



REPORT/RECOMMENDATION

To: MAYOR AND COUNCIL	Agenda Item <u>Item No. VI. B.</u>
From: Scott Neal City Manager	<input checked="" type="checkbox"/> Action <input type="checkbox"/> Discussion <input type="checkbox"/> Information
Date: April 17, 2012	
Subject: PUBLIC HEARING - Considering Modifications To Southeast Dining Redevelopment District And Establishing Southdale 2 Tax Increment Financing District, Considering Approval of Southdale Limited Partnership Business Subsidy and Proposed Spending Plan For Centennial Lakes TIF Finance District, Resolution No. 2012-58, Resolution No. 2012-66, and Resolution No. 2012-67	

ACTION REQUESTED:

Adopt the three attached resolutions.

INFORMATION/BACKGROUND:

The City Council and City Housing & Redevelopment Authority will both hold public hearings on April 17, 2012, to receive public comment on a proposed development agreement between the City and Simon Properties concerning the redevelopment of Southdale Center Mall. The City Council met in special session on March 27, 2012, to provide feedback to staff and consultants on the proposed agreement. Staff and consultants have communicated the Council’s feedback to representatives from Simon Properties, which has resulted in material changes to the draft agreement reviewed by the Council at the March 27 meeting. The terms and conditions of the proposed revised agreement are attached to this cover memorandum. Staff and consultants will review the agreement with the Council at the April 17 Council meeting.

ATTACHMENTS:

- Resolution No. 2012-58
- Resolution No. 2012-66
- Resolution No. 2012-67
- TIF Plan, Summary and Supporting Documentation

**CITY OF EDINA
HENNEPIN COUNTY
STATE OF MINNESOTA**

Councilmember _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. 2012-58

**RESOLUTION ADOPTING A MODIFICATION TO THE REDEVELOPMENT
PLAN FOR THE SOUTHEAST EDINA REDEVELOPMENT PROJECT AREA;
AND ESTABLISHING THE SOUTHDALE 2 TAX INCREMENT FINANCING
DISTRICT THEREIN AND ADOPTING A TAX INCREMENT FINANCING
PLAN THEREFOR.**

BE IT RESOLVED by the City Council (the "Council") of the City of Edina, Minnesota (the "City"), as follows:

Section 1. Recitals.

1.01. The City Council and the Board of Commissioners of the Edina Housing and Redevelopment Authority (the "HRA") have heretofore established the Southeast Edina Redevelopment Project Area and adopted the Redevelopment Plan therefor. It has been proposed by the HRA and the City that the City adopt a Modification to the Redevelopment Plan (the "Redevelopment Plan Modification") for the Southeast Edina Redevelopment Project Area (the "Project Area") and establish the Southdale 2 Tax Increment Financing District (the "District") therein and adopt a Tax Increment Financing Plan (the "TIF Plan") therefor (the Redevelopment Plan Modification and the TIF Plan are referred to collectively herein as the "Plans"); all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.001 to 469.047 and Sections 469.174 to 469.1799, all inclusive, as amended, (the "Act") all as reflected in the Plans, and presented for the Council's consideration.

1.02. The HRA and City have investigated the facts relating to the Plans and have caused the Plans to be prepared.

1.03. The HRA and City have performed all actions required by law to be performed prior to the establishment of the District and the adoption and approval of the proposed Plans, including, but not limited to, notification of Hennepin County, Independent School District No. 280 and Independent School District No. 273 having taxing jurisdiction over the property to be included in the District, a review of and written comment on the Plans by the City Planning Commission on March 28, 2012, approval of the Plans by the HRA on April 17, 2012, and the holding of a public hearing upon published notice as required by law.

1.04. Certain written reports (the "Reports") relating to the Plans and to the activities contemplated therein have heretofore been prepared by staff and consultants and submitted to the Council and/or made a part of the City files and proceedings on the Plans. The Reports include data, information and/or substantiation constituting or relating to the basis for the other findings and determinations made in this resolution. The Council hereby confirms, ratifies and adopts the Reports, 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.

1.05 The Council recognizes that, pursuant to Minnesota Statutes, Section 469.177, Subd. 3, clause b, there is a mandatory fiscal disparities contribution for the District, an economic development district.

1.06. The City is not modifying the boundaries of the Project Area, but is modifying the Redevelopment Plan therefor to include activities related to the District.

Section 2. Findings for the Adoption and Approval of the Redevelopment Plan Modification.

2.01. The Council approves the Redevelopment Plan Modification, and specifically finds that: (a) the land within the Project area would not be available for redevelopment without the financial aid to be sought under this Redevelopment Plan; (b) the Redevelopment Plan, as modified, will afford maximum opportunity, consistent with the needs of the City as a whole, for the development of the Project by private enterprise; and (c) that the Redevelopment Plan, as modified, conforms to the general plan for the development of the City as a whole.

Section 3. Findings for the Establishment of the Southdale 2 Tax Increment Financing District.

3.01. The Council hereby finds that the District is in the public interest and is an "economic development district" under Minnesota Statutes, Section 469.174, Subd. 12 of the Act.

3.02. The Council further finds that the proposed development would not occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the Tax Increment Financing Plan, that the Plans conform to the general plan for the development or redevelopment of the City as a whole; and that the Plans will afford maximum opportunity consistent with the sound needs of the City as a whole, for the redevelopment or development of the District by private enterprise.

3.03. The Council further finds, declares and determines that the City made the above findings stated in this Section and has set forth the reasons and supporting facts for each determination in writing, attached hereto as Exhibit A.

Section 4. Findings for Use of the District to Provide Assistance Pursuant to Section 469.176, Subd. 4c(d) of the Act.

4.01. The Council further expects that the District will meet the requirements of Minnesota Statutes, Section 469.476, Subd. 4c(d) (exempting the District from manufacturing, warehouse, and distribution use restrictions), because:

- (i) the proposed development will create or retain jobs in the State (including construction jobs), and construction of the project would not have commenced before July 1, 2012 without the assistance provided through tax increment under the TIF Plan;
- (ii) construction of the project will begin no later than July 1, 2012; and
- (iii) the City and HRA will request certification of the District by no later than June 30, 2012.

4.02. If construction does not commence by July 1, 2012 (unless this date is extended by state law), the proposed project will need to meet the criteria of Minnesota Statutes, Section 469.176, Subd. 4c(a) and must satisfy the finding required under Minnesota Statutes, Section 469.174, Subd. 12.

Section 5. Public Purpose.

5.01. The adoption of the Plans conforms in all respects to the requirements of the Act and will result in increased employment in the state, and will result in preservation and enhancement of the tax base of the State and thereby serves a public purpose. For the reasons described in Exhibit A, the City believes these benefits directly derive from the tax increment assistance provided under the TIF Plan. A private mall owner will receive only the assistance needed to make this development financially feasible. As such, any private benefits received by a mall owner are incidental and do not outweigh the primary public benefits.

Section 6. Approval and Adoption of the Plans.

6.01. The Plans, as presented to the Council on this date, including without limitation the findings and statements of objectives contained therein, are hereby approved, ratified, established, and adopted and shall be placed on file in the office of the Executive Director.

6.02. The staff of the City, the City's advisors and legal counsel are authorized and directed to proceed with the implementation of the Plans and to negotiate, draft, prepare and present to this Council for its consideration all further plans, resolutions, documents and contracts necessary for this purpose.

6.03 The Auditor of Hennepin County is requested to certify the original net tax capacity of the District, as described in the Plans, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased; and the Edina Housing and Redevelopment Authority is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within the District, for which building permits have been issued during the 18 months immediately preceding the adoption of this resolution.

6.04. The Executive Director is further authorized and directed to file a copy of the Plans with the Commissioner of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes 469.175, Subd. 4a.

The motion for the adoption of the foregoing resolution was duly seconded by Council member _____, and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Dated: April 17, 2012

ATTEST:

Mayor

City Clerk

EXHIBIT A

RESOLUTION NO. 2012-58

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for the Southdale 2 Tax Increment Financing District as required pursuant to *M.S., Section 469.175, Subd. 3* are as follows:

1. *Finding that the Southdale 2 Tax Increment Financing District is an economic development district as defined in M.S., Section 469.174, Subd. 12.*

The Southdale 2 Tax Increment Financing District (the "District") is a contiguous geographic area within the City's the Southeast Edina Redevelopment Project Area, delineated in the TIF Plan, for

the purpose of financing economic development in the City through the use of tax increment. The District is in the public interest because it will facilitate renovations to the common areas of Southdale Mall and exterior improvements to the shopping center, which will increase employment in the state, and preserve and enhance the tax base of the state.

Furthermore, the assistance being provided meets the requirements for assistance under Section 469.176, subd. 4c(d) of the Act, because:

- The private development to be assisted pursuant to the TIF Plan will create or retain jobs in the state, including construction jobs;
 - the development consists of improvements to interior and exterior common areas, and construction will commence no later than July 1, 2012;
 - construction of the proposed development would not have commenced before July 1, 2012, without the tax increment financing assistance to be provided pursuant to the TIF Plan; and
 - the City will file the request for certification of the District by June 30, 2012.
2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the Southdale 2 Tax Increment Financing District permitted by the TIF Plan.*

The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future. This finding is supported by the following facts:

- Southdale Center is a 1.2 million square foot indoor mall originally constructed in 1956. Portions of the mall have an obsolete configuration that makes it difficult to attract retail tenants.
- Retail property in general has experienced declining property values and lease rates as evidenced by successful tax appeals at Southdale Center and other retail establishments in the City.
- Southdale Center is the hub of economic development, retail activity, office space, and high density housing in the City of Edina. A decline in the value and retail traffic at the mall will negatively impact the value and economic development activity on the property surrounding the mall. Conversely, a vibrant mall will spur economic development for mall tenants, other mall owners such as Macy's and JC Penny's and the surrounding property within the District.
- The costs of the proposed improvements to the common areas of the mall cannot be passed on to tenants and is therefore a long-term investment on the part of the mall owner, Simon Properties. In the short-term they will not, in and of themselves, increase the market value of the property. However, they are being undertaken to increase retail traffic at the mall, and improve occupancy and lease rates which, over time, will increase the value of the mall and surrounding properties, as well as spur additional development in the District.
- Best Buy is closing the retail store located within the District. Successful redevelopment of this site will depend on a financially viable Southdale Center that attracts more retail traffic.
- The City and HRA, as a condition to tax increment assistance, will be requiring the mall owner to invest at least \$ 14,000,000 in interior and exterior improvements to the common areas of Southdale Center. The amount of tax increment will increase if the mall owner increases improvement investments up to \$15,000,000. Without the assistance, the mall owner has submitted statements that it would limit the renovations to approximately \$7.34 million in basic improvements. Without the tax increment assistance, the mall property would not generate sufficient returns to the mall owner to undertake the full \$14,000,000 to \$15,000,000 in improvements. With the tax increment, the mall owner has indicated that the Southdale Center

renovations will result in a return on investment under the normal thresholds for Simon Properties for a third year return, but is expected to achieve the corporate minimum investment threshold in the fifth year with the tax increment assistance. The mall owner has provided the City and HRA evidence that without assistance, the mall owner would be unable to construct the full level of proposed renovations.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan: The City supported this finding on the grounds that the assessed market value of Southdale Center has declined 32% in the last five years. Best Buy recently announced it will be closing its retail store in the District. The declining values and declining or stagnant retail lease rates evidenced by successful tax appeals at Southdale Center, the current obsolete configuration of the existing Southdale Center that was constructed over fifty years ago, and the internal competition for resources within the 350 mall portfolio of Simon Properties all make it unlikely that the full level of mall renovations will be constructed in the next 9 years without public assistance of some kind. The City further determines that these same challenges suggest that no other development of similar scope could reasonably be expected to occur on this site without similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. If the proposed development occurs, the total increase in market value will be \$119,112,310 (see Appendix D and F of the TIF Plan)
 - b. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$7,873,815 (see Appendix D and F of the TIF Plan).
 - c. The Council finds that no alternative would occur that would produce a market value increase greater than \$111,238,495 (the amount in clause b less the amount in clause c) without tax increment assistance.
3. *Finding that the TIF Plan for the Southdale 2 Tax Increment Financing District conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission reviewed the TIF Plan on March 28, 2012 and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the Tax Increment Financing Plan for the Southdale 2 Tax Increment Financing District will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of the Southeast Edina Redevelopment Project Area by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, increased tax base of the State and the redevelopment of currently underutilized land by a private business.

CITY OF EDINA
HENNEPIN COUNTY
STATE OF MINNESOTA

RESOLUTION NO. 2012-66

**RESOLUTION APPROVING A SPENDING PLAN FOR THE
CENTENNIAL LAKES TAX INCREMENT DISTRICT**

BE IT RESOLVED by the City Council (the "City Council") of the City of Edina (the "City"), Hennepin County, Minnesota as follows:

Section 1. Background; Findings.

(a) The City and the Edina Housing and Redevelopment Authority (the "HRA") have previously established the Centennial Lakes Tax Increment Financing District (the "TIF District") and adopted the tax increment financing plan therefor (the "TIF Plan") pursuant to Minnesota Statutes, Sections 469.174 to 469.1799 (the "TIF Act") and certain special legislation.

(b) Section 469.176 Subd. 4m of the TIF Act (referred to as "Temporary Authority") authorizes the City and HRA to spend available tax increment from any existing tax increment financing district, notwithstanding any other law to the contrary, to provide improvements, loans, interest rate subsidies, or assistance in any form to private development consisting of construction or substantial rehabilitation of buildings and ancillary facilities, if certain terms and conditions are met.

(c) In accordance with the Temporary Authority, the City and HRA have caused to be prepared a spending plan (the "Spending Plan") authorizing the City to use existing tax increment revenues from the TIF District in order to stimulate construction or rehabilitation of private development in a way that will also create or retain jobs in the renovation of the Southdale Mall.

(d) The City has performed all actions required by law to be performed prior to the approval of the Spending Plan, including, but not limited to, causing notice of a public hearing to be published and holding a public hearing on the date hereof on the adoption of the Spending Plan.

Section 2. Approval of the Spending Plan.

(a) The Spending Plan is hereby approved in substantially the form on file in City Hall.

(b) The City makes all the findings set forth in the Spending Plan, which are incorporated herein by reference.

