AGENDA
CITY COUNCIL - TIF DISTRICT 2-2 PUBLIC HEARING
MAPLE PLAIN CITY HALL
September 28, 2026
6:30 PM

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1. **WELCOME**
2. **CALL TO ORDER**
3. **PLEDGE OF ALLEGIANCE**
4. **ADOPT AGENDA**
5. **NEW BUSINESS**
   - **A.** Public Hearing- Establishment of TIF District 2-2
6. **ADJOURNMENT**

This meeting will be recorded and then posted to the City website within 3 to 5 business days.
The City Council may meet as a group for dinner.

Executive Summary

City Council Public Hearing

AGENDA ITEM:	Public Hearing- Establishment of TIF District 2-2
PREPARED BY:	Tammy Omdal, Managing Director, Public Finance, Northland Securities
RECOMMENDED ACTION: Conduct Public Hearing and Council Discussion	

Please see the attached report prepared by Tammy Omdal Managing Director, Public Finance at Northland Securities.

northland
Public Finance

MEMORANDUM

To:	City of Maple Plain
From:	Tammy Omdal
Date:	September 2, 2026
Re:	Tax Increment Financing (TIF) District 2-2

Overview

The City of Maple Plain (the "City") received an application from Equinox Development Partners LLC (the "Developer") for public financial assistance to assist with redevelopment of property and the construction of approximately 85 new market rate rental town-home housing units in the City (the "Project").

The Project is located across almost seven acres of land north of State Highway 12. The parcels that will be included within the boundaries of the proposed tax increment financing district includes the following three parcels identified (PID) as: 24-118-24-34-0083; 24-118-24-34-0020; and 24-118-24-34-0021 (the "Property"). The Property is proposed to be platted for the Project.

Subject to approval of the request for financial assistance, the Developer plans to commence construction of the Project by December 31, 2026, and complete construction by December 31, 2027.

The cost of the Project is estimated at approximately $34.8 million based on the Developer's application (pro forma dated as of August 12, 2026). The Developer's request for financial assistance is to assist with the extraordinary costs of redevelopment of the Property. The Developer has stated that it will not undertake the Project as proposed without the approval of the financial assistance.

It is Northland's opinion that the Project as proposed is unlikely to occur but for the proposed financial assistance, inclusive of the tax increment financing (TIF). Without the financial assistance, the Project is not expected to achieve the level of debt service coverage and returns needed to secure the necessary private financing and equity investment.

Northland finds that it is reasonable for the City to consider financial assistance through tax increment financing for the Project. The redevelopment of the Property will provide new rental housing choices within the City and redevelopment and economic activity on a site where the City desires redevelopment. The Project will not occur solely through private investment within the reasonably foreseeable future without financial assistance.

Public Financial Assistance

The Developer is seeking financial assistance from the City in the form of pay-go tax increment financing assistance. The tax increment revenue is proposed to come from the establishment of Tax Increment Financing (Redevelopment) District No. 2-2 (the "TIF District") within the Development District No. 2.

The City Council will hold a public hearing on September 28, 2026, to consider approval of the establishment of the TIF District within Development District No. 2, among other items. Approval of the establishment of the TIF District and adoption of the Tax increment Financing Plan for the TIF District, and approval of a development agreement is planned for October 5, 2026.

Based on Northland's analysis of the financial information provided by the Developer, the following terms for tax increment financing assistance to the Developer are proposed:

- Proposed terms will be subject to a development contract (the "Agreement") between the Developer and the City.
- Not to exceed term of 26 years for TIF assistance to the Developer and duration of the TIF District.
- TIF "pay-go" revenue note (the "TIF Note") to be issued to reimburse up to $4,151,000 of qualified costs for the Project incurred by the Developer, plus interest at rate of 6.0%, from the estimated dated date of issue January 1, 2029, per annum to the earlier of maturity or prepayment. Qualified costs include $2,000,000 for land and building acquisition and $2,151,000 for site improvements and preparation costs.
- Total "pay-go" payments to the Developer over 26 years is estimated to be approximately $8.8 million, including principal and interest payments. The TIF Note will be payable solely from net available semi-annual tax increments. Net available semi-annual tax increments shall be based on 90% of the tax increment collected from the Project.
- The TIF Note shall bear simple, non-compounding interest from the date that the City has determined paid invoices, as paid by the Developer, in compliance with the terms of the Agreement. First payment on the TIF Note shall be 8/1/2029, and on February 1 and August 1 thereafter to and including 2/1/2055, or when the principal and interest payable have been paid in full, whichever occurs earlier.
- The Property shall not be subject to a minimum assessment agreement.

Exhibit A provides a summary of the estimated tax increment cash flow from the TIF District available to reimburse the Developer for TIF eligible qualified costs.

Review of Application for Assistance

Northland completed a review of the Developer's application for financial assistance. Northland reviewed project cost estimates to ensure all anticipated sources and uses for the Project were properly included.

Exhibit B provides information on the sources and uses of funds for the Project. Exhibit C provides a summary of the Developer pro forma for the Project. Based on a review of the estimated pro forma for the Project and under current market conditions, we find that the Project, as proposed, may not reasonably be expected to occur solely through private investment within the reasonably near future. Due to the costs associated with the redevelopment of the Property, the Project as proposed is feasible only through assistance, in part, from TIF. This conclusion is supported by the following:

- The Developer plans for the $34.8 million cost for the Project to be funded from a combination of debt (65.5%), equity (30.9%), and deferred developer fee (3.6%). The present value of the estimated future tax increment revenue from the TIF Note payments to the Developer reduces the effective cost of the Project by an estimated $4,151,000. Based on estimated net operating income, the effective return without financial assistance is not at a level the Project, as proposed, would proceed.

- The total estimated cost per unit for the Project is estimated at approximately $409,444 for the construction of 85 town-home units. Based on Northland's experience with similar projects and given the location of the Project, we find the estimated cost per unit to be reasonable.
- The estimated average total gross monthly rental income per unit, in the first stabilized year of the Project (2029), is approximately $2,929 per month. The annual total gross rental income for the Project is estimated at $2,987,613 the first year of stabilized occupancy (in 2029), before other income and adjusting for estimated vacancy and rental loss of 5%.
- The total annual expense, operating and non-operating, including property taxes and replacement reserve, is estimated at approximately $12,131 per unit (in 2029). This average estimated cost per unit is reasonable.
- The debt service coverage with TIF is estimated to average 1.40X during the first ten years of operations, and without financial assistance the average is 1.04X. The coverage for the mortgage without the tax increment is not at a level that we would expect the Project, as proposed, to proceed. The financing of this type of project would be expected to be at a minimum of approximately 1.30X coverage.
- The year-to-date average cash-on-cost return is projected to reach an estimated 6.1% by year ten of the Project with financial assistance and 5.3% without assistance. By the final year of the TIF District, the estimated year-to-date average cash-on-cost return is projected at 7.3% with assistance and 6.4% without TIF assistance.

EXHIBIT A

City of Maple Plain
Tax Increment Financing District No. 2-2 (Redevelopment)
Rental Townhomes
Projected Tax Increment Financing (TIF) Cash Flow

TIF District Year	Taxes Payable Year	Taxable Market Value (TMV)	Captured Tax Capacity for TIF	Original Tax Rate	Available TIF from District	TIF to City	Net Available TIF to Developer	% of Available TIF from District	PV Net Available TIF to Developer (6.0% rate)
1	2029	6,056,250	60,141	118.206%	70,834	7,083	63,751	90.0%	60,693
2	2030	24,467,250	290,278	118.206%	341,891	34,189	307,702	90.0%	336,819
3	2031	24,711,923	293,337	118.206%	345,493	34,549	310,943	90.0%	599,836
4	2032	24,959,042	296,426	118.206%	349,132	34,913	314,218	90.0%	850,367
5	2033	25,208,632	299,545	118.206%	352,806	35,281	317,526	90.0%	1,089,001
6	2034	25,460,718	302,696	118.206%	356,517	35,652	320,865	90.0%	1,316,303
7	2035	25,715,326	305,879	118.206%	360,265	36,027	324,239	90.0%	1,532,809
8	2036	25,972,479	309,093	118.206%	364,052	36,405	327,647	90.0%	1,739,032
9	2037	26,232,204	312,340	118.206%	367,876	36,788	331,088	90.0%	1,935,458
10	2038	26,494,526	315,619	118.206%	371,738	37,174	334,564	90.0%	2,122,553
11	2039	26,759,471	318,931	118.206%	375,638	37,564	338,074	90.0%	2,300,758
12	2040	27,027,066	322,276	118.206%	379,578	37,958	341,620	90.0%	2,470,494
13	2041	27,297,336	325,654	118.206%	383,557	38,356	345,201	90.0%	2,632,165
14	2042	27,570,310	329,066	118.206%	387,576	38,758	348,818	90.0%	2,786,152
15	2043	27,846,013	332,513	118.206%	391,635	39,164	352,472	90.0%	2,932,819
16	2044	28,124,473	335,993	118.206%	395,734	39,573	356,161	90.0%	3,072,515
17	2045	28,405,718	339,509	118.206%	399,875	39,988	359,888	90.0%	3,205,569
18	2046	28,689,775	343,060	118.206%	404,057	40,406	363,651	90.0%	3,332,296
19	2047	28,976,673	346,646	118.206%	408,281	40,828	367,453	90.0%	3,452,998
20	2048	29,266,439	350,268	118.206%	412,547	41,255	371,293	90.0%	3,567,960
21	2049	29,559,104	353,926	118.206%	416,856	41,686	375,170	90.0%	3,677,454
22	2050	29,854,695	357,621	118.206%	421,208	42,121	379,087	90.0%	3,781,741
23	2051	30,153,242	361,353	118.206%	425,603	42,560	383,043	90.0%	3,881,066
24	2052	30,454,774	365,122	118.206%	430,042	43,004	387,038	90.0%	3,975,667
25	2053	30,759,322	368,929	118.206%	434,526	43,453	391,073	90.0%	4,065,767
26	2054	31,066,915	372,774	118.206%	439,055	46,573	392,481	89.4%	4,151,000
				TOTAL =	9,786,372	981,305	8,805,067		4,151,000

