



HRA BOARD AGENDA
Meeting: Tuesday, May 10, 2022
Place: Buffalo City Center
Time: 4:00 PM

1. CALL TO ORDER
2. AGENDA ADDITIONS OR DELETIONS
3. APPROVAL OF APRIL 12 MINUTES
4. APPROVAL OF CLAIMS
5. OLD BUSINESS-None
6. NEW BUSINESS
 - A. Establishment of Tax Increment Financing District No. 25 PID 103-245-000010
 - B. Decertification of Tax Increment Financing District No. 15 for Loberg Building, PID 103-010-065091, 26 1st Avenue NE
7. STAFF UPDATES
8. ADJOURN

HRA MINUTES
April 12, 2022

CALL TO ORDER

Pursuant to due call and notice thereof, Chairperson Nauman called the HRA regular meeting to order at 4:00 PM in the Council Chambers of the City Center at 212 Central Avenue. Present were Bryan Brengman, Jill Nauman, John Siffert and Michael Anderson. Absent were Mike Anderson and Dustin Grage. Also in attendance were Executive Director Laureen Bodin, Assistant Administrator Taylor Gronau and Community Planning & Economic Development Director David Kelly.

AGENDA ADDITIONS OR DELETIONS-None

APPROVAL OF February 8, 2022 MINUTES

Upon motion by Member Siffert, motion seconded by Member Brengman to approve of the February 8 minutes.

Dustin Grage	Bryan Brengman	Jill Nauman	John Siffert	Mike Anderson
Absent	Aye	Aye	Aye	Absent

Motion passed 3-0.

APPROVAL OF CLAIMS

Upon motion by Member Brengman, motion seconded by member Siffert to approve of the following claims.

City of Buffalo
Buffalo Housing & Redevelopment Authority
Approval of Claims
4/12/2022

Paid to:	Description	Date Paid	Check #	Amount
Bolton & Menk	Wayfinding Signage	03.01.22	3946	\$68.00
City of Buffalo	IT Services	03.01.22	3947	\$756.42
Ehlers & Associates	HRA Project Analysis	03.01.22	3948	\$250.00
Jovanovich, Dege & Athmann	Legal Fees	03.01.22	3949	\$67.50
LHB Inc	Professional Fees	03.01.22	3950	\$2,450.00
Taft Stettinius & Hollister	Professional Fees - TIF District #23	03.01.22	3951	\$6,000.00
City of Buffalo	IT Services	03.29.22	3952	\$756.42
Jovanovich, Dege & Athmann	Legal Fees	03.29.22	3953	\$45.00
League of MN Cities Insurance Trust	Insurance Fees	03.29.22	3954	\$123.41

TOTAL: \$10,516.75

Dustin Grage	Bryan Brengman	Jill Nauman	John Siffert	Mike Anderson
Absent	Aye	Aye	Aye	Absent

Motion passed 3-0.

OLD BUSINESS-None

NEW BUSINESS

Soofa Signs

Community Planning & Economic Development Director Kelly presented a quote from Soofa Signs in the amount of \$66,000 to install three (3) **wayfinding signs in Buffalo's** downtown. Included in the quote is installation and maintenance for five (5) years. The signs are electronic, solar-powered, touch screen and interactive. They would be used for promotion of downtown businesses, wayfinding, posting of public notices and social media and distribution of surveys and opinion polls.

Board members asked several questions and discussed the quote. Members agreed the cost for the signs exceeded the potential benefit at this time.

Upon motion by Member Siffert, motion seconded by Member Brengman to reject the quote from Soofa Signs.

Dustin Grage	Bryan Brengman	Jill Nauman	John Siffert	Mike Anderson
Absent	Aye	Aye	Aye	Absent

Motion passed 3-0.

STAFF UPDATES

Community Planning & Economic Development Director Kelly gave a brief update on the **HRA's downtown property (former Coborns site)**. There has been quite a bit of interest recently and staff is going to explore a formal RFP process to solicit development proposals for the site. Executive Director Bodin noted that staff is looking into potential sites for additional public parking if this site is developed.

Kelly reported the Wright County Government Center Taskforce has been meeting. Kelly reported the former Wright County Health and Human Services building has been sold, but there are no current plans for redevelopment or reports of what will occupy the building.

Executive Director Bodin reported that staff is pursuing grants to cover the cost of the Highway 25 reconstruction project, which is scheduled to be completed in 2023.

Bodin stated that City Clerk Johnson continues to contact Board Member Dustin Grage regarding meetings. She does not receive a response. The HRA Board Bylaws state that

an HRA Board member may be removed if they miss four (4) meetings in a calendar year. Member Grage has missed three (3) in 2022.

ADJOURN

Upon motion by Member Siffert, motion seconded by Member Brengman to adjourn at 4:54 PM.

Dustin Grage	Bryan Brengman	Jill Nauman	John Siffert	Mike Anderson
Absent	Aye	Aye	Aye	Absent

Motion passed 3-0.

