

**Economic Development
Authority**

VIRTUAL meeting being
conducted by electronic
means in accordance with
Minnesota Statutes, section
13D.021 Public portion
available for connection via
telephone Dial: 1-312-626-
6799 Meeting ID:
85983453489# Passcode:
083211#
September 27, 2021

AGENDA



1. Call to Order

The City Council requests that attendees turn off cell phones and pagers during the meeting. A copy of the full City Council packet, including EDA (Economic Development Authority), is available to the public. The packet ring binder is located at the entrance of the council chambers.

2. Roll Call

3. Approval of Consent Agenda

The following items are considered to be routine by the Economic Development Authority (EDA) and will be acted by one motion. There will be no separate discussion of these items unless a Commissioner so requests, in which event the item will be removed from the consent agenda and considered at the end of Commission Consideration Items.

- a. Approval of Minutes
 - *Approve the minutes from the September 13, 2021, meeting*
- b. Resolution Approving a Modification to the Tax Increment Financing Plan for Tax Increment Financing District No. 3
 - *Motion to approve a resolution approving a modification to the tax increment financing plan for Tax Increment Financing District No. 3*

4. Commission Consideration Items

5. Adjournment

Economic Development Authority

DATE: 9/27/2021

TO: City Council

FROM: Dr. Reggie Edwards, City Manager

THROUGH: N/A

BY: Barb Suciu, City Clerk

SUBJECT: Approval of Minutes

Requested Council Action:

- *Approve the minutes from the September 13, 2021, meeting*

Background:

In accordance with Minnesota State Statute 15.17, the official records of all meetings must be documented and approved by the governing body.

Budget Issues:

- None

Inclusive Community Engagement:

N/A

Antiracist/Equity Policy Effect:

N/A

Strategic Priorities and Values:

Operational Excellence

ATTACHMENTS:

Description	Upload Date	Type
9.13.21 EDA	9/24/2021	Backup Material

MINUTES OF THE PROCEEDINGS OF THE
ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF BROOKLYN CENTER
IN THE COUNTY OF HENNEPIN AND THE
STATE OF MINNESOTA

REGULAR SESSION
SEPTEMBER 13, 2021
VIA ZOOM

1. CALL TO ORDER

President Pro Tem Marquita Butler polled the EDA about their willingness to extend the rules beyond 10 p.m. to complete the EDA agenda. All present answered in the affirmative.

The Brooklyn Center Economic Development Authority (EDA) met in Regular Session called to order by President Pro Tem Marquita Butler at 9:58 p.m.

2. ROLL CALL

President Mike Elliott joined the meeting at 10:14 p.m., President Pro Tem Marquita Butler, Commissioners April Graves, Kris Lawrence-Anderson, and Dan Ryan joined the meeting at 10:02 p.m. Also present were Executive Director Reggie Edwards, Community Development Director Meg Beekman, City Attorney Troy Gilchrist, and City Clerk Barb Suci.

3. APPROVAL OF AGENDA AND CONSENT AGENDA

Commissioner Lawrence-Anderson moved and President Pro Tem Butler, seconded to approve the Agenda and Consent Agenda, and the following item was approved:

3a. APPROVAL OF MINUTES

1. July 26, 2021 – Regular Session

Motion passed unanimously.

Commissioner Ryan joined the meeting at 10:02 p.m.

4. COMMISSION CONSIDERATION ITEMS

4a. RESOLUTION NO. 2021-15 APPROVING THE ACQUISITION OF CERTAIN PROPERTY LOCATED AT: 6200 BROOKLYN BOULEVARD

Executive Director Reggie Edwards introduced the item and explained it is the City's policy to allow the EDA to acquire property along Brooklyn Boulevard to further development along Brooklyn Boulevard. He invited Ms. Beekman to present the staff report.

Community Development Director Meg Beekman stated this is a purchase agreement to acquire the property at 6200 Brooklyn Boulevard based on the City's policy to acquire single-family properties along this boulevard. The City is not actively engaged in conversation with property owners at this time; however, as part of the Brooklyn Boulevard corridor reconstruction project, the Public Works Department, in partnership with other consultants, met individual property owners around temporary easements and other issues related to the construction project. As part of those conversations, some property owners expressed an interest in having the City acquire all of their property. In those cases, staff directed the property owners to speak with EDA staff.

Ms. Beekman stated in this particular case, the property owner reached out to the City and requested the City acquire his property. This is a single-family home constructed in 1955, currently zoned R-1, and totals .2 acres in size. The neighboring land uses are predominantly single-family residential, it is on the same block as the City's Fire Department, and the EDA has acquired the parcel immediately south of the Fire Station. The property across the street to the west are commercial properties.

Ms. Beekman explained the total acquisition price would be \$210,000 with moving expenses of \$5,000. The seller would be responsible for previous assessments and taxes, can take items (such as appliances), can leave items (such as furniture), and if approved, the closing will take place on or before October 22, 2021.