(c) City staff and consultants are hereby authorized to take actions necessary to carry out the terms of the Spending Plan.

Dated: April 17, 2012

Adopted:

Mayor

ATTEST:

**CITY OF EDINA
HENNEPIN COUNTY
STATE OF MINNESOTA**

Councilmember _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. 2012-67

RESOLUTION AUTHORIZING AN INTERFUND LOAN FOR ADVANCE OF CERTAIN COSTS IN CONNECTION WITH THE SOUTHDALE 2 TAX INCREMENT FINANCING DISTRICT.

BE IT RESOLVED by the Board of Commissioners (the "Board") of the Edina Housing and Redevelopment Authority (the "HRA") and the City of Edina (the "City") that City Council (the "Council") of the City of Edina, Minnesota (the "City"), as follows:

Section 1. Background.

1.01. The City and HRA intend to establish the Southdale 2 Tax Increment Financing District (the "TIF District") within the Southeast Edina Redevelopment Project Area (the "Project"), and will adopt a Tax Increment Financing Plan (the "TIF Plan") for the purpose of financing certain improvements within the Project.

1.02. The City and HRA have determined to pay for certain costs identified in the TIF Plan consisting of site improvements, other qualifying improvements, interest and administrative costs (collectively, the "Qualified Costs"), which costs may be financed on a temporary basis from City or HRA funds available for such purposes.

1.03. Under Minnesota Statutes, Section 469.178, Subd. 7, the City and HRA are authorized to advance or loan money from its general funds or any other fund from which such advances may be legally authorized, in order to finance the Qualified Costs.

1.04. The City and HRA intend to reimburse themselves for the Qualified Costs from tax increments derived from the TIF District in accordance with the terms of this resolution (which terms are referred to collectively as the "Interfund Loan").

Section 2. Terms of Interfund Loan.

2.01. The City and HRA hereby authorize the advance of up to \$5,100,000, or so much thereof as may be paid as Qualified Costs, from the Centennial Lakes Tax Increment District fund or such other fund identified by the City or HRA. The total advances of City and HRA, when added together, shall not exceed \$5,100,000.

2.02 The City and HRA shall reimburse themselves such advances together with interest at the rate stated below. Interest accrues on the principal amount from the date of each advance. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 are from time to time adjusted. The interest rate shall be 4% and will not fluctuate.

2.03. Principal and interest ("Payments") on the Interfund Loan shall be paid semi-annually on each August 1 and February 1 (each a "Payment Date"), commencing on the first Payment Date on which the Authority has Available Tax Increment (defined below), or on any other dates determined by the Finance Director, through the date of last receipt of tax increment from the TIF District.

2.04. Payments on this Interfund Loan are payable solely from "Available Tax Increment," which shall mean, on each Payment Date, tax increment available after other obligations have been paid, or as determined by the Finance Director, generated in the preceding six (6) months with respect to the property within the TIF District and remitted to the City and HRA by Hennepin County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1799, all inclusive, as amended. Payments on this Interfund Loan may be subordinated to any outstanding or future bonds, notes or contracts secured in whole or in part with Available Tax Increment, and are on parity with any other outstanding or future interfund loans secured in whole or in part with Available Tax Increment.

2.05. The principal sum and all accrued interest payable under this Interfund Loan are pre-payable in whole or in part at any time by the City and HRA without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Interfund Loan.

2.06. This Interfund Loan is evidence of an internal borrowing by the City or HRA in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and is a limited obligation payable solely from Available Tax Increment pledged to the payment hereof under this resolution. This Interfund Loan and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the City. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on this Interfund Loan or other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on this Interfund Loan or other costs incident hereto. The City and HRA shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the final Payment Date.

2.07. The City may amend the terms of this Interfund Loan at any time by resolution of the City Council, including a determination to forgive the outstanding principal amount and accrued interest to the extent permissible under law.

Section 3. Effective Date. This resolution is effective upon the date of its approval.

The motion for the adoption of the foregoing resolution was duly seconded by Council member _____, and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

ADOPTED: April 17, 2012

ATTEST:

James Hovland, Mayor

Scott Neal, City Manager

(Seal)



Tax Increment Financing District Overview

City of Edina

Southdale 2 Tax Increment Financing District

The following summary contains an overview of the basic elements of the Tax Increment Financing Plan for the Southdale 2 Tax Increment Financing District. More detailed information on each of these topics can be found in the complete TIF Plan.

Proposed action:	Establishment of the Southdale 2 Tax Increment Financing District ("District") and the adoption of a Tax Increment Financing Plan. ("TIF Plan") Modification of the Redevelopment Plan for the Southeast Edina Redevelopment Project Area to include activities related to the District.
Type of TIF District:	An economic development district
Parcel Numbers:	See Appendix C of the TIF Plan
Proposed Development:	The District is being created to facilitate renovations to the common areas of Southdale Mall in the City. Please see Appendix A of the TIF Plan for a more detailed project description.
Maximum duration:	Pursuant to M.S., Section 469.176, Subd. 1b, the duration of the District will be 8 years after receipt of the first increment by the EDA or City. The date of receipt by the City of the first tax increment is expected to be 2014. Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2022, or when the TIF Plan is satisfied. If increment is received in 2013, the term of the District will be 2021. The EDA or City reserves the right to decertify the District prior to the legally required date.
Estimated annual tax increment:	Up to \$1,615,874

Authorized uses:	The TIF Plan contains a budget that authorizes the maximum amount that may be expended: Land/Building Acquisition\$0 Site Improvements/Preparation \$2,274,296 Utilities \$0 Other Qualifying Improvements \$5,000,000 Administrative Costs (up to 10%) \$1,100,000 PROJECT COSTS TOTAL \$8,374,296 Interest \$3,577,921 PROJECT COST AND INTEREST COST TOTAL.....\$11,952,217 See Subsection 2-10, page 2-5 of the TIF Plan for the full budget authorization.
Form of financing:	The project is proposed to be financed by an interfund loan(s) not to exceed \$5,100,000.
Administrative fee:	Up to 10% of annual increment, if costs are justified.
Interfund Loan Requirement:	The City and HRA approved interfund loan resolutions authorizing a total loan of \$5,100,000, of which \$100,000 is expected to be available for administrative expenditures.
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: <ul style="list-style-type: none"> • Demolition • Rehabilitation • Renovation • Other site preparation (not including utility services such as sewer and water) If the activity has not been started by approximately April 2016, no additional tax increment may be taken from that parcel until the commencement of a qualifying activity.
5 Year Rule (§ 469.1763 Subd. 3)	Within 5 years of certification revenues derived from tax increments must be expended or obligated to be expended. Any obligations in the District made after approximately April 2017, will not be eligible for repayment from tax increments.

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 F of the TIF Plan



*As of April 11, 2012
Draft for Public Hearing*

**Modification to the Redevelopment Plan
for the Southeast Edina Redevelopment Project Area**

and the

**Tax Increment Financing Plan
for the establishment of**

**the Southdale 2 Tax Increment Financing District
(an economic development district)**

within

the Southeast Edina Redevelopment Project Area

Edina Housing and Redevelopment Authority
City of Edina
Hennepin County
State of Minnesota

Public Hearing: April 17, 2012
Adopted:

This document is in draft form for distribution to the County and the School District. The TIF Plan contains the estimated fiscal and economic implications of the proposed TIF District. The City and the HRA may make minor changes to this draft document prior to the public hearing.



EHLERS

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(for reference purposes only)

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***Section 1 - Modification to the Redevelopment Plan
for the Southeast Edina Redevelopment Project Area***

Foreword

The following text represents a Modification to the Redevelopment Plan for the Southeast Edina Redevelopment Project Area. This modification represents a continuation of the goals and objectives set forth in the Redevelopment Plan for the Southeast Edina Redevelopment Project Area. Generally, the substantive changes consist of the establishment of the Southdale 2 Tax Increment Financing District within the Southeast Edina Redevelopment Project Area.

For further information, a review of the Redevelopment Plan for the Southeast Edina Redevelopment Project Area, most recently modified on February 21, 2012, is recommended. It is available from the Executive Director at the City of Edina. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within the Southeast Edina Redevelopment Project Area.

Section 2 - Tax Increment Financing Plan for the Southdale 2 Tax Increment Financing District

Subsection 2-1. Foreword

The Edina Housing and Redevelopment Authority (the "HRA"), the City of Edina (the "City"), staff and consultants have prepared the following information to expedite the establishment of the Southdale 2 Tax Increment Financing District (the "District"), an economic development tax increment financing district, located in the Southeast Edina Redevelopment Project Area (the "Project Area").

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 HRA and City have certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.001 to 469.047*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1799*, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project.

This District is being created pursuant to *M.S., Section 469.176, Subd. 4c(d)*.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Redevelopment Plan for the Southeast Edina Redevelopment Project Area.

Subsection 2-3. Statement of Objectives

The District currently consists of 300 parcels of land and adjacent and internal rights-of-way. The District is being created to facilitate renovations to the common areas of Southdale Mall in the City. Please see Appendix A for further District information. The HRA and City are considering entering into a redevelopment agreement that would designate Southdale Limited Partnership as the developer. This TIF Plan is expected to achieve many of the objectives outlined in the Redevelopment Plan for the Southeast Edina Redevelopment Project Area.

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 the Southeast Edina Redevelopment Project Area and the District.

Subsection 2-4. Redevelopment Plan Overview

1. Property to be Acquired - Selected property located within the District may be acquired by the HRA or 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 HRA or 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 HRA or City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.
5. The City proposes both public and private infrastructure within the District. The proposed improvements to private property within the District will be for a renovation to a retail mall, and there will be continued operation of the Southeast Edina Redevelopment Project Area after the capital improvements within the Southeast Edina Redevelopment Project Area have been completed.

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 currently owns parcels to be included in the District and intends to acquire land easements and/or additional property within the District. The HRA and City are authorized to use tax increments to acquire any parcel listed in Appendix C of this TIF Plan.

Subsection 2-6. Classification of the District

The District is an economic development district as defined in *M.S. 469.174, Subd. 12*, as modified by *M.S., Section 469.176, Subd. 4c(d)*. In order to create an economic development district under general law (*M.S., Section 469.174 Subd. 12*), the HRA or City must find that the District is in the public interest because:

- (1) *it will discourage commerce, industry, or manufacturing from moving their operations to another state or municipality; or*
- (2) *it will result in increased employment in the state; or*
- (3) *it will result in preservation and enhancement of the tax base of the state.*

In addition, *M.S., Section 469.176, Subd. 4c* provides that assistance from an economic development district may not be used to provide assistance to development if more than 15 percent of the buildings and ancillary facilities (determined on a square footage basis), are used for other than certain specified purposes (largely manufacturing, warehousing and distribution facilities).

However, *M.S., Section 469.176, Subd. 4c(d)* provides a limited-time exception to these general law rules. Under this provision (originally enacted in 2010 legislature and extended in 2011 legislature), a City may establish an economic development of any kind, notwithstanding the normal findings required under *M.S., Section 469.174, Subd. 12*, and notwithstanding the limitation on types of assisted development under *M.S., Section 469.176, Subd. 4c*.

To satisfy the requirement of *M.S., Section 469.176, Subd. 4c(d)*, the City finds that:

- (1) *the project will create or retain jobs in this state, including construction jobs and that construction of the project would not have commenced before July 1, 2012, without the City and HRA providing assistance under the provisions of this paragraph;*
- (2) *construction of the project will begin no later than July 1, 2012; and*

(3) the request for certification of the district is made no later than June 30, 2012; and

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

The City's findings in creating the District is pursuant to *M.S. Sections 469.176, Subd. 4c(d)* in order to assist in the renovations to the common areas of Southdale Mall. If construction does not commence on or before July 1, 2012, the proposed facility will need to meet the criteria in *M.S., Section 469.176, Subd. 4c(a)*, and must satisfy the findings required under *M.S., Section 469.174, Subd. 12*.

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 or 273.112 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 M.S., Section 469.176, Subd. 1*, the duration 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 8 years after receipt of the first increment by the HRA or City. The date of receipt by the City of the first tax increment is expected to be 2014. Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2022, or when the TIF Plan is satisfied. If increment is received in 2013, the term of the District will be 2021. The HRA or 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 2011 for taxes payable 2012.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2014) 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 HRA or City.

The original local tax rate for the District will be the local tax rate for taxes payable 2012, assuming the request for certification is made on or before June 30, 2012. 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 the Southeast Edina Redevelopment Project Area, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The HRA and City request 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2014. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Southdale 2 Tax Increment District Parcels in School District No. 273

Project Estimated Tax Capacity upon Completion (PTC)	\$4,714,500	
Original Estimated Net Tax Capacity (ONTC)	\$4,457,873	
Fiscal Disparities Reduction	\$65,592	
Estimated Captured Tax Capacity (CTC)	\$191,035	
Original Local Tax Rate	1.08160	Estimated Pay 2012
Estimated Annual Tax Increment (CTC x Local Tax Rate)	\$206,623	
Percent Retained by the HRA and City	100%	

The tax capacity included in this chart is the estimated tax capacity of the District in year 9. The tax capacity of the parcels located in School District 273 in year one is estimated to be \$4,458,033. The fiscal disparities reduction will vary from year to year.

Southdale 2 Tax Increment District Parcels in School District No. 280

Project Estimated Tax Capacity upon Completion (PTC)	\$5,858,175	
Original Estimated Net Tax Capacity (ONTC)	\$4,121,297	
Fiscal Disparities Reduction	\$504,487	
Estimated Captured Tax Capacity (CTC)	\$1,232,391	
Original Local Tax Rate	1.14351	Estimated Pay 2012
Estimated Annual Tax Increment (CTC x Local Tax Rate)	\$1,409,251	
Percent Retained by the HRA and City	100%	

The tax capacity included in this chart is the estimated tax capacity of the District in year 9. The tax capacity of the parcels in the District located in School District 280 in year one is estimated to be \$4,887,371. The fiscal disparities reduction will vary from year to year.

Pursuant to *M.S., Section 469.177, Subd. 4*, the HRA 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 has found building permits that were issued in the past 18 months prior to the public hearing. Please see Appendix G for the building permits that were issued.