Chairperson

Executive Director

DRAFT



Buffalo, MN

Check Register

Packet: APPKT00292 - HRA A/P 05.04.22 FOR 05.10.22 HRA MTG

By Vendor Name

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: HRA-HRA BANK						
021C0001	CITY OF BUFFALO	05/04/2022	Regular	0.00	756.42	3955
021E0005	EHLERS & ASSOCIATES INC	05/04/2022	Regular	0.00	527.50	3956
021L0011	LHB INC	05/04/2022	Regular	0.00	3,758.29	3957

Bank Code HRA Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	4	3	0.00	5,042.21
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	4	3	0.00	5,042.21

Fund Summary

Fund	Name	Period	Amount
998	HRA POOLED CASH	5/2022	5,042.21
			<hr/>
			5,042.21



HRA AGENDA REPORT

ITEM #6A

MEETING DATE: May 10, 2022
PREPARED BY: Community and Economic Development Director David Kelly
PRESENTED BY: Nick Anhut, Ehlers and Associates
AGENDA ITEM: Establishment of Tax Increment Financing District No. 25

BACKGROUND SUMMARY:

The Central Minnesota Housing Partnership (CMHP) will be constructing a 40-unit 55+ multi-family housing complex at PID: 103245000010 at the intersection of Settlers Parkway and Creekside Drive in Buffalo. To build this complex, the CMHP applied for and received funding from Minnesota Housing and has received a prior commitment from the HRA to explore Tax Incremental Finance for this project and are now seeking formal TIF approval for this project.

Staff is seeking approval of Resolution 2022-2 for the Board to consider that will approve the draft TIF Plan and authorize submitting the document to the City Council for its public hearing and final approval in June. It also approves enlarging Redevelopment Area No. 2 to include the site of the TIF District and provides preliminary authorization to use an interfund loan to recover any initial administrative costs from the Settler Commons TIF negotiations from the TIF District.

RECOMMENDATION:

City staff is seeking approval of Resolution 2022-2 that includes the TIF Plan and authorization to submit said documents to the City Council for a public hearing and final approval.

ATTACHMENTS:

- Resolution 2022-2 TIF District No. 25
- TIF Plan



HOUSING AND REDEVELOPMENT AUTHORITY

212 Central Avenue
Buffalo, MN 55313

RESOLUTION 2022-2

RESOLUTION ADOPTING A MODIFICATION TO THE REDEVELOPMENT PLAN FOR REDEVELOPMENT PROJECT AREA NO. 2; ADOPTING A MODIFICATION TO THE TAX INCREMENT FINANCING PLANS FOR TAX INCREMENT FINANCING DISTRICT NOS. 14, 20, 21, 22 AND 24; AND ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 25 THEREIN AND ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR.

WHEREAS, it has been proposed by the Board of Commissioners (the "Board") of the Buffalo Housing and Redevelopment Authority (the "HRA") and the City of Buffalo (the "City") that the HRA adopt a modification to the Redevelopment Plan (the "Redevelopment Plan Modification") for Redevelopment Project Area No. 2 (the "Project Area") to include modifications to the Tax Increment Financing Plans for Tax increment Financing District Nos. 14, 20, 21, 22 and 24 (the "TIF Plan Modifications") therein, and establish Tax Increment Financing District No. 25 (the "District") and adopt a Tax Increment Financing Plan (the "TIF Plan") therefor; (the Redevelopment Plan Modification, TIF Plan Modifications, and the TIF Plan are referred to collectively herein as the "Plans"), all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.001 to 469.047 (the "HRA Act"), and Sections 469.174 to 469.1794, inclusive, as amended (the "TIF Act"), all as reflected in the Plans and presented for the Board's consideration; and

WHEREAS, the HRA has investigated the facts relating to the Plans and has caused the Plans to be prepared; and

WHEREAS, the HRA has performed all actions required by law to be performed prior to the adoption of the Plans. The HRA has also requested the City Planning Commission to provide for review of and written comment on the Plans and that the Council schedule a public hearing on the Plans upon published notice as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

1. The HRA hereby finds that the District is in the public interest and is a "housing district" under Minnesota Statutes, Section 469.174, Subd. 11, and finds that the Plans conform in all respects to the requirements of the HRA Act and TIF Act and will help fulfill a need to develop an area of the State of Minnesota for affordable and high quality housing.