Ms. Beekman stated the EDA has already acquired 6234 Brooklyn Boulevard, two houses to the north. The middle parcel has not been acquired by the EDA but if it is acquired, the three lots could be combined for future redevelopment. She explained the policy to acquire single-family lots off Brooklyn Boulevard is primarily to support enhancing safety on the corridor by eliminating excessive curb cuts and assembling parcels for higher intensity development, which is in alignment with the Land Use Policy, Comprehensive Plan, and draft Brooklyn Boulevard Land Use Plan.

Ms. Beekman stated the requested action is to adopt the resolution approving the acquisition of certain property located at 6200 Brooklyn Boulevard.

Commissioner Lawrence-Anderson noted the purchase price seems to be a little lower than the current market value. Ms. Beekman stated the assessed value on the property is \$165,000 and the property was appraised at \$200,000. This was shared with the property owner and after negotiations, it was settled on \$210,000, which is above both the assessed and appraised values. However, staff looked at the purchase prices of single-family homes over the past couple of years and found it has been higher. But, this particular property is smaller in terms of square footage than other homes acquired in the past few years. Staff tried to find a balance between what is a fair price as well as the responsibility of the EDA to hold the property. She noted the price also takes into consideration that there is not an immediate redevelopment plan so the intention is to hold this property.

Commissioner Lawrence-Anderson thanked Ms. Beekman for this clarification.

Commissioner Graves stated she appreciates that question because this property is two doors down from her and probably leaves her house and maybe two other single-family homes on that two-stretch block of Brooklyn Boulevard. She stated she does not plan to sell her house any time soon so the EDA may have to take it from her in order to have that happen.

Commissioner Graves stated she has always paid attention to the property values and had a question during the construction of Brooklyn Boulevard about whether properties sell differently. She noted she lives on a lot that is almost one-half an acre, bigger than the property under consideration, and most of her property values have been fairly similar to the suggested purchase price, which she thinks is an underestimation based on the size of her (Graves') lot. She asked if she were to convert her house into a business, would it be worth more money.

Ms. Beekman stated that is a good question. She explained there are different kinds of appraisals, current use or highest and best use, and they likely will result in different valuations. So commercial properties, generally speaking, are going to appraise higher per square foot than residential properties. However, there are a lot of factors that go into that such as the underlying zoning and what can be created there. Ms. Beekman explained the term up zoning with happens when cities zone property for a higher use or higher value use than the underlying zoning. This happens when commercial is introduced or allowed where residential was only allowed before. That is up zoning and generally means the value will go up. She explained the size of the lot and its ability to be combined with neighboring parcels to maximize what can be built there is another factor. Ms. Beekman stated it is hard to say on any given particular case but generally speaking if the higher residential density is allowed or zoning from residential to commercial, it will equate to an increased value or zoning.

Ms. Beekman stated there is also time and money that plays into it, noting the City does not pay the highest and best valuation when acquiring property. The reason for that is because if there is not an immediate development, the City is buying on spec or to hold for future unknown redevelopment. What happens in those cases, is that the value of the property is not the highest and best because there is not a project ready to go. But, on the flip side, if a developer comes in and has a project ready to build, then that property might be able to command a higher price.

Commissioner Graves stated she appreciates that rundown because she had questions when she was given the proposal for the use of her front yard. She wondered if it would have been different if her house was used for business property. Commissioner Graves stated support for the resolution.

Commissioner Graves moved and President Pro Tem Butler seconded to adopt RESOLUTION NO. 2021-15 Approving the Acquisition of Certain Property Located at 6200 Brooklyn Boulevard, Brooklyn Center, Minnesota.

Motion passed unanimously.

President Elliott returned to the meeting at 10:14 p.m.

5. ADJOURNMENT

Commissioner Graves moved and President Pro Tem Butler seconded adjournment of the Economic Development Authority meeting at 10:15 p.m.

Motion passed unanimously.

STATE OF MINNESOTA)
COUNTY OF HENNEPIN)
CITY OF BROOKLYN CENTER)

ss. Certification of Minutes

The undersigned, being the duly qualified and appointed City Clerk of the City of Brooklyn Center, Minnesota, certifies:

1. That attached hereto is a full, true, and complete transcript of the minutes of the Economic Development Authority Session of the City Council of the City of Brooklyn Center held on September 13, 2021.
2. That said meeting was held pursuant to due call and notice thereof and was duly held at Brooklyn Center City Hall.
3. That the City Council adopted said minutes at its September 27, 2021, Regular Session.

City Clerk

Mayor

Economic Development Authority

DATE: 9/27/2021

TO: City Council

FROM: Dr. Reggie Edwards, City Manager

THROUGH: N/A

BY: Meg Beekman, Community Development Director

SUBJECT: Resolution Approving a Modification to the Tax Increment Financing Plan for Tax Increment Financing District No. 3

Requested Council Action:

- Motion to approve a resolution approving a modification to the tax increment financing plan for Tax Increment Financing District No. 3

Background:

The modification to the TIF No. 3 District is attached to this report. The City Council held a duly noticed public hearing on the District modification plan earlier in the evening on September 27, 2021, and approved the modifications. The EDA, is also required to take action on this item.