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 HRA or 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 an interfund loan. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the HRA or City to incur debt. The HRA or 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	\$11,702,217
Interest	\$250,000
<u>Land Sale Proceeds/Lease Revenue</u>	<u>\$0</u>
TOTAL	\$11,952,217

The HRA or 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 \$8,374,296. 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 renovations to the common areas of Southdale Mall. The HRA and City have determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described. The HRA 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	\$0
Site Improvements/Preparation	\$2,274,296
Utilities	\$0
Other Qualifying Improvements	\$5,000,000
<u>Administrative Costs (up to 10%)</u>	<u>\$1,100,000</u>
PROJECT COST TOTAL	\$8,374,296
<u>Interest</u>	<u>\$3,577,921</u>
PROJECT AND INTEREST COSTS TOTAL	\$11,952,217

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 Appendix D.

Estimated capital and administrative costs listed above are subject to change among categories by modification of the TIF Plan without hearings and notices as required for approval of the initial TIF Plan, so long as the total capital and administrative costs combined do not exceed the total listed above. Further, the HRA or City may spend up to 20 percent of the tax increments from the District for activities (described in the table above) located outside the boundaries of the District but within the boundaries of the Project Area (including administrative costs, which are considered to be spend outside the District), subject to all other terms and conditions of this TIF Plan.

Subsection 2-11.Fiscal Disparities Election

Pursuant to *M.S., Section 469.177, Subd. 3, clause b*, the HRA or City must calculate fiscal disparities using the following method of computation:

- (1) *The original net tax capacity shall be determined before the application of the fiscal disparity provisions of Chapter 276A or 473F. The current net tax capacity shall exclude any fiscal disparity commercial-industrial net tax capacity increase between the original year and the current year multiplied by the fiscal disparity ratio determined pursuant to M.S., Section 276A.06, subdivision 7 or M.S., Section 473F.08, subdivision 6. Where the original net tax capacity is equal to or greater than the current net tax capacity, there is no captured tax capacity and no tax increment determination. Where the original tax capacity is less than the current tax capacity, the difference between the original net tax capacity and the current net tax capacity is the captured net tax capacity. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured net tax capacity of the authority.*
- (2) *The county auditor shall exclude the retained captured net tax capacity of the authority from the net tax capacity of the local taxing districts in determining local taxing district tax rates. The local tax rates so determined are to be extended against the retained captured net tax capacity of the authority as well as the net tax capacity of the local taxing districts.*

The tax generated by the extension of the less of (A) the local taxing district tax rates or (B) the original local tax rate to the retained captured net tax capacity of the authority is the tax increment of the authority.

Subsection 2-12. 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 HRA 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 2-13. County Road Costs

Pursuant to *M.S., Section 469.175, Subd. 1a*, the county board may require the HRA or 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 HRA or City within forty-five days of receipt of this TIF Plan. In the opinion of the HRA and 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 HRA and City are aware that the county could claim that tax increment should be used for county roads, even after the public hearing.

Subsection 2-14. 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 HRA or 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 FOR PARCELS LOCATED IN SCHOOL
DISTRICT NO. 273**

	Estimated 2011/Pay 2012 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) Upon Completion	Percent of CTC to Entity Total
Hennepin County	1,253,423,199	191,035	0.0152%
City of Edina	96,048,515	191,035	0.1989%
Edina ISD No. 273	81,542,007	191,035	0.2343%

IMPACT ON TAX RATES

	Estimated Pay 2012 <u>Extension</u> <u>Rates</u>	Percent of Total	<u>CTC</u>	<u>Potential Taxes</u>
Hennepin County	0.487770	45.10%	191,035	93,181
City of Edina	0.259080	23.95%	191,035	49,493
Edina ISD No. 273	0.224280	20.74%	191,035	42,845
Other	<u>0.110470</u>	<u>10.21%</u>	<u>191,035</u>	<u>21,104</u>
Total	1.081600	100.00%		206,623

**IMPACT ON TAX BASE FOR PARCELS LOCATED IN SCHOOL
DISTRICT NO. 280**

	Estimated 2011/Pay 2012 Total Net <u>Tax Capacity</u>	Estimated Captured Tax Capacity (CTC) <u>Upon Completion</u>	Percent of CTC <u>to Entity Total</u>
Hennepin County	1,253,423,199	1,232,391	0.0983%
City of Edina	96,048,515	1,232,391	1.2831%
Richfield ISD No. 280	29,902,478	1,232,391	4.1214%

IMPACT ON TAX RATES

	Estimated Pay 2012 <u>Extension</u> <u>Rates</u>	Percent of Total	<u>CTC</u>	<u>Potential Taxes</u>
Hennepin County	0.487770	42.66%	1,232,391	601,123
City of Edina	0.259080	22.66%	1,232,391	319,288
Richfield ISD No. 280	0.282900	24.74%	1,232,391	348,643
Other	<u>0.113760</u>	<u>9.95%</u>	<u>1,232,391</u>	<u>140,197</u>
Total	1.143510	100.00%		1,409,251

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the estimated Pay 2012 rate. The total net capacity for the entities listed above are based on estimated Pay 2012 figures. The District will be certified under the actual Pay 2012 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 \$11,702,217;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. The Edina Police Department does track all calls for service including property-type calls and crimes. With increased traffic at Southdale Center mall, police calls for service will be increased. However, the proposed mall renovations include changes to common areas designed, in part, to reduce security concerns and police calls, such as the relocation of the transit facility to mall property outside of the mall itself. In addition, proposed housing developments will generate increased police calls. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles.

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. Several of the existing buildings, proposed to be replaced or renovated, have public safety concerns that include several unprotected old buildings with issues such as access, hydrant locations, and lack of sprinkling.

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, and is expected to enhance the flow of public transit vehicles in and around the Southdale area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Potential housing development will generate in excess of \$180,000 in sewer and water access charges. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The developer will negotiate maintenance of the proposed transit hub with the Metropolitan Council.

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 Edina ISD No. 273 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 \$293,548;
- (4) Estimated amount of tax increment attributable to Richified ISD No. 280 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 \$2,544,966;
- (5) 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 \$5,026,701;

- (6) 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 2-15. 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 determination set forth in *M.S. Section 469.175, Subd. 3, clause (b)(2)* and 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 HRA and City's findings:

- Greater Southdale Area Land Use and Transportation Study, December 2005
- Edina Comprehensive Plan Update 2008
- Developer correspondence and Summary of Renovation Costs, February 2011

Subsection 2-16. 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 2-17. 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 HRA or 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 HRA or City,

shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original TIF Plan. If the District qualifies for certification only under M.S. Section 469.176, Subd. 4c(d), than the District boundaries may not be enlarged after July 1, 2012.

Pursuant to *M.S., Section 469.175 Subd. 4(f)*, the geographic area of the District may be reduced following the date of certification of the original net tax capacity by the county auditor, but shall not be enlarged after five years following the date of certification of the original net tax capacity by the county auditor. 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 HRA 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 HRA or 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 2-18. Administrative Expenses

In accordance with *M.S., Section 469.174, Subd. 14*, administrative expenses means all expenditures of the HRA or 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; or
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 HRA or 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 2-19. 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 HRA or City or a property owner must improve parcels within the District by approximately April 2016 and report such actions to the County Auditor.

Subsection 2-20. Use of Tax Increment

The HRA or 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 public redevelopment costs of the the Southeast Edina Redevelopment Project Area pursuant to *M.S., Sections 469.001 to 469.047*;
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 HRA or City or for the benefit of the Southeast Edina Redevelopment Project Area 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*.

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 Hennepin County to the HRA for the Tax Increment Fund of said District. The HRA or 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. If the request for certification of the District was made after June 30, 2009 and no later than June 30, 2012 and construction commenced in the District by July 1, 2012, tax increments from the District may also be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities. Remaining increment funds will be used for HRA or City administration (up to 10 percent) and for the costs of public improvement activities outside the District.

Subsection 2-21. 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 HRA or City must spend or return the excess increments under paragraph (c) within nine months after the end of the year. In addition, the HRA or City may, subject to the limitations set forth herein, choose to modify the TIF Plan in order to finance additional public costs in the Southeast Edina Redevelopment Project Area or the District.

Subsection 2-22. Requirements for Agreements with the Developer

The HRA or City will review any proposal for private development to determine its conformance with the Redevelopment Plan 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 HRA or City to demonstrate the conformance of the development with City plans and ordinances. The HRA or 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 HRA or 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 HRA or City concluded an agreement for the development of the property acquired and which provides recourse for the HRA or City should the development not be completed.

Subsection 2-23. Assessment Agreements

Pursuant to *M.S., Section 469.177, Subd. 8*, the HRA or 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 2-24. Administration of the District

Administration of the District will be handled by the Executive Director.

Subsection 2-25. Annual Disclosure Requirements

Pursuant to *M.S., Section 469.175, Subds. 5, 6, and 6b* the HRA or 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 OSA will direct the County Auditor to withhold the distribution of tax increment from the District.

Subsection 2-26. 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 and that the increased market value of the site that could reasonably be

expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan. In making said determination, reliance has been placed upon written representation made by the developer to such effects and upon HRA and City staff awareness of the feasibility of developing the project site(s) within the District. A comparative analysis of estimated market values both with and without establishment of the District and the use of tax increments has been performed as described above. Such analysis is included with the cashflow in Appendix D, and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the District and the use of tax increments.

Subsection 2-27. 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 public redevelopment costs of the the Southeast Edina Redevelopment Project Area pursuant to *M.S., Sections 469.001 to 469.047*. 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. Pooling Limitations. At least 80 percent of tax increments from the District must be expended on activities in the District or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities within said district or to pay, or secure payment of, debt service on credit enhanced bonds. Not more than 20 percent of said tax increments may be expended, through a development fund or otherwise, on activities outside of the District except to pay, or secure payment of, debt service on credit enhanced bonds. For purposes of applying this restriction, all administrative expenses must be treated as if they were solely for activities outside of the District.
3. Five Year Limitation on Commitment of Tax Increments. Tax increments derived from the District shall be deemed to have satisfied the 80 percent test set forth in paragraph (2) above only if the five year rule set forth in *M.S., Section 469.1763, Subd. 3*, has been satisfied; and beginning with the sixth year following certification of the District, 80 percent of said tax increments that remain after expenditures permitted under said five year rule must be used only to pay previously committed expenditures or credit enhanced bonds as more fully set forth in *M.S., Section 469.1763, Subd. 5*.

Subsection 2-28. Summary

The Edina Housing and Redevelopment Authority is establishing the District to preserve and enhance the tax base, redevelop substandard areas, and provide employment opportunities in the City. The TIF Plan for the District was prepared by Ehlers & Associates, Inc., 3060 Centre Pointe Drive, Roseville, Minnesota 55113, telephone (651) 697-8500.

Appendix A

Project Description

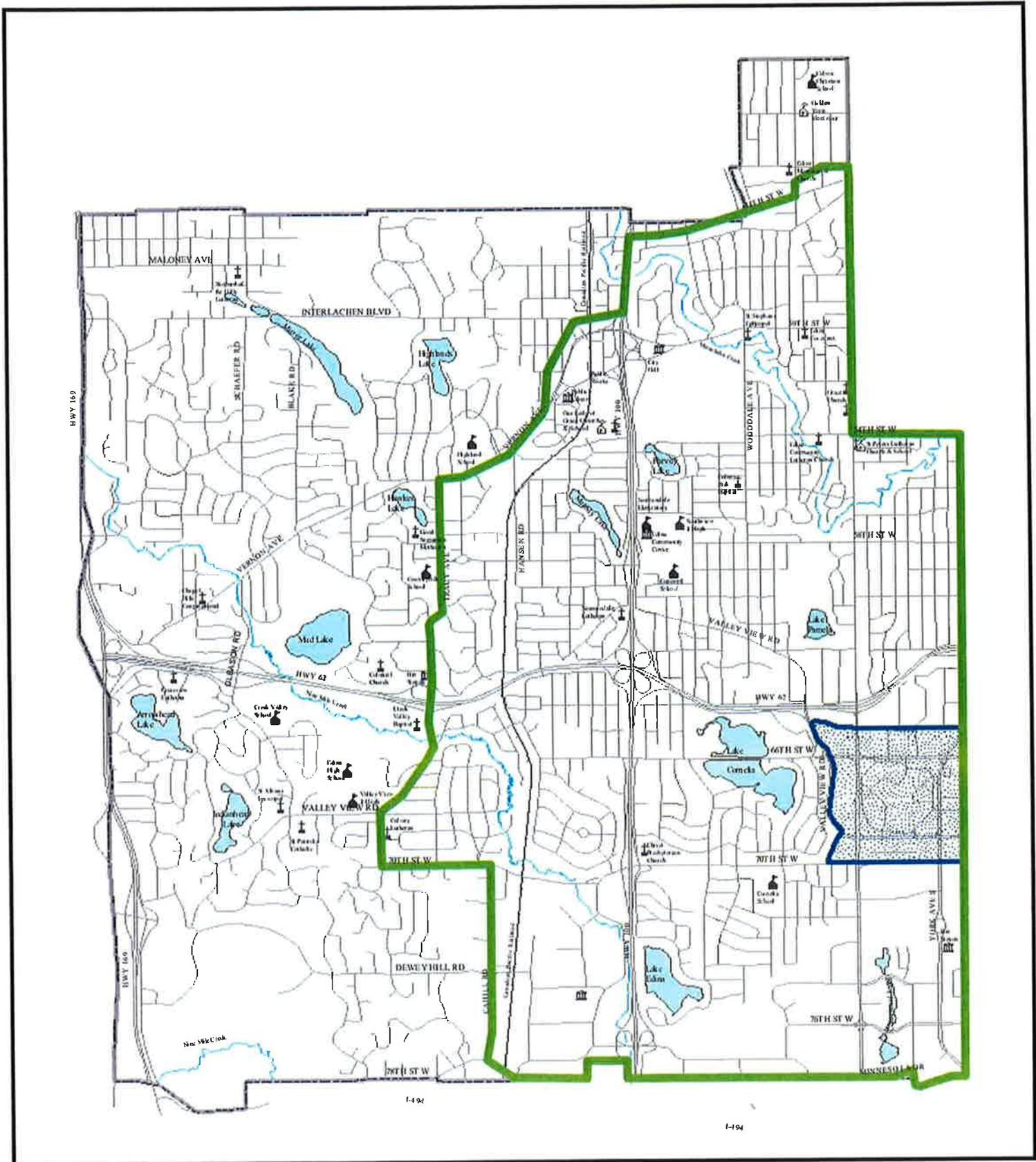
The City and HRA will be facilitating improvements to the 1.2 million square foot Southdale Center mall which was originally constructed in the 1960's. The redeveloper plans to renovate the interior common area and make exterior improvements to the shopping center. The renovations will consist of new entrance structures, flooring, lighting, signage, restrooms, parking deck lighting, and exterior seating, columns and interior wall treatments.

