
Special Meeting of the Cambridge EDA

Tuesday, September 05, 2017

2:30 pm

Cambridge City Hall, 300 3rd Avenue NE, Council Chambers

Members of the audience are encouraged to follow the agenda. Copies of the agenda are on the table outside of the Council Chambers door.

If you are interested in addressing the EDA, please inform the Chair. If the item you wish to address is an agenda item, the Chair, as the presiding officer, will determine if public comment will be heard during the meeting. When addressing the EDA, please state your name, address, and the issue you wish to speak about.

AGENDA

1. Call to Order
2. Approval of Agenda (p. 1)
3. New Business
 - A. EDA Resolution No. EDA R17-004 Recommending the City Council Adopt a Modification to the Development Program for Development District No. 6 and the Tax Increment Financing Plan for the Establishment of Tax Increment Financing District No. 6-18 (p. 3)
 - B. Recommend to the City Council the Approval of the Contract for Private Development with Main Street Flats Limited Partnership at (p. 3)
4. Adjourn

Notice to the hearing impaired: Upon request to City staff, assisted hearing devices are available for public use.

Accommodations for wheelchair access, Braille, large print, etc. can be made by calling Cambridge City Hall at 763-689-3211 at least three days prior to the meeting.

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3 A & B Resolution No. 17-04 Recommending the City Council Adopt a Modification to the Development Program for Development District No. 6 and the Tax Increment Financing Plan for the Establishment of Tax Increment Financing District No. 6-18 and approve Contract for Private Development with Main Street Flats Limited Partnership

September 5, 2017
Author: Stan Gustafson

Request

The EDA is requested to adopt Resolution No. 17-04 recommending to the City Council To hold a public hearing and adopt a Modification to the Development Program For Development District No. 6, Establish Tax Increment Financing District No. 6-18, And adopt the Tax Increment Financing Plan and approve the Contract for Private Development with Main Street Flats Limited Partnership.

BACKGROUND

Staff has been working with Main Street Flats Limited Partnership on the development and redevelopment of four (4) sites for several years. These sites are all a part of the Tax Increment Financing Plan and Contract for Private Development that we will be discussion. Workforce housing is needed in this community as shown by past and recent studies that were prepared. This project will also provide an opportunity for redevelopment, transit orientated development and bring more pedestrian traffic to downtown Cambridge. Prior to being successful with Metro Plains we had attempted this redevelopment project here with several developers.

The Developer's Corporation and Partnership is called Main Street Flats Limited Partnership which are the General Partners of Metro Plains.

Main Street Flats Limited Partnership has the four sites under contract and have been working diligently with their consultant and MPCA on one site (former gas station) to receive a clearance from them in order to move forward and purchase these properties. They have been working on this site for approximately 7 months and are anticipating a response from MPCA in October on a clearance letter or the next steps.

Main Street Flats Limited Partnership was awarded Tax Credit and Financing through Minnesota Housing Finance Agency (MHFA). The City Council has been supportive by adopting several resolutions for this project since the proposal was first presented on May 4, 2015.

Main Street Flats Limited Partnership is proposing to build a 28 unit, two-story apartment building on these sites. This project would offer 7 one bedroom apartments and 21 two bedroom apartments, all first floor units will have an outside entry, and the

second story units will feature balconies. The parking calculation meets the City's requirement. These apartments will feature an elevator, community room washer/dryer hookups, garage as well as surface parking, central air in each unit and open kitchen design. The projected building cost is approximately \$6,111,015.00.

This development will obtain several of the following goals:

- Workforce housing
- Transit orientated development
- Re-development of a blighted area
- Future Tax Base
- Downtown population growth-walking distance to shopping and entertainment

Main Street Flats Limited Partnership have submitted an application for Tax Increment Financing to assist with this project. This application was submitted to Ehlers along with their Performa for their review. The project will qualify for a Housing TIF District up to 26 years. "But For" this project would not be feasible without the use of Tax Increment Financing and staff is recommending a 26 year TIF District and up to \$344,000 in TIF flow or whichever comes first along with water and sewer access charges of \$94,500.00.

Once Developer receives all approvals they will move forward with closing on the property and all necessary steps to secure and removal of these properties to prepare for construction. They are anticipating site work to start yet this fall with construction starting in spring of 2018.

The project has received various approvals from Planning Commission and City Council as follows:

- Conditional Use Permit for Main Street Flats
- Right of Way Vacation for Main Street Flats
- Preliminary and Final Plat of Main Street Flats (p. 168)

Nick Anhut Financial Advisor with Ehlers will go through the TIF Plan with the EDA and will be open for questions. Main Street Limited Partnership will provide a short power point presentation.

PROPOSED ACTION

A motion from the EDA approving Resolution No 17-04 recommending the City Council hold a public hearing and Adopt a Modification to the Development Program for Development District No.6 and the Tax Increment Financing Plan for the Establishment of Tax Increment Financing District No. 6-18 as presented and approve Contract for Private Development as presented.

Attachments:

- Contract for Private Development
- Tax Increment Financing Plan prepared by Ehlers
- TIF Summary
- Tenant profile
- EDA Resolution 17-04
- Proposed site (TIF Map)
- Preliminary Building Plans
- Public hearing notice
- But For Analysis
- Planning Commission Resolution R17-01
- Draft Planning Commission Minutes

W&W Draft 8/28/17

CONTRACT FOR PRIVATE DEVELOPMENT

By and Between

CITY OF CAMBRIDGE, MINNESOTA

and

MAIN STREET FLATS LIMITED PARTNERSHIP

(Main Street Flats)

Dated: _____, 2017

This document was drafted by:
Rupp, Anderson, Squires &
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THIS AGREEMENT (this "Agreement") is made and entered into as of this ____ day of _____, 2017, by and between the CITY OF CAMBRIDGE, MINNESOTA, a public body corporate and politic under the laws of Minnesota ("City") and MAIN STREET FLATS LIMITED PARTNERSHIP, a Minnesota limited partnership ("Developer").

RECITALS

WHEREAS, the City has undertaken a program to promote the development and redevelopment of land which is underutilized within the City, and for this purpose has created Municipal Development District No. 6 (hereinafter referred to as the "Development District") and Tax Increment District No. 6-18 (the "TIF District") in the Development District located in the City pursuant to Minnesota Statutes, Sections 469.124 to 469.33, as amended (the "Act") and Sections 469.174 to 469.1794, as amended (the "Tax Increment Act"); and

WHEREAS, pursuant to the Act, the City is authorized to undertake certain activities to provide an impetus for development by private enterprise, to promote increased employment, and to encourage the development of blighted or underutilized areas; and

WHEREAS, the Developer has certain land under contract in the City (the "Development Property") and has proposed to construct improvements on the Development Property consisting of one new 28-unit two story apartment building and, in conjunction with the project, intends to construct parking areas, sidewalks, street lighting, utility infrastructure, rain garden and landscaping as identified in Exhibit B (the "Minimum Improvements") as provided in this Agreement; and

WHEREAS, as a part of its proposal, the Developer has requested that the City provide certain financial assistance to aid in Developer's development, without such financial assistance the development would not be possible; and

WHEREAS, the City is providing financial assistance to the Developer in the form of tax increment financing funds to assist with the establishment of the Minimum Improvements on the Development Property,

WHEREAS, because the City's assistance to the Developer's development is being made available for the purpose of developing housing, the assistance does not constitute a "business subsidy" within the meaning of Minnesota Statutes, sections 116J.993 to 116J.995, as amended (the "Business Subsidy Act"); and

WHEREAS, the City believes that the development of the Development Property pursuant to and in general fulfillment of this Agreement, is in the vital and best interests of the City, will promote the health, safety, morals, and welfare of its residents, and will be in accord with the public purposes and provisions of the applicable State and local laws and requirements under which the Development District has been undertaken and is being assisted.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein, the parties agree as follows:

ARTICLE I

Definitions

Section 1.1. Definitions. In this Agreement, unless a different meaning clearly appears from the context:

“Act” means Minnesota Statutes Sections 469.124 to 469.33, as amended.

“Affiliate” means with respect to the Developer: (a) any corporation, partnership, limited liability company or other business entity or person controlling, controlled by or under common control with the Developer, and (b) any successor to such party by merger, acquisition, reorganization or similar transaction involving all or substantially all of the assets of such party (or such Affiliate). For the purpose hereof the words “controlling,” “controlled by” and “under common control with” shall mean, with respect to any corporation, partnership, limited liability company or other business entity, the ownership of fifty percent or more of the voting interests in such entity or possession, directly or indirectly, of the power to direct or cause the direction of management policies of such entity, whether through ownership of voting securities or by contract or otherwise.

“Agreement” means this Agreement, as the same may be from time to time modified, amended, or supplemented.

“Available Tax Increment” means, on each Payment Date, 95% of the Tax Increment derived from the Development Property, and received by the City in the six months preceding the Payment Date.

“Business Subsidy Act” means Minnesota Statutes, Sections 116J.993 through 116J.995, as amended.

“Certificate of Completion” means the certification provided to the Developer, or the purchaser of any part, parcel or unit of the Development Property, pursuant to Section 4.4 of this Agreement.

“City” means the City of Cambridge, Minnesota.

“Construction Plans” means the plans, specifications, drawings and related documents on the construction work to be performed on the Development Property which (a) shall be as detailed as the plans, specifications, drawings and related documents which are submitted to the appropriate building officials of the City, and (b) shall include at least the following: (1) site plan; (2) landscape plan; and (3) such other plans or supplements to the foregoing plans as the City may reasonably request to allow it to ascertain the nature and quality of the proposed construction work. The Construction Plans for any building to be constructed on the Development Property shall additionally include the following: (1) foundation plan;

(2) basement plans; (3) floor plan for each floor; (4) cross sections of each (length and width); and (5) elevations (all sides).

“County” means the County of Isanti, Minnesota.

“Developer” means Main Street Flats Limited Partnership, or its permitted successors and assigns.

“Development Property” means the real property described as such in Exhibit A of this Agreement. After construction of the Minimum Improvements, the term means the Development Property as improved.

“Eligible Costs” means those costs permitted to be reimbursed under Minn. Stat. §469.174 and the Tax Increment Financing Plan for the TIF District.

“Event of Default” means an action by the Developer listed in Article IX of this Agreement.

“Holder” means the holder or beneficiary of a Mortgage.

“Maturity Date” means the date referenced in Section 7.3(c).

“Mortgage” means any mortgage made by the Developer which is secured, in whole or in part, with the Development Property and which is a permitted encumbrance pursuant to the provisions of Article VIII of this Agreement.

“Minimum Improvements” means the construction of one 28 unit apartment complex to be known as Main Street Flats Limited partnership, the construction of parking areas, rain gardens and utility infrastructure in conjunction with the apartment complexes, as described in Exhibit B.

“Payment Amounts” shall have the meaning given such term in the TIF Note.

“Payment Dates” shall have the meaning given such term in the TIF Note.

“Project” means the City’s Municipal Development District No. 6.

“State” means the State of Minnesota.

“Tax Increment” means that portion of the real property taxes that is paid with respect to the Development Property and that is remitted to the City as tax increment pursuant to the Tax Increment Act.

“Tax Increment Act” or “TIF Act” means the Tax Increment Financing Act, Minnesota Statutes Sections 469.174 to 469.179, as amended.

“Tax Increment District” or “TIF District” means Tax Increment Financing District No. 6-18 created by the City. *[Please provide the documentation establishing the TIF district.]*

“Tax Official” means any County assessor, County auditor, County or State board of equalization, the commissioner of revenue of the State, or any State or federal district court, the tax court of the State, or the State Supreme Court.

“Termination Date” means the earlier of the following dates: (i) the date that the TIF Note is paid in full or terminated; or (ii) the date the Tax Increment District terminates.

“TIF Note” means the Tax Increment Revenue Note to be executed by the City pursuant to Article III hereof in the principal amount not to exceed \$[334,000], the form of which is attached hereto as Exhibit D.

“Transfer” has the meaning set forth in Section 8.2(a) hereof.

“Unavoidable Delays” means delays beyond the reasonable control of the party seeking to be excused as a result thereof which are the result of strikes, other labor troubles, prolonged adverse weather or acts of God, fire or other casualty to the Minimum Improvements, litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays, or acts of any federal, state or local governmental unit (other than the City in exercising its rights under this Agreement) which directly result in delays. Unavoidable Delays shall include delays as a result of the City not approving the Construction Plans. The performance of any covenant work, service or other act required in this Agreement shall be excused for the period of the Unavoidable Delay, and the period for the performance of the same shall be extended by such period.

(The remainder of this page is intentionally left blank.)

ARTICLE II

Representations and Warranties

Section 2.1. Representations by the City. (a) The City is a statutory city duly organized and existing under the laws of the State. Under the provisions of the Act, the City has the power to enter into this Agreement and carry out its obligations hereunder.

(b) The City will use its best efforts to facilitate development of the Minimum Improvements, including but not limited to cooperating with the Developer in obtaining necessary administrative and land use approvals.

(c) The activities of the City are undertaken for the purpose of fostering the development of certain real property which will vitalize this portion of the Development District, increase tax base, and increase employment opportunities.

(d) There are no pending or threatened legal proceedings, of which the City has notice, to restrain or enjoin the execution or delivery of this Agreement or in any way contesting the validity of this Agreement, or contesting the authority of the City to execute, deliver and perform this Agreement.

(e) The consummation of the transactions contemplated by this Agreement, and compliance by the City with the terms of this Agreement, will not result in any breach of any of the terms of, or constitute a default under, any indenture, lease, loan agreement, or other instrument to which the City is a party or by which the City is bound, or any law applicable to the City or this transaction.

(f) The City will not issue any further obligations that are payable from or secured by the Available Tax Increment prior to the date that the TIF Note has been paid in full, or terminated in accordance with its terms, without the prior written consent of the Developer, which may be given or withheld in the sole discretion of the Developer.

(g) The Tax Increment District is a "housing district" within the meaning of Minnesota Statutes, Section 469.174 subdivision 11, and was created, adopted and approved in accordance with the terms of the TIF Act. The City will take no action to impair the collection of the Tax Increment from the Tax Increment District.

Section 2.2. Representations and Warranties by the Developer. The Developer represents and warrants that:

(a) The Developer is a limited partnership in good standing under the laws of Minnesota, is not in violation of any provisions of its articles or bylaws, is duly authorized to transact business within the State, has power to enter into this Agreement and has duly authorized the execution, delivery, and performance of this Agreement by proper action of its officers.

(b) The Developer will construct, operate, and maintain the Minimum Improvements (which will include the apartment building to be known as Main Street Flats) in accordance with the terms of this Agreement and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, building code and public health laws and regulations).

(c) The Developer will obtain, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all applicable local, state and federal laws and regulations which must be obtained or met before the Minimum Improvements may be lawfully constructed.

(d) The Developer has received no notice or communication from any local, state or federal official that the activities of the Developer or the City in the Development District may be or will be in violation of any environmental law or regulation (other than those notices or communications of which the City is aware). The Developer is aware of no facts the existence of which would cause it to be in violation of or give any person a valid claim under any local, state or federal environmental law, regulation or review procedure.

(e) The Developer shall promptly advise the City in writing of all litigation or claims affecting any part of the Minimum Improvements and all written complaints and charges made by any governmental city which may materially delay or require changes in construction of the Minimum Improvements.

(f) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provisions of any corporate restriction or any evidences of indebtedness, agreement or instrument of whatever nature to which the Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(g) The proposed development by the Developer hereunder would not occur but for the tax increment financing assistance being provided by the City hereunder.

(h) The Developer is not currently in default under any business subsidy agreement with any grantor, as such terms are defined in the Business Subsidy Act.

[Remainder of page intentionally left blank.]

ARTICLE III

Status of Property; Eligible Costs

Section 3.1. Status of the Development Property. As of the date of this Agreement, the Development Property is under contract to acquire. The City has no obligation to acquire any interest in the Development Property.

Section 3.2. Costs of Development. The Developer shall undertake and assume all necessary costs to construct the Minimum Improvements on the Development Property.

Section 3.3. Reimbursement; TIF Note. The City shall reimburse the payments made by the Developer for Eligible Costs through the issuance of the City's TIF Note in substantially the form attached to this Agreement as Exhibit D, subject to the following conditions:

(1) The TIF Note shall be dated, issued and delivered when the Developer shall have demonstrated in writing to the reasonable satisfaction of the City that the construction of the Improvements and the Project has been completed and that the Developer has incurred and paid all costs of acquisition of the Development Property and the construction of Improvements, as described in and limited by Sections 3.1 and 3.2 and shall have submitted paid invoices for the costs of construction of the Improvements in an amount not less than the Reimbursement Amount.

(2) The unpaid principal amount of the TIF Note shall bear simple, non-compounding interest from the date of issuance of the TIF Note, at [4.75%] per annum. Interest shall be computed on the basis of a 360 day year consisting of twelve (12) 30-day months. The principal amount of the TIF Note and the interest thereon shall be payable solely from the Available Tax Increments.

(3) The payment dates of the TIF Note shall be the Payment Dates. On each Payment Date and subject to the provisions of the TIF Note, the City shall pay, against the principal and interest outstanding on the TIF Note, the Available Tax Increments received by the City during the preceding six months. All such payments shall be applied first to accrued interest and then to reduce the principal of the TIF Note.

(4) The TIF Note shall be a special and limited obligation of the City and not a general obligation of the City, and only Available Tax Increments shall be used to pay the principal of and interest on the TIF Note. If, on any Payment Date, the Tax Increments for the payment of the accrued and unpaid interest on the TIF Note are insufficient for such purposes, the difference shall be carried forward, without interest accruing thereon, and shall be paid if and to the extent that on a future Payment Date there are Available Tax Increments in excess of the amounts needed to pay the accrued interest then due on the TIF Note.

(5) The City's obligation to make payments on the TIF Note on any Payment Date or any date thereafter shall be conditioned upon the requirement that there shall not at that time be

an Event of Default that has occurred beyond applicable cure periods and is continuing under this Agreement.