Budget Issues:

Inclusive Community Engagement:

Antiracist/Equity Policy Effect:

Strategic Priorities and Values:

Targeted Redevelopment

ATTACHMENTS:

Description	Upload Date	Type
Resolution	9/21/2021	Resolution Letter
TIF 3 Modification Plan	9/21/2021	Backup Material

BROOKLYN CENTER
ECONOMIC DEVELOPMENT AUTHORITY
COUNTY OF HENNEPIN
STATE OF MINNESOTA

RESOLUTION NO. _____

RESOLUTION APPROVING A MODIFICATION TO THE
TAX INCREMENT FINANCING PLAN FOR
TAX INCREMENT FINANCING DISTRICT NO. 3

WHEREAS, the Brooklyn Center Economic Development Authority (the “EDA”) has proposed to amend the Tax Increment Financing Plan (the “TIF Plan”) for Tax Increment Financing District No. 3 (the “TIF District”) within Housing and Redevelopment Project No. 1 (the “Project Area”) to amend the budget; all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.001 through 469.047, 469.090 through 469.1082, and 469.174 through 469.1794; all as reflected in that certain document, dated September 27, 2021, entitled “Modification to the Tax Increment Financing (TIF) Plan: Modification of Tax Increment Financing District No. 3 (a redevelopment district)” and presented for the Board’s consideration (the “Modification”).

WHEREAS, the Board of Commissioners of the EDA (the “Board”) has investigated the facts relating to the Modification of the Plans.

WHEREAS, certain actions required by law have been or will be taken prior to the adoption and approval of the Modification of the Plans, including, but not limited to, prior notification of the County Auditor, School District Clerk, and the individual affected County Commissioner; a review of the Modification to the Plans by the City Planning Commission; and the holding of a public hearing by the City Council (the “Council”) of the City of Brooklyn Center, Minnesota (the “City”) thereon following notice thereof published in the City’s official newspaper.

WHEREAS, certain information and material (collectively, the “Materials”) relating to the Modification of the Plans and to the activities contemplated therein have heretofore been prepared and submitted to the Council and/or made a part of the City or EDA files and proceedings on the Plans. The Materials include information and/or substantiation constituting or relating to (1) the reason for the Modification and (2) the bases for the other findings and determinations made in this resolution. The Board hereby confirms, ratifies, and adopts the Materials, which are hereby incorporated into and made as fully a part of this resolution to the same extent as if set forth in full herein.

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the Brooklyn Center Economic Development Authority as follows:

Section 1. Findings for the Budget Modification for the TIF District and Adoption of Modification of the TIF Plan Therefor.

1.01 The Board hereby finds that the Modification will serve to carry out the objectives of the TIF Plan and the Housing and Redevelopment Plan for Housing and Redevelopment Project

No. 1 (the “Redevelopment Plan”) and to create an impetus for redevelopment activities associated with the construction of development in the City and otherwise promote certain public purposes and accomplish certain objectives as specified in the Plans.

1.02 The Board hereby ratifies and confirms the findings made in connection with the establishment of the TIF District, including without limitation the finding that the TIF District meets the conditions for establishing a redevelopment tax increment financing district. The specific facts that form the basis for these findings as set forth in the TIF Plan and the resolutions previously adopted with respect to the TIF District, as previously modified, are hereby incorporated by reference into and made a part of this resolution

1.03 The Board hereby makes the following additional findings, the specific facts that form the basis for which are in the TIF Plan, and the resolutions previously adopted with respect to the TIF District and are hereby incorporated by reference into and made a part of this resolution as supplemented herein:

(a) The Board further finds that the types of additional development(s) proposed to be assisted from tax increments of the TIF District, in the opinion of Board, would not occur solely through private investment within the reasonably foreseeable future and, therefore, the use of tax increment financing is deemed necessary.

The Board finds that the Project Area is fully built and aging and constitutes an area that is blighted, underused, or inappropriately used, within the meaning of Minnesota Statutes, Section 469.002, subd. 11 and Section 469.028, subd. 4. The costs of rehabilitation, redevelopment and dense in-fill development to better utilize areas that are already built up are higher than for new development and are not expected to proceed without tax increment and other public assistance.

(b) The Board further finds that the Modification conforms to the general plan for the development or redevelopment of the City as a whole.

The Modification will generally complement and serve to implement policies adopted in the City’s comprehensive plan. No specific development is contemplated at this time. Any further construction will be in substantial accordance with the existing zoning or any permitted exception for the property.

(c) The Board further finds that the Modification will afford maximum opportunity consistent with the sound needs of the City as a whole for the development of the Project Area by private enterprise.