Improvements are planned to be substantially completed by December 31, 2012. The City and HRA intend to finance a portion of the total renovation costs.

The HRA will be loaning \$5 million to Southdale Center, \$250,000 of which is forgiven if a transit station is constructed. Tax increments collected from the Southdale Center parcels will be used to write down principal of the loan and adjacent development will pay for interest on the loan and for the transit station improvements.

Appendix B

Map(s) of the Southeast Edina Redevelopment Project Area and the District



Southeast Edina Redevelopment Project Area and Southdale 2 TIF District



- Project Area
- Southdale 2 TIF District



Engineering Dept.
March, 2012

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 parcel(s) listed below.

Parcel ID	Address
29-028-24-33-0001	ADDRESS UNASSIGNED
29-028-24-33-0004	3500 69TH ST W
29-028-24-33-0014	ADDRESS UNASSIGNED
29-028-24-33-0021	3503 GALLERIA
29-028-24-33-0022	3460 GALLERIA
29-028-24-33-0023	3501 GALLERIA
29-028-24-34-0002	6825 YORK AVE S
29-028-24-34-0007	3100 70TH ST W
29-028-24-34-0010	6975 YORK AVE S
29-028-24-34-0019	ADDRESS UNASSIGNED
29-028-24-34-0020	6775 YORK AVE S
29-028-24-34-0021	6803 YORK AVE S
29-028-24-34-0022	6805 YORK AVE S
29-028-24-34-0024	3210 GALLERIA
29-028-24-34-0025	6905 YORK AVE S
29-028-24-34-0026	3121 69TH ST W
29-028-24-34-0033	3209 Galleria
29-028-24-34-0034	3209 Galleria
29-028-24-34-0035	3209 Galleria
29-028-24-34-0036	3209 Galleria
29-028-24-34-0037	3209 Galleria
29-028-24-34-0038	3209 Galleria
29-028-24-34-0039	3209 Galleria
29-028-24-34-0040	3209 Galleria
29-028-24-34-0041	3209 Galleria
29-028-24-34-0042	3209 Galleria
29-028-24-34-0043	3209 Galleria
29-028-24-34-0044	3209 Galleria
29-028-24-34-0045	3209 Galleria
29-028-24-34-0046	3209 Galleria
29-028-24-34-0047	3209 Galleria
29-028-24-34-0048	3209 Galleria
29-028-24-34-0049	3209 Galleria
29-028-24-34-0050	3209 Galleria
29-028-24-34-0051	3209 Galleria
29-028-24-34-0052	3209 Galleria
29-028-24-34-0053	3209 Galleria
29-028-24-34-0054	3209 Galleria
29-028-24-34-0055	3209 Galleria
29-028-24-34-0056	3209 Galleria
29-028-24-34-0057	3209 Galleria
29-028-24-34-0058	3209 Galleria
29-028-24-34-0059	3209 Galleria
29-028-24-34-0060	3209 Galleria
29-028-24-34-0061	3209 Galleria
29-028-24-34-0062	3209 Galleria
29-028-24-34-0063	3209 Galleria
29-028-24-34-0064	3209 Galleria
29-028-24-34-0065	3209 Galleria
29-028-24-34-0066	3209 Galleria

Parcel ID	Address
30-028-24-44-0003	3950 70TH ST W
30-028-24-44-0004	4040 70TH ST W
30-028-24-44-0005	6950 FRANCE AVE S
30-028-24-44-0006	3910 70th Street West
30-028-24-44-0057	6900 FRANCE AVE S
30-028-24-44-0058	3905 69TH ST W
30-028-24-44-0059	3939 69TH ST W
29-028-24-23-0001	ADDRESS UNASSIGNED
29-028-24-23-0007	6533 Drew Avenue South
29-028-24-23-0008	6525 Drew Avenue S
29-028-24-23-0009	6517 DREW AVE S
29-028-24-23-0010	3625 65TH ST W
29-028-24-23-0011	ADDRESS UNASSIGNED
29-028-24-23-0012	3400 66TH ST W
29-028-24-23-0167	ADDRESS UNASSIGNED
29-028-24-23-0172	6545 FRANCE
29-028-24-23-0173	6525 FRANCE AVE S
29-028-24-24-0001	3316 66th Street West
29-028-24-24-0002	ADDRESS UNASSIGNED
29-028-24-24-0004	Thrivent Financial - No Address
29-028-24-24-0005	3250 66th Street West
29-028-24-24-0007	6550 York Avenue
29-028-24-24-0025	6515 Barrie Road
29-028-24-24-0026	6525 Barrie Road
29-028-24-24-0027	6519 Barrie Road
29-028-24-24-0030	3330 66th Street West
29-028-24-24-0031	ADDRESS UNASSIGNED
29-028-24-24-0032	6500 BARRIE RD
29-028-24-24-0120	6444 Xerxes Avenue South
29-028-24-24-0121	6500 Xerxes Avenue
29-028-24-24-0223	6525 YORK AVE S
29-028-24-31-0002	3101 66TH ST W
29-028-24-31-0003	6725 York Avenue South
29-028-24-31-0005	3425 66TH ST W
29-028-24-31-0006	3230 SOUTHDAL CIR
29-028-24-31-0007	3220 SOUTHDAL CIR
29-028-24-31-0008	3210 SOUTHDAL CIR
29-028-24-31-0009	3200 SOUTHDAL CIR
29-028-24-31-0010	3240 SOUTHDAL CIR
29-028-24-31-0011	6612 XERXES AVE S
29-028-24-31-0012	6616 XERXES AVE S
29-028-24-31-0013	6620 XERXES AVE S
29-028-24-31-0014	6624 XERXES AVE S
29-028-24-31-0015	6628 XERXES AVE S
29-028-24-31-0016	6700 XERXES AVE S
29-028-24-31-0017	6704 XERXES AVE S
29-028-24-31-0018	6708 XERXES AVE S
29-028-24-31-0019	6712 XERXES AVE S
29-028-24-31-0024	300 SOUTHDAL CENTER
29-028-24-31-0025	6636 YORK AVE S

Parcel ID	Address
30-028-24-14-0073	6566 France
30-028-24-14-0074	6566 France
30-028-24-14-0077	6566 France
30-028-24-14-0078	6566 France
30-028-24-14-0079	6566 France
30-028-24-14-0080	6566 France
30-028-24-14-0081	6566 France
30-028-24-14-0082	6566 France
30-028-24-14-0083	6566 France
30-028-24-14-0084	6566 France
30-028-24-14-0085	6566 France
30-028-24-14-0086	6566 France
30-028-24-14-0087	6566 France
30-028-24-14-0088	6566 France
30-028-24-14-0089	6566 France
30-028-24-14-0090	6566 France
30-028-24-14-0091	6566 France
30-028-24-14-0092	6566 France
30-028-24-14-0093	6566 France
30-028-24-14-0094	6566 France
30-028-24-14-0095	6566 France
30-028-24-14-0096	6566 France
30-028-24-14-0097	6566 France
30-028-24-14-0098	6566 France
30-028-24-14-0099	6566 France
30-028-24-14-0100	6566 France
30-028-24-14-0101	6566 France
30-028-24-14-0102	6566 France
30-028-24-14-0103	6566 France
30-028-24-14-0104	6566 France
30-028-24-14-0105	6566 France
30-028-24-14-0106	6566 France
30-028-24-14-0107	6566 France
30-028-24-14-0108	6566 France
30-028-24-14-0109	6566 France
30-028-24-14-0110	6566 France
30-028-24-14-0111	6566 France
30-028-24-14-0112	6566 France
30-028-24-14-0113	6566 France
30-028-24-14-0114	6566 France
30-028-24-14-0115	6566 France
30-028-24-14-0116	6566 France
30-028-24-14-0117	6566 France
30-028-24-14-0118	6566 France
30-028-24-14-0119	6566 France
30-028-24-14-0120	6566 France
30-028-24-14-0123	6566 France
30-028-24-14-0125	6566 France
30-028-24-14-0127	6566 France
30-028-24-14-0128	6566 France

Appendix D
Estimated Cash Flow for the District

Southdale Mall Renovation and Mixed Use Development

City of Edina

Southdale Mall Renovation and Adjacent Development

School District 273

ASSUMPTIONS AND RATES

Economic Development		Maximum/Frozen Local Tax Rate:	
District Type:	2012	108.160%	SD 273
County District #:	0.00%	108.160%	Pay 2012 Prelim.
First Year Construction or Inflation on Value:	5.50%	52.0000%	Pay 2012 Prelim.
Existing District - Specify No. Years Remaining:	1-Feb-12	0.18532%	Pay 2012 Prelim.
Inflation Rate - Every Year:	Pay 2012		
Interest Rate:	2014		
Present Value Date:	g		
First Period Ending:	2022		
Tax Year District Was Certified:	Incremental		
Cashflow Assumes First Tax Increment For Development:	34.7413%		
Years of Tax Increment:	141.9450%		
Assumes Last Year of Tax Increment:			
Fiscal Disparities Election (Outside (A), Inside (B), or NA):			
Fiscal Disparities Total Fiscal Disparities:			
Fiscal Disparities Contribution Ratio:			
Fiscal Disparities Metro-Wide Tax Rate:			

PROPERTY TAX CLASSES AND CLASS RATES:	
Exempt Class Rate (Exempt)	0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)	1.50%
Commercial Industrial Class Rate (C/I)	2.00%
Commercial Industrial Class Rate (C/I) Over	2.00%
Rental Housing Class Rate (Rental)	1.25%
Affordable Rental Housing Class Rate (Aff. Rental)	0.75%
Non-Homestead Residential (Non-H Res.)	1.25%
Homestead Residential Class Rate (Hmsd. Res.)	1.00%
Homestead Residential Class Rate (Hmsd. Res.) First	1.25%
Homestead Residential Class Rate (Hmsd. Res.) Over	1.00%
Agricultural Non-Homestead	1.00%

BASE VALUE INFORMATION (Original Tax Capacity)

SID	PID	Address	Land Market Value	Building Market Value	Total Market Value	Percentage of Value Used for District	Tax Year		Property Class	Current Original Tax Capacity	Class Alter	Conversion Exempt	Alter Orig. Tax Cap.	Area/Phase
							Original Market Value	Pay 2012						
273	29-028-24-33-001	ADDRESS UNASSIGNED	571,800	0	571,800	100%	0	0	C/I	11,436	C/I	11,436	Mail	
273	29-028-24-33-004	9500 69TH ST W	14,995,000	17,908,800	32,903,800	100%	0	0	C/I	659,076	C/I	659,076	Mail	
273	29-028-24-33-0014	ADDRESS UNASSIGNED	2,273,100	5,315,000	7,588,100	100%	0	0	C/I	151,762	C/I	151,762	Mail	
273	29-028-24-33-0021	3503 GALLERIA	4,624,600	42,085,400	46,710,000	100%	0	0	C/I Pref.	1,133,450	C/I Pref.	1,133,450		
273	29-028-24-33-0023	3460 GALLERIA	3,287,100	2,112,900	5,400,000	100%	0	0	C/I	108,000	C/I	108,000		
273	29-028-24-33-0023	3501 GALLERIA	2,851,200	100,900	2,952,100	100%	0	0	C/I Pref.	58,292	C/I Pref.	58,292		
273	29-028-24-34-0001	6925 YORK AVE S	1,392,700	943,300	2,336,000	100%	0	0	C/I Pref.	45,770	C/I Pref.	45,770		
273	29-028-24-34-0010	7070 70TH ST W	1,586,200	1,059,400	2,645,600	100%	0	0	C/I Pref.	52,162	C/I Pref.	52,162		
273	29-028-24-34-0019	ADDRESS UNASSIGNED	2,852,400	0	2,852,400	100%	0	0	C/I	57,048	C/I	57,048		
273	29-028-24-34-0020	6775 YORK AVE S	1,182,700	0	1,182,700	100%	0	0	C/I	23,254	C/I	23,254		
273	29-028-24-34-0031	6803 YORK AVE S	2,932,400	3,024,800	5,957,200	100%	0	0	C/I	119,144	C/I	119,144		
273	29-028-24-34-0031	6805 YORK AVE S	725,200	247,800	973,000	100%	0	0	C/I Pref.	19,460	C/I Pref.	19,460		
273	29-028-24-34-0034	3210 GALLERIA	2,532,200	2,117,800	4,650,000	100%	0	0	C/I Pref.	92,250	C/I Pref.	92,250		
273	29-028-24-34-0035	6905 YORK AVE S	2,084,400	0	2,084,400	100%	0	0	C/I Pref.	40,938	C/I Pref.	40,938		
273	29-028-24-34-0036	6905 YORK AVE S	1,482,100	10,202,900	11,685,000	100%	0	0	Rental	146,063	Rental	146,063		
273	29-028-24-34-0039	3209 Galleria	617,400	0	617,400	100%	0	0	Non-H Res.	7,718	Non-H Res.	7,718		
273	29-028-24-34-0039	3209 Galleria	1,179,000	0	1,179,000	100%	0	0	Non-H Res.	14,738	Non-H Res.	14,738		
273	29-028-24-34-0039	3209 Galleria	620,000	0	620,000	100%	0	0	Non-H Res.	7,750	Non-H Res.	7,750		
273	29-028-24-34-0039	3209 Galleria	779,000	0	779,000	100%	0	0	Non-H Res.	9,738	Non-H Res.	9,738		
273	29-028-24-34-0039	3209 Galleria	591,000	0	591,000	100%	0	0	Non-H Res.	7,388	Non-H Res.	7,388		
273	29-028-24-34-0039	3209 Galleria	589,000	0	589,000	100%	0	0	Non-H Res.	7,363	Non-H Res.	7,363		
273	29-028-24-34-0041	3209 Galleria	417,000	0	417,000	100%	0	0	Non-H Res.	5,213	Non-H Res.	5,213		
273	29-028-24-34-0041	3209 Galleria	1,012,000	0	1,012,000	100%	0	0	Non-H Res.	12,650	Non-H Res.	12,650		
273	29-028-24-34-0043	3209 Galleria	1,179,000	0	1,179,000	100%	0	0	Non-H Res.	14,738	Non-H Res.	14,738		
273	29-028-24-34-0043	3209 Galleria	639,000	0	639,000	100%	0	0	Non-H Res.	7,825	Non-H Res.	7,825		
273	29-028-24-34-0043	3209 Galleria	567,000	0	567,000	100%	0	0	Hmsd. Res.	6,738	Hmsd. Res.	6,738		
273	29-028-24-34-0046	3209 Galleria	395,100	0	395,100	100%	0	0	Hmsd. Res.	5,819	Hmsd. Res.	5,819		
273	29-028-24-34-0047	3209 Galleria	1,179,000	0	1,179,000	100%	0	0	Hmsd. Res.	14,738	Hmsd. Res.	14,738		
273	29-028-24-34-0048	3209 Galleria	1,005,400	0	1,005,400	100%	0	0	Hmsd. Res.	11,318	Hmsd. Res.	11,318		
273	29-028-24-34-0051	3209 Galleria	680,100	0	680,100	100%	0	0	Hmsd. Res.	13,488	Hmsd. Res.	13,488		
273	29-028-24-34-0051	3209 Galleria	768,000	0	768,000	100%	0	0	Hmsd. Res.	7,251	Hmsd. Res.	7,251		
273	29-028-24-34-0054	3209 Galleria	591,000	0	591,000	100%	0	0	Non-H Res.	9,600	Non-H Res.	9,600		
273	29-028-24-34-0056	3209 Galleria	389,400	0	389,400	100%	0	0	Non-H Res.	4,668	Non-H Res.	4,668		
273	29-028-24-34-0057	3209 Galleria	1,219,000	0	1,219,000	100%	0	0	Non-H Res.	15,238	Non-H Res.	15,238		
273	29-028-24-34-0058	3209 Galleria	1,226,900	0	1,226,900	100%	0	0	Hmsd. Res.	10,203	Hmsd. Res.	10,203		
273	29-028-24-34-0058	3209 Galleria	668,000	0	668,000	100%	0	0	Hmsd. Res.	7,100	Hmsd. Res.	7,100		
273	29-028-24-34-0060	3209 Galleria	754,000	0	754,000	100%	0	0	Hmsd. Res.	8,175	Hmsd. Res.	8,175		
273	29-028-24-34-0061	3209 Galleria	591,000	0	591,000	100%	0	0	Non-H Res.	5,979	Non-H Res.	5,979		
273	29-028-24-34-0062	3209 Galleria	478,300	0	478,300	100%	0	0	Non-H Res.	4,038	Non-H Res.	4,038		
273	29-028-24-34-0063	3209 Galleria	323,000	0	323,000	100%	0	0	Hmsd. Res.	14,564	Hmsd. Res.	14,564		
273	29-028-24-34-0064	3209 Galleria	1,268,300	0	1,268,300	100%	0	0	Non-H Res.	13,068	Non-H Res.	13,068		
273	29-028-24-34-0065	3209 Galleria	1,047,000	0	1,047,000	100%	0	0	Non-H Res.	15,313	Non-H Res.	15,313		
273	29-028-24-34-0066	3209 Galleria	1,225,000	0	1,225,000	100%	0	0	Non-H Res.		Non-H Res.			

