



To: Brainerd HRA Board Members
 From: Eric Charpentier, Executive Director
 Date: July 26th, 2023
 Re: Redevelopment TIF District in Support of Redevelopment Project by DW Jones, Inc

Redevelopment TIF District in Support of Proposed Project by DW Jones, Inc

HRA staff has been working with City staff and the development company, DW Jones, Inc on this proposed redevelopment project at the corner of 8th Street and Laurel Street in downtown Brainerd. Much of this property has been vacant for years and is primed for redevelopment. The proposed project would include the demolition of the existing buildings within the project footprint with the plan to rebuild a mixed-use building with 5 commercial spaces along with 78 units of multi-family housing. The plans also include 65 units of underground parking along with additional surface parking behind the building.

Due to the prohibitive costs associated with a redevelopment of this size, the developer is researching and applying for multiple funding sources to along with their traditional financing and owner equity. One of the additional funding sources that is being requested is the creation of a redevelopment TIF district.

At the May 30th, 2023, joint workshop of the Brainerd HRA and the Brainerd City Council, an overview of Tax Increment Financing (TIF) was given, and subsequent discussion was held on a potential redevelopment TIF district in support of the proposed project by DW Jones, Inc. On July 12th, 2023, the Planning Commission held a special meeting to discuss this proposed project and unanimously agreed that the proposed project supports the comprehensive plan for the City of Brainerd and voted in support of the creation of the TIF district, a step that is needed prior to City Council action. At the July 17th Brainerd City Council meeting a public hearing was held for any public testimony for or against this proposed TIF district and a subsequent resolution was voted on in unanimous support by the City Council for the HRA to have the authorization for the creation of this district. There was no public testimony given at the public hearing for or against this proposed district. This would be a Brainerd HRA TIF district and the HRA would be responsible for the development agreement and the required reporting for the district.

Mikaela Huot from Baker Tilly will give a brief recap of the analysis that our financial advisors have completed regarding the viability of and the need for a redevelopment TIF district to support this redevelopment project. Representatives from DW Jones, Inc will also be present and available to speak to specifics for the proposed project and answer questions from the board.

Staff is recommending adoption and creation of a new TIF redevelopment district along with the approval of the TIF redevelopment plan for this project.

Action Requested; Adopt and Approve TIF Redevelopment Plan for Redevelopment Project Area No. 2 and TIF Redevelopment District No. 2-1



Memorandum

To: Eric Charpentier, Executive Director, Brainerd HRA
 Jennifer Bergman, City Administrator, City of Brainerd
 Connie Hillman, Finance Director, City of Brainerd
 James Kramvik, Community Development Director, City of Brainerd

From: Mikaela Huot, Director

Date: July 17, 2023

Subject: Consideration by the City Council of the City of Brainerd regarding the proposed Tax
 Increment Financing Plan for Tax Increment Financing (Redevelopment) District No. 2-1 and
 Redevelopment Plan for Redevelopment Project Area No. 2

Executive Summary

The Brainerd HRA (the "HRA") and City of Brainerd (the "City") have been working D.W. Jones, Inc. (the "developer") on the proposed redevelopment of property located at the corner of 8th Street and Laurel Street in downtown Brainerd. The proposed project would include demolition of the existing substandard buildings and subsequent construction of a new mixed-use building with first floor commercial space and 78 units of multi-family housing with studio, 1- and 2-bedroom units. The plan also includes 65 units of underground parking along with additional surface parking behind the building. The developer has requested financial assistance from the City to finance a portion of the extraordinary costs associated with the redevelopment project. Tax increment financing (TIF) is a tool many communities use to capture the incremental taxes generated from a redevelopment project to finance extraordinary costs. The project financing is still in preliminary stages as the developer continues to pursue funding sources to allow the project to be financially feasible.

Prior to establishing a tax increment financing district, there are findings that need to be made by the City that include: 1) determination that the project qualifies as a TIF district, 2) determination that the project as proposed would not proceed without public assistance (meeting the "but-for" test), and 3) the taxable value to be created on the site is greater with the use of tax increment financing than if no assistance were provided. When reviewing requests for financial assistance it is important to understand how the level of financial assistance would impact the ability of the project to proceed as proposed and maximize new value created on the current project site.

Multiple steps need to occur taken prior to establishing a TIF District, including notifications to the County and School District, publication of a public hearing notice, and the holding of a public hearing. Notice was provided to the County Commissioner on June 5, draft TIF and Redevelopment Plans and fiscal and economic impacts were sent to the County Auditor and School District Board Clerk on June 16, and publication of the hearing notice in the Star Tribune on July 5, as required by statute for a July 17, 2023 public hearing for the City Council to is being asked to review and consider the proposal by the Brainerd HRA (the "HRA") to (i) establish the Redevelopment Project Area No. 2 (the "Project Area"), (ii) approve a Redevelopment Plan (the "Redevelopment Plan") for the Project Area, (iii) establish Tax Increment Financing (Redevelopment) District No. 2-1 within the Project Area, and (iv) adopt a Tax Increment Financing Plan relating thereto (the "TIF Plan" and, together with the Redevelopment Plan, the "Plans"), all pursuant to and in conformity with applicable law, including Minnesota Statutes sections 469.001 through 469.047, as amended, and Sections 469.174 through 469.1794. consider the

TIF District and Plan and Redevelopment Project and Redevelopment Plan. The HRA will review and consider the TIF and Redevelopment Plans and respective TIF District and Project Area at its July 26 meeting.

Process for TIF District Establishment

A TIF District is established within a Project Area. The City is considering the establishment of a new Redevelopment TIF District to facilitate redevelopment of the substandard properties. A map showing the boundaries of the proposed Tax Increment Financing District No. 2-1 and Redevelopment Project Area No. 2 (Project Area) is included within the TIF Plan and Project Area documents. The boundaries of the TIF District and Project Area are coterminous and include the same 5 parcels: 41241495, 41241506, 41241505, 41241496, 41241497.

The required findings for adoption and approval of the plans are defined in the proposed resolution establishing Redevelopment Project Area No. 2 and approving a Redevelopment Plan and establishing Tax Increment Financing (Redevelopment) District No. 2-1 and approving a Tax Increment Financing Plan including:

- 1) the land in the Redevelopment Project would not be made available for redevelopment without the use of tax increment financing; and the Plans are intended and, in the judgment of this Council, the effect of such actions will be to afford maximum opportunity, consistent with the needs of the City as a whole, for the redevelopment of the Redevelopment Project by private enterprise, and the Plans conform to the general plan for the development of the City as a whole.
- 2) The TIF District qualifies as a redevelopment district
- 3) 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;
- 4) (3) The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for development of the Project Area by private enterprise; and
- 5) (4) The Plans conform to general plans for development of the City as a whole.

Action Item

The City Council is being asked to hold the public hearing on Monday, July 17, 2023. The public hearing date is the time in which City Council would take any public comment, and after the hearing, consider the adoption of a resolution approving the TIF District and Project Area and adoption of the TIF Plan and Redevelopment Plan. Adopting the resolution approving the TIF Plan for the TIF District and Redevelopment Plan for the Redevelopment Project Area will provide the HRA with the authority to use tax increment financing for the redevelopment project on qualified TIF-eligible expenditures.

Project Summary and Qualifications

D.W. Jones, Inc. is proposing redevelopment of the project site to include demolition of the existing substandard buildings with subsequent construction of a of a new mixed-use building with first floor commercial space and 78 units of multi-family housing with studio, 1- and 2-bedroom units. The plan also includes 65 units of underground parking along with additional surface parking behind the building. The developer has represented that the proposed project will not be financially feasible without public assistance and will require tax increment financing (and other public assistance including grants and deferred loans) to support extraordinary redevelopment costs. This action requires the establishment of a Tax Increment Financing Redevelopment District. Redevelopment districts are a type of tax increment financing district in which one or more of the following conditions exists and is reasonably distributed throughout the district:

1. *parcels comprising at least 70% of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50% of the buildings, not including outbuildings, are structurally substandard requiring substantial renovation or clearance. A parcel is deemed "occupied" if at least 15% of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or other similar structures.*
2. the property consists of vacant, unused, underused, inappropriately used, or infrequently used railyards, rail storage facilities, or excessive or vacated railroad right-of-ways; or

3. tank facilities, or property whose immediately previous use was for tank facilities, as defined in section 115C.02, subdivision 15, if the tank facilities:
 - a. have or had a capacity of more than 1,000,000 gallons;
 - b. are located adjacent to rail facilities; and
 - c. have been removed or are unused, underused, inappropriately used, or infrequently used.

A blight inspection confirming qualification of the building as substandard for inclusion in a Tax Increment Financing District was completed by LHB dated January 13, 2022 and provides the basis for which a Redevelopment TIF District could be established. A final report has been prepared to retain on file in City offices for public inspection. The report contains the details of the findings summarized below regarding the project qualifications:

- The TIF District consists of five parcels that are occupied with 100 percent of the area of the proposed TIF District occupied (exceeding the 70 percent coverage test);
- 66.7 percent (2 of 3) of the buildings in the proposed District contain code deficiencies exceeding the 15 percent threshold and are structurally substandard to a degree requiring substantial renovation or clearance, because of defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance, exceeding the more than 50 percent substandard test; and
- The foregoing conditions are reasonably distributed throughout the geographic area of the proposed TIF District.



Tax Increment Financing Plan
for
Tax Increment Financing
(Redevelopment) District No. 2-1
(Thrifty White Redevelopment Project)
Redevelopment Project Area No. 2

Housing and Redevelopment Authority in and for the City of
Brainerd (HRA)
City of Brainerd, Minnesota

Prepared by
Baker Tilly Municipal Advisors, LLC

Draft Dated: July 17, 2023

Public Hearing Scheduled by City Council: July 17, 2023
Anticipated Approval by City Council: July 17, 2023
Anticipated Approval by HRA Board: July 26, 2023

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Section A Definitions

The terms defined in this section have the meanings given herein, unless the context in which they are used indicates a different meaning:

"Act" means the HRA Act and the TIF Act.

"Authority" means the Housing and Redevelopment Authority in and for the City of Brainerd, a public body, corporate and politic of the State.

"Board of Commissioners" means the Board of Commissioners of the Authority. "City" means the City of Brainerd, Minnesota; also referred to as a "Municipality".

"City Council" means the City Council of the City; also referred to as the "Governing Body".

"County" means Crow Wing County, Minnesota.

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

"Project Area" means the geographic area of the Redevelopment Project.

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

"Redevelopment Project Area" means Redevelopment Project Area No. 2, which is described in the corresponding Redevelopment Plan.

"School District" means Independent School District No. 181, Minnesota. "State" means the State of Minnesota.

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

"TIF District" means Tax Increment Financing (Redevelopment) District No. 2-1, a Redevelopment District.

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

Section B Overview

The Authority plans to adopt the TIF Plan for the TIF District within the Redevelopment Project. The purpose of the Redevelopment Plan is to establish a framework and implementation plan for redevelopment of the area comprising the Project Area.

The establishment of the TIF District as set forth in this TIF Plan is for the purpose of the implementation of the objectives set forth in the Redevelopment Plan attached herein as Exhibit VII.

Section C Statutory Authorization

The HRA Act authorizes the Authority to exercise all the powers relating to a housing and redevelopment authority granted under the HRA Act, the TIF Act or other law.

It is the intention of the Board of Commissioners, notwithstanding the enumeration of specific goals and objectives in the Redevelopment Plan, that the Authority shall have and enjoy with respect to the Project Area and TIF District the full range of powers and duties conferred upon the Authority pursuant to the HRA Act, the TIF Act and such other legal authority as the Authority may have or enjoy from time to time.

Section D Statement of Need and Public Purpose

The Authority and the City concur that there is a need for development and redevelopment within the City and the Project Area in order to provide employment and commercial redevelopment opportunities, to improve the local tax base, and to improve the general economy of the City and the State. The economic security of the people in the City depends upon proper development of property that meets any one of a number of conditions, including properties whose values are too low to pay for the public services required or rendered and properties whose lack of use or improper use has resulted in stagnant or unproductive land that could otherwise contribute to the public health, safety, and welfare.

The Authority finds that the property within this TIF District cannot be redeveloped, consistent with the Comprehensive Plan of the City, without public participation and assistance in various forms including assistance for property acquisition, and/or write-down, proper planning, the financing of development costs associated with clearance, grading and soils correction, and the making of various other public and private improvements for redevelopment of blighted property, which are necessary for the project to proceed. In cases where the redevelopment of property cannot be done by private enterprise alone, the Authority believes it to be in the public interest to consider the exercise of its powers, to advance and spend public money, and to provide the means and impetus for such development and redevelopment.

Section E Statement of Objectives

The Authority seeks to achieve, through the use of tax increment, one or more of the following objectives with respect to the Redevelopment Project and Project Area, as the Authority may deem appropriate and necessary.

- (1) To promote and secure the prompt development of property within the Project Area, such property which is not now in its most productive use, in a manner consistent with the Comprehensive Plan, thus realizing Comprehensive Plan, land use, and tax base goals.
- (2) To assist redevelopment in the Project Area through the acquisition or write-down of certain interests in property which is not now in productive use or in its highest and best use, to make or defray the cost of soil corrections or site improvements on said property, and to construct or reimburse for the construction of public improvements and other facilities on or for the benefit of said property, thereby promoting and securing the development of other land within the Project Area.
- (4) To promote and secure additional employment opportunities within the City and to prevent the loss of existing employment opportunities, thereby preventing the loss of valuable human resources.

- (5) To provide funding for an ongoing development strategy and to prioritize the use of available resources.
- (6) To implement and revise from time to time, as may be deemed necessary or desirable, a consolidated and unified Redevelopment Plan and to finance the associated development costs on an area-wide basis.
- (7) To employ any of the powers of the Authority for the benefit of the Project Area in such cases and upon such terms as the Authority may deem appropriate.

Section F Boundaries of the Project Area and TIF District

The property within the City which constitutes the Project Area and TIF District includes the property contained within the boundaries described below and is illustrated in the map attached as Exhibit I.

The TIF District includes five tax parcels within the Project Area as shown on the attached map (Exhibit I). The City and Authority reserve the right to expand the boundaries of the Project Area in the future.

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

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

- (1) parcels comprising at least 70% of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50% of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance. A parcel is deemed "occupied" if at least 15% of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or other similar structures;
- (2) the property consists of vacant, unused, underused, inappropriately used, or infrequently used railyards, rail storage facilities, or excessive or vacated railroad right-of-ways; or
- (3) tank facilities, or property whose immediately previous use was for tank facilities, as defined in Minnesota Statutes Section 115C.02, Subdivision 15, if the tank facilities:
 - (i) have or had a capacity of more than 1,000,000 gallons;
 - (ii) are located adjacent to rail facilities; and
 - (iii) have been removed or are unused, underused, inappropriately used, or infrequently used.

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

The TIF District qualifies as a redevelopment district in that it meets all of the criteria listed in (1) above. The supporting facts and documentation for this determination will be retained by the

Authority for the life of the TIF District and are available to the public upon request. An analysis was completed by LHB, Inc. dated January 13, 2022 to make this determination.

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

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

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

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

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

Section H Duration of the TIF District

Redevelopment districts may remain in existence for 26 years from the date of receipt by the Authority of the first tax increment. Modifications of this plan (see Section AB) shall not extend these limitations.

Pursuant to Minnesota Statutes Section 469.175, Subdivision 1(b), the Authority specifies 2027 as the first year in which it elects to receive tax increment from the TIF District, which is no later than four years following the year of approval of the TIF District. Thus, the Authority may collect increment from the district through December 31, 2052, but anticipates that the TIF District could be decertified early (see Section T). All tax increments from taxes payable in the year the TIF District is decertified shall be paid to the Authority.

Section I Property to be Included in the TIF District

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

| Parcel Number | Legal Description |
|----------------------|---|
| 41241495 | Lot 22, Thru 24 Inclusive Block 39, & Adjacent Vacated Portion of Alley |
| 41241496 | Lot 21, BLOCK 39, AND ADJACENT VACATED PORTION OF ALLEY. |
| 41241497 | Lot 20, BLOCK 39, AND ADJACENT VACATED PORTION OF ALLEY |
| 41241506 | Lot 1, BLOCK 39 |
| 41241505 | Lots 5 & 6, BLOCK 39, AND ADJACENT VACATED PORTION OF ALLEY |

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

Section J Property to be Acquired in the TIF District

The Authority does not anticipate acquiring or selling any property located within the TIF District.

Section K Specific Development Expected to Occur Within the TIF District

The proposed project will include redevelopment of the existing substandard properties to include construction of a new multi-story building with housing, commercial and parking. The building is expected to include a 78-unit apartment building with a mix of studios, 1-, and 2-bedroom units with community room and other supporting uses. The City anticipates using tax increment revenues to finance eligible costs associated with redevelopment of the project site including acquisition, demolition, site development/improvements, public improvements and other redevelopment costs, as well as related administrative expenses. The project area qualifies for inclusion within a redevelopment tax increment financing district with at least 50% of the buildings considered 'substandard' and at least 70% of the area within the proposed district 'occupied' by buildings, streets, sidewalks, parking lots, and similar structures, etc. The City and HRA anticipate using tax increment revenues to finance eligible extraordinary costs associated with redevelopment of the project site including acquisition, site development and eligible redevelopment costs as well as related administrative expenses.

Demolition and subsequent construction of the new development on the project site is projected to start in mid-late 2024 and continue through 2025. The project is expected to be fully constructed by December 31, 2025, and be 100% assessed and on the tax rolls as of January 2, 2026 for taxes payable 2027.

