

**City of Shakopee, Minnesota  
Shakopee Economic Development Authority**

**Modification to Redevelopment Plan for Minnesota River Valley  
Housing and Redevelopment Project No. 1**

**And**

**Tax Increment Financing Plan**

**for**

**Tax Increment Financing (Soils Condition)  
District No. 21**

**(Southbridge Soils Project)**

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## **I. – BACKGROUND**

### **Section A Introduction**

The City created the Minnesota River Valley Housing and Redevelopment Project No. 1 on January 2, 1979 (originally designated as Valley Industrial Park Redevelopment Project No. 1) and transferred that project to the Economic Development Authority for the City of Shakopee (the "Authority") upon creation of the Authority in 1995.

The Authority and City have now determined a need to create Tax Increment Financing District No. 21, a redevelopment district, within the Project.

### **Section B Definitions**

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

"Authority" means the Shakopee Economic Development Authority.

"City" means the City of Shakopee, 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 Lake of the Scott County, Minnesota.

"Project" means the Minnesota River Valley Housing and Redevelopment Project No. 1.

"Project Area" means the property within the Project, as described in the Project Plan and as shown in Exhibit I attached.

"Project Plan" means the Redevelopment Plan for the Project, as modified from time to time.

"School District" means Independent School District No. 720, Minnesota and Independent School District No. 191, Minnesota.

"State" means the State of Minnesota.

"TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1794, both inclusive.

"TIF District" means Tax Increment Financing (Soils Condition) District No. 21.

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

## **II. – MODIFICATION TO REDEVELOPMENT PLAN FOR MINNESOTA RIVER VALLEY HOUSING AND REDEVELOPMENT PROJECT NO. 1**

The City and the Authority intend, through this document, to modify the Project Plan for the Project. Section 1.6 (regarding parcels to be acquired within the Project), Section 1.7 (regarding estimated public improvement costs within the Project) and Section 1.8 (regarding public improvements and facilities within the Project) of the existing Project Plan are deemed modified to incorporate the terms of the TIF Plan following in Section III of this document. The boundaries are being modified to be coterminous with the City and general objectives of the Project remain unchanged.

**Section A        Statutory Authorization**

The Authority, with approval of the City Council, is authorized to establish TIF District No. 21 and this TIF Plan pursuant to the Act and the TIF Act.

**Section B        Statement of Need and Public Purpose**

The Authority has determined that conditions exist within the Project Area which have prevented further development of land by private enterprise. It has been found that the Project Area is potentially more useful and valuable for contributing to the public health, safety and welfare than has been realized under existing development.

The development of these parcels is not attainable in the foreseeable future without the intervention of the Authority in the private development process. The Authority has prepared the Project Plan, which provides for the elimination of these conditions, thereby making the land useful and valuable for contributing to the public health, safety and welfare.

**Section C        Statement of Objectives**

The objectives outlined in Section 1.4 of the Project Plan, as amended, are incorporated herein by reference.

**Section D        Designation of Tax Increment Financing District as a  
Soils Condition District**

A soils condition district is a type of tax increment financing district consisting of a project, or portions of a project, in which the Authority finds by resolution that the following conditions exist:

- (1) there exists the presence of hazardous substances, pollution or contaminants which require removal or remedial action for use, and such removal and remedial action is specified in a development action response plan;
- (2) the estimated cost of the proposed removal and remedial action exceeds the fair market value of the land before completion of the preparation;

The requirement specified in (2) above may also be satisfied if each parcel of property in the district either meets the requirements of (2) above or has estimated removal and remedial costs which exceed \$2 per square foot.

Current square footage of the site is approximately 422,532. Remediation is estimated at a cost of \$888,258 or \$2.10 per square foot. At \$2.00 per square foot, remedial costs would equal \$845,064, which is \$43,194 less than the estimated cost of remedial action.

- (3) the proposed removal or remediation action must be specified in a development action response plan to satisfy the requirements specified in (1) above.

A development action response plan is a plan or proposal for removal actions or remedial actions submitted to the pollution control agency and the actions recommended in the plan or proposal are approved in writing by the commissioner of the agency as reasonable and necessary to protect the public health, welfare, and environment. The commissioner shall review the development action response plan and approve, modify, or reject the recommended actions within 30 days after submission of the plan (or revised plan) by the Authority. The commissioner shall notify the Authority in writing of the decision on the recommended actions within 30 days after the decision and, if the recommended actions are rejected, shall specify the reasons for rejection.

Tax increments derived from a soils condition district may only be used to:

- (1) acquire parcels on which improvements described in (2) below will occur;
- (2) pay for the cost of removal or remedial action; and
- (3) pay for the administrative expenses of the Authority allocable to the district, including the cost of preparation of the development action response plan.

#### **Section E      Duration of the TIF District**

Soils Condition districts may remain in existence 20 years from the date of receipt of the first tax increment.

The Authority reserves the right to allow the TIF District to remain in existence the maximum duration allowed by law (projected to be through the year 2041). Modifications of this plan (see Section AA) shall not extend these limitations. All tax increments from taxes payable in the year the TIF District is decertified shall be paid to the Authority. Pursuant to MN Statutes, Section 469.175, Subdivision 1(b) the Authority elects to delay receipt of first increment until 2021

#### **Section F      Property to be Included in the TIF District**

The TIF District is an approximately 9.7 acres of land 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                                                                                                                               |
|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| 274490030     | Block 00A Lot O-L SubdivisionCd 27449 SubdivisionName SOUTHBRIDGE CROSSINGS EAST 4TH ADDN That part of Outlot A lying in Sec 13, Twp 115, Rg 22 |
| 274490031     |                                                                                                                                                 |

The area encompassed by the TIF District shall also include all street or utility right-of-ways located upon or adjacent to the property described above.

#### **Section G      Property to be Acquired in the TIF District**

The Authority may acquire and sell any or all of the property located within the TIF District; however, the Authority does not anticipate acquiring any such property.

#### **Section H      Specific Development Expected to Occur Within the TIF District**

The proposed project includes the redevelopment of property within the City that consists of a vacant commercial/ industrial property. The development is anticipated to consist of multiple structures totaling approximately 57,000 square feet. The Authority anticipates providing financial assistance for eligible costs associated with remediation of the property and land acquisition, including eligible administrative expenditures.

Construction of the new building is projected to start in 2018. The project is expected to be fully constructed by December 31, 2019, and be 100% assess and on the tax rolls as of January 2, 2020 for taxes payable 2021.

At the time this document was prepared there were no signed construction contracts with regard to the above described development.

**Section I Findings and Need for Tax Increment Financing**

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

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

See Section E of this document for the reasons and facts supporting this finding.

- (2) The proposed development, in the opinion of the Authority, 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 would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan;

The proposed development site currently contains contaminated soils, and requires significant remedial actions before development can occur. The Authority has no reason to expect that redevelopment would occur without assistance similar to that provided in this plan. Therefore, the Authority concludes as follows:

- a. The Authority's estimate of the amount by which the market value of the site will increase without the use of tax increment financing is \$0, except for a small amount attributable to appreciation in land value.
  - b. If all development which is proposed to be assisted with tax increment were to occur in the District, the total increase in market value would be approximately \$13,720,159.
  - c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$2,232,550 (See Exhibit VI).
  - d. Even if some development other than the proposed development were to occur, the Authority finds that no alternative would occur that would produce a market value increase greater than \$11,487,609 (the amount in clause b less the amount in clause c) without tax increment assistance.
- (3) The TIF Plan conforms to the general plan for development or redevelopment of the Authority as a whole; and
- The reasons and facts supporting this finding are that the TIF District is properly zoned, and will generally compliment and serve to implement policies adopted in the Authority's comprehensive plan.
- (4) The TIF Plan will afford maximum opportunity, consistent with the sound needs of the Authority as a whole, for the development of the Project Area by private enterprise.

