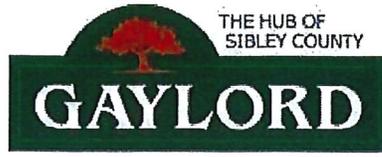


**Gaylord Economic Development Authority
Annual Meeting Agenda
Wednesday, February 11th, 2019 (5:00 P.M.)
Please call 237-2338 if you are unable to attend.**

- I. CALL TO ORDER (5:00 P.M.)**
- II. APPROVE THE AGENDA and any additions or corrections:**
1. Approve 02/11/2019 agenda
- III. CONSENT AGENDA:**
1. Approve 01/09/2019 EDA minutes *p1*
 2. EDA Fund Balances –

I. EDA General Money Market Fund	\$ 15,268.69	<i>p4</i>
II. Sign & Awning Account Balance	\$ 4,107.66	
III. EDA Down Payment Assistance Program Funds	\$ 16,652.99	
IV. Commercial Rehabilitation Loan Program Funds	\$ <u>85,091.00</u>	
Total:	\$121,120.34	
- IV. MONTHLY REPORTS/UPDATES:**
1. Council liaisons
 - a. Tom Homme
 - b. Lynn Grochow
 2. Staff Reports
 3. Other Reports
- V. UNFINISHED BUSINESS:**
1. Update on proposed “Wolverine Meadows” Apartments
 2. Meadow Wood Subdivision
 - a) Revised Concept Drawing *p7*
 - b) Cost Estimate of constructing 3rd Street East *p13*
 - c) Possible Costs of Lots *p16*
- VI. NEW BUSINESS:**
1. Possible Incentives for New Housing
 - a) Housing Incentives *p17*
 - b) Fees *p25*
 2. Next meeting: March 11th at 5:00 pm
- VIII. ADJOURNMENT**



**Gaylord Economic Development Authority
Annual Meeting Minutes
Wednesday, January 9, 2019 (4:30 P.M.)**

I. CALL TO ORDER

- II.** Pursuant to due call and notice thereof, Chuck Klimmek (President) called the Gaylord Economic Development Authority meeting to order in Gaylord City Hall at 4:30 P.M.

Members present: Chuck Klimmek (President), Doug Parrott (Vice President), Tom Homme (Secretary/Treasurer), Scott Amarin and Lynn Grochow.

Members absent: None.

Staff present: Lory Young (City Administrator) and Colleen Snyder (Administrative Assistant).

Staff absent: Aaron Walton (City Attorney).

Guests present: Lisa Uecker; Gaylord Hub.

III. ELECTION OF OFFICERS:

1. President

Klimmek stated he would be gone for the February and March 2019 EDA Meetings returning one day before the April 2019 EDA meeting, during his absence the vice president would conduct the meetings and during his absence he would be available by phone and email.

Motion by Parrott, seconded by Homme to elect Chuck Klimmek as EDA President. Motion carried.

2. Vice President

Motion by Homme, seconded by Amarin to elect Doug Parrot as EDA Vice President. Motion carried.

3. Secretary

Motion by Parrott, seconded by Amarin to elect Tom Homme as EDA Secretary/Treasurer. Motion carried.

IV. APPROVE THE AGENDA and any additions or corrections:

1. Approve 1/9/2019 agenda - Approval was given through consensus.

Klimmek welcomed the new EDA members Scott Amarin and Lynn Grochow. Klimmek looks forward to working with them in the future.

V. CONSENT AGENDA:

1. Approve 12/10/2018 EDA minutes

Motion by Parrot, seconded by Grochow to approve the December 10th, 2018 Minutes. Motion carried.

2. EDA Fund Balances –

I.	EDA General Money Market Fund	\$ 15,265.56
II.	Sign & Awning Account Balance	\$ 4,107.66
III.	EDA Down Payment Assistance Program Funds	\$ 16,650.30
IV.	Commercial Rehabilitation Loan Program Funds	<u>\$ 85,091.00</u>
	Total:	\$121,114.52

VI. MONTHLY REPORTS/UPDATES:

1. Council liaisons
 - a. Homme-None.
 - b. Grochow-None.
2. Staff Reports-Young stated due to an employee resignation at Habitat for Humanity the purchase agreements needed to be resigned and Young received them back this week. Klimmek reminded EDA there were three lots in East Ridge Terrace which were sold to Habitat for Humanity for one dollar per lot. Parrot asked if building would start this spring. Young replied the plan is to build two houses this summer with the third house being constructed in 2020.
3. Other Reports-None.

VII. UNFINISHED BUSINESS:

1. Follow-up on commercial rehabilitation loan
Klimmek explained at the December EDA Meeting a commercial rehabilitation loan was approved for the old Coast to Coast building. Klimmek went on to say the commercial rehabilitation loan program is a relatively new program and this is first time a loan has been approved. Klimmek stated the loan's intended use is for the front facade of the building, roof replacement will occur with matching funds. The building official is now requesting to see the whole plan before a permit will be issued. Klimmek asked Young if there is a mortgage agreement for the commercial rehabilitation loan. Young replied Aaron Walton is working on one.
2. Update Meadow Wood subdivision planning
Klimmek stated last week he, Parrot and Young meet with Justin Black and Brody Bratsch from SEH to discuss the concept plan. It was agreed to add more lots for Single Family homes and or Twin homes also there are two large parcels which will remain large parcels. Klimmek went on to say Justin Black will be at the February 6th, 2019 Council Meeting with the feasibility report. Klimmek requested Tammy Omdal from Northland Securities come to an EDA Meeting to help with possible incentives for developers.
3. Update on Messner property purchase and apartment development
Young stated she and Justin Black meet with Corey and Mitch from Alliance Building Corporation, they brought a site plan where the apartments will be located which is east of the elementary school. Phase one will be thirty-eight units. There will be a community room and an exercise room, all units will have their own washer and dryer.

VIII. NEW BUSINESS:

1. 2019 EDA Budget
EDA and Young discussed the 2019 Budget.
2. Next meeting: February 11 at 5:00 pm
Klimmek stated going forward the EDA meeting time will change to 5:00 p.m. the time change will make it easier for Aaron Walton-City Attorney to attend the meetings.

VIII. ADJOURNMENT

Motion by Amarin second by Homme, to adjourn the meeting. Motion Passed Unanimously. The meeting was adjourned at 5:08 P.M.

Respectfully submitted,

Chuck Klimmek, EDA President

Gaylord EDA

MMA account #4259 Balance as of 12-31-18		\$ 15,265.56
Deposits:	interest	\$ 3.13
		\$ -
		\$ - \$ 3.13
Expenses:		
		\$ - \$ -
Total		\$ 15,268.69
Sign & Awning Account Balance as of 1-30-17		\$ 4,107.66
Deposits:	2014 excess EDA budget \$ from the city	\$ -
		\$ - \$ -
Expenses:		\$ -
Sign & Awning account balance as of 1-31-19		\$ - \$ 4,107.66
Balance in MMA account #4259 as of 1-31-19		\$ 19,376.35
MMA account #842646 as of 12-31-18		\$ 16,650.30
Deposits:	interest	\$ 2.69
		\$ -
		\$ 2.69
Expenses:		\$ -
		\$ -
		\$ -
Balance in MMA account #842646 as of 1-31-19		\$ 16,652.99
Total EDA account balance as of 1-31-19		\$ 36,029.34
Commercial Rehab Loan Funds through 12-31-17		\$ 85,091.00