2. The Redevelopment Plan Modification and TIF Plan Modifications expand the boundaries of the Project Area to include the District and areas adjacent to downtown Buffalo intended for future development and redevelopment.
3. The HRA further finds that the land in the Project Area would not be made available for redevelopment without the financial aid to be sought; the Plans will afford maximum opportunity, consistent with the sound needs for the City as a whole, for the development or redevelopment of the Project Area by private enterprise in that the intent is to provide only that public assistance necessary to make the private developments financially feasible and the Redevelopment Plan Modification conforms to a general plan for the development of the locality as a whole.
4. The reasons and facts supporting the findings in this resolution are described in the Plans.
5. Conditioned upon the approval thereof by the City Council following its public hearing thereon, the Plans, as presented to the HRA on this date, are hereby approved, established and adopted and shall be placed on file in the office of the Executive Director of the HRA.
6. Upon approval of the Plans by the City Council, the staff, HRA's advisors and legal counsel are authorized and directed to proceed with the implementation of the Plans and for this purpose to negotiate, draft, prepare and present to this Board for its consideration all further plans, resolutions, documents and contracts necessary for this purpose. Approval of the Plans does not constitute approval of any project or a Development Agreement with any developer.
7. Upon approval of the Plans by the City Council, the Executive Director of the HRA is authorized and directed to forward a copy of the Plans to the Minnesota Department of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes 469.175, Subd. 4a.
8. The Executive Director of the HRA is authorized and directed to forward a copy of the Plans to the Wright County Auditor and request that the Auditor certify the original tax capacity of the District as described in the Plans, all in accordance with Minnesota Statutes 469.177.
9. The HRA has determined that it may pay for certain costs (the "Qualified Costs") identified in the TIF Plan which costs may be financed on a temporary basis from the HRA's general fund or any other fund from which such advances may be legally made (the "Fund"). Under Minnesota Statutes, Section 469.178, Subd. 7, the HRA is authorized to advance or loan money from the Fund in order to finance the Qualified Costs. The HRA intends to reimburse itself for the payment of the Qualified Costs, plus interest thereon, from tax increments derived from the TIF District in accordance with the following terms (which terms are referred to collectively as the "Interfund Loan"):

- (a) The HRA shall repay to the Fund from which the Qualified Costs are initially paid, the principal amount of \$[25,000] (or, if less, the amount actually paid from such fund) together with interest at 4.00% per annum (which is not more than the greater of (i) the rate specified under Minnesota Statutes, Section 270C.40, or (ii) the rate specified under Minnesota Statutes, Section 549.09) from the date of the payment.
- (b) Principal and interest on the Interfund Loan ("Payments") shall be paid annually on each December 31 commencing with the date the tax increments from the TIF District are available and not otherwise pledged to and including the earlier of (a) the date the principal and accrued interest of the Interfund Loan is paid in full, or (b) the date of last receipt of tax increment from the TIF District ("Payment Dates") which Payments will be made in the amount and only to the extent of available tax increments. Payments shall be applied first to accrued interest, and then to unpaid principal.
- (c) Payments on the Interfund Loan are payable solely from the tax increment generated in the preceding twelve (12) months with respect to the TIF District and remitted to the HRA by Wright County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1794, as amended. Payments on this Interfund Loan are subordinate to any outstanding or future bonds, notes or contracts secured in whole or in part with tax increment, and are on parity with any other outstanding or future interfund loans secured in whole or in part with tax increments.
- (d) The principal sum and all accrued interest payable under this Interfund Loan are pre-payable in whole or in part at any time by the HRA without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Interfund Loan.
- (e) The Interfund Loan is evidence of an internal borrowing by the HRA in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and is a limited obligation payable solely from tax increment pledged to the payment hereof under this resolution. The Interfund Loan and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the HRA. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Interfund Loan or other costs incident hereto except out of tax increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on the Interfund Loan or other costs incident hereto. The HRA shall have no obligation to pay any principal amount of the Interfund

Loan or accrued interest thereon, which may remain unpaid after the termination of the TIF District.

- (f) The HRA may amend the terms of the Interfund Loan at any time by resolution of the Board, including a determination to forgive the outstanding principal amount and accrued interest to the extent permissible under law.

Passed and adopted by the Buffalo Housing and Redevelopment Authority this 10th day of May 2022.

Jill D. Nauman Chairperson

ATTEST:

Bryan Brengman Secretary-Treasurer

Adoption Date: June 6, 2022

Buffalo Housing and Redevelopment Authority

City of Buffalo, Wright County, Minnesota

MODIFICATION TO THE REDEVELOPMENT PROGRAM

Redevelopment Project Area No. 2

&

Tax Increment Financing (TIF) Plan

Establishment of Tax Increment Financing District No. 25
(a housing district)



Prepared by:

Ehlers
3060 Centre Pointe Drive
Roseville, Minnesota 55113

BUILDING COMMUNITIES. IT'S WHAT WE DO.

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Modification to the Development Program for Redevelopment Project Area No. 2

FOREWORD

The following text represents a Modification to the Development Program for Redevelopment Project Area No. 2. This modification represents a continuation of the goals and objectives set forth in the Development Program for Redevelopment Project Area No. 2. Generally, the substantive changes include the expansion of the boundary of the Project Area to facilitate the establishment of Tax Increment Financing District No. 25.

