

Coloplast Redevelopment Tax Increment Finance Plan

October 12, 2007; revised October 31, 2007

Prepared by the Development Finance Division Finance Department, City of Minneapolis 105 5th Avenue S., Minneapolis, Minnesota 55401

Coloplast Redevelopment Tax Increment Finance Plan October 12, 2007; revised October 31, 2007

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Plan Documents

Plan documents have been prepared to facilitate the construction of a proposed new "first class" headquarters office building and new product development facility at 1601 West River Road in Ward 5 in north Minneapolis. Plan documents include the Coloplast Redevelopment Tax Increment Financing Plan, Modification No. 15 to the North Washington Industrial Park (NWIP) Redevelopment Plan, and Modification No. 110 to the Common Development and Redevelopment and Common Tax Increment Finance Plan (Common Project) (the "Common Plans").

Modification No. 15 to the NWIP Redevelopment Plan and Modification No. 110 to the Common Plans remove three parcels from the existing TIF District #8 in order that those parcels can be included in the new Coloplast Redevelopment TIF District. The new public redevelopment costs associated with the proposed project cannot be financed within the limitations imposed by the existing TIF District #8 because of statutory limitations on the use of tax increment from TIF District #8, and the short remaining term of the existing district. For that reason a request was made and approved by the MBIA Insurance Corporation to release the parcels from the prior pledge to Tax Increment Revenue Bonds of 1990 (the Common Project). A request will also be made that Hennepin County decertify and remove the affected parcels from the existing TIF District #8.

Because TIF District #8 is within the Common Project, Modification No. 110 to the Common Plans has also been prepared. The parcels included in the new Coloplast Redevelopment TIF District remain within the existing NWIP Redevelopment Project Area. The geographical area of NWIP is included within the Common Project; however, the new Coloplast Redevelopment TIF District is not being incorporated into the Common Project. Rather, it is intended to be a freestanding TIF district and will not be subject to the existing Common Project obligations and commitments. Modification No. 15 to the NWIP Redevelopment Plan authorizes the creation of a new tax increment finance district as a tool for carrying out the redevelopment activities described therein.

The **Coloplast Redevelopment Tax Increment Finance Plan** creates a new redevelopment tax increment financing district within the NWIP Redevelopment Project Area to finance the anticipated costs of public redevelopment activities, and establishes a project budget.

TAX INCREMENT FINANCE PLAN

I. Tax Increment District Boundary

This plan establishes a new redevelopment TIF district to be designated as the Coloplast Redevelopment TIF District (the "Coloplast TIF District"). The proposed Coloplast TIF District is located in the Near North Neighborhood and Near North Community. The Coloplast TIF District includes three (3) tax parcels located within the boundary of the NWIP Redevelopment Project Area. The three parcels will be removed from the existing TIF District #8 in order that those parcels can be included in the new Coloplast TIF District.

The parcels to be included in the Coloplast TIF District are:

Property Identification Number	Address
1) 15-029-24-42-0008	1615 West River Road
2) 15-029-24-42-0016	1601 West River Road
3) 15-029-24-43-0012	1525 West River Road

A map showing the boundary of the proposed Coloplast TIF District has been attached as Exhibit 1 to this Plan. The Project Area Report, which documents the eligibility of this site for the establishment of a redevelopment TIF district, is attached as Exhibit 2 to this Plan.

II. Statement of Objectives

The objectives for this project are included among those for the larger NWIP Redevelopment Project Area, as described in Section II. B. 3. of the North Washington Industrial Park Redevelopment Plan, dated May 1, 1973 and subsequently modified. Those objectives include:

- 1) Eliminate blighting influences which impede the potential development in the area.
- 2) Provide increased employment opportunities and supplement the financial base of the community.
- 3) Provide redevelopment sites of such size and character to assure development of the area and strengthen the overall economy so as to improve the sources of public revenue.
- 4) Achieve rehabilitation of buildings that will remain.
- 5) Provide maximum opportunity, consistent with sound needs of the City as a whole, for redevelopment by private enterprise.
- 6) Clean up hazardous substances to improve environmental conditions and provide real estate parcels suitable for light industrial redevelopment.