Section L Findings and Need for Tax Increment Financing

In establishing the TIF District, the City makes the following findings:

- (1) The TIF District qualifies as a redevelopment district;

The Authority hired LHB, Inc. to inspect and evaluate the property within the proposed TIF District to be established by the Authority. The purpose of the evaluation was to determine if the proposed district met the statutory requirements for coverage and if the buildings met the qualifications required for a Redevelopment District.

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

- The TIF District consists of five parcels that are occupied with 100 percent of the area of the proposed TIF District (exceeding the 70 percent coverage test);
- 66.7 percent of the buildings (2 of 3, which is greater than 50%) are structurally substandard to a degree requiring substantial renovation or clearance, because of defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance, exceeding the more than 50 percent substandard test; and
- The foregoing conditions are reasonably distributed throughout the geographic area of the proposed TIF District.

- (2) The proposed redevelopment, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan.

Factual basis:

Proposed development not expected to occur:

The proposed project consists of the redevelopment of property within the City that consists of blighted property found to be substandard and will be demolished following

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

No higher market value expected:

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

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

- a. The City's estimate of the amount by which the market value of the site will increase without the use of tax increment financing is anywhere from \$0 to some modest amount based on small scale renovation or redevelopment that could be possible without assistance; any estimated values would be too speculative to ascertain.
 - b. If the proposed development to be assisted with tax increment occurs in the TIF District, the total increase in market value would be approximately \$17,983,428, including the value of the building (See Exhibit V).
 - c. The present value of tax increments from the TIF District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$2,205,055 (See Exhibit V).
 - d. Even if some development other than the proposed development were to occur, the City finds that no alternative would occur that would produce a market value increase greater than \$15,778,373 (the amount in clause b less the amount in clause c) without tax increment assistance.
- (3) The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for development or redevelopment of the Project Area by private enterprise.

Factual basis:

The anticipated redevelopment of the project site and any subsequent demolition, reconstruction, or renovation related to the project will remain consistent with the City's design goals. The development proposed to occur within the TIF District will afford

maximum opportunity for the development or redevelopment of the applicable parcels consistent with the sound needs of the City as a whole and the removal of the substandard buildings. The development will increase the taxable market valuation of the City and provide additional housing options in the City.

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

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

Section M Estimated Public Costs

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

| Project Costs | Amount |
|-------------------------------------|--------------------|
| Land/building acquisition | \$710,000 |
| Site improvements/preparation costs | \$3,402,296 |
| Utilities | \$0 |
| Other public improvements | \$0 |
| Construction of affordable housing | \$0 |
| Administrative expenses | \$456,920 |
| Subtotal | \$4,569,216 |
| Interest | |
| Total | \$4,569,216 |

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

The Authority reserves the right to administratively adjust the amount of any of the items listed above or to incorporate additional eligible items, so long as the total estimated public cost (\$4,569,216) is not increased. The Authority also reserves the right to fund any of the identified costs with any other legally available revenues but anticipates that such costs will be primarily financed with tax increments.

Section N Estimated Sources of Revenue

| Sources of Revenue | Amount |
|----------------------------|--------------------|
| Tax Increment revenue | \$4,569,216 |
| Interest on invested funds | \$0 |
| Other | |
| | |
| Total | \$4,569,216 |

The Authority anticipates capturing the tax increments from the project for financing of the identified redevelopment costs and reimbursing the developer for a portion of those costs. As

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

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

Section O Estimated Amount of Bonded Indebtedness

The maximum principal amount of bonds (as defined in the TIF Act) secured in whole or part with tax increment from the TIF District is \$4,569,216. The Authority currently plans to finance the site improvements and redevelopment costs through a pay-as-you-go note but reserves the right to issue bonds in any form, including without limitation any interfund loan with interest not to exceed the maximum permitted under Section 469.178, Subdivision 7 of the TIF Act.

Section P Original Net Tax Capacity

The County Auditor shall certify the original net tax capacity of the TIF District. This value will be equal to the total net tax capacity of all property in the TIF District as certified by the State Commissioner of Revenue. For districts certified between January 1 and June 30, inclusive, this value is based on the previous assessment year. For districts certified between July 1 and December 31, inclusive, this value is based on the current assessment year.

The estimated taxable value of all property within the TIF District as of January 2, 2023, for taxes payable in 2024, is \$992,900. Upon establishment of the district and classification of the property as commercial-industrial, the estimated original net tax capacity of the TIF District is estimated to be \$12,734. This assumes the property is classified as a mix of residential rental and commercial-industrial. This value is also assumed to be the value of the property, including land and building, as of the date the substandard buildings occupied the parcel.

Each year the County Auditor shall certify the amount that the original net tax capacity has increased or decreased as a result of:

- (1) changes in the tax-exempt status of property;
- (2) reductions or enlargements of the geographic area of the TIF District;
- (3) changes due to stipulation agreements or abatements; or
- (4) changes in property classification rates.

Section Q Original Local Tax Capacity Rate

The County Auditor shall also certify the original local tax rate of the TIF District. This rate shall be the sum of all local tax rates that apply to property in the TIF District. This rate shall be for the same taxes payable year as the original net tax capacity.

In future years, the amount of tax increment generated by the TIF District will be calculated using the lesser of (a) the sum of the current local tax rates at that time or (b) the original local tax rate of the TIF District.

The County Auditor shall certify the sum of all local tax rates that apply to property in the TIF District for taxes levied in 2023 and payable in 2024 as the original tax capacity rate of the TIF District. The sum of the local tax rates for taxes levied in 2022 and payable in 2023 is 105.224% as shown below.

| <u>Taxing Jurisdiction</u> | <u>2022/2023 Local Tax Rate</u> |
|----------------------------|-------------------------------------|
| City of Brainerd | 58.664% |
| Crow Wing County | 23.693% |
| ISD #181 | 21.366% |
| Other | <u>1.501%</u> |
| Total | 105.224% |

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

The Authority anticipates that the redevelopment will be completed by December 31, 2025, creating a total tax capacity for the TIF District of \$121,384 as of January 2, 2026. The captured tax capacity as of the first full year of increment is projected to be \$114,326 in taxes payable 2027. A complete schedule of estimated tax increment from the TIF District is shown in Exhibit III.

Each year the County Auditor shall determine the current net tax capacity of all property in the TIF District. To the extent that this total exceeds the original net tax capacity, the difference shall be known as the captured net tax capacity of the TIF District. The estimates shown in this TIF Plan assume that residential rental class rates remain at 1.25% and commercial-industrial class rates remain at 1.5%/2.0% and assume 3% annual increases in market values. Each year the County Auditor shall determine the current net tax capacity of all property in the TIF District. To the extent that this total exceeds the original net tax capacity, the difference shall be known as the captured net tax capacity of the TIF District.

The County Auditor shall certify to the Authority the amount of captured net tax capacity each year. The Authority may choose to retain any or all of this amount. It is the Authority's intention to retain 100% of the captured net tax capacity of the TIF District. Such amount shall be known as the retained captured net tax capacity of the TIF District. Exhibit II gives a listing of the various information and assumptions used in preparing a number of the exhibits contained in this TIF Plan, including Exhibit III which shows the projected tax increment generated over the anticipated life of the TIF District.

Section S Use of Tax Increment

Each year the County Treasurer shall deduct 0.36% of the annual tax increment generated by the TIF District and pay such amount to the State's General Fund. Such amounts will be appropriated to the State Auditor for the cost of financial reporting and auditing of tax increment financing information throughout the State. Exhibit III shows the projected deduction for this purpose over the anticipated life of the TIF District.

The Authority has determined that it will use 100% of the remaining tax increment generated by the TIF District for any of the following purposes:

- (1) pay for the estimated public costs of the TIF District (see Section M) and County administrative costs associated with the TIF District (see Section V);
- (2) pay principal and interest on tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (3) accumulate a reserve securing the payment of tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (4) pay all or a portion of the county road costs as may be required by the County board under Minnesota Statutes Section 469.175, Subdivision 1a; or
- (5) return excess tax increments to the County Auditor for redistribution to the Authority, County and School District.

Tax increments from property located in one county must be expended for the direct and primary benefit of a project located within that county, unless both county boards involved waive this requirement. Tax increments shall not be used to circumvent levy limitations applicable to the Authority.

Tax increment shall not be used to finance the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the State or federal government, or for a commons area used as a public park, or a facility used for social, recreational, or conference purposes. This prohibition does not apply to the construction or renovation of a parking structure or of a privately-owned facility for conference purposes.

If there exists any type of agreement or arrangement providing for the developer, or other beneficiary of assistance, to repay all or a portion of the assistance that was paid or financed with tax increments, such payments shall be subject to all of the restrictions imposed on the use of tax increments. Assistance includes sale of property at less than the cost of acquisition or fair market value, grants, ground or other leases at less than fair market rent, interest rate subsidies, utility service connections, roads, or other similar assistance that would otherwise be paid for by the developer or beneficiary.

Section T Excess Tax Increment

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

- (1) prepay any outstanding tax increment bonds;
- (2) discharge the pledge of tax increments thereof;
- (3) pay amounts into an escrow account dedicated to the payment of the tax increment bonds; or
- (4) return excess tax increments to the County Auditor for redistribution to the Authority, County and School District. The County Auditor must report to the Commissioner of Education the amount of any excess tax increment redistributed to the School District within 30 days of such redistribution.

Section U Tax Increment Pooling and the Five-Year Rule

At least 75% of the tax increments from the TIF District must be expended on activities within the district or to pay for bonds used to finance the estimated public costs of the TIF District (see Section G for additional restrictions). No more than 25% of the tax increments may be spent on costs outside of the TIF District but within the boundaries of the Project Area, except to pay debt service on credit enhanced bonds. All administrative expenses are considered to have been spent outside of the TIF District. Tax increments are considered to have been spent within the TIF District if such amounts are:

- (1) actually paid to a third party for activities performed within the TIF District within five years after certification of the district;
- (2) used to pay bonds that were issued and sold to a third party, the proceeds of which are reasonably expected on the date of issuance to be spent within the later of the five-year period or a reasonable temporary period or are deposited in a reasonably required reserve or replacement fund;
- (3) used to make payments or reimbursements to a third party under binding contracts for activities performed within the TIF District, which were entered into within five years after certification of the district; or
- (4) used to reimburse a party for payment of eligible costs (including interest) incurred within five years from certification of the district.

Beginning with the sixth year following certification of the TIF District, at least 75% of the tax increments must be used to pay outstanding bonds or make contractual payments obligated within the first five years. When outstanding bonds have been defeased and sufficient money has been set aside to pay for such contractual obligations, the TIF District must be decertified.

The Authority anticipates that an allowable portion of tax increments generated by the project may be spent outside the TIF District (including allowable administrative expenses), and such expenditures are expressly authorized in this TIF Plan.

Section V Limitation on Administrative Expenses

Administrative expenses are defined as all costs of the Authority other than:

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

Administrative expenses include amounts paid for services provided by bond counsel, fiscal consultants, planning or economic development consultants, and actual costs incurred by the County in administering the TIF District. Tax increments may be used to pay administrative expenses of the TIF District up to the lesser of (a) 10% of the total tax increment expenditures authorized by the TIF Plan or (b) 10% of the total tax increments received by the TIF District.

Section W Limitation on Property Not Subject to Improvements - Four Year Rule

If after four years from certification of the TIF District no demolition, rehabilitation, renovation, or other site preparation, including qualified improvement of an adjacent street to a parcel has commenced on a parcel located within the TIF District, then that parcel shall be excluded from the TIF District, and the original net tax capacity shall be adjusted accordingly. Qualified improvements of a street are limited to construction or opening of a new street, relocation of a street, or substantial reconstruction or rebuilding of an existing street. The Authority must submit to the County Auditor, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

If a parcel is excluded from the TIF District and the Authority or owner of the parcel subsequently commences any of the above activities, the Authority shall certify to the County Auditor that such activity has commenced, and the parcel shall once again be included in the TIF District. The County Auditor shall certify the net tax capacity of the parcel, as most recently certified by the Commissioner of Revenue, and add such amount to the original net tax capacity of the TIF District.

Section X Estimated Impact on Other Taxing Jurisdictions

Exhibit IV shows the estimated impact on other taxing jurisdictions if the maximum projected retained captured net tax capacity of the TIF District was hypothetically available to the other taxing jurisdictions. The Authority believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District since the proposed development would not have occurred without the establishment of the TIF District and the provision of public assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified, and the development therein becomes part of the general tax base.

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

1. The total amount of tax increment that will be generated over the life of the district is estimated to be \$4,585,726.
2. To the extent the project in the TIF District generates any public cost impacts on city-provided services such as police and fire protection, public infrastructure, and the impact of any general obligation tax increment bonds attributable to the district upon the ability to issue other debt for general fund purposes, such costs will be levied upon the taxable net tax capacity of the City, excluding that portion captured by the TIF District. The Authority does not anticipate issuing general obligation tax increment bonds but reserves the right to the use of internal financing, as necessary, to finance a portion of the project costs attributable to the TIF District.
3. The amount of tax increments over the life of the district that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is estimated to be \$931,143.
4. The amount of tax increments over the life of the district that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same is estimated to be \$1,032,555.
5. No additional information has been requested by the county or school district that would enable it to determine additional costs that will accrue to it due to the development proposed for the district.

Section Y Prior Planned Improvements

The Authority shall accompany its request for certification to the County Auditor (or notice of district enlargement), with a listing of all properties within the TIF District for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan. The County Auditor shall increase the original net tax capacity of the TIF District by the net tax capacity of each improvement for which a building permit was issued.

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

Section Z Development Agreements

If within a project containing a redevelopment district, more than 25% of the acreage of the property to be acquired by the Authority is purchased with tax increment bonds proceeds (to which tax increment from the property is pledged), then prior to such acquisition, the Authority must enter into an agreement for the development of the property. Such agreement must provide recourse for the Authority should the development not be completed. The Authority anticipates entering into an agreement for development.

Section AA Assessment Agreements

The Authority may, upon entering into a development agreement, also enter into an assessment agreement with the developer, which establishes a minimum market value of the land and improvements for each year during the life of the TIF District.

The assessment agreement shall be presented to the County or City Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land, and so long as the minimum market value contained in the assessment agreement appears to be an accurate estimate, shall certify the assessment agreement as reasonable. The assessment agreement shall be filed for record in the office of the County Recorder or Registrar of Titles, as applicable, of each county where the property is located. Any modification or premature termination of this agreement must first be approved by the City, County and School District. The Authority anticipates entering into an assessment agreement.

Section AB Modifications of the Tax Increment Financing Plan

Any reduction or enlargement in the geographic area of the Project Area or the TIF District; increase in amount of bonded indebtedness to be incurred, a determination to capitalize interest on the debt if that determination was not part of the original TIF Plan; increase in the portion of the captured net tax capacity to be retained by the Authority; increase in the total estimated public costs, including administrative expenses; or designation of property to be acquired by the Authority shall be approved only after satisfying all the necessary requirements for approval of the original TIF Plan. This paragraph does not apply if:

- (1) the only modification is elimination of parcels from the TIF District; and
- (2) the current net tax capacity of the parcels eliminated equals or exceeds the net tax capacity of those parcels in the TIF District's original net tax capacity, or the Authority agrees that the TIF District's original net tax capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

The Authority must notify the County Auditor of any modification that reduces or enlarges the geographic area of the TIF District or Project Area. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

Section AC Administration of the Tax Increment Financing Plan

Upon adoption of the TIF Plan, the Authority shall submit a copy of such plan to the Minnesota Department of Revenue and the Office of the State Auditor. The Authority shall also request that the County Auditor certify the original net tax capacity and net tax capacity rate of the TIF District. To assist the County Auditor in this process, the Authority shall submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements. The Authority shall also send the County or City Assessor any assessment agreement establishing the minimum market value of land and improvements in the TIF District and shall request that the County or City Assessor review and certify this assessment agreement as reasonable.