Future rehabilitation, redevelopment and dense in-fill development will increase the taxable market valuation of the City and will increase employment opportunities. The Modification is intended in part to incentivize such rehabilitation, redevelopment and dense in-fill development.

1.04 The provisions of this Section 1 are hereby incorporated by reference into and made a part of the TIF Plan.

Section 2. Approval and Adoption of the Modification of the TIF Plan.

2.01 Subject to the approval by the City Council of the Modification following a public hearing, the Modification, as presented to the Board on this date, including without limitation the findings and statements of objectives contained therein, is hereby approved, ratified, established, and adopted.

2.02 The Board hereby ratifies and confirms all elections made in connection with the establishment of the TIF District, including without limitation elections regarding the amount of captured tax capacity to be retained and the applicable fiscal disparities computation.

2.03 City and EDA staff are authorized to file the Modification with Hennepin County, the Commissioner of Revenue, and the Office of the State Auditor.

Approved by the Board on September 27, 2021.

President

ATTEST:

Executive Director

SECRETARY'S CERTIFICATE

I, the undersigned, being the duly qualified and acting Secretary of the Economic Development Authority in and for the City of Brooklyn Center, Minnesota, DO HEREBY CERTIFY that I have carefully compared the attached and foregoing extract of minutes of a duly called and regularly held meeting of the EDA held on, with the original minutes thereof on file in my office and that the same is a full, true, and correct transcript thereof insofar as said minutes relate to the tax increment and related actions referenced therein with respect to the modification of the TIF Plan for Tax Increment Financing District No. 3.

Boardmember _____ moved the adoption of the foregoing resolution, and said motion was duly seconded by Boardmember _____, and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly adopted.

WITNESS My hand this ____ day of _____, 2021.

Secretary
Brooklyn Center Economic Development Authority

Adoption Date: December 19, 1994

Modification #1: April 28, 1997

Modification #2: April 28, 1997

Modification #3: January 24, 2011

Modification #4: November 12, 2013

Administrative amendments were completed in 2004, 2008 and 2015

Modification #5 Public Hearing: September 27, 2021

City of Brooklyn Center Economic Development Authority

City of Brooklyn Center, Hennepin County, Minnesota

MODIFICATION TO THE Tax Increment Financing (TIF) Plan Modification of Tax Increment Financing District No. 3 (Earle Brown Farm Project) (a redevelopment district)

Located in Housing Development and
Redevelopment Project No. 1



Prepared by:

Ehlers
3060 Centre Pointe Drive
Roseville, Minnesota 55113

BUILDING COMMUNITIES. IT'S WHAT WE DO.

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Modification to the Tax Increment Financing Plan for Tax Increment Financing District No. 3

FOREWORD

The Economic Development Authority (the "EDA"), the City of Brooklyn Center (the "City"), staff and consultants have prepared the following information to expedite the Modification of Tax Increment Financing District No. 3 (the "District"), a redevelopment tax increment financing district, located in Housing Development and Redevelopment Project No. 1.

STATEMENT OF OBJECTIVES

The District currently consists of 207 parcels of land and adjacent roads and internal rights-of-way. The general goals and objectives of the Redevelopment Plan and the establishment of the District was created to provide decent, safe and sanitary housing for persons of low and moderate income, to provide governmental assistance to eliminate slum and blight, provide ongoing benefit to the residents of the city and those who may frequent the area and to enhance the tax base of the City. This TIF Plan is expected to achieve many of the objectives outlined in the Redevelopment Plan for Housing Development and Redevelopment Project No. 1.

The Tax Increment Financing Plan is being modified to increase the budget from the 2013 modification to reflect actual tax increment collected to date and tax increment expected through the remaining term of the District, which is through 2021.

The activities contemplated in the Modification to the Redevelopment Plan 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 Housing Development and Redevelopment Project No. 1 and the District.

ESTIMATED PUBLIC COSTS

As modified September 27, 2021

Section III.G of the Modification No. 4 to Tax Increment Financing Plan for Tax Increment Financing District No. 3 shall be amended as follows:

The September 27, 2021 Amendment contains the cumulative estimated project costs, including the previously identified costs from the original and previous amendments. The total project cost, including financing costs (interest) listed in the table on the following page does not exceed the total projected tax increments for the District as shown in the Sources of Revenue section.

