



TAX INCREMENT FINANCING PROCEDURES

For the purpose of these procedures the term “City” or “City of Bloomington” includes the City of Bloomington, the Housing and Redevelopment Authority in and for the City of Bloomington (HRA), and the Port Authority for the City of Bloomington (Port Authority).

Definition: The City of Bloomington is granted the power to utilize Tax Increment Financing (TIF) pursuant to Minnesota Tax Increment Financing Act, Minnesota State Statutes 469.174 through 469.1794. The fundamental purpose of TIF is to encourage desirable development or redevelopment that would otherwise not occur but for the assistance provided through TIF.

Purpose: These procedures shall be used as a framework for the review and processing of TIF applications in an equitable and consistent manner.

Objectives: Tax increment financing uses the increased property taxes generated by new real estate development within a tax increment district to pay for certain eligible costs associated with the development. As a matter of adopted policy, the City will consider using TIF to assist private development projects that will achieve one or more of the following objectives:

- To create opportunities for affordable housing, with an array of housing choices that meet the needs of current residents, and attract new residents to the City.
- Projects that improve the quality of life in the City by providing a desirable good or service and address an unmet demand in the community.
- To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
- Projects that provide value in the forms of needed transportation and other utility infrastructure improvement that would be completed in conjunction with the project.
- To facilitate the development process and to achieve development on sites which would not otherwise be developed but for the use of TIF.
- To support neighborhood retail services, commercial nodes, and employment.
- To contribute to the implementation of other public policies, as adopted by the City from time to time, such as the promotion of quality urban or architectural design, energy conservation, sustainability, and decreasing capital and/or operating costs of local government.
- To remove blight and/or encourage redevelopment of commercial and industrial areas in the City that will result in high quality redevelopment and private reinvestment.
- To encourage additional private development in the area, directly or indirectly, through “spin off” development.

- To offset increased costs of redevelopment (such as, contaminated site clean-up) over and above the costs normally incurred in development.
- To promote development consistent with the City's Comprehensive Plan.

GENERAL TIF POLICIES

1. The City reserves the right to approve or reject the use of TIF, the amount of TIF, and the total term, on a case by case basis, taking into consideration established policies, project criteria, and demand on services in relation to the potential benefits from the project.
2. The applicant will pay for all legal and consultant costs associated with the preparation, processing, review and actual use of TIF. The applicant will submit to the City a deposit equal to the total estimated costs for legal and consultant fees. The City will draw upon these funds to pay all related expenses.
3. The applicant will also pay to the City a separate non-refundable application fee to reimburse staff costs and cover all other City related costs associated with the processing of the TIF request.
4. Projects utilizing TIF are responsible for paying their share of Fiscal Disparities contributions from the project.
5. The City's consultant shall prepare the TIF plan and the applicant will provide to the City and its consultant all information necessary to conduct a financial analysis of the proposed project.
6. The applicant will be required to comply with the City's Business Subsidy Policy.
7. The City will provide up to 80% of TIF for projects within the Gateway District, the extra funds will be used for pooling within the Gateway District only.