The County shall distribute to the Authority the amount of tax increment as it becomes available. The amount of tax increment in any year represents the applicable property taxes generated by the retained captured net tax capacity of the TIF District. The amount of tax increment may change due to development anticipated by the TIF Plan, other development, inflation of property values, or changes in property classification rates or formulas. In administering and implementing the TIF Plan, the following actions should occur on an annual basis:

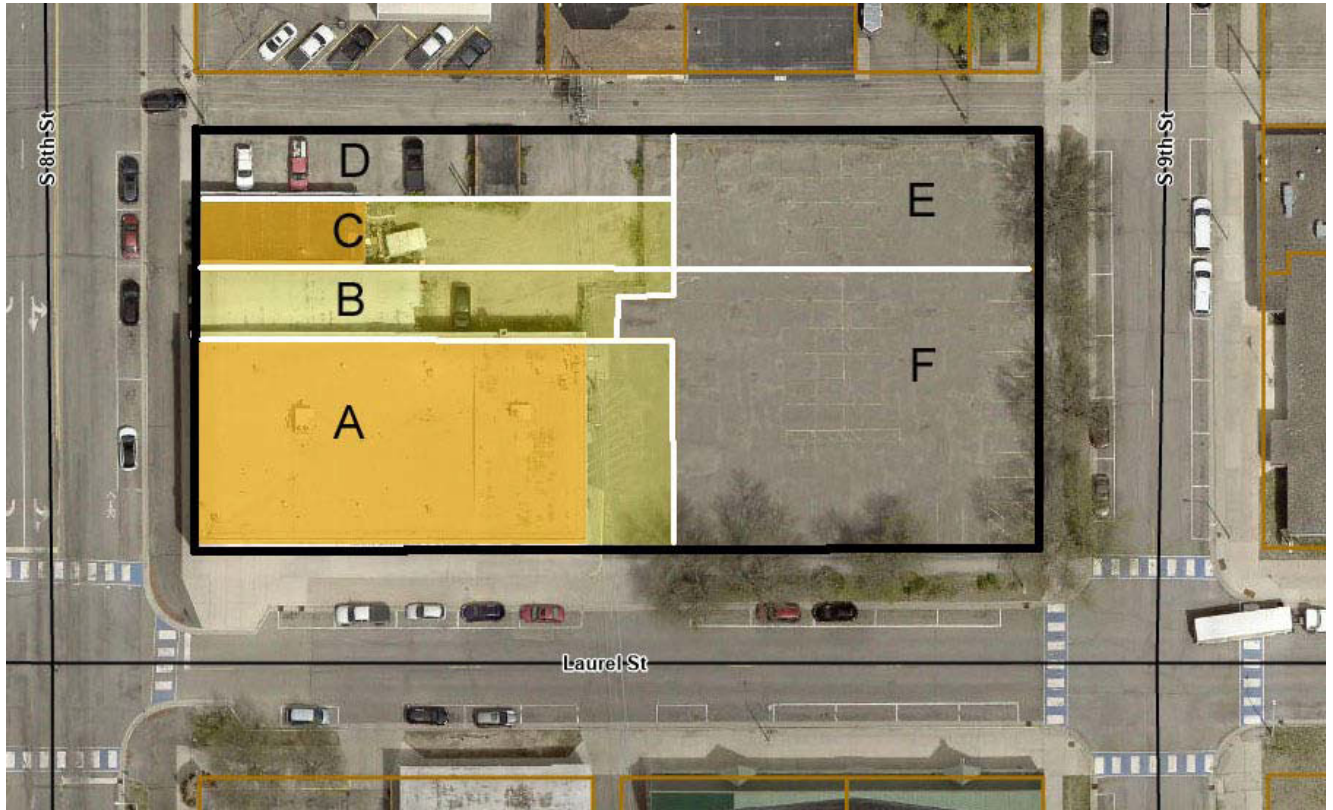
- (1) prior to July 1, the Authority shall notify the County or City Assessor of any new development that has occurred in the TIF District during the past year to ensure that the new value will be recorded in a timely manner.
- (2) if the County Auditor receives the request for certification of a new TIF District, or for modification of an existing TIF District, before July 1, the request shall be recognized in determining local tax rates for the current and subsequent levy years. Requests received on or after July 1 shall be used to determine local tax rates in subsequent years.
- (3) each year the County Auditor shall certify the amount of the original net tax capacity of the TIF District. The amount certified shall reflect any changes that occur as a result of the following:
 - (a) the value of property that changes from tax-exempt to taxable shall be added to the original net tax capacity of the TIF District. The reverse shall also apply;
 - (b) the original net tax capacity may be modified by any approved enlargement or reduction of the TIF District;
 - (c) if laws governing the classification of real property cause changes to the percentage of estimated market value to be applied for property tax purposes, then the resulting increase or decrease in net tax capacity shall be applied proportionately to the original net tax capacity and the retained captured net tax capacity of the TIF District.

The County Auditor shall notify the Authority of all changes made to the original net tax capacity of the TIF District.

Section AD Filing TIF Plan, Financial Reporting and Disclosure Requirements

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

**Map of
Tax Increment Financing Redevelopment District No. 2-1
(Thirty White Redevelopment Project)**



Assumptions Report

Brainerd Housing and Redevelopment Authority and City of Brainerd, Minnesota
Tax Increment Financing (Redevelopment) District No. 2-1
Thrifty White Redevelopment
Final TIF Plan Exhibits based on \$9 million new taxable value

| | |
|--|----------------------------------|
| Type of Tax Increment Financing District | Redevelopment |
| Maximum Duration of TIF District | 25 years from 1st increment |
| Projected Certification Request Date | 06/01/24 |
| Decertification Date | 12/31/51 (26 Years of Increment) |

| | 2022/2023 | | | |
|--|----------------------------|-----------|-----------|-----------|
| Base Estimated Market Value | \$992,900 | | | |
| Original Net Tax Capacity | \$12,734 | | | |
| | Assessment/Collection Year | | | |
| | 2024/2025 | 2025/2026 | 2026/2027 | 2027/2028 |
| Base Estimated Market Value | \$992,900 | \$992,900 | \$992,900 | \$992,900 |
| Estimated Increase in Value - New Construction | 0 | 8,070,300 | 8,342,196 | 8,622,249 |
| Total Estimated Market Value | 992,900 | 9,061,262 | 9,333,158 | 9,613,211 |
| Total Net Tax Capacity | \$12,734 | \$121,384 | \$125,048 | \$128,822 |

| | | |
|---|----------|------|
| City of Brainerd | 58.664% | |
| Crow Wing County | 23.693% | |
| ISD #181 | 21.366% | |
| Other (3202) | 1.501% | |
| Local Tax Capacity Rate | 105.224% | 2023 |
| Fiscal Disparities Contribution From TIF District | NA | |
| Administrative Retainage Percent (maximum = 10%) | 10.00% | |
| Pooling Percent | 0.00% | |

| Bonds | | Note (Pay-As-You-Go) | |
|---------------------------|----------|----------------------|-------------|
| Bonds Dated | NA | Note Dated | 06/01/24 |
| Bond Rate | NA | Note Rate | 5.00% |
| Bond Amount | NA | Note Amount | \$1,300,000 |
| Present Value Date & Rate | 06/01/24 | 5.00% PV Amount | \$1,985,190 |

Notes

Projections assume no future changes to classification rates and current tax rates remain constant.
Projections are based on certified pay 2023 rates.
Projections assume project 100% completed in 2025
Projections assume 3% market value inflation

Projected Tax Increment Report

Brainerd Housing and Redevelopment Authority and City of Brainerd, Minnesota

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

Thrifty White Redevelopment

Final TIF Plan Exhibits based on \$9 million new taxable value

| Annual Period Ending (1) | Total Market Value ⁽¹⁾ (2) | Total Net Tax Capacity ⁽²⁾ (3) | Less: Original Net Tax Capacity ⁽³⁾ (4) | Retained Captured Net Tax Capacity (5) | Times: Tax Capacity Rate ⁽⁴⁾ (6) | Annual Gross Tax Increment (7) | Less: State Aud. Deduction 0.360% (8) | Subtotal Net Tax Increment (9) | Less: City Retainage 10.00% (10) | Annual Net Revenue (11) | P.V. Annual Net Rev. To 06/01/25 5.00% |
|-----------------------------------|--|--|--|--|---|---|---|---|--|----------------------------------|--|
| 12/31/25 | 992,900 | 12,734 | 12,734 | 0 | 105.224% | 0 | 0 | 0 | 0 | 0 | 0 |
| 12/31/26 | 992,900 | 12,734 | 12,734 | 0 | 105.224% | 0 | 0 | 0 | 0 | 0 | 0 |
| 12/31/27 | 9,063,200 | 121,384 | 12,734 | 108,650 | 105.224% | 114,326 | 412 | 113,914 | 11,391 | 102,523 | 92,991 |
| 12/31/28 | 9,335,096 | 125,048 | 12,734 | 112,314 | 105.224% | 118,181 | 425 | 117,756 | 11,776 | 105,980 | 91,550 |
| 12/31/29 | 9,615,149 | 128,822 | 12,734 | 116,088 | 105.224% | 122,153 | 440 | 121,713 | 12,171 | 109,542 | 90,120 |
| 12/31/30 | 9,903,603 | 132,709 | 12,734 | 119,975 | 105.224% | 126,243 | 454 | 125,789 | 12,579 | 113,210 | 88,703 |
| 12/31/31 | 10,200,711 | 136,713 | 12,734 | 123,979 | 105.224% | 130,456 | 470 | 129,986 | 12,999 | 116,987 | 87,298 |
| 12/31/32 | 10,506,733 | 140,837 | 12,734 | 128,103 | 105.224% | 134,795 | 485 | 134,310 | 13,431 | 120,879 | 85,906 |
| 12/31/33 | 10,821,935 | 145,085 | 12,734 | 132,351 | 105.224% | 139,265 | 501 | 138,764 | 13,876 | 124,888 | 84,529 |
| 12/31/34 | 11,146,593 | 149,460 | 12,734 | 136,726 | 105.224% | 143,868 | 518 | 143,350 | 14,335 | 129,015 | 83,164 |
| 12/31/35 | 11,480,991 | 153,966 | 12,734 | 141,232 | 105.224% | 148,610 | 535 | 148,075 | 14,808 | 133,267 | 81,814 |
| 12/31/36 | 11,825,420 | 158,608 | 12,734 | 145,873 | 105.224% | 153,494 | 553 | 152,941 | 15,294 | 137,647 | 80,479 |
| 12/31/37 | 12,180,183 | 163,388 | 12,734 | 150,654 | 105.224% | 158,524 | 571 | 157,953 | 15,795 | 142,158 | 79,159 |
| 12/31/38 | 12,545,588 | 168,312 | 12,734 | 155,578 | 105.224% | 163,706 | 589 | 163,117 | 16,312 | 146,805 | 77,854 |
| 12/31/39 | 12,921,956 | 173,384 | 12,734 | 160,650 | 105.224% | 169,043 | 609 | 168,434 | 16,843 | 151,591 | 76,564 |
| 12/31/40 | 13,309,615 | 178,608 | 12,734 | 165,874 | 105.224% | 174,539 | 628 | 173,911 | 17,391 | 156,520 | 75,289 |
| 12/31/41 | 13,708,903 | 183,989 | 12,734 | 171,255 | 105.224% | 180,201 | 649 | 179,552 | 17,955 | 161,597 | 74,029 |
| 12/31/42 | 14,120,170 | 189,531 | 12,734 | 176,797 | 105.224% | 186,033 | 670 | 185,363 | 18,536 | 166,827 | 72,786 |
| 12/31/43 | 14,543,775 | 195,240 | 12,734 | 182,506 | 105.224% | 192,040 | 691 | 191,349 | 19,135 | 172,214 | 71,558 |
| 12/31/44 | 14,980,089 | 201,119 | 12,734 | 188,385 | 105.224% | 198,226 | 714 | 197,512 | 19,751 | 177,761 | 70,346 |
| 12/31/45 | 15,429,491 | 207,176 | 12,734 | 194,441 | 105.224% | 204,599 | 737 | 203,862 | 20,386 | 183,476 | 69,150 |
| 12/31/46 | 15,892,376 | 213,413 | 12,734 | 200,679 | 105.224% | 211,163 | 760 | 210,403 | 21,040 | 189,363 | 67,970 |
| 12/31/47 | 16,369,147 | 219,838 | 12,734 | 207,104 | 105.224% | 217,923 | 785 | 217,138 | 21,714 | 195,424 | 66,806 |
| 12/31/48 | 16,860,222 | 226,456 | 12,734 | 213,722 | 105.224% | 224,886 | 810 | 224,076 | 22,408 | 201,668 | 65,657 |
| 12/31/49 | 17,366,028 | 233,272 | 12,734 | 220,538 | 105.224% | 232,059 | 835 | 231,224 | 23,122 | 208,102 | 64,526 |
| 12/31/50 | 17,887,009 | 240,293 | 12,734 | 227,558 | 105.224% | 239,446 | 862 | 238,584 | 23,858 | 214,726 | 63,409 |
| 12/31/51 | 18,423,620 | 247,524 | 12,734 | 234,790 | 105.224% | 247,055 | 889 | 246,166 | 24,617 | 221,549 | 62,309 |
| 12/31/52 | 18,976,328 | 254,972 | 12,734 | 242,238 | 105.224% | 254,892 | 918 | 253,974 | 25,397 | 228,577 | 61,224 |
| | | | | | | \$4,585,726 | \$16,510 | \$4,569,216 | \$456,920 | \$4,112,296 | \$1,985,190 |

⁽¹⁾ Total estimated market value based on information provided by City and County
Includes 3% annual market value inflator.

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

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

⁽⁴⁾ Total local tax capacity rate for taxes payable 2023

Estimated Impact on Other Taxing Jurisdictions Report

Brainerd Housing and Redevelopment Authority and City of Brainerd, Minnesota

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

Thrifty White Redevelopment

Final TIF Plan Exhibits based on \$9 million new taxable value

| Taxing Jurisdiction | Without Project or TIF District | | With Project and TIF District | | | | | |
|------------------------|--|--------------------------------|---|--|---|---|--|--|
| | Final 2021/2022 Taxable Net Tax Capacity (1) | 2021/2022 Local Tax Rate | 2021/2022 Taxable Net Tax Capacity (1) | Projected Retained Captured Net Tax Capacity + | New Taxable Net Tax Capacity = | Hypothetical Adjusted Local Tax Rate (*) | Hypothetical Decrease In Local Tax Rate (*) | Hypothetical Tax Generated by Retained Captured N.T.C. (*) |
| City of Brainerd | 22,582,055 | 58.664% | 22,582,055 | \$242,238 | 22,824,293 | 58.041% | 0.623% | 140,598 |
| Crow Wing County | 52,842,526 | 23.693% | 52,842,526 | 242,238 | 53,084,764 | 23.585% | 0.108% | 57,132 |
| ISD #181 | 36,312,387 | 21.366% | 36,312,387 | 242,238 | 36,554,625 | 21.224% | 0.142% | 51,414 |
| Other (2) | - | 1.501% | - | - | - | 1.501% | - | - |
| Totals | | 105.224% | | | | 104.352% | 0.872% | |

*** Statement 1:** If the projected Retained Captured Net Tax Capacity of the TIF District was hypothetically available to each of the taxing jurisdictions above, the result would be a lower local tax rate (see Hypothetical Adjusted Tax Rate above) which would produce the same amount of taxes for each taxing jurisdiction. In such a case, the total local tax rate would decrease by 0.872% (see Hypothetical Decrease in Local Tax Rate above). The hypothetical tax that the Retained Captured Net Tax Capacity of the TIF District would generate is also shown above.

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

(1) Taxable net tax capacity = total net tax capacity - captured TIF - fiscal disparity contribution, if applicable.

(2) The impact on these taxing jurisdictions is negligible since they represent only 1.43% of the total tax rate.

Market Value Analysis Report

Brainerd Housing and Redevelopment Authority and City of Brainerd, Minnesota

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

Thrifty White Redevelopment

Final TIF Plan Exhibits based on \$9 million new taxable value

| Assumptions | | | |
|-----------------------------------|------|----------------------------------|-----------------------------|
| Present Value Date | | 06/01/25 | |
| P.V. Rate - Gross T.I. | | 5.00% | |
| | | | |
| Increase in EMV With TIF District | | \$17,983,428 | |
| Less: P.V of Gross Tax Increment | | <u>2,205,055</u> | |
| Subtotal | | \$15,778,373 | |
| Less: Increase in EMV Without TIF | | <u>0</u> | |
| Difference | | \$15,778,373 | |
| | | | |
| | Year | Annual Gross Tax Increment | Present Value @ 5.00% |
| 1 | 2027 | 114,326 | 103,290 |
| 2 | 2028 | 118,181 | 101,689 |
| 3 | 2029 | 122,153 | 100,101 |
| 4 | 2030 | 126,243 | 98,527 |
| 5 | 2031 | 130,456 | 96,966 |
| 6 | 2032 | 134,795 | 95,421 |
| 7 | 2033 | 139,265 | 93,890 |
| 8 | 2034 | 143,868 | 92,375 |
| 9 | 2035 | 148,610 | 90,876 |
| 10 | 2036 | 153,494 | 89,393 |
| 11 | 2037 | 158,524 | 87,926 |
| 12 | 2038 | 163,706 | 86,476 |
| 13 | 2039 | 169,043 | 85,043 |
| 14 | 2040 | 174,539 | 83,627 |
| 15 | 2041 | 180,201 | 82,228 |
| 16 | 2042 | 186,033 | 80,847 |
| 17 | 2043 | 192,040 | 79,484 |
| 18 | 2044 | 198,226 | 78,137 |
| 19 | 2045 | 204,599 | 76,809 |
| 20 | 2046 | 211,163 | 75,498 |
| 21 | 2047 | 217,923 | 74,205 |
| 22 | 2048 | 224,886 | 72,929 |
| 23 | 2049 | 232,059 | 71,672 |
| 24 | 2050 | 239,446 | 70,432 |
| 25 | 2051 | 247,055 | 69,209 |
| 26 | 2052 | <u>254,892</u> | <u>68,005</u> |
| | | \$4,585,726 | \$2,205,055 |



Redevelopment Plan for Redevelopment Project Area No. 2

Housing and Redevelopment Authority in and for the City of Brainerd

City of Brainerd, Minnesota

Prepared by

Baker Tilly Municipal Advisors, LLC

Draft Dated: July 17, 2023

Anticipated Approval by City Council: July 17, 2023

Anticipated Approval by HRA Board: July 26, 2023

Baker Tilly Municipal Advisors, LLC is a registered municipal advisor and wholly owned subsidiary of Baker Tilly Virchow Krause, LLP, an accounting firm. Baker Tilly Virchow Krause, LLP trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

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| Map of Redevelopment Project Area | EXHIBIT I |

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Section A Definitions

The terms defined in this section have the meanings given herein, unless the context in which they are used indicates a different meaning:

"Act" means the HRA Act.

"Authority" means the Housing and Redevelopment Authority in and for the City of Brainerd, a public body, corporate and politic of the State.

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

"City" means the City of Brainerd, Minnesota; also referred to as a "Municipality".

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

"Comprehensive Plan" means the Comprehensive Plan of the City.

"County" means Crow Wing County, Minnesota.