Expenditure Guideline - By Department

JANUARY 2019

Account Descr	2019 YTD Budget	JANUARY 2019 Amt	2019 YTD Amt	Enc Current	2019 YTD Balance	%YTD Budget
DEPT 46500 Economic Develop mt (GENERAL)						
E 101-46500-101 Salaries - Full Time	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
E 101-46500-102 Salaries - Over Tim	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
E 101-46500-103 Salaries - Part Time	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
E 101-46500-121 PERA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
E 101-46500-122 FICA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
E 101-46500-125 Medicare	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
E 101-46500-131 Employer Paid Heal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
E 101-46500-200 Supplies (GENERAL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
E 101-46500-302 Committee/Board/J	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
E 101-46500-303 Engineering Fees	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
E 101-46500-305 Bank Charges	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
E 101-46500-307 EDA Adminjstration	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
E 101-46500-308 Professional Fees	\$0.00	\$3,711.81	\$3,711.81	\$0.00	-\$3,711.81	0.00%
E 101-46500-321 Telephone	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
E 101-46500-322 Postage	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
E 101-46500-331 Meeting and Travel	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
E 101-46500-340 TIF Settlement	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
E 101-46500-352 Ads & Notices	\$0.00	\$340.00	\$340.00	\$0.00	-\$340.00	0.00%
E 101-46500-361 Liability Insurance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
E 101-46500-363 Bond Insurance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
E 101-46500-405 Computer Maintena	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
E 101-46500-433 Dues and Subscripti	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
E 101-46500-434 Business/Industrial	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
E 101-46500-436 Promotions	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
E 101-46500-440 Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
E 101-46500-580 Capital Outlay	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
E 101-46500-710 Transfers Out	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%
DEPT 46500 Economic Develop mt	\$0.00	\$4,051.81	\$4,051.81	\$0.00	-\$4,051.81	

EDA

Gaylord Revolving Loan Fund
Status as of December 31, 2018

	12/31/2017	Principal	Uncollectable	New	12/31/2018	235-00000
	Balance	Payments	Loans	Loans	Balance	-36211
						2018
						Interest
4th Street Pizza	25,138.20	2688.23			22449.97	956.65
FITCO	14,289.76	1,836.77		0.00	12452.99	563.23
Ron Geiger	18,453.06	2,960.59			15492.47	684.29
Hahn Family Properties	3,110.88	3,110.69		(0.19)	0.00	71.61
Hahn Foods	13,709.97	3,153.84			10556.13	491.04
HUG, LLP	0.00	-			0.00	0.00
Total RLF	74,701.87	13,750.12	-	(0.19)	60,951.56	2,766.82
SCDP Loans		234-10460				234-46500
KMA	3,118.85	1,360.22	0.00	0.00	1,758.63	-36211
K & H Homes	5,849.92	1,838.55	0.00	0.00	4,011.37	74.98
State Farm	0.00	0.00	0.00	0.00	0.00	138.04
	0.00	0.00	0.00	0.00	0.00	0.00
Total SCDP	8,968.77	3,198.77	0.00	0.00	5,770.00	213.02
Micro Loans		235-10460				
B & M Store	9,000.00	200.00		0.00	8,800.00	0.00
Genuine Auto Parts	3,700.00	1,100.00		0.00	2,600.00	0.00
Goetsch Insurance	3,200.00	1,300.00		0.00	1,900.00	0.00
Lang's Meat Market	3,500.00	1,200.00		0.00	2,300.00	0.00
Neisen's Bar of Gaylord	3,500.00	1,200.00		0.00	2,300.00	0.00
Total Micro Loans	22,900.00	5,000.00		0.00	17,900.00	0.00
Total RLF, SCDP & Micro Loans	106,570.64	21,948.89	0.00	-0.19	84,621.56	2,979.84

0.00 letters have been sent & file given to atty

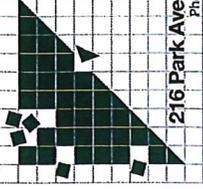


PHONE: 320-253-3524 FAX: 320-253-8128

ALLIANCE
BUILDING CORP.
AUK RAPIDS, MN

CARDINAL PINES APARTMENTS

STAPLES, MN



COLE GRO
ARCHITECT

216 Park Avenue S., Suite 102 • St. Cloud, MN
Phone: (320) 654-6576 Fax: (320) 330-6576



PHONE: 320-253-3524 FAX: 320-253-8128



**ALLIANCE
BUILDING CORP.**
AUK RAPIDS, MN

PANTHER HEIGHTS APARTMENTS

GLENCOE, MN



**COLEGRO
ARCHITECT**

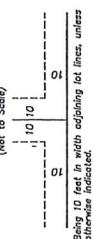
216 Park Avenue S., Suite 102 • St. Cloud, MN
Phone: (320) 654-6576 Fax: (320) 398-6976

WOLVERINE MEADOWS PRELIMINARY PLAT



EASEMENT DETAIL:

Drainage and Utility Easements are shown thus:



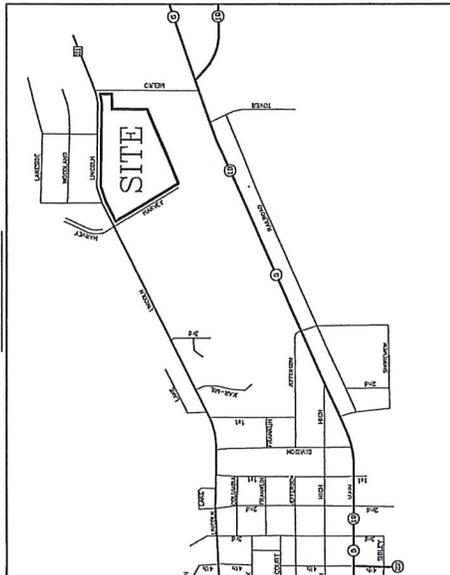
ORIENTATION

CONTOUR ELEVATIONS ARE BASED UPON THE RECORD PLAT SCHOOL ADDITION

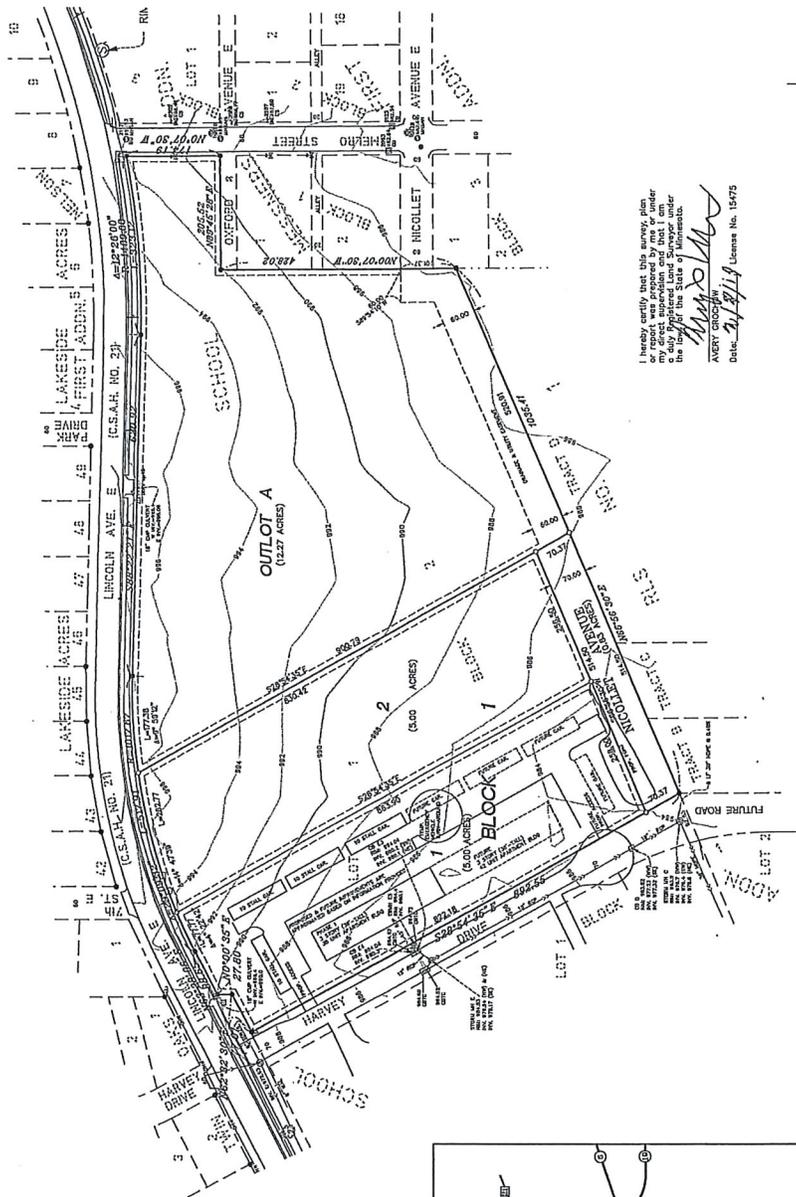
LEGEND

- DENOTES IRON MONUMENT FOUND AS LAYED
- DENOTES TELEPHONE MONUMENT SET
- DENOTES FLEXIBLE OPTIC BOX
- DENOTES ELECTRICAL BOX
- DENOTES CATCH BASIN
- DENOTES STORM SEWER MANHOLE
- DENOTES LIGHT POLE
- DENOTES SANITARY SEWER MANHOLE
- DENOTES SIGN
- DENOTES WATER VALVE
- DENOTES EXISTING CONTOURS

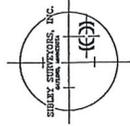
VICINITY MAP



SATLORD MINNESOTA (NO SCALE)



I hereby certify that this survey, plan or report was prepared by me or under my direct supervision and that I am a duly registered Land Surveyor under the laws of the State of Minnesota.
 Avery Croghan
 Date: 3/1/11 License No. 15175



EASEMENTS TO BE VACATED

All the drainage and utility easements located on Lot 1, Block 2, School Addition, according to the record plat therefor, as shown on said plat.

Preliminary for Planning Purposes Only - All Figures are Estimated
City of Gaylord
Comparison of Scenarios for Proposed Tax Increment Financing (Housing) District

Scenario	Term of TIF District	First / Last Year of TIF	Taxable Market Value (TMV) of Property	Average TMV Per Unit	Real Estate Taxes (Year 1)	Present Value of TIF to City for Administrative Costs	Present Value of TIF to City for Land Costs	Present Value of TIF to Developer	Average Annual TIF to Developer After City is Reimbursed for Land	Total Payments to Developer (Principal and Interest)
A-1	10	2021-2030	\$2,280,000	\$60,000	\$55,766	\$43,413	\$75,000	\$315,721	\$49,720	\$411,674
A-2	15	2021-2035	\$2,280,000	\$60,000	\$55,766	\$60,758	\$75,000	\$471,818	\$51,008	\$677,017
B-1	10	2021-2030	\$2,850,000	\$75,000	\$69,707	\$54,382	\$75,000	\$414,439	\$62,281	\$536,533
B-2	15	2021-2035	\$2,850,000	\$75,000	\$69,707	\$76,105	\$75,000	\$609,944	\$63,891	\$868,865
C-1	10	2021-2030	\$3,800,000	\$100,000	\$92,943	\$72,663	\$75,000	\$578,970	\$83,215	\$744,633
C-2	15	2021-2035	\$3,800,000	\$100,000	\$92,943	\$101,684	\$75,000	\$840,155	\$85,361	\$1,188,610

Assumptions:

1. City will retain tax increment to pay administrative costs for the TIF district and to reimburse the City for value of the 5.5 acres of land conveyed to the developer.
2. Present value of TIF to developer is equivalent to the maximum project costs the City will reimburse.
3. Present value of cash flow is calculated based on 4.0% rate.
4. Assumes annual valuation increases by 1.0% over life of TIF district.
5. Total apartment units is estimated at 38 units.
6. Payments to Developer are estimated to begin in year three of the TIF District, after the City is reimbursed for value of land.
7. Real estate taxes includes taxes payable to all taxing jurisdictions, including referendum taxes. Taxes estimated based on Pay 2018 tax rates.

Scenario A-1 (Example)
City of Gaylord

Tax Increment Financing District No. 6-1 (Housing)

Alliance Bldg Corp

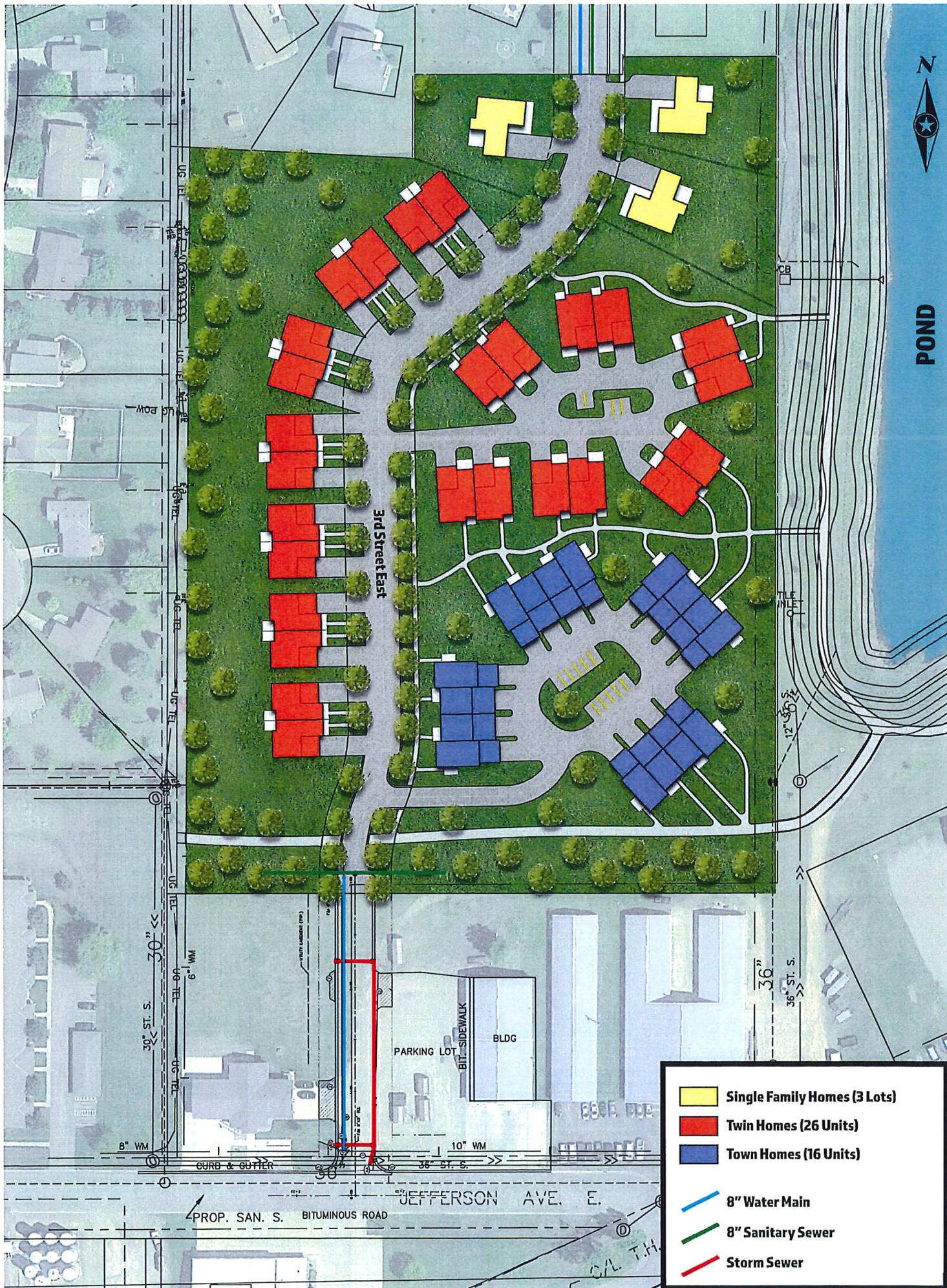
Total Projected Tax Increment Financing (TIF) Cash Flow