ESTIMATED PROJECT COSTS

ESTIMATE OF PUBLIC COSTS	November 12, 2013	September 27, 2021
Land/Building Acquisition	\$25,000,000	\$26,000,000
Public Improvements	4,500,000	5,500,000
Site Improvements	2,100,000	4,500,000
Utilities		3,900,000
Administrative Expenses	4,400,000	4,600,000
<u>Housing Development Account</u>		
Land Acquisition	6,000,000	6,000,000
Affordable Housing Expenses	4,175,000	4,175,000
Interest Expense on Debt Issuance	250,000	-
<u>Total Housing Development Account</u>	10,425,000	10,175,000
<u>Pooling</u>		
Land Acquisition	6,775,000	6,775,000
Public Improvements	4,000,000	4,000,000
Interest Expense on Debt Issuance	1,050,000	1,050,000
<u>Total Pooling</u>	11,825,000	11,825,000
PROJECT COSTS TOTAL	\$58,250,000	\$66,500,000
Interest Expense (including capitalized)	11,250,000	11,500,000
PROJECT AND INTEREST COSTS TOTAL	\$69,500,000	\$78,000,000

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 pursuant to Minnesota Laws of 1994 Chapter 587 Article 9 Section 14.

Section III.I of Modification No. 4 to the Tax Increment Financing Plan for Tax Increment Financing District No. 3 shall be amended as follows:

ESTIMATED SOURCES OF REVENUE

SOURCES OF REVENUE	November 12, 2013	September 27, 2021
Tax Increment Revenue	\$65,344,375	\$69,000,000
Interest on Invested Funds	4,111,758	5,100,000
Sales/Lease Proceeds	-	3,900,000
Market Value Homestead Credit	43,867	-
Transfers In	-	-
TOTAL	\$69,500,000	\$78,000,000

The public costs will be financed primarily through the annual collection of tax increments. The EDA and the City reserve the right to incur bonds or other indebtedness as a result of the TIF Plan. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the EDA or the City to incur debt. The EDA or the City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the EDA or the City.

The EDA or 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 \$65,450,000. 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.

ESTIMATED IMPACT ON OTHER TAXING JURISDICTIONS

As modified September 27, 2021

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 EDA or City have 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			
Entity	2020/Pay 2021 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
County	2,085,111,988	4,469,809	0.2144%
City	26,514,653	4,469,809	16.8579%
ISD #11	52,685,791	203,003	0.3853%
ISD #279	201,407,862	1,054,883	0.5238%
ISD #281	113,977,030	972,148	0.8529%
ISD #286	9,428,361	2,239,775	23.7557%

Impact on Tax Rates				
Entity	Tax Rate	CTC	Potential Taxes	Percent of Total
County	38.2100%	4,469,809	\$ 1,707,914	25.91%
City	66.2600%	4,469,809	2,961,695	44.92%
ISD #11	16.0870%	203,003	32,657	0.50%
ISD #279	22.1230%	1,054,883	233,372	3.54%
ISD #281	25.5290%	972,148	248,180	3.76%
ISD #286	45.9870%	2,239,775	1,030,005	15.62%
Watershed 8	0.8430%	2,828,480	23,844	0.36%
Watershed 9	0.3480%	1,641,329	5,712	0.09%
Other	7.8130%	4,469,809	349,226	5.30%
Totals			\$ 6,592,605	100.00%

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2021 rate. The total net capacity for the entities listed above are based on Pay 2021 figures. The District was certified under the Pay 1995 rates.

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 \$69,000,000;
- (2) 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 \$341,798 for ISD #11, \$2,442,532 for ISD #279; \$2,597,516 for ISD #281, and \$10,780,316 for ISD #286.

- (3) 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 \$17,875,492;
- (4) 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.