APPLICATION PROCESS

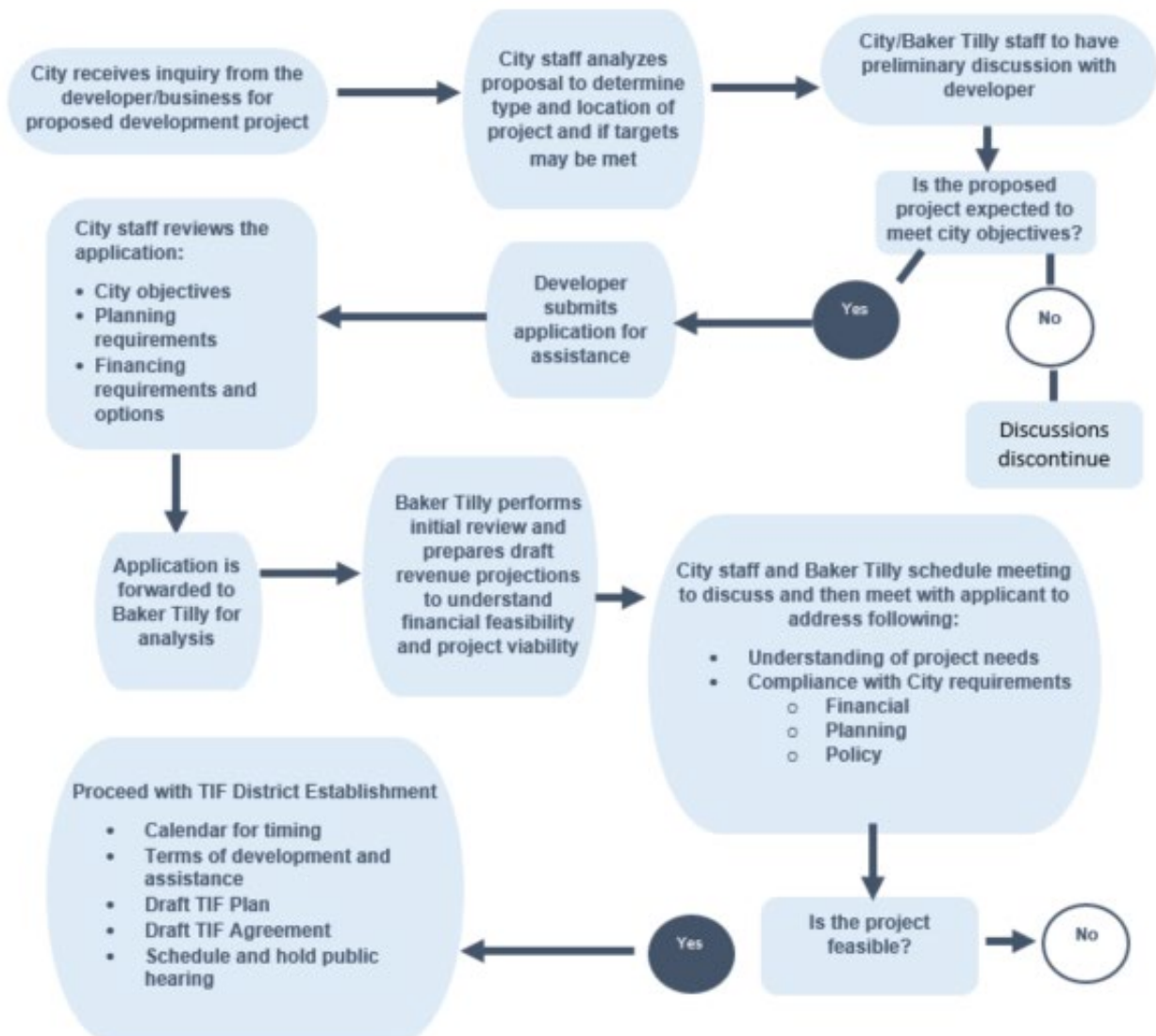
1. Applicant submits the completed application along with a non-refundable initial application fee. The applicant will work with City staff to assure all appropriate information is supplied.
2. City staff reviews the application and completes the Application Review Worksheet.
3. Results of the Application Review Worksheet are submitted to the appropriate governing authorities for preliminary approval of the proposal.
4. If preliminary approval is granted, the applicant shall submit a deposit for legal and consultant costs. Additional deposits from the applicant may be required to pay all fees and expenses incurred by the City.
5. The process of negotiating a contract for private development commences between the City, HRA, and/or the Port Authority.
6. The Tax Increment Financing Plan, along with all necessary notices, resolutions, and certificates are prepared by City staff and/or consultant(s) and sent to the county and the school board.
7. Public Hearing notices are published.
8. Public hearing(s) on the proposed project are held.
9. The City Council grants final approval or denial of the proposal.
10. If the HRA or Port Authority are involved, the applicable board of the HRA or Port Authority must also provide approval of the proposal.

City of Bloomington TIF Application Process

What is Tax Increment Financing (TIF)?

- TIF is a financing tool communities use to finance public development costs related to a development project and bridge the gap between public and private investment.

Steps for consideration in the TIF Application process:



Baker Tilly Virchow Krause, LLP trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

APPLICATION FOR TAX INCREMENT FINANCING

Application Process

1. Applicant submits the completed application, along with a non-refundable initial application fee of \$5,000. The applicant will work with City staff to assure all appropriate information is supplied.
2. City staff reviews the application.
3. City staff submits applications to the appropriate governing authorities for preliminary approval of the proposal.
4. If preliminary approval is granted, the applicant shall submit a deposit of \$15,000 for the City's legal and consultant fees and expenses. Additional deposits from the applicant may be required to pay all fees and expenses incurred by the City.
5. The process of negotiating a contract for private development commences between the City, HRA, and/or the Port Authority.
6. The Tax Increment Financing Plan, along with all necessary notices, resolutions, and certificates are prepared by City staff and/or consultant(s) and sent to the county and the school board.
7. Public Hearing notices are published.
8. Public hearing(s) on the proposed project are held.
9. The City Council grants final approval or denial of the proposal.
10. If the HRA or Port Authority are involved, the applicable board of the HRA or Port Authority must also provide approval of the proposal.