The proposed development conforms with the following provisions of the City of Minneapolis Comprehensive Plan:

- 2.8 Minneapolis will develop the existing economic base by emphasizing business retention and expansion.
- 2.9 Minneapolis will strengthen long-term confidence in the economy by building innovative public to private sector partnerships.
- 9.6 Minneapolis will work with private and other public sector partners to invest in new development that is attractive, functional, and adds value to the physical environment.

III. Development Program

A. Description of Development Program

Background

Coloplast is located at 1601 West River Road on property previously owned by the Mentor Corporation. Mentor Corporation was founded in Minneapolis in 1969 to manufacture urology products. In 1972, Mentor moved to the West River Road site in Minneapolis. The original building included research and development, manufacturing, sales and administration. As the company grew, it purchased additional property along West River Road, including buildings at 1525, 1601 and 1615 West River Road.

In 1985, Mentor purchased a medical device company in Santa Barbara, California, and moved the headquarters to California. The West River Road site then became the research and development and manufacturing site for Mentor Urology, specializing in continence management devices as well as implantable devices.

In June 2006, Coloplast A/S of Denmark bought the urological business of Santa Barbara-based Mentor Corporation, including the facilities on West River Road in Minneapolis. Coloplast is not new to the United States. Since 1990, sales and distribution facilities have been located in Marietta, Georgia. Once the purchase of Mentor Corporation took place, a search began to determine the preferred site for a new North American headquarters. The headquarters location is important because Coloplast is projecting significant growth in the US market.

In July 2006, Coloplast announced that they would like Minneapolis to be the site of their North American headquarters. The reasons include the existing Mentor labor force of approximately 300 employees, the presence of a strong medical device industry, the availability of a well-educated and trained labor force, and the belief that Minneapolis can accommodate long-term growth projections of Coloplast for the next 50 years.

Development Proposal

The Coloplast Corporation proposes to develop a new six-story, 90,000-square foot "first class" headquarters office building and 40,000 square feet of new product development space. The existing manufacturing space will be renovated with a portion of the warehouse space in the building being converted to a research and development use. There are two buildings on the site that will be demolished: a 14,975-square foot two-story office building located at 1601 West River Road and a 67,275-square foot single-story manufacturing building located at 1615 West River Road. With the existing building and new construction, the total amount of square footage on the site will be 197,050 square feet, with approximately 284 on-site parking spaces.

Coloplast is relocating a portion of its healthcare manufacturing operations to a leased facility in Vadnais Heights. This move is to accommodate the new construction on the site and to satisfy the parking need. It is the intent of Coloplast to relocate the displaced healthcare manufacturing back to the West River Road Headquarters location upon the acquisition of additional land in the area as a potential second phase of the project.

The new office tower will accommodate 200 new headquarters employees with room for significant growth. Coloplast will also make improvements to the existing manufacturing area by increasing the space dedicated to research and development. These improvements represent the first of three expansion projects proposed over the next 11 years. A site plan and elevation are attached as Exhibit 3.

The purpose of this Tax Increment Financing Plan is to authorize the use of tax increment revenue to pay for public redevelopment activity which may include demolition, relocation, site preparation, public improvements and other TIF-eligible costs.

The proposed project is currently in compliance with zoning codes and will follow all required City processes for new construction. Site plan review, conditional use permits, and a variance to reduce parking spaces were approved by the City Planning Commission on July 16, 2007.

List of Property That May Be Acquired

The parcels to be included in the Coloplast TIF District are owned by Coloplast Corporation; therefore no acquisition will be necessary.

C. Development Activity for which Contracts Have Been Signed

As of the date of the preparation of this plan, the City of Minneapolis has not yet entered into any redevelopment contracts related to these activities. It is anticipated that a development agreement will be executed

with Coloplast Corporation or their subsidiary or other affiliated entity following TIF plan approval.

D. Other Development Activity

No additional development activity is anticipated at the time of this writing. Any activities or expenditures not identified in these plans, or consistent with the plan objectives and budget included herein, would require a modification of this plan, pursuant to Minnesota Statutes Section 469.175, Subdivision 4.