Southdale Mall Renovation and Mixed Use Development

City of Edina
Southdale Mall Renovation and Adjacent Development

School District 273

Area/Phase	New Use	Estimated		Taxable		Total Sq. Ft./Units	Total Sq. Ft./Unit	Total Taxable		Property Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2012	Percentage Completed 2013	Percentage Completed 2014	Percentage Completed 2015	First Year Full Taxes Payable
		Market Value Per Sq. Ft./Unit	Market Value	Market Value Per Sq. Ft./Unit	Market Value												
Mall	Retail	35,000,000	35,000,000	35,000,000	35,000,000	1	35,000,000	35,000,000	35,000,000	CI	700,000	700,000	97%	97%	97%	100%	2017
Apartment	Apartment	34,900,000	34,900,000	34,900,000	34,900,000	1	34,900,000	34,900,000	34,900,000	Rental	436,250	436,250	70%	70%	75%	100%	2017
Office	Office	36,000,000	36,000,000	36,000,000	36,000,000	1	36,000,000	36,000,000	36,000,000	CI Pref.	719,250	719,250	100%	100%	100%	100%	2015
Retail	Retail	102,500,000	102,500,000	102,500,000	102,500,000	1	102,500,000	102,500,000	102,500,000	CI Pref.	2,049,250	2,049,250	96%	96%	100%	100%	2016
Condos/Apts.	Condominiums	890,000	890,000	890,000	890,000	62	72,900,000	890,000	890,000	Hmstd. Res.	809,750	809,750	100%	100%	100%	100%	2014
TOTAL								281,380,000	4,714,500								
Subtotal Residential						83		107,880,000	1,246,000								
Subtotal Commercial/Ind.						3		173,500,000	3,468,500								

Note:

1. Renovated mall market value based upon tax estimates from mall owner.
2. Other development values based on proposals received by the City of Edina and estimates from City Assessor.

New Use	Total Tax Capacity	Local Property Taxes	Local Disparities Tax Capacity	Local Tax Capacity	Local Tax	Local Capacity	Fiscal Disparities Tax Capacity	Fiscal Tax Capacity	Fiscal Tax	Local Property Taxes	Local Disparities Taxes	Local Taxes	State-wide Property Taxes	State-wide Disparities Taxes	State-wide Taxes	Market Value	Market Taxes	Total Taxes
Retail	700,000	494,087	0	494,087	456,811	456,811	0	494,087	345,195	364,000	0	364,000	0	0	364,000	64,862	64,862	1,268,143
Apartment	436,250	471,848	0	471,848	436,250	436,250	0	471,848	0	374,010	0	374,010	0	0	374,010	64,677	64,677	536,525
Office	719,250	507,674	0	507,674	468,373	468,373	0	507,674	354,688	1,065,610	0	1,065,610	0	0	1,065,610	185,959	185,959	1,303,087
Retail	2,049,250	1,446,439	0	1,446,439	1,337,314	1,337,314	0	1,446,439	1,010,558	1,065,610	0	1,065,610	0	0	1,065,610	135,247	135,247	3,712,559
Condominiums	809,750	875,826	0	875,826	809,750	809,750	0	875,826	0	1,803,820	0	1,803,820	0	0	1,803,820	521,433	521,433	7,851,387
TOTAL	4,714,500	3,735,873	0	3,735,873	3,568,758	3,568,758	0	3,735,873	1,710,440	1,803,820	0	1,803,820	0	0	1,803,820	521,433	521,433	7,851,387

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.
2. If tax increment is received in 2013 then the district will be one year shorter.



City of Edina
Southdale Mall Renovation and Adjacent Development

School District 273

Southdale Mall Renovation and Adjacent Development													
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
100%	4,458,033	(4,457,873)	-	160	108.160%	173	(0)	(9)	77	68	0.5	2014	08/01/12
100%	4,480,655	(4,457,873)	-	22,782	108.160%	24,641	(44)	(9)	77	133	1	2014	08/01/13
100%	4,584,438	(4,457,873)	(20,346)	106,218	108.160%	114,886	(207)	(5,724)	11,048	9,271	1.5	2015	02/01/14
100%	4,714,500	(4,457,873)	(27,642)	228,985	108.160%	247,670	(446)	(12,339)	11,048	18,164	2	2015	02/01/15
100%	4,714,500	(4,457,873)	(65,592)	191,034	108.160%	206,623	(372)	(10,294)	11,048	56,517	2.5	2016	08/01/16
100%	4,714,500	(4,457,873)	(65,592)	191,034	108.160%	206,623	(372)	(10,294)	11,048	97,790	3	2016	02/01/17
100%	4,714,500	(4,457,873)	(65,592)	191,034	108.160%	206,623	(372)	(10,294)	11,048	180,188	3.5	2017	08/01/17
100%	4,714,500	(4,457,873)	(65,592)	191,034	108.160%	206,623	(372)	(10,294)	11,048	260,382	4	2017	02/01/18
100%	4,714,500	(4,457,873)	(65,592)	191,034	108.160%	206,623	(372)	(10,294)	11,048	325,494	4.5	2018	08/01/18
100%	4,714,500	(4,457,873)	(65,592)	191,034	108.160%	206,623	(372)	(10,294)	11,048	388,863	5	2018	02/01/19
100%	4,714,500	(4,457,873)	(65,592)	191,034	108.160%	206,623	(372)	(10,294)	11,048	450,536	5.5	2019	08/01/19
100%	4,714,500	(4,457,873)	(65,592)	191,034	108.160%	206,623	(372)	(10,294)	11,048	510,559	6	2019	02/01/20
100%	4,714,500	(4,457,873)	(65,592)	191,034	108.160%	206,623	(372)	(10,294)	11,048	568,975	6.5	2020	08/01/20
100%	4,714,500	(4,457,873)	(65,592)	191,034	108.160%	206,623	(372)	(10,294)	11,048	625,828	7	2020	02/01/21
100%	4,714,500	(4,457,873)	(65,592)	191,034	108.160%	206,623	(372)	(10,294)	11,048	681,159	7.5	2021	08/01/21
100%	4,714,500	(4,457,873)	(65,592)	191,034	108.160%	206,623	(372)	(10,294)	11,048	735,009	8	2021	02/01/22
100%	4,714,500	(4,457,873)	(65,592)	191,034	108.160%	206,623	(372)	(10,294)	11,048	787,418	8.5	2022	08/01/22
100%	4,714,500	(4,457,873)	(65,592)	191,034	108.160%	206,623	(372)	(10,294)	11,048	838,424	9	2022	02/01/23
Total							1,420,483	(5,114)	(141,537)	1,273,832			
							934,948	(3,356)	(93,158)	838,424			

Southdale Mall Renovation and Mixed Use Development

City of Edina

Southdale Mall Renovation and Adjacent Development

School District 280

ASSUMPTIONS AND RATES

Economic Development

District Name/Number: 2012

County District #: 0.00%

Existing District - Specify No. Years Remaining: 1-Feb-12

Initiation Rate - Every Year: 5.50%

Interest Rate: 1-Aug-12

Present Value Date: Pay 2012

First Period Ending: 2014

Tax Year District was Certified: 9

Cashflow Assumes First Tax Increment For Development: 2022

Assumes Last Year of Tax Increment: Inside(B)

Fiscal Disparities Election (Outside (A), Inside (B), or NA): Incremental

Fiscal Disparities Contribution Ratio: 34.7413%

Fiscal Disparities Contribution Ratio: Pay 2012 Prelim.

Fiscal Disparities Metro-Wide Tax Rate: 141.9450%

Fiscal Disparities Metro-Wide Tax Rate: Pay 2012 Prelim.

Maximum/Frozen Local Tax Rate:

Current Local Tax Rate: (Use lesser of Current or Max.)

State-wide Tax Rate (Comm./Ind. only used for total taxes)

Market Value Tax Rate (Used for total taxes)

PROPERTY TAX CLASSES AND CLASS RATES:

Exempt Class Rate (Exempt)

Commercial Industrial Preferred Class Rate (C/I Pref.)

First \$150,000

Over

Commercial Industrial Class Rate (C/I)

Rental Housing Class Rate (Rental)

Rental Housing Class Rate (Rental)

Affordable Rental Housing Class Rate (Aff. Rental)

Non-Homesite Residential (Non-H Res.)

Homesite Residential Class Rate (Hmsid. Res.)

First \$500,000

Over \$500,000

Agricultural Non-Homesite

114.951%

114.351%

52.0000%

0.15860%

0.00%

1.50%

2.00%

2.00%

1.25%

0.75%

1.25%

1.00%

1.25%

1.00%

1.00%

S/D 280

Pay 2012 Prelim.

Pay 2012 Prelim.

Pay 2012 Prelim.

Pay 2012 Prelim.