(6) The TIF Note shall be governed by and payable pursuant to the additional terms thereof, as set forth in Exhibit D. In the event of any conflict between the terms of the TIF Note and the terms of this Section 3.3, the terms of the TIF Note shall govern. The issuance of the TIF Note pursuant and subject to the terms of this Agreement, and the taking by the City of such additional actions as bond counsel for the TIF Note may require in connection therewith, are hereby authorized and approved by the City.

Section 3.4. Compliance with Low and Moderate Income Requirements.

(1) The City and the Developer understand and agree that the Tax Increment District will constitute a "housing district" under Section 469.174, Subd. 11 of the Tax Increment Act. Accordingly, in compliance with Section 469.1761, Subd. 3 of the Tax Increment Act, the Developer agrees that the Project must satisfy, or be treated as satisfying, the income requirements for a qualified residential rental project as defined in Section 142(d) of the Internal Revenue Code. The parties further agree that no more than 20% of the square footage of the Development Property (which includes the only building receiving assistance from Tax Increments) may consist of commercial, retail, or other nonresidential uses. For purposes of meeting the requirements of Section 469.1761, Subd. 3 of the Tax Increment Act:

(A) At least 40% of the residential units in the Project must be occupied or available for occupancy by persons whose incomes do not exceed 60% of the area median gross income (as further described in Section 142(d) of the Internal Revenue Code and related regulations); and

(B) The limits described in clause (A) must be satisfied through the Termination Date. Income for occupants of units described in clause (A) shall be adjusted for family size in accordance with Section 142(d) of the Internal Revenue Code and related regulations.

(2) On or before each [July 1, commencing on July 1, 2020], and each July 1 thereafter, the Developer or an agent of the Developer must deliver or cause to be delivered to the City a Compliance Certificate executed by the Developer covering the preceding twelve (12) months together with written evidence satisfactory to the City of compliance with the covenants in this Section. This evidence must include a statement of the household income of each of qualifying renter, a written determination that each qualifying renter's household income falls within the qualifying limits of this Section (and Section 142(d) of the Internal Revenue Code), and certification that the income documentation is correct and accurate (and that the determination of qualification was made in compliance with Section 142(d) of the Internal Revenue Code). The City may review, upon request, all documentation supporting the Developer submissions and statements. In determining compliance with this Section, the Developer must use the County median incomes for the year in which the payment is due on the TIF Note, as promulgated by the Minnesota Housing Finance Agency based on the area median incomes established by the United States Department of Housing and Urban Development. Notwithstanding anything to the contrary contained in this Agreement, the Developer may

satisfy the requirements of this Section 3.4(2) by providing the City the annual compliance certificate required by the Minnesota Housing Finance Agency under the [describe Regulatory Agreement/Bond Compliance Agreement] in its capacity as the issuer of the [describe bond issue].

Section 3.5. Payment of Administrative Costs. The City acknowledges that Developer has deposited with the City \$15,000. The City will use such deposit to pay "Administrative Costs," which term means out of pocket costs incurred by the City (including without limitation attorney and fiscal consultant fees) in the negotiation and preparation of this Agreement and other documents and agreements in connection with the Development contemplated hereunder. At Developer's request, but no more often than monthly, the City will provide Developer with a written report including invoices, time sheets or other comparable evidence of expenditures for Administrative Costs and the outstanding balance of funds deposited. If at any time the City determines that the deposit is insufficient to pay Administrative Costs, the Developer is obligated to pay such shortfall within 15 days after receipt of a written notice from the City containing evidence of the unpaid costs. If any balance of funds deposited remains upon issuance of the Certificate of Completion pursuant to Section 4.4 of this Agreement, the City shall promptly return such balance to Developer; provided that Developer remains obligated to pay subsequent Administrative Costs related to any amendments to this Agreement requested by Developer.

Section 3.6. Records. The City and its representatives shall have the right at all reasonable times after reasonable notice to inspect, examine, and copy all books and records of Developer relating to the Minimum Improvements. Developer shall also use its best efforts to cause the contractor or contractors, all sub-contractors and their agents and lenders to make their books and records relating to the Project available to City, upon reasonable notice, for inspection, examination and audit. Such records shall be kept and maintained by Developer until the Termination Date.

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ARTICLE IV

Construction of Minimum Improvements

Section 4.1. Construction of Improvements. The Developer agrees that it will construct the Minimum Improvements on the Development Property in accordance with the approved Construction Plans and at all times prior to the Termination Date will operate and maintain, preserve and keep the Minimum Improvements or cause such improvements to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair and condition. The City shall have no obligation to operate or maintain the Minimum Improvements.

Section 4.2. Construction Plans. (a) Before commencement of construction of the Minimum Improvements, the Developer shall submit to the City the Construction Plans. The Construction Plans shall provide for the construction of the Minimum Improvements and shall be in conformity with this Agreement, and all applicable State and local laws and regulations. The City will approve the Construction Plans in writing if: (i) the Construction Plans conform to the terms and conditions of this Agreement; (ii) the Construction Plans conform to all applicable federal, state and local laws, ordinances, rules and regulations; (iii) the Construction Plans are adequate to provide for construction of the Minimum Improvements; (iv) the Construction Plans do not provide for expenditures in excess of the funds available to the Developer from all sources for construction of the Minimum Improvements; and (v) no Event of Default has occurred.

Approval may be based upon a review by the City's Building Official of the Construction Plans. No approval by the City shall relieve the Developer of the obligation to comply with the terms of this Agreement, applicable federal, state and local laws, ordinances, rules and regulations, or to construct the Minimum Improvements in accordance therewith. No approval by the City shall constitute a waiver of an Event of Default. If approval of the Construction Plans is requested by the Developer in writing at the time of submission, such Construction Plans shall be deemed approved unless rejected in writing by the City, in whole or in part. Such rejections shall set forth in detail the reasons therefore, and shall be made within twenty (20) days after the date of their receipt by the City. If the City rejects any Construction Plans in whole or in part, the Developer shall submit new or corrected Construction Plans within twenty (20) days after its receipt of written notification to the Developer of the rejection. The provisions of this Section relating to approval, rejection and resubmission of corrected Construction Plans shall continue to apply until the Construction Plans have been approved by the City. The City's approval shall not be unreasonably withheld, conditioned or delayed. Said approval shall constitute a conclusive determination that the Construction Plans (and the Minimum Improvements constructed in accordance with said plans) comply to the City's satisfaction with the provisions of this Agreement relating thereto.

(b) If the Developer desires to make any material change in the Construction Plans after their approval by the City, the Developer shall submit the proposed change to the City for its approval. For the purposes of this Section, the term "material" means any change that decreases the total size of the Minimum Improvements by 400 square feet or more. If the Construction Plans, as modified by the proposed change, conform to the requirements of this

Section 4.2 of this Agreement with respect to such previously approved Construction Plans, the City shall approve the proposed change and notify the Developer in writing of its approval. Such change in the Construction Plans shall, in any event, be deemed approved by the City unless rejected, in whole or in part, by written notice by the City to the Developer, setting forth in detail the reasons therefor. Such rejection shall be made within twenty (20) days after receipt of the notice of such change. The City's approval of any such change in the Construction Plans will not be unreasonably withheld.

Section 4.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, the Developer shall commence construction of Minimum Improvements by April 30, 2018. Subject to Unavoidable Delays, the Developer shall complete the construction of Minimum Improvements by April 30, 2019. All work with respect to the Minimum Improvements to be constructed or provided by the Developer on the Development Property shall be in conformity with the Construction Plans as submitted by the Developer and approved by the City.

The Developer agrees for itself, its successors and assigns, and every successor in interest to the Development Property, or any part thereof, that the Developer, and such successors and assigns, shall promptly begin and diligently prosecute to completion the Development of the Development Property through the construction of the Minimum Improvements thereon, and that such construction shall in any event be commenced and completed within the period specified in this Section 4.3 of this Agreement. After the date of this Agreement and until construction of the Minimum Improvements has been completed, the Developer shall make reports, in such detail and at such times as may reasonably be requested by the City, as to the actual progress of the Developer with respect to such construction.

Section 4.4. Certificate of Completion. (a) Promptly after completion of the Minimum Improvements in accordance with those provisions of the Agreement relating solely to the obligations of the Developer to construct the Minimum Improvements (including the dates for beginning and completion thereof), the City will furnish the Developer with a Certificate shown as Exhibit C. Such certification and such determination shall not constitute evidence of compliance with or satisfaction of any obligation of the Developer to any Holder of a Mortgage, or any insurer of a Mortgage, securing money loaned to finance the Minimum Improvements, or any part thereof.

(b) If the City shall refuse or fail to provide any certification in accordance with the provisions of this Section 4.4 of this Agreement, the City shall, within thirty (30) days after written request by the Developer, provide the Developer with a written statement, indicating in adequate detail in what respects the Developer has failed to complete the Minimum Improvements in accordance with the provisions of the Agreement, or is otherwise in default, and what measures or acts it will be necessary, in the reasonable opinion of the City, for the Developer to take or perform in order to obtain such certification.

(c) The construction of the Minimum Improvements shall be deemed to be complete upon issuance of a certificate of occupancy by the City, and the issuance of such certificate shall not be unreasonably withheld, conditioned, or delayed.

ARTICLE V

Insurance and Subordination

Section 5.1. Insurance. (a) The Developer will provide and maintain at all times during the process of constructing the Minimum Improvements an All Risk Broad Form Basis Insurance Policy and, from time to time during that period, at the request of the City, furnish the City with proof of payment of premiums on policies covering the following: *[Confirming]*

(i) builder's risk insurance, written on the so-called "Builder's Risk - Completed Value Basis," in an amount equal to one hundred percent (100%) of the insurable value of the Minimum Improvements at the date of completion, and with coverage available in non-reporting form on the so-called "all risk" form of policy. The interest of the City shall be protected in accordance with a clause in form and content satisfactory to the City;

(ii) commercial general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations and contractual liability insurance) with limits against bodily injury and property damage of not less than \$2,000,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used). The City shall be listed as an additional insured on the policy; and

(iii) workers' compensation insurance, with statutory coverage, provided that the Developer may be self-insured with respect to all or any part of its liability for workers' compensation.

(b) Upon completion of construction of the Minimum Improvements and prior to the Termination Date, the Developer shall maintain, or cause to be maintained, at its cost and expense, and from time to time at the request of the City shall furnish proof of the payment of premiums on, insurance as follows:

(i) Insurance against loss and/or damage to the Minimum Improvements under a policy or policies covering such risks as are ordinarily insured against by similar businesses.

(ii) Commercial general public liability insurance, including personal injury liability (with employee exclusion deleted), against liability for injuries to persons and/or property, in the minimum amount for each occurrence and for each year of \$2,000,000, and shall be endorsed to show the City as additional insured.

(iii) Such other insurance, including workers' compensation insurance respecting all employees of the Developer, in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure; provided that the Developer may be self-insured with respect to all or any part of its liability for workers' compensation.

(c) All insurance required in Article V of this Agreement shall be taken out and maintained in responsible insurance companies selected by the Developer which are authorized under the laws of the State to assume the risks covered thereby. Upon request, the Developer will deposit annually with the City policies evidencing all such insurance, or a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect. Unless otherwise provided in this Article V of this Agreement each policy shall contain a provision that the insurer shall not cancel nor modify it in such a way as to reduce the coverage provided below the amounts required herein without giving written notice to the Developer and the City at least thirty (30) days before the cancellation or modification becomes effective. In lieu of separate policies, the Developer may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein, in which event the Developer shall deposit with the City a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Minimum Improvements.

(d) The Developer will notify the City immediately in the case of damage exceeding \$100,000 in amount to, or destruction of, the Minimum Improvements or any portion thereof resulting from fire or other casualty. In such event the Developer will promptly repair, reconstruct and restore the Minimum Improvements to substantially the same or an improved condition or value as it existed prior to the event causing such damage and, to the extent necessary to accomplish such repair, reconstruction and restoration, the Developer will apply the net proceeds of any insurance relating to such damage received by the Developer to the payment or reimbursement of the costs thereof.

The Developer shall complete the repair, reconstruction, and restoration of the Minimum Improvements, if the applicable lender(s) under the Mortgages makes the net proceeds of insurance available to the Developer for such purposes; provided, however, if such applicable lender(s) do not make the net proceeds of insurance available to the Developer and, as a result, the Developer does not complete the repair, reconstruction, and restoration of the Minimum Improvements, the City may exercise its remedies under Section 9.2 of this Agreement. Any net proceeds remaining after completion of such repairs, construction and restoration shall be the property of the Developer.

(e) All of the insurance provisions set forth in this Article V shall terminate upon the termination of this Agreement.

Section 5.2. Subordination. Notwithstanding anything to the contrary contained in this Article V, the rights of the City with respect to the receipt and application of any proceeds of insurance shall, in all respects, be subject and subordinate to the rights of any lender under a Mortgage approved pursuant to Article VII of this Agreement.

[Remainder of page intentionally left blank.]

ARTICLE VI

Taxes

Section 6.1. Right to Collect Delinquent Taxes. The Developer acknowledges that the City is providing substantial aid and assistance in furtherance of the Development District through the reimbursement of Eligible Costs under this Agreement. The Developer understands that the Available Tax Increment pledged to payment on the TIF Note is derived from real estate taxes on the Development Property, which taxes must be promptly and timely paid. To that end, the Developer agrees for itself in addition to the obligation pursuant to statute to pay real estate taxes, it is also obligated by reason of this Agreement to pay before delinquency all real estate taxes assessed against the Development Property and the Minimum Improvements. The Developer acknowledges that this obligation creates a contractual right on behalf of the City to sue the Developer to collect delinquent real estate taxes and any penalty or interest thereon and to pay over the same as a tax payment to the county auditor, provided, however, that Developer shall have the right to contest taxes in the manner provided by law. In any such suit, the City shall also be entitled to recover its costs, expenses and reasonable attorney fees.

Section 6.2 Reduction of Taxes. The Developer agrees that prior to the Termination Date: (1) it will not seek administrative review or judicial review of the applicability of any real property tax statute determined by any Tax Official to be applicable to the Minimum Improvements or the Developer or raise the inapplicability of any such tax statute as a defense in any proceedings, including delinquent tax proceedings; (2) it will not seek administrative review or judicial review of the constitutionality of any real property tax statute determined by any Tax Official to be applicable to the Minimum Improvements or the Developer or raise the unconstitutionality of any such real property tax statute as a defense in any proceedings, including delinquent tax proceedings; (3) it will not (A) cause willful destruction of the Minimum Improvements or any part thereof; (B) willfully refuse to reconstruct damaged or destroyed property pursuant to Section 5.1, except as provided in Section 5.1(e) of this Agreement; (C) apply to the Commissioner of Revenue of the State requesting an abatement of real property taxes pursuant to Minnesota Statutes, Chapter 270; (D) transfer the Development Property or Minimum Improvements, or any part thereof, to an entity exempt from the payment of real property taxes under State law; (E) engage in any other proceedings, whether administrative, legal or equitable, with any administrative body within the County or the State or with any court of the State or the federal government to reduce or defer the amount of real property taxes assessed against the Development Property and the Minimum Improvements, except that (i) to the extent the assessed value or proposed assessed value of the Development Property is in excess of \$2,121,100, the Developer shall have the right to object to the valuation of the Development Property if it reasonably believes the assessed value of the property is inaccurate or unreasonable but if the assessed value is reduced, the Developer agrees the City has no obligation to make up any reduction in the projected Available Tax Increment, and the Developer shall then be eligible to receive only the then Available Tax Increment as computed in light of the new assessed value (and prior to such determination, the Available Tax Increment shall be based on an assessed value of at least the value not being contested); and (ii), nothing in this Section 6.2 shall prevent the Developer from taking any action it may choose with respect to any income tax matters.

ARTICLE VII

Financing

Section 7.1. Developer Financing. In the event the Developer requires construction financing, Developer shall submit to the City evidence of one or more commitments for financing which, together with committed equity, is sufficient for construction of the Minimum Improvements. If the City finds that the financing is sufficiently committed and adequate in amount to provide for the undertakings described in paragraph (a), then the City shall notify the Developer in writing of its approval. Such approval shall not be unreasonably withheld and either approval or rejection shall be given within ten (10) days from the date when the City is provided the evidence of financing. A failure by the City to respond to such evidence of financing shall be deemed to constitute an approval hereunder. If the City rejects the evidence of financing as inadequate, it shall do so in writing specifying the basis for the rejection. In any event the Developer shall submit adequate evidence of financing within ten (10) days after such rejection. In the event that there occurs a default under any Mortgage, the Developer shall cause the City to receive copies of any notice of default received by the Developer from the holder of such Mortgage or the Developer shall have the right to terminate this Agreement by giving the City written notice, and the Developer shall have no further obligations hereunder.

Section 7.2. Subordination. In order to facilitate the Developer obtaining financing for the Development of the Minimum Improvements, the City shall subordinate its rights under this Agreement to the Holder of any Mortgage, provided that such subordination shall be subject to such reasonable terms and conditions as required by the Holder of a Mortgage.

Section 7.3. Land and Site Improvement Costs. The City agrees to reimburse Developer for Land and other Eligible Costs. The City will reimburse the Developer solely for Eligible Costs in an amount not to exceed \$[334,000] for improvements to be secured solely by the Available Tax Increment from TIF District 6-18. Payments are not a general obligation of the City. Available Tax Increment is subject to great variation due to factors outside the City's control, including but not limited to assessor's estimated market values, tax rates, and legislative changes.

(b) The obligation to make payments on the reimbursement is conditioned in addition on the following:

- (1) the Developer having submitted and the City having approved Construction Plans for the Minimum Improvements;
- (2) the Developer having executed this Agreement;
- (3) the Developer having provided evidence satisfactory to the City of documentation of the total amount of Eligible Costs;
- (4) subject to Section 6.2, the Developer making timely payment in full of all property tax, special assessment and public utility payments;

(5) reserved;

(6) there being no uncured Event of Default by Developer under this Agreement;

(c) Payments. Payments of Available Tax Increment will be paid in semi-annual installments on August 1 and February 1, commencing August 1, [2020] and concluding no later than February 1, [2046] (the "Maturity Date").

