



Regular Meeting
&
Work Session
Agenda

- Regular meeting in Council Chambers
- Work Session meeting in Upper Town Conference Room immediately following regular meeting

1. CALL MEETING TO ORDER

2. PLEDGE OF ALLEGIANCE

3. CONSIDER AGENDA

4. CONSENT AGENDA

Considered to be routine and noncontroversial and will be approved by one motion. There will be no separate discussion of these items unless there is a request to remove the item from the consent agenda to the regular agenda.

4.1 DRAFT Minutes - January 20, 2026

4.2 DRAFT Minutes - February 17, 2026

4.3 Check Register

4.4 Balance Sheet

4.5 Revenue/Expenditure Reports

5. OPEN FORUM

An opportunity to provide comments and feedback regarding items not on the agenda. Information provided in Open Forum will not be discussed at this meeting; rather, the information will be referred to staff and/or scheduled for discussion at a future meeting.

6. PUBLIC HEARINGS

An opportunity for the public to express their opinions and raise questions pertaining to the agenda item. All comments become part of the official public record. For this reason, all comments must be made at the podium so they can be heard and recorded. Comments may also be provided in writing. There will not be deliberations, discussions, or answers to questions until the hearing is closed. It is important to be courteous and allow each presenter to comment before adding additional testimony.

7. GENERAL BUSINESS

Items in which the information is presented by city staff or consultants, then deliberation and action occur. General Business items are not opportunities to receive or provide public input. However, the presiding officer may, at its sole discretion, solicit public feedback.

7.1 Review and Recommendation - Proposed Tax Increment District No. 30

8. OPEN DISCUSSION

This section is reserved for the board and staff to discuss relevant topics, updates, and other non-action items of the board.

9. MOTION TO ADJOURN REGULAR MEETING

10. WORK SESSION

Work Sessions are less formal meetings to encourage dialog. Official action or votes are not typically taken. At the conclusion of a discussion, a simple consensus provides staff direction for execution of the item. This portion of the agenda is audio recorded but not video recorded or broadcast. Work Sessions are open to the public; however, visitors who wish to provide input must be invited by the presiding officer, assume a seat at the discussion table and provide their full name and address for the official record.

10.1 Introduction to Project Fit

11. MOTION TO ADJOURN

The Elk River Vision

A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity





**Meeting of the Economic Development
Authority
Held at the Elk River City Hall
Tuesday, January 20, 2026**

Members Present: President Matt Westgaard, Councilmember Mike Beyer, Councilmember Cory Grupa, Councilmember Jennifer Wagner, Commissioner Jeff Hartwig, Councilmember J. Brian Calva, Commissioner Charlie Blesener

Members Absent: None

Staff Present: Economic Development Director Brent O'Neil, Economic Development Specialist Joshua Mollan, and Recording Secretary Jolene Richter

1. CALL MEETING TO ORDER

Pursuant to due call and notice thereof, the meeting was called to order at 5:30 p.m..

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited.

3. CONSIDER AGENDA

Moved by Commissioner Cory Grupa and seconded by Commissioner Jennifer Wagner to approve the agenda. Motion carried 7-0.

4. ANNUAL MEETING BUSINESS

4.1 Annual Election of Officers

The staff report was presented.

Moved by Commissioner Mike Beyer and seconded by Commissioner J. Brian Calva to keep the officers the same as 2025, nominating Matthew Westgaard as EDA President, Jennifer Wagner as EDA Vice President, and Jeff Hartwig as EDA Treasurer for 2026. Motion carried 7-0.

4.2 Committee Appointments

Moved by Commissioner Mike Beyer and seconded by Commissioner J. Brian Calva to keep the committee appointments the same as 2025, designating the following: Charlie Blesener and Matt Westgaard to the EDA-HRA Joint Finance Committee; Jennifer Wagner and Charlie Blesener to the Together Elk River Committee; J. Brian Calva and Cory Grupa to the Beautification and Public Art Committee; and Jennifer Wagner, Charlie Blesener, and J. Brian Calva to the Marketing Committee. Motion carried 7-0.

4.3 Annual Review of Bylaws and Enabling Resolution

The staff report was presented.

There were no changes to the bylaws; no action needed.