The reasons and facts supporting this finding are that remedial actions are necessary so that development and redevelopment by private enterprise can occur within the Project Area.

**Section J      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.

|                                |                  |
|--------------------------------|------------------|
| Land Acquisition & Remediation | \$2,020,800      |
| Bond/ Note Interest            | \$1,639,395      |
| <u>Administrative Expenses</u> | <u>\$406,686</u> |
| Total                          | \$4,066,881      |

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 is not increased. The Authority reserves the right to spend available tax increment outside of the TIF District boundaries and within the project area.

**Section K      Estimated Sources of Revenue**

|                                              |             |
|----------------------------------------------|-------------|
| Tax Increment Revenue (net of OSA Reduction) | \$4,066,881 |
| Interest on invested funds                   | \$0         |
| <u>Other</u>                                 | <u>\$0</u>  |
| Total                                        | \$4,066,881 |

The Authority anticipates providing financial assistance to the proposed development through the use of a pay-go loan. As tax increments are collected from the TIF District in future years, a portion of these taxes will be distributed to reimburse the Authority for public costs incurred (see Section K).

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 L      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 \$4,066,881. The Authority currently plans to finance the improvement costs in the form of an pay as you go loan, and reserves the right to issue bonds in any form, including without limitation an interfund loan with interest not to exceed the maximum permitted under Section 469.178, subd. 7 of the TIF Act.

**Section M      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 Market Value of all property within the TIF District as of January 2, 2018, for taxes payable in 2019, is \$2,523,600. Upon establishment of the TIF District, it is estimated that the original net tax capacity of the TIF District will be approximately \$48,972.

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 N      Original Tax Capacity Rate**

The County Auditor shall also certify the original tax capacity 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 tax capacity rate of the TIF District.

The property that comprises this TIF District has two different taxing jurisdictions (school districts). The sum of all local tax rates that apply to property in the TIF District located within ISD #720, for taxes levied in 2017 and payable in 2018, is 130.199% as shown below. The sum of all local tax rates that apply to property in the TIF District within ISD #191, for taxes levied in 2017 and payable in 2018, is 103.817% as shown below. The County Auditor shall certify this amount as the original tax capacity rate of the TIF District.

At the time this document was prepared, the final sum of all local tax rates that apply to property in the TIF District, for taxes levied in 2018 and payable in 2019, was not yet available. When this total becomes available, the County Auditor shall certify this amount as the original tax capacity rate of the TIF District. For purposes of estimating the tax increment generated by the TIF District, the final sum of the local tax rates for taxes levied in 2017 and payable in 2018, is 130.199% or 103.817% as shown below.

| <u>Taxing Jurisdiction</u> | <u>2017/ 2018<br/>Local Tax Rate</u> | <u>Taxing Jurisdiction</u> | <u>2017/ 2018<br/>Local Tax Rate</u> |
|----------------------------|--------------------------------------|----------------------------|--------------------------------------|
| City of Shakopee           | 37.212%                              | City of Shakopee           | 37.212%                              |
| Scott County               | 35.114%                              | Scott County               | 35.114%                              |
| <b>ISD # 720</b>           | <b>52.141%</b>                       | <b>ISD # 191</b>           | <b>25.759%</b>                       |
| <u>Other</u>               | <u>5.732%</u>                        | <u>Other</u>               | <u>5.732%</u>                        |
| Total                      | 130.199%                             | Total                      | 103.817%                             |

#### **Section O      Projected Retained Captured Net Tax Capacity and Projected Tax Increment**

The Authority anticipates that the project will be completed by December 31, 2019, creating a total tax capacity for TIF District No. 1-21 of \$272,153 as of January 2, 2020. The captured tax capacity as of that date is estimated to be \$151,539 and the first full year of increment is projected to be in \$194,361 in taxes payable 2021. A complete schedule of estimated tax increment from the TIF District is shown in Exhibit IV.

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.

For communities affected by the fiscal disparity provisions of Minnesota Statutes, Chapter 473F and Chapter 276A, the original net tax capacity of the TIF District shall be determined before the application of fiscal disparity. In subsequent years, the current net tax capacity shall either (a) be determined before the application of fiscal disparity or (b) exclude the product of any fiscal disparity increase in the TIF District (since the original net tax capacity was

certified) times the appropriate fiscal disparity ratio. The method the Authority elects shall remain the same for the life of the TIF District, except that a single change may be made at any time from method (a) to method (b) above. The Authority elects method (b), or M.S. Section 469.177, Subdivision 3(a).

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 P      Use of Tax Increment**

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

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

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

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

- (1)      prepay any outstanding tax increment bonds;
- (2)      discharge the pledge of tax increments thereof;
- (3)      pay amounts into an escrow account dedicated to the payment of the tax increment bonds; or
- (4)      return excess tax increments to the County Auditor for redistribution to the City, County and School District. The County Auditor must 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 R      Tax Increment Pooling and the Five Year Rule**

At least 80% of the tax increments from the TIF District must be expended on activities within the district or to pay for bonds used to finance the estimated public costs of the TIF District (see Section E for additional restrictions). No more than 20% 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 80% 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 does not anticipate that tax increments will be spent outside of the TIF District (except for allowable administrative expenses); however, the Authority does reserve the right to allow for tax increment pooling from the TIF District in the future.

**Section S      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 proposed development within the TIF District;
- (3) relocation benefits paid to, or services provided for, persons or businesses residing or located within the TIF District; or
- (4) amounts used to pay interest on, fund a reserve for, or sell at a discount, tax increment bonds.

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 District.

#### **Section T      Limitation on Property Not Subject to Improvements - Four Year Rule**

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

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

#### **Section U      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 \$4,066,881.
2. To the extent the project in TIF District generates any public cost impacts on city-provided services such as police and fire protection, public infrastructure, and borrowing costs attributable to the District, such costs will be levied upon the taxable net tax capacity of the City, excluding that portion captured by the District, excluding the portion captured by the District. The City does not anticipate issuing bonds in conjunction with this project.
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 \$1,537,237 for ISD 720 and \$60,296 for ISD 191.

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 \$1,117,438.
5. No additional information has been requested by the county or school districts that would enable it to determine additional costs that will accrue to it due to the development proposed for the district.

#### **Section V      Prior Planned Improvements**

The City 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 W      Development Agreements**

If within a project containing a soils condition district, more than 10% of the acreage of the property to be acquired by the City is purchased with tax increment bonds proceeds (to which tax increment from the property is pledged), then prior to such acquisition, the City must enter into an agreement for the development of the property. Such agreement must provide recourse for the City should the development not be completed.

The City anticipates entering into an agreement for development, but does not anticipate acquiring any property located within the TIF District.

#### **Section X      Assessment Agreements**

The City 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 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 City does not anticipate entering into an assessment agreement.

#### **Section Y      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 the amount of bonded indebtedness to be incurred; increase in the amount of capitalized interest; increase in that portion of the captured net tax capacity to be retained by the City; increase in the total estimated public costs; or designation of additional property to be acquired by the City 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 City 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 City must notify the County Auditor of any modification that reduces or enlarges the geographic area of the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

## **Section Z Administration of the Tax Increment Financing Plan**

Upon adoption of the TIF Plan, the City shall submit a copy of such plan to the Minnesota Department of Revenue. The City 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 City 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 City shall also send the County Assessor any assessment agreement establishing the minimum market value of land and improvements in the TIF District, and shall request that the County Assessor review and certify this assessment agreement as reasonable.