Key Assumptions:

1 Taxable market value (TMV) annual growth assumption = 1.0%.
2 Original Tax Capacity Rate for calculation of Available TIF from District is estimated based on Taxes Payable Year 2026 rate of 118.21%.
3 Election for captured tax capacity is 100.00%.
4 Base Tax Capacity is calculated based on estimated TMV value of the Property within the TIF District. Base value will be established based on final plat of the Property and TMV at time of request for certification of the TIF District.
5 Present Value (PV) Net Available TIF calculated on semi-annual payments and stated rates above and dated date 1/1/2029.
6 TMV is estimated based on an approximately 85 rental townhome residential units with estimated average value of approximately $285,000/unit (today's dollars).
7 Available TIF from District is after deduction of State Auditor Fee (0.36%).
8 City to elect 2029 as first year of tax increment collection. Estimates assume project is 25% completed in 2027 for valuation for tax payable in 2029; and 100% completed in 2028 for tax payable in 2030.

EXHIBIT B

City of Maple Plain

Redevelopment of Property for Housing Project with 85 Market Rate Rental Townhomes

Developer Sources and Uses of Funds for Construction

	Total Project Cost	% of Total	Per Unit Average
Sources of Funds			
Debt Financing (1st Mortgage and TIF Loan from Lender)	$19,072,200	54.8%	$224,379
Debt Financing (TIF Loan from Lender @ 90% of Par of TIF Note)	$3,735,900	10.7%	$43,952
Deferred Developer Fee	$1,250,000	3.6%	$14,706
Equity	$10,744,631	30.9%	$126,407
Total Sources of Funds	$34,802,731	100.0%	$409,444
Uses of Funds			
Land Acquisition	$2,000,000	5.75%	$23,529
Site Improvements/Soil Corrections/Hwy 12 Sidewalk	$4,544,100	13.06%	$53,460
Hard Construction Costs	$21,001,900	60.35%	$247,081
Construction and Soft Cost Contingency	$765,020	2.20%	$9,000
Municipal Fees to City	$1,007,750	2.90%	$11,856
Met Council Fees (SAC)	$211,225	0.61%	$2,485
Capitalized Interest on Debt	$1,800,000	5.17%	$21,176
Professional Design Consultant Fees	$375,000	1.08%	$4,412
Developer Fee	$2,000,000	5.75%	$23,529
Carrying Cost During Construction, CIF	$150,000	0.43%	$1,765
All Other Soft Costs and Financing Fees	$947,736	2.72%	$11,150
Total Uses of Funds	$34,802,731	100.00%	$409,444
Housing Units			85

Notes:
1/ Prepared by Northland from information provided by Developer and information provided by City.

EXHIBIT C

City of Maple Plain

Redevelopment of Property for Housing Project with 85 Market Rate Rental Townhomes

Summary Pro Forma - All Amounts are Estimates for Planning Purposes

Calendar Year	**2032**	**2037**	**2042**	**2047**	**2053**
Year of TIF District	**Year 5**	**Year 10**	**Year 15**	**Year 20**	**Year 26**
Income before TIF	3,011,955	3,325,442	3,671,556	4,053,695	4,565,119
TIF to Developer	317,526	334,564	352,472	371,293	392,481
Income after TIF	3,329,481	3,660,006	4,024,028	4,424,987	4,957,600
Less operating expense (not including property tax)	684,861	791,234	914,549	1,057,506	1,259,418
Less property taxes	414,116	435,240	457,442	480,776	510,353
Net operating income	2,230,503	2,433,531	2,652,037	2,886,706	3,187,829
Less debt service	1,811,093	1,811,093	1,811,093	1,811,093	1,811,093
Net cash flow with TIF	419,410	622,438	840,943	1,075,613	1,376,736
YTD Average Cash on cash with TIF (NOI / Equity)	4.1%	4.5%	5.4%	6.3%	7.5%
YTD Average Cash on cash without TIF	1.6%	1.8%	2.5%	3.3%	4.4%
YTD Average Cash on Cost with TIF (NOI / TDC)	5.5%	6.1%	6.5%	6.9%	7.3%
YTD Average Cash on Cost without TIF	4.7%	5.3%	5.6%	6.0%	6.4%
YTD Average Debt coverage with TIF	1.50	1.40	1.40	1.44	1.50
YTD Average Debt coverage without TIF	1.14	1.04	1.04	1.06	1.11
YTD TIF to Developer	1,314,140	2,952,543	4,678,728	6,497,173	8,805,067
Present Value of YTD TIF to Developer (6.0% Rate	1,089,001	2,122,553	2,932,819	3,567,960	4,151,000

Notes:

1/ Total Development Cost (TDC): 34,802,731

2/ Developer Equity (Equity): 10,744,631 (Based on assumptions from Developer and proposed par amount of TIF Note)

3/ Estimated par amount of reimbursement to developer is $4,151,000, payable semi-annually solely from available tax increment with interest at 6.0%. First payment 8/1/2029, and on February 1 and August 1 thereafter to and including 2/1/2055, or when the principal and interest payable have been paid in full, whichever occurs earlier.

4/ Income before TIF, operating expense, and debt service are based on estimates prepared by Developer, with the exception of estimated TIF to Developer, Developer debt serivce on TIF Mortgage, and Property Taxes, which are estimates prepared by Northland Public Finance.

DRAFT

CITY OF MAPLE PLAIN, MINNESOTA

TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 2-2 WITHIN DEVELOPMENT DISTRICT NO. 2

PROPOSED TO BE ADOPTED BY CITY COUNCIL OF MAPLE PLAIN, MN

PUBLIC HEARING DATE: _____, 2026

ESTABLISHMENT DATE: _____, 2026

REQUEST CERTIFICATION DATE: _____, 2026

CERTIFICATION DATE: _____, 2026

Dates above are intentionally blank in this draft, subject to future process and actions.

Northland Securities, Inc.
150 South Fifth Street, Suite 3300
Minneapolis, MN 55402
(800) 851-2920
Member NASD and SIPC
Registered with SEC and MSRB

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ARTICLE I – INTRODUCTION AND DEFINITIONS

SECTION 1.01 INTRODUCTION

The City of Maple Plain (the "City") is proposing the establishment of Tax Increment Financing (Redevelopment) District No. 2-2 (the "TIF District") within Development District No. 2, and the adoption of a tax increment financing plan for the TIF District (the "TIF Plan"), among other actions, to provide tax increment assistance in connection with a redevelopment project for construction of approximately 85 new market rate rental townhome housing units across almost 7 acres of land that sits north of State Highway 12 in the City.

The City has received a request from Equinox Development Partners LLC for public financial assistance to assist with redevelopment of property and the construction by the Developer of a private development.

The Development Program for Development District No. 2 was approved by the City on February 23, 2026 by City Resolution No. 2026-0223-01 (the "Resolution"). The first tax increment financing district, Tax Increment Financing District No. 2-1 was also approved for establishment by this resolution.