(d) Termination of Right to Reimbursement. Notwithstanding anything to the contrary in this Agreement, if the conditions in Section 7.3(b) are not met by April 30, 2019, subject to Unavoidable Delays or the extension of this date by the City, the City may terminate this Agreement by ten days written notice to the Developer. Thereafter neither party shall have any obligations or liability to the other hereunder, except that any obligations of the Developer under Sections 3.4 and 8.3 of this Agreement survive such termination.

(e) Issuance to Third Parties. (i) If the Developer chooses to assign payments of the Available Tax Increment to third parties, the Developer shall notify the City in writing at least 30 days prior to the next payment date.

(f) Qualifications. The Developer understands and acknowledges that the City makes no representations or warranties regarding the amount of Available Tax Increment. Developer expressly acknowledges that estimates of Tax Increment prepared by the City or its financial advisors in connection with the TIF District or this Agreement are for the benefit of the City, and are not intended as representations on which the Developer may rely. If the Eligible Costs exceed the net proceeds of the TIF Note, such excess is the sole responsibility of Developer.

(Remainder of page is left intentionally blank.)

ARTICLE VIII

Prohibitions Against Assignment and Transfer; Indemnification

Section 8.1. Representation as to Development. The Developer's construction of the Minimum Improvements on the Development Property, and its other undertakings pursuant to the Agreement, are, and will be used, for the purpose of Development of the Development Property and not for speculation in land holding.

Section 8.2. Prohibition Against Developer's Transfer of Property and Assignment of Agreement. Prior to the issuance of a Certificate of Completion for the Minimum Improvements:

(a) Except only by way of security for, and only for, the purpose of obtaining financing necessary to enable the Developer or any successor in interest to the Development Property, or any part thereof, to perform its obligations with respect to making the Minimum Improvements under this Agreement, and any other purpose authorized by this Agreement, the Developer has not made or created and will not make or create or suffer to be made or created any total or partial sale, assignment, conveyance, or lease, or any trust or power, or transfer in any other mode or form of or with respect to the Agreement or the Development Property or any part thereof or any interest therein, or any contract or agreement to do any of the same ("Transfer"), except to an Affiliate of Developer, without the prior written approval of the City unless the Developer remains liable and bound by this Agreement in which event the City's approval is not required. Any such Transfer shall be subject to the provisions of this Agreement.

(b) In the event the Developer, upon Transfer of the Development Property or any portion thereof, seeks to be released from its obligations under this Agreement as to the portions of the Development Property that is transferred or assigned, the City shall be entitled to require, except as otherwise provided in the Agreement, as conditions to any such release that:

(i) Any proposed transferee shall have the qualifications and financial responsibility, in the reasonable judgment of the City, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer as to the portion of the Development Property to be transferred.

(ii) Any proposed transferee, by instrument in writing satisfactory to the City and in form recordable in the public land records of Isanti County, Minnesota, shall, for itself and its successors and assigns, and expressly for the benefit of the City, have expressly assumed all of the obligations of the Developer under this Agreement as to the portion of the Development Property to be transferred and agreed to be subject to all the conditions and restrictions to which the Developer is subject as to such portion; provided, however, that the fact that any transferee of, or any other successor in interest whatsoever to, the Development Property, or any part thereof, shall not, for whatever reason, have assumed such obligations or so agreed, and shall not (unless and only to the extent otherwise specifically provided in this Agreement or agreed to in writing by the City) deprive the City of any rights or remedies or controls with respect to the Development

Property or any part thereof or the construction of the Minimum Improvements; it being the intent of the parties as expressed in this Agreement that (to the fullest extent permitted at law and in equity and excepting only in the manner and to the extent specifically provided otherwise in this Agreement) no transfer of, or change with respect to, ownership in the Development Property or any part thereof, or any interest therein, however consummated or occurring, and whether voluntary or involuntary, shall operate, legally or practically, to deprive or limit the City of or with respect to any rights or remedies on controls provided in or resulting from this Agreement with respect to the Minimum Improvements that the City would have had, had there been no such transfer or change. In the absence of specific written agreement by the City to the contrary, no such transfer or approval by the City thereof shall be deemed to relieve the Developer, or any other party bound in any way by this Agreement or otherwise with respect to the construction of the Minimum Improvements, from any of its obligations with respect thereto.

(iii) Any and all instruments and other legal documents involved in effecting the transfer of any interest in this Agreement or the Development Property governed by this Article VIII, shall be in a form reasonably satisfactory to the City.

In the event the foregoing conditions are satisfied then the Developer shall be released from its obligation under this Agreement, as to the portion of the Development Property that is transferred, assigned or otherwise conveyed. The restrictions under this Section terminate upon issuance of the Certificate of Completion.

Notwithstanding anything to the contrary in this Agreement, without the prior written approval of the City, (i) transfers of direct and indirect ownership interests in the Developer shall be permitted, and (ii) the Developer's rights under this Agreement and/or the TIF Note may be assigned or collaterally assigned to a Holder of a Mortgage, and (iii) a Holder of a Mortgage or an entity it controls, is controlled by, or under common control with, may exercise any rights it may have to acquire the Development Property.

Section 8.3. Release and Indemnification Covenants. (a) The City and its governing body members, officers, agents, servants and employees (the "Indemnified Parties") shall not be liable for and the Developer shall indemnify and hold harmless the Indemnified Parties against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Development Property or the Minimum Improvements.

(b) Except for any willful misrepresentation or any willful or wanton misconduct or negligence of the Indemnified Parties, and except for any breach by any of the Indemnified Parties of their representations or obligations under this Agreement, the Developer agrees to protect and defend the Indemnified Parties, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, maintenance and operation of the Development Property or the Minimum Improvements.

(c) The Indemnified Parties shall not be liable for any damage or injury to the persons or property of the Developer or its officers, agents, servants or employees or any other person who may be about the Development Property or Minimum Improvements.

(d) All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any governing body member, officer, agent, servant or employee of the City in the individual capacity thereof.

(The remainder of this page is left intentionally blank.)

ARTICLE IX

Events of Default

Section 9.1. Events of Default Defined. The following shall be “Events of Default” under this Agreement and the term “Event of Default” shall mean, whenever it is used in this Agreement, any one or more of the following events, after the non-defaulting party provides thirty (30) days written notice to the defaulting party of the event, but only if the event has not been cured within said 30 days or, if the event is by its nature incurable within thirty (30) days, the defaulting party does not, within such 30-day period, provide assurances reasonably satisfactory to the party providing notice of default that the event will be cured and will be cured as soon as reasonably possible:

- (a) failure by either party to observe or perform any covenant, condition, obligation or agreement on its part to be observed or performed hereunder;
- (b) if the Developer shall:
 - (i) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act or under any similar federal or State law; or
 - (ii) make an assignment for benefit of its creditors; or
 - (iii) admit in writing its inability to pay its debts generally as they become due; or
 - (iv) be adjudicated a bankrupt or insolvent.

Section 9.2. Remedies on Default. Whenever any Event of Default referred to in Section 9.1 of this Agreement by Developer occurs, the City may exercise any of the following rights under this Section 9.2 after providing thirty days written notice to the Developer of the Event of Default, but only if the Event of Default has not been cured within said thirty (30) days or, if the Event of Default is by its nature incurable within thirty (30) days, the Developer does not, within such 30-day period, provide assurances reasonably satisfactory to the party providing notice of default that the Event of Default will be cured and will be cured as soon as reasonably possible:

- (a) Withhold payments under Section 7.3 in accordance with its terms pending cure of the Event of Default.
- (b) Terminate this Agreement.
- (c) Take whatever action, including legal, equitable or administrative action, which may appear necessary or desirable to collect any payments due under this Agreement, or to

enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement.

(d) Notwithstanding anything to the contrary herein, in the case of defaults by Developer described in Section 3.3, the City has the additional remedies specified therein, subject to the qualification described in Section 10.3.

Section 9.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to any party is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article IX.

Section 9.4. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 9.5. Attorneys Fees. Whenever any Event of Default occurs and if the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the Developer under this Agreement, the Developer shall, within thirty (30) days of written demand by the City, pay to the City the reasonable fees of such attorneys and such other expenses so incurred by the City.

ARTICLE X

Additional Provisions

Section 10.1. Conflict of Interests; Representatives Not Individually Liable. The City and the Developer, to the best of their respective knowledge, represent and agree that no member, official, or employee of the City shall have any personal interest, direct or indirect, in the Agreement, nor shall any such member, official, or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership, or association in which he is, directly or indirectly, interested. No member, official, or employee of the City shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Developer or successor or on any obligations under the terms of the Agreement.

Section 10.2. Equal Employment Opportunity. The Developer, for itself and its successors and assigns, agrees that during the construction of the Minimum Improvements provided for in the Agreement it will comply with all applicable federal, state and local equal employment and non-discrimination laws and regulations.

Section 10.3. Restrictions on Use. Until the Maturity Date, the Developer shall not discriminate upon the basis of race, color, creed, sex or national origin in the sale, lease, or rental or in the use or occupancy of the Development Property or any improvements erected or to be erected thereon, or any part thereof.

Section 10.4. Provisions Not Merged With Deed. None of the provisions of this Agreement are intended to or shall be merged by reason of any deed transferring any interest in the Development Property and any such deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

Section 10.5. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 10.6. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under the Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally; and

- (a) in the case of the Developer, is addressed to or delivered personally to the Developer at Main Street Flats Limited Partnership, 801 Washington Avenue N. #108 Minneapolis, MN 55401, Attn: Robert G. McCready; and
- (b) in the case of the City, is addressed to or delivered personally to the City at City Hall, 300 3rd Avenue NE, Cambridge, MN 55008, City Administrator.

Or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this Section.

Section 10.7. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 10.8. Recording. The City may record this Agreement and any amendments thereto with the Isanti County recorder. The Developer shall pay all costs for recording.

Section 10.9. Amendment. This Agreement may be amended only by a written agreement approved by all parties hereto.

Section 10.10. Governing Law. This Agreement is made and shall be governed in all respects by the laws of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

Section 10.11. Severability. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications that can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby.

Section 10.12. Utility Services. All water and sewer services that were intended to service the parcel, including services that are no longer in use are the sole responsibility of the Developer in their entirety. All of the existing, not in use services shall be disconnected at the public right-of-way line and shall be identified on the provided as-built drawings. [*Confirming.*]

Section 10.13. Entire Agreement. This Agreement, together with its Schedules, which are incorporated by reference, constitutes the complete and exclusive statement of all mutual understandings between the parties with respect to this Agreement, superseding all prior or contemporaneous proposals, communications, and understandings, whether oral or written, concerning this Agreement, provided that nothing contained herein shall impair the rights of the City or the obligations of the Developer under any other agreement between the City and the Developer. This Agreement may not be amended nor any of its terms modified except by a writing authorized and executed by both parties hereto.

Section 10.14. Termination. This Agreement shall be terminated on the Termination Date without the need for further action but either party. Each party shall cooperate to evidence such termination if requested by the other party.

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and behalf and its seal to be hereunto duly affixed and the Developer has caused this Agreement to be duly executed in its name and behalf on or as of the date first above written.

CITY OF CAMBRIDGE, MINNESOTA

By _____
Its Mayor

By _____
Its City Administrator

STATE OF MINNESOTA)
) ss.
COUNTY OF ISANTI)

The foregoing instrument was acknowledged before me this ___ day of _____, 2017 by Marlys A. Palmer and Lynda Woulfe, the Mayor and Administrator of the City of Cambridge Minnesota, on behalf of the City.

Notary Public

EXHIBIT A
Development Property Legal Description

Lot 1, Block 1, Main Street Flats, Isanti County, Minnesota
[To be confirmed with final title work]

EXHIBIT B
Minimum Improvements

“Minimum Improvements” means the construction of one 28-unit apartment complex to be known as Main Street Flats, the construction of parking areas, rain gardens and utility infrastructure in conjunction with the apartment complex.

EXHIBIT C

CERTIFICATE OF COMPLETION

A. Pursuant to the Contract for Private Development by and between the CITY OF CAMBRIDGE, MINNESOTA, a public body corporate and politic under the laws of Minnesota ("City") and MAIN STREET FLATS LIMITED PARTNERSHIP, a Minnesota limited partnership ("Developer"), dated effective as of _____, 2017 (the "Agreement"), the Developer has agreed to complete the Minimum Improvements, as defined in and in accordance with the Agreement, on that certain real property (the "Property") located in Isanti County, Minnesota, described on the attached Exhibit A.

B. The Developer has substantially completed construction of the Minimum Improvements as required under the Agreement.

C. The issuance of this Certificate of Completion by the City is not intended nor shall it be construed to be a warranty or representation by the City as to the structural soundness of the Minimum Improvements including, but not limited to, the quality of materials, workmanship or the fitness of the Minimum Improvements for it/their proposed use;

NOW THEREFORE, this is to certify that all construction and other physical improvements specified to be done and made by the Developer with regard to the Minimum Improvements have been substantially completed, and the provisions of the Agreement imposing obligations on the Developer to construct the Minimum Improvements on the Property, are hereby satisfied and terminated, and the County Recorder and Registrar of Titles [*Confirm whether Torrens and/or Abstract*] in and for the County of Isanti and State Minnesota are hereby authorized to record this instrument, to be a conclusive determination of the satisfactory termination of said provisions of the Agreement.

(Signature Page to Follow)

(Signature Page to Certificate of Completion)

CITY OF CAMBRIDGE, MINNESOTA

By _____
Its Mayor

By _____
Its City Administrator

STATE OF MINNESOTA)
) ss.
COUNTY OF ISANTI)

The foregoing instrument was acknowledged before me this __ day of _____, 2017
by Marlys A. Palmer and Lynda Woulfe, the Mayor and Administrator of the City of Cambridge
Minnesota, on behalf of the City.

Notary Public

EXHIBIT A
Development Property Legal Description

Lot 1, Block 1, Main Street Flats, Isanti County, Minnesota
[To be confirmed with final title work]

EXHIBIT D

FORM OF TIF NOTE

No. R-1

[\$334,000]

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF ISANTI
CITY OF CAMBRIDGE

TAX INCREMENT REVENUE NOTE
(MAIN STREET FLATS LIMITED PARTNERSHIP HOUSING PROJECT)

The City of Cambridge, Minnesota (the "City"), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay the amounts hereinafter described (the "Payment Amounts") to Main Street Flats Limited Partnership, a Minnesota limited partnership, or its registered assigns (the "Registered Owner"), but only in the manner, at the times, from the sources of revenue, and to the extent hereinafter provided.

The principal amount of this Note shall equal from time to time the principal amount stated above, as reduced to the extent that such principal installments shall have been paid in whole or in part pursuant to the terms hereof; provided that the sum of the principal amount listed above shall in no event exceed \$[334,000] as provided in that certain Contract for Private Development, dated as of _____, 2017, as the same may be amended from time to time (the "Agreement"), by and between the City and Main Street Flats Limited Partnership, a Minnesota limited partnership. The unpaid principal amount hereof shall bear interest from the date of this Note at the simple, non-compounding interest at a rate of [four and seventy-five] hundredths percent ([4.75%]) per annum. Interest shall be computed on the basis of a 360 day year consisting of twelve (12) 30-day months.

The amounts due under this Note shall be payable on August 1, [2020], and on each August 1 and February 1 thereafter to and including February 1, [2046], or, if the first should not be a Business Day (as defined in the Agreement) the next succeeding Business Day (the "Payment Dates"). On each Payment Date the City shall pay by check or draft mailed to the person that was the Registered Owner of this Note at the close of the last business day of the City preceding such Payment Date an amount equal to the Available Tax Increments (hereinafter defined) received by the City during the six month period preceding such Payment Date. All payments made by the Authority under this Note shall first be applied to accrued interest and then to principal. This Note is prepayable by the Authority, in whole or in part, on any date.

The Payment Amounts due hereon shall be payable solely from 95% of the tax increments (the "Available Tax Increments") from the Development Property (as defined in the Agreement) within the City's Tax Increment Financing District Tax Increment Financing District No. 6-18 (the "Tax Increment District") within its Development District No. 6 which are paid to the City and which the City is entitled to retain pursuant to the provisions of Minnesota Statutes, Sections 469.174 through 469.1794, as the same may be amended or supplemented from time to time (the "Tax Increment Act"). This Note shall terminate and be of no further force and effect

following the termination of the Tax Increment District, on any date upon which the City shall have terminated the Agreement under Section 9.2 thereof, or on the date that all principal and interest payable hereunder shall have been paid in full, whichever occurs earliest.

The City makes no representation or covenant, expressed or implied, that the Available Tax Increments will be sufficient to pay, in whole or in part, the amounts which are or may become due and payable hereunder.

The City's payment obligations hereunder shall be further conditioned on the fact that no Event of Default under the Agreement shall have occurred and be continuing at the time payment is otherwise due hereunder, but such unpaid amounts shall become payable, without interest accruing thereon in the meantime, if said Event of Default shall thereafter have been cured; and, further, if pursuant to the occurrence of an Event of Default under the Agreement the City elects to cancel and rescind the Agreement, the City shall have no further debt or obligation under this Note whatsoever. Reference is hereby made to all of the provisions of the Agreement, including without limitation Section 3.3 thereof, for a fuller statement of the rights and obligations of the City to pay the principal of this Note, and said provisions are hereby incorporated into this Note as though set out in full herein.

This Note is a special, limited revenue obligation and not a general obligation of the City and is payable by the City only from the sources and subject to the qualifications stated or referenced herein. This Note is not a general obligation of the City of Cambridge, Minnesota, and neither the full faith and credit nor the taxing powers of the City are pledged to the payment of the principal of this Note and no property or other asset of the City, save and except the above-referenced Available Tax Increments, is or shall be a source of payment of the City's obligations hereunder.

This Note is issued by the City in aid of financing a project pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including the Tax Increment Act.

This Note may be assigned only under the provisions specified in Section 8.2 or with the consent of the City which consent will not be unreasonably withheld. In order to assign the Note, the assignee shall surrender the same to the City either in exchange for a new fully registered note or for transfer of this Note on the registration records for the Note maintained by the City. Each permitted assignee shall take this Note subject to the foregoing conditions and subject to all provisions stated or referenced herein.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; and that this Note, together with all other indebtedness of the City outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the City to exceed any constitutional, statutory or charter limitation thereon.