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

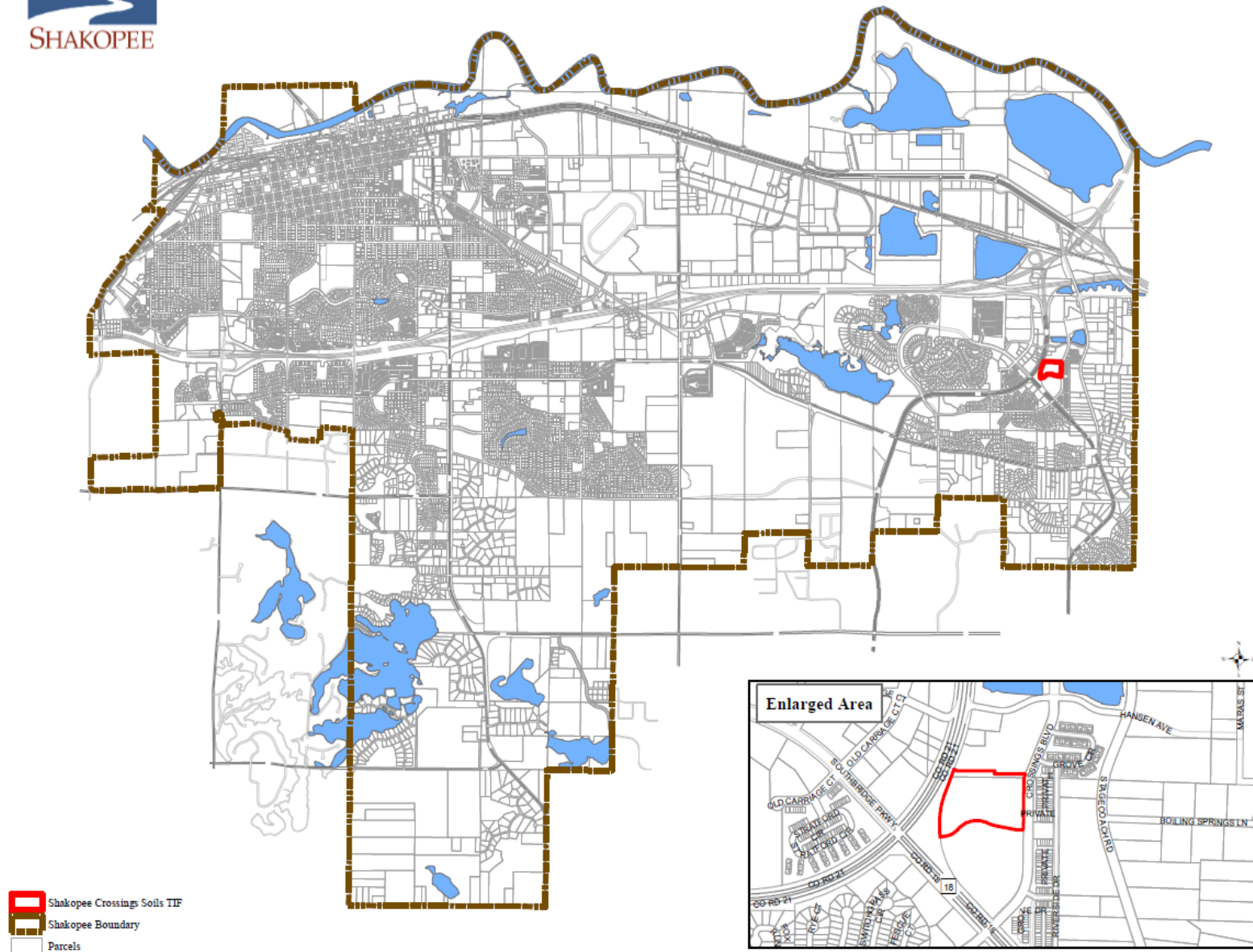
- (1) prior to July 1, the City shall notify the County Assessor of any new development that has occurred in the TIF District during the past year to insure that the new value will be recorded in a timely manner.
- (2) if the County Auditor receives the request for certification of a new TIF District, 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 the TIF District is classified as an economic development district, then the original net tax capacity shall be increased by the amount of the annual adjustment factor; and
  - (d) 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 City of all changes made to the original net tax capacity of the TIF District.

**Section AA      Financial Reporting and Disclosure Requirements**

The City will file the TIF Plan, and any subsequent amendments thereto, with the Commissioner of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes, Section 469.175, subdivision 4A. The City 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 (SOILS CONDITION) DISTRICT NO. 21



## Assumptions Report

**City of Shakopee, Minnesota**  
**Tax Increment Financing (Soils Condition) District No. 21**  
**Southbridge Soils Project**  
**TIF Plan Exhibits**

Type of Tax Increment Financing District      Soils Condition  
Maximum Duration of TIF District      20 years from 1st increment

Projected Certification Request Date      06/30/18  
Decertification Date      12/31/41      (21 Years of Increment)

Base Estimated Market Value \*      2017/2018  
\$2,523,600

Original Net Tax Capacity \*      \$48,972

|                                    | Assessment/Collection Year |             |             |             |
|------------------------------------|----------------------------|-------------|-------------|-------------|
|                                    | 2018/2019                  | 2019/2020   | 2020/2021   | 2021/2022   |
| Base Estimated Market Value        | \$2,523,600                | \$2,523,600 | \$2,523,600 | \$2,523,600 |
| Increase in Estimated Market Value | 0                          | 0           | 10,375,728  | 10,375,728  |
| Total Estimated Market Value       | 2,523,600                  | 2,523,600   | 12,899,328  | 12,899,328  |
| Total Net Tax Capacity             | \$48,972                   | \$48,972    | \$255,737   | \$255,737   |

| 92% of Market Value                               |                    | 8% of Market Value      |                    |
|---------------------------------------------------|--------------------|-------------------------|--------------------|
| City of Shakopee                                  | 37.212%            | City of Shakopee        | 37.212%            |
| Scott County                                      | 35.114%            | Scott County            | 35.114%            |
| ISD #720                                          | 52.141%            | ISD #191                | 25.759%            |
| Other                                             | 5.732%             | Other                   | 5.732%             |
| Local Tax Capacity Rate                           | 130.199% 2017/2018 | Local Tax Capacity Rate | 103.817% 2017/2018 |
| Fiscal Disparities Contribution From TIF District | 32.1003%           |                         |                    |
| Administrative Retainage Percent (maximum = 10%)  | 10.00%             |                         |                    |
| Pooling Percent                                   | 0.00%              |                         |                    |

| Bonds                     |                | Pay as You Go Loan   |             |
|---------------------------|----------------|----------------------|-------------|
| Bonds Dated               | NA             | Note Dated           | 08/01/18    |
| Bond Issue @ 0.00% (NIC)  | NA             | Note Rate            | 5.00%       |
| Eligible Project Costs    | NA             | Note Amount          | \$2,020,800 |
| Present Value Date & Rate | 08/01/17 5.00% | Present Value Amount | \$1,800,756 |

### Notes

Assumptions assume no change to future tax rates, class rates, and a 0% annual MV inflator is assumed  
Calculations include payable 2018 final tax capacity rates  
Total EMV upon completion based on Developer's estimate of \$200/ sq ft