IV. Description of Financing

The purpose of this plan is to authorize the use of tax increment revenue to pay for public redevelopment activity which may include demolition, relocation, site preparation, public improvements and other TIF-eligible costs.

The figures, sources and methods of financing identified in this finance plan are based on the best estimates available at the time of writing. Some changes in these figures can be expected. However, in the event that significant changes affect the structure or feasibility of this TIF Plan, or result in an increase in the project costs or bonded indebtedness of this project beyond the amounts listed herein, a modification to this plan might be necessary. Such a modification would require the same approval process as the original approval of this TIF Plan.

A. Project Costs - Updated

At the time this TIF plan was drafted the exact amount of TIF assistance that the City is willing to provide the Coloplast Corporation had not been determined. The tax increment budget listed below represents the updated maximum amount of up-front eligible project costs (\$2,935,000) that the City is hereby legally authorized to provide Coloplast.

Tax Increment District Budget - Updated

Sources	Up-Front	Over Time
Developer Funds	\$2,935,000	
Tax Increment		\$7,922,500
Total Sources	\$2,935,000	\$7,922,500
Uses		
Site Improvements	\$1,780,000	
Public Improvements/Utilities	475,000	
Streets/Sidewalks/Parking Lots	680,000	
Pay-As-You-Go Note Principal	, 	\$2,935,000
Pay-As-You-Go Note Interest		4,195,250
City Administration		792,250
Total Úses	\$2,935,000	\$7,922,500

B. Bonded Indebtedness

It is anticipated that public redevelopment costs will be financed through the City's issuance to the Coloplast Corporation of a pay-as-you-go tax increment financing note. It is not anticipated that any tax increment bonded indebtedness will be issued by the City for the Coloplast project.

C. Sources of Revenue

Tax increment generated within the Coloplast TIF District will be one source of public funds used to pay a portion of the public redevelopment costs associated with the Coloplast project. Remediation grants from Minnesota Department of Employment and Economic Development (DEED) and Metropolitan Council have been obtained to assist in the removal of contaminated soils located on the project site. In addition to the environmental remediation grants awarded to the project totaling \$944,500, it is anticipated that the City will seek authorization to apply, accept and appropriate funds from the DEED Minnesota Investment Fund in the amount of \$500,000 for equipment related to the Coloplast project.

D. Original Net Tax Capacity

The current estimated market value of the tax parcels included in the Coloplast TIF District is \$5,250,000. This will result in an original net tax capacity of approximately \$104,250.

E. Estimated Captured Net Tax Capacity at Completion

Upon completion of the development, it is anticipated that the estimated market value of taxable property in the Coloplast TIF District will increase

from \$5,250,000 to approximately \$17,700,000. This represents an increase of \$12,450,000 and will result in a total net tax capacity of approximately \$353,250 and an estimated captured net tax capacity of \$249,000.

Based upon a total local tax rate of approximately 112.000%, this will generate an estimated annual gross tax increment payment of \$278,880, excluding the deduction for the State Auditor fee.

F. Duration of District

The Coloplast TIF District is a redevelopment TIF district. Tax increment can be paid to the City for up to twenty-six years of increment collection, or such period as is authorized by law and is necessary to complete financing of the eligible project costs.

G. Fiscal Disparities Election

It is the intent of the City of Minneapolis that the entire fiscal disparity contribution required of the City for development occurring within this district be taken from outside the Coloplast TIF District. The election provided in Minnesota Statutes Section 469.177, Subdivision 3, Paragraph (a) of the Minnesota Tax Increment Financing Act is elected.

H. Original Tax Capacity Rate

The Original Tax Capacity Rate for this district will be the local tax capacity rate for taxes payable (TP) 2008, which was not known at the time this TIF Plan was prepared. For tax increment projection purposes, a total tax rate of 112.00% has been used in the TIF Plan. For project and impact purposes (see Section VI), the tax rate for taxes payable in 2007 (122.991%) has been used.