IN WITNESS WHEREOF, City of Cambridge, Minnesota, by its City Council, has caused this Note to be executed by the manual signatures of its Mayor and City Administrator and has caused this Note to be issued on and dated _____, 20__.

Mayor

Administrator

CERTIFICATION OF REGISTRATION

It is hereby certified that the foregoing Note, as originally issued on _____, 20__, was on said date registered in the name of Main Street Flats Limited Partnership, and that, at the request of the Registered Owner of this Note, the undersigned has this day registered the Note in the name of such Registered Owner, as indicated in the registration blank below, on the books kept by the undersigned for such purposes.

<u>NAME AND ADDRESS OF REGISTERED OWNERS</u>	<u>DATE OF REGISTRATION</u>	<u>SIGNATURE OF CITY ADMINISTRATOR</u>
Main Street Flats Limited Partnership 801 Washington Ave N #108 Minneapolis, Minnesota 55401	_____, 20__	_____
_____	_____, 20__	_____
_____	_____, 20__	_____
_____	_____, 20__	_____

14051163v4

**CAMBRIDGE ECONOMIC DEVELOPMENT AUTHORITY
CITY OF CAMBRIDGE
ISANTI COUNTY
STATE OF MINNESOTA**

RESOLUTION NO. R17-04

RESOLUTION RECOMMENDING A MODIFICATION TO THE DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 6 AND ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 6-18 THEREIN AND ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR.

WHEREAS, it has been recommended by the Board of Commissioners (the "Board") of the Cambridge Economic Development Authority (the "EDA") that the City adopt a Modification to the Development Program for Development District No. 6 (the "Development Program Modification") and establish Tax Increment Financing District No. 6-18 (the "District") therein and adopt a Tax Increment Financing Plan (the "TIF Plan") therefor (the Development Program Modification and the TIF Plan are referred to collectively herein as the "Program and Plan"), all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.124 to 469.133, and Sections 469.174 to 469.1794, inclusive, as amended (the "Act"), all as reflected in the Program and Plan and presented for the Board's consideration; and

WHEREAS, the City has investigated the facts relating to the Program and Plan and has caused the Program and Plan to be prepared; and

WHEREAS, the City has performed all actions required by law to be performed prior to the adoption of the Program and Plan. The City has also requested the City Planning Commission to provide for review of and written comment on the Program and Plan and that the Council schedule a public hearing on the Program and Plan upon published notice as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

1. The EDA hereby recommends that the District is in the public interest and is a "housing district" under Minnesota Statutes, Section 469.174, Subd. 11, and finds that the adoption of the proposed Program and Plan conforms in all respects to the requirements of the Act and will help fulfill a need to develop an area of the State of Minnesota for affordable and high-quality housing.
2. The EDA further recommends that the Program and Plan will afford maximum opportunity, consistent with the sound needs for the City as a whole, for the development or redevelopment of the project area by private enterprise in that the intent is to provide only that public assistance necessary to make the private developments financially feasible.
3. The Program and Plan, as presented to the EDA on this date, are hereby recommended to be established and adopted by the City Council.

Approved by the Board of Commissioners of the Cambridge Economic Development Authority this 5th day of September, 2017.

Chair

ATTEST:

Secretary

PUBLIC NOTICE

AUGUST 24, 2017

countystar.com

PUBLIC NOTICE NOTICE OF PUBLIC HEARING

CITY OF CAMBRIDGE
ISANTI COUNTY
STATE OF MINNESOTA

NOTICE IS HEREBY GIVEN that the City Council of the City of Cambridge, Isanti County, State of Minnesota, will hold a public hearing on September 5, 2017, at approximately 3:00 p.m. at the City Council Chambers in City Hall, 300 Third Ave NE, Cambridge, Minnesota, relating to the City of Cambridge's (the "City") proposed adoption of a Modification to the Development Program for Development District No. 6 (the "Development Program Modification"), the proposed establishment of Tax Increment Financing District No. 6-18 (a housing tax increment financing district) within Development District No. 6, and the proposed adoption of a Tax Increment Financing Plan (the "TIF Plan") therefor (collectively, the "Program and Plan"), pursuant to Minnesota Statutes, 469.124 to 469.133 and Sections 469.174 to 469.1794, all inclusive, as amended. Copies of the Program and Plan are on file and available for public inspection at the office of the City Administrator at City Hall.

The property to be included in Tax Increment Financing District No. 6-18 is located within Development District No. 6 and the City of Cambridge. A map of Development District No. 6 and Tax Increment Financing District No. 6-18 therein is set forth below. Subject to certain limitations, tax increment from Tax Increment Financing District No. 6-18 may be spent on eligible uses within the boundaries of Development District No. 6.

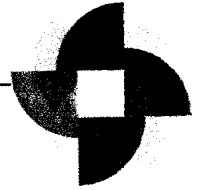


Tax Increment Financing District No. 6-18
Development District No. 6
City of Cambridge
Isanti County, Minnesota



The boundaries of Development District No. 6 shall be coterminous with the corporate boundaries of the City of Cambridge.

All interested persons may appear at the hearing and present their views orally or prior to the meeting in writing.
BY ORDER OF THE CITY COUNCIL OF
THE CITY OF CAMBRIDGE, MINNESOTA
/s/ Lynda Wouffe, City Administrator
Published in the Isanti-Chisago County STAR on Aug. 24, 2017



Tax Increment Financing District Overview

City of Cambridge

Tax Increment Financing District No. 6-18

The following summary contains an overview of the basic elements of the Tax Increment Financing Plan for Tax Increment Financing District No. 6-18. More detailed information on each of these topics can be found in the complete Tax Increment Financing Plan.

Proposed action:	Establishment of Tax Increment Financing District No. 6-18 (the "District") and the adoption of a Tax Increment Financing Plan (the "TIF Plan").	
	Modification to the Development Program for Development District No. 6 to include the establishment of Tax Increment Financing District No. 6-18, which represents a continuation of the goals and objectives set forth in the Development Program for Development District No. 6.	
Type of TIF District:	A housing district	
Parcel Numbers:	15.186.0010	15.186.0020
	15.186.0030	15.041.0570
Proposed Development:	The District is being created to provide assistance to facilitate the construction of approximately 28 units of affordable workforce rental housing in the City. The Main Street Flats project also includes assistance and financing through the Minnesota Housing Finance Agency. Please see Appendix A of the TIF Plan for a more detailed project description.	
Maximum duration:	The duration of the District will be 25 years from the date of receipt of the first increment (26 years of increment). The first increment from the new development is expected in 2020. It is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate the earlier of December 31, 2045, or when the TIF Plan is satisfied.	
Estimated annual tax increment:	Up to \$43,320	



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Authorized uses: The TIF Plan contains a budget that authorizes the maximum project cost amount that may be expended. Any increase to the maximum budget requires formal modification after a public hearing. The allocation of costs can be adjusted as incurred without formal modification.

Land/Building Acquisition.....	\$60,000
Site Improvements/Preparation.....	\$100,000
Utilities.....	\$50,000
Other Qualifying Improvements.....	\$278,576
<u>Administrative Costs (up to 10%).....</u>	<u>\$42,495</u>
PROJECT COSTS TOTAL.....	\$531,071
<u>Interest.....</u>	<u>\$403,823</u>
PROJECT AND INTEREST COSTS TOTAL.....	\$934,894

See Subsection 2-10, on page 2-5 of the TIF Plan for the full budget authorization.

Form of financing: The TIF project costs are proposed to be financed by a pay-as-you-go note issued to the developer to reimburse qualifying project expenditures subject to the terms of a contract for private development.

Administrative fee: Up to 10% of annual increment allowable, if costs are justified. The proposed TIF Note terms identify 95% of available TIF toward note repayment.

Interfund Loan Requirement: If the City wants to pay for administrative expenditures to be reimbursed from a tax increment fund, it is recommended that a resolution authorizing a loan from another fund be passed *PRIOR* to, or within 60 days of the expenditure.

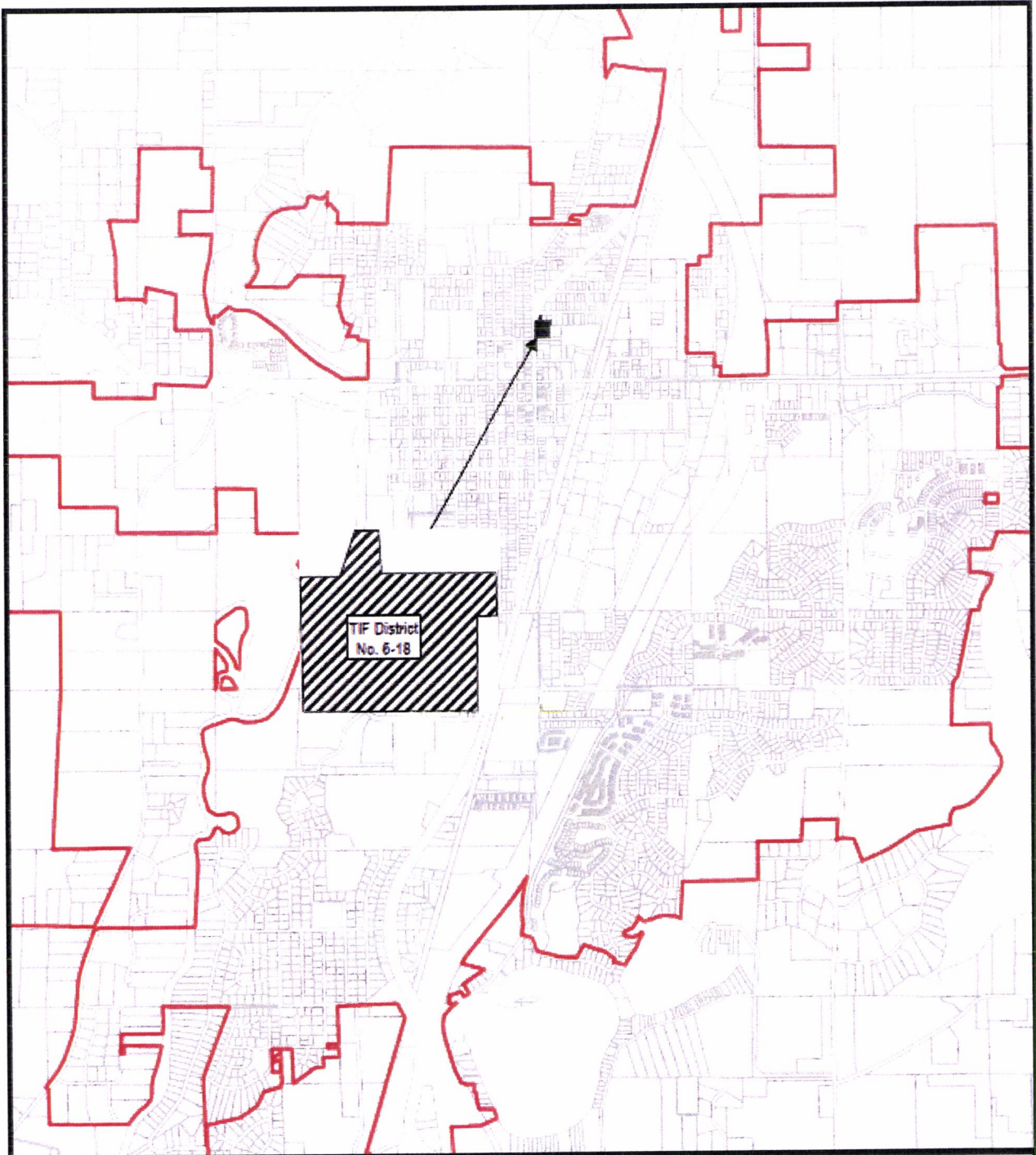
4 Year Activity Rule (§ 469.176 Subd. 6) After four years from the date of certification of the District one of the following activities must have been commenced on each parcel in the District:

- Demolition
- Rehabilitation
- Renovation
- Other site preparation (not including utility services such as sewer and water)

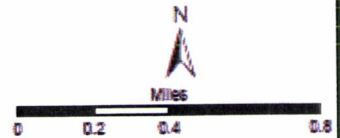
If the activity has not been started by approximately September 2021, no additional tax increment may be taken from that parcel until the commencement of a qualifying activity.

The reasons and facts supporting the findings for the adoption of the TIF Plan for the District, as required pursuant to *M.S., Section 469.175, Subd. 3*, are included in Exhibit A of the City resolution.





Tax Increment Financing District No. 6-18
Development District No. 6
City of Cambridge
Isanti County, Minnesota



The boundaries of Development District No. 6 shall be coterminous with the corporate boundaries of the City of Cambridge.

This map is not to scale. The City of Cambridge does not warrant that the data is accurate or that the City of Cambridge does not represent that the data can be used for purposes other than those intended for use as shown. This map is a compilation of various information and data gathered from various sources and is to be used for reference purposes only. The City of Cambridge does not warrant that the data is accurate or that the City of Cambridge does not represent that the data can be used for purposes other than those intended for use as shown. This map is a compilation of various information and data gathered from various sources and is to be used for reference purposes only. The City of Cambridge does not warrant that the data is accurate or that the City of Cambridge does not represent that the data can be used for purposes other than those intended for use as shown.



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*As of August 24, 2017
Draft for Public Hearing*

**Modification to the Development Program
for Development District No. 6**

and the

Tax Increment Financing Plan

for the establishment of

**Tax Increment Financing District No. 6-18
(a housing district)**

within

Development District No. 6

City of Cambridge
Isanti County
State of Minnesota

Public Hearing: September 5, 2017
Adopted:



EHLERS

Prepared by: EHLERS & ASSOCIATES, INC.
3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105
651-697-8500 fax: 651-697-8555 www.ehlers-inc.com

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(for reference purposes only)

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**Section 1 - Modification to the Development Program
for Development District No. 6**

Foreword

The following text represents a Modification to the Development Program for Development District No. 6. This modification represents a continuation of the goals and objectives set forth in the Development Program for Development District No. 6. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 6-18.

For further information, a review of the Development Program for Development District No. 6 is recommended. It is available from the City Administrator at the City of Cambridge. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within Development District No. 6.

Section 2 - Tax Increment Financing Plan for Tax Increment Financing District No. 6-18

Subsection 2-1. Foreword

The City of Cambridge (the "City"), staff and consultants have prepared the following information to expedite the establishment of Tax Increment Financing District No. 6-18 (the "District"), a housing tax increment financing district, located in Development District No. 6.

Subsection 2-2. Statutory Authority

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the City has certain statutory powers pursuant to *Minnesota Statutes ("M.S.")*, Sections 469.124 to 469.133, inclusive, as amended, and *M.S.*, Sections 469.174 to 469.1794, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Development Program for Development District No. 6.

Subsection 2-3. Statement of Objectives

The District currently consists of four parcels of land and adjacent and internal rights-of-way. The District is being created to facilitate the construction of approximately 28 units of affordable rental housing in the City. Please see Appendix A for further Project Description information. The City anticipates entering into an agreement with Main Street Flats Limited Partnership with development beginning in late 2017. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Development District No. 6.

The activities contemplated in the Modification to the Development Program and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Development District No. 6 and the District.

Subsection 2-4. Development Program Overview

1. Property to be Acquired - Selected property located within the District may be acquired by the City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S.*, Chapter 117 and other relevant state and federal laws.
3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
4. The City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District

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

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed in Appendix C of this TIF Plan. Please also see the map in Appendix B for further information on the location of the District.

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

Subsection 2-6. Classification of the District

The City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, finds that the District, to be established, is a housing district pursuant to *M.S., Section 469.174, Subd. 11 and M.S., Section 469.1761* as defined below:

M.S., Section 469.174, Subd.11:

"Housing district" means a type of tax increment financing district which consists of a project, or a portion of a project, intended for occupancy, in part, by persons or families of low and moderate income, as defined in chapter 462A, Title II of the National Housing Act of 1934, the National Housing Act of 1959, the United States Housing Act of 1937, as amended, Title V of the Housing Act of 1949, as amended, any other similar present or future federal, state, or municipal legislation, or the regulations promulgated under any of those acts, and that satisfies the requirements of M.S., Section 469.1761. Housing project means a project, or portion of a project, that meets all the qualifications of a housing district under this subdivision, whether or not actually established as a housing district.

M.S., Section 469.1761:

Subd. 1. Requirement imposed.

(a) In order for a tax increment financing district to qualify as a housing district:

(1) the income limitations provided in this section must be satisfied; and

(2) no more than 20 percent of the square footage of buildings that receive assistance from tax increments may consist of commercial, retail, or other nonresidential uses.

(b) The requirements imposed by this section apply to property receiving assistance financed with tax increments, including interest reduction, land transfers at less than the authority's cost of acquisition, utility service or connections, roads, parking facilities, or other subsidies. The provisions of this section do not apply to districts located within a targeted area as defined in Section 462C.02 Subd 9, clause (e).

(c) For purposes of the requirements of paragraph (a), the authority may elect to treat an addition to an existing structure as a separate building if:

- (1) construction of the addition begins more than three years after construction of the existing structure was completed; and
- (2) for an addition that does not meet the requirements of paragraph (a), clause (2), if it is treated as a separate building, the addition was not contemplated by the tax increment financing plan which includes the existing structure.

Subd. 2. Owner occupied housing.

For owner occupied residential property, 95 percent of the housing units must be initially purchased and occupied by individuals whose family income is less than or equal to the income requirements for qualified mortgage bond projects under section 143(f) of the Internal Revenue Code.

Subd. 3. Rental property.

For residential rental property, the property must satisfy the income requirements for a qualified residential rental project as defined in section 142(d) of the Internal Revenue Code. The requirements of this subdivision apply for the duration of the tax increment financing district.

Subd. 4. Noncompliance; enforcement.

Failure to comply with the requirements of this section is subject to M.S., Section 469.1771.