\* Base EMV of properties as provided by Scott County

## Projected Tax Increment Report

City of Shakopee, Minnesota

Tax Increment Financing (Soils Condition) District No. 21

Southbridge Soils- ISD #720

TIF Plan Exhibits

| Annual<br>Period<br>Ending<br>(1) | Total<br>Estimated<br>Market Value <sup>(1)</sup><br>(2) | Total<br>Net Tax<br>Capacity <sup>(2)</sup><br>(3) | Less:<br>Original<br>Net Tax<br>Capacity <sup>(3)</sup><br>(4) | Less:<br>Fiscal<br>Disp. @<br>32.1003%<br>(5) | Retained<br>Captured<br>Net Tax<br>Capacity<br>(5) | Times:<br>Tax<br>Capacity<br>Rate <sup>(4)</sup><br>(6) | Annual<br>Gross Tax<br>Increment<br>(7) | Less:<br>State Aud.<br>Deduction<br>0.360%<br>(8) | Subtotal<br>Net Tax<br>Increment<br>(9) | Less:<br>Admin.<br>Retainage<br>10.00%<br>(10) | Annual<br>Net<br>Revenue<br>(11) |
|-----------------------------------|----------------------------------------------------------|----------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------|----------------------------------------------------|---------------------------------------------------------|-----------------------------------------|---------------------------------------------------|-----------------------------------------|------------------------------------------------|----------------------------------|
| 12/31/18                          | 2,372,700                                                | 46,704                                             | 46,704                                                         | 0                                             | 0                                                  | 130.199%                                                | 0                                       | 0                                                 | 0                                       | 0                                              | 0                                |
| 12/31/19                          | 2,372,700                                                | 46,704                                             | 46,704                                                         | 0                                             | 0                                                  | 130.199%                                                | 0                                       | 0                                                 | 0                                       | 0                                              | 0                                |
| 12/31/20                          | 2,372,700                                                | 46,704                                             | 46,704                                                         | 0                                             | 0                                                  | 130.199%                                                | 0                                       | 0                                                 | 0                                       | 0                                              | 0                                |
| 12/31/21                          | 12,748,428                                               | 253,469                                            | 46,704                                                         | 66,372                                        | 140,393                                            | 130.199%                                                | 182,789                                 | 658                                               | 182,131                                 | 18,213                                         | 163,918                          |
| 12/31/22                          | 12,748,428                                               | 253,469                                            | 46,704                                                         | 66,372                                        | 140,393                                            | 130.199%                                                | 182,789                                 | 658                                               | 182,131                                 | 18,213                                         | 163,918                          |
| 12/31/23                          | 12,748,428                                               | 253,469                                            | 46,704                                                         | 66,372                                        | 140,393                                            | 130.199%                                                | 182,789                                 | 658                                               | 182,131                                 | 18,213                                         | 163,918                          |
| 12/31/24                          | 12,748,428                                               | 253,469                                            | 46,704                                                         | 66,372                                        | 140,393                                            | 130.199%                                                | 182,789                                 | 658                                               | 182,131                                 | 18,213                                         | 163,918                          |
| 12/31/25                          | 12,748,428                                               | 253,469                                            | 46,704                                                         | 66,372                                        | 140,393                                            | 130.199%                                                | 182,789                                 | 658                                               | 182,131                                 | 18,213                                         | 163,918                          |
| 12/31/26                          | 12,748,428                                               | 253,469                                            | 46,704                                                         | 66,372                                        | 140,393                                            | 130.199%                                                | 182,789                                 | 658                                               | 182,131                                 | 18,213                                         | 163,918                          |
| 12/31/27                          | 12,748,428                                               | 253,469                                            | 46,704                                                         | 66,372                                        | 140,393                                            | 130.199%                                                | 182,789                                 | 658                                               | 182,131                                 | 18,213                                         | 163,918                          |
| 12/31/28                          | 12,748,428                                               | 253,469                                            | 46,704                                                         | 66,372                                        | 140,393                                            | 130.199%                                                | 182,789                                 | 658                                               | 182,131                                 | 18,213                                         | 163,918                          |
| 12/31/29                          | 12,748,428                                               | 253,469                                            | 46,704                                                         | 66,372                                        | 140,393                                            | 130.199%                                                | 182,789                                 | 658                                               | 182,131                                 | 18,213                                         | 163,918                          |
| 12/31/30                          | 12,748,428                                               | 253,469                                            | 46,704                                                         | 66,372                                        | 140,393                                            | 130.199%                                                | 182,789                                 | 658                                               | 182,131                                 | 18,213                                         | 163,918                          |
| 12/31/31                          | 12,748,428                                               | 253,469                                            | 46,704                                                         | 66,372                                        | 140,393                                            | 130.199%                                                | 182,789                                 | 658                                               | 182,131                                 | 18,213                                         | 163,918                          |
| 12/31/32                          | 12,748,428                                               | 253,469                                            | 46,704                                                         | 66,372                                        | 140,393                                            | 130.199%                                                | 182,789                                 | 658                                               | 182,131                                 | 18,213                                         | 163,918                          |
| 12/31/33                          | 12,748,428                                               | 253,469                                            | 46,704                                                         | 66,372                                        | 140,393                                            | 130.199%                                                | 182,789                                 | 658                                               | 182,131                                 | 18,213                                         | 163,918                          |
| 12/31/34                          | 12,748,428                                               | 253,469                                            | 46,704                                                         | 66,372                                        | 140,393                                            | 130.199%                                                | 182,789                                 | 658                                               | 182,131                                 | 18,213                                         | 163,918                          |
| 12/31/35                          | 12,748,428                                               | 253,469                                            | 46,704                                                         | 66,372                                        | 140,393                                            | 130.199%                                                | 182,789                                 | 658                                               | 182,131                                 | 18,213                                         | 163,918                          |
| 12/31/36                          | 12,748,428                                               | 253,469                                            | 46,704                                                         | 66,372                                        | 140,393                                            | 130.199%                                                | 182,789                                 | 658                                               | 182,131                                 | 18,213                                         | 163,918                          |
| 12/31/37                          | 12,748,428                                               | 253,469                                            | 46,704                                                         | 66,372                                        | 140,393                                            | 130.199%                                                | 182,789                                 | 658                                               | 182,131                                 | 18,213                                         | 163,918                          |
| 12/31/38                          | 12,748,428                                               | 253,469                                            | 46,704                                                         | 66,372                                        | 140,393                                            | 130.199%                                                | 182,789                                 | 658                                               | 182,131                                 | 18,213                                         | 163,918                          |
| 12/31/39                          | 12,748,428                                               | 253,469                                            | 46,704                                                         | 66,372                                        | 140,393                                            | 130.199%                                                | 182,789                                 | 658                                               | 182,131                                 | 18,213                                         | 163,918                          |
| 12/31/40                          | 12,748,428                                               | 253,469                                            | 46,704                                                         | 66,372                                        | 140,393                                            | 130.199%                                                | 182,789                                 | 658                                               | 182,131                                 | 18,213                                         | 163,918                          |
| 12/31/41                          | 12,748,428                                               | 253,469                                            | 46,704                                                         | 66,372                                        | 140,393                                            | 130.199%                                                | 182,789                                 | 658                                               | 182,131                                 | 18,213                                         | 163,918                          |
|                                   |                                                          |                                                    |                                                                |                                               |                                                    |                                                         | \$3,838,569                             | \$13,818                                          | \$3,824,751                             | \$382,473                                      | \$3,442,278                      |

<sup>(1)</sup> value based on estimate provided by County assessor

<sup>(2)</sup> tax capacity based on commercial-industrial class rate of 1.50% for first \$150,000 of value and 2% for value above \$150,000

