

CITY OF MINNEAPOLIS

SPENDING PLAN

**FOR TAX INCREMENT FINANCING DISTRICT NOS. 46 (MILES I), 78 (SEMI PHASE
4), 83 (ROSACKER NURSERY SITE), 97 (NICOLLET-FRANKLIN) AND 137 (CLARE
APARTMENTS/OLD THIRD AVENUE TOWNHOMES)**

**(TORNADO TIF AUTHORITY UNDER LAWS 2011, FIRST SPECIAL SESSION,
C.7, ART. 5, § 12)**

ADOPTED BY CITY COUNCIL _____, 2012

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(ROSACKER NURSERY SITE), 97 (NICOLLET-FRANKLIN), AND 137 (CLARE
APARTMENTS/OLD THIRD AVENUE TOWNHOMES)
(TORNADO TIF AUTHORITY UNDER LAWS 2011, FIRST SPECIAL SESSION,
C.7, ART. 5, § 12)**

I. PURPOSE

The City of Minneapolis (the “City”) proposes to adopt a spending plan (the “Spending Plan”) for Tax Increment Financing District Nos. 46 (MILES I), 78 (SEMI Phase 4), 83 (Rosacker Nursery Site), 97 (Nicollet-Franklin) and 137 (Clare Apartments/Old Third Avenue Townhomes) (the “TIF Districts”) in accordance with Laws 2011, First Special Session, c. 7, art. 5, § 12, referred to as the “Tornado TIF Authority Act.”

Under the Tornado TIF Authority Act, the City is authorized to spend available tax increment from any existing tax increment financing district, notwithstanding any other law to the contrary:

- (a) To provide improvements, loans, interest rate subsidies, or assistance in any form to private development consisting of reconstruction or substantial rehabilitation of buildings and ancillary facilities damaged as a result of the May 22, 2011 tornado; and
- (b) To pay or finance City costs relating to the recovery of properties within the disaster area.

Expenditures are subject to the following conditions:

- (a) The City Council approves a written spending plan (after a duly noticed public hearing) that specifically authorizes the City to take such actions; and
- (b) The tax increments authorized under the Spending Plan are contractually committed or spent by June 6, 2014 (36 months after the June 7, 2011 disaster declaration FEMA-1990-DR).

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

II. SPENDING PLAN

The City is authorized as follows:

- (a) The City may use any available tax increments from the TIF Districts received through June 6, 2014 and not otherwise pledged to any outstanding contract or obligation (referred to as “Available Spending Plan Increment”) for the purposes set forth below. The anticipated sources of the Available Spending Plan Increment are as follows:

| TIF District | Amount |
|---|---------------|
| MILES I (TIF #46) | \$ 65,000 |
| SEMI Phase 4 (TIF #78) | 250,000 |
| Rosacker Nursery Site (TIF #83) | 225,000 |
| Nicollet-Franklin (TIF #97) | 395,000 |
| Clare Apartments/Old Third Avenue Townhomes (TIF #137) | <u>65,000</u> |
| | \$ 1,000,000 |

- (b) The purposes for which the Available Spending Plan Increment may be used are as follows:
 - (1) Building Demolition at The Capri Block – up to \$20,000 for the demolition of City-owned properties at 2029 and 2033 West Broadway Avenue. These properties are part of the planned Capri Theater expansion and were badly damaged in the May 2011 tornado.
 - (2) Tornado Recovery Housing Program (public acquisition/demolition of tornado damaged property) – up to \$580,000 for the acquisition and/or demolition of buildings damaged in the May 2011 tornado and related maintenance costs. Please refer to the attached draft Tornado Recovery Housing Program guidelines.
 - (3) Green Homes North Program (private new housing construction on tornado damaged property) – up to \$300,000 for development gap grants to facilitate the new construction of green homes on vacant City-owned lots in the tornado recovery area. Please refer to the attached draft Green Homes North Program guidelines.
 - (4) City Administrative Costs - \$100,000 to help pay the City’s administrative costs related to these efforts. These costs include, but are not necessarily limited to staff time, land surveys, etc.

- (c) This Spending Plan authorizes, but does not obligate, the City to spend Available Spending Plan Increment. Any obligation to provide assistance to a private party under this Spending Plan must be evidenced by a contact approved by the City Council, entered into with a private party who otherwise meets the requirements of this Spending Plan and the Tornado TIF Authority Act.
- (d) In accordance with the Tornado TIF Authority Act, the authority to contractually commit or spend Available Spending Plan Increment under this Spending Plan expires on June 6, 2014. No Available Spending Plan Increment may be contracted or spent under this Spending Plan after June 6, 2013 unless such expenditure is otherwise authorized by law without regard to the Tornado TIF Authority Act.
- (e) The City acknowledges that assistance provided pursuant to this Spending Plan will be subject to Minnesota Statutes, Sections 116J.993 to 116J.995 (the "Business Subsidy Act"), unless the assistance provided to a specified recipient is exempt from the Business Subsidy Act under the terms of that statute.
- (f) The City may amend this Spending Plan at any time in accordance with the procedures for approval of the Spending Plan under the Tornado TIF Authority Act.
- (g) City staff are authorized and directed to maintain a copy of this Spending Plan with the City's records for the TIF Districts and to file a copy of the Spending Plan with the Office of the State Auditor (as requested by the State Auditor in the August, 2010 TIF Division Newsletter).