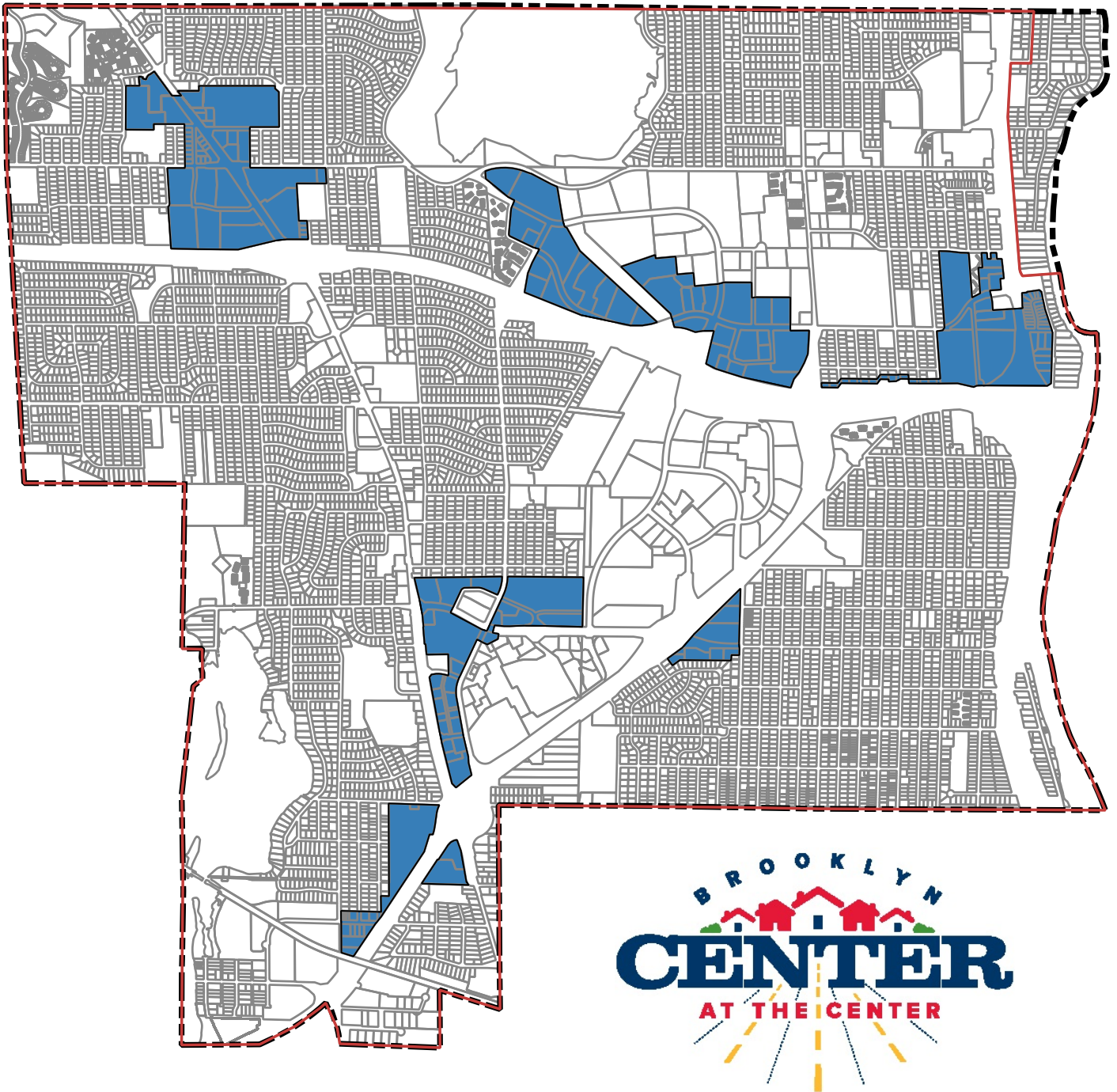
**Appendix A: Map of Housing Development and Redevelopment
Project No. 1 and the TIF District**

Tax Increment Financing District No. 3

Housing Development & Redevelopment Project No. 1

Project No. 1

City of Brooklyn Center
Hennepin County, Minnesota



Legend

- Housing Development & Redevelopment Project No. 1
- TIF District No. 3 copy
- ▬ Municipal Boundary
- Parcels
- TIF District No. 3



Appendix B: November 12, 2013 TIF Plan Modification

Brooklyn Center Economic Development Authority, Minnesota

Modification to Redevelopment Plan for
Housing Development and Redevelopment Project No. 1

And

Modification No. 4 to Tax Increment Financing Plan for
Tax Increment Financing District No. 3
(A Redevelopment District)

Within Housing Development and Redevelopment Project No. 1

(Earle Brown Farm Project)

Modification Adopted: November 12, 2013

Original Plan adopted December 19, 1994

Modification No. 1 adopted April 28, 1997

Modification No. 2 adopted April 28, 1997

Modification No. 3 adopted January 24, 2011

Administrative amendments were completed in 2004 and 2008

Prepared by:

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Introduction

The purpose of this Modification No. 4 to the Tax Increment Financing Plan for Tax Increment Financing District No. 3 is to make adjustments to the Estimate of Costs and Sources of Revenue. This modification increases the overall spending of a "TIF only" budget (the original and previously modified budgets included non-TIF revenues and assumed spending).

The sections specifically being modified are the Property to be Acquired, Estimate of Costs, Estimate of Loan/Bonded Indebtedness, Sources of Revenue, and Estimated Impact on Other Taxing Jurisdiction. This modification does not reflect all the legislative changes that have occurred since original adoption, and may not reflect fully the financial ramifications of all the TIF and property tax system changes.

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Section I Definitions

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

"Authority" means the Economic Development Authority in and for the City of Brooklyn Center.

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

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

"County" means Hennepin County, Minnesota.

"EDA Act" means Minnesota Statutes, Section 469.090 to 469.108, inclusive, as amended.

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

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

"Redevelopment Project" means Housing Development and Redevelopment Project No. 1 in the City, which is described in the corresponding Redevelopment Plan.

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

"School District /ISD No. 11" means the Anoka-Hennepin School District/ISD No. 11, Minnesota.

"School District /ISD No. 279" means the Osseo School District/ISD No. 279, Minnesota.

"School District /ISD No. 281" means the Robbinsdale School District/ISD No. 281, Minnesota.

"School District /ISD No. 286" means Brooklyn Center School District/ISD No. 286, Minnesota.

"State" means the State of Minnesota.

"TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1799, both inclusive.

"TIF District" means Tax Increment Financing District No. 3.