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

"Land Use Regulations" means all federal, state and local laws, rules, regulations, ordinances and plans relating to or governing the use or development of land in the Project Area, including but not limited to environmental, platting, zoning and building code laws, regulations and ordinances.

"Project Area" means the geographic area of the Redevelopment Project.

"Public Costs" means the costs of land acquisition, demolition, redevelopment, public improvements and site improvements, and other eligible costs as set forth in this Redevelopment Plan and the TIF Plan.

"Redevelopment Plan" means the Redevelopment Plan for Redevelopment Project Area No. 2.

"Redevelopment Project" means Redevelopment Project Area No. 2 which is described in the Redevelopment Plan (this document).

"State" means the State of Minnesota.

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

"TIF District" means any tax increment financing district presently established or to be established in the future in the Project Area.

"TIF Plan" means the respective tax increment financing plan for each TIF district located within the Project Area.

Section B Statutory Authorization

The Act authorizes the Authority to exercise all the powers relating to a housing and redevelopment authority granted under the HRA Act, the TIF Act, or other law.

It is the intention of the Board of Commissioners, notwithstanding the enumeration of specific goals and objectives in the Redevelopment Plan, that the Authority shall have and enjoy with respect to the Project Area the full range of powers and duties conferred upon the Authority pursuant to the HRA Act, the TIF Act, and such other legal authority as the Authority may have or enjoy from time to time.

Section C Statement of Need and Public Purpose

The Authority finds that there is a need for development within the City and the Project Area in order to provide employment and housing opportunities, to improve the local tax base, and to improve the general economy of the City and the State. The economic security of the people in the City depends upon proper development of property that meets any one of a number of conditions, including properties whose values are too low to pay for the public services required or rendered and properties whose lack of use or improper use has resulted in stagnant or unproductive land that could otherwise contribute to the public health, safety, and welfare.

The Authority finds that in many cases such property cannot be developed or redeveloped without public participation and assistance in various forms including property acquisition and/or write-down, proper planning, the financing of development costs associated with clearance, grading and soils correction, and the making of various other public and private improvements necessary for development or redevelopment. In cases where the development or redevelopment of property cannot be done by private enterprise alone, the Authority believes it to be in the public interest to consider the exercise of its powers, to advance and spend public money, and to provide the means and impetus for such development or redevelopment.

The Authority finds that in certain cases property within the Project Area would or may not be available for redevelopment without the specific financial aid to be sought, that the Redevelopment Plan for the Project Area will afford maximum opportunity, consistent with the needs of the City as a whole, for the redevelopment of the Project Area by private enterprise, and that the Redevelopment Plan conforms to the general plan for the development of the City as a whole.

Section D Statement of Objectives

The Authority seeks to achieve one or more of the following objectives with respect to the Project Area, as the Authority may deem appropriate and necessary.

- (1) To promote and secure the prompt development of property within the Project Area, such property which is not now in its most productive use, in a manner consistent with the Comprehensive Plan, thus realizing Comprehensive Plan, land use, and tax base goals.
- (2) To assist development in the Project Area through the acquisition or write-down of certain interests in property which is not now in productive use or in its

highest and best use, to make or defray the cost of extraordinary redevelopment and site improvements on said property, and to construct or reimburse for the construction of public improvements and other facilities on or for the benefit of said property, thereby promoting and securing the development of other land within the Project Area.

(3) To secure the increase and availability of rental housing property for individuals and families within the Project Area.

(4) To promote and secure additional employment opportunities within the City and to prevent the loss of existing employment opportunities, thereby preventing the loss of valuable human resources.

(6) To provide funding for an ongoing development strategy and to prioritize the use of available resources.

(7) To implement and revise from time to time, as may be deemed necessary or desirable, a consolidated and unified Redevelopment Plan and to finance the associated development costs on an area-wide basis.

(8) To employ any of the powers of the Authority for the benefit of the Project Area in such cases and upon such terms as the Authority may deem appropriate.

Section E Boundaries of the Project Area

The property within the City which constitutes the Project Area includes the property as illustrated on the map attached as Exhibit I and described as follows:

| Parcel Number | Legal Description |
|----------------------|---|
| 41241495 | Lot 22, Thru 24 Inclusive Block 39, & Adjacent Vacated Portion of Alley |
| 41241496 | Lot 21, BLOCK 39, AND ADJACENT VACATED PORTION OF ALLEY. |
| 41241497 | Lot 20, BLOCK 39, AND ADJACENT VACATED PORTION OF ALLEY |
| 41241506 | Lot 1, BLOCK 39 |
| 41241505 | Lots 5 & 6, BLOCK 39, AND ADJACENT VACATED PORTION OF ALLEY |

The area encompassed by the Project Area shall also include all street or utility right-of-ways located upon or adjacent to the property described above, as illustrated in the boundary map included in Exhibit I. The City and the Authority reserve the right to expand the boundaries of the Project Area in the future.

Section F Property Acquisition

The Authority may acquire property, or appropriate interest therein, within the Project Area as it deems necessary or desirable to assist in the implementation of the Redevelopment Plan.

Section G Payment of Public Costs

It is anticipated that the Public Costs of the Project Area will be paid primarily from tax increment or proceeds of tax increment loans/bonds. Such costs are identified in the TIF Plan for the corresponding TIF District located within the Project Area. The Authority reserves the right to use other sources of revenue legally available to pay for such Public Costs including, but not limited to, special assessments, federal or state funds, and investment income.

Section H Environmental Controls; Land Use Regulations

All Authority actions, public improvements and private development shall be carried out in a manner consistent with existing environmental controls and all applicable Land Use Regulations.

Section I Park and Open Space to be Created

Any park and open space created within the Project Area will be done in accordance with the zoning and platting ordinances of the City.

Section J Property Acquisition and Proposed Reuse

Prior to formal consideration of acquisition of any property, the Board of Commissioners will require the execution of a binding development agreement with respect thereto and evidence that tax increment or other funds will be available to repay the Public Costs associated with the proposed acquisition. Appropriate restrictions regarding the reuse and redevelopment of property shall be incorporated into any development agreement to which the Authority is a party.

Section K Administration and Maintenance

Maintenance and operation of the Project Area will be the responsibility of the Executive Director of the Authority who shall serve as administrator of the Project Area. Each year the Administrator will submit to the Board of Commissioners the maintenance and operation budget for the following year. The Administrator will administer the Redevelopment Plan pursuant to the provisions of the HRA Act; provided, however, that such powers may only be exercised at the direction of the Board of Commissioners. No action taken by the Executive Director pursuant to the above-mentioned powers shall be effective without authorization by the Board of Commissioners.

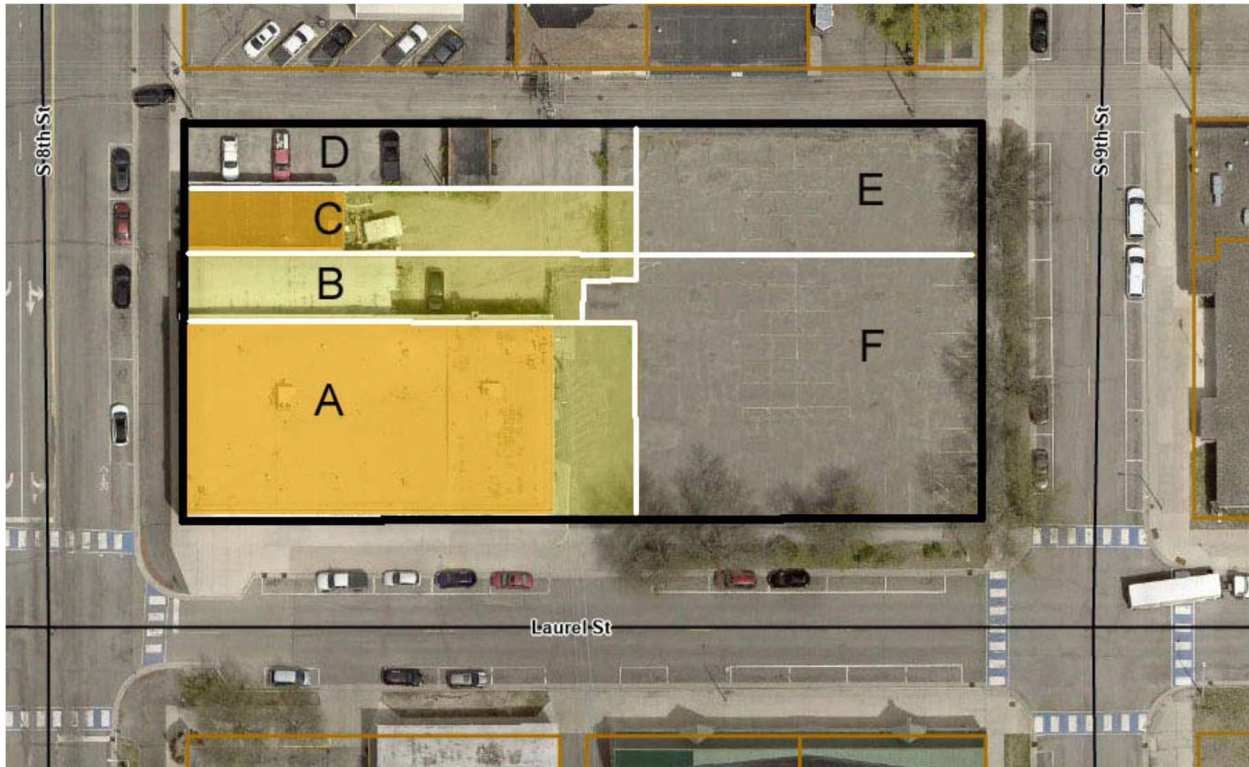
Section L Relocation

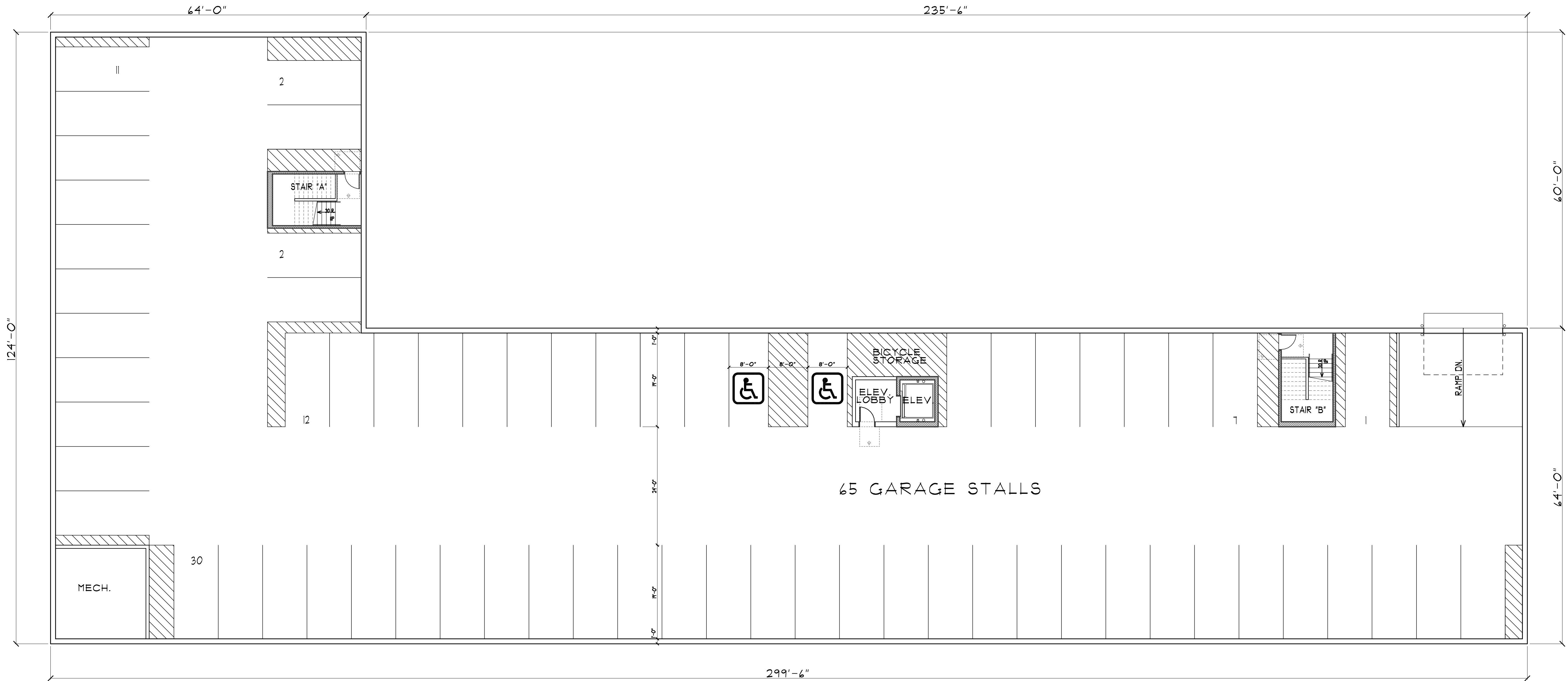
Any person or business that is displaced as a result of the Redevelopment Plan will be relocated in accordance with the provisions of the HRA Act and other applicable state and federal law.


Section M Amendments

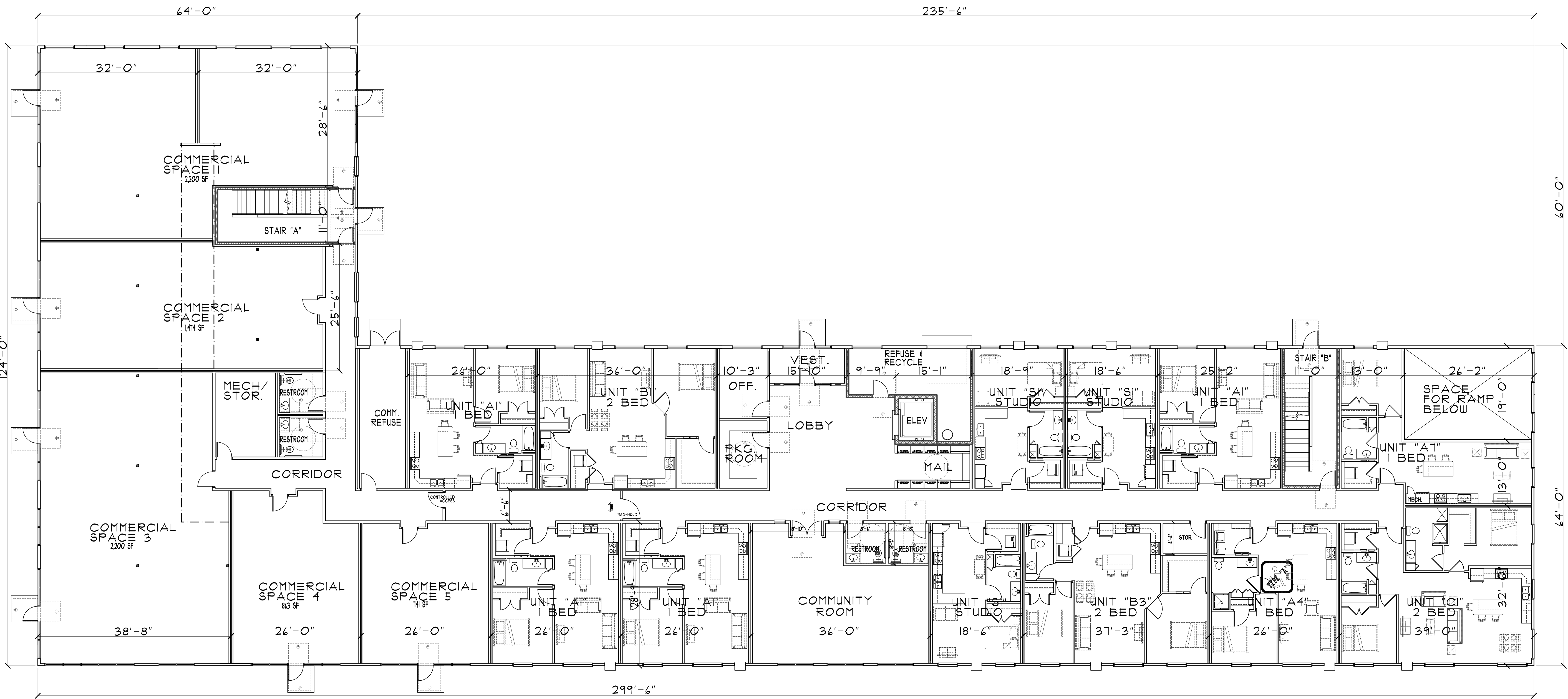
The Authority reserves the right to alter and amend the Redevelopment Plan subject to the provisions of State law regulating such action.