I. Permit Activity and Prior Planned Improvements

As of the date of this TIF Plan, the Coloplast TIF District does not include any "prior planned improvements" as that term is described in Minnesota Statutes, Section 469.177, Subd. 4.

The letter requesting certification by Hennepin County of the Coloplast TIF District will be accompanied by a list of all of the building permits issued for the property included in this TIF District during the eighteen months immediately preceding approval of this TIF Plan, as mandated by Minnesota Statutes, Section 469.175, Subdivision 3.

V. Type of Tax Increment Financing District

The proposed Coloplast TIF District is a "redevelopment district" as defined in Minnesota Statutes Section 469.174 Subdivision, Subdivision 10.

"Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one or more of the following conditions, reasonably distributed throughout the district, exists:

(1) Parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance.

"Structurally substandard" shall mean buildings 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.

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.

Additional information about the eligibility of the project for inclusion in a redevelopment TIF district can be found in the Project Area Report and Documentation of Eligibility, attached as Exhibit 2 to this Plan.

VI. Estimated Impact on Other Taxing Jurisdictions

It is the position of the City of Minneapolis that the redevelopment of the property included in the Coloplast TIF District would not occur as proposed without the tax increment financing assistance to be provided.

Nevertheless, if it is assumed for the purpose of analysis that the proposed development described herein would occur without tax increment financing assistance and that the estimated captured tax capacity generated by the development would under those circumstances be immediately available to the taxing jurisdictions, then the estimated annual impact on the taxing jurisdictions would be as follows:

Taxing Jurisdictions	Tax Capacity Rate Payable 2007	Property Tax Revenues Resulting from \$278,880 Captured Tax Capacity
City of Minneapolis Hennepin County	56.685% 34.762%	\$158,083 96,944
Special School District #1	24.176%	67,422
Other Taxing Jurisdiction	7.368%	20,548
Total	122.991%	\$342,997

Fiscal calculations contained in this TIF Plan are based upon the current property tax formulas and property values, and an estimate of the likely assessed market value of the proposed new development. This was the best information available at the time that this plan was prepared.

Fiscal and Economic Implications of Proposed TIF District

The estimated amount of total tax increment that would be generated over the life of the district is \$10,793,147.

A description of the probable impact of the district on city-provided services such as police and fire protection, public infrastructure, and borrowing costs attributable to the district is projected to be minor.

The estimated amount of tax increment generated over the life of the district that would be attributable to school district levies, assuming the school district's share (19.66%) of the total local tax rate for all taxing jurisdictions remained the same is \$2,121,933.

The estimated amount of tax increment generated over the life of the district that would be attributable to county levies, assuming the county's share (28.26%) of the total local tax rate for all taxing jurisdictions remained the same is \$3,050,143.

As of the date of this TIF Plan, neither the County or School District have requested any additional information which could assist them in determining additional costs that may accrue due to the development in the Coloplast TIF District.

VII. Basis for Finding that Development Would Not Occur Without Tax Increment Financing Assistance

Minnesota Statutes, Section 469.175, Subdivision 3, provides that prior to the approval of a TIF plan, the City Council must find that the proposed development or redevelopment would not reasonably be expected to occur solely through

private investment within the reasonably foreseeable future and therefore the use of tax increment financing is deemed necessary.

It is the position of the City of Minneapolis that the private redevelopment of the property included in the Coloplast TIF District could not occur without public participation and financial assistance. This conclusion is based upon the following factors.

Coloplast Corporation is requesting tax increment assistance to help pay for the extraordinary cost of building a new office tower on their current site. Tax increment will be primarily used for costs relating to demolition, relocation, rehabilitation of existing structures, soil testing/remediation, soil corrections, public improvements and other tax-increment eligible costs.

There are several project features, unrelated to the building decisions, which will result in higher development costs. The first of these is the "redevelopment nature" of the project. It is more costly to redevelop an existing urban industrial site than to work with undeveloped land. Development on this location is very difficult due to existing development and poor soils. Because of the density that will be constructed on the site, underground storm water management will be required to control run-off. This is an area of the city that has had nominal investment in recent years. Coloplast will be building a new high quality development along the river which will accommodate new employment opportunities. In addition, longterm plans anticipate acquiring additional surrounding property as the business expands. This will facilitate the redevelopment of adjoining properties including a salvage yard. The increased environmental testing and remediation, and the demolition of the existing buildings all add to the cost of the project. Nonetheless, these costs have driven the costs higher compared with traditional developments. Given the necessity for public investment, if TIF financing were not provided, the proposed redevelopment of the site would not move forward.