"TIF Plan Modification" means Modification No. 4 to the tax increment financing plan for the TIF District (this document).

Section II Modification to Redevelopment Plan for Redevelopment Project

The following text represents a Modification to the Redevelopment Plan for Redevelopment Project No. 1: This modification represents a continuation of the goals and objectives set forth in the Redevelopment Plan for Redevelopment Project No. 1. Generally, the substantive changes include the modification of the estimated public costs and estimated revenues sources for the TIF District.

The Estimated Public Costs is modified to include those set forth in Section III.B of the TIF Plan Modification and the Estimated Revenue Sources is modified to include those set forth in Section III. C of the TIF Plan Modification.

For further information, a review of the Redevelopment Plan for Redevelopment Project No. 1 is recommended and is available from the City of Brooklyn Center. Other relevant information is contained in the Tax Increment Financing Plan for Tax Increment Financing Districts No. 1, No. 2, No. 3, No. 4, and No. 5 located within Redevelopment Project No. 1.

A map of Redevelopment Project No. 1 is shown in Exhibit I.

Section II.A Statement and Finding of Public Purpose

On April 25, 1994, the City Council and Authority expanded the geographic boundaries of the Earle Brown Farm Redevelopment Project to include Housing Development Project No. 1 and other properties and provided additional housing powers. The modified redevelopment project is renamed Housing Development and Redevelopment Project No. 1.

The Authority intends to use the powers allowed under the EDA Act and HRA Act to promote development and redevelopment through the City and to pool resources in order to reduce financial barriers to providing decent housing and employment opportunities.

Section II.B Statutory Authorization

On August 24, 1987, the City Council authorized the establishment of the Brooklyn Center Economic Development Authority (Authority). Pursuant to City Council Resolution No. 87-170, the Authority has and may exercise all of the powers conferred by law upon a Housing and Redevelopment Authority. The Authority has been authorized by the City to carry out all powers of and administer all projects initiated by the Brooklyn Center HRA. The Authority established Housing Development and Redevelopment Project No. 1 pursuant to the EDA Act and the HRA Act. HRA Act authorizes the Authority to exercise all the powers relating to a housing and redevelopment authority granted under Minnesota Statutes, Sections 469.001 to 469.047, or other law.

Within the City areas exist where public involvement is necessary to cause redevelopment to occur. The Authority has certain statutory powers pursuant to the TIF Act to assist in financing eligible activities related to these redevelopment needs.

Section II.C Statement of Objectives

The sampling of the general goals and objectives of the Redevelopment Plan are listed below:

- To provide decent, safe and sanitary housing for persons of low and moderate income.
- To provide governmental assistance to eliminate slum and blight.
- To provide an ongoing benefit to the residents of the City and those who may frequent the area.
- To enhance the tax base of the City.

- To provide maximum opportunity, consistent with the needs of the City, for development by private enterprise.
- To better utilize vacant or undeveloped land.

This modification of the estimated public costs for TIF District No. 3 will ensure a continuation of the EDA's goals and objectives of the Project Area that result in increased opportunities for commercial development and will otherwise benefit the health, safety, morals and welfare of the residents of the City.

Section III Modification of TIF District No. 3

Section III.F Property to be Acquired

The City or Authority may acquire any parcels, including interior streets and railway right-of-ways, within the boundaries of Housing Development and Redevelopment Project No. 1; and may use tax increment deposited in the housing development account to acquire any parcel located anywhere city for eligible housing activities, as provided in the Special Act.

Section III.G Estimate of Costs

The estimate of public costs associated with District No. 3 is outlined in the following line item budget:

Estimate of Public Costs	March 24, 2008 Admin. Amendment	Proposed Budget Modification
Land Acquisition	\$13,000,000	\$25,000,000
Public Improvements	8,000,000	4,500,000
Site Improvements	2,000,000	2,100,000
Administrative Expenses	2,900,000	4,400,000
Contingency	1,000,000	-
<u>Housing Development Account</u>		
Land Acquisition	-	6,000,000
Affordable Housing Expenses	-	4,175,000
Interest Expense on Debt Issuance	-	250,000
<u>Total Housing Development Account</u>	<u>5,000,000</u>	<u>10,425,000</u>
<u>Pooling</u>		
Land Acquisition	-	6,775,000
Public Improvements	-	4,000,000
Interest Expense on Debt Issuance	-	1,050,000
<u>Total Pooling</u>	<u>-</u>	<u>11,825,000</u>
<u>Interest Expense (Including Capitalized)</u>		
	-	11,250,000
Total	\$31,900,000	\$69,500,000

Any funds to be expended for off-site improvements outside the boundaries of District No. 3, but within the boundaries of Housing Development and Redevelopment Project No. 1, would be no more than 25 percent of total tax increment generated by District No. 3, including administrative costs, provided that tax increment deposited in the housing development account may be spent on eligible housing activities located anywhere in the City, as provided in the Special Act.