The description of Redevelopment Project Area No. 2. Development Program is amended to add and include the property depicted in Appendix A attached hereto. The depicted property is hereby and shall be incorporated into any other maps depicting Redevelopment Project Area No. 2 and shall be reflected in the Tax Increment Financing Plans of Tax Increment Districts No. 14, 20, 21, 22, and 24 (the “TIF Modifications”) therein. The proposed TIF Modifications will not increase the authorized budgets or extend the durations of any tax increment financing districts.

For further information, a review of the Development Program for Redevelopment Project Area No. 2, is recommended. It is available from the City Administrator at the City of Buffalo. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within Redevelopment Project Area No. 2.

Tax Increment Financing Plan for Tax Increment Financing District No. 25

FOREWORD

The Buffalo Housing and Redevelopment Authority (the "HRA"), the City of Buffalo (the "City"), staff and consultants have prepared the following information to expedite the Establishment of Tax Increment Financing District No. 25 (the "District"), a housing tax increment financing district, located in Redevelopment Project Area No. 2.

STATUTORY AUTHORITY

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the HRA and City have certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.001 - 469.047*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Development Program for Redevelopment Project Area No. 2.

STATEMENT OF OBJECTIVES

The District currently consists of one (1) parcel of land and adjacent roads and internal rights-of-way. The District is being created to facilitate the development of the Settler Commons project, a 40-unit affordable senior housing development in the City. The project will serve seniors ages 55+ with annual incomes at or below 60% of Area Median Income (AMI). The HRA is proposing to enter into an agreement with Settler Commons Apartments, LLC as the developer. Development is anticipated to begin in 2022. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Redevelopment Project Area No. 2.

The activities contemplated in the Modification to the Development Program and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Redevelopment Project Area No. 2 and the District.

DEVELOPMENT PROGRAM OVERVIEW

Pursuant to the Development Program and authorizing state statutes, the HRA or City is authorized to undertake the following activities in the District:

1. Property to be Acquired - Selected property located within the District may be acquired by the HRA or City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.
3. Upon approval of a developer’s plan relating to the project and completion of the necessary legal requirements, the HRA or City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
4. The HRA or City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

DESCRIPTION OF PROPERTY IN THE DISTRICT AND/OR PROPERTY TO BE ACQUIRED

The District encompasses all property and adjacent roads rights-of-way and abutting roadways identified by the current parcels listed below.

Parcel number	Address	Owner
103245000010	xx Creekside Drive	Bjorklund Buffalo Holdings, Inc.

The legal description is currently Tract A of Registered Land Survey No. 42. A preliminary plat has been completed to create Outlot A and Lot 1, Block 1 on the property which will be within the proposed District. Please also see the map in Appendix A for further information on the location of the District.

The HRA or City may acquire any parcel or portion thereof within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the HRA or City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan.

The HRA or City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

DISTRICT CLASSIFICATION

The HRA and City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, find that the District, to be established, is a housing district pursuant to *M.S., Section 469.174, Subd. 11 and M.S., Section 469.1761*.

- The District currently consists of one (1) parcel.
- The development will consist of 40 units of multi-family senior rental housing.
- All 40-units will be rent- and income-restricted to persons or households qualifying at or below 60% of Area Median Income. Therefore, at least 40% of the units will be occupied by person with incomes less than 60% of median income.
- No more that 20 percent of the square footage of the building that is receiving assistance from tax increment consists of commercial, retail or other non-residential uses.

The District contains a parcel that qualified under the provisions of *M.S. 273.111, 273.112, 273.114 or Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

Pursuant to *M.S. 469.176, Subd. 7*:

- (a) The HRA may request inclusion in the District and the County Auditor may certify the original tax capacity of a parcel or a part of a parcel that qualified under the provisions of *M.S. 273.111, 273.112, 273.114 or Chapter 473H* for taxes payable in any of the five calendar years before filing of the request for certification only for:
 - (1) a district in which 85 percent or more of the planned buildings and facilities (determined on the basis of square footage) are a qualified manufacturing facility or a qualified distribution facility or a combination of both; or
 - (2) a housing district.

The development assisted by the District is a residential rental project that meets the requirements of a qualified housing district.

DURATION & FIRST YEAR OF DISTRICT'S TAX INCREMENT

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the maximum duration of the District will be 25 years after receipt of the first increment by the HRA or City (a total of 26 years of tax increment). The HRA or City elects to receive the first tax increment in 2024, which is no later than four years following the year of approval of the District.

Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2050, or when the TIF Plan is satisfied. The HRA or City reserves the right to decertify the District prior to the legally required date.

ORIGINAL TAX CAPACITY, TAX RATE & ESTIMATED CAPTURED NET TAX CAPACITY VALUE/INCREMENT & NOTIFICATION OF PRIOR PLANNED IMPROVEMENTS

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2021 for taxes payable 2022.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2024) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the district;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the HRA or City.