**Map of
Redevelopment Project Area No. 2**





 **BASEMENT PLAN**
SCALE: 3/32" = 1'-0"



| BUILDING AREAS | | UNIT MIX: | | |
|-----------------------------------|--|-------------------------|-------|-------|
| SQUARE FOOTAGE | | BEDROOMS | TOTAL | MIX % |
| PARKING GARAGE = 23,008 S.F. | | STUDIO | 12 | 15.5% |
| 1ST FLOOR APARTMENT = 13,905 S.F. | | 1 BED 1 BATH | 29 | 37% |
| COMMERCIAL SPACE = 9,103 S.F. | | 1 BED 1 BATH +DEN | 9 | 11.5% |
| 1ST FLOOR TOTAL = 23,008 S.F. | | 2 BED 1 BATH | 14 | 18% |
| 2ND FLOOR APARTMENT = 23,008 S.F. | | 2 BED 2 BATH | 14 | 18% |
| 3RD FLOOR APARTMENT = 23,008 S.F. | | | | |
| 4TH FLOOR APARTMENT = 23,008 S.F. | | | | |
| BUILDING TOTAL = 115,040 S.F. | | | 78 | 100% |

FIRST FLOOR PLAN
SCALE: 3/32" = 1'-0"

COLE GROUP
ARCHITECTS LLC.
216 Park Avenue South
Suite 102
Saint Cloud, MN 56301
(320) 451-4570
info@colearchitects.com

These documents are not valid for building permit unless signed in ink and over sealed. Copies are not valid.
I hereby certify that this plan, specification or report was prepared by me or under my direct supervision and that I am a duly licensed Architect under the laws of the State of
Name: NORTON E. COLE

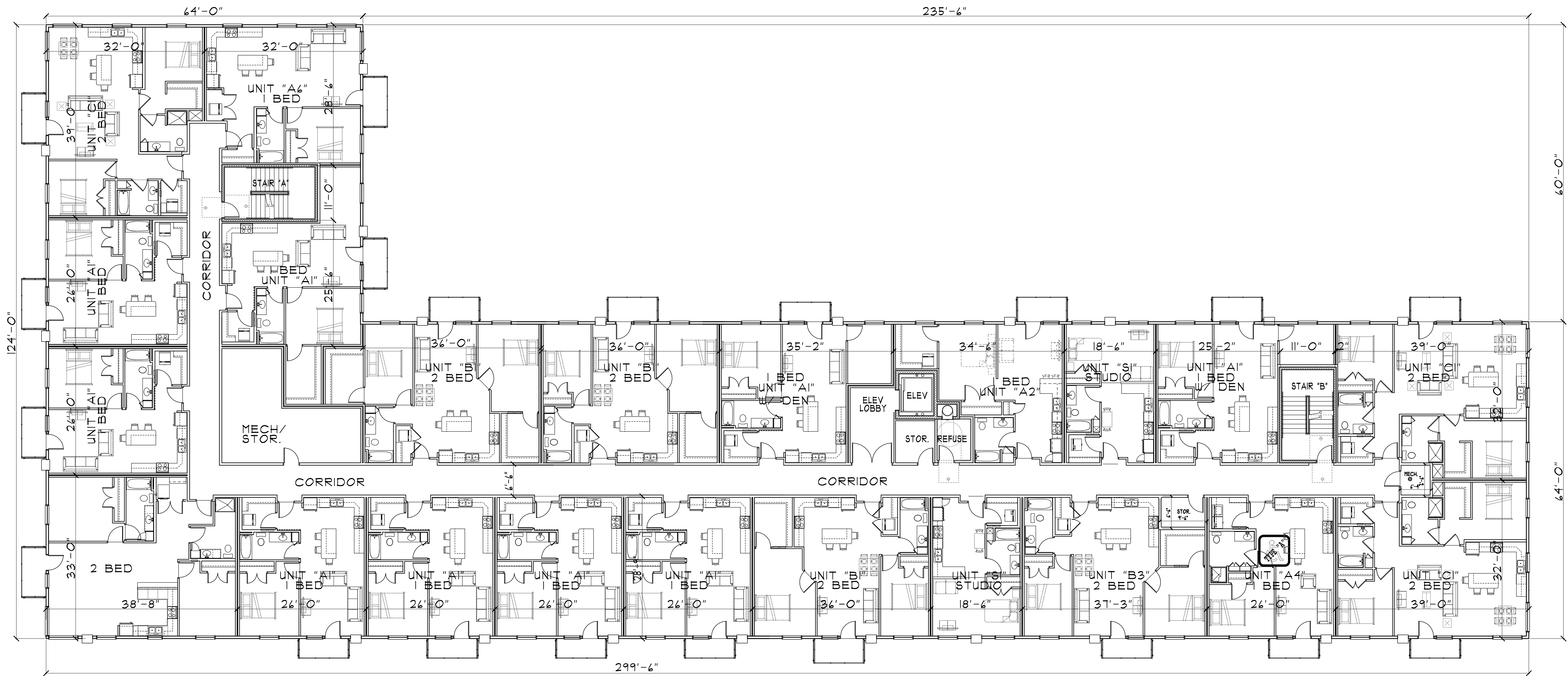
DEVELOPER:
D.W. JONES
INCORPORATED

PROPOSED MIXED USE:
EIGHT 05
LAUREL
BRainerd, MN

REVISIONS COMMENTS
REVISIONS COMMENTS
REVISIONS COMMENTS

Project No.
21028
Issue Date:
Document Set:
PRELIMINARY

A101
Pg. 69 of 142



| BUILDING AREAS | | UNIT MIX: | | |
|-----------------------------------|--|-------------------------|-------|-------|
| SQUARE FOOTAGE | | BEDROOMS | TOTAL | MIX % |
| PARKING GARAGE = 23,008 S.F. | | STUDIO | 12 | 15.5% |
| 1ST FLOOR APARTMENT = 13,905 S.F. | | | | |
| COMMERCIAL SPACE = 9,103 S.F. | | 1 BED 1 BATH | 29 | 37% |
| 1ST FLOOR TOTAL = 23,008 S.F. | | | | |
| 2ND FLOOR APARTMENT = 23,008 S.F. | | 1 BED 1 BATH +DEN | 9 | 11.5% |
| 3RD FLOOR APARTMENT = 23,008 S.F. | | | | |
| 4TH FLOOR APARTMENT = 23,008 S.F. | | 2 BED 1 BATH | 14 | 18% |
| | | | | |
| BUILDING TOTAL = 115,040 S.F. | | | 78 | 100% |

2ND, 3RD, 4TH FLOOR PLAN
SCALE: 3/32" = 1'-0"

COLE GROUP
ARCHITECTS LLC.
216 Park Avenue South
PO Box 5430
Saint Cloud, MN 56301
(920) 451-4570
www.colegrouparchitects.com

These documents are not valid for building permit unless signed in ink and over sealed. Copies are not valid.
I hereby certify that this plan, specification or report was prepared by me or under my direct supervision and that I am a duly licensed Architect under the laws of the state of
Name: NORMAN E. COLE

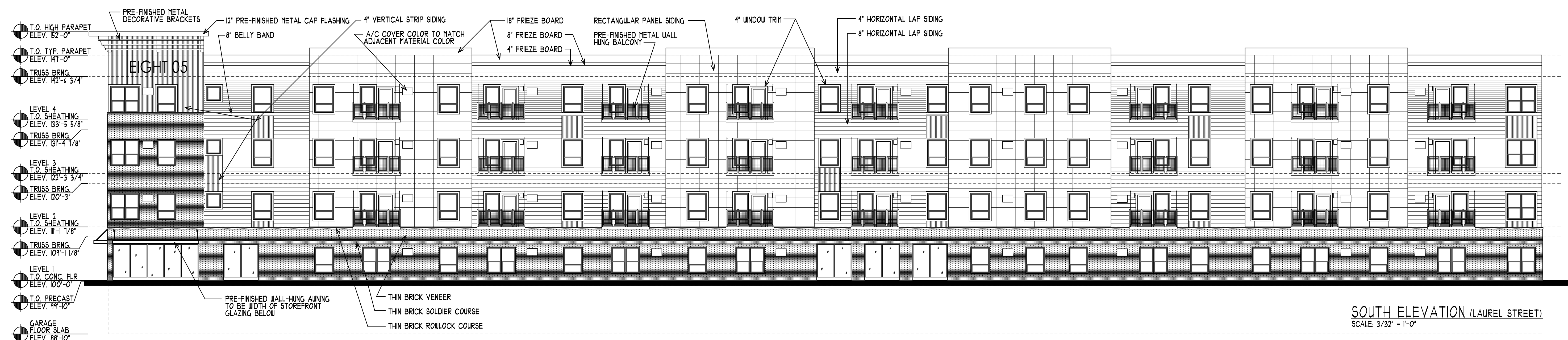
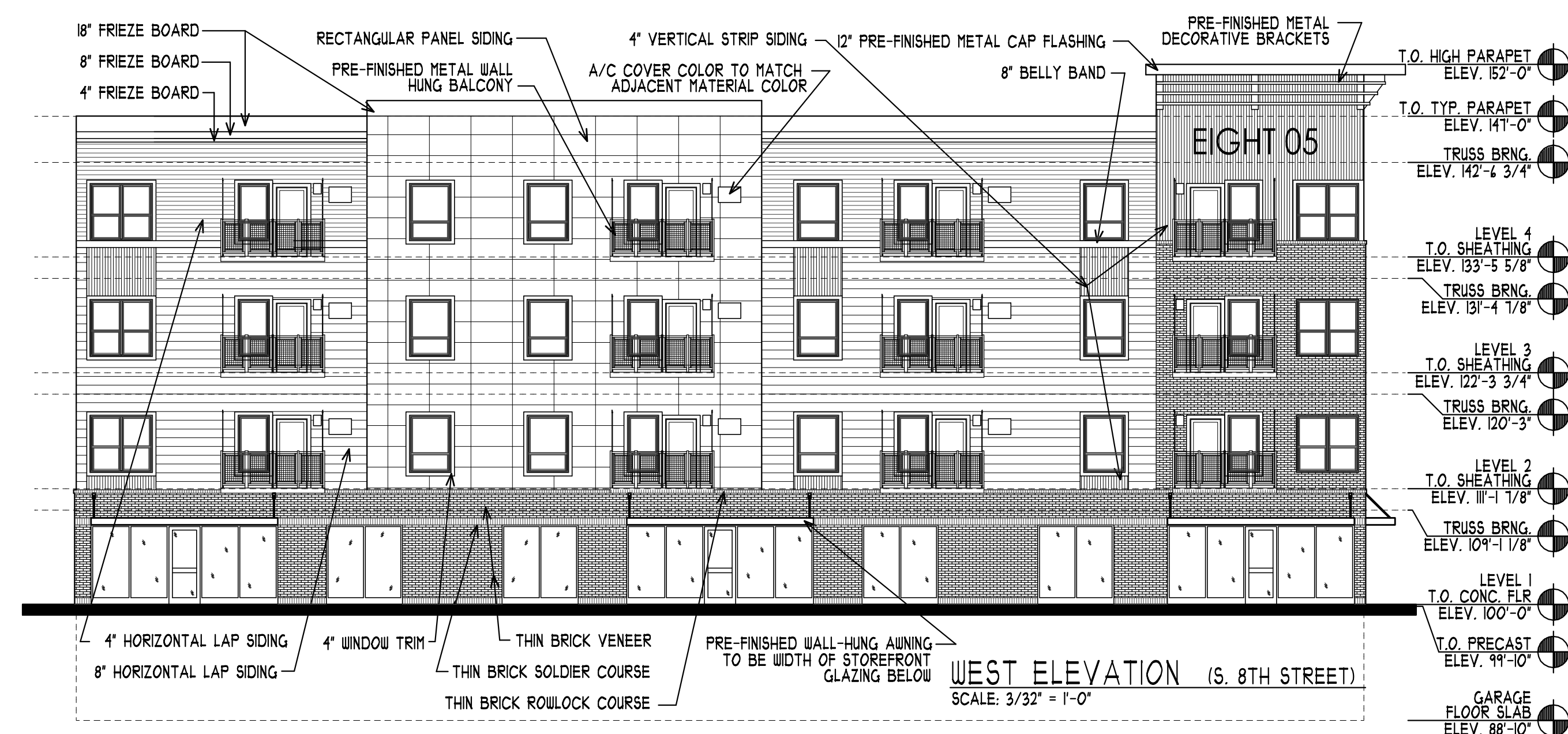
DEVELOPER:
D.W. JONES
INCORPORATED

PROPOSED MIXED USE:
EIGHT 05
LAUREL
BRANDER, MN

REVISIONS COMMENTS
REVISIONS COMMENTS

Project No.
21028
Issue Date:
1
Document Set:
PRELIMINARY

A102
By: mcl142



UNIT MIX

Rent Grid

| Bedrooms | Baths | # Units | Square Feet | Net Rent | Number of Market Rate Units | Number of Income Restricted Units | Annual Net Rent |
|----------|-------|---------|-------------|----------|-----------------------------|-----------------------------------|-----------------|
| Studio | 1 | 2 | 495 | 820 | | 2 | \$ 19,680 |
| Studio | 1 | 7 | 495 | 830 | | 7 | \$ 69,720 |
| Studio | 1 | 3 | 495 | 850 | 3 | | \$ 30,600 |
| | | | | | | | \$ - |
| 1 | 1 | 4 | 662 | 975 | | 4 | \$ 46,800 |
| 1 | 1 | 12 | 662 | 985 | | 12 | \$ 141,840 |
| 1 | 1 | 12 | 662 | 1,000 | 12 | | \$ 144,000 |
| | | | | | | | \$ - |
| 1 | 1 | 4 | 754 | 995 | | 4 | \$ 47,760 |
| 1 | 1 | 5 | 754 | 1,010 | 5 | | \$ 60,600 |
| | | | | | | | \$ - |
| 2 | 1 | 4 | 939 | 1,100 | | 4 | \$ 52,800 |
| 2 | 1 | 6 | 939 | 1,110 | | 6 | \$ 79,920 |
| 2 | 1 | 5 | 939 | 1,120 | 5 | | \$ 67,200 |
| | | | | | | | \$ - |
| 2 | 2 | 8 | 1,140 | 1,250 | | 8 | \$ 120,000 |
| 2 | 2 | 6 | 1,140 | 1,260 | 6 | | \$ 90,720 |
| | | | | | | | \$ - |
| | | | | | | | \$ - |
| | | | | | | | \$ - |
| | | | | | | | \$ - |

Unit Mix

| Floor Plan | # Units | % Units |
|--------------|-----------|-------------|
| Studio | 12 | 15% |
| 1 BR | 37 | 47% |
| 2 BR | 29 | 37% |
| 3 BR | | |
| 4 BR | | |
| 5 BR | | |
| Total | 78 | 100% |

Rent Summary

| | |
|----------------------|-------------|
| Average Net Rent | \$ 1,038.08 |
| Gross Rent Potential | \$ 971,640 |