TIF District Year ⁵	Taxes Payable Year ⁷	Taxable Market Value ^{1,4}	New Tax Capacity	Base Tax Capacity ³	Captured Tax Capacity	Assumed Original Tax Rate ²	100.00% Tax Increment Financing (TIF) ⁵	10.0000% TIF for City Admin Costs	4.00% PV of TIF to City ⁶	TIF to Reimburse City for Land	4.00% PV of TIF to City ⁸	90.00% TIF to Developer	4.00% PV of TIF to Developer ^{6,7}
1	2020	2,280,000	28,500	(313)	28,187	186.065%	52,258	49,409	4,941	47,032	44,468	13,911	12,642
2	2021	2,302,800	28,785	(313)	28,472	186.065%	52,786	97,380	9,738	33,597	75,000	47,988	54,559
3	2022	2,325,828	29,073	(313)	28,760	186.065%	53,320	143,954	14,395	75,000	75,000	48,473	95,255
4	2023	2,349,086	29,364	(313)	29,051	186.065%	53,859	189,173	18,917	75,000	75,000	48,963	134,767
5	2024	2,372,577	29,657	(313)	29,345	186.065%	54,403	233,074	23,307	75,000	75,000	49,458	173,128
6	2025	2,396,303	29,954	(313)	29,641	186.065%	54,953	275,697	27,570	75,000	75,000	49,958	210,371
7	2026	2,420,266	30,253	(313)	29,941	186.065%	55,508	317,079	31,708	75,000	75,000	50,462	246,531
8	2027	2,444,469	30,556	(313)	30,243	186.065%	56,069	357,256	35,726	75,000	75,000	50,973	281,637
9	2028	2,468,913	30,861	(313)	30,549	186.065%	56,636	396,264	39,626	75,000	75,000	51,487	315,721
10	2029	2,493,602	31,170	(313)	30,857	186.065%	57,208	434,135	43,413	80,629	75,000	411,674	
TOTAL =							547,004	54,700	43,413	80,629	75,000	411,674	

Key Assumptions:

1. Taxable market value annual growth assumption = 1.00%
2. Assume Pay 2018 Tax Year for original tax rate.
3. Base Tax Capacity calculated upon the following base market value: \$25,008.
4. Taxable Market Value calculated based on 38 units at \$60,000 per unit.
5. Tax Increment is after deducting the State Auditor's Office fee of 0.36% of the tax increment distribution.
6. Present value (PV) is calculated based on semi-annual payments, stated rate in the schedule above, and beginning on date of 6/1/2020.
7. PV of TIF to Developer represents the amount of project costs that may be reimbursed.
8. Reimbursement to City for Land is based on \$15,000 per acre, 5.5 acres sold for \$1.00, total value of land sold equals \$75,000.
9. The maximum term of the TIF District is shown at 15 years in this schedule. State law allows for a maximum duration of up to 26 years.



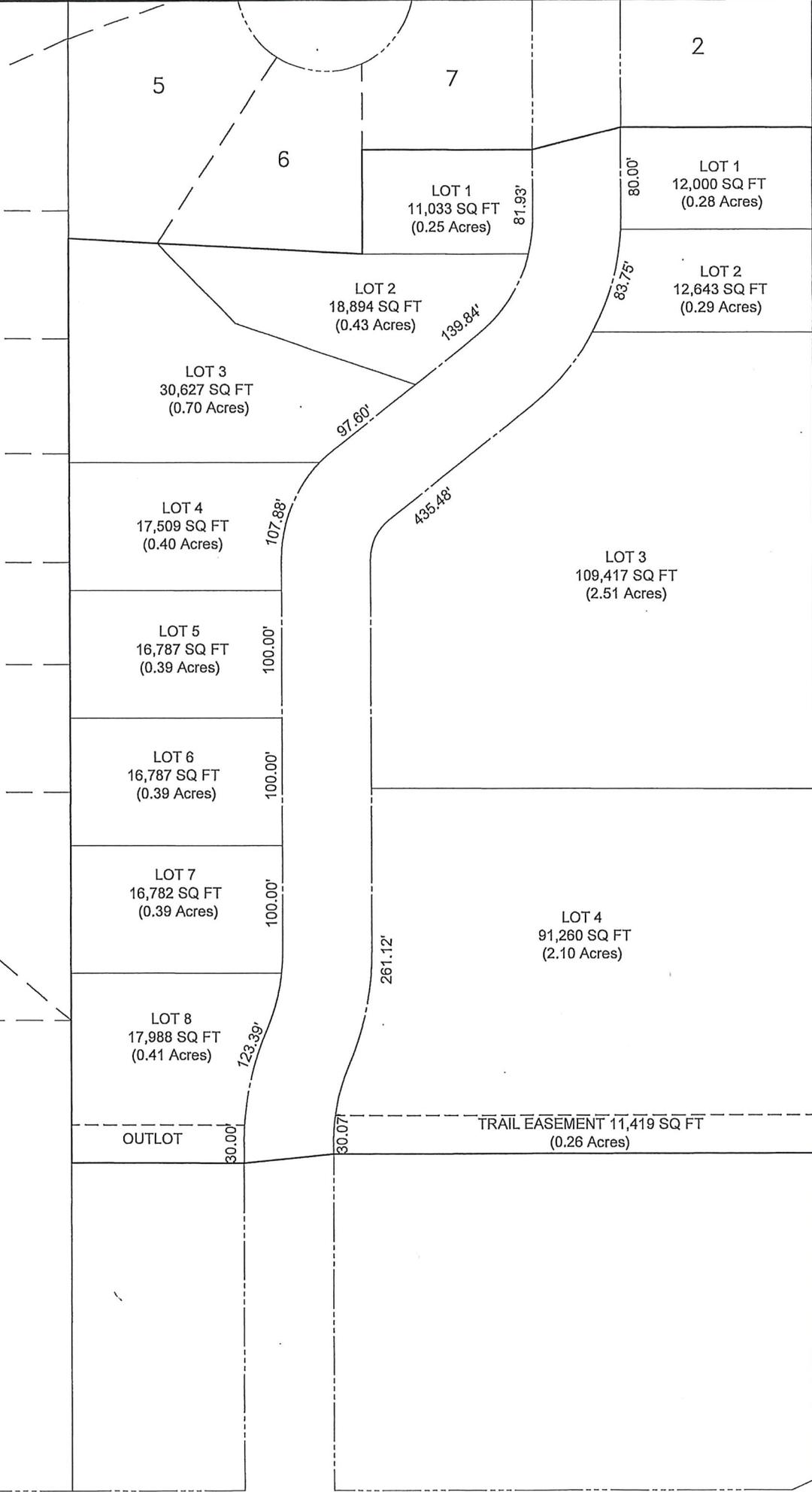


- Single Family Homes (3 Lots)**
- Twin Homes (26 Units)**
- Town Homes (16 Units)**
- 8" Water Main**
- 8" Sanitary Sewer**
- Storm Sewer**

