general development and redevelopment plans of the City, as described in the Comprehensive Plan.

VOTE:

AYES: _____

NAYS: _____