SECTION 1.02 DEFINITIONS

For the purposes of this document, the terms below have the meanings given in this section, unless the context in which they are used indicates a different meaning:

1. "City" means the City of Maple Plain, Minnesota.
2. "City Council" means the City Council of the City.
3. "County" means Hennepin County, Minnesota.
4. "County Auditor" means the County Auditor/Treasurer of the County.
5. "Developer" means the Equinox Development Partners LLC, the private party undertaking construction of the Development in the TIF District, their successors or assigns.
6. "Development" means the redevelopment of the Property within the TIF District to include the construction by the Developer of approximately 85 new market rate rental townhome housing units across almost 7 acres of land that sits north of State Highway 12 in the City.
7. "Development District" means Development District No. 2 within the City, established pursuant to the Development District Act.
8. "Development District Act" means Minnesota Statutes, Sections 469.124 through 469.134, as amended and supplemented from time to time.
9. "Development Program" means the Development Program for the Development District, as amended and supplemented from time to time.
10. "Property" means the approximate 7 acres within the TIF District as described in Section 2.03.2 of the TIF Plan.
11. "Project Area" means the geographic area of the Development District.
12. "Public Development Costs" means the cost of the development activities that will or are expected to occur within the Project Area or TIF District.
13. "School District" means Orono Independent School District 278.
14. "State" means the State of Minnesota.

15. “Tax Increment Bonds” means any tax increment bonds as defined in Section 469.174, Subd. 3 of the TIF Act, issued by the City to finance Public Development Costs, and any obligations issued to refund such bonds, pursuant to Section 469.178 of the TIF Act.
16. “TIF Act” means Minnesota Statutes, Sections 469.174 through 469.1794 as amended, both inclusive.
17. “TIF District” means Tax Increment Financing (Redevelopment) District No. 2-2.
18. “TIF Plan” means the tax increment financing plan for the TIF District (this document).

SECTION 1.03 PLAN PREPARATION

This document was prepared for the City by Northland Securities, Inc.

ARTICLE II - TAX INCREMENT FINANCING PLAN

SECTION 2.01 STATUTORY AUTHORITY

The TIF District and this TIF Plan are established under the authority of the TIF Act.

SECTION 2.02 PLANNED DEVELOPMENT

2.02.1 Development Description

The Developer proposes to undertake the redevelopment of the Property. The Developer proposes redevelopment of the property within the TIF District to include the construction by the Developer of approximately 85 new market rate rental townhome housing units across almost 7 acres of land that sits north of State Highway 12 in the City.

2.02.2 City Plans and Development Program

In addition to achieving the objectives of the Development Program, the Development is consistent with and works to achieve the development objectives of the City. The TIF Plan for the TIF District conforms to the general plan for development or redevelopment of the City as a whole. The City has adopted land use controls to guide the use of the Property. The development plans for the Development in the TIF District have been reviewed by the Planning Commission and the City Council, and conform to current land use controls.

2.02.3 Land Acquisition

There is no land acquisition by the City related to the Development. The Developer will acquire the Property for the Development.

2.02.4 Development Activities

The City anticipates that activities proposed in the TIF Plan will be subject to contracts as of the date of approval of the establishment of the TIF District or a date thereafter. The City has and anticipates it will enter into contracts with the Developer to provide tax increment financing assistance to the Developer to reimburse the Developer for certain Public Development Costs to be incurred by the Developer.

2.02.5 Need for Tax Increment Financing

In the opinion of the City, the Development would not reasonably be expected to occur solely through private investment within the foreseeable future and 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 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 reasons and facts supporting this finding include the following:

- The Development requires public financial assistance to offset land acquisition and site improvement and preparation costs to allow for the Developer to proceed with construction of the Development.
- A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed as described above and is shown in Exhibit I. This analysis indicates that the increase in estimated market value of the Development (less the present value of the projected tax increments for the maximum duration permitted by the TIF Plan) exceeds the estimated market value of the site prior to the establishment of the TIF District.

The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the Development District by private enterprise.

SECTION 2.03 TAX INCREMENT FINANCING DISTRICT

2.03.1 Designation

This TIF District is designated as Tax Increment Financing (Redevelopment) District No. 2-2.

2.03.2 Boundaries of TIF District

The boundaries of the TIF District are depicted in Exhibit V. The TIF District includes three tax parcels (the "Property"), as listed below, and the immediate adjacent roads and right-of-way to these parcels.

The Property within the boundaries of the TIF District will be platted into a single lot prior to the City submitting the request for certification of the TIF District to the County.

The tax parcels included within the TIF District are as follows:

- 24-118-24-34-0083
- 24-118-24-34-0020
- 24-118-24-34-0021

2.03.3 Type of District

The TIF District is established as a "redevelopment district" pursuant to Section 469.174, subdivision 10 of the TIF Act. The City has determined that the Property in the TIF District meets the statutory criteria for a redevelopment district.

Section 469.174, subdivision 10 (a) (1) of the TIF Act requires two tests for occupied parcels be met to qualify as a "redevelopment district": a conditions test and coverage test. For a "redevelopment district" more than 50% of the buildings, not including outbuildings, must be found to be structurally substandard to a degree requiring substantial renovation or clearance.

The conditions test for structurally substandard is defined under Section 469.174, subdivision 10(b) of the TIF Act. For purposes of that subdivision, "structurally substandard" means containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance."

Buildings are not eligible to be considered structurally substandard unless they meet certain additional criteria, as set forth in Section 469.174, subdivision 10(c) of the TIF Act. A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15% of the cost of constructing a new structure of the same square footage and type on the site.

The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence. Items of evidence that support such a conclusion that the building is not disqualified include recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence.

Furthermore, parcels consisting of 70% of the area of the district must be occupied by buildings, streets, utilities, or paved or gravel parking lots to meet the required coverage test. The coverage required by the parcel to be considered occupied is defined under Section 469.174, subdivision 10(e) of the TIF Act. For purposes of such subdivision, a parcel is not occupied by buildings, streets, utilities, or paved or gravel parking lots unless 15% of the area of the parcel contains building, streets, utilities, or paved or gravel parking lots.

As summarized in the table below, 100% of the area of the TIF District is occupied by improved parcels, and 100% of the buildings within the TIF District are found to be substandard. The substandard buildings are reasonably distributed.

The detailed results of the building inspection and analysis performed by LHB, Inc. is contained in the report from LHB, Inc. as of July 9, 2026 and included in Exhibit VI of the TIF Plan. In summary the findings are as follows:

Number of Parcels	3
Site Area Included (square feet without roads)	267,163
Area of Improved Parcels (square feet)	267,163
Percent of Area Improved	100%
Number of Parcels with Buildings	1
Number of Buildings found Substandard	1
Percent of Buildings found Substandard	100%

SECTION 2.04 PLAN FOR USE OF TAX INCREMENT

2.04.1 Estimated Tax Increment

The original net tax capacity of value of the TIF District will be set by the County upon request for certification. For the purposes of the TIF Plan, the estimated original net tax capacity is $15,563. This amount is estimated based on the estimated market value for the parcels within the TIF District of $1,245,000, with tax capacity value calculated based on residential-apartment property classification.

The total tax capacity value of the Property after Development completion is estimated at $305,841 (for payable 2030). This amount is based on a total estimated taxable market value of $24,467,250 to be assessed January 2029 for tax payable in 2030, with residential-apartment property classification. The calculation of tax increment is not affected by the fiscal disparities program, as residential property is not subject to the fiscal disparities program.

The estimated difference between the total tax capacity value after Development completion and the original net tax capacity value is the captured tax capacity value in the amount of $290,278 for the creation of tax increment (estimated for payable 2030).

The total local tax rate is estimated at 118.206% based on the tax rates for taxes payable in 2026. The TIF Plan uses this rate for purpose of estimating tax increment for the TIF District. At the time of certification of the original net tax capacity for the TIF District, the County Auditor shall certify the original local tax rate that applies to the TIF District, which will vary from the estimate used in the TIF Plan. The original local tax rate is the sum of all the local tax rates, excluding that portion of the school rate attributable to the general education levy under Minnesota Statutes Section 126C.13, that apply to a property in the TIF District. The local tax rate to be certified is the rate in effect for the same taxes payable year applicable to the tax capacity values certified as the TIF District's original tax capacity. The resulting tax capacity rate is the original local tax rate for the life of the TIF District.

Under these assumptions, the estimated annual tax increment will be $341,891 (in payable 2030) after Development completion and after deducting for the State Auditor's fee (0.36% of the captured tax increments). The actual tax increment will vary according to the certified original tax capacity value and original tax rate, the actual property value produced by the Development and the changes in property value and State tax policy over the life of the TIF District.

The City will retain 100% the full captured net tax capacity for the duration of the TIF district, pursuant to Section 469.177, Subd. 2, (b), (1) of the TIF Act. Exhibit II contains the projected tax increment over the life of the TIF District.