<sup>(3)</sup> original net tax capacity will be based on existing land and building values and commercial-industrial class rate for payable 2018

<sup>(4)</sup> combined local tax capacity rate of City of Shakopee, ISD 720 and Scott County for payable 2018

## Projected Tax Increment Report

City of Shakopee, Minnesota

Tax Increment Financing (Soils Condition) District No. 21

Southbridge Soils- ISD #191

TIF Plan Exhibits

| Annual<br>Period<br>Ending<br>(1) | Total<br>Estimated<br>Market Value <sup>(1)</sup><br>(2) | Total<br>Net Tax<br>Capacity <sup>(2)</sup><br>(3) | Less:<br>Original<br>Net Tax<br>Capacity <sup>(3)</sup><br>(4) | Less:<br>Fiscal<br>Disp. @<br>32.1003%<br>(5) | Retained<br>Captured<br>Net Tax<br>Capacity<br>(5) | Times:<br>Tax<br>Capacity<br>Rate <sup>(4)</sup><br>(6) | Annual<br>Gross Tax<br>Increment<br>(7) | Less:<br>State Aud.<br>Deduction<br>0.360%<br>(8) | Subtotal<br>Net Tax<br>Increment<br>(9) | Less:<br>Admin.<br>Retainage<br>10.00%<br>(10) | Annual<br>Net<br>Revenue<br>(11) |
|-----------------------------------|----------------------------------------------------------|----------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------|----------------------------------------------------|---------------------------------------------------------|-----------------------------------------|---------------------------------------------------|-----------------------------------------|------------------------------------------------|----------------------------------|
| 12/31/18                          | 150,900                                                  | 2,268                                              | 2,268                                                          | 0                                             | 0                                                  | 103.817%                                                | 0                                       | 0                                                 | 0                                       | 0                                              | 0                                |
| 12/31/19                          | 150,900                                                  | 2,268                                              | 2,268                                                          | 0                                             | 0                                                  | 103.817%                                                | 0                                       | 0                                                 | 0                                       | 0                                              | 0                                |
| 12/31/20                          | 150,900                                                  | 2,268                                              | 2,268                                                          | 0                                             | 0                                                  | 103.817%                                                | 0                                       | 0                                                 | 0                                       | 0                                              | 0                                |
| 12/31/21                          | 971,731                                                  | 18,685                                             | 2,268                                                          | 5,270                                         | 11,147                                             | 103.817%                                                | 11,572                                  | 42                                                | 11,530                                  | 1,153                                          | 10,377                           |
| 12/31/22                          | 971,731                                                  | 18,685                                             | 2,268                                                          | 5,270                                         | 11,147                                             | 103.817%                                                | 11,572                                  | 42                                                | 11,530                                  | 1,153                                          | 10,377                           |
| 12/31/23                          | 971,731                                                  | 18,685                                             | 2,268                                                          | 5,270                                         | 11,147                                             | 103.817%                                                | 11,572                                  | 42                                                | 11,530                                  | 1,153                                          | 10,377                           |
| 12/31/24                          | 971,731                                                  | 18,685                                             | 2,268                                                          | 5,270                                         | 11,147                                             | 103.817%                                                | 11,572                                  | 42                                                | 11,530                                  | 1,153                                          | 10,377                           |
| 12/31/25                          | 971,731                                                  | 18,685                                             | 2,268                                                          | 5,270                                         | 11,147                                             | 103.817%                                                | 11,572                                  | 42                                                | 11,530                                  | 1,153                                          | 10,377                           |
| 12/31/26                          | 971,731                                                  | 18,685                                             | 2,268                                                          | 5,270                                         | 11,147                                             | 103.817%                                                | 11,572                                  | 42                                                | 11,530                                  | 1,153                                          | 10,377                           |
| 12/31/27                          | 971,731                                                  | 18,685                                             | 2,268                                                          | 5,270                                         | 11,147                                             | 103.817%                                                | 11,572                                  | 42                                                | 11,530                                  | 1,153                                          | 10,377                           |
| 12/31/28                          | 971,731                                                  | 18,685                                             | 2,268                                                          | 5,270                                         | 11,147                                             | 103.817%                                                | 11,572                                  | 42                                                | 11,530                                  | 1,153                                          | 10,377                           |
| 12/31/29                          | 971,731                                                  | 18,685                                             | 2,268                                                          | 5,270                                         | 11,147                                             | 103.817%                                                | 11,572                                  | 42                                                | 11,530                                  | 1,153                                          | 10,377                           |
| 12/31/30                          | 971,731                                                  | 18,685                                             | 2,268                                                          | 5,270                                         | 11,147                                             | 103.817%                                                | 11,572                                  | 42                                                | 11,530                                  | 1,153                                          | 10,377                           |
| 12/31/31                          | 971,731                                                  | 18,685                                             | 2,268                                                          | 5,270                                         | 11,147                                             | 103.817%                                                | 11,572                                  | 42                                                | 11,530                                  | 1,153                                          | 10,377                           |
| 12/31/32                          | 971,731                                                  | 18,685                                             | 2,268                                                          | 5,270                                         | 11,147                                             | 103.817%                                                | 11,572                                  | 42                                                | 11,530                                  | 1,153                                          | 10,377                           |
| 12/31/33                          | 971,731                                                  | 18,685                                             | 2,268                                                          | 5,270                                         | 11,147                                             | 103.817%                                                | 11,572                                  | 42                                                | 11,530                                  | 1,153                                          | 10,377                           |
| 12/31/34                          | 971,731                                                  | 18,685                                             | 2,268                                                          | 5,270                                         | 11,147                                             | 103.817%                                                | 11,572                                  | 42                                                | 11,530                                  | 1,153                                          | 10,377                           |
| 12/31/35                          | 971,731                                                  | 18,685                                             | 2,268                                                          | 5,270                                         | 11,147                                             | 103.817%                                                | 11,572                                  | 42                                                | 11,530                                  | 1,153                                          | 10,377                           |
| 12/31/36                          | 971,731                                                  | 18,685                                             | 2,268                                                          | 5,270                                         | 11,147                                             | 103.817%                                                | 11,572                                  | 42                                                | 11,530                                  | 1,153                                          | 10,377                           |
| 12/31/37                          | 971,731                                                  | 18,685                                             | 2,268                                                          | 5,270                                         | 11,147                                             | 103.817%                                                | 11,572                                  | 42                                                | 11,530                                  | 1,153                                          | 10,377                           |
| 12/31/38                          | 971,731                                                  | 18,685                                             | 2,268                                                          | 5,270                                         | 11,147                                             | 103.817%                                                | 11,572                                  | 42                                                | 11,530                                  | 1,153                                          | 10,377                           |
| 12/31/39                          | 971,731                                                  | 18,685                                             | 2,268                                                          | 5,270                                         | 11,147                                             | 103.817%                                                | 11,572                                  | 42                                                | 11,530                                  | 1,153                                          | 10,377                           |
| 12/31/40                          | 971,731                                                  | 18,685                                             | 2,268                                                          | 5,270                                         | 11,147                                             | 103.817%                                                | 11,572                                  | 42                                                | 11,530                                  | 1,153                                          | 10,377                           |
| 12/31/41                          | 971,731                                                  | 18,685                                             | 2,268                                                          | 5,270                                         | 11,147                                             | 103.817%                                                | 11,572                                  | 42                                                | 11,530                                  | 1,153                                          | 10,377                           |
|                                   |                                                          |                                                    |                                                                |                                               |                                                    |                                                         | \$243,012                               | \$882                                             | \$242,130                               | \$24,213                                       | \$217,917                        |