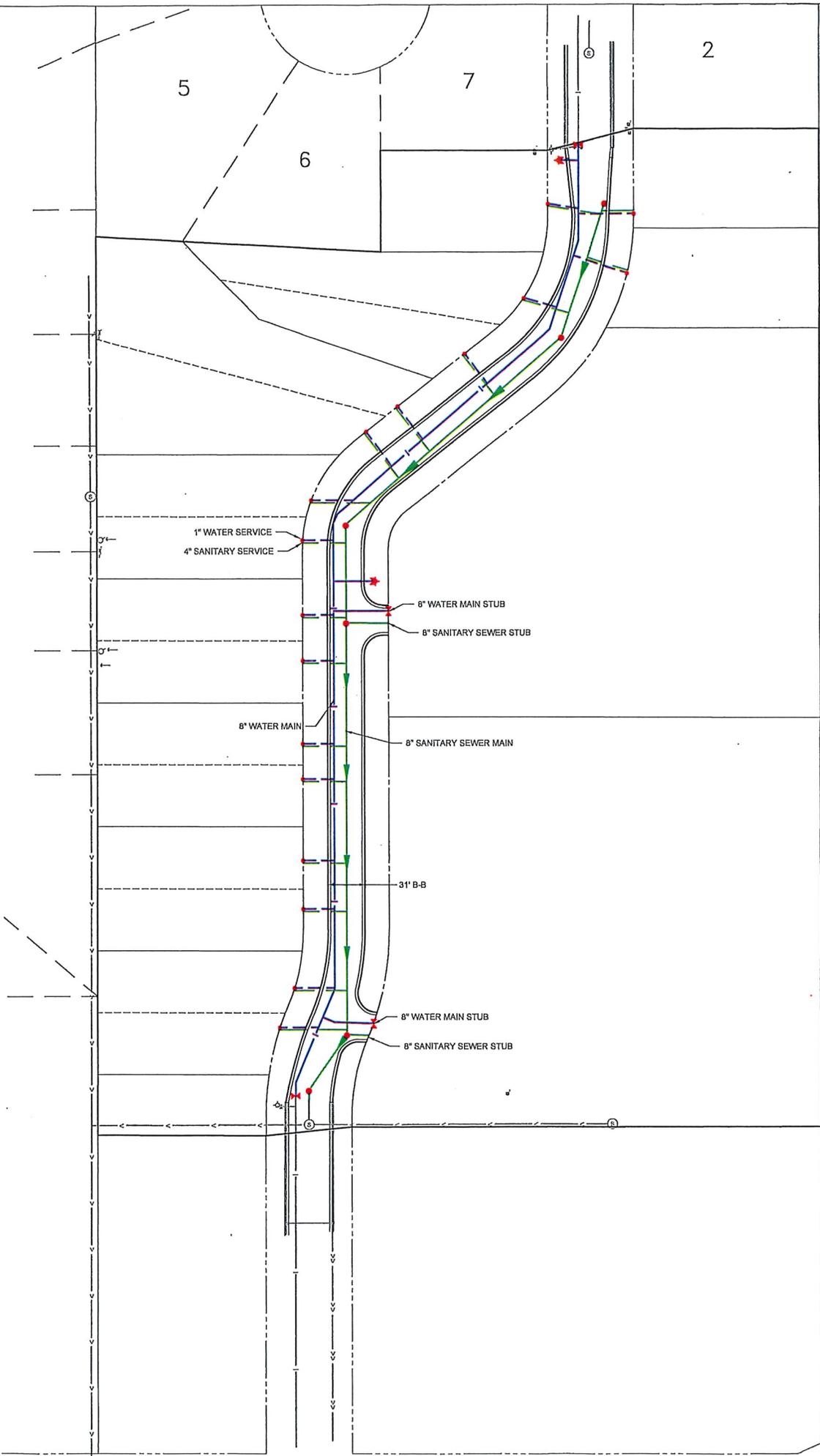
3RD STREET EXTENSION - GAYLORD, MN					
90% COST ESTIMATE					
1/25/2019					
Item No.	Item Description	Unit	Est. Qty.	PROJECT TOTAL	
				Est. Unit Price	Est. Cost
STREET, CURB AND GUTTER, DRAINAGE PIPE, DRIVEWAYS					
2021.501	MOBILIZATION	LUMP SUM	1.0	\$15,000.00	\$15,000.00
2104.502	SALVAGE SIGN	EACH	1.0	\$25.00	\$25.00
2104.503	REMOVE CONCRETE CURB AND GUTTER	LIN FT	28.0	\$3.00	\$84.00
2104.504	REMOVE BITUMINOUS DRIVEWAY PAVEMENT	SQ YD	42.0	\$15.00	\$630.00
2104.504	REMOVE BITUMINOUS PAVEMENT (P)	SQ YD	10.0	\$15.00	\$150.00
2105.504	GEOTEXTILE FABRIC, TYPE V	SQ YD	3,455.0	\$1.50	\$5,182.50
2105.507	COMMON EXCAVATION (P) (EV)	CU YD	7,786.0	\$8.00	\$62,288.00
2105.507	SUBGRADE EXCAVATION (EV)	CU YD	250.0	\$16.00	\$4,000.00
2105.507	SELECT GRANULAR BORROW (CV) (P)	CU YD	3,500.0	\$20.00	\$70,000.00
2105.507	TOPSOIL STRIPING	CU YD	3,500.0	\$5.00	\$17,500.00
2123.610	INVESTIGATIVE EXPLORATION	HOUR	5.0	\$400.00	\$2,000.00
2123.610	STREET SWEEPER (WITH PICKUP BROOM)	HOUR	10.0	\$150.00	\$1,500.00
2211.507	AGGREGATE BASE, CLASS 5 (CV) (P)	CU YD	960.0	\$26.00	\$24,960.00
2331.603	JOINT ADHESIVE (MASTIC)	LIN FT	1,630.0	\$0.80	\$1,304.00
2357.506	BITUMINOUS MATERIAL FOR TACK COAT	GAL	137.0	\$4.00	\$548.00
2360.509	TYPE SP 9.5 WEARING COURSE MIX (2,B) (SPWEA240B)	TON	242.0	\$71.00	\$17,182.00
2360.509	TYPE SP 9.5 WEARING COURSE MIX (2,B) (SPWEA240B) (BITUMINOUS DRIVEWAY PAVEMENT) (RESIDENTIAL)	TON	3.0	\$175.00	\$525.00
2360.509	TYPE SP 12.5 NON-WEARING COURSE MIX (2,B) (SPNWB230B)	TON	404.0	\$63.00	\$25,452.00
2451.507	AGGREGATE (GRANULAR) BACKFILL (CV)	CU YD	250.0	\$20.00	\$5,000.00
2502.503	4" PVC SDR 35 PIPE DRAIN W/GEOTEXTILE WRAP AND AGGREGATE MATERIAL	LIN FT	1,716.0	\$8.00	\$13,728.00
2502.503	6" PVC SDR 35 SUMP PUMP LINE	LIN FT	147.0	\$20.00	\$2,940.00
2502.602	SUMP PUMP SERVICE LINE	EACH	8.0	\$225.00	\$1,800.00
2521.518	4" CONCRETE WALK W/4" AGGREGATE BASE	SQ FT	6,405.0	\$5.50	\$35,227.50
2521.518	6" CONCRETE WALK W/4" AGGREGATE BASE (PEDESTRIAN RAMP)	SQ FT	417.0	\$13.50	\$5,629.50
2531.503	CONCRETE CURB AND GUTTER SURMOUNTABLE	LIN FT	1,630.0	\$13.50	\$22,005.00
2531.503	CONCRETE CURB AND GUTTER (HAND FORMED)	LIN FT	100.0	\$30.00	\$3,000.00
2531.504	7" CONCRETE DRIVEWAY PAVEMENT W/6" AGGREGATE BASE (RESIDENTIAL)	SQ YD	25.0	\$62.00	\$1,550.00
2531.618	TRUNCATED DOMES	SQ FT	50.0	\$50.00	\$2,500.00
2563.601	TRAFFIC CONTROL	LUMP SUM	1.0	\$2,500.00	\$2,500.00
2564.602	INSTALL SALVAGED SIGN	EACH	1.0	\$150.00	\$150.00
2564.531	SIGN PANELS TYPE C	SQ FT	40.0	\$40.00	\$1,600.00
2573.502	FLOATION SILT CURTAIN TYPE STILL	LIN FT	100.0	\$20.00	\$2,000.00
2573.503	SEDIMENT CONTROL LOG, TYPE WOOD FIBER	LIN FT	300.0	\$3.50	\$1,050.00
2573.602	TEMPORARY ROCK CONSTRUCTION ENTRANCE	EACH	2.0	\$800.00	\$1,600.00
2575.604	PERMANENT TURF ESTABLISHMENT	ACRE	9.0	\$2,500.00	\$22,500.00
2575.571	RAPID STABILIZATION METHOD 4	SQ YD	200.0	\$6.00	\$1,200.00
STREET, CURB AND GUTTER, DRAINAGE PIPE, DRIVEWAYS SUBTOTAL					\$374,310.50