2.04.2 Public Development Costs

The City will use tax increment to pay Public Development Costs. The contracts between the City and the Developer will define the means for verifying Public Development Costs incurred by the Developer that will be eligible for reimbursement and the means of disbursing tax increments collected by the City.

The City will use tax increment to pay financing costs. The interest rate payable on Tax Increment Bonds issued will be set pursuant to approving resolutions. Pay-go tax increment revenue notes and interfund loans are included in the definition of Tax Increment Bonds, among other types of obligations that may be applicable.

2.04.3 Estimated Sources and Uses of Funds

The estimated sources of revenue, along with the estimated Public Development Costs of the TIF District, are itemized in Figure 2-1 that follows. Such costs are eligible for reimbursement from tax increments, and other listed sources of revenue from the TIF District. The City reserves the right to administratively adjust the amount of any of the Public Development Cost items listed in Figure 2-1, so long as the total estimated tax increment project costs amount, not including financing costs, is not increased.

Figure 2.1
City of Maple Plain
Tax Increment Financing District No. 2-2
Projected Tax Increment
Rental Townhomes

	Total
Estimated Tax Increment Revenues (from tax increment generated by the district)	
Tax increment revenues distributed from the county	$9,786,372
Interest and investment earnings	$50,000
Sales/lease proceeds	$0
Market value homestead credit	$0
Total Estimated Tax Increment Revenues	$9,836,372
Estimated Project/Financing Costs (to be paid or financed with tax increment)	
Project costs	
Land/building acquisition	$2,000,000
Site improvements/preparation costs	$2,151,000
Subtotal	*$4,151,000*
Other qualifying improvements	$0
Construction of affordable housing	$0
Small city authorized costs, if not already included above	$0
Administrative costs	$100,000
Estimated Tax Increment Project Costs	$4,251,000
Estimated financing costs	
Interest expense	$5,585,372
Total Estimated Project/Financing Costs to be Paid from Tax Increment	$9,836,372
Estimated Financing	
Total amount of bonds to be issued	$4,251,000

2.04.4 Administrative Costs

The City plans to use tax increment revenues to pay for administrative expenses for the TIF District. The use of tax increment revenues to pay administrative expenses will not exceed a maximum amount of 10% of tax increment revenues pursuant to the TIF Act. The City will use tax increments to pay for and reimburse itself for costs of administering the TIF District as allowed by the TIF Act. The estimated amount of tax increment revenue planned to pay

administrative expense is shown in Figure 2-1. Anticipated administrative expenses of the TIF District include annual audit of the fund for the TIF District, preparation of annual reporting, legal publication of annual report, and administration of the development agreement.

2.04.5 County Road Costs

The Development will not substantially increase the use of county roads and necessitate the need to use tax increments to pay for county road improvements.

2.04.6 Bonded Indebtedness

The total amount of Tax Increment Financing Bonds estimated to be issued is shown in Figure 2-1.

The City does not plan to issue general obligation bonded indebtedness, with pledge of tax increments, to finance Public Development Costs.

The City does anticipate the issuance of pay-as-you go contract or note, as defined in Section 469.175, Subd. 30 of the TIF Act to reimburse the Developer for certain eligible Public Development Costs, that will subject to a contract with the Developer.

The City may advance or loan money to finance certain Public Development Costs for administration of the TIF District, under Section 469.176, Subd. 4 and Section 469.178, Subd. 7 of the TIF Act, from the general fund of the City or any other legally authorized fund under which it has legal authority to do so, subject to the following provisions:

(a) Not later than 60 days after money is transferred, advanced, or spent, whichever is earliest, the loan or advance must be authorized by resolution of the City.

(b) The resolution may generally grant to the City the power to make interfund loans under one or more tax increment financing plans or for one or more districts. The resolution may be adopted before or after the adoption of the tax increment financing plan or the creation of the tax increment financing district from which the advance or loan is to be repaid.

(c) The terms and conditions for repayment of the loan must be provided in writing. The written terms and conditions may be in any form, but must include, at a minimum, the principal amount, the interest rate, and maximum term. Written terms may be modified or amended in writing by the City before the latest decertification of any tax increment financing district from which the interfund loan is to be repaid. 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 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 549.09 are from time to time adjusted. Loans or advances may be structured as draw-down or line-of-credit obligations of the lending fund.

(d) The City shall report in the annual report submitted under Section 469.175, Subd. 6 of the TIF Act:

(1) the amount of any interfund loan or advance made in a calendar year; and

(2) any amendment of an interfund loan or advance made in a calendar year.

2.04.7 Election of First Year of Tax Increment and Duration of TIF District

Pursuant to Section 469.175, Subd. 1 of the TIF Act, the City elects 2029 to be the earliest first year to receive increment. The period to collect and spend tax increments on eligible purposes is set at the statutory maximum of twenty-five (25) years after the date of receipt of the first tax increment collection, all pursuant to the TIF Act. Based on the elected year for first collection of tax increment, and duration established by the TIF Plan, the decertification date is estimated to be December 31, 2054. The estimated decertification date may be superseded by statutory

limitations. The TIF District must be decertified when outstanding obligations pursuant to the TIF Plan have been paid, defeased, or had sufficient increment set aside for their payment, all pursuant to Section 469.1763, Subd. 4(b) of the TIF Act.

2.04.8 Estimated Impact on Other Taxing Jurisdictions

Exhibits III and IV show the estimated impact on other taxing jurisdictions if the maximum projected retained captured net tax capacity of the TIF District was hypothetically available to the other taxing jurisdictions. The City believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since the Development would not have occurred without the establishment of the TIF District and the provision of public assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified and the Development therein becomes part of the general tax base.

The City anticipates minimal impact of the Development on City-provided services. There may be minimal borrowing costs to the City for the Development. A manageable increase in water and sewer usage is expected. It is anticipated that there may be a slight but manageable increase in police and fire protection duties due to the Development.

2.04.9 Prior Planned Improvements

No building permits were issued for the parcel within the TIF District during the 18 months preceding the date of establishment of the TIF District.

ARTICLE III – ADMINISTERING THE TIF DISTRICT

SECTION 3.01 FILING AND CERTIFICATION

The filing and certification of the TIF Plan consists of the following steps:

1. The City shall request that the County Auditor certify the original net tax capacity and net tax capacity rate of the TIF District. To assist the County Auditor in this process, the City shall submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements.
2. The City will file a copy of the TIF Plan and any amendments to the TIF Plan with the Commissioner of Revenue of the State and the Office of the State Auditor, along with other required documents pursuant to Section 469.175, Subd. 4a of the TIF Act.
3. The City shall send the County Assessor any assessment agreement establishing the minimum market value of land and improvements within the TIF District and shall request that the County Assessor review and certify the assessment agreement as reasonable. The City does not expect to enter into an assessment agreement in connection with the Development.

SECTION 3.02 MODIFICATIONS OF THE TAX INCREMENT FINANCING PLAN

The City reserves the right to modify the TIF District and the TIF Plan. Under current State law, the following actions can only be approved after satisfying all the necessary requirements for approval of the original TIF Plan (including notifications and public hearing):

- Reduction or enlargement in the geographic area of the Development District or the TIF District.
- Increase in the amount of bonded indebtedness to be incurred.
- Increase in the amount of capitalized interest.
- Increase in that portion of the captured net tax capacity to be retained by the City.

- Increase in the total estimated Public Development Costs, including administrative costs of the City.
- Designation of additional property to be acquired by the City.

Other modifications can be made by resolution of the City. In addition, the original approval process does not apply if (A) (1) the only modification is elimination of parcels from the TIF District and (2) the current net tax capacity of the parcels eliminated equals or exceeds the net tax capacity of those parcels in the TIF District's original net tax capacity, or (B) the City agrees that the TIF District's original net tax capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

The City must notify the County Auditor of any modification that reduces or enlarges the geographic area of the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

SECTION 3.03 CORRECTING REDEVELOPMENT CONDITIONS

Section 469.176, Subd. 4j of the TIF Act requires that at least 90% of the revenues derived from tax increments from the TIF District be used to finance the cost of correcting conditions that allow designation of the TIF District as a redevelopment district. These costs include, but are not limited to, acquiring properties containing structurally substandard buildings or improvements or hazardous substances, pollution, or contaminants, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition and rehabilitation of structures, clearing of the land, the removal of hazardous substances or remediation necessary for the development of the land, and installation of utilities, roads, sidewalks, and parking facilities for the site. The allocated administrative expenses of the City, including the cost of preparation of the development action response plan, may be included in the qualifying costs.

SECTION 3.04 FOUR-YEAR KNOCKDOWN RULE

The provision of the TIF Act referred to as the Four-Year Knockdown Rule requires development activity to take place on each parcel within a tax increment financing district within four years from the date of certification of the original net tax capacity of such tax increment financing district. If development activity on a parcel has not begun within the required time frame, no additional tax increment may be collected from that parcel and its value must be excluded from the district's original net tax capacity.