BASE VALUE INFORMATION (Original Tax Capacity)

S/D	PID	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	Alter Orig. Tax Cap.	Alter Conversion
280	25-028-24-23-0001	ADDRESS UNASSIGNED	1,384,800	1,316,200	2,701,000	100%	2,701,000	Pay 2012	C/I Pref.	19,928	C/I Pref.	19,928	5,591
280	25-028-24-23-0002	6533 Drew Avenue South	531,900	502,000	1,033,900	100%	1,033,900	Pay 2012	C/I Pref.	10,364	C/I Pref.	10,364	6,695
280	25-028-24-23-0003	6525 Drew Avenue S	445,000	120,700	565,700	100%	565,700	Pay 2012	C/I Pref.	34,550	C/I Pref.	34,550	20,679
280	25-028-24-23-0004	6517 DREW AVE S	529,500	1,235,500	1,765,000	100%	1,765,000	Pay 2012	C/I Pref.	50,570	C/I Pref.	50,570	13,951
280	25-028-24-23-0005	3625 65TH ST W	2,040,700	2,566,000	4,606,700	100%	4,606,700	Pay 2012	C/I Pref.	5,716	C/I	5,716	16,843
280	25-028-24-23-0006	ADDRESS UNASSIGNED	285,800	0	285,800	100%	285,800	Pay 2012	C/I Pref.	106,530	C/I Pref.	106,530	7,500
280	25-028-24-23-0007	3400 66TH ST W	2,990,400	2,263,600	5,254,000	100%	5,254,000	Pay 2012	Exempt	585,660	Exempt	585,660	8,280
280	25-028-24-23-0008	ADDRESS UNASSIGNED	0	0	0	100%	0	Pay 2012	C/I Pref.	244,000	C/I Pref.	244,000	24,094
280	25-028-24-23-0009	6545 FRANCE	5,118,000	24,202,500	29,320,500	100%	29,320,500	Pay 2012	C/I	73,250	C/I	73,250	6,062
280	25-028-24-23-0010	6525 FRANCE AVE S	1,107,600	11,092,400	12,200,000	100%	12,200,000	Pay 2012	C/I	8,280	C/I	8,280	5,695
280	25-028-24-24-0001	3316 68th Street West	1,494,600	2,205,400	3,700,000	100%	3,700,000	Pay 2012	C/I Pref.	6,062	C/I Pref.	6,062	35,596
280	25-028-24-24-0002	ADDRESS UNASSIGNED	403,100	0	403,100	100%	403,100	Pay 2012	C/I	56,204	C/I	56,204	61,075
280	25-028-24-24-0003	Thrivent Financial - No Address	535,600	755,900	1,291,500	100%	1,291,500	Pay 2012	C/I	32,336	C/I	32,336	16,075
280	25-028-24-24-0004	3250 66th Street West	2,091,800	2,274,300	4,366,100	100%	4,366,100	Pay 2012	C/I Pref.	21,588	C/I Pref.	21,588	16,843
280	25-028-24-24-0005	6550 York Avenue	2,611,700	979,300	3,591,000	100%	3,591,000	Pay 2012	C/I Pref.	26,188	C/I Pref.	26,188	23,250
280	25-028-24-24-0006	6515 Barrie Road	675,000	806,000	1,481,000	100%	1,481,000	Pay 2012	C/I	788	C/I	788	7,500
280	25-028-24-24-0007	6525 Barrie Road	480,000	289,500	769,500	100%	769,500	Pay 2012	C/I	8,280	C/I	8,280	5,695
280	25-028-24-24-0008	6519 Barrie Road	827,400	429,500	1,256,900	100%	1,256,900	Pay 2012	C/I	11,250	C/I	11,250	6,628
280	25-028-24-24-0009	3300 66th Street West	917,900	429,500	1,347,400	100%	1,347,400	Pay 2012	C/I	24,094	C/I	24,094	24,094
280	25-028-24-24-0010	ADDRESS UNASSIGNED	36,900	0	36,900	100%	36,900	Pay 2012	C/I	52,750	C/I	52,750	20,864
280	25-028-24-24-0011	6500 Barrie RD	478,400	721,600	1,200,000	100%	1,200,000	Pay 2012	C/I Pref.	17,956	C/I Pref.	17,956	24,294
280	25-028-24-24-0012	6444 Xerxes Avenue South	271,800	328,200	600,000	100%	600,000	Pay 2012	C/I Pref.	20,864	C/I Pref.	20,864	12,894
280	25-028-24-24-0013	6500 Xerxes Avenue	244,100	206,400	450,500	100%	450,500	Pay 2012	C/I	24,294	C/I	24,294	10,532
280	25-028-24-24-0014	6525 YORK AVE S	1,671,000	1,845,400	3,516,400	100%	3,516,400	Pay 2012	C/I	20,864	C/I	20,864	1,883
280	25-028-24-31-0001	3101 66TH ST W	1,241,200	1,000	1,242,200	100%	1,242,200	Pay 2012	C/I Pref.	2,675,000	C/I Pref.	2,675,000	2,395
280	25-028-24-31-0002	6725 York Avenue South	2,674,000	1,000	2,675,000	100%	2,675,000	Pay 2012	C/I	2,395	C/I	2,395	2,038
280	25-028-24-31-0003	3425 66TH ST W	369,500	663,700	1,033,200	100%	1,033,200	Pay 2012	C/I	1,996	C/I	1,996	2,725
280	25-028-24-31-0004	3230 SOUTHDALE CIR	714,700	220,600	935,300	100%	935,300	Pay 2012	C/I Pref.	2,249	C/I Pref.	2,249	1,782
280	25-028-24-31-0005	3220 SOUTHDALE CIR	1,124,800	126,400	1,251,200	100%	1,251,200	Pay 2012	C/I Pref.	2,057	C/I Pref.	2,057	2,143
280	25-028-24-31-0006	3210 SOUTHDALE CIR	467,500	58,000	525,500	100%	525,500	Pay 2012	C/I Pref.	84,722	C/I Pref.	84,722	19,376
280	25-028-24-31-0007	3200 SOUTHDALE CIR	672,500	7,700	680,200	100%	680,200	Pay 2012	C/I Pref.	19,376	C/I Pref.	19,376	118,282
280	25-028-24-31-0008	3240 SOUTHDALE CIR	583,100	1,000	584,100	100%	584,100	Pay 2012	C/I Pref.	118,282	C/I Pref.	118,282	12,332
280	25-028-24-31-0009	6612 XERXES AVE S	131,400	56,900	188,300	100%	188,300	Pay 2012	Hmsid. Res.	88,010	C/I Pref.	88,010	180,790
280	25-028-24-31-0010	6616 XERXES AVE S	131,400	108,100	239,500	100%	239,500	Pay 2012	Hmsid. Res.	1,465,510	C/I Pref.	1,465,510	1,493,510
280	25-028-24-31-0011	6620 XERXES AVE S	131,400	108,100	239,500	100%	239,500	Pay 2012	Hmsid. Res.	29,940	C/I Pref.	29,940	28,940
280	25-028-24-31-0012	6624 XERXES AVE S	131,400	72,400	203,800	100%	203,800	Pay 2012	Hmsid. Res.	118,282	C/I Pref.	118,282	12,332
280	25-028-24-31-0013	6628 XERXES AVE S	131,400	68,200	199,600	100%	199,600	Pay 2012	Hmsid. Res.	88,010	C/I Pref.	88,010	180,790
280	25-028-24-31-0014	6632 XERXES AVE S	145,300	72,700	218,000	100%	218,000	Pay 2012	Hmsid. Res.	1,465,510	C/I Pref.	1,465,510	1,493,510
280	25-028-24-31-0015	6636 XERXES AVE S	145,300	79,600	224,900	100%	224,900	Pay 2012	Hmsid. Res.	29,940	C/I Pref.	29,940	28,940
280	25-028-24-31-0016	6640 XERXES AVE S	145,300	79,600	224,900	100%	224,900	Pay 2012	Hmsid. Res.	118,282	C/I Pref.	118,282	12,332
280	25-028-24-31-0017	6644 XERXES AVE S	131,400	46,800	178,200	100%	178,200	Pay 2012	Hmsid. Res.	88,010	C/I Pref.	88,010	180,790
280	25-028-24-31-0018	6648 XERXES AVE S	131,400	74,300	205,700	100%	205,700	Pay 2012	Hmsid. Res.	1,465,510	C/I Pref.	1,465,510	1,493,510
280	25-028-24-31-0019	6652 XERXES AVE S	131,400	82,900	214,300	100%	214,300	Pay 2012	Hmsid. Res.	29,940	C/I Pref.	29,940	28,940
280	25-028-24-31-0020	6656 XERXES AVE S	131,400	1,000	132,400	100%	132,400	Pay 2012	Hmsid. Res.	118,282	C/I Pref.	118,282	12,332
280	25-028-24-31-0021	300 SOUTHDALE CENTER	4,272,600	968,800	5,241,400	100%	5,241,400	Pay 2012	C/I	19,376	C/I	19,376	118,282
280	25-028-24-31-0022	6636 YORK AVE S	967,800	1,000	968,800	100%	968,800	Pay 2012	Exempt	88,010	C/I Pref.	88,010	180,790
280	25-028-24-31-0023	6636 YORK AVE S	0	0	0	100%	0	Pay 2012	C/I	1,465,510	C/I Pref.	1,465,510	1,493,510
280	25-028-24-31-0024	6636 YORK AVE S	0	0	0	100%	0	Pay 2012	C/I	29,940	C/I Pref.	29,940	28,940
280	25-028-24-31-0025	6636 YORK AVE S	3,464,000	2,487,600	5,951,600	100%	5,951,600	Pay 2012	C/I	118,282	C/I Pref.	118,282	12,332
280	25-028-24-32-0001	6755 YORK AVE S	616,600	0	616,600	100%	616,600	Pay 2012	C/I	88,010	C/I Pref.	88,010	180,790
280	25-028-24-32-0002	6755 YORK AVE S	2,995,500	0	2,995,500	100%	2,995,500	Pay 2012	C/I Pref.	1,465,510	C/I Pref.	1,465,510	1,493,510
280	25-028-24-32-0003	200 SOUTHDALE CENTER	1,883,700	2,995,500	4,879,200	100%	4,879,200	Pay 2012	C/I Pref.	29,940	C/I Pref.	29,940	28,940
280	25-028-24-32-0004	100 SOUTHDALE CENTER	1,883,700	9,077,000	10,960,700	100%	10,960,700	Pay 2012	C/I Pref.</				

BASE VALUE INFORMATION (Original Tax Capacity)

Parcel ID	Assessor's Description	Area (sq. ft.)	Value	Rate	Pay 2012	Assessment	Rate	Pay 2012
280	30-028-24-14-0116 6566 France	235,000	159,400	100%	235,000	Hmstd. Res.	2,350	2,350
280	30-028-24-14-0123 6566 France	159,400	159,400	100%	159,400	Hmstd. Res.	1,594	1,594
280	30-028-24-14-0125 6566 France	234,100	234,100	100%	234,100	Hmstd. Res.	2,341	2,341
280	30-028-24-14-0127 6566 France	188,200	188,200	100%	188,200	Hmstd. Res.	1,882	1,882
280	30-028-24-14-0128 6566 France	192,300	192,300	100%	192,300	Hmstd. Res.	1,923	1,923
280	30-028-24-14-0129 6566 France	188,200	188,200	100%	188,200	Hmstd. Res.	1,882	1,882
280	30-028-24-14-0130 6566 France	187,400	187,400	100%	187,400	Hmstd. Res.	1,874	1,874
280	30-028-24-14-0131 6566 France	229,200	229,200	100%	229,200	Hmstd. Res.	2,292	2,292
280	30-028-24-14-0133 6566 France	164,300	164,300	100%	164,300	Hmstd. Res.	1,643	1,643
280	30-028-24-14-0135 6566 France	159,400	159,400	100%	159,400	Non-H Res.	1,993	1,993
280	30-028-24-14-0137 6566 France	229,200	229,200	100%	229,200	Non-H Res.	2,865	2,865
280	30-028-24-14-0140 6566 France	178,900	178,900	100%	178,900	Non-H Res.	2,236	2,236
280	30-028-24-14-0141 6566 France	187,400	187,400	100%	187,400	Hmstd. Res.	1,874	1,874
280	30-028-24-14-0142 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0144 6566 France	187,400	187,400	100%	187,400	Hmstd. Res.	1,874	1,874
280	30-028-24-14-0147 6566 France	179,400	179,400	100%	179,400	Hmstd. Res.	2,343	2,343
280	30-028-24-14-0149 6566 France	314,200	314,200	100%	314,200	Non-H Res.	1,794	1,794
280	30-028-24-14-0151 6566 France	196,000	196,000	100%	196,000	Hmstd. Res.	3,928	3,928
280	30-028-24-14-0152 6566 France	209,400	209,400	100%	209,400	Hmstd. Res.	1,960	1,960
280	30-028-24-14-0153 6566 France	196,000	196,000	100%	196,000	Non-H Res.	2,618	2,618
280	30-028-24-14-0155 6566 France	214,300	214,300	100%	214,300	Hmstd. Res.	2,450	2,450
280	30-028-24-14-0156 6566 France	250,500	250,500	100%	250,500	Hmstd. Res.	2,143	2,143
280	30-028-24-14-0157 6566 France	261,200	261,200	100%	261,200	Hmstd. Res.	2,505	2,505
280	30-028-24-14-0158 6566 France	179,400	179,400	100%	179,400	Non-H Res.	2,612	2,612
280	30-028-24-14-0159 6566 France	138,500	138,500	100%	138,500	Non-H Res.	2,243	2,243
280	30-028-24-14-0160 4015 65th Street West	3,032,400	8,631,300	100%	3,032,400	Non-H Res.	1,385	1,385
280	30-028-24-14-0161 6566 France	299,900	299,900	100%	299,900	Rental	4,656	4,656
280	30-028-24-14-0162 6566 France	367,600	367,600	100%	367,600	Hmstd. Res.	145,796	145,796
280	30-028-24-14-0164 6566 France	367,600	367,600	100%	367,600	Hmstd. Res.	2,996	2,996
280	30-028-24-14-0165 6566 France	272,800	272,800	100%	272,800	Non-H Res.	3,999	3,999
280	30-028-24-14-0166 6566 France	367,600	367,600	100%	367,600	Non-H Res.	4,595	4,595
280	30-028-24-14-0167 6566 France	414,300	414,300	100%	414,300	Non-H Res.	3,676	3,676
280	30-028-24-14-0168 6566 France	286,200	286,200	100%	286,200	Non-H Res.	3,410	3,410
280	30-028-24-14-0049 6566 France	116,200	116,200	100%	116,200	Hmstd. Res.	4,595	4,595
280	30-028-24-14-0051 6566 France	151,800	151,800	100%	151,800	Hmstd. Res.	4,143	4,143
280	30-028-24-14-0052 6566 France	116,200	116,200	100%	116,200	Hmstd. Res.	3,578	3,578
280	30-028-24-14-0053 6566 France	116,200	116,200	100%	116,200	Hmstd. Res.	1,518	1,518
280	30-028-24-14-0054 6566 France	213,600	213,600	100%	213,600	Hmstd. Res.	1,162	1,162
280	30-028-24-14-0055 6566 France	224,300	224,300	100%	224,300	Hmstd. Res.	1,518	1,518
280	30-028-24-14-0056 6566 France	170,400	170,400	100%	170,400	Hmstd. Res.	1,162	1,162
280	30-028-24-14-0057 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,162	1,162
280	30-028-24-14-0058 6566 France	170,400	170,400	100%	170,400	Hmstd. Res.	2,136	2,136
280	30-028-24-14-0059 6566 France	178,900	178,900	100%	178,900	Hmstd. Res.	2,243	2,243
280	30-028-24-14-0060 6566 France	229,200	229,200	100%	229,200	Hmstd. Res.	2,243	2,243
280	30-028-24-14-0061 6566 France	151,800	151,800	100%	151,800	Non-H Res.	1,704	1,704
280	30-028-24-14-0062 6566 France	116,200	116,200	100%	116,200	Non-H Res.	1,704	1,704
280	30-028-24-14-0063 6566 France	151,800	151,800	100%	151,800	Non-H Res.	1,789	1,789
280	30-028-24-14-0064 6566 France	213,600	213,600	100%	213,600	Hmstd. Res.	2,136	2,136
280	30-028-24-14-0065 6566 France	229,200	229,200	100%	229,200	Hmstd. Res.	2,292	2,292
280	30-028-24-14-0066 6566 France	170,400	170,400	100%	170,400	Hmstd. Res.	1,453	1,453
280	30-028-24-14-0067 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,898	1,898
280	30-028-24-14-0068 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,162	1,162
280	30-028-24-14-0069 6566 France	170,400	170,400	100%	170,400	Hmstd. Res.	2,670	2,670
280	30-028-24-14-0070 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	2,292	2,292
280	30-028-24-14-0071 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,704	1,704
280	30-028-24-14-0072 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0073 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0074 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0075 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0076 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0077 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0078 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0079 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0080 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0081 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0082 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0083 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0084 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0085 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0086 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0087 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0088 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0089 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0090 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0091 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0092 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0093 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0094 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0095 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0096 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0097 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0098 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0099 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0100 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0101 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0102 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0103 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0104 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0105 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0106 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0107 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0108 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0109 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0110 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0111 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0112 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0113 6566 France	183,800	183,800	100%	183,800	Hmstd. Res.	1,838	1,838
280	30-028-24-14-0114 6566 France	183,800	183,800	100%				