<sup>(1)</sup> value based on estimate provided by County assessor

<sup>(2)</sup> tax capacity based on commercial-industrial class rate of 1.50% for first \$150,000 of value and 2% for value above \$150,000

<sup>(3)</sup> original net tax capacity will be based on existing land and building values and commercial-industrial class rate for payable 2018

<sup>(4)</sup> combined local tax capacity rate of City of Shakopee, ISD 191 and Scott County for payable 2018

## Projected Tax Increment Report

City of Shakopee, Minnesota

Tax Increment Financing (Soils Condition) District No. 21

Southbridge Soils- Total

TIF Plan Exhibits

| Annual<br>Period<br>Ending<br>(1) | Total<br>Estimated<br>Market Value <sup>(1)</sup><br>(2) | Total<br>Net Tax<br>Capacity <sup>(2)</sup><br>(3) | Less:<br>Original<br>Net Tax<br>Capacity <sup>(3)</sup><br>(4) | Less:<br>Fiscal<br>Disp. @<br>32.1003%<br>(5) | Retained<br>Captured<br>Net Tax<br>Capacity<br>(5) | Times:<br>Tax<br>Capacity<br>Rate <sup>(4)</sup><br>(6) | Annual<br>Gross Tax<br>Increment<br>(7) | Less:<br>State Aud.<br>Deduction<br>0.360%<br>(8) | Subtotal<br>Net Tax<br>Increment<br>(9) | Less:<br>Admin.<br>Retainage<br>10.00%<br>(10) | Annual<br>Net<br>Revenue<br>(11) |
|-----------------------------------|----------------------------------------------------------|----------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------|----------------------------------------------------|---------------------------------------------------------|-----------------------------------------|---------------------------------------------------|-----------------------------------------|------------------------------------------------|----------------------------------|
| 12/31/18                          | 2,523,600                                                | 48,972                                             | 48,972                                                         | 0                                             | 0                                                  | -                                                       | 0                                       | 0                                                 | 0                                       | 0                                              | 0                                |
| 12/31/19                          | 2,523,600                                                | 48,972                                             | 48,972                                                         | 0                                             | 0                                                  | -                                                       | 0                                       | 0                                                 | 0                                       | 0                                              | 0                                |
| 12/31/20                          | 2,523,600                                                | 48,972                                             | 48,972                                                         | 0                                             | 0                                                  | -                                                       | 0                                       | 0                                                 | 0                                       | 0                                              | 0                                |
| 12/31/21                          | 13,720,159                                               | 272,153                                            | 48,972                                                         | 71,642                                        | 151,539                                            | -                                                       | 194,361                                 | 700                                               | 193,661                                 | 19,366                                         | 174,295                          |
| 12/31/22                          | 13,720,159                                               | 272,153                                            | 48,972                                                         | 71,642                                        | 151,539                                            | -                                                       | 194,361                                 | 700                                               | 193,661                                 | 19,366                                         | 174,295                          |
| 12/31/23                          | 13,720,159                                               | 272,153                                            | 48,972                                                         | 71,642                                        | 151,539                                            | -                                                       | 194,361                                 | 700                                               | 193,661                                 | 19,366                                         | 174,295                          |
| 12/31/24                          | 13,720,159                                               | 272,153                                            | 48,972                                                         | 71,642                                        | 151,539                                            | -                                                       | 194,361                                 | 700                                               | 193,661                                 | 19,366                                         | 174,295                          |
| 12/31/25                          | 13,720,159                                               | 272,153                                            | 48,972                                                         | 71,642                                        | 151,539                                            | -                                                       | 194,361                                 | 700                                               | 193,661                                 | 19,366                                         | 174,295                          |
| 12/31/26                          | 13,720,159                                               | 272,153                                            | 48,972                                                         | 71,642                                        | 151,539                                            | -                                                       | 194,361                                 | 700                                               | 193,661                                 | 19,366                                         | 174,295                          |
| 12/31/27                          | 13,720,159                                               | 272,153                                            | 48,972                                                         | 71,642                                        | 151,539                                            | -                                                       | 194,361                                 | 700                                               | 193,661                                 | 19,366                                         | 174,295                          |
| 12/31/28                          | 13,720,159                                               | 272,153                                            | 48,972                                                         | 71,642                                        | 151,539                                            | -                                                       | 194,361                                 | 700                                               | 193,661                                 | 19,366                                         | 174,295                          |
| 12/31/29                          | 13,720,159                                               | 272,153                                            | 48,972                                                         | 71,642                                        | 151,539                                            | -                                                       | 194,361                                 | 700                                               | 193,661                                 | 19,366                                         | 174,295                          |
| 12/31/30                          | 13,720,159                                               | 272,153                                            | 48,972                                                         | 71,642                                        | 151,539                                            | -                                                       | 194,361                                 | 700                                               | 193,661                                 | 19,366                                         | 174,295                          |
| 12/31/31                          | 13,720,159                                               | 272,153                                            | 48,972                                                         | 71,642                                        | 151,539                                            | -                                                       | 194,361                                 | 700                                               | 193,661                                 | 19,366                                         | 174,295                          |
| 12/31/32                          | 13,720,159                                               | 272,153                                            | 48,972                                                         | 71,642                                        | 151,539                                            | -                                                       | 194,361                                 | 700                                               | 193,661                                 | 19,366                                         | 174,295                          |
| 12/31/33                          | 13,720,159                                               | 272,153                                            | 48,972                                                         | 71,642                                        | 151,539                                            | -                                                       | 194,361                                 | 700                                               | 193,661                                 | 19,366                                         | 174,295                          |
| 12/31/34                          | 13,720,159                                               | 272,153                                            | 48,972                                                         | 71,642                                        | 151,539                                            | -                                                       | 194,361                                 | 700                                               | 193,661                                 | 19,366                                         | 174,295                          |
| 12/31/35                          | 13,720,159                                               | 272,153                                            | 48,972                                                         | 71,642                                        | 151,539                                            | -                                                       | 194,361                                 | 700                                               | 193,661                                 | 19,366                                         | 174,295                          |
| 12/31/36                          | 13,720,159                                               | 272,153                                            | 48,972                                                         | 71,642                                        | 151,539                                            | -                                                       | 194,361                                 | 700                                               | 193,661                                 | 19,366                                         | 174,295                          |
| 12/31/37                          | 13,720,159                                               | 272,153                                            | 48,972                                                         | 71,642                                        | 151,539                                            | -                                                       | 194,361                                 | 700                                               | 193,661                                 | 19,366                                         | 174,295                          |
| 12/31/38                          | 13,720,159                                               | 272,153                                            | 48,972                                                         | 71,642                                        | 151,539                                            | -                                                       | 194,361                                 | 700                                               | 193,661                                 | 19,366                                         | 174,295                          |
| 12/31/39                          | 13,720,159                                               | 272,153                                            | 48,972                                                         | 71,642                                        | 151,539                                            | -                                                       | 194,361                                 | 700                                               | 193,661                                 | 19,366                                         | 174,295                          |
| 12/31/40                          | 13,720,159                                               | 272,153                                            | 48,972                                                         | 71,642                                        | 151,539                                            | -                                                       | 194,361                                 | 700                                               | 193,661                                 | 19,366                                         | 174,295                          |
| 12/31/41                          | 13,720,159                                               | 272,153                                            | 48,972                                                         | 71,642                                        | 151,539                                            | -                                                       | 194,361                                 | 700                                               | 193,661                                 | 19,366                                         | 174,295                          |
|                                   |                                                          |                                                    |                                                                |                                               |                                                    |                                                         | \$4,081,581                             | \$14,700                                          | \$4,066,881                             | \$406,686                                      | \$3,660,195                      |