Development activity includes demolition, rehabilitation, renovation or site improvement, including a qualified improvement of an adjacent street, on a parcel located within the TIF District. If no development activity has occurred within four years from the date of certification then that parcel shall be excluded from the TIF District and the original net tax capacity shall be adjusted accordingly. The City must submit to the County Auditor, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

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

SECTION 3.05 POOLING AND FIVE-YEAR RULE

Section 469.176 of the TIF Act provides for certain limitations on the use of tax increments. This includes provision that an amount equal to at least 75% of the total revenue derived from tax increments paid by properties in the TIF District must be expended on activities in the TIF

District or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities in the TIF District or to pay, or secure payment of, debt service on credit enhanced bonds, among other limitations in the TIF Act.

Not more than 25% of the total revenue derived from tax increments paid by properties in the TIF District may be expended, through a development fund or otherwise, on activities outside of the TIF District but within the defined geographic area of the Project Area except to pay, or secure payment of, debt service on credit enhanced bonds.

Revenue derived from tax increments paid by properties in the TIF District are considered to have been "spent" within the TIF District if such amounts are:

- actually paid to a third party for activities performed within the TIF District within five years after certification of the district;
- used to pay bonds that were issued and sold to a third party, the proceeds of which are reasonably expected on the date of issuance to be spent within the later of the five-year period or a reasonable temporary period or are deposited in a reasonably required reserve or replacement fund.
- used to make payments or reimbursements to a third party under binding contracts for activities performed within the TIF District, which were entered into within five years after certification of the district; or
- used to reimburse a party for payment of eligible costs (including interest) incurred within five years from certification of the district.

It is anticipated that all revenue derived from tax increments paid by properties in the TIF District will be spent or obligated within the first five years after certification of the TIF District and all tax increments will be spent on Public Development Costs within the boundaries of the TIF District.

SECTION 3.06 FINANCIAL REPORTING AND DISCLOSURE REQUIREMENTS

The City will comply with the annual reporting requirements of the TIF Act pursuant to the guidelines of the Office of the State Auditor. Under current law, the City must prepare and submit a report on the TIF District on or before August 1 of each year. The City must also annually publish in a newspaper of general circulation in the City an annual statement for the TIF District, in the format as prescribed by the Office of the State Auditor.

The reporting and disclosure requirements outlined in this section begin with the year a tax increment financing district is certified, and shall end in the year in which both the district has been decertified and all tax increments have been spent or returned to the County for redistribution. Failure to meet these requirements, as determined by the State Auditors Office, may result in suspension of distribution of tax increments.

SECTION 3.07 BUSINESS SUBSIDY COMPLIANCE

The City will comply with the business subsidy requirements specified in Minnesota Statutes, Sections 116J.993 to 116J.995 (the "Business Subsidy Act"), as amended. Assistance to residential property is not subject to the Business Subsidy Act.

Exhibit I
City of Maple Plain
Tax Increment Financing District No. 2-2
Present Value Analysis As Required By Statute
Minnesota Statutes 469.175(3)(2)
Rental Townhomes

1	Estimated Future Market Value w/ Tax Increment Financing	31,066,915	[1]
2	Payable 2026 Market Value	1,245,000	
3	Market Value Increase (1-2)	29,821,915	
4	Present Value of Future Tax Increments	5,156,459	
5	Market Value Increase Less PV of Tax Increments	24,665,456	
6	Estimated Future Market Value w/o Tax Increment Financing	1,596,628	[1]
7	Payable 2026 Market Value	1,245,000	
8	Market Value Increase (6-7)	351,628	
9	Increase in MV From TIF	24,313,828	[2]

[1] *Assume 1.00% annual appreciation over 26 year life of district.*

[2] *Statutory compliance achieved if increase in market value from TIF (Line 9) is greater than or equal to zero.*

Exhibit II
City of Maple Plain
Tax Increment Financing District No. 2-2 (Redevelopment)
Rental Townhomes
Projected Tax Increment Financing (TIF) Cash Flow

TIF District Year	Taxes Payable Year	Taxable Market Value (TMV)	Tax Capacity	Original Base Tax Capacity	Captured Tax Capacity for TIF	Original Tax Rate	Available TIF from District	PV Available TIF (5.0%)
1	2029	6,056,250	75,703	15,563	60,141	118.206%	70,834	67,983
2	2030	24,467,250	305,841	15,563	290,278	118.206%	341,891	380,303
3	2031	24,711,923	308,899	15,563	293,337	118.206%	345,493	680,706
4	2032	24,959,042	311,988	15,563	296,426	118.206%	349,132	969,644
5	2033	25,208,632	315,108	15,563	299,545	118.206%	352,806	1,247,555
6	2034	25,460,718	318,259	15,563	302,696	118.206%	356,517	1,514,857
7	2035	25,715,326	321,442	15,563	305,879	118.206%	360,265	1,771,953
8	2036	25,972,479	324,656	15,563	309,093	118.206%	364,052	2,019,233
9	2037	26,232,204	327,903	15,563	312,340	118.206%	367,876	2,257,070
10	2038	26,494,526	331,182	15,563	315,619	118.206%	371,738	2,485,823
11	2039	26,759,471	334,493	15,563	318,931	118.206%	375,638	2,705,838
12	2040	27,027,066	337,838	15,563	322,276	118.206%	379,578	2,917,448
13	2041	27,297,336	341,217	15,563	325,654	118.206%	383,557	3,120,973
14	2042	27,570,310	344,629	15,563	329,066	118.206%	387,576	3,316,720
15	2043	27,846,013	348,075	15,563	332,513	118.206%	391,635	3,504,987
16	2044	28,124,473	351,556	15,563	335,993	118.206%	395,734	3,686,057
17	2045	28,405,718	355,071	15,563	339,509	118.206%	399,875	3,860,206
18	2046	28,689,775	358,622	15,563	343,060	118.206%	404,057	4,027,697
19	2047	28,976,673	362,208	15,563	346,646	118.206%	408,281	4,188,784
20	2048	29,266,439	365,830	15,563	350,268	118.206%	412,547	4,343,711
21	2049	29,559,104	369,489	15,563	353,926	118.206%	416,856	4,492,713
22	2050	29,854,695	373,184	15,563	357,621	118.206%	421,208	4,636,015
23	2051	30,153,242	376,916	15,563	361,353	118.206%	425,603	4,773,836
24	2052	30,454,774	380,685	15,563	365,122	118.206%	430,042	4,906,384
25	2053	30,759,322	384,492	15,563	368,929	118.206%	434,526	5,033,861
26	2054	31,066,915	388,336	15,563	372,774	118.206%	439,055	5,156,459
						TOTAL =	9,786,372	5,156,459

Key Assumptions:

1 Taxable market value (TMV) annual growth assumption = 1.0%.

2 Original Tax Capacity Rate for calculation of Available TIF from District is estimated based on Taxes Payable Year 2026 rate of 118.21%.

3 Election for captured tax capacity is 100.00%.

4 Base Tax Capacity is calculated based on estimated TMV value of the Property within the TIF District. Base value will be established based on final plat of the Property and TMV at time of request for certification of the TIF District.

5 Present Value (PV) Net Available TIF calculated on semi-annual payments and stated rates above and

6 TMV is estimated based on an approximately 85 rental townhome residential units with estimated average value of approximately $285,000/unit (today's dollars).

7 Available TIF from District is after deduction of State Auditor Fee (0.36%).

8 City to elect 2029 as first year of tax increment collection. Estimates assume project is 25% completed in 2027 for valuation for tax payable in 2029; and 100% completed in 2028 for tax payable in 2030.

Exhibit III
City of Maple Plain
Tax Increment Financing District No. 2-2
Impact on Other Taxing Jurisdictions
(Taxes Payable 2026)
Rental Townhomes

Annual Tax Increment

Estimated Annual Captured Tax Capacity (Full Development)	$372,774
Payable 2026 Local Tax Rate	118.206%
Estimated Annual Tax Increment	$440,641

Percent of Tax Base

	Net Tax Capacity (NTC)	Captured Tax Capacity	Percent of Total NTC
City of Maple Plain	3,254,773	372,774	11.45%
Hennepin County	2,885,601,120	372,774	0.01%
ISD #278	72,483,191	372,774	0.51%

Dollar Impact of Affected Taxing Jurisdictions

	Net Tax Capacity (NTC)	% of Total	Tax Increment Share	Added Local Tax Rate
City of Maple Plain	54.600%	46.191%	203,535	6.253%
Hennepin County	39.242%	33.198%	146,284	0.005%
ISD #278	17.241%	14.586%	64,270	0.089%
Other	7.123%	6.026%	26,553	
Totals	118.206%	100.000%	440,642	

NOTE NO. 1: Assuming that ALL of the captured tax capacity would be available to all taxing jurisdictions even if the City does not create the Tax Increment District, the creation of the District will reduce tax capacities and increase the local tax rate as illustrated in the above tables.