4.4 2026 Meeting Schedule

The staff report was presented.

Mr. O'Neil posed the question for possible future meetings to either stagger the HRA and EDA times so they are closer together on the same day, or have them both on a different night of the week, or revamp the schedule completely.

President Westgaard stated that it makes sense for two purposes: one for efficiency for staff, and two, there is overlap in discussion purposes. For example, if there is an application, then there would be efficiency for the applicant as well.

Further discussion will be brought forward at a future meeting.

Moved by Commissioner Charlie Blesener and seconded by Commissioner Jennifer Wagner to approve the schedule of regular EDA meetings for 2026. Motion carried 7-0.

5. CONSENT AGENDA

Moved by Commissioner Jennifer Wagner and seconded by Commissioner Mike Beyer to approve the following consent items as outlined in their respective staff reports. Motion carried 7-0.

5.1 DRAFT Minutes - December 15, 2025

5.2 Check Register

5.3 Balance Sheet

5.4 Revenue/Expenditure Reports

5.5 Mortgage Satisfaction - Preferred Powder

6. OPEN FORUM

No one appeared for open forum.

7. PUBLIC HEARINGS

There were no public hearings.

8. GENERAL BUSINESS

No General Business items.

9. OPEN DISCUSSION

The staff report was presented.

Mr. O'Neil gave an update on the following:

- Kwik Trip wants to break ground in May.
- During the budgeting process, there was a marketing discussion. There is a company called Retail Strategies that reached out to staff. The company does research to see what the city has and needs, then goes to market on behalf of the community. Retail Strategies gave a proposal of \$10,000, which would include the research portion, but not the marketing portion. Mr. O'Neil stated that it is something worth considering to have better data for retail improvement. Commissioner Calva asked how they were gathering their information. Mr. O'Neil explained that they have a multitude of data sources, specifically one that is very comprehensive and has been able to pinpoint the flow of money and foot traffic. Mr. O'Neil has asked for a deliverable that they have done for another community, so we can see the things they have been able to track down and the sources they use. Mr. O'Neil would like to bring this discussion back to a future meeting. Commissioner Calva suggested that if they could provide a community that is local, in which they are familiar.
- Mr. O'Neil stated they have had a conversation with a hotel developer who has had some progress on a property in Elk River.

10. MOTION TO ADJOURN REGULAR MEETING

Moved by Commissioner Mike Beyer and seconded by Commissioner J. Brian Calva to adjourn the regular meeting. Motion carried 7-0.

The regular meeting adjourned at 5:49 p.m. President Westgaard called the work session to order at 5:50 p.m.

11. WORK SESSION

11.1 Tyler Site Project

The staff report was presented.

They received a call last week from DEED regarding one of the programs that has funding. DEED stated that they have \$92,000 available that could go towards the relocation of the pipes on the site. Staff is working fast to get the application submitted; as of right now, it doesn't sound like there is competition for the funding. The company for the site stated they have further good news to take additional steps for advanced design to get the project going as quickly as they can, and are projecting for April to move things forward. Mr. O'Neil asked the board if they needed to have any special meetings to move forward with this project with the aggressive timeline and needing permission from the EDA and the

Council for the grant. He stated they would like to submit the grant application early in February. The board discussed possibly meeting on February 2, 2026, if needed.

Mr. O'Neil explained the history of the property as it was asked about in an earlier conversation. He explained that in 1999, the EDA purchased a Contract for Deed from Leroy and Ruth Brown that was about 80 acres. The EDA sold about half of that, which was wetland and unbuildable, and the rest of it was developed, except for the current site. The price at the time was \$470,000.

12. MOTION TO ADJOURN

Moved by Commissioner Jeff Hartwig and seconded by Commissioner Charlie Blesener to adjourn the meeting. Motion carried 7-0.

The meeting adjourned at 5:57 p.m.

Minutes prepared by Jolene Richter.