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

- The District consists of four parcels.
- The development will consist of 28 units of affordable rental housing
- At least 40% of the units will be occupied by person with incomes less than 60% of median income

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111, 273.112, or 273.114* or *Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

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

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 25 years after receipt of the first increment by the City (a total of 26 years of tax increment). The City elects to receive the first tax increment in 2020, which is no later than four years following the year of approval of the District. Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2045, or when the TIF Plan is satisfied. The City reserves the right to decertify the District prior to the legally required date.

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

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2017 for taxes payable 2018.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2020) the amount by which the original value has increased or decreased as a result of:

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

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

The original local tax rate for the District will be the local tax rate for taxes payable 2018, assuming the request for certification is made before June 30, 2018. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4* and *M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Development District No. 6, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The City requests 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2020. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Estimated Tax Capacity upon Completion (PTC)	\$26,099	
Original Estimated Net Tax Capacity (ONTC)	\$3,449	
Estimated Captured Tax Capacity (CTC)	\$22,650	
Original Local Tax Rate	1.912569	Pay 2017
Estimated Annual Tax Increment (CTC x Local Tax Rate)	\$43,320	
Percent Retained by the City	100%	

Tax capacity includes a 2% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 26. The tax capacity of the District in year one is estimated to be \$15,908.

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

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

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

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The City reserves the right to incur bonds or other indebtedness as a result of the TIF Plan. As

presently proposed, the projects within the District will be financed by a pay-as-you-go note. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the City to incur debt. The City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The total estimated tax increment revenues for the District are shown in the table below:

<u>SOURCES OF FUNDS</u>	<u>TOTAL</u>
Tax Increment	\$849,904
<u>Interest</u>	<u>\$84,990</u>
TOTAL	\$934,894

The City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of \$531,071. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

Subsection 2-10. Uses of Funds

Currently under consideration for the District is a proposal to facilitate the construction of approximately 28 units of affordable rental housing. The City has determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described. The City has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

<u>USES OF TAX INCREMENT FUNDS</u>	<u>TOTAL</u>
Land/Building Acquisition	\$60,000
Site Improvements/Preparation	\$100,000
Utilities	\$50,000
Other Qualifying Improvements	\$278,576
<u>Administrative Costs (up to 10%)</u>	<u>\$42,495</u>
PROJECT COST TOTAL	\$531,071
<u>Interest</u>	<u>\$403,823</u>
PROJECT AND INTEREST COSTS TOTAL	\$934,894

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in Subsection 2-9.

Estimated costs associated with the District are subject to change among categories without a modification

to this TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. The City may expend funds for qualified housing activities outside of the District boundaries.

Subsection 2-11. Business Subsidies

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

- (1) A business subsidy of less than \$150,000;
- (2) Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
- (3) Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
- (4) Redevelopment property polluted by contaminants as defined in *M.S., Section 116J.552, Subd. 3*;
- (5) Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50% of the total cost;
- (6) Assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
- (7) Assistance for housing;
- (8) Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under *M.S., Section 469.174, Subd. 23*;
- (9) Assistance for energy conservation;
- (10) Tax reductions resulting from conformity with federal tax law;
- (11) Workers' compensation and unemployment compensation;
- (12) Benefits derived from regulation;
- (13) Indirect benefits derived from assistance to educational institutions;
- (14) Funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501 (c) (3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
- (15) Assistance for a collaboration between a Minnesota higher education institution and a business;
- (16) Assistance for a tax increment financing soils condition district as defined under *M.S., Section 469.174, Subd. 19*;
- (17) Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;
- (18) General changes in tax increment financing law and other general tax law changes of a principally technical nature;
- (19) Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;
- (20) Funds from dock and wharf bonds issued by a seaway port authority;
- (21) Business loans and loan guarantees of \$150,000 or less;
- (22) Federal loan funds provided through the United States Department of Commerce, Economic Development Administration; and
- (23) Property tax abatements granted under *M.S., Section 469.1813* to property that is subject to valuation under Minnesota Rules, chapter 8100.

The City will comply with *M.S., Sections 116J.993 to 116J.995* to the extent the tax increment assistance under this TIF Plan does not fall under any of the above exemptions.

Subsection 2-12. County Road Costs

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

If the county elects to use increments to improve county roads, it must notify the City within forty-five days of receipt of this TIF Plan. In the opinion of the City and consultants, the proposed development outlined in this TIF Plan will have little or no impact upon county roads, therefore the TIF Plan was not forwarded to the county 45 days prior to the public hearing. The City is aware that the county could claim that tax increment should be used for county roads, even after the public hearing.

Subsection 2-13. Estimated Impact on Other Taxing Jurisdictions

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

IMPACT ON TAX BASE			
	2016/Pay 2017 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) Upon Completion	Percent of CTC to Entity Total
Isanti County	29,120,215	22,650	0.0778%
City of Cambridge	5,946,133	22,650	0.3809%
Cambridge Isanti ISD No. 911	20,791,951	22,650	0.1089%

IMPACT ON TAX RATES				
	Pay 2017 Extension Rates	Percent of Total	CTC	Potential Taxes
Isanti County	0.660050	34.51%	22,650	14,950
City of Cambridge	0.856933	44.81%	22,650	19,410
Cambridge Isanti ISD No. 911	0.393299	20.56%	22,650	8,908
Other	0.002287	0.12%	22,650	52
Total	1.912569	100.00%		43,320

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the actual Pay 2017 rate. The total net capacity for the entities listed above are based on actual Pay 2017 figures. The District will be certified under the actual Pay 2018 rates, which were unavailable at the time this TIF Plan was prepared.

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

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$849,904;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is not expected. With any addition of new residents or businesses, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment.

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

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. As part of the assistance provided, the City will waive an estimated \$94,500 in sanitary sewer (SAC) and water (WAC) connection fees.

The probable impact of any District general obligation tax increment bonds on the ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$174,740;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$293,302;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

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

Subsection 2-14. Supporting Documentation

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

- Market Study: Metro Plains Development
- Minnesota Housing Finance Agency Award Letter: October 2016

- Planned Community Development: June 2016
- Letters of Support: May 16, 2016
- Staff reports and Resolutions R16-032 and R15-026 in support of the project
- Housing Study: Maxfield Research, October 2014

Subsection 2-15. Definition of Tax Increment Revenues

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

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

Subsection 2-16. Modifications to the District

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

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

shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original TIF Plan.

Pursuant to *M.S. Section 469.175 Subd. 4(f)*, the geographic area of the District may be reduced, but shall not be enlarged after five years following the date of certification of the original net tax capacity by the county auditor. If a housing district is enlarged, the reasons and supporting facts for the determination that the addition to the district meets the criteria of *M.S., Section 469.174, Subd. 11* must be documented. The requirements of this paragraph do not apply if (1) the only modification is elimination of parcel(s) from the District and (2) (A) the current net tax capacity of the parcel(s) eliminated from the District equals or exceeds the net tax capacity of those parcel(s) in the District's original net tax capacity or (B) the City agrees that, notwithstanding *M.S., Section 469.177, Subd. 1*, the original net tax capacity will be reduced by no more than the current net tax capacity of the parcel(s) eliminated from the District.

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

Subsection 2-17. Administrative Expenses

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

1. Amounts paid for the purchase of land;
2. Amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the District;
3. Relocation benefits paid to or services provided for persons residing or businesses located in the District;
4. Amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to *M.S., Section 469.178*; or
5. Amounts used to pay other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to (3).

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

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

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

Pursuant to *M.S., Section 469.177, Subd. 11*, the County Treasurer shall deduct an amount (currently .36 percent) of any increment distributed to the City and the County Treasurer shall pay the amount deducted to the State Commissioner of Management and Budget for deposit in the state general fund to be appropriated to the State Auditor for the cost of financial reporting of tax increment financing information and the cost of examining and auditing authorities' use of tax increment financing. This amount may be adjusted annually by the Commissioner of Revenue.

Subsection 2-18. Limitation of Increment

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

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

if, after four years from the date of certification of the original net tax capacity of the tax

increment financing district pursuant to M.S., Section 469.177, no demolition, rehabilitation or renovation of property or other site preparation, including qualified improvement of a street adjacent to a parcel but not installation of utility service including sewer or water systems, has been commenced on a parcel located within a tax increment financing district by the authority or by the owner of the parcel in accordance with the tax increment financing plan, no additional tax increment may be taken from that parcel, and the original net tax capacity of that parcel shall be excluded from the original net tax capacity of the tax increment financing district. If the authority or the owner of the parcel subsequently commences demolition, rehabilitation or renovation or other site preparation on that parcel including qualified improvement of a street adjacent to that parcel, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced and the county auditor shall certify the net tax capacity thereof as most recently certified by the commissioner of revenue and add it to the original net tax capacity of the tax increment financing district. The county auditor must enforce the provisions of this subdivision. The authority must submit to the county auditor evidence that the required activity has taken place for each parcel in the district. The evidence for a parcel must be submitted by February 1 of the fifth year following the year in which the parcel was certified as included in the district. For purposes of this subdivision, qualified improvements of a street are limited to (1) construction or opening of a new street, (2) relocation of a street, and (3) substantial reconstruction or rebuilding of an existing street.

The City or a property owner must improve parcels within the District by approximately September 2021 and report such actions to the County Auditor.

Subsection 2-19. Use of Tax Increment

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

1. To pay the principal of and interest on bonds issued to finance a project;
2. To finance, or otherwise pay the capital and administration costs of Development District No. 6 pursuant to *M.S., Sections 469.124 to 469.133*;
3. To pay for project costs as identified in the budget set forth in the TIF Plan;
4. To finance, or otherwise pay for other purposes as provided in *M.S., Section 469.176, Subd. 4*;
5. To pay principal and interest on any loans, advances or other payments made to or on behalf of the City or for the benefit of Development District No. 6 by a developer;
6. To finance or otherwise pay premiums and other costs for insurance or other security guaranteeing the payment when due of principal of and interest on bonds pursuant to the TIF Plan or pursuant to *M.S., Chapter 462C, M.S., Sections 469.152 through 469.165*, and/or *M.S., Sections 469.178*; and
7. To accumulate or maintain a reserve securing the payment when due of the principal and interest on the tax increment bonds or bonds issued pursuant to *M.S., Chapter 462C, M.S., Sections 469.152 through 469.165*, and/or *M.S., Sections 469.178*.

Revenues derived from tax increment from a housing district must be used solely to finance the cost of housing projects as defined in *M.S., Sections 469.174, Subd. 11 and 469.1761*. The cost of public improvements directly related to the housing projects and the allocated administrative expenses of the City may be included in the cost of a housing project.

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

Tax increments generated in the District will be paid by Isanti County to the City for the Tax Increment Fund of said District. The City will pay to the developer(s) annually an amount not to exceed an amount as specified in a developer's agreement to reimburse the costs of land acquisition, public improvements, demolition and relocation, site preparation, and administration. Remaining increment funds will be used for City administration (up to 10 percent) and for the costs of public improvement activities outside the District.

Subsection 2-20. Excess Increments

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

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

The City must spend or return the excess increments under paragraph (c) within nine months after the end of the year. In addition, the City may, subject to the limitations set forth herein, choose to modify the TIF Plan in order to finance additional public costs in Development District No. 6 or the District.

Subsection 2-21. Requirements for Agreements with the Developer

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

Pursuant to *M.S., Section 469.176, Subd. 5*, no more than 10 percent, by acreage, of the property to be acquired in the District as set forth in the TIF Plan shall at any time be owned by the City as a result of acquisition with the proceeds of bonds issued pursuant to *M.S., Section 469.178* to which tax increments from property acquired is pledged, unless prior to acquisition in excess of 10 percent of the acreage, the City concluded an agreement for the development of the property acquired and which provides recourse for the City should the development not be completed.

Subsection 2-22. Assessment Agreements

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

Subsection 2-23. Administration of the District

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

Subsection 2-24. Annual Disclosure Requirements

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

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

Subsection 2-25. Reasonable Expectations

As required by the TIF Act, in establishing the District, the determination has been made that the anticipated development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future. In making said determination, reliance has been placed upon written representation made by the developer to such effects and upon City staff awareness of the feasibility of developing the project site(s) within the District.

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

1. General Limitations. All revenue derived from tax increment shall be used in accordance with the TIF Plan. The revenues shall be used to finance, or otherwise pay the capital and administration costs of Development District No. 6 pursuant to *M.S., Sections 469.124 to 469.133*. Tax increments may not be used to circumvent existing levy limit law. No tax increment may be used for the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the state or federal government. This provision does not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure.
2. Housing District Exceptions to Restriction on Pooling; Five Year Limit. Pursuant to *M.S., Section 469.1763, (1)* At least 80% of the tax increment derived from the District must be expended on Public Costs incurred within said district, and up to 20% of said tax increments may be spent on public costs incurred outside of the District but within Development District No. 6; provided that in the case of a housing district, a housing project, as defined in *M.S., Section 469.174, Subd. 11*, is deemed to be an activity in the District, even if the expenditure occurred after five years.

Subsection 2-27. Summary

The City of Cambridge is establishing the District to provide an impetus for residential development and provide safe and decent life cycle housing in the City. The TIF Plan for the District was prepared by Ehlers & Associates, Inc., 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, telephone (651) 697-8500.

Appendix A

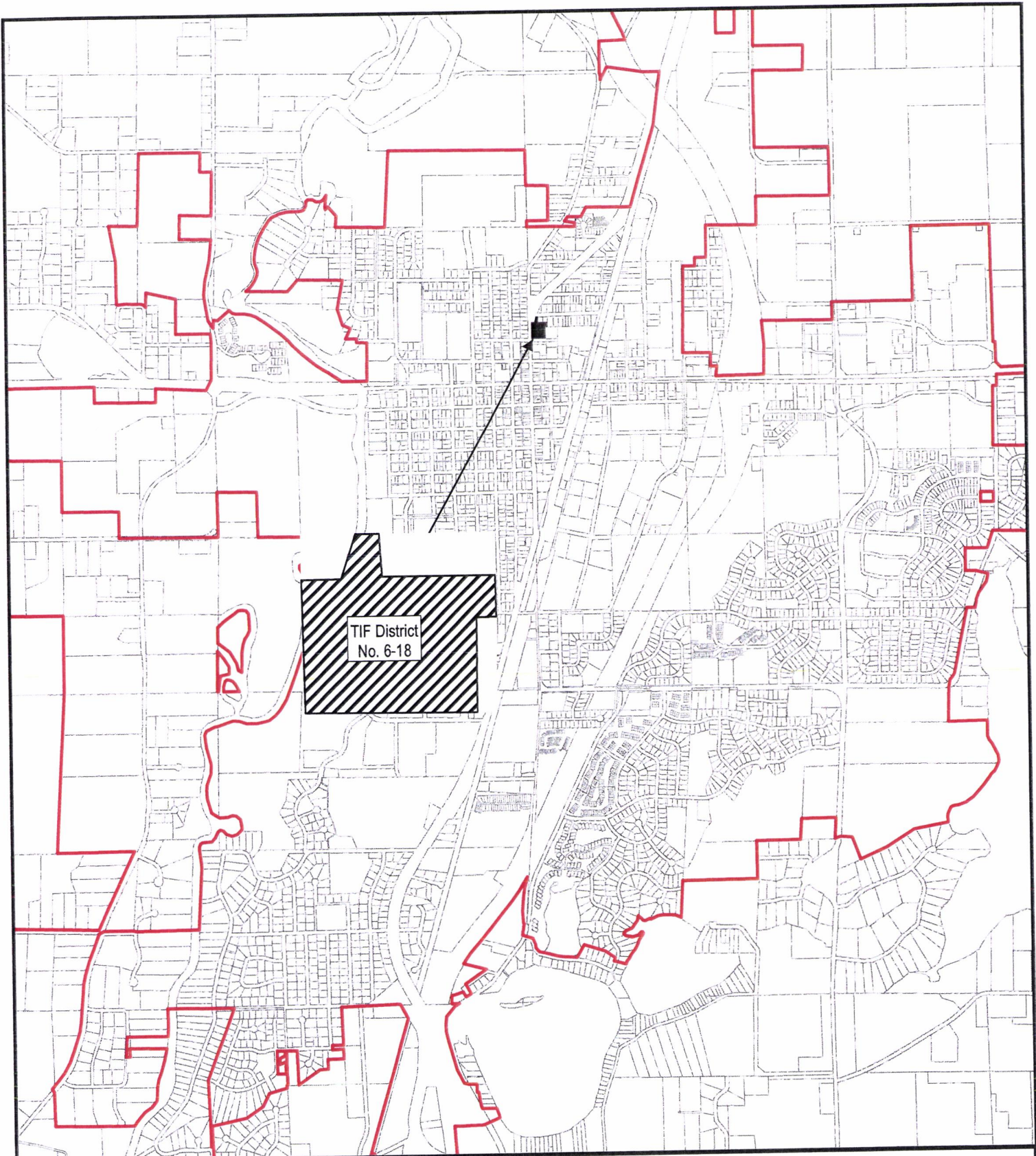
Project Description

The proposed District is being created to provide assistance in partnership with Main Street Flats Limited Partnership to provide workforce housing in the City of Cambridge. The Main street Flats project, as proposed, is a two- story, 28-unit apartment building that will include 7 one-bedroom units and 21 two-bedroom units. Each unit will have a garage along with available surface parking. The building amenities will include an elevator, common areas, first floor unit entrances, and second floor unit balconies. Each apartment will have central air conditioning, open kitchen design, microwave oven, garbage disposal and washer/dryer hook-ups. Main Street Flats will be located on Main Street North and 3rd Avenue Northeast at the Gateway to the City.

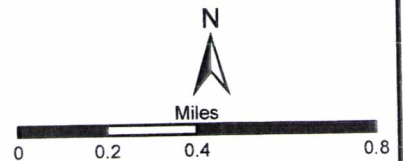
The project will be financed through Developer financing, State grants and loans, tax increments, and the Developer has applied for and been awarded Low Income Housing Tax Credits by the Minnesota Housing Finance Agency for the project.

Appendix B

Map of Development District No. 6 and the District



Tax Increment Financing District No. 6-18
Development District No. 6
City of Cambridge
Isanti County, Minnesota



The boundaries of Development District No. 6 shall be coterminous with the corporate boundaries of the City of Cambridge.