NOTE NO. 2: Assuming that NONE of the captured tax capacity would be available to the taxing jurisdiction if the City did not create the Tax Increment District, then the plan has virtually no initial effect on the tax capacities of the taxing jurisdictions. However, once the District is established, allowable costs paid from the increments, and the District is terminated, all taxing jurisdictions will experience an increase in their tax base.

Exhibit IV
City of Maple Plain
Tax Increment Financing (Redevelopment) District No. 2-2
Rental Townhomes
Estimated Tax Increments Over Maximum Life of District

					Based on Pay 2026 Tax Rate =	*118.206%*	*54.600%*	*39.242%*	*17.241%*	*7.123%*
TIF District Year	**Taxes Payable Year**	**New Taxable Market Value**	**New Tax Capacity**	**Base Tax Capacity**	**Captured Tax Capacity**	**Estimated Total Tax Increments**	**City TIF Related Share**	**County TIF Related Share**	**School TIF Related Share**	**Other TIF Related Share**
1	2029	6,056,250	75,703	15,563	60,141	71,090	32,837	23,600	10,369	4,284
2	2030	24,467,250	305,841	15,563	290,278	343,126	158,492	113,911	50,047	20,676
3	2031	24,711,923	308,899	15,563	293,337	346,741	160,162	115,111	50,574	20,894
4	2032	24,959,042	311,988	15,563	296,426	350,393	161,848	116,323	51,107	21,115
5	2033	25,208,632	315,108	15,563	299,545	354,081	163,552	117,548	51,645	21,336
6	2034	25,460,718	318,259	15,563	302,696	357,805	165,272	118,784	52,188	21,561
7	2035	25,715,326	321,442	15,563	305,879	361,567	167,010	120,033	52,737	21,787
8	2036	25,972,479	324,656	15,563	309,093	365,367	168,765	121,294	53,291	22,017
9	2037	26,232,204	327,903	15,563	312,340	369,205	170,538	122,568	53,851	22,248
10	2038	26,494,526	331,182	15,563	315,619	373,081	172,328	123,855	54,416	22,482
11	2039	26,759,471	334,493	15,563	318,931	376,995	174,136	125,155	54,987	22,717
12	2040	27,027,066	337,838	15,563	322,276	380,949	175,963	126,467	55,564	22,955
13	2041	27,297,336	341,217	15,563	325,654	384,943	177,807	127,793	56,146	23,197
14	2042	27,570,310	344,629	15,563	329,066	388,976	179,670	129,132	56,734	23,440
15	2043	27,846,013	348,075	15,563	332,513	393,050	181,552	130,485	57,329	23,684
16	2044	28,124,473	351,556	15,563	335,993	397,164	183,452	131,851	57,929	23,932
17	2045	28,405,718	355,071	15,563	339,509	401,320	185,372	133,230	58,535	24,183
18	2046	28,689,775	358,622	15,563	343,060	405,517	187,311	134,623	59,147	24,436
19	2047	28,976,673	362,208	15,563	346,646	409,756	189,269	136,031	59,765	24,691
20	2048	29,266,439	365,830	15,563	350,268	414,038	191,246	137,452	60,390	24,950
21	2049	29,559,104	369,489	15,563	353,926	418,362	193,244	138,888	61,020	25,210
22	2050	29,854,695	373,184	15,563	357,621	422,730	195,261	140,338	61,657	25,474
23	2051	30,153,242	376,916	15,563	361,353	427,141	197,299	141,802	62,301	25,739
24	2052	30,454,774	380,685	15,563	365,122	431,596	199,357	143,281	62,951	26,007
25	2053	30,759,322	384,492	15,563	368,929	436,096	201,435	144,775	63,607	26,279
26	2054	31,066,915	388,336	15,563	372,774	440,641	203,535	146,284	64,270	26,552
Total						9,821,730	4,536,713	3,260,614	1,432,557	591,846

Note: The Estimated Total Tax Increment shown above is before deducting the State Auditor's fee, which is payable at a rate of 0.36% of the Total Tax Increment collected. Exhibit II provides Estimated Total Tax Increment after deducting for the State Auditor's fee.

Exhibit V
Map of Boundaries of Tax Increment Financing District No. 2-2 and Development District No. 2

Boundaries of Development District No. 2 are coterminous with municipal boundaries of the City.

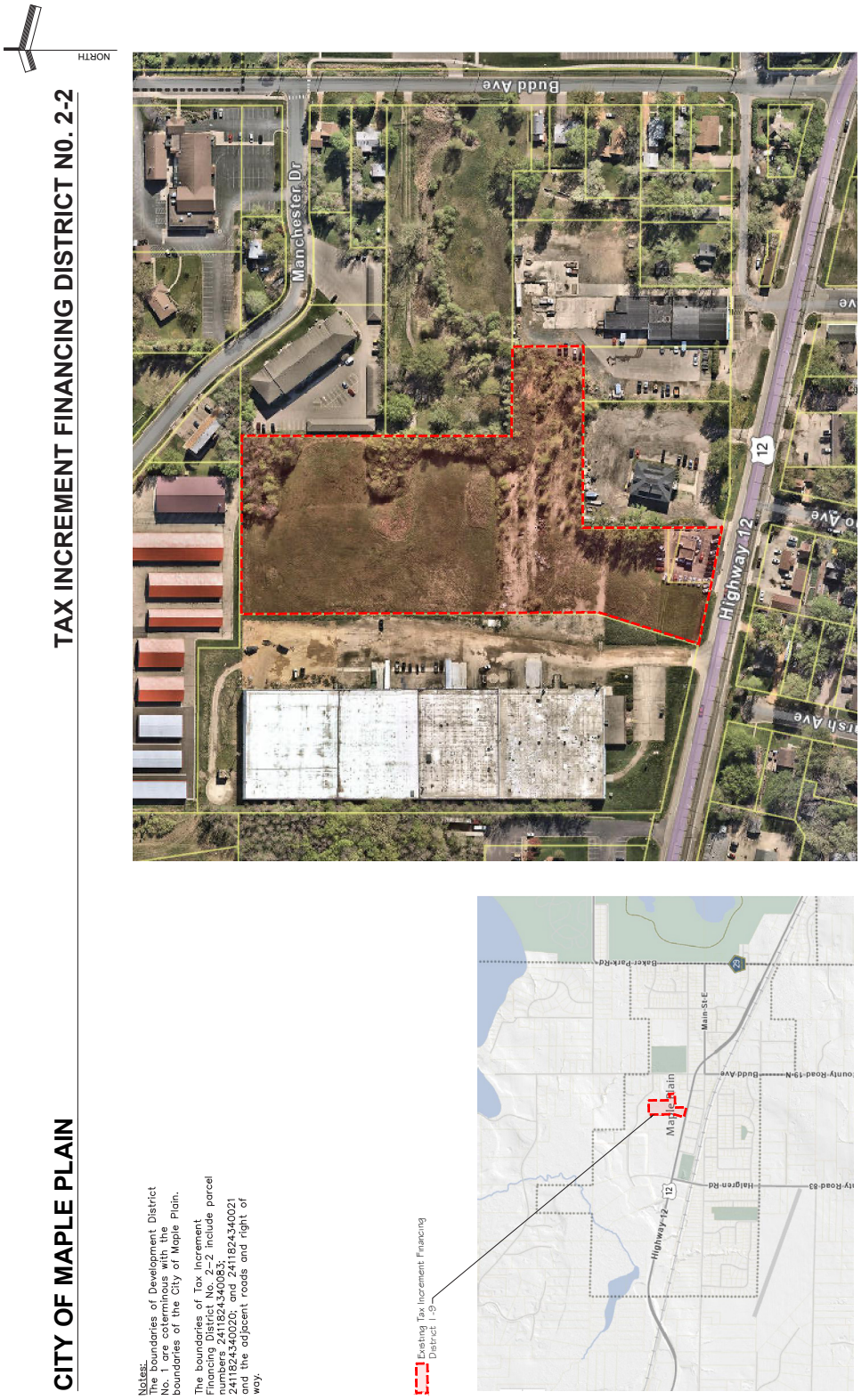


Exhibit VI
Inspection Report of Property

5330 US Highway 12 Redevelopment TIF District

Property Condition Assessment Summary Sheet

Maple Plain, Minnesota

TIF Map No.	PID #	Property Address	Improved or Vacant	Survey Method Used	Site Area (S.F.)	Coverage Area of Improvements (S.F.)	Coverage Percent of Improvements	Coverage Quantity (S.F.)	No. of Buildings	Building Replacement Cost	15% of Replacement Cost	Building Code Deficiencies	No. of Buildings Exceeding 15% Criteria	No. of buildings determined substandard
A	24.118.24.34.0020	5330 US Highway 12	Improved	Interior/Exterior	7,480	7,480	100%	7,480	1	$282,868	$42,430	$53,261	1	1
B	24.118.24.34.0083	N/A	Vacant	Exterior	258,443	66,522	25.7%	258,443	0					
C	24.118.24.34.0021	5330 US Highway 12	Vacant	Exterior	1,240	1,240	100%	1,240	0					
TOTALS					267,163			267,163	1				1	1