The Authority reserves the right to administratively adjust the amount of any of the items listed above or to incorporate additional eligible items, so long as the total estimated public costs is not increased.

Section III.H Estimated Amount of Loan/Bonded Indebtedness

It is anticipated that the City or Authority may issue a revenue bond, general obligation bond, or other type of obligation in one or more series to finance public costs. The original principal amount of all indebtedness is not expected to exceed ~~\$29,000,000~~ \$45,000,000 with additional increments to be paid to capitalized and other interest determined at the time of issuance.

Section III.I Sources of Revenue

The major source of revenue to be used to finance public costs associated with the public development projects in Housing Development and Redevelopment Project No. 1 is tax increment generated as a result of the taxation of the land and improvements in District. No. 03. Tax increment financing refers to a funding technique that utilizes increases in valuation and the property taxes attributable to new development to finance, or assist in the financing of public development costs. Additional sources of revenue may include but are not limited to investment income and land sales. This does not preclude the City, the Authority or the developer from using other funds, at its discretion, to pay such costs.

Estimated Sources of Revenue	November 8, 2004 Admin. Amendment	Proposed Budget Modification
Tax Increment revenue	\$48,069,393	\$65,344,375
Interest on invested funds	1,500,607	4,111,758
Sales/Lease Proceeds	2,330,000	-
Market Value Homestead Credit	-	43,867
Transfers In	-	<u>0</u>
Total	\$51,900,000	\$69,500,000

Tax increment revenue projections were based on historical revenue receipts, and future revenue projections based on an approximate growth in captured tax capacity of \$486,170, and a 3% market value inflator applied to future captured tax capacities.

Section III.M Estimated Impact on Other Taxing Jurisdictions

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

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

1. The total amount of tax increment that will be generated over the remaining life (Collections from taxes payable 2013 – 2021) of the TIF District is estimated to be \$34,470,103.
2. To the extent the modification of the TIF District generates any public cost impacts on City-provided services such as police and fire protection, public infrastructure, and the impact of any general obligation tax increment bonds attributable to the TIF District upon the ability to issue other debt for general fund purposes, such costs will be levied upon the taxable net tax capacity of the City, excluding that portion captured by the TIF District.

3. The amount of tax increment generated over the remaining term of the TIF District that would be attributable to School District #011 levies, assuming the School District's share of the total local tax rate for all taxing jurisdictions remained the same, is estimated to be \$302,902.
4. The amount of tax increment generated over the remaining term of the TIF District that would be attributable to School District #279 levies, assuming the School District's share of the total local tax rate for all taxing jurisdictions remained the same, is estimated to be \$1,993,309.
5. The amount of tax increment generated over the remaining term of the TIF District that would be attributable to School District #281 levies, assuming the School District's share of the total local tax rate for all taxing jurisdictions remained the same, is estimated to be \$1,195,911.
6. The amount of tax increment generated over the remaining term of the TIF District that would be attributable to School District #286 levies, assuming the School District's share of the total local tax rate for all taxing jurisdictions remained the same, is estimated to be \$4,540,511.
7. The amount of tax increment generated over the remaining term of the TIF District that would be attributable to County levies, assuming the County's share of the total local tax rate for all taxing jurisdictions remained the same is estimated to be \$9,920,659.
8. No additional information has been requested by the County or School Districts that would enable them to determine additional costs that will accrue to it due to the development proposed for the district.

Estimated Impact on Other Taxing Jurisdictions Report

**City of Brooklyn Center, Minnesota
Tax Increment Financing (Redevelopment) District No. 3
Modification No. 4 to TIF District.
Impact for Remaining Term of District**

Taxing Jurisdiction	Without TIF District		With TIF District							
	Final 2012/2013 Taxable Net Tax Capacity (1)	2012/2013 Local Tax Rate	2012/2013 Taxable Net Tax Capacity (1)	Projected Retained Captured Net Tax Capacity	+	Projected New Taxable Net Tax Capacity	=	Hypothetical Adjusted Local Tax Rate (*)	Hypothetical Decrease In Local Tax Rate (*)	Hypothetical Tax Generated by Retained Captured N.T.C. (*)
City of Brooklyn Center	94,334,347	72.202%	94,334,347	\$2,622,539		96,956,886		70.249%	1.953%	1,842,309
Hennepin County	1,230,976,652	49.461%	1,230,976,652	2,622,539		1,233,599,191		49.356%	0.105%	1,294,376
ISD #011	140,947,707	26.801%	140,947,707	163,448		141,111,155		26.770%	0.031%	43,755
ISD #279	115,768,941	27.973%	115,768,941	1,099,808		116,868,749		27.710%	0.263%	304,754
ISD #281	69,437,610	32.347%	69,437,610	531,140		69,968,750		32.101%	0.246%	170,504
ISD #286	4,749,860	56.031%	4,749,860	828,144		5,578,004		47.712%	8.319%	395,127

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

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