This map is neither a legally recorded map nor a survey map and is not intended to be used as one. This map is a compilation of records, information, and data gathered from various sources and is to be used for reference purposes only. The City of Cambridge does not warrant that the GIS data used to prepare this map are error free, and The City of Cambridge does not represent that the GIS data can be used for navigational, tracking, or any other purpose requiring exacting measurement of distance or direction or precision in the depiction of geographic features. The user of this map acknowledges that the City of Cambridge shall not be liable for any damages which arise out of the user's access or use of data provided.

Appendix C

Description of Property to be Included in the District

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed below.

<u>Parcel Numbers</u>	<u>Address</u>	<u>Owner</u>
15.186.0010	316 Main St. N	Cambridge Properties LLC
15.186.0020	324 Main St. N	Gesh Inc
15.186.0030	332 Main St. N	Cambridge Properties LLC
15.041.0570	N/A	Anderson Lavonne

Appendix D
Estimated Cash Flow for the District



Main Street Flats
City of Cambridge, MN

LIHTC Apartment Development - 28 units (100% at 60% AMI)

ASSUMPTIONS AND RATES

DistrictType:	Housing
District Name/Number:	TIF 6-18
County District #:	SD # 911
First Year Construction or Inflation on Value	2018
Existing District - Specify No. Years Remaining	2.00%
Inflation Rate - Every Year:	4.75%
Interest Rate:	1-Aug-18
Present Value Date:	1-Feb-19
First Period Ending	Pay 2018
Tax Year District was Certified:	2020
Cashflow Assumes First Tax Increment For Development:	26
Years of Tax Increment	2045
Assumes Last Year of Tax Increment	NA
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	Incremental
Incremental or Total Fiscal Disparities	
Fiscal Disparities Contribution Ratio	
Fiscal Disparities Metro-Wide Tax Rate	191.257% Pay 2017
Maximum/Frozen Local Tax Rate:	191.257% Pay 2017
Current Local Tax Rate: (Use lesser of Current or Max.)	45.8020% Pay 2017
State-wide Tax Rate (Comm./Ind. only used for total taxes)	0.14198% Pay 2017
Market Value Tax Rate (Used for total taxes)	

Tax Rates		
Exempt Class Rate (Exempt)		0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)		
First	\$150,000	1.50%
Over	\$150,000	2.00%
Commercial Industrial Class Rate (C/I)		2.00%
Rental Housing Class Rate (Rental)		1.25%
Affordable Rental Housing Class Rate (Aff. Rental)		
First	\$115,000	0.75%
Over	\$115,000	0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)		
First	\$500,000	1.00%
Over	\$500,000	1.25%
Homestead Residential Class Rate (Hmstd. Res.)		
First	\$500,000	1.00%
Over	\$500,000	1.25%
Agricultural Non-Homestead		1.00%

BASE VALUE INFORMATION (Original Tax Capacity)

Map #	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/Phase
1	15.186.0010		316 Main St N	98,300	42,900	141,200	100%	141,200	Pay 2018	Non-H Res. 1 Unit	1,412	Aff. Rental	1,059	
2	15.186.0020		324 Main St N	70,400	85,500	155,900	100%	155,900	Pay 2018	Non-H Res. 1 Unit	1,559	Aff. Rental	1,169	
3	15.186.0030		332 Main St N	58,800	81,500	140,300	100%	140,300	Pay 2018	Non-H Res. 1 Unit	1,403	Aff. Rental	1,052	
4	15.410.0570		NA	21,700	700	22,400	100%	22,400	Pay 2018	C/I Pref.	336	Aff. Rental	168	
				649,200	213,600	862,800		459,800			4,710		3,449	

Note:

1. Base values are for pay 2018 based upon review of County website on 6.28.2017.

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Main Street Flats

City of Cambridge, MN

LIHTC Apartment Development - 28 units (100% at 60% AMI)

PROJECT INFORMATION (Project Tax Capacity)													
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2018	Percentage Completed 2019	Percentage Completed 2020	Percentage Completed 2021	First Year Full Taxes Payable
	Apartments	75,754	75,754	28	2,121,100	Aff. Rental	15,908	568	100%	100%	100%	100%	2020
TOTAL							15,908						
Subtotal Residential				28	2,121,100		15,908						
Subtotal Commercial/Ind.				0	0		0						

Note:

1. Market values are based upon estimates provided by the County Assessor on 6.27.2018.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Apartments	15,908	0	15,908	30,426	0	0	3,011	33,437	1,194.18
TOTAL	15,908	0	15,908	30,426	0	0	3,011	33,437	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	33,437
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(3,011)
less Base Value Taxes	(6,595)
Annual Gross TIF	23,830

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Main Street Flats
City of Cambridge, MN
LIHTC Apartment Development - 28 units (100% at 60% AMI)

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 5%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
														02/01/19
														08/01/19
														02/01/20
100%	15,908	(3,449)	-	12,460	191.257%	23,830	11,915	(43)	(594)	11,279	10,268	0.5	2020	08/01/20
							11,915	(43)	(594)	11,279	20,297	1	2020	02/01/21
100%	16,226	(3,449)	-	12,778	191.257%	24,439	12,219	(44)	(609)	11,567	30,345	1.5	2021	08/01/21
							12,219	(44)	(609)	11,567	40,159	2	2021	02/01/22
100%	16,551	(3,449)	-	13,102	191.257%	25,059	12,530	(45)	(624)	11,860	49,988	2.5	2022	08/01/22
							12,530	(45)	(624)	11,860	59,590	3	2022	02/01/23
100%	16,882	(3,449)	-	13,433	191.257%	25,692	12,846	(46)	(640)	12,160	69,206	3.5	2023	08/01/23
							12,846	(46)	(640)	12,160	78,599	4	2023	02/01/24
100%	17,220	(3,449)	-	13,771	191.257%	26,338	13,169	(47)	(656)	12,466	88,005	4.5	2024	08/01/24
							13,169	(47)	(656)	12,466	97,192	5	2024	02/01/25
100%	17,564	(3,449)	-	14,115	191.257%	26,997	13,498	(49)	(672)	12,777	108,391	5.5	2025	08/01/25
							13,498	(49)	(672)	12,777	115,376	6	2025	02/01/26
100%	17,915	(3,449)	-	14,467	191.257%	27,669	13,834	(50)	(689)	13,095	124,371	6.5	2026	08/01/26
							13,834	(50)	(689)	13,095	133,158	7	2026	02/01/27
100%	18,274	(3,449)	-	14,825	191.257%	28,354	14,177	(51)	(706)	13,420	141,953	7.5	2027	08/01/27
							14,177	(51)	(706)	13,420	150,544	8	2027	02/01/28
100%	18,639	(3,449)	-	15,191	191.257%	29,053	14,526	(52)	(724)	13,750	159,143	8.5	2028	08/01/28
							14,526	(52)	(724)	13,750	167,542	9	2028	02/01/29
100%	19,012	(3,449)	-	15,563	191.257%	29,766	14,883	(54)	(741)	14,088	175,948	9.5	2029	08/01/29
							14,883	(54)	(741)	14,088	184,159	10	2029	02/01/30
100%	19,392	(3,449)	-	15,944	191.257%	30,493	15,247	(55)	(760)	14,432	192,375	10.5	2030	08/01/30
							15,247	(55)	(760)	14,432	200,401	11	2030	02/01/31
100%	19,780	(3,449)	-	16,331	191.257%	31,235	15,617	(56)	(778)	14,783	208,431	11.5	2031	08/01/31
							15,617	(56)	(778)	14,783	216,275	12	2031	02/01/32
100%	20,176	(3,449)	-	16,727	191.257%	31,992	15,996	(58)	(797)	15,141	224,123	12.5	2032	08/01/32
							15,996	(58)	(797)	15,141	231,788	13	2032	02/01/33
100%	20,579	(3,449)	-	17,131	191.257%	32,763	16,382	(59)	(816)	15,507	239,456	13.5	2033	08/01/33
							16,382	(59)	(816)	15,507	246,947	14	2033	02/01/34
100%	20,991	(3,449)	-	17,542	191.257%	33,550	16,775	(60)	(836)	15,879	254,439	14.5	2034	08/01/34
							16,775	(60)	(836)	15,879	261,758	15	2034	02/01/35
100%	21,410	(3,449)	-	17,962	191.257%	34,353	17,177	(62)	(856)	16,259	269,078	15.5	2035	08/01/35
							17,177	(62)	(856)	16,259	276,228	16	2035	02/01/36
100%	21,839	(3,449)	-	18,390	191.257%	35,172	17,586	(63)	(876)	16,647	283,378	16.5	2036	08/01/36
							17,586	(63)	(876)	16,647	290,363	17	2036	02/01/37
100%	22,275	(3,449)	-	18,827	191.257%	36,008	18,004	(65)	(897)	17,042	297,348	17.5	2037	08/01/37
							18,004	(65)	(897)	17,042	304,171	18	2037	02/01/38
100%	22,721	(3,449)	-	19,272	191.257%	36,860	18,430	(66)	(918)	17,445	310,993	18.5	2038	08/01/38
							18,430	(66)	(918)	17,445	317,657	19	2038	02/01/39
100%	23,175	(3,449)	-	19,727	191.257%	37,729	18,864	(68)	(940)	17,857	324,320	19.5	2039	08/01/39
							18,864	(68)	(940)	17,857	330,828	20	2039	02/01/40
100%	23,639	(3,449)	-	20,190	191.257%	38,615	19,308	(70)	(962)	18,276	337,335	20.5	2040	08/01/40
							19,308	(70)	(962)	18,276	343,690	21	2040	02/01/41
100%	24,112	(3,449)	-	20,663	191.257%	39,520	19,760	(71)	(984)	18,704	350,044	21.5	2041	08/01/41
							19,760	(71)	(984)	18,704	356,250	22	2041	02/01/42
100%	24,594	(3,449)	-	21,145	191.257%	40,442	20,221	(73)	(1,007)	19,141	362,454	22.5	2042	08/01/42
							20,221	(73)	(1,007)	19,141	368,514	23	2042	02/01/43
100%	25,086	(3,449)	-	21,637	191.257%	41,383	20,691	(74)	(1,031)	19,586	374,570	23.5	2043	08/01/43
							20,691	(74)	(1,031)	19,586	380,487	24	2043	02/01/44
100%	25,587	(3,449)	-	22,139	191.257%	42,342	21,171	(76)	(1,055)	20,040	386,400	24.5	2044	08/01/44
							21,171	(76)	(1,055)	20,040	392,176	25	2044	02/01/45
100%	26,099	(3,449)	-	22,651	191.257%	43,321	21,660	(78)	(1,079)	20,503	397,948	25.5	2045	08/01/45
							21,660	(78)	(1,079)	20,503	403,587	26	2045	02/01/46
Total							852,975	(3,071)	(42,495)	807,409				
							426,363	(1,535)	(21,241)	403,587				
							Present Value From 08/01/2017	Present Value Rate	4.75%					

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Appendix E

Housing Qualifications for the District

INCOME RESTRICTIONS - ADJUSTED FOR FAMILY SIZE (HOUSING DISTRICT) - ISANTI COUNTY ISANTI COUNTY MEDIAN INCOME: \$90,400		
No. of Persons	50% of Median Income	60% of Median Income
1-person	\$31,650	\$37,980
2-person	\$36,200	\$43,444
3-person	\$40,700	\$48,840
4-person	\$45,200	\$54,240

Source: Department of Housing and Urban Development and Minnesota Housing Finance Agency

The two options for income limits on a standard housing district are 20% of the units at 50% of median income or 40% of the units at 60% of median income. There are no rent restrictions required for a housing TIF district.

***PLEASE NOTE: THESE NUMBERS ARE ADJUSTED ANNUALLY. ALL INCOME FIGURES REPORTED ON THIS PAGE ARE FOR 2017.

Appendix F
Findings for the District

To be added prior to the public hearing

PLANNING COMMISSION
CITY OF CAMBRIDGE, MINNESOTA

RESOLUTION NO. R17-01

**RESOLUTION OF THE CITY OF CAMBRIDGE PLANNING COMMISSION
FINDING THAT A MODIFICATION TO THE DEVELOPMENT PROGRAM
FOR DEVELOPMENT DISTRICT NO. 6 AND A TAX INCREMENT FINANCING
PLAN FOR TAX INCREMENT FINANCING DISTRICT NO. 6-18 CONFORM TO
THE GENERAL PLANS FOR THE DEVELOPMENT AND REDEVELOPMENT
OF THE CITY.**

WHEREAS, the City of Cambridge (the "City") has proposed to adopt a Modification to the Development Program for Development District No. 6 (the "Development Program Modification") and a Tax Increment Financing Plan for Tax Increment Financing District No. 6-18 (the "TIF Plan") therefor (the Development Program Modification and the TIF Plan are referred to collectively herein as the "Program and Plan") and has submitted the Program and Plan to the City Planning Commission (the "Commission") pursuant to Minnesota Statutes, Section 469.175, Subd. 3, and

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

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

Dated: August 1, 2017


Chair

ATTEST:

Secretary

PLANNING COMMISSION MEETING MINUTES

Tuesday, August 1, 2017

Pursuant to due call and notice thereof, a regular meeting of the Cambridge Planning Commission was held at Cambridge City Hall, 300 – 3rd Avenue NE, Cambridge, Minnesota.

Members Present: Mike Stylski, Chad Struss, Kersten Barfknecht-Conley (City Council Representative), Julie Immel, Brandon Grell, and Robert Nelson.

Members Absent: Bob Erickson (excused)

Staff Present: Marcia Westover, Community Development Director/City Planner and Stan Gustafson, Economic Development Director

CALL TO ORDER and PLEDGE OF ALLEGIANCE

Stylski called the meeting to order at 7:03 pm and led the Commission in the Pledge of Allegiance.

APPROVAL OF AGENDA

Struss moved, seconded by Grell to approve the agenda as presented. The motion carried 6/0.

APPROVAL OF MINUTES

July 5, 2017 Regular Meeting Minutes

Immel moved, seconded by Struss to approve the July 5, 2017 meeting minutes as presented. Motion carried 6/0.

PUBLIC COMMENT

Stylski opened the public comment period at 7:05 pm and without comments, closed the public comment period at 7:06 pm.

NEW BUSINESS

Public Hearing: Main Street Flats Conditional Use Permit to allow a multiple family dwelling

Westover explained the City received a request by Main Street Flats, LP, 801 Washington Ave. N. #108, Minneapolis, MN 55410 for a Conditional Use Permit (CUP) to build a multiple family dwelling unit in the B-1A Downtown Fringe Business

zoning district. The request is to build a two-story 28 unit multiple family dwelling on the corner of Main St. N and 3rd Ave NE. Three existing homes, a storage unit building and an old gas station building will be removed as part of this project. The applicant is working with the Minnesota Pollution Control Agency (MPCA) to mitigate any potential soil contamination from the former gas station.

Westover stated a preliminary review of the site has been done and it appears that the site requirements can be met including setbacks, parking, access, etc. Staff will perform a full Site Plan review once the project moves forward through this review process.

Westover stated that Multi Family Dwelling units are allowed in the B-1A Downtown Fringe Business district through a Conditional Use Permit (CUP). The location of the proposed multiple family dwelling is on the fringe and also adjacent to the R-3 Multiple Family zoning district along 4th Ave NE. Westover noted that the transition here from downtown to multifamily is harmonious with the intentions of the community and the Comprehensive Plan.

Westover stated the Comprehensive Plan identifies that safe, affordable, and available housing is necessary to every community. In order to encourage growth in the population and local economy, additional housing may be needed. In this case, the site is a redevelopment of existing substandard housing and the redevelopment will remove blighting influences and replace it with a project that meets community needs.

Westover stated the proposed project will provide housing that is close to downtown and conveniences associated with it (shopping, dining, professional services, and banking). In addition, if the NLX station moves into the City Center Mall, this project will provide transit-oriented housing.

Stylski opened the public hearing period at 7:08 pm.

Vern Hanson and Rob McCready, Metro Plains, 801 Washington Ave N, #108 Minneapolis, MN 55410, and Rob McCready were present at the meeting to answer questions.

Tony Gall, 120 4th Ave NE, Cambridge, MN, 55008, lives in this neighborhood and asked if this project will be Section 8 low income housing and if this will decrease the value of residential homes in the area. Gustafson stated this is not Section 8 housing; it is transit-oriented development, workforce housing and market rate apartments and does not believe the housing market will decrease.

Cody Ward, 148 4th Ave NE, Cambridge, MN, 55008, lives in the neighborhood of this project and asked if there would be any more public meetings regarding this project. Westover stated this subject will be discussed at the Monday, August 21st, City Council Meeting at 6:00 p.m. here in the Council Chambers at City Hall which is open to the public.

Stylski closed the public hearing at 7:14 p.m.

Conley moved, seconded by Struss, to recommend Council approve the resolution for the Main Street Flats Conditional Use Permit for Multiple Family Dwelling in the B-1A zoning district as long as the stated conditions can be met.

Grell asked if the parking lot plan takes into consideration guests that may visit residents and Westover replied yes the plan currently meets the city code.

Motion carried 6/0.

Public Hearing: Main Street Flats Vacation of Right-of-Way

Westover stated the City received a request by Main Street Flats, LP, 801 Washington Ave. N. #108, Minneapolis, MN 55410 to vacate a portion of Main St. N right-of-way. The request is to build a two-story 28 unit multiple family dwelling on the corner of Main St N and 3rd Ave NE. A preliminary and final plat is also being requested in addition to a Conditional Use Permit request for a multiple family dwelling in the B-1A zoning district.

Westover stated as part of the negotiations for this project, right-of-way vacation has been considered by the City and developer. The City Engineer has reviewed what portion of right-of-way can be vacated and what needs to be kept for Main Street N. Vacating this portion of the right-of-way cleans up the property lines and creates additional room for required parking.

Westover said the right-of-way vacation needs to be approved prior to approval of the preliminary and final plat so it can be shown as part of the property on the plat. The City Council has supported the financial incentives of the proposed right-of-way vacation.

Stylski closed the public hearing period at 7:19 pm.