Total Coverage Percent: **100.0%**

Percent of buildings exceeding 15 percent code deficiency threshold: **100.0%**

Percent of buildings determined substandard: **100.0%**

M:\26Proj\260370\300 Design\Reports\Final Report\[260370 5330 US Highway 12 Redevelopment TIF Summary Spreadsheet.xlsx]Property Info

LHB Project Number 260370.00

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Property Condition Assessment Summary Sheet

LHB Inspection Report

Exhibit VI
Inspection Report of Property - Continued



LHB Inspection Report

Frequently Asked Questions

Proposed TIF District No. 2-2 & Equinox Townhomes

Public hearing • September 28, 2026

The City of Maple Plain has received questions about the proposed Equinox Townhomes development and the use of Tax Increment Financing (TIF). The following information is intended to explain the proposal in clear terms before the City Council considers action.

What is being proposed?

Equinox Development Partners is proposing an **85-unit market-rate rental townhome development** at and near 5330 Highway 12. The project would redevelop a vacant former auto sales site and undeveloped property. The development would include 10 residential buildings, a community building, private streets, sidewalks, landscaping, and other site improvements.

What is TIF?

Tax Increment Financing, or **TIF**, is a development financing tool.

The property has a taxable value today. That becomes the starting, or **base**, value. If redevelopment increases the property's taxable value, the property taxes related to that **increase in value** are called the tax increment.

For a period of time, that increment can be used for certain development costs instead of immediately becoming part of the regular tax base.

For this project, the TIF Plan estimates the property's tax capacity would increase from approximately **$15,563 to $305,841** following full development. Tax capacity is a statutory calculated value used to determine how much property tax a property owes — it is based on the property's taxable market value and its classification (such as residential or commercial).

Is the City giving the developer $8.8 million?

No.

The proposed assistance is up to **$4.151 million in eligible project costs**. This includes $2 million for land and building acquisition and $2.151 million for eligible site improvement and preparation costs.

The approximately **$8.8 million** figure is the estimated total of payments that could be made over the life of the TIF note, including interest.

Is the City borrowing money to pay the developer?

No.

The proposed TIF is structured as pay-as-you-go financing.

The developer first incurs the eligible costs. The developer is then reimbursed over time from actual tax increments generated by the project.

The draft TIF Plan states that the City does not plan to issue general obligation debt to finance these development costs.

Are Maple Plain taxpayers guaranteeing the developer will receive $8.8 million?

No.

The proposed TIF note is payable solely from available tax increment generated by the project rather than from a general obligation bond backed by the City's property tax levy.

If the project generates less tax increment than projected, less money would be available to make payments on the TIF note to the developer. Actual tax increment available will depend on factors such as the property's future value and tax rates, among other factors.

Does 90% of the development's property taxes go to the developer?

No.

TIF captures the taxes associated with the **increase in tax capacity above the property's established base**, not simply 90% of every property tax dollar paid by the development.

Under the current proposal, approximately **90% of the available tax increment** would be used for payments on the developer's TIF note. Approximately 10% would be retained by the City.

Based on current estimates, approximately **$981,305** would be retained by the City over the life of the district.

Will this development increase my property taxes?

No.

TIF does not raise property taxes. It is a financing mechanism that puts future growth in tax value to work — before that growth would otherwise be available to taxing jurisdictions.

TIF does not divert any property tax revenue from other taxing jurisdictions that they are currently receiving or would receive without development. Here is why:

The taxing jurisdiction's (city, county, school district, others) tax revenue is calculated based on the base value of property in the TIF district — the value that existed before any new development. That base value continues to generate property taxes for the school district throughout the entire life of the TIF district, without interruption.

The tax increment — the additional taxes generated by the new development above the base value — is what the district captures. This is revenue that would not exist at all if the development had not occurred. The taxing jurisdictions will not lose revenue they currently have; they are simply not yet receiving revenue from growth that TIF made possible.

Think of it this way:

Without TIF: The property remains undeveloped or underutilized. The taxing jurisdictions receive taxes only on the low base value — and may receive that same low amount indefinitely.

With TIF: Development occurs. The taxing jurisdictions continue to receive taxes on the base value throughout the TIF period. When the district expires, all taxing jurisdictions begin receiving taxes on the full, much higher value — permanently.

What about the cost of providing services to 85 new homes?

This is an important consideration.

The draft TIF Plan considers the impact on City services. It anticipates a manageable increase in water and sewer use and a slight but manageable increase in police and fire protection duties. The plan describes the overall anticipated impact on City-provided services as minimal.

These are estimates based on the information currently available and should not be considered a guarantee of future City costs.

Will the development pay other City fees?

Yes.

The project is subject to a **$318,750 park dedication fee**, based on the City's current rate of $3,750 per residential unit.

The project's financial information also identifies approximately **$1.008 million in municipal fees to the City** as part of the overall development budget.

Why isn't there a minimum assessment agreement?

The current proposal does **not** include a minimum assessment agreement.

A minimum assessment agreement and a pay-as-you-go TIF structure address different issues. The absence of a minimum assessment agreement does not mean that the City guarantees the developer's projected TIF payments.

Under the proposed pay-as-you-go structure, payments depend upon the tax increment actually generated by the project.

Why is TIF being considered?

The developer has stated that the project would not proceed as proposed without financial assistance.

Northland reviewed the project's financial information on behalf of the City. Northland concluded that the project, as proposed, is unlikely to occur without financial assistance.

Northland's analysis estimates average debt-service coverage during the first 10 years at approximately **1.40 with TIF compared with 1.04 without TIF**. Northland states that financing for this type of project would generally be expected to have approximately 1.30 coverage.

What is the tradeoff for the City?

TIF does involve a tradeoff.

The redevelopment is expected to create significantly more taxable value than exists on the property today. However, during the life of the TIF district, much of the taxes generated by that **new value** would be used for approved TIF purposes rather than immediately becoming available to the regular tax base.

The City Council must decide whether that temporary use of the new tax increment is appropriate to help make the redevelopment possible.

How long could the TIF district last?

The City proposes to begin receiving tax increment in **2029**.

The draft plan allows the district to operate for the maximum period permitted under the plan, with an estimated decertification date of **December 31, 2054**. The district must end when its outstanding TIF obligations have been satisfied as required by law.

What happens when the TIF district ends?

Once the TIF district is decertified, the increased tax capacity of the development would become part of the regular tax base.

The draft TIF Plan states that the taxing jurisdictions would then benefit from the development being included in the general tax base.

Has the development itself already been approved?

The development involves several separate City actions.

The Planning Commission held a public hearing on the land-use applications on September 3, 2026. No public comments were received at that hearing, and the Planning Commission unanimously recommended approval subject to conditions.

The City Council must consider the required land-use approvals, TIF actions, and related agreements through the City's public process.

How can residents provide comments?

The City Council will hold a public hearing regarding the proposed TIF District. Residents may attend the meeting and provide comments as part of the public hearing process.

Written comments submitted to the City regarding the proposed TIF can also be included as part of the public record.

Questions?

City of Maple Plain
5050 Independence Street
Maple Plain, MN 55359
763-479-0515

Maple Plain TIF District Public Hearing

Tax increment Financing (Redevelopment) District No. 2-2
City of Maple Plain, Minnesota
September 28, 2026

northland
Public Finance

What is Tax Increment Financing (TIF)?

- A public financing tool authorized under Minnesota Statutes §469.174–469.1794
- **How TIF works:**
  - A TIF district is established — "freezing" the existing property tax base (original tax capacity)
  - New development increases property values, generating additional taxes above the frozen base — this is the "tax increment"
  - The increment is captured and used to reimburse eligible development costs — not general City operations
- No new taxes are created — TIF redirects future growth in taxes that would not exist without the development
- When the district expires, the full increased tax base is shared by all taxing jurisdictions (City, County, School District)

How does TIF work?