STORM SEWER					
2501.515	15" RC PIPE APRON	EACH	1.0	\$250.00	\$250.00
2501.515	30" RC PIPE APRON	EACH	1.0	\$850.00	\$850.00
2503.503	12" RC PIPE SEWER DESIGN 3006 CL V	LIN FT	383.0	\$38.00	\$14,554.00
2503.503	15" RC PIPE SEWER DESIGN 3006 CL V	LIN FT	296.0	\$40.00	\$11,840.00
2503.503	24" RC PIPE SEWER DESIGN 3006 CL III	LIN FT	201.0	\$50.00	\$10,050.00
2503.503	30" RC PIPE SEWER DESIGN 3006 CL III	LIN FT	273.0	\$65.00	\$17,745.00
2506.502	CASTING ASSEMBLY, NEEHAH R-1733	EACH	2.0	\$700.00	\$1,400.00
2506.502	CASTING ASSEMBLY, NEEHAH R-3501-TB	EACH	6.0	\$750.00	\$4,500.00
2506.503	CONSTRUCT DRAINAGE STRUCTURE DESIGN 48-4020	LIN FT	35.5	\$275.00	\$9,773.50
2506.503	CONSTRUCT DRAINAGE STRUCTURE DESIGN SPECIAL (TYPE 2)	LIN FT	12.0	\$240.00	\$2,880.00
2506.602	ADJUSTING RING FOR MANHOLE CASTING (STORM)	EACH	2.0	\$50.00	\$100.00
2573.502	STORM DRAIN INLET PROTECTION	EACH	8.0	\$140.00	\$1,120.00
2575.504	EROSION CONTROL BLANKET, CATEGORY 3 (NATURAL NETTING)	SQ YD	200.0	\$2.00	\$400.00
STORM SEWER					\$75,462.50
WATER MAIN					
2104.502	REMOVE GATE VALVE	EACH	1.0	\$115.00	\$115.00
2104.502	REMOVE HYDRANT	EACH	1.0	\$350.00	\$350.00
2104.503	REMOVE WATER MAIN	LIN FT	25.0	\$2.50	\$62.50
2504.602	CONNECT TO EXISTING WATER MAIN	EACH	2.0	\$1,250.00	\$2,500.00
2504.602	HYDRANT (WATEROUS WB67-250)	EACH	2.0	\$4,500.00	\$9,000.00
2504.602	12" HYDRANT EXTENSIONS	EACH	2.0	\$850.00	\$1,700.00
2504.602	TRACER BOX	EACH	2.0	\$200.00	\$400.00
2504.602	6" GATE VALVE AND BOX	EACH	2.0	\$1,750.00	\$3,500.00
2504.602	8" GATE VALVE AND BOX	EACH	4.0	\$2,250.00	\$9,000.00
2504.602	1" CORPORATION STOP WSADDLE	EACH	18.0	\$350.00	\$6,300.00
2504.602	1" CURB STOP AND BOX	EACH	18.0	\$350.00	\$6,300.00
2504.603	1" TYPE K COPPER SERVICE PIPE	LIN FT	560.0	\$22.00	\$12,320.00
2504.603	6" PVC C-900 DR 18 HYDRANT LEADS W/TRACER WIRE	LIN FT	42.0	\$35.00	\$1,470.00
2504.603	8" PVC C-900 DR 18 WATER MAIN W/TRACER WIRE	LIN FT	856.0	\$38.00	\$32,528.00
2504.608	WATER MAIN FITTINGS	POUNDS	340.0	\$7.50	\$2,550.00
WATER MAIN SUBTOTAL					\$88,095.50
SANITARY SEWER					
2503.602	CONNECT TO EXISTING SANITARY SEWER	EACH	1.0	\$850.00	\$850.00
2503.602	8" X 4" PVC WYE, SDR 26	EACH	18.0	\$425.00	\$7,650.00
2503.603	4" PVC SDR 26 SANITARY SEWER SERVICE PIPE	LIN FT	684.0	\$25.00	\$17,100.00
2503.603	8" PVC SDR 35 SANITARY SEWER (REGARDLESS OF DEPTH)	LIN FT	868.0	\$40.00	\$34,720.00
2503.603	CLEAN AND TELEWISE SANITARY SEWER	LIN FT	868.0	\$2.00	\$1,736.00
2506.502	CASTING ASSEMBLY, NEEHAH R-1642 W/CONCEALED PICK HOLES	EACH	7.0	\$650.00	\$4,550.00
2506.602	EXTERNAL MANHOLE SEAL (SANITARY)	EACH	7.0	\$225.00	\$1,575.00
2506.602	ADJUSTING RING FOR MANHOLE CASTING (SANITARY)	EACH	7.0	\$50.00	\$350.00
2506.603	CONSTRUCT SANITARY MANHOLE DESIGN 4007 - 48"	LIN FT	65.1	\$225.00	\$14,654.25
SANITARY SEWER SUBTOTAL					\$83,185.25
TOTAL ESTIMATED CONSTRUCTION COST					\$621,053.75
5% CONTINGENCY					\$31,052.69
20% PROJECT RELATED COSTS					\$124,210.75
OVERALL PROJECT COST					\$776,317.19