The project is consistent with development objectives set forth in the Minneapolis Tax Increment Policy in that it will:

- Expand the Minneapolis economy to create more living-wage jobs, with an emphasis on providing job opportunities for the unemployed and underemployed.
- Attract and expand new and existing services, developments and employers in order to position Minneapolis and the region to compete in the economy of the 21st century.
- Increase the city's property tax base and maintain its diversity. Clean contaminated land to provide sites for uses that achieve City redevelopment objectives.

- Eliminate blighting influences throughout the city.
- Support redevelopment efforts that enhance and preserve unique urban features and amenities, including downtown, the riverfront and historic structures.

The developer asserts the amount of tax increment financing requested is reasonable when compared to the expenses for the project, and certifies that it has explored all other options to secure financing for these costs prior to making the request for tax increment financing from the City.

Public funds will stimulate investment in a blighted market. The investment of public funds which will allow development of this area, will create a strong tax base, add value to the surrounding property, and add consumer dollars to the community.

A potential tax increment financing district site must also pass a "market value" test in order to make a finding that development could not occur without tax increment assistance. The calculations necessary to pass this test are contained on the following page of this plan. As shown there, the public redevelopment activity, expenditures, and market values associated with the development that is proposed in this plan results in a series of calculations and figures that clearly pass the market value test.

It is the position of the City of Minneapolis that the private redevelopment of the property included in the Coloplast TIF District could not occur without public participation and financial assistance within the foreseeable future.

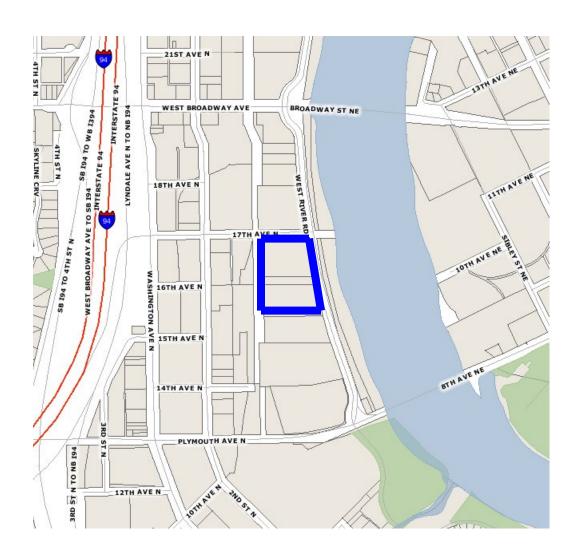
Coloplast Redevelopment TIF District

Valuation and Tax Increment Assum			
	Pay 2010	Pay 2011	
Total Estimated Market Value (EMV)	\$13,275,000	\$17,700,000	
Less: Original EMV	5,250,000	5,250,000	
Captured EMV	\$8,025,000	\$12,450,000	
Total Net Tax Capacity (NTC)	\$315,832	\$353,250	
Less: Original NTC	104,250	104,250	
Captured NTC	\$211,582	\$249,000	
Times: Projected Total Tax Rate	112.000%	112.000%	
Gross Tax Increment	\$236,972	\$278,880	
Less: State Auditor's Fee (.36%)	853	1,004	
Tax Increment Distributed to City	\$236,119	\$277,876	