<sup>(1)</sup> value based on estimate provided by County assessor

<sup>(2)</sup> tax capacity based on commercial-industrial class rate of 1.50% for first \$150,000 of value and 2% for value above \$150,000

<sup>(3)</sup> original net tax capacity will be based on existing land and building values and commercial-industrial class rate for payable 2018

<sup>(4)</sup> Tax Capacity Rate pro-rated based on market value of parcels. Exhibit combines two different tax capacities from ISD #720 & ISD #191

## Estimated Impact on Other Taxing Jurisdictions Report

### City of Shakopee, Minnesota Tax Increment Financing (Soils Condition) District No. 21 Southbridge Soils Project TIF Plan Exhibits

| Taxing<br>Jurisdiction | Without<br>Project or TIF District              |                                | With Project and TIF District                   |                                                            |                                         |                                                   |                                                      |                                                                        |
|------------------------|-------------------------------------------------|--------------------------------|-------------------------------------------------|------------------------------------------------------------|-----------------------------------------|---------------------------------------------------|------------------------------------------------------|------------------------------------------------------------------------|
|                        | 2017/2018<br>Taxable<br>Net Tax<br>Capacity (1) | 2017/2018<br>Local<br>Tax Rate | 2017/2018<br>Taxable<br>Net Tax<br>Capacity (1) | Projected<br>Retained<br>Captured<br>Net Tax<br>Capacity + | New<br>Taxable<br>Net Tax<br>Capacity = | Hypothetical<br>Adjusted<br>Local<br>Tax Rate (*) | Hypothetical<br>Decrease In<br>Local<br>Tax Rate (*) | Hypothetical<br>Tax Generated<br>by Retained<br>Captured<br>N.T.C. (*) |
| City of Shakopee       | 51,566,784                                      | 37.212%                        | 51,566,784                                      | \$140,393                                                  | 51,707,177                              | 37.111%                                           | 0.101%                                               | 52,101                                                                 |
| Scott County           | 186,705,411                                     | 35.114%                        | 186,705,411                                     | 140,393                                                    | 186,845,804                             | 35.088%                                           | 0.026%                                               | 49,260                                                                 |
| ISD #720               | 50,892,374                                      | 52.141%                        | 50,892,374                                      | 140,393                                                    | 51,032,767                              | 51.997%                                           | 0.143%                                               | 73,000                                                                 |
| ISD #191               | 17,684,800                                      | 25.759%                        | 17,684,800                                      | \$11,147                                                   | 17,684,800                              | 25.759%                                           | 0.000%                                               | 2,871                                                                  |
| Other (2)              | ---                                             | 5.732%                         | ---                                             | 140,393                                                    | ---                                     | 5.732%                                            | ---                                                  | ---                                                                    |
| Total with ISD #720    |                                                 | 130.199%                       |                                                 |                                                            |                                         | 129.928%                                          | 0.271%                                               |                                                                        |
| Total with ISD #191    |                                                 | 103.817%                       |                                                 |                                                            |                                         | 103.690%                                          | 0.127%                                               |                                                                        |
| <b>Total Impact</b>    |                                                 |                                |                                                 |                                                            |                                         |                                                   | <b>0.398%</b>                                        |                                                                        |

**\* 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 0.271% (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 4.40% of the total tax rate.

## Projected Pay-As-You-Go Note Report

City of Shakopee, Minnesota  
Tax Increment Financing (Soils Condition) District No. 21  
Southbridge Soils Project  
TIF Plan Exhibits