APPENDIX A: APPLICATION FOR TAX INCREMENT FINANCING

A. APPLICANT INFORMATION

Name of Corporation/Partnership _____

Address _____

Primary Contact _____

Address _____

Phone _____ Email _____

Attorney Name _____

Address _____

Phone _____ Email _____

Accountant Name _____

Address _____

Phone _____ Email _____

Contractor Name

Address _____

Phone _____ Email _____

Engineer Name _____

Address _____

Phone _____ Email _____

Architect Name _____

Address _____

Phone _____ Email _____

Brief description of the corporation/partnership's business, including history, principal product or service:

Brief description of the proposed project:

B. PROJECT INFORMATION

1. The project will be:

<input type="checkbox"/> Industrial Greenfield:	<input type="checkbox"/> New Construction	<input type="checkbox"/> Expansion
<input type="checkbox"/> Commercial Redevelopment:	<input type="checkbox"/> New Construction	<input type="checkbox"/> Rehabilitation
<input type="checkbox"/> Industrial Redevelopment:	<input type="checkbox"/> New Construction	<input type="checkbox"/> Rehabilitation
<input type="checkbox"/> Housing:	<input type="checkbox"/> New Construction	<input type="checkbox"/> Rehabilitation
<input type="checkbox"/> Other _____		

2. The project will be: Owner Occupied Leased Space
 Housing Other (describe)

3. Project Address _____

Legal Description & Parcel Identification Number(s) _____

4. Site Plan and Preliminary Construction Plans Attached: Yes No

5. Amount of Tax Increment Requested for:

Land Purchase	\$ _____
Public Improvements	\$ _____
Site Improvements	\$ _____
Soil Contamination	\$ _____
Housing Costs	\$ _____
Rehabilitation	\$ _____

6. Current Real Estate Taxes on Project Site \$ _____

Estimated Real Estate Taxes upon Completion:

Phase I	\$ _____
Phase II	\$ _____
Phase III	\$ _____

7. Construction Start Date: _____

Construction Completion Date: _____

If Phased Project:

_____ Year	_____ % Completed
_____ Year	_____ % Completed
_____ Year	_____ % Completed

C. PUBLIC PURPOSE

It is the policy of the City of Bloomington that the use of Tax Increment Financing should result in a benefit to the public. Please indicate how this project will serve a public purpose.

___ Job Creation/Retention: Number of existing jobs _____

Number of jobs created by project _____

Average hourly wage of jobs created/retained _____

___ New development, which will result in additional private investment in the area.

___ Enhancement or diversification of the City's economic base.

___ The project contributes to the fulfillment of the City's Comprehensive Plan.

___ Removal of blight or the rehabilitation of a high profile or priority site.

___Significantly increase the City's tax base.

___Provides affordable housing.

___Other: _____

D. SOURCES & USES

<u>SOURCES</u>	<u>NAME</u>	<u>AMOUNT</u>
Bank Loan	_____	\$ _____
Other Private Funds	_____	\$ _____
Owner Cash Equity	_____	\$ _____
Fed Grant/Loan	_____	\$ _____
State Grant/Loan	_____	\$ _____
Tax Increment	_____	\$ _____
Bonds	_____	\$ _____
TOTAL		\$ _____

<u>USES</u>	<u>AMOUNT</u>
Land Acquisition	\$ _____
Site Development	\$ _____
Construction	\$ _____
Machinery & Equipment	\$ _____
Architectural & Engineering Fees	\$ _____
Legal Fees	\$ _____
Interest During Construction	\$ _____
Debt Service Reserve	\$ _____
Contingencies	\$ _____
TOTAL	\$ _____

E. ADDITIONAL DOCUMENTATION AND CHECKLIST

Applicants will also be required to provide the following documentation.

- _____ 1) Written business plan, including a description of the business, ownership/management, date established, products and services, and future plans.

- _____ 2) Financial statements for previous two years.
 - _____ Profit & loss statement
 - _____ Balance sheet

- _____ 3) Current financial statements.
 - _____ Profit & loss statement to date
 - _____ Balance sheet to date

- _____ 4) Two-year financial projections.

- _____ 5) Personal financial statements of all major shareholders.
 - _____ Profit & loss
 - _____ Current tax return

- _____ 6) Application deposit of \$5,000.

- _____ 7) Construction plans and itemized project construction statement.

- _____ 8) Attach the following documentation as Exhibits.
 - _____ Exhibit A – Corporation/partnership description
 - _____ Exhibit B – Description of project
 - _____ Exhibit C – List of shareholders/partners
 - _____ Exhibit D – List of prospective lessees (for commercial projects)
 - _____ Exhibit E – Legal description and PID number(s)
 - _____ Exhibit F – *But-for* analysis

Note: All major shareholders will be required to sign personal guarantees if up front financing of the project is required.

The undersigned certifies all information provided in this application is true and correct to the best of the undersigned's knowledge. The undersigned authorizes the City of Bloomington to check credit references and verify financial and other information. The undersigned also agrees to provide any additional information as may be requested by the City after the filing of this application.

NOTICE TO APPLICANT: Data Practices Act

The information that you supply in your application to the City will be used to assess your eligibility for financial assistance. The City will not be able to process your application without this information. Minnesota Statutes, Chapter 13 (Minnesota Government Data Practices Act) governs whether the information that you are providing to the City is public or private. If financial assistance is provided for the project, the information submitted in connection with your application will become public, except for those items treated as private data under the Minnesota Government Data Practices Act.

I have read the above statement and I agree to supply the information to the City with full knowledge of the matters contained in this notice. I certify that the information submitted in connection with the application is true and accurate.

Applicant Name _____ Date _____

Applicant Name _____ Date _____