The original local tax rate for the District will be the local tax rate for taxes payable 2022, assuming the request for certification is made before June 30, 2022). The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4* and *M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Redevelopment Project Area No. 2, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The HRA and City request 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2024. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity	
Estimated Project Tax Capacity (PTC) upon completion	34,664
Estimated Original Net Tax Capacity (ONTC)	<u>334</u>
Estimated Captured Tax Capacity (CTC)	34,330
Original Local Tax Rate	<u>127.0610%</u> Pay 2022
Estimated Annual Tax Increment	\$43,620
Percent Retained by the HRA	100%

Note: Tax capacity includes a 1.0% inflation factor for the duration of the District. The Project Tax Capacity included in this chart is the estimated tax capacity of the District in year 26. The tax capacity of the District in year two upon full valuation of the housing project is estimated to be \$27,300.

Pursuant to *M.S., Section 469.177, Subd. 4*, the HRA shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3*. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The City has reviewed the area to be included in the District and found no parcels for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

SOURCES OF REVENUE/BONDS TO BE ISSUED

The total estimated tax increment revenues for the District are shown in the table below:

SOURCES	
Tax Increment	\$ 982,459
Interest	49,123
TOTAL	\$ 1,031,582

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The HRA or City reserves the right to incur bonds or other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by pay-as-you-go note. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the HRA or City to incur debt. The HRA or City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The HRA or City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of \$1,031,582. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

USES OF FUNDS

Currently under consideration for the District is a proposal to facilitate the development of the Settler Commons project, a 40-unit affordable senior housing development. The HRA and City have determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described.

The HRA has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

USES	
Affordable Housing	583,336
Administrative Costs (up to 10%)	98,246
PROJECT COSTS TOTAL	\$ 681,582
Interest	350,000
PROJECT AND INTEREST COSTS TOTAL	\$ 1,031,582

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in the Sources of Revenue section.

Estimated costs associated with the District are subject to change among categories without a modification to this TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. The HRA may expend funds for qualified housing activities outside of the District boundaries.

ESTIMATED IMPACT ON OTHER TAXING JURISDICTIONS

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the HRA or City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

Impact on Tax Base if "But/For" Not Met			
Entity	2021/Pay 2022 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
Wright County	199,120,589	34,330	0.0172%
City of Buffalo	17,119,136	34,330	0.2005%
ISD 877 (Buffalo-Hanover-Montrose)	43,729,570	34,330	0.0785%

Impact on Tax Rates if "But/For" Not Met				
Entity	Pay 2022 Extension Rate	Percent of Total	CTC	Potential Taxes
Wright County	43.7510%	34.43%	34,330	\$ 15,020
City of Buffalo	55.0340%	43.31%	34,330	18,893
ISD 877 (Buffalo-Hanover-Montrose)	26.5460%	20.89%	34,330	9,113
Other	1.7300%	1.36%	34,330	594
	127.0610%	100.00%		\$ 43,620

The estimates listed above display the estimated captured tax capacity when all construction is complete and the District is retired. The tax rate used for calculations is the Pay 2022 rate. The total net capacity for the entities listed above are based on Pay 2022 figures. The District is intended to be certified under the Pay 2022 rates.

Pursuant to *M.S. Section 469.175 Subd. 2(b)*:

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$982,459;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. With any addition of new residents or businesses, police calls for service will be increased. New developments typically add an increase in traffic, and additional overall demands to the call load. The City estimates that the proposed development may generate an average of two new services calls per month, and that the financial and non-financial impacts would be negligible. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in police department vehicles or facilities.

The probable impact of the District on fire protection is not expected to be significant. Typically, new buildings generate few calls, if any, and are of superior construction. The City estimates the proposed development may generate 1 or 2 calls a year and does not expect that the proposed development, in and of itself, will necessitate new capital investment in fire protection vehicles or facilities.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on the development plans, the City estimates there are no material additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development within the District is expected to fund all on-site infrastructure and has budgeted to contribute an estimated \$340,000 in sanitary sewer (SAC) and water (WAC) connection fees.

The probable impact of any District general obligation tax increment bonds on the City's ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$205,259;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$338,291;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

SUPPORTING DOCUMENTATION

Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S. Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District.

In making said determination, reliance has been placed upon (1) written representation made by the developer to such effects, (2) review of the developer's proforma; and (3) City staff awareness of the feasibility of developing the project site within the District, which is further outlined in the City Council resolution approving the establishment of the TIF District and Appendix C.

DISTRICT ADMINISTRATION

Administration of the District will be handled by the City Administrator.