Matt Westgaard, EDA President

Jolene Richter, Deputy City Clerk



**Meeting of the Economic Development
Authority
Held at the Elk River City Hall
Tuesday, February 17, 2026**

Members Present: President Matt Westgaard, Commissioners Cory Grupa, J. Brian Calva, Jeff Hartwig, Jennifer Wagner, and Charlie Blesener

Members Absent: Commissioner Mike Beyer

Staff Present: Economic Development Director Brent O'Neil, Economic Development Specialist Joshua Mollan, and Recording Secretary Katie Porath

1. CALL MEETING TO ORDER

Pursuant to due call and notice thereof, the meeting was called to order at 5:30 p.m.

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited.

3. CONSIDER AGENDA

Mr. O'Neil commented that the January minutes were not yet ready for approval.

Moved by Commissioner Wagner and seconded by Commissioner Grupa to approve the agenda. Motion carried 6-0.

4. CONSENT AGENDA

Moved by Commissioner Blesener and seconded by Commissioner Hartwig to approve the following consent items as outlined in their respective staff reports. Motion carried 6-0.

4.1 Check Register

4.2 Balance Sheet

4.3 Revenue/Expenditure Reports

5. OPEN FORUM

No one appeared for open forum.

6. PUBLIC HEARINGS

There were no public hearings.

7. GENERAL BUSINESS

7.1 Resolution 26-02: Project Update and Commitment of EDA Funds for IBDPI Grant Application for CDI

Mr. O'Neil presented the staff report.

Mr. O'Neil stated that the plan for selling seven acres of Tyler St property was going forward. The discussion would return to the EDA a final time and a TIF application would go to the council with a potential groundbreaking in spring. The grant is for an offset of the cost to relocate the storm sewer pipe and requires the City Council to be the applicant, therefore, a resolution is also on the February 17, 2026, City Council meeting agenda for approval.

Commissioner Wagner expressed support of the project and the grant application. Chair Westgaard asked if staff had any concern about only having a preliminary cost estimate and any risk to the EDA that the amount of matching funds for the grant would have to be increased. Mr. O'Neil stated the EDA had discussed variables in the project previously and set a floor on how to work with the land sale price to cover potentially higher utility costs.

Moved by Commissioner Wagner and seconded by Commissioner Calva to adopt EDA Resolution 26-02 designating EDA funds as the source of matching funds for an infrastructure grant application for the CDI project. Motion carried 6-0.

8. OPEN DISCUSSION

Mr. O'Neil stated that, after discussion with the Housing and Redevelopment Authority (HRA) board, the HRA has decided not to change their meeting date or time.

Mr. O'Neil stated Sherburne County is initiating a billboard campaign in the metro area.

Mr. O'Neil reminded the Commissioners of the March 5, 2026 Commission Appreciation dinner.

Chair Westgaard stated he would not be available for the Joint Finance Committee meeting scheduled the following week. Mr. O'Neil will follow up with committee members on potential meeting dates.

9. MOTION TO ADJOURN REGULAR MEETING

Moved by Commissioner Calva and seconded by Commissioner Blesener to adjourn the meeting. Motion carried 6-0.

The regular meeting adjourned at 5:44 p.m. Chair Westgaard called the work session to order at 5:46 p.m.

10. WORK SESSION

10.1 Retail Recruitment Strategy and Consultant

Mr. O'Neil introduced **Lizzie Sanders of Retail Strategies**, who submitted a proposal to the EDA to assist with retail recruitment. She gave a presentation on what services their company could provide for the city including training on data interpretation.

Commissioner Blesener left the meeting at 6:08 p.m.

The Commissioners were interested in the concepts presented but agreed that the city needs to more clearly define what they are looking for in their own brand. Commissioner Wagner suggested looking for a local consultant.

Commissioner Grupa asked timeline of development along Highway 169 now that the project has been completed.

Commissioner Grupa commented that the City of Otsego will be growing. Chair Westgaard stated that Elk River should work on attracting more businesses.

Mr. O'Neil summarized for consensus that the EDA may be interested in Retail Strategies' services in the future but, for now, wanted to evaluate retail needs in the community and set a path to better defining the community goals for retail recruitment.

II. MOTION TO ADJOURN

Moved by Commissioner Grupa and seconded by Commissioner Calva to adjourn the meeting. Motion carried 6-0.

The meeting adjourned at 6:23 p.m.

Minutes prepared by Katie Porath.

Matt Westgaard, EDA President

Jolene Richter, Deputy City Clerk

| Invoice Number | Sequence Number | Description | Type | Invoice Date | Due Date | Invoice Amount | Net Invoice Check Amount | GL Account Number |
|--------------------------------|-----------------|------------------------------|---------|--------------|------------|----------------|--------------------------|-------------------|
| CITY OF ELK RIVER | | | | | | | | |
| 920 | | | | | | | | |
| 2-2026 EDA | 1 | EDA SALARIES - FEB 26 | Invoice | 03/02/2026 | 04/01/2026 | 10,405.62 | 10,405.62 | 920-4-6210-4101 |
| 2-2026 EDA | 2 | EDA SALARIES - FEB 26 | Invoice | 03/02/2026 | 04/01/2026 | 1,050.00 | 1,050.00 | 920-4-6210-4103 |
| 2-2026 EDA | 3 | EDA SALARIES - FEB 26 | Invoice | 03/02/2026 | 04/01/2026 | 798.87 | 798.87 | 920-4-6210-4104 |
| 2-2026 EDA | 4 | EDA SALARIES - FEB 26 | Invoice | 03/02/2026 | 04/01/2026 | 678.80 | 678.80 | 920-4-6210-4105 |
| 2-2026 EDA | 5 | EDA SALARIES - FEB 26 | Invoice | 03/02/2026 | 04/01/2026 | 164.21 | 164.21 | 920-4-6210-4107 |
| 2-2026 EDA | 6 | EDA SALARIES - FEB 26 | Invoice | 03/02/2026 | 04/01/2026 | 1,512.00 | 1,512.00 | 920-4-6210-4108 |
| 2-2026 EDA | 7 | EDA SALARIES - FEB 26 | Invoice | 03/02/2026 | 04/01/2026 | 50.03 | 50.03 | 920-4-6210-4112 |
| 2-2026 EDA | 8 | EDA REIMB - SUPPLIES/AMAZON | Invoice | 03/02/2026 | 04/01/2026 | 2.62 | 2.62 | 920-4-6210-4201 |
| 2-2026 EDA | 9 | EDA REIMB - SUPPLIES/STAPLES | Invoice | 03/02/2026 | 04/01/2026 | 26.69 | 26.69 | 920-4-6210-4201 |
| Total 17440 CITY OF ELK RIVER: | | | | | | 14,688.84 | 14,688.84 | |
| Total 920: | | | | | | 14,688.84 | 14,688.84 | |
| JOSHUA MOLLAN | | | | | | | | |
| 920 | | | | | | | | |
| 2-26-26 JM | 1 | REIMB MILEAGE MOLLAN | Invoice | 02/27/2026 | 03/29/2026 | 16.75 | 16.75 | 920-4-6210-4331 |
| Total 14730 JOSHUA MOLLAN: | | | | | | 16.75 | 16.75 | |
| Total 920: | | | | | | 16.75 | 16.75 | |
| PRINTING SYSTEMS | | | | | | | | |
| 920 | | | | | | | | |
| 240402 | 1 | A/P CHECK STOCK - EDA | Invoice | 02/18/2026 | 03/20/2026 | 155.72 | 155.72 | 920-4-6210-4201 |
| Total 30205 PRINTING SYSTEMS: | | | | | | 155.72 | 155.72 | |
| Total 920: | | | | | | 155.72 | 155.72 | |
| Total : | | | | | | 14,861.31 | 14,861.31 | |
| Grand Totals: | | | | | | 14,861.31 | 14,861.31 | |

Summary by General Ledger Account Number

| GL Account Number | Debit | Credit | Net |
|-------------------|-----------|--------|-----------|
| 920-4-6210-4101 | 10,405.62 | .00 | 10,405.62 |
| 920-4-6210-4103 | 1,050.00 | .00 | 1,050.00 |
| 920-4-6210-4104 | 798.87 | .00 | 798.87 |
| 920-4-6210-4105 | 678.80 | .00 | 678.80 |
| 920-4-6210-4107 | 164.21 | .00 | 164.21 |
| 920-4-6210-4108 | 1,512.00 | .00 | 1,512.00 |
| 920-4-6210-4112 | 50.03 | .00 | 50.03 |
| 920-4-6210-4201 | 185.03 | .00 | 185.03 |
| 920-4-6210-4331 | 16.75 | .00 | 16.75 |
| Grand Totals: | 14,861.31 | .00 | 14,861.31 |

Summary by General Ledger Posting Period

| <u>GL Posting Period</u> | <u>Debit</u> | <u>Credit</u> | <u>Net</u> |
|--------------------------|------------------|---------------|------------------|
| 02/26 | 172.47 | .00 | 172.47 |
| 03/26 | 14,688.84 | .00 | 14,688.84 |
| Grand Totals: | <u>14,861.31</u> | <u>.00</u> | <u>14,861.31</u> |

CITY OF ELK RIVER

Balance Sheet
February 28, 2026

Fund 920 - EDA

| | | | |
|--------------------|----------------------------------|---------------------|----------------------------|
| <u>Assets</u> | | | |
| 920-1010 | Cash - EDA | <u>2,629,397.97</u> | |
| | Total Assets | | <u><u>2,629,397.97</u></u> |
| <u>Fund Equity</u> | | | |
| 920-2400 | Fund Balance | 2,641,810.97 | |
| | Revenues over Expenditures - YTD | <u>(12,413.00)</u> | |
| | Total Fund Equity | | <u>2,629,397.97</u> |
| | Total Liabilities & Equity | | <u><u>2,629,397.97</u></u> |

CITY OF ELK RIVER
 Revenues with Comparison to Budget
 For the Months Ending February 28, 2026

Fund 920 - EDA

| | | Period Actual | YTD Actual | Budget | Unexpended | PCNT |
|--------------------|-----------------|---------------|------------|------------|------------|------|
| 920-3-0000-3111 | Property Taxes | - | 6,989.27 | 429,850.00 | 422,860.73 | 2% |
| 920-3-0000-3621 | Interest Income | 5,986.54 | 12,206.29 | 75,000.00 | 62,793.71 | 16% |
| 920-3-0000-3949 | Transfer-HRA | - | - | 4,500.00 | 4,500.00 | 0% |
| Total Fund Revenue | | 5,986.54 | 19,195.56 | 509,350.00 | 490,154.44 | 4% |

CITY OF ELK RIVER
Expenditures with Comparison to Budget
For the Months Ending February 28, 2026

Fund 920 - EDA

| | Period Actual | YTD Actual | Budget | Unexpended | PCNT |
|---|--------------------|--------------------|-------------------|-------------------|-------------|
| 920-4-6210-4101 Regular Pay | 15,469.17 | 15,469.17 | 138,000.00 | 122,530.83 | 11% |
| 920-4-6210-4103 Part-time Pay | 1,050.00 | 1,050.00 | 12,600.00 | 11,550.00 | 8% |
| 920-4-6210-4104 PERA | 1,178.62 | 1,178.62 | 10,550.00 | 9,371.38 | 11% |
| 920-4-6210-4105 FICA | 961.76 | 961.76 | 9,250.00 | 8,288.24 | 10% |
| 920-4-6210-4107 Medicare | 230.37 | 230.37 | 2,200.00 | 1,969.63 | 10% |
| 920-4-6210-4108 Insurance | 1,512.00 | 1,512.00 | 31,100.00 | 29,588.00 | 5% |
| 920-4-6210-4109 Workers Comp | - | - | 650.00 | 650.00 | 0% |
| 920-4-6210-4112 PFML | 45.87 | 45.87 | 800.00 | 754.13 | 6% |
| 920-4-6210-4201 Office Supplies | 28.37 | 28.37 | 2,000.00 | 1,971.63 | 1% |
| 920-4-6210-4212 Fuels & Lubes | - | - | 50.00 | 50.00 | 0% |
| 920-4-6210-4304 Legal Fees | - | - | 10,000.00 | 10,000.00 | 0% |
| 920-4-6210-4319 Professional Services | - | - | 25,000.00 | 25,000.00 | 0% |
| 920-4-6210-4321 Telephone | - | - | 700.00 | 700.00 | 0% |
| 920-4-6210-4322 Postage | 11.95 | 11.95 | 100.00 | 88.05 | 12% |
| 920-4-6210-4331 Travel, Conferences & Schools | 30.45 | 30.45 | 12,500.00 | 12,469.55 | 0% |
| 920-4-6210-4349 Advertising/Marketing | - | 6,228.00 | 115,500.00 | 109,272.00 | 5% |
| 920-4-6210-4359 Publishing | - | 72.00 | 1,000.00 | 928.00 | 7% |
| 920-4-6210-4361 Insurance | - | - | 300.00 | 300.00 | 0% |
| 920-4-6210-4404 Software Services | - | - | 17,500.00 | 17,500.00 | 0% |
| 920-4-6210-4433 Dues & Subscriptions | - | 1,790.00 | 6,200.00 | 4,410.00 | 29% |
| 920-4-6210-4440 Miscellaneous | - | 3,000.00 | 18,500.00 | 15,500.00 | 16% |
| 920-4-6210-4721 Transfer-General Fund | - | - | 49,900.00 | 49,900.00 | 0% |
| Total Fund Expenditures | 20,518.56 | 31,608.56 | 464,400.00 | 432,791.44 | 7% |
| Net Revenue Over Expenditures | (14,532.02) | (12,413.00) | 44,950.00 | 57,363.00 | 128% |



Request for Action

To
Economic Development Authority

Item Number
7.1

Meeting Date
March 16, 2026

Prepared By
Brent O'Neil, Economic Development Director

Item Description
Review and Recommendation - Proposed Tax
Increment District No. 30

Reviewed by
Cal Portner

Action Requested

Approve, by motion, the attached resolution recommending the City Council create Tax Increment Financing (TIF) No. 30 and adopt the TIF 30 project plan.

Background/Discussion

Crystal Distribution, Inc. (CDI) has been operating in Elk River for 20 years. The company is located at 17560 Tyler Street NW and is headquartered in Plymouth. The company manufactures custom curb adapters for commercial HVAC systems. Over 100 employees work at the Elk River location, and the company has four other sites across the country, with a total headcount of nearly 500. CDI is considering an expansion to better serve customers in the northeastern U.S. Its two final site options are a location in the Cleveland area or expanding in Minnesota.

The EDA and CDI have been contemplating a land deal in which the EDA sells to CDI approximately seven acres adjacent to the current factory. This would allow CDI to build 45,000 sf (or more) of production space as well as address some site circulation issues. Near-term job growth would be 20 full-time, with longer-term growth above that.

CDI has requested Tax Increment Financing (TIF) to assist with the acquisition costs of the property. Additionally, two utilities need to be relocated to accommodate the building expansion. We will present the project and walk through the TIF application. A minimum of \$400,000 of TIF is recommended to be used to support the land acquisition as a direct benefit to the company. The attached Sources and Uses statement is a preliminary summary of the project, its costs, and incentive requests, and should be considered fungible until all final cost estimates are received.

The TIF plan allows for a total of approximately \$900,000 in TIF expenses, including interest and administration, and would allow the EDA to seek reimbursement itself for any write-down in the fair-market value of its land.

The action requested is the initial step. The EDA will consider approval of the land sale agreement in April. The TIF plan and district will be considered by the City Council on April 6. At a future date, we will bring to the Council an agreement formally committing TIF to the project and setting its final terms. One or more

The Elk River Vision

A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity



interfund loans may be created to set up the proper reimbursement structure for compensating the EDA and City for TIF-eligible items.

Financial Impact

N/A

Mission/Policy/Goal

Support existing businesses. Support industrial growth.

Attachments

1. TIF 30 Draft Plan
2. Sources and Uses - CDI
3. 26-03 TIF 30 Plan

Adoption Date: April 6, 2026

City of Elk River Sherburne County, Minnesota

MODIFICATION TO THE DEVELOPMENT PROGRAM

Development District No. 1

&

Tax Increment Financing (TIF) Plan

Establishment of Tax Increment Financing District No. 30
(an economic development district)



Prepared by:

Ehlers
3001 Broadway Street, Suite 320
Minneapolis, Minnesota 55413

BUILDING COMMUNITIES. IT'S WHAT WE DO.

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Modification to the Development Program for Development District No. 1

FOREWORD

The following text represents a Modification to the Development Program for Development District No. 1. This modification represents a continuation of the goals and objectives set forth in the Development Program for Development District No. 1. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 30.