KAR-MIL ADDITION

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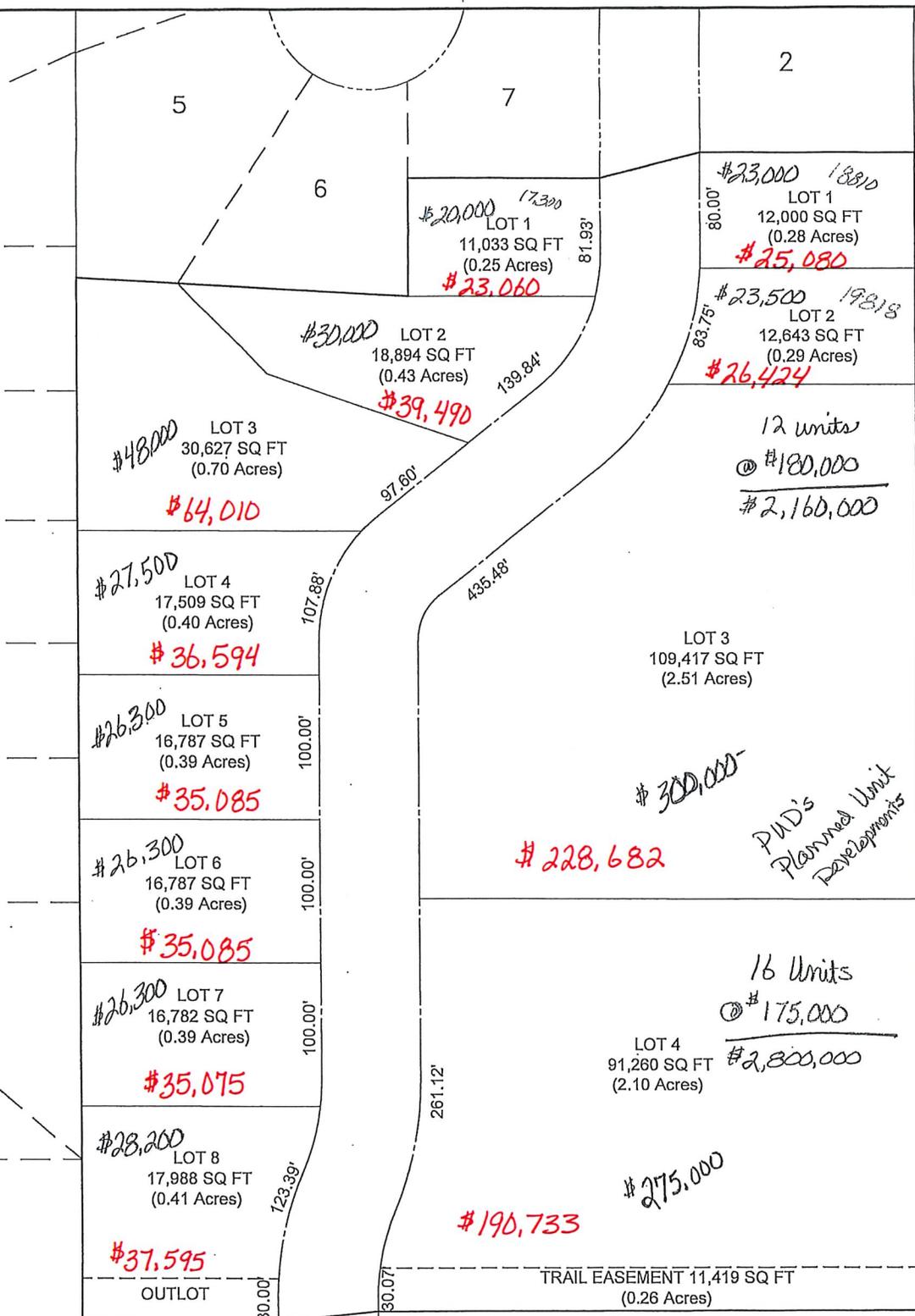
KAR - MIL
ADDITION



KAR-MIL ADDITION

KAR-MIL

25 PM P:\E\GCSy\01491576-survey\02-CAD\15-ang\plan\GA149157 OPTION 1.dwg



#23,000 1880
 LOT 1
 12,000 SQ FT
 (0.28 Acres)
 #25,080

#23,500 19818
 LOT 2
 12,643 SQ FT
 (0.29 Acres)
 #26,424

12 units
 @ #180,000
 #2,160,000

LOT 3
 109,417 SQ FT
 (2.51 Acres)
 #300,000
 #228,682
 PWD's
 Planned Unit
 Developments

16 Units
 @ #175,000
 #2,800,000
 LOT 4
 91,260 SQ FT
 (2.10 Acres)
 #275,000

#190,733

If lot is sold
 for Twin Home
 add \$5000-

Total lot Prices
 #854,100-

- Pre-Sell \$5000- Down + Signed Purchase Agreement
- Stick Built NO Manufactured Homes?
- Must Be built within 24 months of Closing on lot
- Cannot buy lot just to have empty space
- Some kind of covenants?

Tax Increment Financing (TIF) for Housing Projects

February 6, 2019

George Eilertson, Northland Public Finance
Tammy Omdal, Northland Public Finance



What is Tax Increment Financing (TIF)?

- Method of capturing tax base growth resulting from new development
 - To pay for public improvements related to development
- Fixed term for capture of increment
- After term of TIF, the tax base from new development is added to general tax base of the taxing jurisdictions

What is Tax Increment Financing (TIF)?

- Tax increment is generated by the increased property value that is created when a property is developed
- Property taxes attributed to the increased value are used to facilitate economic development and/or redevelopment over the life of the TIF district
 - Includes City, County and School District Tax Levies

What are the Main Types of TIF Districts?

- Redevelopment
- Renewal and Renovation
- Economic Development
- Housing
- Soils Condition

What Difference Does the Type of TIF District Make?

- Ability to qualify the project for TIF
- Timeframe to collect tax increment revenues
- Uses of TIF
- On-going requirements
 - Housing TIF districts require annual certification of income qualification

What Impacts TIF Revenues?

- Timing of project commencement
- Property reclassification
- Future market value inflation
- Changes in local tax capacity rates
- Legislative changes over time

What are the Key Considerations for a Housing TIF District?

- For a housing TIF district, whether single-family or multi-family, must be intended for occupancy in part by persons or families of low and moderate income
 - Up to 20% of the sq. ft. of buildings that receive assistance may consist of commercial, retail, or other non-residential uses
- Increment may be collected for 25 years after the date of receipt of the first increment, with certain limitations
- To maintain qualification for district, residents' income must be qualified annually for life of district

What are the TIF Requirements for Owner Occupied Property ?

- 95% of the housing units must be initially purchased and occupied by individuals whose family income is less than or equal to the income requirements for qualified mortgage bond projects under IRS Code
- Generally, initial occupants must have incomes of 100% or less of statewide median income or county median income for families of two or less (whichever is greater), and 115% of statewide median income or county median income for families of three or more (whichever is greater)
- Owner-occupied income limits apply to each housing unit but only to the first purchaser of the housing

What are the TIF Requirements for Multi-Family Property?

- For residential rental property, the property must impose income requirements on its units
- At a minimum, the property must satisfy the income requirements for a qualified residential rental project as defined in IRS Code
 - 40% of the units are rented to families with incomes at or below 60% of county median income, or
 - 20% of the units rented to families with incomes at or below 50% of county median income, adjusted for family size.
- Requirements apply for the life of the District

What are the Income Limitation for a Qualified TIF Housing Project?

Income Limitations

	State of MN	Sibley County
Median Family Income	\$84,200	\$70,500
<u>Owner Occupied Income Limit:</u>		
115% of Median Family Income	\$96,830	\$81,075
<u>Rental Property Income Limit:</u>		
50% of Median Family Income	\$42,100	\$35,250
60% of Median Family Income	\$50,520	\$42,300

Source of Data:
U.S. Department of Housing and Urban Development, Income Limitations, Fiscal Year 2018 Median Family Income Areas

What About Feasibility Analysis for TIF?