Appendix A: Map of Redevelopment Project Area No. 2 and the TIF District

Buffalo

CITY OF BUFFALO, MINNESOTA

Proposed TIF District #25 City of Buffalo Wright County, Minnesota

Pulaski Lake

TIF DISTRICT #20

TIF DISTRICT #21

TIF DISTRICT #24

Redevelopment Project
Area No. 2

TIF DISTRICT #14

Redevelopment Project
Area No. 2
Proposed Boundary Addition

TIF DISTRICT #22

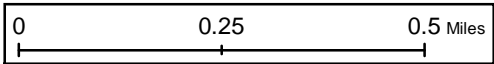
PROPOSED
TIF DISTRICT #25

LEGEND

April 22, 2022



- Corporate Limits
- Buffalo Parcels
- Proposed TIF District #25
- Active TIF District
- Redevelopment Project Area No. 2
- Redevelopment Project Area No. 2 Proposed Boundary Addition



Appendix B: Estimated Cash Flow for the District

Settlers Commons - TIF District No. 25

City of Buffalo, MN

40-unit Affordable Housing



ASSUMPTIONS AND RATES

DistrictType:	Housing	
District Name/Number:	TIF District 25	Tax Rates
County District #:	TBD	Exempt Class Rate (Exempt) 0.00%
First Year Construction or Inflation on Value	2022	Commercial Industrial Preferred Class Rate (C/I Pref.)
Existing District - Specify No. Years Remaining		First \$150,000 1.50%
Inflation Rate - Every Year:	1.00%	Over \$150,000 2.00%
Interest Rate:	4.625%	Commercial Industrial Class Rate (C/I) 2.00%
Present Value Date:	1-Aug-23	Rental Housing Class Rate (Rental) 1.25%
First Period Ending	1-Feb-24	Affordable Rental Housing Class Rate (Aff. Rental)
Tax Year District was Certified:	Pay 2022	First \$100,000 0.75%
Cashflow Assumes First Tax Increment For Development:	2024	Over \$100,000 0.25%
Years of Tax Increment	26	Non-Homestead Residential (Non-H Res. 1 Unit)
Assumes Last Year of Tax Increment	2049	First \$500,000 1.00%
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	NA	Over \$500,000 1.25%
Incremental or Total Fiscal Disparities		Homestead Residential Class Rate (Hmstd. Res.)
Fiscal Disparities Contribution Ratio		First \$500,000 1.00%
Fiscal Disparities Metro-Wide Tax Rate		Over \$500,000 1.25%
Maximum/Frozen Local Tax Rate:	127.061% Pay 2022	Agricultural Non-Homestead 1.00%
Current Local Tax Rate: (Use lesser of Current or Max.)	127.061% Pay 2022	
State-wide Tax Rate (Comm./Ind. only used for total taxes)	36.2890% Pay 2022	
Market Value Tax Rate (Used for total taxes)	0.20332% Pay 2022	

BASE VALUE INFORMATION (Original Tax Capacity)														
Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/Phase
1	103245000010			44,500	0	44,500	100%	44,500	Pay 2022 Ag Non-Homestead		445	Aff. Rental	334	1
				44,500	0	44,500		44,500			445		334	

Note:

1. Base values are for pay 2022 based upon review of County website on March 31, 2022.
2. Located in SD # 877.

Settlers Commons - TIF District No. 25
 City of Buffalo, MN
 40-unit Affordable Housing



PROJECT INFORMATION (Project Tax Capacity)													
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2022	Percentage Completed 2023	Percentage Completed 2024	Percentage Completed 2025	First Year Full Taxes Payable
1	Apartments	91,000	91,000	40	3,640,000	Aff. Rental	27,300	683	50%	100%	100%	100%	2025
TOTAL					3,640,000		27,300						

Note:

1. Market values are based upon estimates from the County Assessor's Office.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Apartments	27,300	0	27,300	34,688	0	0	5,551	40,238	1,005.96
TOTAL	27,300	0	27,300	34,688	0	0	5,551	40,238	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	40,238
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(5,551)
less Base Value Taxes	(424)
Annual Gross TIF	34,264

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	44,500
New Market Value - Est.	3,640,000
Difference	<u>3,595,500</u>
Present Value of Tax Increment	<u>536,635</u>
Difference	<u>3,058,865</u>
Value likely to occur without Tax Increment is less than:	<u>3,058,865</u>