Tony Gall, 120 4th Ave NE, Cambridge, MN, 55008, asked if the main entrance will be off of 4th Avenue or 3rd Avenue.

Westover stated ideally for fire truck and emergency vehicle entry, there would be one way in and one way out. Westover added there are easements available for storing snow in the winter season as well.

Stylski closed the public hearing at 7:22 p.m.

Immel moved, seconded by Grell, to recommend Council approve the resolution approving the Main Street Flats Right-of-Way Vacation as long as the stated conditions can be met. Motion carried 6/0.

Public Hearing: Main Streets Preliminary Plat, and Final Plat

Westover stated the City received a request by Main Street Flats, LP, 801 Washington Ave. N. #108, Minneapolis, MN 55410 for a preliminary plat and final plat.

Westover stated the overall request is to build a two-story 28 unit multiple family dwelling on the corner of Main St. N and 3rd Ave NE. Three (3) existing homes, a storage unit building, and an old gas station building will be removed as part of this project.

Westover explained in order to build the proposed multi-family building, the property needs to be platted. The plat will combine the four existing lots and a portion of existing right-of-way that is proposed to be vacated and combine them into one lot. The right-of-way vacation is also being heard with this request. The plat consists of 1.69 acres.

Stylski opened the public hearing period for the Preliminary Plat at 7:22 pm. Hearing no comments, Stylski closed the public hearing at 7:23 pm.

Nelson asked about the findings of the MPCA. Immel asked if there is a plan in place for either option depending on the MPCA findings.

Vern Hanson, Metro Plains, 801 Washington Ave N, #108 Minneapolis, MN 55410, stated Metro Plains has been working with MPCA for the past five months and so far, they have not received an adverse effect letter. The possible contamination area is not where the proposed building site is and will more than likely be made into a parking lot.

Stylski moved, seconded by Stylski, to recommend Council approve the resolution for the Main Street Preliminary Plat and Final Plat as long as the conditions stated can be met. Motion carried 6/0.

Resolution #R17-01: Finding that a Modification to Development Program for Development District No. 6 . . . conforms to the General Plans for the Development and Redevelopment of the City

Gustafson stated the Planning Commission is requested to review and approve Resolution R17-01 Finding that a Modification to Development Program for Development District No. 6 and Tax Increment Financing Plan for Tax Increment Finance District No. 6-18 conforms to the general plans for the development and redevelopment of the City.

Gustafson said staff started conversations with developers of Metro Plains in the fall of 2014 with Vern Hanson & Rob McCready, about a housing redevelopment and transit-orientated site for an apartment complex. Through various studies, it indicated a strong need for multi-family housing. Staff brought their concepts to City Council on May 5, 2014 for discussion and they have been supportive of this development.

Gustafson stated these apartments will feature an elevator, appliances and detached garages. The building would be sprinkled and the parking lot would meet the City's requirements. This apartment building would include 7-one bedroom units and 21-two bedroom units.

Gustafson stated the developer is seeking Tax Increment Financing (TIF) to assist with financing this project and help fill the gap of needed workforce housing.

Gustafson stated as part of the creation of this district, the Planning Commission is required to find the TIF District is in conformance with the City's general plans for development and redevelopment of the City. As described above, the program Modification and Tax Increment Financing (TIF) Plan for Development District No. 6 and TIF District No. 6-18 is in conformance with the City's Comprehensive Plan.

Gustafson explained TIF District 6-18 will be established on these four parcels. The proposed use includes the construction of a two-story apartment complex with detached garages. The proposed use of TIF is used for land cost, infrastructure, site improvement, required rain garden, parking lot and all other eligible costs.

Gustafson stated staff is recommending the Planning Commission approve Resolution R17-01 as presented, finding that the Modification to the Development Program for Development District No. 6 and the Tax Increment Financing Plan for TIF District No. 6-18 is in conformance with the City's Comprehensive Plan.

Mr. Hanson, Metro Plains, stated sewer and water are all sufficiently sized to meet the demand.

Grell discussed the tight turn for emergency vehicles in the parking lot and wondered if there was room for a turnaround. Westover stated further review of the site plan will be required.

Barfknecht-Conley moved, seconded by Struss to recommend the Planning Commission approve Resolution R17-01 as presented, finding that the Modification to the Development Program for Development District No. 6 and the Tax Increment Financing Plan for TIF District No. 6-18 is in conformance with the City's Comprehensive Plan. The motion passed 6/0.

Public Hearing: Amendment to the Future Land Use Map for 323 4th Ave NE and 345 4th Ave NE from High Density to Fringe/Transition Commercial

Westover explained the City has purchased two properties just north of the City Hall/Fire Department. The current addresses are 323 and 345 4th Ave NE. The Police Department is in need of a garage for its vehicles and equipment since the sale of the former MNDOT building on Emerson St. N. The garage in this location north of City Hall

is being considered by City Council. Requests for Proposals for the garage have been published and will be due in August.

Westover stated the properties on 4th Ave NE are currently identified as High Density Residential on the Future Land Use Map. In order for the garage to be built on these two parcels, the Future Land Use Map and the Zoning Map need to be amended. In addition, a plat accompanies this request to combine these two parcels with the City Hall parcel. The entire parcel must be zoned the same. These parcels are directly adjacent to the City Hall parcel which is identified as Fringe/Transition Commercial on the Future Land Use Map.

Westover stated the City purchased these two properties to plan for the future of the NLX transit station that has the potential to be located in the City Center Mall. If the NLX station comes to Cambridge, then the entire City Hall complex and the area along 4th Ave NE will likely change. At that time, a full rezoning amendment along 4th Ave NE would take place along with new planning efforts for the City Hall/NLX complex. In the meantime, only the two parcels proposed will be amended on the Future Land Use Map for the proposed police garage.

Stylski opened the public hearing period at 7:40 pm.

Ward asked if the NLX plan for the area will be used to build apartment buildings.

Westover stated at this point, the land will be used for a ticket depot and parking lots for possible NLX passengers.

Gall asked if the police garage was going to be a drive through building and if police cars as well as fire trucks will be driving on 4th Ave NE? If so, could a traffic light be added on 4th Avenue?

Westover stated there should not be fire trucks driving through this building on a regular basis. Westover said plans are very preliminary at the present time, overhead doors are planned on being placed on both ends of the building but the plan is to exit off of 3rd Avenue and not off of 4th Avenue and plans for the police garage are taking into consideration the residential area that this future structure will be in.

Stylski closed the public hearing at 7:47 pm.

Barfknecht-Conley moved, seconded by Stylski to recommend the Council approve the amendment to the Future Land Use Map for 323 4th Ave NE and 345 4th Ave NE from R-3 Multiple Family Residence District to B-1A Downtown Fringe Business District. Motion carried 6/0.

Public Hearing: Amendment to the Zoning Map for 323 4th Ave NE and 345 4th Ave NE from R-3 Multiple Family Residence District to B-1A Downtown Fringe Business District

Westover stated staff is looking for a motion on the draft ordinance, as may be amended by the Commission, recommending approval of the Zoning Map Amendment for the parcels located at 323 and 345 4th Ave NE (PIN: 150410690 and 150410660) from R-3 Multiple Family Residence District to B-1A Downtown Fringe Business District.

Stylski opened the public hearing period at 7:48 pm. Stylski closed the public hearing at 7:49 pm.

Nelson moved, seconded by Grell to recommend the Council approve the amendment to the Zoning Map for 323 4th Ave NE and 345 4th Ave NE from R-3 Multiple Family Residence District to B-1A Downtown Fringe Business District. Motion carried 6/0.

Public Hearing: Downtown Commercial 4th Preliminary Plat, and Final Plat (City Hall)

Westover stated the request is to combine all of the City owned property into one parcel. The preliminary plat shows the new property boundary that encompasses the existing City Hall property and the two parcels to the north. The plat removes the property lines between the two parcels along 4th Ave NE and the southern property line to allow for the police garage to be built. The plat is consistent with the City's Subdivision Ordinance.

Stylski opened the public hearing period at 7:50 pm.

Immel asked why the City chose the two parcels at 323 and 345 4th Ave NE to build the garage?

Westover explained because these two parcels are adjacent to the property the Police Department is presently on and they are owned by the City.

Stylski closed the public hearing at 7:53 pm.

Grell moved, seconded by Immel to recommend the Council approve the Downtown Commercial 4th Preliminary and Final Plats as presented. Motion carried 6/0.

OTHER BUSINESS / MISCELLANEOUS

City Council Update

Westover updated the Commission on the previous City Council meeting.

Parks, Trails, and Recreation Commission Update

Westover updated the Commission on the previous Parks, Trails, and Recreation Commission (PTRC) meeting.

ADJOURNMENT

Nelson moved, seconded by Conley, to adjourn the meeting at 7:57 pm. The motion carried 6/0.

Mike Stylski
Cambridge Planning Commission Chair

ATTEST:

Marcia Westover
Community Development Director/City Planner

DRAFT

Main Street Flats Limited Partnership

Main Street Flats

Cambridge, MN

OWNER
 MAIN STREET FLATS LIMITED PARTNERSHIP
 801 WASHINGTON AVE. NORTH, #108
 MINNEAPOLIS, MN 55401
 PHONE: (651) 573-1244
 FAX: (651) 646-8941

DEVELOPER
 METROFLANS LLC
 801 WASHINGTON AVE. NORTH, #108
 MINNEAPOLIS, MN 55401
 PHONE: (651) 573-1244
 FAX: (651) 646-8941

ARCHITECT
 SIKES ABERNATHIE ARCHITECTS, P.C.
 406 SOUTH BOULDER AVENUE, SUITE 100
 TULSA, OK 74103
 PHONE: (918) 599-0541
 FAX: (918) 599-0983

DRAWING INDEX

ARCHITECTURAL

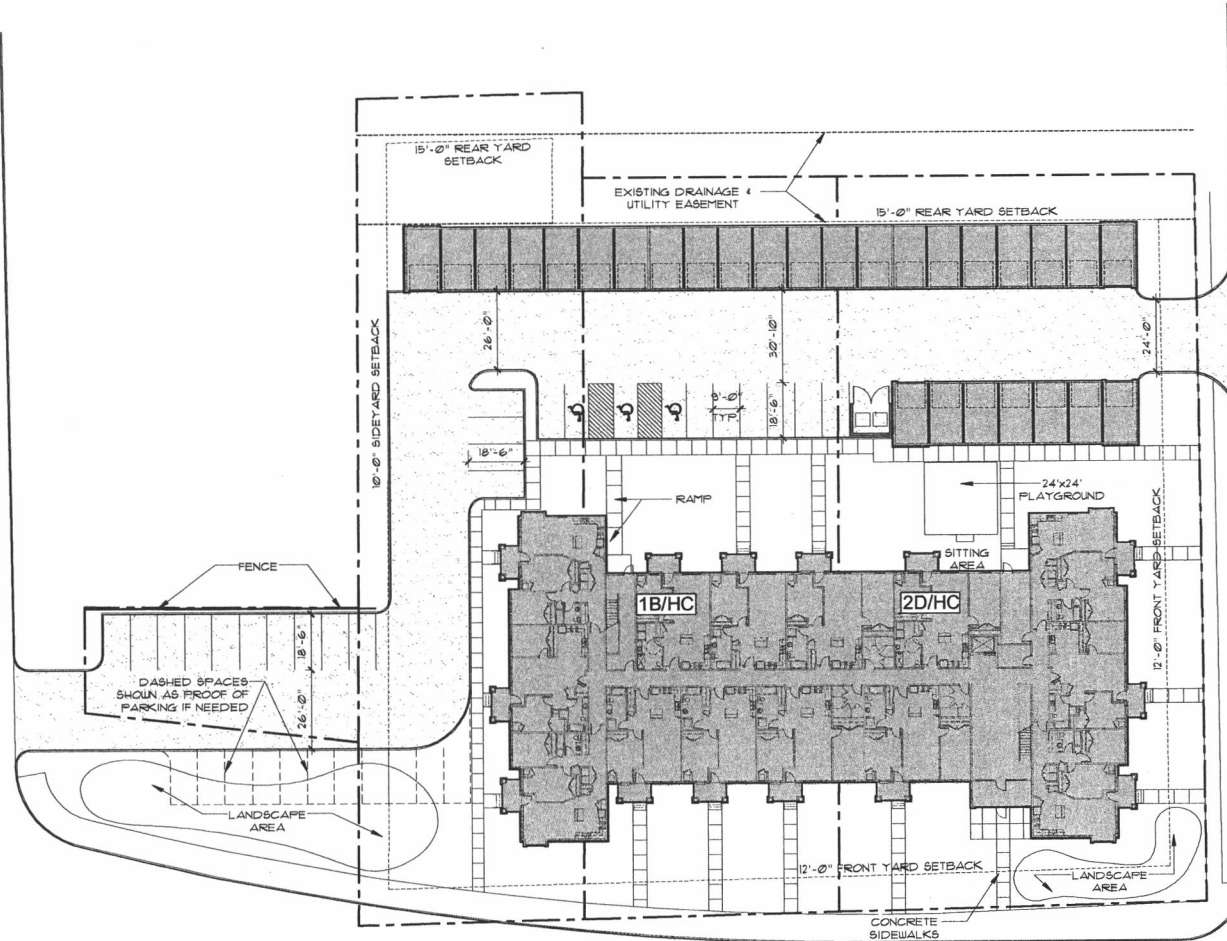
AS101	ARCHITECTURAL SITE PLAN
A101	FIRST LEVEL FLOOR PLAN
A102	SECOND LEVEL FLOOR PLAN
A103	ENLARGED UNIT FLOOR PLANS
A104	ENLARGED UNIT FLOOR PLANS
A211	EXTERIOR ELEVATIONS
A212	EXTERIOR ELEVATIONS AND BUILDING SECTION

1. PROJECT DATA

1. SITE DATA			
TOTAL SITE AREA	33,720 SF. (0.76 ACRES)		
PARKING			
STANDARD PARKING SPACES	32 (11 FUTURE)		
ACCESSIBLE PARKING SPACES	3		
SINGLE CAR GARAGES	28		
TOTAL PARKING SPACES	63		
2. BUILDING DATA			
LEVEL	TOTAL GROSS SQUARE FOOTAGE		
FIRST LEVEL	16,681 SQ. FT.		
SECOND LEVEL	16,509 SQ. FT.		
TOTAL BUILDING AREA	33,196 SQ. FT.		
3. DWELLING UNITS:			
	1 BEDROOM	2 BEDROOM	TOTAL
FIRST LEVEL	4	10	14
SECOND LEVEL	3	11	14
TOTAL UNITS	7	21	28

ACCESSIBILITY:
 TYPE "A": 5% OF 28 = 2 UNITS
 TYPE "B": 28 UNITS
 TYPE "C": 28 UNITS
 SIGHT/HEARING IMPAIRED EQUIPPED: 1 UNIT

4th Avenue NE



Main Street N



1 ARCHITECTURAL SITE PLAN
 AS101 SCALE: 1"=40'

Sikes Abernathie Architects
 406 South Boulder Ave.
 Suite 700
 Tulsa, OK 74103
 918.599.0541

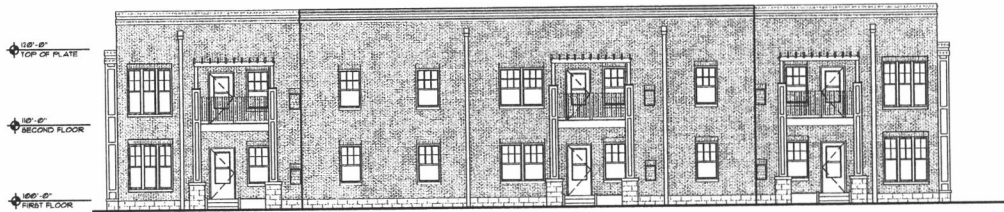
CONSTRUCTION & MATERIALS CHECK
 DATE: 06/16/15
 DRAWN BY: PKA
 CHECKED BY: PKA
 ISSUED: 06/16/15

Main Street Flats Limited Partnership
Main Street Flats
 Cambridge, MN

DRAWN BY:	PKA
CHECKED BY:	PKA
ISSUED:	06/16/15
REVISIONS:	

SHEET TITLE:
Architectural Site Plan

AS101



3 EXTERIOR ELEVATION
 A21 SCALE: 1/8"=1'-0"



2 EXTERIOR ELEVATION
 A21 SCALE: 1/8"=1'-0"



1 EXTERIOR ELEVATION
 A21 SCALE: 1/8"=1'-0"

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 Tulsa, OK 74103
 918.559.0541