Note Date: 08/01/18  
Note Rate: 5.00%  
Amount: \$2,020,800

| Date<br>(1) | Principal<br>(2) | Interest<br>(3) | P & I<br>(4)   | Cumulative<br>Interest<br>Due<br>(5) | Unpaid<br>Accrued<br>Interest<br>(6) | Semi-Annual<br>Net<br>Revenue<br>(7) | Loan<br>Balance<br>Outstanding<br>(8) |
|-------------|------------------|-----------------|----------------|--------------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|
|             |                  |                 |                |                                      |                                      |                                      | 2,020,800.00                          |
| 02/01/20    | 0.00             | 0.00            | 0.00           | 151,560.00                           | 151,560.00                           | 0.00                                 | 2,020,800.00                          |
| 08/01/20    | 0.00             | 0.00            | 0.00           | 202,080.00                           | 202,080.00                           | 0.00                                 | 2,020,800.00                          |
| 02/01/21    | 0.00             | 0.00            | 0.00           | 252,600.00                           | 252,600.00                           | 0.00                                 | 2,020,800.00                          |
| 08/01/21    | 0.00             | 87,147.50       | 87,147.50      | 303,120.00                           | 215,972.50                           | 87,147.50                            | 2,020,800.00                          |
| 02/01/22    | 0.00             | 87,147.50       | 87,147.50      | 266,492.50                           | 179,345.00                           | 87,147.50                            | 2,020,800.00                          |
| 08/01/22    | 0.00             | 87,147.50       | 87,147.50      | 229,865.00                           | 142,717.50                           | 87,147.50                            | 2,020,800.00                          |
| 02/01/23    | 0.00             | 87,147.50       | 87,147.50      | 193,237.50                           | 106,090.00                           | 87,147.50                            | 2,020,800.00                          |
| 08/01/23    | 0.00             | 87,147.50       | 87,147.50      | 156,610.00                           | 69,462.50                            | 87,147.50                            | 2,020,800.00                          |
| 02/01/24    | 0.00             | 87,147.50       | 87,147.50      | 119,982.50                           | 32,835.00                            | 87,147.50                            | 2,020,800.00                          |
| 08/01/24    | 3,792.50         | 83,355.00       | 87,147.50      | 83,355.00                            | 0.00                                 | 87,147.50                            | 2,017,007.50                          |
| 02/01/25    | 36,722.31        | 50,425.19       | 87,147.50      | 50,425.19                            | 0.00                                 | 87,147.50                            | 1,980,285.19                          |
| 08/01/25    | 37,640.37        | 49,507.13       | 87,147.50      | 49,507.13                            | 0.00                                 | 87,147.50                            | 1,942,644.82                          |
| 02/01/26    | 38,581.38        | 48,566.12       | 87,147.50      | 48,566.12                            | 0.00                                 | 87,147.50                            | 1,904,063.44                          |
| 08/01/26    | 39,545.91        | 47,601.59       | 87,147.50      | 47,601.59                            | 0.00                                 | 87,147.50                            | 1,864,517.53                          |
| 02/01/27    | 40,534.56        | 46,612.94       | 87,147.50      | 46,612.94                            | 0.00                                 | 87,147.50                            | 1,823,982.97                          |
| 08/01/27    | 41,547.93        | 45,599.57       | 87,147.50      | 45,599.57                            | 0.00                                 | 87,147.50                            | 1,782,435.04                          |
| 02/01/28    | 42,586.62        | 44,560.88       | 87,147.50      | 44,560.88                            | 0.00                                 | 87,147.50                            | 1,739,848.42                          |
| 08/01/28    | 43,651.29        | 43,496.21       | 87,147.50      | 43,496.21                            | 0.00                                 | 87,147.50                            | 1,696,197.13                          |
| 02/01/29    | 44,742.57        | 42,404.93       | 87,147.50      | 42,404.93                            | 0.00                                 | 87,147.50                            | 1,651,454.56                          |
| 08/01/29    | 45,861.14        | 41,286.36       | 87,147.50      | 41,286.36                            | 0.00                                 | 87,147.50                            | 1,605,593.42                          |
| 02/01/30    | 47,007.66        | 40,139.84       | 87,147.50      | 40,139.84                            | 0.00                                 | 87,147.50                            | 1,558,585.76                          |
| 08/01/30    | 48,182.86        | 38,964.64       | 87,147.50      | 38,964.64                            | 0.00                                 | 87,147.50                            | 1,510,402.90                          |
| 02/01/31    | 49,387.43        | 37,760.07       | 87,147.50      | 37,760.07                            | 0.00                                 | 87,147.50                            | 1,461,015.47                          |
| 08/01/31    | 50,622.11        | 36,525.39       | 87,147.50      | 36,525.39                            | 0.00                                 | 87,147.50                            | 1,410,393.36                          |
| 02/01/32    | 51,887.67        | 35,259.83       | 87,147.50      | 35,259.83                            | 0.00                                 | 87,147.50                            | 1,358,505.69                          |
| 08/01/32    | 53,184.86        | 33,962.64       | 87,147.50      | 33,962.64                            | 0.00                                 | 87,147.50                            | 1,305,320.83                          |
| 02/01/33    | 54,514.48        | 32,633.02       | 87,147.50      | 32,633.02                            | 0.00                                 | 87,147.50                            | 1,250,806.35                          |
| 08/01/33    | 55,877.34        | 31,270.16       | 87,147.50      | 31,270.16                            | 0.00                                 | 87,147.50                            | 1,194,929.01                          |
| 02/01/34    | 57,274.27        | 29,873.23       | 87,147.50      | 29,873.23                            | 0.00                                 | 87,147.50                            | 1,137,654.74                          |
| 08/01/34    | 58,706.13        | 28,441.37       | 87,147.50      | 28,441.37                            | 0.00                                 | 87,147.50                            | 1,078,948.61                          |
| 02/01/35    | 60,173.78        | 26,973.72       | 87,147.50      | 26,973.72                            | 0.00                                 | 87,147.50                            | 1,018,774.83                          |
| 08/01/35    | 61,678.13        | 25,469.37       | 87,147.50      | 25,469.37                            | 0.00                                 | 87,147.50                            | 957,096.70                            |
| 02/01/36    | 63,220.08        | 23,927.42       | 87,147.50      | 23,927.42                            | 0.00                                 | 87,147.50                            | 893,876.62                            |
| 08/01/36    | 64,800.58        | 22,346.92       | 87,147.50      | 22,346.92                            | 0.00                                 | 87,147.50                            | 829,076.04                            |
| 02/01/37    | 66,420.60        | 20,726.90       | 87,147.50      | 20,726.90                            | 0.00                                 | 87,147.50                            | 762,655.44                            |
| 08/01/37    | 68,081.11        | 19,066.39       | 87,147.50      | 19,066.39                            | 0.00                                 | 87,147.50                            | 694,574.33                            |
| 02/01/38    | 69,783.14        | 17,364.36       | 87,147.50      | 17,364.36                            | 0.00                                 | 87,147.50                            | 624,791.19                            |
| 08/01/38    | 71,527.72        | 15,619.78       | 87,147.50      | 15,619.78                            | 0.00                                 | 87,147.50                            | 553,263.47                            |
| 02/01/39    | 73,315.91        | 13,831.59       | 87,147.50      | 13,831.59                            | 0.00                                 | 87,147.50                            | 479,947.56                            |
| 08/01/39    | 75,148.81        | 11,998.69       | 87,147.50      | 11,998.69                            | 0.00                                 | 87,147.50                            | 404,798.75                            |
| 02/01/40    | 77,027.53        | 10,119.97       | 87,147.50      | 10,119.97                            | 0.00                                 | 87,147.50                            | 327,771.22                            |
| 08/01/40    | 78,953.22        | 8,194.28        | 87,147.50      | 8,194.28                             | 0.00                                 | 87,147.50                            | 248,818.00                            |
| 02/01/41    | 80,927.05        | 6,220.45        | 87,147.50      | 6,220.45                             | 0.00                                 | 87,147.50                            | 167,890.95                            |
| 08/01/41    | 82,950.23        | 4,197.27        | 87,147.50      | 4,197.27                             | 0.00                                 | 87,147.50                            | 84,940.72                             |
| 02/01/42    | 84,940.72        | 2,123.52        | 87,064.24      | 2,123.52                             | 0.00                                 | 87,064.24                            | 0.00                                  |
|             | \$2,020,800      | \$1,639,311.74  | \$3,660,111.74 |                                      |                                      | \$3,660,111.74                       |                                       |
|             |                  |                 |                | Surplus Tax Increment                |                                      | 83.26                                |                                       |
|             |                  |                 |                | Total Net Revenue                    |                                      | \$3,660,195.00                       |                                       |

## Market Value Analysis Report

City of Shakopee, Minnesota

Tax Increment Financing (Soils Condition) District No. 21

Southbridge Soils Project

TIF Plan Exhibits

| <u>Assumptions</u>                |             |                                           |                                      |
|-----------------------------------|-------------|-------------------------------------------|--------------------------------------|
| Present Value Date                |             | 06/30/18                                  |                                      |
| P.V. Rate - Gross T.I.            |             | 5.00%                                     |                                      |
|                                   |             |                                           |                                      |
| Increase in EMV With TIF District |             | \$13,720,159                              |                                      |
| Less: P.V of Gross Tax Increment  |             | <u>2,232,550</u>                          |                                      |
| Subtotal                          |             | \$11,487,609                              |                                      |
| Less: Increase in EMV Without TIF |             | <u>0</u>                                  |                                      |
| Difference                        |             | \$11,487,609                              |                                      |
|                                   |             |                                           |                                      |
|                                   | <u>Year</u> | <u>Annual<br/>Gross Tax<br/>Increment</u> | <u>Present<br/>Value @<br/>5.00%</u> |
| 1                                 | 2020        | 0                                         | 0                                    |
| 2                                 | 2021        | 194,361                                   | 165,838                              |
| 3                                 | 2022        | 194,361                                   | 157,941                              |
| 4                                 | 2023        | 194,361                                   | 150,420                              |
| 5                                 | 2024        | 194,361                                   | 143,257                              |
| 6                                 | 2025        | 194,361                                   | 136,436                              |
| 7                                 | 2026        | 194,361                                   | 129,939                              |
| 8                                 | 2027        | 194,361                                   | 123,751                              |
| 9                                 | 2028        | 194,361                                   | 117,858                              |
| 10                                | 2029        | 194,361                                   | 112,246                              |
| 11                                | 2030        | 194,361                                   | 106,901                              |
| 12                                | 2031        | 194,361                                   | 101,810                              |
| 13                                | 2032        | 194,361                                   | 96,962                               |
| 14                                | 2033        | 194,361                                   | 92,345                               |
| 15                                | 2034        | 194,361                                   | 87,948                               |
| 16                                | 2035        | 194,361                                   | 83,760                               |
| 17                                | 2036        | 194,361                                   | 79,771                               |
| 18                                | 2037        | 194,361                                   | 75,972                               |
| 19                                | 2038        | 194,361                                   | 72,355                               |
| 20                                | 2039        | 194,361                                   | 68,909                               |
| 21                                | 2040        | 194,361                                   | 65,628                               |
| 22                                | <u>2041</u> | <u>194,361</u>                            | <u>62,503</u>                        |
|                                   |             | \$4,081,581                               | \$2,232,550                          |