CASH FLOW

| | | | | | Year | | | | | | | | | | | | | | |
|--|------------------------------------|-----------------------------|----------------------------|----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Inflator | Actuals Two Years Ago | Actuals One Year Ago | Actuals Current Year | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| INCOME | | | | | | | | | | | | | | | | | | | |
| Rental Income | | 2.00% | | | 971,640 | 991,073 | 1,010,894 | 1,031,112 | 1,051,734 | 1,072,769 | 1,094,224 | 1,116,109 | 1,138,431 | 1,161,200 | 1,184,424 | 1,208,112 | 1,232,274 | 1,256,920 | 1,282,058 |
| Parking Income | | 2.00% | | | 57,600 | 58,752 | 59,927 | 61,126 | 62,348 | 63,595 | 64,867 | 66,164 | 67,488 | 68,837 | 70,214 | 71,618 | 73,051 | 74,512 | 76,002 |
| Commercial Income | | 2.00% | | | 84,000 | 85,680 | 87,394 | 89,141 | 90,924 | 92,743 | 94,598 | 96,490 | 98,419 | 100,388 | 102,396 | 104,443 | 106,532 | 108,663 | 110,836 |
| Gross Potential Rent | | | | | 1,113,240 | 1,135,505 | 1,158,215 | 1,181,379 | 1,205,007 | 1,229,107 | 1,253,689 | 1,278,763 | 1,304,338 | 1,330,425 | 1,357,033 | 1,384,174 | 1,411,857 | 1,440,095 | 1,468,897 |
| Other Income from Operations | | 2.00% | | | 14,400 | 14,688 | 14,982 | 15,281 | 15,587 | 15,899 | 16,217 | 16,541 | 16,872 | 17,209 | 17,554 | 17,905 | 18,263 | 18,628 | 19,000 |
| Other | | | | | | | | | | | | | | | | | | | |
| Other | | | | | | | | | | | | | | | | | | | |
| Other | | | | | | | | | | | | | | | | | | | |
| Total Other Income | | | | | 14,400 | 14,688 | 14,982 | 15,281 | 15,587 | 15,899 | 16,217 | 16,541 | 16,872 | 17,209 | 17,554 | 17,905 | 18,263 | 18,628 | 19,000 |
| Rental Vacancy | 7.0% | | | | 69,023 | 70,403 | 71,811 | 73,248 | 74,712 | 76,207 | 77,731 | 79,286 | 80,871 | 82,489 | 84,138 | 85,821 | 87,538 | 89,288 | 91,074 |
| Parking Vacancy | 7.0% | | | | 4,032 | 4,113 | 4,195 | 4,279 | 4,364 | 4,452 | 4,541 | 4,632 | 4,724 | 4,819 | 4,915 | 5,013 | 5,114 | 5,216 | 5,320 |
| Commercial Vacancy | 20.0% | | | | 16,800 | 17,136 | 17,479 | 17,828 | 18,185 | 18,549 | 18,920 | 19,298 | 19,684 | 20,078 | 20,479 | 20,889 | 21,306 | 21,733 | 22,167 |
| Other | | | | | | | | | | | | | | | | | | | |
| Other | | | | | | | | | | | | | | | | | | | |
| Total Rental Loss | | | | | 89,855 | 91,652 | 93,485 | 95,355 | 97,262 | 99,207 | 101,191 | 103,215 | 105,279 | 107,385 | 109,532 | 111,723 | 113,958 | 116,237 | 118,562 |
| Net Rental Income | | | | | 1,037,785 | 1,058,541 | 1,079,712 | 1,101,306 | 1,123,332 | 1,145,799 | 1,168,715 | 1,192,089 | 1,215,931 | 1,240,249 | 1,265,054 | 1,290,355 | 1,316,163 | 1,342,486 | 1,369,336 |
| EXPENSES | | | | | | | | | | | | | | | | | | | |
| Property Management Fee 5.00% | | 3.00% | | | 51,889 | 53,446 | 55,049 | 56,701 | 58,402 | 60,154 | 61,958 | 63,817 | 65,732 | 67,704 | 69,735 | 71,827 | 73,982 | 76,201 | 78,487 |
| Administrative Expenses | | 3.00% | | | 31,000 | 31,930 | 32,888 | 33,875 | 34,891 | 35,937 | 37,016 | 38,126 | 39,270 | 40,448 | 41,661 | 42,911 | 44,199 | 45,525 | 46,890 |
| Maintenance Expenses | | 3.00% | | | 104,771 | 107,914 | 111,152 | 114,486 | 117,921 | 121,458 | 125,102 | 128,855 | 132,721 | 136,702 | 140,803 | 145,028 | 149,378 | 153,860 | 158,476 |
| Utilities | | 3.00% | | | 47,000 | 48,410 | 49,862 | 51,358 | 52,899 | 54,486 | 56,120 | 57,804 | 59,538 | 61,324 | 63,164 | 65,059 | 67,011 | 69,021 | 71,092 |
| Unique Operating Expenses | | 3.00% | | | | | | | | | | | | | | | | | |
| Insurance | | 3.00% | | | 20,000 | 20,600 | 21,218 | 21,855 | 22,510 | 23,185 | 23,881 | 24,597 | 25,335 | 26,095 | 26,878 | 27,685 | 28,515 | 29,371 | 30,252 |
| Real Estate Taxes | | 3.00% | | | 110,000 | 113,300 | 116,699 | 120,200 | 123,806 | 127,520 | 131,346 | 135,286 | 139,345 | 143,525 | 147,831 | 152,266 | 156,834 | 161,539 | 166,385 |
| Reserves | | 3.00% | | | 23,400 | 24,102 | 24,825 | 25,570 | 26,337 | 27,127 | 27,941 | 28,779 | 29,642 | 30,532 | 31,448 | 32,391 | 33,363 | 34,364 | 35,395 |
| Effective Gross Expense | | | | | 388,060 | 399,702 | 411,693 | 424,044 | 436,765 | 449,868 | 463,364 | 477,265 | 491,583 | 506,331 | 521,521 | 537,166 | 553,281 | 569,880 | 586,976 |
| Net Operating Income | | | | | 649,725 | 658,839 | 668,019 | 677,262 | 686,567 | 695,931 | 705,350 | 714,824 | 724,348 | 733,919 | 743,534 | 753,189 | 762,881 | 772,606 | 782,360 |
| Temporary Income - TIF | | | | | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 |
| Temporary Income | | | | | | | | | | | | | | | | | | | |
| Total Income for Debt Service | | | | | 739,725 | 748,839 | 758,019 | 767,262 | 776,567 | 785,931 | 795,350 | 804,824 | 814,348 | 823,919 | 833,534 | 843,189 | 852,881 | 862,606 | 872,360 |
| DEBT SERVICE | | | | | | | | | | | | | | | | | | | |
| NOI Supported Mortgage | | | | | 564,939 | 564,939 | 564,939 | 564,939 | | | | | | | | | | | |
| TIF Supported Mortgage | | | | | 89,938 | 89,938 | 89,938 | 89,938 | 89,938 | 89,938 | 89,938 | 89,938 | 89,938 | 89,938 | 89,938 | 89,938 | 89,938 | 89,938 | 89,938 |
| MIP | | | | | | | | | | | | | | | | | | | |
| Other | Estimated future mortgage payments | | | | | | | | 564,939 | 564,939 | 564,939 | 564,939 | 564,939 | 564,939 | 564,939 | 564,939 | 564,939 | 564,939 | 564,939 |
| Other | | | | | | | | | | | | | | | | | | | |
| Total Debt Service | | | | | 654,876 | 654,876 | 654,876 | 654,876 | 654,877 | 654,877 | 654,877 | 654,877 | 654,877 | 654,877 | 654,877 | 654,877 | 654,877 | 654,877 | 654,877 |
| Total Debt Service Coverage | | | | | 1.13 | 1.14 | 1.16 | 1.17 | 1.19 | 1.20 | 1.21 | 1.23 | 1.24 | 1.26 | 1.27 | 1.29 | 1.30 | 1.32 | 1.33 |
| CASH FLOW | | | | | | | | | | | | | | | | | | | |
| Net Cash Flow | | | | | 84,849 | 93,963 | 103,142 | 112,386 | 121,690 | 131,054 | 140,474 | 149,947 | 159,471 | 169,042 | 178,657 | 188,313 | 198,005 | 207,730 | 217,483 |
| Debt Service Reserve | | | | | | | | | | | | | | | | | | | |
| Adjusted Cash Flow | | | | | 84,849 | 93,963 | 103,142 | 112,386 | 121,690 | 131,054 | 140,474 | 149,947 | 159,471 | 169,042 | 178,657 | 188,313 | 198,005 | 207,730 | 217,483 |
| Adjusted Debt Service Coverage | | | | | 1.13 | 1.14 | 1.16 | 1.17 | 1.19 | 1.20 | 1.21 | 1.23 | 1.24 | 1.26 | 1.27 | 1.29 | 1.30 | 1.32 | 1.33 |
| DEFERRED FEE | | | | | | | | | | | | | | | | | | | |
| Deferred Developer Fee | | - | | | | | | | | | | | | | | | | | |
| NET CASH FLOW AVAILABLE FOR DISTRIBUTION | | | | | 84,849 | 93,963 | 103,142 | 112,386 | 121,690 | 131,054 | 140,474 | 149,947 | 159,471 | 169,042 | 178,657 | 188,313 | 198,005 | 207,730 | 217,483 |
| Deferred Developer Fee Payments | | | | | | | | | | | | | | | | | | | |
| Beginning Balance | | | | | | | | | | | | | | | | | | | |
| Interest | Rate (from Sources): | | | | | | | | | | | | | | | | | | |
| Payment | | | | | | | | | | | | | | | | | | | |
| Ending Balance | | | | | | | | | | | | | | | | | | | |

DEVELOPMENT COSTS

| | Total Costs | Per Unit | Comments |
|---|-----------------------|----------------|--------------------|
| ACQUISITION | | | |
| Land | 400,000 | 5,128 | Thrifty White Site |
| Existing Structures | 310,000 | 3,974 | 2 Sites North |
| Demolition | | | |
| Acquisition/Refinance Subtotal | 710,000 | 9,103 | |
| Special Assessments | | | |
| Other | | | |
| Holding Costs | | | |
| Holding Costs | | | |
| Acquisition Total | 710,000 | 9,103 | |
| CONSTRUCTION | | | |
| New Construction | | | |
| Residential | ##### | 152,486 | |
| Garages | | | |
| Accessory Structures | | | |
| On Site Work | 1,323,379 | 16,966 | |
| Off Site Work | | | |
| Other | Prevailing Wage + 12% | 1,586,079 | 20,334 |
| Other | | | |
| New Construction Subtotal | ##### | 189,787 | |
| Rehabilitation | | | |
| Residential | | | |
| Garages | | | |
| Accessory Structures | | | |
| On Site Work | | | |
| Off Site Work | | | |
| Other | | | |
| Other | | | |
| Rehab Subtotal | ##### | 189,787 | |
| New and Rehab Subtotal | ##### | 189,787 | |
| General Requirements | 4.22% | 625,080 | 8,014 |
| Contractor's Overhead | | | |
| Contractor's Profit | 4.68% | 692,120 | 8,873 |
| Construction Contract Amount | ##### | 206,674 | |
| Contingency | 0.47% | 75,000 | 962 |
| Total Construction Costs | ##### | 207,636 | |
| ENVIRONMENTAL ABATEMENT | | | |
| Soil Abatement | | | |
| Lead Abatement | | | |
| Asbestos Abatement | | | |
| Other | | | |
| Abatement Contingency (Agency determined) | | | |
| Abatement Total | | | |
| PROFESSIONAL FEES | | | |
| Architect Total | 160,000 | 1.0% | |
| Architect Fee - Design | 120,000 | 1,538 | |
| Architect Fee - Supervision | 40,000 | 513 | |
| Architect Reimbursables | | | |
| Marketing | 19,500 | 250 | |
| Surveys | 5,000 | 64 | |
| Soil Borings | 11,000 | 141 | |
| Payment & Performance Bond Premium | | | |
| Building Permit(s) | | | |
| Sewer-Water Access Charge | | | Waived by City |
| Other Local Fees | | | |
| Appraisal Fee | 5,000 | 64 | |
| Energy Audit | | | |
| Energy Consultant | | | |
| Environmental Assessment | 3,800 | 49 | |
| Cost Certification/Audit | | | |
| Market Study | 4,500 | 58 | |
| Furnishings and Equipment | 60,000 | 769 | |
| Legal Fees | 15,000 | 192 | |
| Relocation Costs | | | |
| Other Fees | Asbestos Testing | 4,685 | 60 |
| Other Fees | | | |
| Other Fees | | | |
| Other Fees | | | |
| Professional Fees Total | 288,485 | 3,699 | |
| DEVELOPER FEE | | | |
| Developer Fee | 200,000 | 2,564 | |
| Processing Agent | | | |
| Owner's Construction Representative | | | |
| Other Consultant Fees | | | |
| Other | | | |
| Developer Fee Total | 200,000 | 2,564 | |
| FINANCING COSTS | | | |
| Construction Period Costs | | | |
| Hazard and Liability Insurance | 24,000 | 308 | |
| Construction Interest at: | 4.80% 13 | 200,000 | 2,564 |
| Builder's Risk Insurance | | | |
| Taxes During Construction | 22,250 | 285 | |
| Construction Loan Origination Fee | 25,383 | 325 | |
| Other Inspection Fee | | | |
| Other | | | |
| Permanent Financing Costs | | | |
| HUD/FHA MIP | | | |
| HUD/FHA Exam Fee | | | |
| HUD/FHA Inspection Fee | | | |
| Other Permanent Origination Fee | | | |
| Mortgage Insurance Premium | | | |
| Bond Issuance Fee | | | |
| Bond Counsel | | | |
| Underwriter Counsel | | | |
| Trustee Fee | | | |
| Rating Agency | | | |
| Other Bond Fees | | | |
| Title and Recording | 35,000 | 449 | |
| Other | TIF Fees | 10,000 | 128 |
| Other | | | |
| Other | | | |
| Financing Costs Total | 316,633 | 4,059 | |
| Total Mortgageable Costs | ##### | 227,061 | |
| RESERVES | | | |
| Operating | 50,000 | 641 | |
| | | | |
| | | | |
| | | | |
| Total Reserves | 50,000 | 641 | |
| TOTAL DEVELOPMENT COSTS | | | |
| Total Development Costs | ##### | 227,702 | |
| Total Intermediary Costs | % of total | | |
| OTHER COSTS NOT INCLUDED IN THE DEVELOPMENT BUDGET | | | |
| Operating Deficit Escrow | | | |
| Insurance Escrow | | | |
| Tax Escrow | | | |
| Other | | | |
| Other | | | |
| Total | | | |

| OPERATING BUDGET | | | | | | | | | |
|---|-------------------------------|---------------------------------|------|------------|-----------|----------|---|--|--|
| INCOME | | | | | Total | Per Unit | Comments | | |
| GROSS POTENTIAL RENT | | | | | | | | | |
| Rental Housing Potential | | | | | 971,640 | 12,457 | | | |
| Parking / Garage Rent Potential | | | | | | | | | |
| | Covered Parking | # of spaces | 64 | Mo Fee | 75 | 57,600 | 738 | | |
| | Surface Parking | # of spaces | 26 | Mo Fee | | | | | |
| Commercial Rent Potential | | \$14.00 Per square foot X 6,000 | | | 84,000 | 1,077 | | | |
| Gross Potential Rent | | | | | 1,113,240 | 14,272 | | | |
| OTHER INCOME FROM OPERATIONS | | | | | | | | | |
| Tenant Fees | | | | | | | | | |
| Laundry Equipment | | | | | | | | | |
| Other | Pet Fees | | | | 9,400 | 121 | | | |
| Other | Application Fees | | | | 5,000 | 64 | | | |
| Forfeited Security Deposits | | | | | | | | | |
| Interest Income | | | | | | | | | |
| Total Other Income | | | | | 14,400 | 185 | | | |
| RENTAL LOSS | | | | | | | | | |
| Rental Housing Vacancy | | Vacancy Rate | | 7.0% | 69,023 | 885 | | | |
| Parking / Garage Vacancy | | Vacancy Rate | | 7.0% | 4,032 | 52 | | | |
| Commercial Vacancy | | Vacancy Rate | | 20.0% | 16,800 | 215 | | | |
| Other | | | | | | | | | |
| Other | | | | | | | | | |
| Total Rental Loss | | | | | 89,855 | 1,152 | | | |
| NET RENTAL INCOME | | | | | | | | | |
| Net Rental Income / Total Revenue | | | | | 1,037,785 | 13,305 | | | |
| EXPENSES | | | | | Total | Per Unit | Comments | | |
| ADMINISTRATIVE | | | | | | | | | |
| Advertising and Marketing | | | | | 4,000 | 51 | | | |
| Property Management Fee | | % Revenue | | \$/Unit/Mo | 51,889 | 665 | | | |
| | Percent of Total Revenue (OR) | | 5.0% | 55.44 | | | | | |
| | Per Unit Per Month | | | | | | | | |
| Professional Fees (Specify in Comments) | | | | | 5,500 | 71 | Legal and Accounting | | |
| Applicant Screening/Collection Expense | | | | | 2,600 | 33 | | | |
| Site Office Expense (Specify in Comments) | | | | | 4,000 | 51 | Office Supplies and Equipmnt | | |
| On-Site Management Payroll (Specify in Comments) | | | | | 9,500 | 122 | Payroll Taxes and Benefits | | |
| Other Administration (Specify in Comments) | | | | | 5,400 | 69 | Bank, Postage, Training, Phone & Internet | | |
| Administrative Subtotal | | | | | 82,889 | 1,063 | | | |
| MAINTENANCE | | | | | | | | | |
| Elevator Maintenance/Contract | | | | | 1,800 | 23 | | | |
| Security | | | | | 1,700 | 22 | | | |
| Rubbish Removal | | | | | 6,700 | 86 | | | |
| Other Contract Services (Includes Exterminating) | | | | | 8,200 | 105 | Fire Alarm, RPZ & Exterminating | | |
| Maintenance/Janitor Supplies | | | | | 6,000 | 77 | | | |
| Grounds Maintenance | | | | | 4,000 | 51 | | | |
| Snow Removal | | | | | 13,500 | 173 | | | |
| Heat & A/C Repair Services | | | | | 2,500 | 32 | | | |
| General Repair Services | | | | | 5,000 | 64 | | | |
| Painting/Decorating Materials | | | | | 10,000 | 128 | | | |
| Maintenance/Janitor Payroll (Specify in Comments) | | | | | 40,000 | 513 | | | |
| Other Maintenance and Operating (Specify in Comments) | | | | | 5,371 | 69 | Rental, Boiler & Elv. Lic. & Op. Taxes | | |
| Maintenance Subtotal | | | | | 104,771 | 1,343 | | | |
| UTILITIES | | | | | | | | | |
| Electricity | | | | | 12,000 | 154 | | | |
| Water & Sewer | | | | | 20,000 | 256 | No Lawn | | |
| Gas and Oil | | | | | 15,000 | 192 | | | |
| Utilities Subtotal | | | | | 47,000 | 603 | | | |
| SUPPORTIVE HOUSING | | | | | | | | | |
| Unique Operating Expenses (Specify in comments) | | | | | | | | | |
| INSURANCE | | | | | | | | | |
| Property and Liability Insurance Expense | | | | | 20,000 | 256 | | | |
| TOTAL MANAGEMENT AND OPERATING EXPENSES | | | | | | | | | |
| Total M&O | | | | | 254,660 | 3,265 | | | |
| REALESTATE TAXES & RESERVES | | | | | | | | | |
| Real Estate Taxes | | | | | 110,000 | 1,410 | | | |
| Replacement Reserve | | | | | 23,400 | 300 | | | |
| Miscellaneous Reserves | | | | | | | | | |
| Reserves & Escrows Subtotal | | | | | 133,400 | 1,710 | | | |
| TOTAL OPERATING EXPENSES | | | | | | | | | |
| Total Operating Expenses | | | | | 388,060 | 4,975 | | | |
| NET OPERATING INCOME | | | | | Total | Per Unit | Comments | | |
| Net Operating Income | | | | | 649,725 | 8,330 | | | |
| TEMPORARY INCOME (i.e., TIF, IRP, etc) | | | | # Years | | | | | |
| TIF | | | | 25 | 90,000 | 1,154 | | | |
| Specify | | | | | | | | | |
| Total Temporary Income | | | | | 90,000 | 1,154 | | | |
| EXPENSE ANALYSIS | | | | | | | | | |
| | | | | | Monthly | Annual | | | |
| Expense Ratio | | | | | 3% | 37% | | | |
| M&O per unit | | | | | 272 | 3,265 | | | |
| M&O minus Insurance per unit | | | | | 251 | 3,008 | | | |



To: Brainerd HRA Board Members
 From: Eric Charpentier, Executive Director
 Date: July 26th, 2023
 Re: DEED Redevelopment Grant Application for DW Jones Redevelopment Project

DEED Redevelopment Grant Program and Application

DW Jones, Inc has requested that the Brainerd HRA apply for the Department of Employment and Economic Development (DEED) Redevelopment Grant program in support of their proposed redevelopment project at the corner of 8th Street and Laurel Street.