- Rarely a single way to use TIF on any given project
- Most projects require a period of exploration to determine the options and implications for the use of TIF
- Some important questions to explore an initial feasibility analysis include:
 - Does the proposed use qualify for the establishment of a new TIF district?
 - Do any existing TIF districts have potential application?
 - How much annual increment is estimated to be generated by new development?
 - What elements of the proposed project are TIF eligible?
 - How do the limitations of the type of district influence its use?

Other Considerations?

- Many considerations that exist with establishment and on-going management of a TIF district
- Process requires City to hold public hearing and to adopt resolution establishing the TIF district
 - EDA may request City Council to consider the establishment and call for hearing
- Other considerations include:
 - Time restrictions
 - 4-year, 5-year, and 6-year rules
 - Pooling limitations
 - Use of tax increment not derived from property
 - Future modifications of TIF Plan

Apartment Building Potential 2019 Request for TIF Assistance

- Potential Apartment Building on 5.5 acres of land owned by the City
 - Use of TIF to pay land costs and cost of constructing qualified affordable housing units
- Developer has not made application
- Type of assistance and terms will need to be reviewed

Meadowood Development

- What financial assistance tools may work?
 - TIF
 - Tax abatement
- Financing of public infrastructure
 - Street improvements
 - Special assessments and tax levy
 - Public utilities (water, sewer, and storm)
 - Pledge of net revenues of the utility funds

Thank You

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City Fees:

Water Connection Fee	\$1,005.00
Sewer Connection Fee	\$1,005.00

Building Permits are based on the cost of the project.

Tax Abatement is probably going to be the best thing to use as incentives for Meadow Wood Subdivision.

Example:

A **tax abatement** is a reduction of **taxes** granted by a government to encourage economic development. The most common type of **tax abatement** is a **property tax abatement** granted to a business as an incentive to come to a **city** or expand existing operations within the **city**.

The City would "Abate" their portion of the property taxes.

Tax abatement programs reduce or eliminate the amount of **property tax** owners pay on new construction, rehabilitation and/or major improvements. They won't completely eliminate your **property tax** bill - you'll still have to pay **taxes** on the value of the **property** before it was improved. But the savings can be substantial.

I would suggest we do a "Tax Rebate", which is they pay the taxes, show proof of payment, then we rebated them back a predetermined amount (50%) for a period of time (10 years).

Newly constructed single-family homes receive a **tax abatement** of 100% of the increase in real estate **property tax** for **15** years.

New construction and rehabilitated housing are eligible for a **10-year tax abatement**. Property owners are exempt from paying **taxes** on the value of the improvements for **10** years and only pay **tax** on the value of the property before the rehabilitation or new construction.

Tax Abatement

Tax abatement is a useful and flexible economic development tool. The term “tax abatement”, however, can be misleading. The enabling statute (Minnesota Statutes, Sections 469.1812 to 469.1815) does not authorize the actual abatement of taxes. Instead, local governments have the ability to levy a property tax (an abatement levy) that is equivalent to taxes that *could be* abated. The revenue derived from an abatement levy can be used for a variety of economic development, redevelopment, housing, and infrastructure purposes. Planning for specific projects should refer to the complete statute and utilize the guidance of a qualified financial advisor.

Calculating the Abatement

A tax abatement is based on the property value of the parcel(s) subject to the abatement. The unit of government granting the abatement decides how much of the parcel value to use in the abatement calculation. The abatement may function like tax increment financing and be based on the value created by new development. Tax abatement may also use the entire value of the parcel or any portion of the parcel(s) value deemed appropriate by the governing body of the subdivision.

The statute does not control how political subdivisions determine the parcels that will be subject to tax abatement. Users have the flexibility to target individual parcels, parcels grouped into a common project, or a broader area of improvements.

The tax abatement is calculated by multiplying the tax capacity value subject to abatement by the abating jurisdiction’s tax rate. It is important to incorporate the tax abatement into the annual levy calculations. An abatement levy must be included in the preliminary levy for Truth in Taxation. This timing means that the actual property value will be known (value as of January 1 of the current year for taxes payable in the following year), but the tax rate will be an estimate.

The methodology for calculating the abatement should be clearly described in the resolution authorizing the abatement.

Uses

The enabling statute contains relatively few limitations on the use of tax abatement. The revenues from the abatement levy can be retained by the political subdivision or conveyed to the property owner. When paid to the property owner the abatement acts like a tax rebate.

The only other specific use limitations in the statute relates to bond-funded activities. The proceeds of Tax Abatement Bonds can only be used to (1) pay for public improvements that benefit the property, (2) acquire and convey land or other property, as provided under this section, (3) reimburse the property owner for the cost of improvements made to the property, or (4) pay the costs of issuance of the bonds.

Please contact a Northland public finance professional with any questions about how Northland can serve your community.

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RC 18-101 / Muni 18-85

Continued on next page

Minnesota local governments have made broad use of tax abatement. The following examples illustrate potential applications:

- Commercial, office, and other forms of development that do not fit the criteria for an economic development TIF district
- Redevelopment projects where the setting is economically obsolete, but not physically blighted.
- Public improvements that are difficult to finance with special assessments (i.e. - highway interchanges)
- Improvements, such as fiber optic systems, that cannot be financed with special assessments
- Recreational facilities and community centers
- Financial assistance to private parties made using tax abatement may create a business subsidy under State Law

■ Key Limitations

Several important limitations apply to the use of tax abatement.

Political Subdivisions. The ability to use tax abatement is given to cities (statutory or home rule charter), towns, school districts, and counties. Each of these political subdivisions has independent authority over the use of tax abatement.

Maximum Amount. The total amount of tax abatements for each political subdivision is capped. The total abated taxes in any year cannot exceed the greater of (1) ten percent (10%) of the net tax capacity of the political subdivision for the taxes payable year to which the abatement applies, or (2) \$200,000.

Duration. The general rule is that a political subdivision may grant an abatement for 15 years or less. The maximum duration is 8 years if the authorizing resolution does not specify a duration. The maximum abatement period may increase to 20 years if one of the other political subdivisions is requested to participate and declines (pursuant to procedures in M.S. 469.1813, Subd. 6b).

Relationship to TIF. Parcels in a tax increment financing district may not be used for tax abatement. TIF parcels can be used for abatement after the district is decertified. Tax abatement provides a means to extend the term of financial assistance beyond the life of a TIF district.

■ Bonds

Bonds can be issued to provide funding for certain activities (see “Uses”). The total principal of abatement bonds cannot exceed the sum of estimated abatements for the years granted. If the abatement is not adequate to pay principal and interest, then the political subdivision may use other legally available revenues, including property taxes, to pay interest on the bonds. The general obligation of the political subdivision may be pledged to the bonds. The bonds are not subject to the debt limit and do not require an election.

■ Process

Compared to tax increment financing, the process for the use of tax abatement is simple. The governing body of the political subdivision must adopt a resolution that defines the parameters for the tax abatement. A public hearing is required before approving the resolution. Notice of the hearing must be published in a newspaper of general circulation in the political subdivision at least once more than ten days but less than 30 days before the hearing. The statute does not require any other documents or notifications.

The statute requires a finding that the use of tax abatement is in the public interest for one of the following reasons:

- Increase or preserve tax base
- Provide employment opportunities
- Provide or help with the acquisition or construction of public facilities
- Help redevelop or renew blighted areas
- Help provide access to services for residents of the political subdivision
- Finance or provide public infrastructure
- Phase in a property tax increase on the parcel

The findings are stated in the abatement resolution. The abatement resolution also includes the parcels subject to the abatement, property values of the parcels used in the abatement calculation, duration of the abatement, and any other terms needed to define use of the abatement.

An abatement levy is not currently subject to levy limits. An abatement levy must follow the procedures applicable to all other property tax levies.