SAA

REGISTERED ARCHITECT
 CHECKED ONLY
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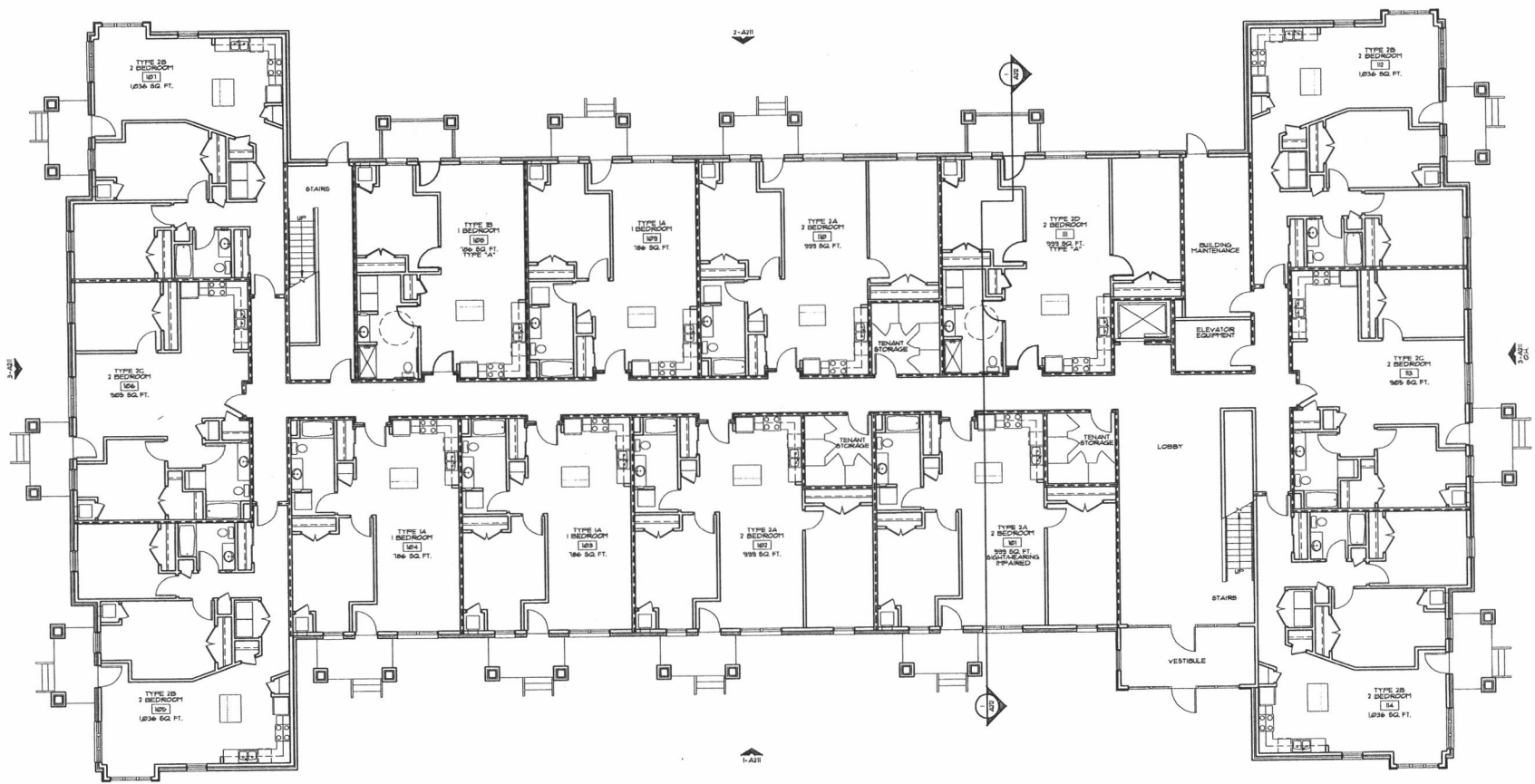
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DRAWN BY:	PKL
CHECKED BY:	PKL
ISSUED:	06/16/19
REVISIONS:	

SHEET TITLE
 Exterior Elevations

A211



1 FIRST LEVEL FLOOR PLAN
 SCALE: 1/8" = 1'-0"

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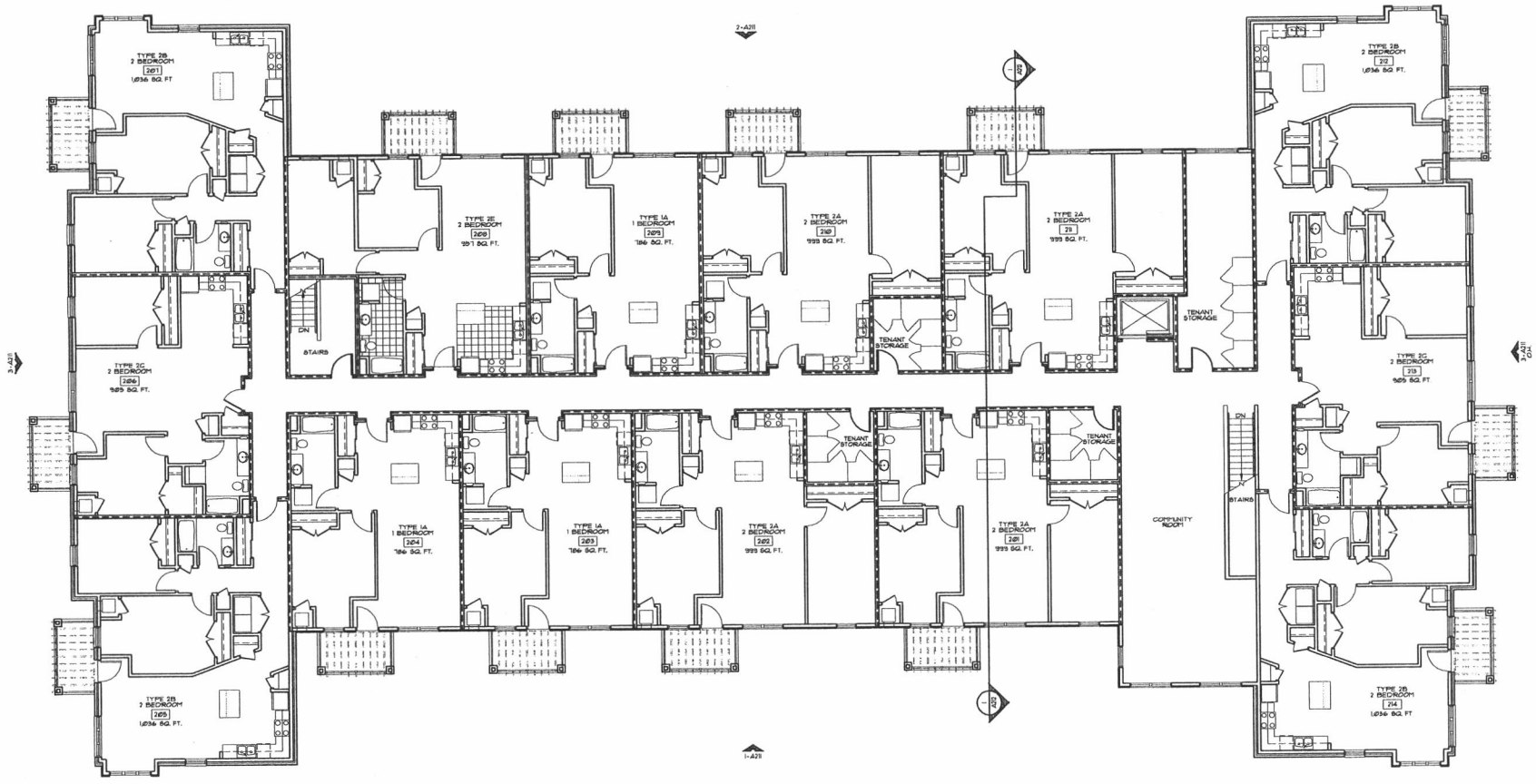


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SHEET TITLE
First Level Floor Plan

A101



1 SECOND LEVEL FLOOR PLAN
 SCALE: 1/8" = 1'-0"

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 918.599.0541

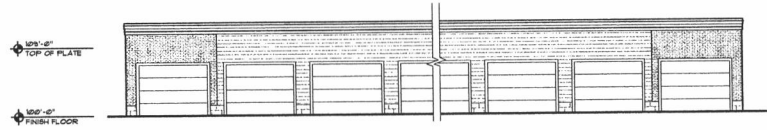


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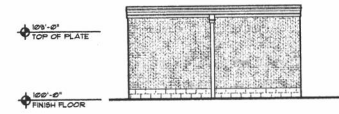
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 CHECKED BY: PMA
 ISSUED: 04/28/15
 REVISIONS:

SHEET TITLE
**Second Level
 Floor Plan**

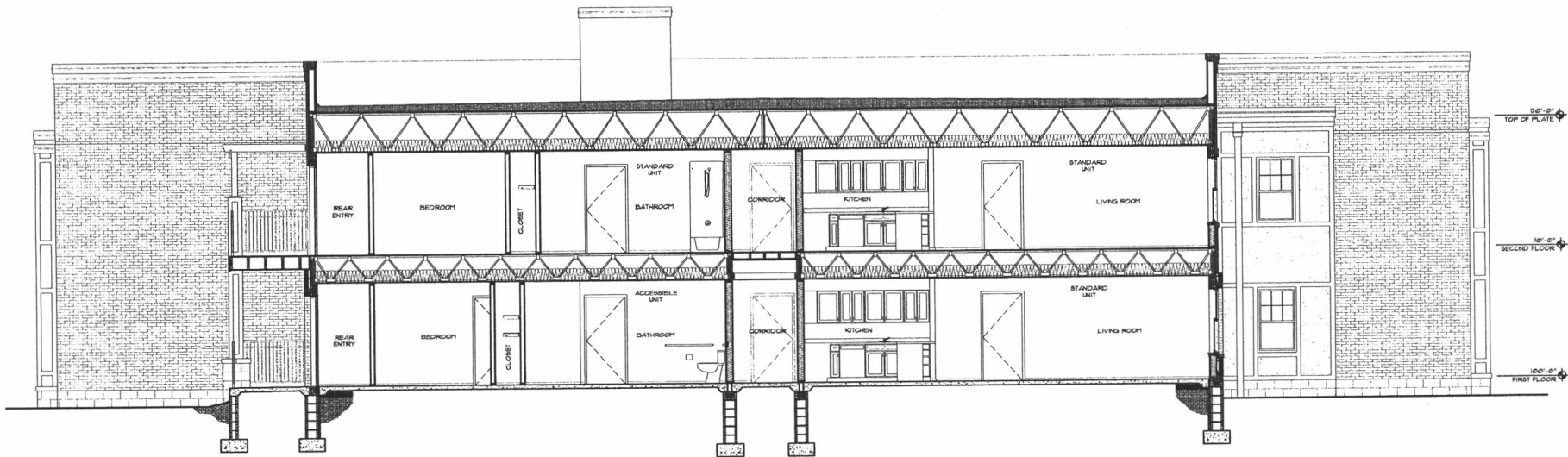
A102



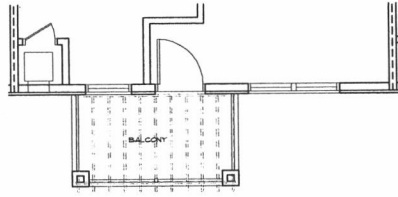
2 GARAGE EXTERIOR ELEVATION
 A212 SCALE: 1/8"=1'-0" TYPICAL



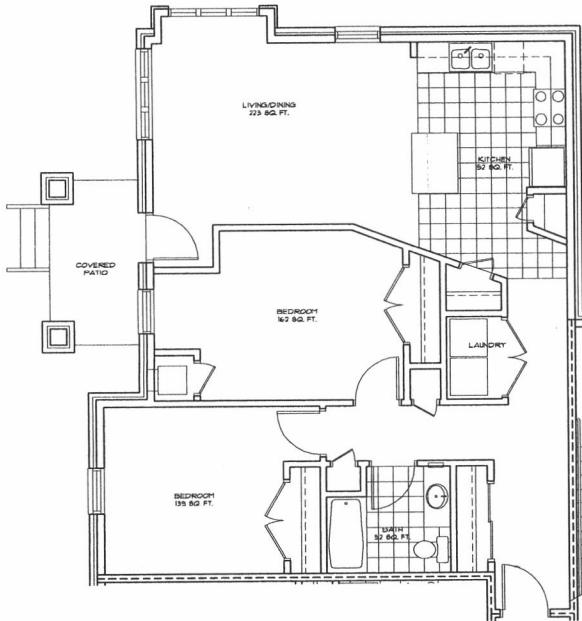
3 GARAGE EXTERIOR ELEVATION
 A212 SCALE: 1/8"=1'-0" TYPICAL



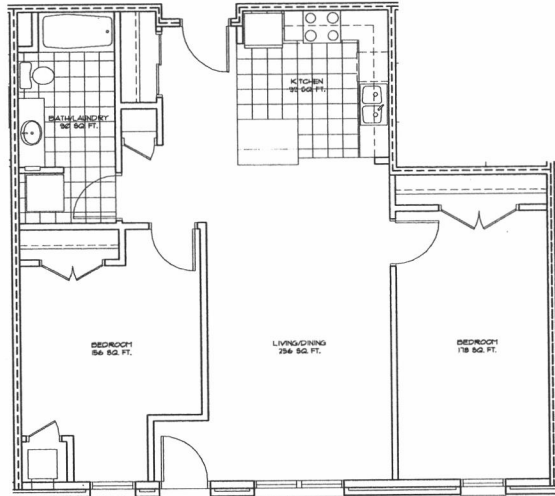
1 BUILDING SECTION
 A212 SCALE: 1/8"=1'-0"



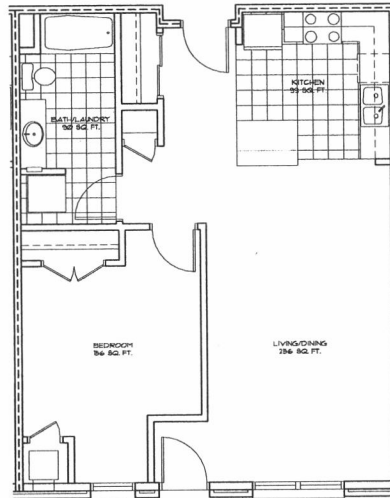
2 TYPICAL UNIT BALCONY
 AMB SCALE: 1/8"=1'-0" SECOND FLOOR



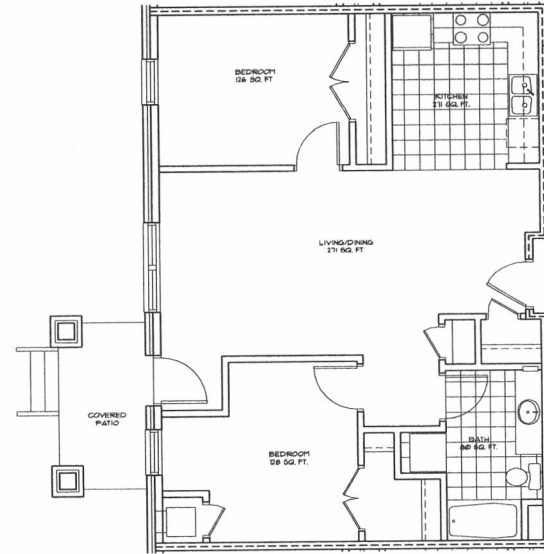
1 2B UNIT FLOOR PLAN
 AMB SCALE: 1/8"=1'-0"



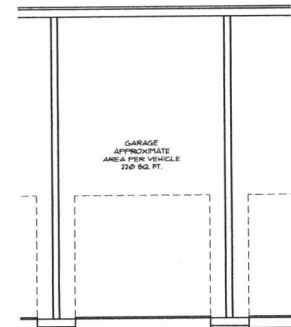
3 2A UNIT FLOOR PLAN
 AMB SCALE: 1/8"=1'-0"



4 1A UNIT FLOOR PLAN
 AMB SCALE: 1/8"=1'-0"



5 2C UNIT FLOOR PLAN
 AMB SCALE: 1/8"=1'-0"



6 TYPICAL GARAGE
 AMB SCALE: 1/8"=1'-0"

Sites
 Sikes Abernethie Architects
 406 South Boulder Ave
 Suite 700
 Tulsa, OK 74103
 918.599.0511



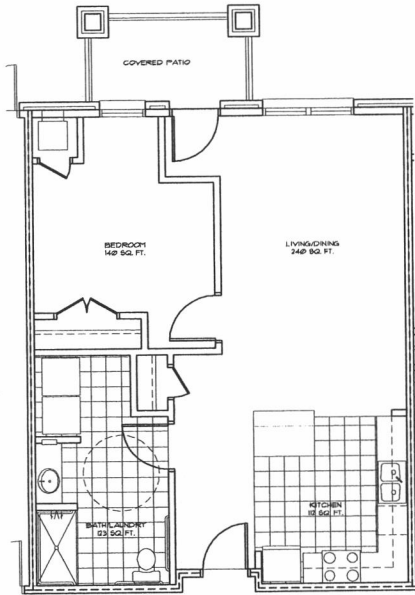
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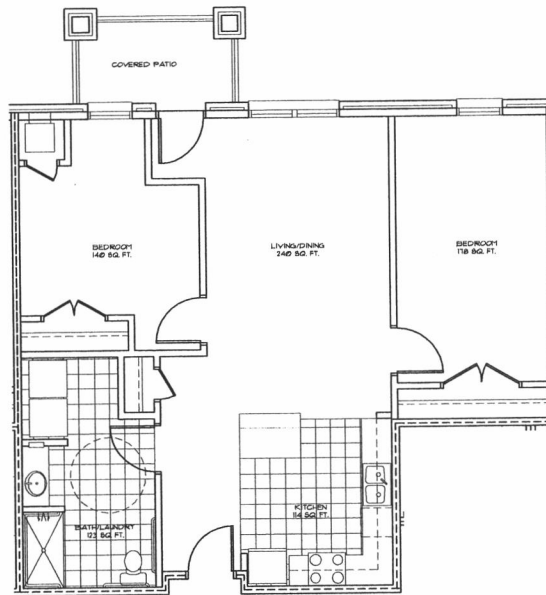
DRAWN BY: TRU
 CHECKED BY: TRU
 ISSUED: 04/2015
 REVISIONS:

SHEET TITLE
**Enlarged Unit
 Floor Plans**

A103



1 1B UNIT FLOOR PLAN
SCALE: 1/8"=1'-0"
TYPE "A"



2 2D UNIT FLOOR PLAN
SCALE: 1/8"=1'-0"
TYPE "A"

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ISSUED: 04/28/15
REVISIONS:

SHEET TITLE
Enlarged Unit
Floor plans

A104

Tenant Profile

- Salary data is from the Minnesota Department of Economic Development, June 2017, East Central Region Data.

Range of rents to accommodate a range of incomes. Rents are set low enough to allow tenants to afford other living expenses. There are no subsidies for monthly rental payments (aka "subsidized housing"). Not age restricted. Seniors and younger households are common profiles.

	<i>Single Woman, One Child</i>	<i>Couple, One Child</i>	<i>Single Man</i>	<i>Single Woman</i>	<i>Retired Couple</i>
Age(s)	Forties	Thirties	Twenties	Fifties	Sixties - Seventies
Job	Elementary Teacher	Paramedic	Case Manager	Cafeteria Food Prep	Retired
Income	\$39,660	\$45,226	\$31,620	\$33,130	\$40,000
Bedrooms Desired	2	2	1	1	2
Rent	874	874	770	770	874

* These rents do not include utilities. Tenants are responsible for utilities in addition to the rents shown above.

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