Southdale Mall Renovation and Mixed Use Development

City of Edina
Southdale Mall Renovation and Adjacent Development

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 Market Value	Property Tax Class	Project Tax Capacity	Percentage Completed 2012	Percentage Completed 2013	Percentage Completed 2014	Percentage Completed 2015	First Year Full Taxes Payable
Mall	Retail	125,000,000	125,000,000	1	125,000,000	C/I Prel.	2,499,250	90%	92%	95%	100%	2017
Office	Office	67,000,000	67,000,000	1	67,000,000	C/I Prel.	1,890,260	90%	92%	95%	100%	2017
66th & York	Apartments	130,000	130,000	420	54,600,000	Retail	692,450	25%	25%	45%	100%	2017
Retail	Retail	53,000,000	53,000,000	1	53,000,000	C/I Prel.	1,059,230	93%	96%	98%	100%	2017
Condos	Condominiums	215,000	197,110	141	27,792,310	Hinsd. Res.	277,925	100%	100%	100%	100%	2014
TOTAL					327,392,310		5,858,175					
Subtotal Residential					32,392,310		960,425					
Subtotal Commercial/Ind.					245,000,000		4,897,750					

Note:

1. Renovated mall market value based upon tax estimates from mall owner.
2. Other development values based on proposals received by the City of Edina that will increase existing values and estimates from City Assessor.

TAX CALCULATIONS												
New Use	Total Capacity	Fiscal			Local			State-wide			Market Value Taxes	Total Taxes
		Tax Disparities	Tax Capacity	Local Property Taxes	Local Property Taxes	Property Taxes	State-wide Property Taxes	Market Value Taxes				
Retail	2,499,250	869,272	1,630,978	1,865,040	1,232,469	1,299,610	199,250	4,595,368				
Office	1,339,250	465,273	873,977	999,402	660,432	696,410	106,262	2,462,505				
Apartments	682,500	0	682,500	780,446	0	0	86,596	867,041				
Retail	1,059,250	367,997	691,253	790,454	522,354	550,810	84,058	1,947,676				
Condominiums	277,925	0	277,925	317,810	0	0	44,079	361,889				
TOTAL	5,858,175	1,701,542	4,156,633	4,753,151	2,415,254	2,846,830	519,245	10,234,460				

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.
2. If tax increment is received in 2013 then the district will be one year shorter.



City of Edina
Southdale Mall Renovation and Adjacent Development
 School District 280

% 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 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
100%	4,887,371	(4,121,297)	(350,521)	415,553	114.351%	475,189	237,594	(855)	(23,674)	213,065	186,039	0.5	2014	08/01/12
100%	5,007,847	(4,121,297)	(392,052)	494,497	114.351%	565,463	237,594	(855)	(23,674)	213,065	367,098	1	2014	08/01/13
100%	5,294,683	(4,121,297)	(444,281)	729,105	114.351%	833,738	282,731	(1,018)	(28,171)	253,542	576,788	1.5	2015	08/01/14
100%	5,858,175	(4,121,297)	(509,635)	1,227,243	114.351%	1,403,364	416,869	(1,501)	(41,537)	373,832	780,866	2	2015	08/01/15
100%	5,858,175	(4,121,297)	(504,487)	1,232,391	114.351%	1,409,252	701,682	(2,526)	(69,916)	629,240	1,073,712	2.5	2016	08/01/16
100%	5,858,175	(4,121,297)	(504,487)	1,232,391	114.351%	1,409,252	704,626	(2,537)	(70,209)	631,880	1,358,721	3	2016	02/01/17
100%	5,858,175	(4,121,297)	(504,487)	1,232,391	114.351%	1,409,252	704,626	(2,537)	(70,209)	631,880	1,825,613	3.5	2017	08/01/17
100%	5,858,175	(4,121,297)	(504,487)	1,232,391	114.351%	1,409,252	704,626	(2,537)	(70,209)	631,880	2,280,009	4	2017	02/01/18
100%	5,858,175	(4,121,297)	(504,487)	1,232,391	114.351%	1,409,252	704,626	(2,537)	(70,209)	631,880	2,724,099	4.5	2018	08/01/18
100%	5,858,175	(4,121,297)	(504,487)	1,232,391	114.351%	1,409,252	704,626	(2,537)	(70,209)	631,880	3,156,303	5	2018	02/01/19
100%	5,858,175	(4,121,297)	(504,487)	1,232,391	114.351%	1,409,252	704,626	(2,537)	(70,209)	631,880	3,576,940	5.5	2019	08/01/19
100%	5,858,175	(4,121,297)	(504,487)	1,232,391	114.351%	1,409,252	704,626	(2,537)	(70,209)	631,880	3,986,319	6	2019	02/01/20
100%	5,858,175	(4,121,297)	(504,487)	1,232,391	114.351%	1,409,252	704,626	(2,537)	(70,209)	631,880	4,384,742	6.5	2020	08/01/20
100%	5,858,175	(4,121,297)	(504,487)	1,232,391	114.351%	1,409,252	704,626	(2,537)	(70,209)	631,880	4,772,501	7	2020	02/01/21
100%	5,858,175	(4,121,297)	(504,487)	1,232,391	114.351%	1,409,252	704,626	(2,537)	(70,209)	631,880	5,149,882	7.5	2021	08/01/21
100%	5,858,175	(4,121,297)	(504,487)	1,232,391	114.351%	1,409,252	704,626	(2,537)	(70,209)	631,880	5,517,163	8	2021	02/01/22
100%	5,858,175	(4,121,297)	(504,487)	1,232,391	114.351%	1,409,252	704,626	(2,537)	(70,209)	631,880	5,874,614	8.5	2022	08/01/22
Total					5.50%		10,324,014	(37,166)	(1,028,665)	9,258,163		9		02/01/23
							6,938,866	(24,980)	(691,389)	6,222,498				

Appendix E

Minnesota Business Assistance Form (Minnesota Department of Employment and Economic Development)

A Minnesota Business Assistance Form (MBAF) should be used to report and/or update each calendar year's activity by April 1 of the following year.

Please see the Minnesota Department of Employment and Economic Development (DEED) website at <http://www.deed.state.mn.us/Community/subsidies/MBAFForm.htm> for information and forms.

Appendix F

Findings Including But/For Qualifications

But-For Analysis	
Current Market Value	489,660,200
New Market Value - Estimate	608,772,510
Difference	119,112,310
Present Value of Tax Increment	7,873,815
Difference	111,238,495
Value Likely to Occur Without TIF is Less Than:	111,238,495

Appendix G
Prior Improvements

The complete list of permits issued are on file with the City Planner

**CITY OF EDINA
HENNEPIN COUNTY
STATE OF MINNESOTA**

Councilmember _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. _____

**RESOLUTION ADOPTING A MODIFICATION TO THE REDEVELOPMENT
PLAN FOR THE SOUTHEAST EDINA REDEVELOPMENT PROJECT AREA;
AND ESTABLISHING THE SOUTHDALE 2 TAX INCREMENT FINANCING
DISTRICT THEREIN AND ADOPTING A TAX INCREMENT FINANCING
PLAN THEREFOR.**

BE IT RESOLVED by the City Council (the "Council") of the City of Edina, Minnesota (the "City"), as follows:

Section 1. Recitals.

1.01. The City Council and the Board of Commissioners of the Edina Housing and Redevelopment Authority (the "HRA") have heretofore established the Southeast Edina Redevelopment Project Area and adopted the Redevelopment Plan therefor. It has been proposed by the HRA and the City that the City adopt a Modification to the Redevelopment Plan (the "Redevelopment Plan Modification") for the Southeast Edina Redevelopment Project Area (the "Project Area") and establish the Southdale 2 Tax Increment Financing District (the "District") therein and adopt a Tax Increment Financing Plan (the "TIF Plan") therefor (the Redevelopment Plan Modification and the TIF Plan are referred to collectively herein as the "Plans"); all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.001 to 469.047 and Sections 469.174 to 469.1799, all inclusive, as amended, (the "Act") all as reflected in the Plans, and presented for the Council's consideration.

1.02. The HRA and City have investigated the facts relating to the Plans and have caused the Plans to be prepared.

1.03. The HRA and City have performed all actions required by law to be performed prior to the establishment of the District and the adoption and approval of the proposed Plans, including, but not limited to, notification of Hennepin County, Independent School District No. 280 and Independent School District No. 273 having taxing jurisdiction over the property to be included in the District, a review of and written comment on the Plans by the City Planning Commission on March 28, 2012, approval of the Plans by the HRA on April 17, 2012, and the holding of a public hearing upon published notice as required by law.

1.04. Certain written reports (the "Reports") relating to the Plans and to the activities contemplated therein have heretofore been prepared by staff and consultants and submitted to the Council and/or made a part of the City files and proceedings on the Plans. The Reports include data, information and/or substantiation constituting or relating to the basis for the other findings and determinations made in this resolution. The Council hereby confirms, ratifies and adopts the Reports, 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.

1.05 The Council recognizes that, pursuant to Minnesota Statutes, Section 469.177, Subd. 3, clause b, there is a mandatory fiscal disparities contribution for the District, an economic development district.

1.06. The City is not modifying the boundaries of the Project Area, but is modifying the Redevelopment Plan therefor to include activities related to the District.

Section 2. Findings for the Adoption and Approval of the Redevelopment Plan Modification.

2.01. The Council approves the Redevelopment Plan Modification, and specifically finds that: (a) the land within the Project area would not be available for redevelopment without the financial aid to be sought under this Redevelopment Plan; (b) the Redevelopment Plan, as modified, will afford maximum opportunity, consistent with the needs of the City as a whole, for the development of the Project by private enterprise; and (c) that the Redevelopment Plan, as modified, conforms to the general plan for the development of the City as a whole.

Section 3. Findings for the Establishment of the Southdale 2 Tax Increment Financing District.

3.01. The Council hereby finds that the District is in the public interest and is an "economic development district" under Minnesota Statutes, Section 469.174, Subd. 12 of the Act.

3.02. The Council further finds that the proposed development would not occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the Tax Increment Financing Plan, that the Plans conform to the general plan for the development or redevelopment of the City as a whole; and that the Plans will afford maximum opportunity consistent with the sound needs of the City as a whole, for the redevelopment or development of the District by private enterprise.

3.03. The Council further finds, declares and determines that the City made the above findings stated in this Section and has set forth the reasons and supporting facts for each determination in writing, attached hereto as Exhibit A.

Section 4. Findings for Use of the District to Provide Assistance Pursuant to Section 469.176, Subd. 4c(d) of the Act.

4.01. The Council further expects that the District will meet the requirements of Minnesota Statutes, Section 469.476, Subd. 4c(d) (exempting the District from manufacturing, warehouse, and distribution use restrictions), because:

- (i) the proposed development will create or retain jobs in the State (including construction jobs), and construction of the project would not have commenced before July 1, 2012 without the assistance provided through tax increment under the TIF Plan;
- (ii) construction of the project will begin no later than July 1, 2012; and
- (iii) the City and HRA will request certification of the District by no later than June 30, 2012.

4.02. If construction does not commence by July 1, 2012 (unless this date is extended by state

law), the proposed project will need to meet the criteria of Minnesota Statutes, Section 469.176, Subd. 4c(a) and must satisfy the finding required under Minnesota Statutes, Section 469.174, Subd. 12.

Section 5. Public Purpose.

5.01. The adoption of the Plans conforms in all respects to the requirements of the Act and will result in increased employment in the state, and will result in preservation and enhancement of the tax base of the State and thereby serves a public purpose. For the reasons described in Exhibit A, the City believes these benefits directly derive from the tax increment assistance provided under the TIF Plan. A private mall owner will receive only the assistance needed to make this development financially feasible. As such, any private benefits received by a mall owner are incidental and do not outweigh the primary public benefits.

Section 6. Approval and Adoption of the Plans.

6.01. The Plans, as presented to the Council on this date, including without limitation the findings and statements of objectives contained therein, are hereby approved, ratified, established, and adopted and shall be placed on file in the office of the Executive Director.

6.02. The staff of the City, the City's advisors and legal counsel are authorized and directed to proceed with the implementation of the Plans and to negotiate, draft, prepare and present to this Council for its consideration all further plans, resolutions, documents and contracts necessary for this purpose.

6.03. The Auditor of Hennepin County is requested to certify the original net tax capacity of the District, as described in the Plans, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased; and the Edina Housing and Redevelopment Authority is authorized and directed to forthwith transmit this request to the County Auditor in such form and content as the Auditor may specify, together with a list of all properties within the District, for which building permits have been issued during the 18 months immediately preceding the adoption of this resolution.

6.04. The Executive Director is further authorized and directed to file a copy of the Plans with the Commissioner of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes 469.175, Subd. 4a.