The grant program was established by the 1998 legislature to incentivize the redevelopment of old industrial, residential, or commercial properties; and to assist private sector development with the challenges and costs of these sites. The program is intended to assist new parties with site development.

According to legislative requirement, if sufficient eligible applications are received, at least 50% of the grant money (DEED is anticipating at least \$2 million per grant round will be available) will be awarded to projects outside of the seven-county metro area.

The deadline for the current application period is August 1st, 2023. Eligible grant applicants are statutory or home rule charter cities, EDA's, HRA's, counties and port authorities. Even though these are the applicants, the site can be either publicly owned or privately held, as is the situation in this case. There is a local match requirement for approval of this funding and if the HRA approves the TIF redevelopment district and project, the TIF would be sufficient to meet the local match requirement for the funds.

At the July 17th City Council meeting, the council approved, by resolution, municipal consent for the Brainerd HRA to apply to DEED for funding through this program. It is a requirement of the applicant to receive such consent prior to applying.

If approved, staff will work with DW Jones, Inc to prepare the grant application. The developer is requesting up to \$500,000 in support through this grant application.

The resolution language was provided by MN DEED and is attached, along with the application packet.

Action Requested; Approve Resolution No. 2020-05 for the commitment of local matching funds and authorizing contract signature for the Minnesota Department of Employment and Economic Development Redevelopment Grant Application by the Brainerd HRA.

Redevelopment Grant Application Submittal Checklist

Logistics

- | | |
|--------------------------|---|
| <input type="checkbox"/> | Two complete paper copies (complete copies include all attachments) |
| <input type="checkbox"/> | One complete electronic copy (i.e., one flash drive, emailed applications will not be accepted) |
| <input type="checkbox"/> | All the above submitted to DEED by 4:00 p.m. on February 1 or August 1 |

Application Form Content

- | | |
|--------------------------|--|
| <input type="checkbox"/> | Applicant Information Cover Page |
| <input type="checkbox"/> | I. Site Identification and History |
| <input type="checkbox"/> | II. Cost Analysis: Redevelopment Sources and Uses (Budget Table) and Construction Sources and Uses |
| <input type="checkbox"/> | III. Tax Increment Financing (TIF) Analysis |
| <input type="checkbox"/> | IV. Analysis of Redevelopment Potential |
| <input type="checkbox"/> | V. Project Schedule |
| <input type="checkbox"/> | VI. Payment Information (Applicant's State SWIFT Vendor Number, Location Code, and Address) |
| <input type="checkbox"/> | VII. Resolutions (Statutory Cities must authorize Mayor and Clerk) |
| <input type="checkbox"/> | VIII. Applicant Conflict of Interest Disclosure Form |

Application Attachments

- | | |
|--------------------------|---|
| <input type="checkbox"/> | Project Summary |
| <input type="checkbox"/> | Appraisal or Assessor's Valuation (all parcels must have a current value which cannot be zero) |
| <input type="checkbox"/> | Site maps illustrating ALL features requested in Question 4, site photographs |
| <input type="checkbox"/> | Geotechnical Soil Evaluation Report (if applicable) |
| <input type="checkbox"/> | Construction financing commitments, terms sheets, or letters of interest |
| <input type="checkbox"/> | HUD 'Invitation to Apply' letter (if applicable) |
| <input type="checkbox"/> | Resolution establishing Redevelopment TIF district and/or documentation of Redevelopment TIF qualifications (slum and blight analysis, building inspection, etc.) |
| <input type="checkbox"/> | TIF Cash Flow Analysis (if using TIF) |
| <input type="checkbox"/> | Site crime data |
| <input type="checkbox"/> | Council action/minutes or other documentation demonstrating local approvals/entitlements |
| <input type="checkbox"/> | Current property tax statements for each parcel |
| <input type="checkbox"/> | Joint agreements (if project is multi-jurisdictional) |
| <input type="checkbox"/> | Local transit schedules |
| <input type="checkbox"/> | Developer letter of commitment and/or development agreement |
| <input type="checkbox"/> | End-user or business tenant letter(s) of commitment (if applicable) |
| <input type="checkbox"/> | Resolution from applicant agency (Statutory Cities MUST authorize Mayor and Clerk) |
| <input type="checkbox"/> | MUST BE SUBMITTED AT TIME OF APPLICATION |
| <input type="checkbox"/> | Resolution from municipality in which the site is located (if different from applicant agency) |
| <input type="checkbox"/> | Conflict of Interest form signed by the applicant |

MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

651-259-7451 or toll free at 1-800-657-3858

Mail Address:

Brownfields and Redevelopment Unit
1st National Bank Building
332 Minnesota Street, DEED Basement Mail Room
St. Paul, MN 55101-1351

Physical Address:

Brownfields and Redevelopment Unit
Great Northern Building
180 East Fifth Street, Suite 1200
St. Paul, MN 55101

INSTRUCTIONS

PURPOSE/BACKGROUND:

The Redevelopment Grant Program was established by the 1998 legislature to incentivize the redevelopment of old industrial, residential, or commercial properties; and assist private sector development with the challenges/costs these sites contain. Minnesota Statutes §§ 116J.571 – 116J.575 gives the Minnesota Department of Employment and Economic Development (DEED) authority to award grants to assist development authorities with eligible redevelopment costs as defined below.

The Redevelopment Grant Program is for currently or previously developed sites where significant barriers exist to redevelop the land into a different and/or more productive use. This program is not intended for parties that have operated on the site long-term, but rather to assist new parties with site redevelopment.

GRANT FUNDING AVAILABILITY:

Funding amounts have typically varied depending on legislative appropriation; however, DEED anticipates the availability of at least \$2 million per grant round. According to legislative requirement, if sufficient eligible applications are received, at least 50 percent of the grant money will be awarded to projects outside of the seven-county metropolitan area.

APPLICATION DEADLINES:

The Redevelopment Grant Program operates on a semi-annual grant cycle. Deadlines for submitting applications are **February 1** and **August 1 by 4:00 p.m.** each year. If these days fall on a weekend, the deadline will be the following business day. **Three complete sets of application documents are required for each project: 2 paper copies and 1 electronic copy on a flash drive.** An applicant may apply for more than one project, but a separate application must be completed and submitted for each site.

NOTE: Emailed applications will not be accepted. Please fill out the entire application. All applications must be complete upon submission to qualify for a grant. This includes the fully signed, required resolutions. Applications should be in a binder or bound with attachments clearly marked and tabbed.

ELIGIBLE GRANT APPLICANTS:

Eligible applicants for this program are statutory or home rule charter cities, economic development authorities, housing and redevelopment authorities, counties, or port authorities. While these are the eligible applicants, the site can be either privately or publicly owned.

GRANT ELIGIBLE SITES:

Only sites that have been previously developed, and the need to redevelop the land into a different and/or more productive use exists, qualify for a Redevelopment Grant. Sites which were never historically developed with buildings or infrastructure (i.e., cornfield) do not qualify. This program is not intended for parties that have operated on the site long-term, but rather to assist new parties with site redevelopment.

GRANT ELIGIBLE COSTS:

The Redevelopment Grant Program can pay up to 50 percent of the redevelopment costs for a qualifying site. "Redevelopment costs" or "costs" mean the costs of land acquisition, stabilizing unstable soils when infill is required, infrastructure improvements and ponding or other environmental infrastructure, demolition costs and costs necessary for adaptive re-use of buildings, including remedial activities. For purposes of this program adaptive reuse means interior environmental abatement and does not include building rehabilitation or construction. **Costs incurred before the grant agreement is fully executed are not eligible for reimbursement.**

The redevelopment challenges/costs should be related to the site's current or previously developed use.

Examples of eligible and ineligible costs include:

Eligible Costs

- Public acquisition*
- Demolition costs (as defined by [Minn. Stat. § 116J.572](#))
- Interior environmental abatement (e.g., asbestos abatement, lead paint abatement)
- Public infrastructure improvements** (e.g., water, sanitary, and storm connections, public sidewalks, public street or sidewalk lighting, public roads, etc.)
- Environmental infrastructure (e.g., stormwater ponding or system, etc.)
- Geotechnical soil correction (must submit a geotechnical soil evaluation)

**Although the statute recognizes acquisition as an eligible expense, DEED will only consider public acquisition, and these costs are only eligible as matching costs.*

***Although these costs are eligible, they should not be the sole costs of the grant request.*

Ineligible Costs

- Construction costs
- Building rehabilitation costs (including interior demolition)
- Environmental remediation (i.e., soil, groundwater, and/or vapor contamination)
- Project/grant administration
- Costs of appraisals or other application costs
- Streetscaping/landscaping (including rain gardens)
- Soft costs (e.g., performance bonds, insurance, etc.)
- Contingencies

GRANT LOCAL MATCH REQUIREMENT:

It is required that the applicant pay for at least 50% of the eligible redevelopment costs as a local match to obtain a redevelopment grant. The match can come from any source available to the applicant. Eligible redevelopment costs incurred up to 12 months prior to the application due date may be included as local match

but cannot be reimbursed by DEED. See “Grant Eligible Costs” above. Prior costs should be identified in the Cost Analysis section of the application.

The applicant must complete and adopt the attached resolution authorizing this application and committing the local match from the applicant (see Section VII, Resolutions).

REQUIRED APPRAISALS OR ASSESSMENTS FOR GRANTS:

Current (as-is) and projected (pre-construction) assessed values as determined by the local assessor are required. In lieu of the assessed value, appraisals done by an independent appraiser using accepted appraisal methodology, may be submitted. Values cannot be determined in any other manner. For tax exempt properties without an assessed value, a current market value must be provided.

The value of the property after the proposed development is completed is also required. This estimate is generally based on similar development projects in the city or a tax capacity estimate from the local assessor.

GRANT AWARD CRITERIA:

DEED will award grants to projects that provide the highest return in public benefits for the public costs incurred and meet all the statutory requirements. To evaluate the applications for public benefits with respect to the costs incurred, the law specifies priorities that DEED must consider.

To fulfill this requirement of reviewing applications in an objective and fair manner, the following criteria have been assigned maximum point values to systematically award grants. All assigned scores will be relative to scores awarded to other applications during the same grant round. **An application must receive a minimum of 50 points to be eligible for funding.**

1. Need for redevelopment in conjunction with contamination remediation needs. *Maximum = 15 points.*
2. Redevelopment project meets current tax increment financing requirements for a redevelopment district and tax increments will contribute to the project. *Maximum = 25 points.*
3. Redevelopment potential within the municipality. *Maximum = 85 points.*
4. Proximity to public transit if located in the metropolitan area. *Maximum = 5 points.*
5. Multi-jurisdictional projects that consider the need for affordable housing, transportation, and environmental impact. *Maximum = 15 points.*

Note: application review is a closed process. DEED reviewers may request clarification, but unanswered questions will not receive a score. Additional materials and required attachments will not be accepted after the application deadline without prior request or approval.

DEED has Redevelopment Grant rounds every six months. It is expected that projects are ready to begin grant activities as soon as grant funds are available. If there are one or more grant rounds before grant activities are scheduled to begin, DEED strongly recommends applying in a future grant round that is closer to commencement of the project. Be advised that if awarded, the application will be incorporated into the grant contract. The schedule provided in the application should be as accurate and realistic as possible. **Significant changes to the project and its schedule may result in grant termination.**



Brownfields and Redevelopment Unit

Redevelopment Grant Application

| | | |
|---|------------------------------------|---|
| Applicant (Public Entity) * | | |
| Head of Applicant Agency (e.g., Mayor) <i>Name and Title</i> | | |
| Address | | |
| City | | Zip Code: |
| Email of Agency Head | | |
| If the applicant is a city, what form of government? | <input type="checkbox"/> Home Rule | <input type="checkbox"/> Statutory City |
| Project Contact for the Public Entity | | |
| Phone | | |
| Email | | |
| Address | | |
| City | | Zip Code: |
| Project Manager for this project from the Public Entity, in the event of an award* | | |
| Phone | | |
| Email | | |
| Application Author | | |
| Phone | | |
| Email | | |

*If awarded, please note that the applicant is responsible for administering the grant and ensuring all grant terms and conditions are met.

PROJECT SUMMARY

ATTACH a summary of the project including the applicant's capacity to manage the grant in the event one is awarded.

I. SITE IDENTIFICATION AND HISTORY

SITE INFORMATION

1. Name of site/project: Click or tap here to enter text.

Site address: Click or tap here to enter text.

City: Click or tap here to enter text. Zip code: Click or tap here to enter text.

Site acreage: Click or tap here to enter text.

Property Identification Number(s): Click or tap here to enter text.

Minnesota Legislative District* in which **the site** is located:

A: Click or tap here to enter text.

B: Click or tap here to enter text.

*The Minnesota Legislature has an online tool to look up legislative district numbers: [Legislative Website](#)

SITE OWNERSHIP

2. A. Current property owner(s): Click or tap here to enter text.

When was the property purchased? Click or tap here to enter text.

For what amount? \$Click or tap here to enter text.

From whom was the property purchased? Click or tap here to enter text.

- B. Who will develop the site? Click or tap here to enter text.

Will the developer/affiliate own the property at any time? ☐ Yes ☐ No

When was/will the property be purchased? Click or tap here to enter text.

For what amount? \$Click or tap here to enter text.

- C. Who will own the site after development? Click or tap here to enter text.

When was/will the property be purchased? Click or tap here to enter text.

For what amount? \$ Click or tap here to enter text.

- D. What is the relationship (if any) between the current owner, the developer, and/or the future owner(s)? Click or tap here to enter text.

SITE VALUATION: ASSESSMENT OR APPRAISAL

3. DEED requires an appraisal or current assessed value as shown below. For tax-exempt properties without an assessed value, a current market value must be provided.

ATTACH an appraisal completed by a qualified independent appraiser licensed under chapter 82B using accepted appraisal methodology which shows the current market value of the property. This value should

include both the value of the land and, if applicable, any buildings on the Site. Along with the appraisal, please include the projected value after redevelopment activities and development have been completed.

| | |
|-------------------------|--|
| Current Appraised Value | |
| Projected Value | |

Or **ATTACH** documentation showing the assessed value of the property for the most recent year, as determined by the local assessor, shown on the most recent valuation notice used under Minn. Stat. § 273.121. Along with the assessed value, please include the projected value after redevelopment activities and development have been completed.

| | |
|------------------------|--|
| Current Assessed Value | |
| Projected Value | |

MAPS AND SITE FEATURES

4. **ATTACH** accurate and legible site and location maps, showing locations of prominent and relevant site features such as buildings, retaining walls, etc. Maps must include site boundaries, a north arrow and bar scale, and show the following:
 - ☐ Current condition of the site including labeled structures.
 - ☐ Specifically, where and for what activities DEED money will apply
 - ☐ If requesting, geotechnical soil correction location and depth
 - ☐ Proposed development of the site including labeled structures.
5. **ATTACH** current (and historic, if available) photographs of the site.

HISTORY

6. Provide the timeline and history of the site. This includes, but is not limited to, when the site was first developed, former and current uses, as well as former and current occupants, etc., and describe what led to the site's current dilapidated condition.

Click or tap here to enter text.

CURRENT AND FUTURE SITE USE

7. Zoning/Land Use:
 - A. Current: ☐ Industrial ☐ Commercial ☐ Residential ☐ Mixed-use ☐ Other (Specify) Click or tap here to enter text.
 - B. After Redevelopment: ☐ Industrial ☐ Commercial ☐ Residential ☐ Mixed-use ☐ Other (Specify) Click or tap here to enter text.
8. Current buildings on site:

| | Number of buildings | How many are occupied? | If vacant, for how long? |
|-------------|---------------------|------------------------|--------------------------|
| Industrial | | | |
| Commercial | | | |
| Residential | | | |

9. Year building(s) was/were constructed: Click or tap here to enter text.
10. Describe the current condition of the buildings on site: Click or tap here to enter text.

11. Describe plans for the existing buildings as redevelopment occurs:

[Click or tap here to enter text.](#)

12. Describe **IN DETAIL** the proposed development plan for the site. Include information such as the number and size of buildings, number of housing units, square footage of commercial space, any known future tenants, etc.

[Click or tap here to enter text.](#)

IMPORTANT NOTE: Per [Minn. Stat. § 116J.575, Subd. 4](#), if this redevelopment project fails to substantially provide the public benefits (jobs and taxes) listed in this application within five years of the grant award date, the Commissioner may require that 100 percent of the grant amount be repaid to DEED.

13. Is the proposed development related to the bioscience field? ☐ Yes ☐ No

If yes, describe: [Click or tap here to enter text.](#)

14. Is the proposed development an expansion of an existing Minnesota bioscience business?

☐ Yes ☐ No

II. COST ANALYSIS

15. Total redevelopment costs as defined on Page iii: [Click or tap here to enter text.](#)

16. DEED request amount: [Click or tap here to enter text.](#)

Note: at least 50% of the total redevelopment costs must be paid with a match source.

17. Describe **IN DETAIL** the specific activities for which DEED funds are being requested:

[Click or tap here to enter text.](#)

18. If requesting assistance with geotechnical soil correction, explain how these costs are related to the site's past use and **ATTACH** the site's geotechnical soil evaluation report.

[Click or tap here to enter text.](#)

19. Complete the budget table below indicating the sources, uses, and amounts of all funds (including TIF, DEED requests, etc.) that will be used for eligible redevelopment costs as defined on Page iii. The table should list the total redevelopment costs, including any costs that have already been incurred.