Settlers Commons - TIF District No. 25

City of Buffalo, MN

40-unit Affordable Housing

TAX INCREMENT CASH FLOW															
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 5%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date	
100%	13,650	(334)	-	13,316	127.061%	16,920	8,460	(30)	(421)	8,008	7,650	0.5	2024	08/01/24	
100%	27,300	(334)	-	26,966	127.061%	34,264	8,460	(30)	(421)	8,008	15,127	1	2024	02/01/25	
100%	27,573	(334)	-	27,239	127.061%	34,610	17,132	(62)	(854)	16,217	29,927	1.5	2025	08/01/25	
100%	27,849	(334)	-	27,515	127.061%	34,961	17,132	(62)	(854)	16,217	44,392	2	2025	02/01/26	
100%	28,127	(334)	-	27,793	127.061%	35,315	17,305	(62)	(862)	16,381	58,673	2.5	2026	08/01/26	
100%	28,408	(334)	-	28,075	127.061%	35,672	17,305	(62)	(862)	16,381	72,631	3	2026	02/01/27	
100%	28,693	(334)	-	28,359	127.061%	36,033	17,480	(63)	(871)	16,547	86,412	3.5	2027	08/01/27	
100%	28,980	(334)	-	28,646	127.061%	36,398	17,480	(63)	(871)	16,547	99,881	4	2027	02/01/28	
100%	29,269	(334)	-	28,936	127.061%	36,766	17,657	(64)	(880)	16,714	113,180	4.5	2028	08/01/28	
100%	29,562	(334)	-	29,228	127.061%	37,138	17,657	(64)	(880)	16,714	126,177	5	2028	02/01/29	
100%	29,858	(334)	-	29,524	127.061%	37,513	17,836	(64)	(889)	16,883	139,010	5.5	2029	08/01/29	
100%	30,156	(334)	-	29,822	127.061%	37,893	17,836	(64)	(889)	16,883	151,552	6	2029	02/01/30	
100%	30,458	(334)	-	30,124	127.061%	38,276	18,017	(65)	(898)	17,054	163,935	6.5	2030	08/01/30	
100%	30,762	(334)	-	30,429	127.061%	38,663	18,017	(65)	(898)	17,054	176,039	7	2030	02/01/31	
100%	31,070	(334)	-	30,736	127.061%	39,054	18,199	(66)	(907)	17,227	187,988	7.5	2031	08/01/31	
100%	31,381	(334)	-	31,047	127.061%	39,448	18,199	(66)	(907)	17,227	199,667	8	2031	02/01/32	
100%	31,694	(334)	-	31,361	127.061%	39,847	18,383	(66)	(916)	17,401	211,198	8.5	2032	08/01/32	
100%	32,011	(334)	-	31,678	127.061%	40,250	18,383	(66)	(916)	17,401	222,468	9	2032	02/01/33	
100%	32,332	(334)	-	31,998	127.061%	40,657	18,569	(67)	(925)	17,577	233,594	9.5	2033	08/01/33	
100%	32,655	(334)	-	32,321	127.061%	41,067	18,569	(67)	(925)	17,577	244,470	10	2033	02/01/34	
100%	32,981	(334)	-	32,648	127.061%	41,482	18,757	(68)	(934)	17,755	255,207	10.5	2034	08/01/34	
100%	33,311	(334)	-	32,977	127.061%	41,901	18,757	(68)	(934)	17,755	265,701	11	2034	02/01/35	
100%	33,644	(334)	-	33,311	127.061%	42,325	18,946	(68)	(944)	17,934	276,062	11.5	2035	08/01/35	
100%	33,981	(334)	-	33,647	127.061%	42,752	18,946	(68)	(944)	17,934	286,188	12	2035	02/01/36	
100%	34,321	(334)	-	33,987	127.061%	43,184	19,138	(69)	(953)	18,116	296,186	12.5	2036	08/01/36	
100%	34,664	(334)	-	34,330	127.061%	43,620	19,138	(69)	(953)	18,116	305,958	13	2036	02/01/37	
100%							19,331	(70)	(963)	18,299	315,606	13.5	2037	08/01/37	
100%							19,331	(70)	(963)	18,299	325,035	14	2037	02/01/38	
100%							19,527	(70)	(973)	18,484	334,345	14.5	2038	08/01/38	
100%							19,527	(70)	(973)	18,484	343,444	15	2038	02/01/39	
100%							19,724	(71)	(983)	18,671	352,427	15.5	2039	08/01/39	
100%							19,724	(71)	(983)	18,671	361,208	16	2039	02/01/40	
100%							19,924	(72)	(993)	18,859	369,876	16.5	2040	08/01/40	
100%							19,924	(72)	(993)	18,859	378,349	17	2040	02/01/41	
100%							20,125	(72)	(1,003)	19,050	386,714	17.5	2041	08/01/41	
100%							20,125	(72)	(1,003)	19,050	394,890	18	2041	02/01/42	
100%							20,328	(73)	(1,013)	19,242	402,961	18.5	2042	08/01/42	
100%							20,328	(73)	(1,013)	19,242	410,851	19	2042	02/01/43	
100%							20,534	(74)	(1,023)	19,437	418,640	19.5	2043	08/01/43	
100%							20,534	(74)	(1,023)	19,437	426,252	20	2043	02/01/44	
100%							20,741	(75)	(1,033)	19,633	433,768	20.5	2044	08/01/44	
100%							20,741	(75)	(1,033)	19,633	441,114	21	2044	02/01/45	
100%							20,951	(75)	(1,044)	19,832	448,367	21.5	2045	08/01/45	
100%							20,951	(75)	(1,044)	19,832	455,456	22	2045	02/01/46	
100%							21,162	(76)	(1,054)	20,032	462,454	22.5	2046	08/01/46	
100%							21,162	(76)	(1,054)	20,032	469,294	23	2046	02/01/47	
100%							21,376	(77)	(1,065)	20,234	476,048	23.5	2047	08/01/47	
100%							21,376	(77)	(1,065)	20,234	482,648	24	2047	02/01/48	
100%							21,592	(78)	(1,076)	20,439	489,165	24.5	2048	08/01/48	
100%							21,592	(78)	(1,076)	20,439	495,534	25	2048	02/01/49	
100%							21,810	(79)	(1,087)	20,645	501,822	25.5	2049	08/01/49	
100%							21,810	(79)	(1,087)	20,645	507,968	26	2049	02/01/50	
Total							986,008	(3,550)	(49,123)	933,336					
Present Value From 08/01/2023							536,635	(1,932)	(26,735)	507,968					
Present Value Rate							4.63%								

Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 25, as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that Tax Increment Financing District No. 25 is a housing district as defined in M.S., Section 469.174, Subd. 11.*

Tax Increment Financing District No. 25 consists of one (1) parcel. The development will consist of the development of the Settler Commons project, a 40-unit affordable senior housing development, all or a portion of which will receive tax increment assistance and will meet income restrictions described in *M.S. 469.1761*. The developer has represented that at least 40 percent of the units receiving assistance will have incomes at or below 60 percent of area median income and that no more than 20% of the square footage of buildings that receive assistance from tax increments will consist of commercial, retail, or other nonresidential uses.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.*

The proposed Development will result in the construction of low- and moderate-income housing units which would not otherwise be constructed in the reasonably foreseeable future. The rents for affordable housing projects do not provide a sufficient return on investment to stimulate sufficient private investment for new development. The Developer has represented that it could not proceed with the Development without tax increment assistance. The Developer has provided the City with its estimated Development proforma outlining project sources and uses as well as projected rent, vacancy, and financing assumptions. City staff and the City's advisors reviewed the information and have determined the Development is not feasible without the proposed assistance due to reduced rental income from preserving affordable units causing insufficient cash flow to provide for operating expenses, debt service and a sufficient market return to support the Development costs. Based on the review, the City does not expect that a development of this type would occur in the reasonably foreseeable future but for the use of tax increment assistance.

3. *Finding that the TIF Plan for Tax Increment Financing District No. 25 conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission will review the proposed TIF Plan on May 9, 2022 to consider whether the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for Tax Increment Financing District No. 25 will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Redevelopment Project Area No. 2 by private enterprise.*

Through the implementation of the TIF Plan, the City will provide an impetus for development of low- and moderate-income senior housing by private enterprise. The available multi-family housing in the City will increase by approximately 40 rental units with the completion of the development, which is desirable or necessary for increased population and an increased need for life-cycle housing within the City.



HRA AGENDA REPORT

ITEM #6B

MEETING DATE: Tuesday, May 10, 2022
PREPARED BY: Finance Director Kelly Horn
PRESENTED BY: Finance Director Kelly Horn
AGENDA ITEM: Decertification of Tax Increment Financing District No. 15 for
Loberg Building, PID 103-010-065091, 26 1st Avenue NE

BACKGROUND SUMMARY:

In May 2001, the City and the HRA entered into a development agreement with the Loberg party and adopted TIF #15 for the building of a new commercial building at 26 1st Ave NE. The in-district obligations of \$25,000 in the form of a pay-as-you-go note to the developer have been satisfied. The district should now be decertified, and property taxes generated on this parcel will be distributed in the same manner as all other property taxes.

RECOMMENDATION:

It is recommended that the HRA approve resolution 2022-3 Approving the Decertification of Tax Increment Financing District No. 15 of the City of Buffalo.

ATTACHMENTS:

Resolution 2022-3 Approving the Decertification of Tax Increment Financing District No. 15 of the City of Buffalo



CITY OF BUFFALO, MINNESOTA

HOUSING AND REDEVELOPMENT AUTHORITY

212 Central Avenue
Buffalo, MN 55313

RESOLUTION 2022-3

BEING A RESOLUTION APPROVING THE DECERTIFICATION OF
TAX INCREMENT FINANCING DISTRICT NO. 15 OF THE CITY OF
BUFFALO.

WHEREAS, on May 21, 2001, the City of Buffalo (the "City") created its Tax Increment Financing District No. 15 (the "District") within its Redevelopment Project Area No. 2 (the "Project"); and

WHEREAS, as of the date hereof all bonds and obligations to which tax increment from the District have been pledged have been paid in full or defeased and all other costs of the Project have been paid; and

WHEREAS, the City desires by this resolution to cause the decertification of the District after which all property taxes generated by property within the District will be distributed in the same manner as all other property taxes.

NOW THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Buffalo Housing and Redevelopment Authority that the City's staff shall take such action as is necessary to cause the County Auditor of Wright County to decertify the District as a tax increment district and to no longer remit tax increment from the District to the City effective the date of this resolution.

Passed and adopted by the Buffalo Housing and Redevelopment Authority this 10th day of May 2022.

Jill D. Nauman, Chairperson

ATTEST: _____
Bryan Brengman, Secretary-Treasurer