The motion for the adoption of the foregoing resolution was duly seconded by Council member _____, and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Dated: April 17, 2012

ATTEST:

Mayor

City Clerk

(Seal)

EXHIBIT A

RESOLUTION NO. _____

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for the Southdale 2 Tax Increment Financing District as required pursuant to *M.S., Section 469.175, Subd. 3* are as follows:

1. *Finding that the Southdale 2 Tax Increment Financing District is an economic development district as defined in M.S., Section 469.174, Subd. 12.*

The Southdale 2 Tax Increment Financing District (the "District") is a contiguous geographic area within the City's the Southeast Edina Redevelopment Project Area, delineated in the TIF Plan, for the purpose of financing economic development in the City through the use of tax increment. The District is in the public interest because it will facilitate renovations to the common areas of Southdale Mall and exterior improvements to the shopping center, which will increase employment in the state, and preserve and enhance the tax base of the state.

Furthermore, the assistance being provided meets the requirements for assistance under Section 469.176, subd. 4c(d) of the Act, because:

- The private development to be assisted pursuant to the TIF Plan will create or retain jobs in the state, including construction jobs;
- the development consists of improvements to interior and exterior common areas, and construction will commence no later than July 1, 2012;
- construction of the proposed development would not have commenced before July 1, 2012, without the tax increment financing assistance to be provided pursuant to the TIF Plan; and
- the City will file the request for certification of the District by June 30, 2012.

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

The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future. This finding is supported by the following facts:

- Southdale Center is a 1.2 million square foot indoor mall originally constructed in 1956. Portions of the mall have an obsolete configuration that makes it difficult to attract retail tenants.
- Retail property in general has experienced declining property values and lease rates as evidenced by successful tax appeals at Southdale Center and other retail establishments in the City.
- Southdale Center is the hub of economic development, retail activity, office space, and high density housing in the City of Edina. A decline in the value and retail traffic at the mall will negatively impact the value and economic development activity on the property surrounding the mall. Conversely, a vibrant mall will spur economic development for mall tenants, other mall owners such as Macy's and JC Penny's and the surrounding property within the District.
- The costs of the proposed improvements to the common areas of the mall cannot be passed on to

tenants and is therefore a long-term investment on the part of the mall owner, Simon Properties. In the short-term they will not, in and of themselves, increase the market value of the property. However, they are being undertaken to increase retail traffic at the mall, and improve occupancy and lease rates which, over time, will increase the value of the mall and surrounding properties, as well as spur additional development in the District.

- Best Buy is closing the retail store located within the District. Successful redevelopment of this site will depend on a financially viable Southdale Center that attracts more retail traffic.
- The City and HRA, as a condition to tax increment assistance, will be requiring the mall owner to invest at least \$ 14,000,000 in interior and exterior improvements to the common areas of Southdale Center. The amount of tax increment will increase if the mall owner increases improvement investments up to \$15,000,000. Without the assistance, the mall owner has submitted statements that it would limit the renovations to approximately \$7.34 million in basic improvements. Without the tax increment assistance, the mall property would not generate sufficient returns to the mall owner to undertake the full \$14,000,000 to \$15,000,000 in improvements. With the tax increment, the mall owner has indicated that the Southdale Center renovations will result in a return on investment under the normal thresholds for Simon Properties for a third year return, but is expected to achieve the corporate minimum investment threshold in the fifth year with the tax increment assistance. The mall owner has provided the City and HRA evidence that without assistance, the mall owner would be unable to construct the full level of proposed renovations.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan: The City supported this finding on the grounds that the assessed market value of Southdale Center has declined 32% in the last five years. Best Buy recently announced it will be closing its retail store in the District. The declining values and declining or stagnant retail lease rates evidenced by successful tax appeals at Southdale Center, the current obsolete configuration of the existing Southdale Center that was constructed over fifty years ago, and the internal competition for resources within the 350 mall portfolio of Simon Properties all make it unlikely that the full level of mall renovations will be constructed in the next 9 years without public assistance of some kind. The City further determines that these same challenges suggest that no other development of similar scope could reasonably be expected to occur on this site without similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. If the proposed development occurs, the total increase in market value will be \$119,112,310 (see Appendix D and F of the TIF Plan)
 - b. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$7,873,815 (see Appendix D and F of the TIF Plan).
 - c. The Council finds that no alternative would occur that would produce a market value increase greater than \$111,238,495 (the amount in clause b less the amount in clause c) without tax increment assistance.
3. *Finding that the TIF Plan for the Southdale 2 Tax Increment Financing District conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission reviewed the TIF Plan on March 28, 2012 and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the Tax Increment Financing Plan for the Southdale 2 Tax Increment Financing District will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of the Southeast Edina Redevelopment Project Area by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, increased tax base of the State and the redevelopment of currently underutilized land by a private business.

**CITY OF EDINA
HENNEPIN COUNTY
STATE OF MINNESOTA**

Councilmember _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. _____

RESOLUTION AUTHORIZING AN INTERFUND LOAN FOR ADVANCE OF CERTAIN COSTS IN CONNECTION WITH THE SOUTHDALE 2 TAX INCREMENT FINANCING DISTRICT.

BE IT RESOLVED by the Board of Commissioners (the "Board") of the Edina Housing and Redevelopment Authority (the "HRA") and the City of Edina (the "City") that City Council (the "Council") of the City of Edina, Minnesota (the "City"), as follows:

Section 1. Background.

1.01. The City and HRA intend to establish the Southdale 2 Tax Increment Financing District (the "TIF District") within the Southeast Edina Redevelopment Project Area (the "Project"), and will adopt a Tax Increment Financing Plan (the "TIF Plan") for the purpose of financing certain improvements within the Project.

1.02. The City and HRA have determined to pay for certain costs identified in the TIF Plan consisting of site improvements, other qualifying improvements, interest and administrative costs (collectively, the "Qualified Costs"), which costs may be financed on a temporary basis from City or HRA funds available for such purposes.

1.03. Under Minnesota Statutes, Section 469.178, Subd. 7, the City and HRA are authorized to advance or loan money from its general funds or any other fund from which such advances may be legally authorized, in order to finance the Qualified Costs.

1.04. The City and HRA intend to reimburse themselves for the Qualified Costs from tax increments derived from the TIF District in accordance with the terms of this resolution (which terms are referred to collectively as the "Interfund Loan").

Section 2. Terms of Interfund Loan.

2.01. The City and HRA hereby authorize the advance of up to \$5,100,000, or so much thereof as may be paid as Qualified Costs, from the Centennial Lakes Tax Increment District fund or such other fund identified by the City or HRA. The total advances of City and HRA, when added together, shall not exceed \$5,100,000.

2.02 The City and HRA shall reimburse themselves such advances together with interest at the rate stated below. Interest accrues on the principal amount from the date of each advance. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 are from time to time adjusted. The interest rate shall be 4% and will not fluctuate.

2.03. Principal and interest ("Payments") on the Interfund Loan shall be paid semi-annually on each August 1 and February 1 (each a "Payment Date"), commencing on the first Payment Date on which the Authority has Available Tax Increment (defined below), or on any other dates determined by the Finance Director, through the date of last receipt of tax increment from the TIF District.

2.04. Payments on this Interfund Loan are payable solely from "Available Tax Increment," which shall mean, on each Payment Date, tax increment available after other obligations have been paid, or as determined by the Finance Director, generated in the preceding six (6) months with respect to the property within the TIF District and remitted to the City and HRA by Hennepin County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1799, all inclusive, as amended. Payments on this Interfund Loan may be subordinated to any outstanding or future bonds, notes or contracts secured in whole or in part with Available Tax Increment, and are on parity with any other outstanding or future interfund loans secured in whole or in part with Available Tax Increment.

2.05. The principal sum and all accrued interest payable under this Interfund Loan are pre-payable in whole or in part at any time by the City and HRA without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Interfund Loan.

2.06. This Interfund Loan is evidence of an internal borrowing by the City or HRA in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and is a limited obligation payable solely from Available Tax Increment pledged to the payment hereof under this resolution. This Interfund Loan and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the City. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on this Interfund Loan or other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on this Interfund Loan or other costs incident hereto. The City and HRA shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the final Payment Date.

2.07. The City may amend the terms of this Interfund Loan at any time by resolution of the City Council, including a determination to forgive the outstanding principal amount and accrued interest to the extent permissible under law.

Section 3. Effective Date. This resolution is effective upon the date of its approval.

The motion for the adoption of the foregoing resolution was duly seconded by Council member _____, and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

ADOPTED: April 17, 2012

ATTEST:

James Hovland, Mayor

Scott Neal, City Manager

(Seal)



**Spending Plan
for
Centennial Lakes Tax Increment Financing District**



Edina Housing and Redevelopment Authority
City of Edina
Hennepin County
State of Minnesota

Authority Adoption: April 17, 2012
City Council Approval: April 17, 2012



EHLERS
LEADERS IN PUBLIC FINANCE

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**Spending Plan
For Centennial Lakes Tax Increment Financing District**

Section 1. Purpose

The City of Edina and the Edina Housing and Redevelopment Authority (the "HRA"), the administrative authority for Centennial Lakes Tax Increment Financing District (the "TIF District") in the City of Edina, Minnesota (the "City"), propose to adopt a Spending Plan for the TIF District in accordance with Minnesota Statutes, Section 469.176 Subd. 4m (the "Act").

The City and HRA has determined to authorize expenditures of tax increment from the TIF District under the Temporary TIF Authority Act as further described in this Spending Plan.

The purpose of the Spending Plan is to develop or redevelop sites, lands or areas within the City in conformity with the City's Comprehensive Plan by using available tax increments from the TIF District to provide improvements, loans, interest rate subsidies, or assistance in any form to private development consisting of the construction or substantial rehabilitation of buildings and ancillary facilities, which will create or retain jobs in this state, including construction jobs, if the following conditions exist:

- (1) Such assistance will create or retain jobs in the State of Minnesota, including construction jobs;
- (2) Construction commences before July 1, 2012;
- (3) The construction would not have commenced before that date without the assistance;
- (4) The City Council approves a written spending plan (after a duly noticed public hearing) that specifically authorizes the City to take such actions; and
- (5) The tax increments authorized under the Spending Plan are spent by December 31, 2012.

Section 2. Plan

Under this Spending Plan, the City and HRA intend:

- (a) To use available tax increments from the TIF District to provide improvements, loans, interest rate subsidies, or assistance in any form to private development consisting of the construction or substantial rehabilitation of commercial, industrial, housing and/or mixed-use buildings and ancillary facilities (the "Projects"). The assistance authorized under this Spending Plan expressly includes, but is not limited to, assistance to Southdale Limited Partnership (the "Developer") in the amount of not more than \$5,000,000 to make a no-interest loan to the Developer to finance common area renovations to the 1.2 million square foot

Southdale Mall (the "Southdale Renovation Improvements"). The Southdale Renovation Improvements include new entrance structures, flooring, lighting, signage, restrooms, parking deck lighting, exterior seating, columns, and interior wall treatments. The Projects shall commence before July 1, 2012, (unless a later commencement date is authorized by law) and shall constitute Projects that would not commence by such date without the assistance provided pursuant to this Spending Plan.

- (b) To amend this Spending Plan at any time in accordance with the procedures for approval of the Spending Plan under the Act.
- (c) To authorize and direct staff to maintain a copy of this Spending Plan with the City's records for the TIF District, and to file a copy of the Spending Plan with the Office of the State Auditor.

In connection with such assistance, the City expressly finds that:

1. Construction of the Southdale Renovation Improvements will create or retain new full-time equivalent construction jobs that would not otherwise exist elsewhere in Minnesota, or would not be retained in Minnesota, based on estimates provided by the Developer.
2. The Developer will be required to commence construction of the Southdale Renovation Improvements no later than July 1, 2012. Construction of the Southdale Renovation Improvements would not have commenced before July 1, 2012 without the assistance under this Spending Plan, because the Developer has represented that the portion of the mall renovation project financed by the City and HRA, herein referred to as the Southdale Renovation Improvements, would not be undertaken absent the no-interest loan provided under this Spending Plan.

The assistance provided pursuant to this Spending Plan shall be subject to Minnesota Statutes, Sections 116J.993 to 116J.995 (the "Business Subsidy Law"), unless the assistance provided to a specified recipient is exempt from the Business Subsidy Act under the terms of that statute.

CITY OF EDINA
HENNEPIN COUNTY
STATE OF MINNESOTA

RESOLUTION NO. _____

**RESOLUTION APPROVING A SPENDING PLAN FOR THE CENTENNIAL
LAKES TAX INCREMENT DISTRICT**

BE IT RESOLVED by the City Council (the "City Council") of the City of Edina (the "City"), Hennepin County, Minnesota as follows:

Section 1. Background; Findings.

(a) The City and the Edina Housing and Redevelopment Authority (the "HRA") have previously established the Centennial Lakes Tax Increment Financing District (the "TIF District") and adopted the tax increment financing plan therefor (the "TIF Plan") pursuant to Minnesota Statutes, Sections 469.174 to 469.1799 (the "TIF Act") and certain special legislation.

(b) Section 469.176 Subd. 4m of the TIF Act (referred to as "Temporary Authority") authorizes the City and HRA to spend available tax increment from any existing tax increment financing district, notwithstanding any other law to the contrary, to provide improvements, loans, interest rate subsidies, or assistance in any form to private development consisting of construction or substantial rehabilitation of buildings and ancillary facilities, if certain terms and conditions are met.

(c) In accordance with the Temporary Authority, the City and HRA have caused to be prepared a spending plan (the "Spending Plan") authorizing the City to use existing tax increment revenues from the TIF District in order to stimulate construction or rehabilitation of private development in a way that will also create or retain jobs in the renovation of the Southdale Mall.

(d) The City has performed all actions required by law to be performed prior to the approval of the Spending Plan, including, but not limited to, causing notice of a public hearing to be published and holding a public hearing on the date hereof on the adoption of the Spending Plan.

Section 2. Approval of the Spending Plan.

(a) The Spending Plan is hereby approved in substantially the form on file in City Hall.

(b) The City makes all the findings set forth in the Spending Plan, which are incorporated herein by reference.

(c) City staff and consultants are hereby authorized to take actions necessary to carry out the terms of the Spending Plan.

Dated: April 17, 2012

Adopted:

Mayor

ATTEST:
