

CITY OF NORTHFIELD
COUNTIES OF DAKOTA AND RICE
STATE OF MINNESOTA

CITY COUNCIL RESOLUTION 2018-082

RESOLUTION APPROVING AN AMENDMENT TO THE NORTHFIELD MASTER
DEVELOPMENT PROGRAM, ESTABLISHING AN ECONOMIC DEVELOPMENT TAX
INCREMENT FINANCING DISTRICT AND APPROVING A TAX INCREMENT
FINANCING PLAN THEREFOR (STROBEL & WERNER HOLDINGS – AURORA
PHARMACEUTICAL EXPANSION PROJECT)

BE IT RESOLVED by the City Council (the “Council”) of the City of Northfield, Minnesota (the “City”), as follows:

Section 1. Recitals.

1.01 The City of Northfield (the “City” has undertaken a program to promote economic development, and the development and redevelopment of land which is underutilized within the City (the “Development Program”).

1.02 The proposal to amend the Master Development Program (the “Development Program”), to create a Tax Increment Financing (Economic Development) District (the “TIF District”) within the Development District and to adopt the Tax Increment Financing Plan relating thereto (the “TIF Plan” and, together with the Development Program, the “Plans”), all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.001 through 469.047, 469.090 through 469.1082, 469.124 through 469.134, and 469.174 through 469.1794 (the “TIF Act”), respectively, and as reflected in the document, dated September 4, 2018, entitled “Tax Increment Financing Plan for Tax Increment Financing (Economic Development) District within Master Development District (Strobel & Werner Holdings – Aurora Pharmaceutical Expansion Project) presented for the Council’s consideration.

1.03 The Council has investigated the facts relating to the amendment of the Development Program, the establishment the TIF District and the adoption the TIF Plan.

1.04 The City has performed all actions required by law to be performed prior to the adoption and approval of the TIF Plan, including, but not limited to, delivery of the TIF Plan to the County Auditor and School District Clerk, a review of the Plans by the City Planning Commission, and the holding of a public hearing thereon following notice thereof published in the City’s official newspaper at least 10 but not more than 30 days prior to the public hearing.

1.05 Certain written reports and other documentation (collectively, the “Reports”) relating to the TIF Plan including the tax increment application made and other information supplied by Strobel & Werner Real Estate Holding Company, LLC (d/b/a Aurora Pharmaceutical), a Minnesota limited liability company (the “Developer”) and Aurora Pharmaceutical, LLC, a Minnesota limited liability company (the “Operator”), as to the activities contemplated therein, have heretofore been assembled or prepared by staff or others and submitted to the Council and/or made a part of the City files and proceedings on the TIF Plan.

The Reports include data, information and/or substantiation constituting or relating to (1) why the assistance satisfies the so-called “but for” test and (2) the bases for the other findings and determinations made in this resolution. The Council hereby confirms, ratifies and adopts the Reports, which are hereby incorporated into and made as fully a part of this resolution to the same extent as if set forth in full herein.

1.06 The Developer has proposed to construct an approximately 25,000 square foot, 3-story expansion to the Developer’s existing building located on the Development Property, located at 1200 Minnesota MN Highway 3 South, Northfield, MN 55057 to be leased to the Operator (the “Development”), and has requested that the City provide tax increment assistance to pay a portion of the public redevelopment costs of the Development.

Section 2. Findings for the Creation of the TIF District and Adoption of a TIF Plan Therefor.

2.01 The Council hereby finds that it is proper and desirable to develop the Development District within the City and modify the Development Program therefor by establishing the TIF District, the effect of which will be to carry out the objectives of the Development Program by creating an impetus for the development of a manufacturing and warehouse facility and related structures in the City, and otherwise promote certain public purposes and accomplish certain objectives as specified in the Plans. The Development District has been previously established by the City and is not being expanded in connection with the establishment of the TIF District.

2.02 The Council hereby finds that the TIF District is in the public interest and is an “economic development district” within the meaning of Minnesota Statutes, Section 469.174, Subdivision 12, because it will discourage commerce and industry from moving their operations to another state, it will result in increased employment in the state, and it will result in capital investment in the City and therefore preservation and enhancement of the tax base in the state.

2.03 The Council hereby makes the following additional findings in connection with the TIF District.

(a) The City further finds that the proposed Development, in the opinion of the City Council, would not occur solely through private investment within the reasonably foreseeable future and, therefore, the use of tax increment financing is deemed necessary. The specific basis for such finding being:

The Developer and the Operator have represented that they could not proceed with the proposed construction of the Development in the TIF District without tax increment assistance due to the high cost of the specialized nature of the construction of the facility.

(b) The Council further finds that the TIF Plan conforms to the general plan for the development or redevelopment of the City as a whole. The specific basis for such finding being:

The TIF Plan will generally complement and serve to implement policies adopted in the City’s comprehensive plan. The Development contemplated on the property is in

accordance with the existing zoning for the property and the City's Planning Commission has determined that the Development is consistent with the comprehensive plan.

(c) The Council further finds that the TIF Plan will afford maximum opportunity consistent with the sound needs of the City as a whole for the development of the TIF District by private enterprise. The specific basis for such finding being.

The proposed Development will be used by the Operator, a private enterprise, for pharmaceutical manufacturing and related activities and will afford maximum opportunity for the development of the applicable parcels consistent with the needs of the City. The Development will maximize the potential of an underutilized site and will increase the taxable market valuation of the City and the available manufacturing facilities in the City.

(d) For purposes of compliance with Minnesota Statutes, Section 469.175, Subdivision 3(b)(2)(ii), the Council hereby finds that the increased market value of the property to be developed within the TIF District that could reasonably be expected to occur without the use of tax increment financing is probably \$0 (other than amounts due to inflation), which is less than the increased market value estimated to result from the proposed development (i.e., approximately \$1,302,773) after subtracting the present value of the projected tax increments for the maximum duration of the TIF District (i.e., approximately \$210,964) which is approximately \$1,091,809. Thus, the use of tax increment financing will be a positive net gain to the City, the School District, and the County, and the tax increment assistance does not exceed the benefit which will be derived therefrom.

2.04 The City elects to retain all of the captured tax capacity to finance the costs of the TIF District.

2.05 The provisions of this Section 2 are hereby incorporated by reference into and made a part of the TIF Plan.

2.06 The Council further finds that the Plans are intended and, in the judgment of this Council, their effect will be, to promote the public purposes and accomplish the objectives specified therein.

Section 3. Creation of the TIF District and Approval and Adoption of the Plans; Interfund Loans.

3.01 The amendment to the Development Program, the creation of the TIF District and the adoption of the TIF Plan, as presented to the Council on this date, including without limitation the findings and statements of objectives contained therein, are hereby approved, ratified, established, and adopted. The staff of the City and the advisors and legal counsel of the City are authorized and directed to proceed with the implementation of the TIF District and the TIF Plan therefor.

3.02 The Council hereby approves a policy on interfund loans or advances ("Loans") for the TIF District, as follows:

(a) The authorized tax increment eligible costs (including without limitation out-of-pocket administrative expenses in an amount up to \$13,359, interest in an amount up to \$58,383 and other project costs in an amount up to \$253,824) payable from the TIF District, as its TIF Plan is originally adopted or may be amended, may need to be financed on a short-term and/or long-term basis via one or more Loans, as may be determined by the City Finance Director from time to time.

(b) The Loans may be advanced if and as needed from available monies in the City's or the City's general fund or other City fund designated by the City Finance Director. Loans may be structured as draw-down or "line of credit" obligations of the lending fund(s).

(c) Neither the maximum principal amount of any one Loan nor the aggregate principal amount of all Loans may exceed \$267,183 outstanding at any time.

(d) All Loans mature not later than February 1, 2030 or such earlier date as the City Finance Director may specify in writing. All Loans may be prepaid, in whole or in part, whether from tax increment revenue, TIF bond proceeds or other eligible sources.

(e) The outstanding and unpaid principal amount of each Loan shall bear interest at the rate prescribed by the statute (Minnesota Statutes, Section 469.178, Subdivision 7), which is the greater of the rates specified under Minnesota Statutes, Section 270C.40 or 549.09 at the time a Loan, or any part of it, is first made, subject to the right of the City Finance Director to specify a lower rate (but not less than the City's then-current average investment return for similar amount and term).

(f) Such Loans within the above guidelines are pre-approved. The Loans need not take any particular form and may be undocumented, except that the City Finance Director shall specify the principal amount and interest rate and maintain all necessary or applicable data on the Loans.

Section 4. Approval of Development Agreement.

4.01. The Developer has presented the City with a proposal for the construction of the Development and there has been prepared a certain Tax Increment Development Agreement (the "Agreement") between the City and the Developer, stating the terms and conditions of the Developer's responsibilities with respect to the Development and the City's the assistance therefor, which has been presented to the Council for its consideration.

4.02. The Council hereby approves the Agreement substantially in the form presented to the Council, together with any related documents necessary in connection therewith, including but not limited to a tax increment revenue note and any other documents referred to therein, (collectively, the "Development Documents") and hereby authorizes the Mayor and City Clerk, in their discretion and at such time, if any, as they may deem appropriate, to execute the same on behalf of the City, and to carry out, on behalf of the City, the City's obligations thereunder.

4.03. The approval hereby given to the Development Documents includes approval of such additional details therein as may be necessary and appropriate and such modifications

thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by legal counsel to the City and by the officers authorized herein to execute said documents prior to their execution; and said officers are hereby authorized to approve said changes on behalf of the City. The execution of any instrument by the appropriate officers of the City herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof. In the event of absence or disability of the officers, any of the documents authorized by this Resolution to be executed may be executed without further act or authorization of the Council by any duly designated acting official, or by such other officer or officers of the Council as, in the opinion of the City Attorney, may act in their behalf.

4.04. Upon execution and delivery of the Development Documents, the officers and employees of the City are hereby authorized and directed to take or cause to be taken such actions as may be necessary on behalf of the City to implement the Development Documents, including without limitation the issuance of the Tax Increment Revenue Note upon the conditions set forth in the Agreement.

4.05. The Council hereby determines that the execution and performance of the Development Documents will help realize the public purposes of the Act.

PASSED by the City Council of the City of Northfield on this 4th day of September 2018.

ATTEST

City Clerk

Mayor

VOTE: ___ POWNELL ___ COLBY ___ DELONG ___ NAKASIAN
 ___ NESS ___ PETERSON WHITE ___ ZWEIFEL

CITY CLERK'S CERTIFICATE

I, the undersigned, being the duly qualified and acting City Clerk of the City of Northfield, Minnesota, DO HEREBY CERTIFY that I have carefully compared the attached and foregoing extract of minutes of a duly called and regularly held meeting of the City Council of said City held on September 4, 2018, with the original minutes thereof on file in my office and I further certify that the same is a full, true, and correct transcript thereof insofar as said minutes relate to the tax increment and related actions referenced therein with respect to the Tax Increment Financing (Economic Development) District (Strobel & Werner Holdings – Aurora Pharmaceutical Expansion Project).

Councilmember _____ moved the adoption of the foregoing resolution, the reading of which was waived by unanimous consent of the Council, and said motion was duly seconded by Councilmember _____, and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly adopted.

WITNESS My hand officially this ____ day of _____, 2018.

City Clerk
Northfield, Minnesota