The 50% local match can come from any source. Eligible redevelopment activities that have been completed up to 12 months prior to the application due date can count toward local match. If eligible costs have been incurred, attach the invoices. Public acquisition is only eligible as a match cost.

| Redevelopment Sources and Uses of Funds for the Project (Budget Table) | | | | | |
|--|------|--------------------------|------------------|-----------------|--------------------------|
| Use of Funds (Activity) (List individually) | Cost | Cost Incurred? Y/N | Date Incurred | Source of Funds | Date Funds Committed* |
| | \$ | | | | |
| | \$ | | | | |
| | \$ | | | | |
| | \$ | | | | |

| | | | | | |
|--------------|-----------|--|--|--|--|
| | \$ | | | | |
| | \$ | | | | |
| Total | \$ | | | | |

Use of Funds (Activity): See Page iii for a list of eligible redevelopment costs. Be specific. List activities individually rather than combining into one line item (e.g., city water connection upgrade, city sanitary connection upgrade, etc.)

Cost: Total cost of the budget line item.

Costs Incurred: Has work on this activity started?

Date Incurred: When was this work done? Give a time range if necessary.

Source of Funds: List the funding sources, including match sources, contributing to each activity.

Date Funds Committed: When were the funds secured from this source?

***ATTACH** documentation of funding commitments.

20. Complete the table below indicating the sources, uses, and amounts of all funds that will be used for development construction.

| Construction Sources and Uses of Funds for the Project | | | |
|--|-----------|---|--------------------------|
| Construction Activity | Cost | Sources of Funds (list individually) | Date Funds Committed* |
| | | | |
| | | | |
| | | | |
| | | | |
| Total | \$ | | |

Construction Activity: May include building construction or other costs ineligible for Redevelopment.

Commitment Date: If construction financing is pending, list the date closing is anticipated.

***ATTACH** documentation of funding commitments.

21. What are the development's construction costs? Note the tables in question 19 and 20 should have the same total.

| | |
|---------|----|
| Total | \$ |
| Public | \$ |
| Private | \$ |

22. Is all the construction financing in place for the development of the site? ☐ Yes ☐ No

If yes, **ATTACH** documentation of funding commitments.

23. If construction financing is not in place, what is the process and timeline to secure the funds and when is closing anticipated?

[Click or tap here to enter text.](#)

ATTACH any letters of interest, term sheets from lenders or other funding sources, and include this information in Section V, Project Schedule.

24. Is the project seeking financial assistance from HUD and/or MHFA?

☐ Yes ☐ No

If yes, where is the project in the HUD and or MHFA financing process?

Click or tap here to enter text.

25. Will the development plan proceed without a DEED Redevelopment Grant?

☐ Yes ☐ No

Please explain.

Click or tap here to enter text.

III. TAX INCREMENT FINANCING (TIF) ANALYSIS

26. Is this project included in a currently established Redevelopment TIF district? ☐ Yes ☐ No

If yes, **ATTACH** the adopted resolution establishing the Redevelopment TIF district.

27. If not, does the project currently meet TIF requirements for a Redevelopment TIF district?

☐ Yes ☐ No

28. If yes, check the following TIF criteria that apply and **ATTACH** documentation (slum and blight analysis, building inspection, etc.) determining Redevelopment TIF qualifications:

- ☐ A. Parcels consisting of 70% of the area of the TIF district must be occupied by buildings, streets, utilities, or other improvements, and more than 50% of the buildings (excluding outbuildings) must be structurally substandard to a degree requiring substantial renovation or clearance; or
- ☐ B. Parcels must consist of vacant, unused, under used, inappropriately used, or infrequently used rail yards, rail storage facilities or excessive or vacated railroad rights-of-way; or
- ☐ C. Tank facilities (see criteria in [Minn. Stat. § 469.174, Subd. 10\[a\]\[3\]](#)); or
- ☐ D. A qualifying disaster area.

29. How much TIF will be used for the project? \$Click or tap here to enter text.

ATTACH a cash flow analysis that indicates how much TIF will be used towards this project.

If another type of TIF is being used for this project, what type is it? (Housing, pooled, etc.)

Click or tap here to enter text.

30. What activities are being financed with TIF? Click or tap here to enter text.

31. What is the maximum amount of TIF that can be generated? \$Click or tap here to enter text.

32. If TIF is not being used fully, or at all, explain why:

Click or tap here to enter text.

33. Is there a gap in financing after applying TIF? ☐ Yes ☐ No

If yes, how much is the gap? \$Click or tap here to enter text.

IV. ANALYSIS OF REDEVELOPMENT POTENTIAL

34. Describe how redevelopment of this site will spur future development of adjacent sites by identifying nearby properties with redevelopment potential.

Click or tap here to enter text.

35. Describe the relative adequacy of the infrastructure at the site.

Click or tap here to enter text.

36. **ATTACH** the most recent data on criminal activity at the site. Describe how redevelopment of the site will reduce crime.

Click or tap here to enter text.

37. Has the site been found or suspected to be contaminated? ☐ Yes ☐ No

If yes, describe the type of contamination: Click or tap here to enter text.

Check all that have been completed:

- ☐ Phase I ESA
- ☐ Phase II ESA
- ☐ Response Action Plan (RAP)
- ☐ MPCA RAP Approval
- ☐ Hazardous Material Survey

What are the anticipated remediation costs? \$Click or tap here to enter text.

What are the sources of funding for contamination cleanup? Click or tap here to enter text.

38. Have all the required local approvals/entitlements necessary for this project to proceed been obtained (planning commission, zoning, etc.)? ☐ Yes ☐ No

If yes, **ATTACH** council action/minutes or other documentation to confirm.

If not, what approvals remain and what is the timeline for obtaining these approvals? Include this information in Section V, Project Schedule.

Click or tap here to enter text.

PROPERTY TAX INFORMATION

39. What are the current property taxes (as determined by the County or City Assessor) for the site:

\$Click or tap here to enter text.

ATTACH a current property tax statement for each parcel.

40. What are the projected property taxes after development is completed: \$Click or tap here to enter text.

How was this figure determined? Click or tap here to enter text.

JOB CREATION

41. Project the number of new full-time equivalent (FTE) jobs to be created after redevelopment and development of the site is completed. These should include permanent jobs that did not exist in Minnesota prior to development and do not include temporary or construction jobs.

Total New Jobs: Click or tap here to enter text. FTEs

New Jobs Table

| Position Title | Total # of Full-Time Jobs (FTE) | Total # of Part-Time Jobs | Part-time Hours Per Week | Expected Hiring/Start Date |
|----------------|---------------------------------|---------------------------|--------------------------|----------------------------|
| | | | | |
| | | | | |
| | | | | |

JOB RETENTION

42. Project the number of retained FTE jobs after redevelopment and development of the site is completed. These should include permanent jobs that existed either on-site or elsewhere in Minnesota prior to development.

Total Retained Jobs: [Click or tap here to enter text.](#) FTEs

Retained Jobs Table

| Position Title | Total # of Full-Time Jobs (FTE) | Total # of Part-Time Jobs | Part-time Hours Per Week | Former Location of Retained Jobs |
|----------------|---------------------------------|---------------------------|--------------------------|----------------------------------|
| | | | | |
| | | | | |
| | | | | |

HOUSING DATA

43. If the site will be redeveloped for residential use, provide the following data:

RENTAL:

| | |
|------------------------------|----|
| Total number of units | |
| Monthly rental cost per unit | \$ |
| Number of affordable units* | |
| Level of affordability | |
| Construction cost per unit | \$ |

OWNER OCCUPIED:

| | |
|-----------------------------------|----|
| Total number of units | |
| Purchase price per unit | \$ |
| Number of affordable units/homes* | |
| Level of affordability | |
| Construction cost per unit | \$ |

*For purposes of this program, DEED considers affordable housing to be at or below 60% area median income (AMI).

OTHER PUBLIC BENEFITS

44. Is this a multi-jurisdictional project (a joint application, joint powers agreement, joint development agreement, etc.)? ☐ Yes ☐ No

If yes, describe how the project is multi-jurisdictional and **ATTACH** any joint agreements.

Click or tap here to enter text.

Note: projects with other state agencies and/or the Metropolitan Council are not considered multi-jurisdictional projects.

45. What positive environmental benefit does this project have to the state and region?

46. Does the project advance or promote the growth of the green economy as defined in [Minn. Stat. § 116J.437](#)? ☐ Yes ☐ No

If yes, describe how the project advances or promotes the growth of the green economy in Minnesota:

Click or tap here to enter text.

PROXIMITY TO PUBLIC TRANSIT

47. **ATTACH** any local transit schedules and highlight the lines that serve the project site or nearby area. If a regularly scheduled route does not serve the area, please provide information about other forms of transit that serve the community.

Click or tap here to enter text.

DEVELOPER/END-USER/TENANT COMMITMENT

48. If there is a developer, complete the following and **ATTACH** a letter of commitment.

| | |
|----------------------|--|
| Developer | |
| Contact Person | |
| Title | |
| Phone Number / Email | |

49. If there is an end-user or third party, such as a business tenant, complete the following and **ATTACH** a letter(s) of commitment.

| | |
|--------------------------|--|
| Third Party/Company Name | |
| Contact Person | |
| Title | |
| Phone Number / Email | |

V. PROJECT SCHEDULE

50. Provide a detailed schedule outlining the individual tasks necessary to complete the project. This includes redevelopment and development tasks and activities such as, but not limited to, site acquisition, local approvals (entitlements, TIF, etc.), financing commitments, abatement, demolition, development construction start and end date, and any other project activities.

IMPORTANT NOTE: Per [Minn. Stat. § 116J.575, Subd.4](#), if this redevelopment project fails to substantially provide the public benefits (jobs and taxes) listed in this application within five years of the grant award date, the Commissioner may require that 100 percent of the grant amount be repaid to DEED.

DEED has redevelopment grant rounds every six months. It is expected that projects are ready to begin grant activities as soon as grant funds are available. If there are one or more grant rounds before grant activities are scheduled to begin, DEED strongly recommends applying in a future grant round that is closer to commencement of the project. Premature applications increase the likelihood that public benefits will not be achieved within five years thus requiring grant repayment.

If awarded, this schedule will be incorporated into the grant contract. Be as accurate and realistic as possible. Significant changes to this schedule may result in grant termination.

Scheduled Tasks

| Task | 20__ | | | | | | | | | | | | 20__ | | | | | | | | | | | | 20__ | | | | | | | | | | | |
|------|------|-----|-----|-----|----|-----|-----|-----|-----|-----|-----|-----|------|-----|-----|-----|----|-----|-----|-----|-----|-----|-----|-----|------|-----|-----|-----|----|-----|-----|-----|-----|-----|-----|-----|
| | Jan | Feb | Mar | Apr | Ma | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | Ma | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | Ma | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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Redevelopment activities start date: Click or tap to enter a date.

Redevelopment activities completion date: Click or tap to enter a date.

Construction completion date: Click or tap to enter a date.

Benefits achievement date: Click or tap to enter a date.

51. Please list any factors which would change or delay this schedule. Click or tap here to enter text.

VI. PAYMENT INFORMATION

52. To receive payment from DEED, a SWIFT Vendor Number (with Location Code) assigned by Minnesota Management and Budget is required. For prompt payment, ensure the Vendor Number and Location Code are set up to allow electronic funds transfer (EFT) or Automated Clearing House (ACH) payment. State Vendor information may be found at: [Supplier Portal](#)

| | |
|---|--|
| Applicant's Financial Contact | |
| Phone | |
| Email | |
| Applicant's SWIFT <u>Remit To</u> Vendor Number and Location Code | |
| Address Associated with SWIFT Vendor Number and Location Code | |

VII. RESOLUTIONS

53. Resolutions must be adopted prior to the application deadline and submitted with the application. The two required elements are:

- A. A resolution from the governing body of the city where the project site is located, which approves the application.
- B. A resolution from the applicant committing the local match and authorizing contract signatures.
Note: Pursuant to Minn. Stat. § 412.201, **Statutory Cities must authorize the Mayor and Clerk to execute all contracts.**

Blank resolution templates are included on the following pages. The applicant may choose to reformat or combine them, but the adopted resolution must include all the following statements. **Resolutions that do not contain all statements will not be accepted.**

RESOLUTION #1: Municipality Approving the Application

BE IT RESOLVED that the _____ (Municipality of project location) has approved the Redevelopment Grant application submitted to the Department of Employment and Economic Development (DEED) on _____ (Date), by _____ (Applicant) for the _____ (Site name) site.

I certify that the above resolution was adopted by the city council on _____ (Date)

Signed: _____ (Authorized Official)

Title: _____

Date: _____

Witnessed by: _____

Title: _____ Date: _____

RESOLUTION #2: Committing the Local Match and Authorizing Contract Signature

BE IT RESOLVED that _____ (Applicant) act as the legal sponsor for project(s) contained in the Redevelopment Grant Program application to be submitted on _____ (Date), and that _____ (Title of Authorized Official) is hereby authorized to apply to the Department of Employment and Economic Development for funding of this project on behalf of _____ (Applicant).

BE IT FURTHER RESOLVED that _____ (Applicant) has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate project administration.

BE IT FURTHER RESOLVED that the sources and amounts of the local match identified in the application are committed to the project identified.

BE IT FURTHER RESOLVED that if the project identified in the application fails to substantially provide the public benefits listed in the application within five years from the date of the grant award, _____ (Applicant) may be required to repay 100 percent of the awarded grant per Minn. Stat. § 116J.575, Subd. 4;

BE IT FURTHER RESOLVED that _____ (Applicant) has not violated any Federal, State, or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice.

BE IT FURTHER RESOLVED that upon approval of its application by the state, _____ (Applicant) may enter into an agreement with the State of Minnesota for the above-referenced project(s), and

that _____ (Applicant) certifies that it will comply with all applicable laws and regulation as stated in all contract agreements.

NOW, THEREFORE BE IT FINALLY RESOLVED that the Mayor and the Clerk (for Statutory Cities), or Title of Authorized Official(s), are hereby authorized to execute such agreements as are necessary to implement the project on behalf of the applicant.

Note: Do not include the name, only the title of the official(s).

Pursuant to Minn. Stat. § 412.201, Statutory Cities must authorize both the Mayor and Clerk to execute all contracts, whereas Home Rule Charter Cities or other public entities may differ.

I CERTIFY THAT the above resolution was adopted by the _____ (City Council, County Board, etc.)
of _____ (Applicant) on _____ (Date)

SIGNED: (Authorized Official)

WITNESSED BY:

(Title and Date)

(Title and Date)

VIII. Applicant Conflict of Interest Disclosure Form

This form gives applicants and grantees an opportunity to disclose any actual or potential conflicts of interest that may exist when receiving a grant. It is the applicant/grantee's obligation to be familiar with the Office of Grants Management (OGM) [Policy 08-01: Grants Conflict of Interest](#) (Current Policies tab) and to disclose any conflicts of interest accordingly.

All grant applicants must complete and sign a conflict-of-interest disclosure form.

☐ I or my grant organization do NOT have an ACTUAL or POTENTIAL conflict of interest.

If at any time after submission of this form, I or my grant organization discover any conflict of interest(s), I or my grant organization will disclose that conflict immediately to the appropriate agency or grant program personnel.

☐ I or my grant organization have an ACTUAL or POTENTIAL conflict of interest.

(Please describe): Click or tap here to enter text.

If at any time after submission of this form, I or my grant organization discover any additional conflict of interest(s), I or my grant organization will disclose that conflict immediately to the appropriate agency or grant program personnel.

Printed name: Click or tap here to enter text.

Signature: _____

Organization: Click or tap here to enter text.

Date: Click or tap here to enter text.

HOUSING AND REDEVELOPMENT AUTHORITY IN AND FOR THE CITY OF
BRAINERD
RESOLUTION NO. 2023-05

**RESOLUTION OF COMMITMENT OF THE LOCAL MATCH AND
AUTHORIZING CONTRACT SIGNATURE FOR MINNESOTA DEPARTMENT OF
EMPLOYMENT AND ECONOMIC DEVELOPMENT REDEVELOPMENT GRANT
APPLICATION BY BRAINERD HRA**

BE IT RESOLVED that The Brainerd Housing and Redevelopment Authority (HRA) act as the legal sponsor for project(s) contained in the Redevelopment Grant Program application to be submitted on August 1st, 2023 and that the Executive Director is hereby authorized to apply to the Department of Employment and Economic Development for funding of this project on behalf of The Brainerd Housing and Redevelopment Authority.

BE IT FURTHER RESOLVED that The Brainerd Housing and Redevelopment Authority has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate project administration.

BE IT FURTHER RESOLVED that the sources and amounts of the local match identified in the application are committed to the project identified.

BE IT FURTHER RESOLVED that if the project identified in the application fails to substantially provide the public benefits listed in the application within five years from the date of the grant award, The Brainerd Housing and Redevelopment Authority may be required to repay 100 percent of the awarded grant per Minn. Stat. § 116J.575, Subd. 4;

BE IT FURTHER RESOLVED that The Brainerd Housing and Redevelopment Authority has not violated any Federal, State, or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice.

BE IT FURTHER RESOLVED that upon approval of its application by the state, The Brainerd Housing and Redevelopment Authority may enter into an agreement with the State of Minnesota for the above-referenced project(s), and that The Brainerd Housing and Redevelopment Authority certifies that it will comply with all applicable laws and regulation as stated in all contract agreements.

NOW, THEREFORE BE IT FINALLY RESOLVED that the Executive Director is hereby authorized to execute such agreements as are necessary to implement the project on behalf of the applicant.

Adopted this ____ day of July 2023

Rebekah Kent-Ehlebracht
Chair, Brainerd HRA