26 Years of TI Collection			
		Tax	
Years of		Increment	
TIF	Payable	Distributed	
Collection	Year	To City	
	2008	\$0	
	2009	0	
1	2010	236,119	
2	2011	277,876	
3	2012	287,731	
4	2013	297,833	
5	2014	308,187	
6	2015	318,800	
7	2016	329,678	
8	2017	340,829	
9	2018	352,258	
10	2019	363,974	
11	2020	375,982	
12	2021	388,290	
13	2022	400,906	
14	2023	413,837	
15	2024	427,091	
16	2025	440,677	
17	2026	454,602	
18	2027	468,875	
19	2028	483,505	
20	2029	498,502	
21	2030	513,873	
22	2031	529,628	
23	2032	545,777	
24	2033	562,330	
25	2034	579,298	
26	2035	596,689	
		\$10,793,147	
P.V. @	5.00%	\$5,199,212	

Market Value Test			
Analysis Required by M.S. Section 469.175, Subd. 3 (2)			
(1) " the increased market value of the site that could reasonably be expected to occur without the use of tax increment":			
(a) Projected estimated market value without the use of tax increment	\$5,250,000		
(b) Original estimated market value	5,250,000		
(c) Increased estimated market value without the use of tax increment = (a) - (b)	\$0		
(2) " 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 plan.":			
(d) Increase in the estimated market value of the completed development.	\$12,450,000		
(e) Present value of the projected tax increment for the maximum duration of the district	5,199,212		
(f) Difference = (d) - (e)	\$7,250,788		
(3) Since (c) is less than (f), the proposed development or redevelopment passes the test.			

Coloplast Redevelopment Tax Increment Finance Plan District Boundary Map October 12, 2007



Parcels within district

1615 W. River Road 15-029-24-42-0008 1601 W. River Road 15-029-24-42-0016 1525 W. River Road 15-029-24-43-0012



PROJECT AREA REPORT AND DOCUMENTATION OF ELIGIBILITY

Coloplast Redevelopment Tax Increment Finance Plan October 12, 2007

The conditions that qualify the Coloplast site for inclusion in a redevelopment tax increment financing district are described herein.

The proposed Coloplast TIF District is a "redevelopment district" and was found to be a blighted area, as defined in Minnesota Statutes Section 469.174 Subdivision 10:

"Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one or more of the following conditions, reasonably distributed throughout the district, exists:

(1) Parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance.

"Structurally substandard" shall mean (buildings) 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.

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.

Existing Conditions

All prudent and reasonable measures were exercised by City staff to gain access to the properties in question. Staff was allowed entry to the buildings by a representative of the current owner and made on-site observations for this report. It is the determination of staff that the subject properties are structurally

substandard and meet the criteria for blighted conditions due to the substantial cost to remedy the existing code violations noted at the site.

Further, the properties were found to be detrimental to the "safety, health, morals or welfare of the community" by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or lack of ventilation and structural damage as documented by photographs of the differential settlement throughout the buildings and the damage caused by the settlement and shifting due to poor soil conditions that exist under bearing points.

The buildings lack current energy conservation standards and ADA regulations essential for compliance with the International Building Code. Defects or deficiencies were noted in structural elements. The buildings are not in compliance with building codes applicable to new buildings, and the buildings could not be modified to satisfy building codes at less than 15% of the cost of new construction. The buildings are incompatible with surrounding uses, are in need of major repair, are functionally obsolete, in deteriorated condition, and are not feasible for rehab to accommodate appropriate land use.

The existing high storage in the interior shipping area of the operation at 1525 W. River Road is nearly obsolete for present or continued use. The storage racks are functionally obsolete, lacking certain life safety factors and fire suppression systems to protect the plastic shipping pallets presently in use. The electrical power supply to the building is at or near capacity. The administration facility is not protected by fire suppression system and is not ADA compliant. Production has increased to a high volume and transportation methods have changed over the years resulting in the longer tractor trailer rigs. The added length of the modern tractor trailers renders the shipping area functionally obsolete. The overdevelopment of the building's foot print combined with the increased hard surface area overwhelms the storm sewer at this combined site.

The building located at 1601 West River Road is of concrete construction, constructed in 1979, and lacks modern upgrades. The building is not sprinklered nor ADA compliant. The roof is at or near the end of its service life. The building does not meet present energy conservation standards. Defects were noted in structural elements, fire protection, including adequate egress, layout and condition of interior partitions. The building is in need of major repair, is in deteriorated condition, and is functionally obsolete.