BEFORE DEVELOPMENT

Property Value: $1.2 million (estimated value)

AFTER DEVELOPMENT

Property Value: $25 million (estimated value)

↑

Tax Increment = Taxes on the INCREASE in value (captured for up to 26 years)

- The original tax base continues flowing to all taxing jurisdictions
- Only the new increment is captured by the City
- After decertification, the full value benefits all taxing jurisdictions

TIF District No. 2-2: Type & Qualification

- District Type: Redevelopment District (MN Statutes §469.174, Subd. 10)
- **Two statutory tests must be met:**
  - Coverage Test: 70%+ of district area occupied by buildings, streets, utilities, or paved/gravel lots
  - Conditions Test: More than 50% of buildings must be structurally substandard
- **LHB, Inc. inspection results (July 9, 2026):**
  - District area: 267,163 sq. ft. — 100% occupied by improved parcels ✓
  - 1 building inspected — 1 building found structurally substandard (100%) ✓
- District qualifies as a Redevelopment District under Minnesota law

The Development: Project Overview

- Developer: Equinox Development Partners LLC
- Project: ~85 new market rate rental townhome units
- Location: ~7 acres north of State Highway 12, Maple Plain
- Total estimated project cost: ~$34.8 million (~$410,000 per unit)
- Estimated average gross monthly rent: ~$2,930/unit (first stabilized year, 2029)
- **Construction timeline:**
  - Construction start by December 31, 2026
  - Construction complete by December 31, 2027

Why TIF is Needed: The "But-For" Finding

- The City must find the development would NOT occur without TIF assistance
- **Northland's analysis confirms the project is not financially feasible without TIF:**
  - Extraordinary redevelopment costs: land acquisition ($2.0M) + site improvements ($4.5M)
  - Without TIF — average debt service coverage: 1.04x (below the ~1.30x minimum required)
  - With TIF — average debt service coverage: 1.40x (meets lender requirements)
- **Cash-on-cost return comparison (Year 10 average):**
  - With TIF: 6.1% | Without TIF: 5.3%
- Present value analysis confirms market value increase from TIF ($24.3M) — statutory test met
- Conclusion: Project will not proceed solely through private investment in the reasonably foreseeable future without financial assistance

Project Financing: Sources & Uses of Funds

Source of Funds	Amount	% Total
1st Mortgage Debt	$19,072,200	54.8%
TIF Loan (Lender)	$3,735,900	10.7%
Deferred Developer Fee	$1,250,000	3.6%
Developer Equity	$10,744,631	30.9%
TOTAL	**$34,802,731**	**100.0%**

Use of Funds	Amount	% Total
Hard Construction Costs	$21,001,900	60.3%
Site Improvements/Soil	$4,544,100	13.1%
Land Acquisition	$2,000,000	5.7%
Developer Fee	$2,000,000	5.7%
Capitalized Interest	$1,800,000	5.2%
Municipal/Met Council Fees	$1,218,975	3.5%
Other Soft Costs & Fees	$2,237,756	6.4%
TOTAL	**$34,802,731**	**100.0%**

TIF District No. 2-2: Key Financial Details

- Original (frozen) net tax capacity: $15,563 (based on current market value of ~$1.2 million)
- Estimated tax capacity after development (payable 2030): ~$306,000
- Captured tax capacity (increment): ~$290,000 (payable 2030)
- Local tax rate: 118.206% (payable 2026 — used for TIF estimates)
- Estimated annual tax increment: ~$342,000 (payable 2030, after State Auditor fee)
- Total estimated tax increment over 26-year district life: ~$9.8 million
- First year of increment collection: 2029 (City election)
- Estimated district decertification date: December 31, 2054

Terms of TIF Assistance to Developer

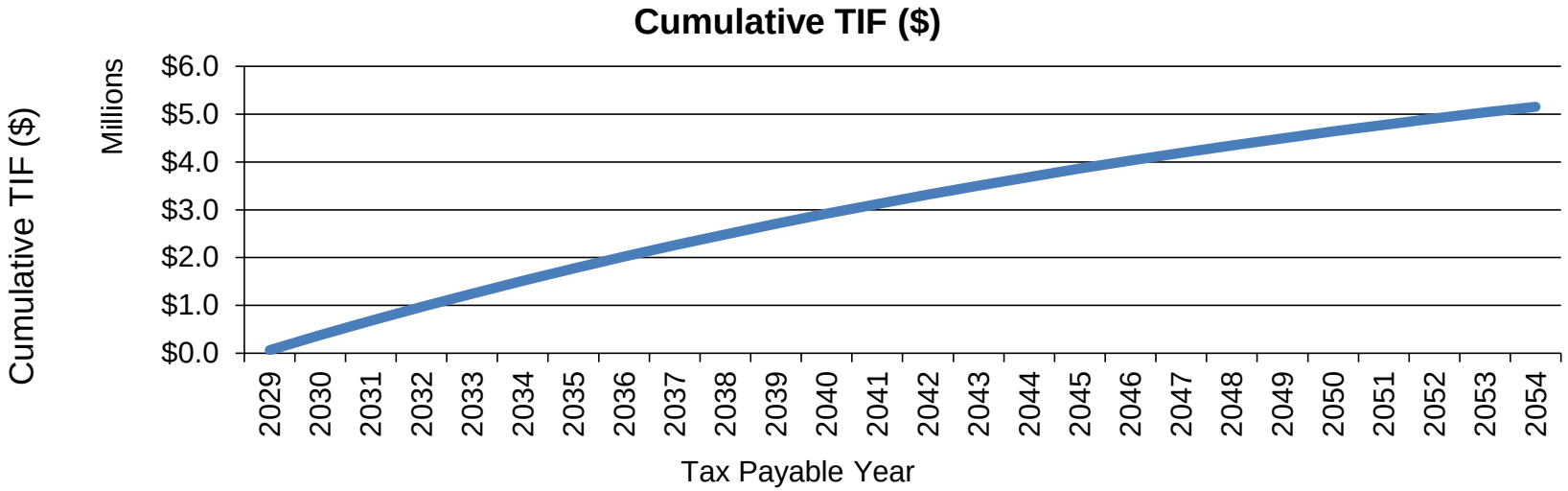
- Structure: Pay-as-you-go (pay-go) TIF Revenue Note — no general obligation pledge or up-front assistance
- TIF Note principal (not to exceed reimbursement amount): $4,151,000
  - Land/building acquisition: $2,000,000
  - Site improvements/preparation: $2,151,000
- Interest rate on TIF Note: 6.0% simple (non-compounding)
- Note dated: January 1, 2029 (estimated)
- Payment schedule: Semi-annually — first payment August 1, 2029; final payment by February 1, 2055
- Payments funded from: 90% of net available semi-annual tax increments
- Total estimated pay-go payments to developer over 26 years: ~$8.8 million (principal + interest)
- No minimum assessment agreement; no general obligation pledge by the City

Impact on Other Taxing Jurisdictions

Taxing Jurisdiction	Current NTC	Captured NTC	% of Tax Base	TIF-Related Share*
City of Maple Plain	$3,254,773	$372,774	11.45%	$203,535
Hennepin County	$2,885,601,120	$372,774	0.01%	$146,284
ISD #278 (Orono)	$72,483,191	$372,774	0.51%	$64,270
TOTAL		**$372,774**		**$440,642**

* Hypothetical impact if ALL captured tax capacity were available to taxing jurisdictions without TIF. Without TIF the development would not occur — so there would be no new tax base. All jurisdictions benefit when the district is decertified in 2054.

Projected Annual Tax Increment Over District Life



- This chart shows the cumulative available TIF from the district over its 26-year life (after State Auditor fee deduction).
- Total cumulative TIF: ~$9.8 million. Of this, ~$8.8 million (90%) goes to the developer as pay-go payments, and ~$0.98 million (10%) is retained by the City for administrative costs.
- The present value of TIF to the developer at 6.0% is $4,151,000 — equal to the not to exceed par amount of the TIF Note.
- All amounts are estimates — actual amounts will vary based on future tax increments to be collected.

Next Steps & Actions Requested

- **Tonight — Public Hearing (September 28, 2026):**
  - Receive public comment on establishment of TIF District No. 2-2
  - Consider the TIF Plan for Tax Increment Financing (Redevelopment) District No. 2-2
- **October 8, 2026 — City Council Action*:**
  - Adopt resolution establishing TIF District No. 2-2 within Development District No. 2
  - Adopt the Tax Increment Financing Plan for TIF District No. 2-2
  - Approve development agreement with Equinox Development Partners LLC
- **Following approval:**
  - City submits request for certification to Hennepin County Auditor
  - Developer commences construction (target: by December 31, 2026)
  - First TIF increment collection: 2029

**Note: Prior version of this slide incorrectly included date of October 5, 2026. The correct date is October 8, 2026.*

Thank you

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