A warehouse facility at 1615 W. River Road, constructed in 1974, is in need of major repair, is in deteriorated condition, and functionally obsolete. The building does not meet present day energy code – HVAC and building components, contains differential settlement noted throughout the building. The fire suppression system needs to be upgraded in the high storage area. Storm water system is undersized and the site has traffic management concerns.

The roof mechanical systems are unscreened. Some mechanical systems are at or near the end of service life. The majority of roof covering systems for all three buildings are in need of total replacement in the near future. All of the structures are substandard and are obsolete for their present or continued use and are functionally obsolete, lacking certain life safety factors, mechanical and electrical systems essential for continued occupancy.

It is the determination by staff that all subject properties are substandard and meet the criteria for blighted condition due to the substantial cost to remedy the existing code violations noted at each property. All properties were found to be detrimental to the "safety, health, morals or welfare of the community' by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or lack of ventilation. More than 70% of the area of the proposed district is occupied by buildings, streets, utilities, paved or gravel parking lots and other similar structures and more than 50% of the structures (100%) are structurally substandard to a degree requiring substantial renovation or clearance.

Environmental Studies

The site was historically used as a sawmill and occupied by railroad tracks. Fill at depths ranging between two feet and 32 feet below ground surface was encountered in test borings advanced at the site during Phase II investigations. Soil impacted with polynuclear aromatic hydrocarbons and Resource Conservation and Recovery Act (RCRA) metals has been detected at the site at concentrations exceeding Minnesota Pollution Control Agency (MPCA) Industrial Soil Reference Values (SRVs) in areas proposed for redevelopment as office buildings, a service road, in a plaza and in green spaces throughout the site. Therefore, impacted soils will be excavated and disposed of properly as noted in the approved Response Action Plan (RAP) prepared by Pinnacle Engineering. In addition, vapor barriers will be installed below the building slabs. Environmental remediation grants totaling \$944,500 have been obtained from Minnesota Department of Employment and Economic Development (DEED) and Metropolitan Council to assist with this work.

Minneapolis Tax Increment Finance Policy

The Minneapolis City Council approved the Minneapolis Tax Increment Policy to guide staff in forming recommendations regarding the use of tax increment financing and negotiating contract terms with developers; to provide a framework within which the City Council and Mayor can evaluate and compare proposed uses of tax increment financing; and to inform the public of the City's position on the use of tax increment financing and the process through which decisions regarding the use of the tool are made. Objectives that will be accomplished through the Coloplast Redevelopment tax increment financing district are:

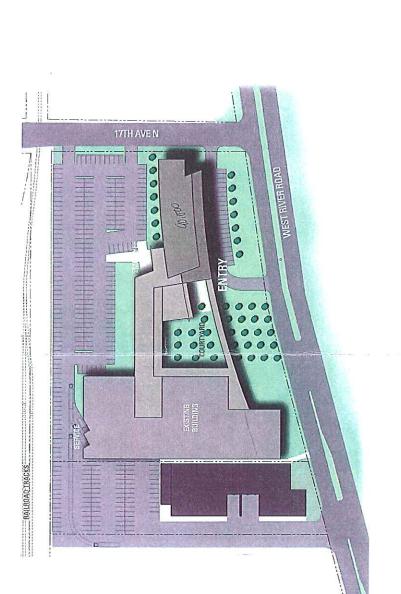
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- Expand the Minneapolis economy to create more living-wage jobs, with an emphasis on providing job opportunities for the unemployed and underemployed.
- Attract and expand new and existing services, developments and employers in order to position Minneapolis and the region to compete in the economy of the 21st century.
- Increase the city's property tax base and maintain its diversity. Clean contaminated land to provide sites for uses that achieve City redevelopment objectives.
- Eliminate blighting influences throughout the city.
- Support redevelopment efforts that enhance and preserve unique urban features and amenities, including downtown, the riverfront and historic structures.

Documentation supporting these findings is on file in the office of the City of Minneapolis Development Finance Division, Crown Roller Mill, Room 575, 105 5th Avenue South, Minneapolis, Minnesota.



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