For further information, a review of the Development Program for Development District No. 1, is recommended. It is available from the Economic Development Director at the City of Elk River. Other relevant information is contained in the tax increment financing plans for the tax increment financing districts located within Development District No. 1.

Tax Increment Financing Plan for Tax Increment Financing District No. 30

FOREWORD

The City of Elk River (the "City"), staff and consultants have prepared the following information to expedite the Establishment of Tax Increment Financing District No. 30 (the "District"), an economic development tax increment financing district, located in Development District No. 1.

STATUTORY AUTHORITY

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the City has certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.124 - 469.133*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "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 Development District No. 1.

STATEMENT OF OBJECTIVES

The District currently consists of two (2) parcels of land and adjacent roads and internal rights-of-way. The District is being created to facilitate a 48,000 square foot expansion of Crystal Distribution, Inc.'s (CDI) manufacturing facility in the City. The City intends to enter into an agreement with CDI for expansion of the facility. Construction is anticipated to begin in 2026. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Development District No. 1.

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 Development District No. 1 and the District.

DEVELOPMENT PROGRAM OVERVIEW

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

1. Property to be Acquired – The City currently owns one of the parcels of property within the District. Although not anticipated at this time, the remaining property located within the District may be acquired by the 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 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 City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.
5. The City proposes both public and private infrastructure within the District. The proposed reuse of private property within the District will be for a manufacturing facility, and there will be continued operation of Development District No. 1 after the capital improvements within Development District No. 1 have been completed.

DESCRIPTION OF PROPERTY IN THE DISTRICT AND PROPERTY TO BE ACQUIRED

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

| Parcel number | Address | Owner |
|---------------|-----------------|------------------------|
| 75-00757-0110 | 17560 Tyler St. | O' Brien Holdings, LLC |
| 75-00757-0105 | 17610 Tyler St. | City & EDA |

Please also see the map in Appendix A for further information on the location of the District.

The City and Economic Development Authority (EDA) may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the 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 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.

The City currently owns one of the parcels of the property to be included in the District.

DISTRICT CLASSIFICATION

The 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, finds that the District, to be established, is an economic development district pursuant to *M.S., Section 469.174, Subd. 12*.

The District is in the public interest because it will meet the statutory requirement of discouraging commerce, industry, or manufacturing from moving their operations to another state or municipality; resulting in increased employment in the State; and resulting in preservation and enhancement of the tax base of the State.

Pursuant to *M.S., Section 469.176, Subd. 4c*, revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if more than 15% of the buildings and facilities (determined on the basis of square footage) are used for a purpose other than:

1. The manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;
2. Warehousing, storage, and distribution of tangible personal property, excluding retail sales;
3. Research and development related to the activities listed in items (1) or (2);

4. Telemarketing if that activity is the exclusive use of the property; or
5. Tourism facilities;
6. Space necessary for and related to the activities listed in items (1) to (5); or
7. A workforce housing project that satisfies the requirements of *M.S., Section 469.176, Subd. 4c(d)*.

The facilities in the District meet the conditions of Purposes 1, 2, and 6.

The District is being created to assist in the expansion of a manufacturing facility for CDI. The proposed facility will be used for manufacturing, warehouse, distribution and related activities.

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111, 273.112, or 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.

DURATION & FIRST YEAR OF DISTRICT'S TAX INCREMENT

Pursuant to *M.S., Section 469.175, Subd. 1, and M.S., Section 469.176, Subd. 1*, the duration of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 8 years after receipt of the first increment by the City. The date of receipt by the City of the first tax increment is expected to be 2028.

Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2036, or when the TIF Plan is satisfied. If increment is received in 2027, the term of the District will be 2035. The 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 2025 for taxes payable 2026.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2028) 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 City.

The original local tax rate for the District will be the local tax rate for taxes payable 2026, assuming the request for certification is made before June 30, 2026. The final rates for 2026 were not available at the time the District was established. 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 Development District No. 1, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The City requests 100% of the available increase in tax capacity be used for repayment of the obligations of the City and current expenditures, beginning in the tax year payable 2028. The Project Tax Capacity listed is an estimate of values when the projects within the District are completed.

| Project Tax Capacity | | |
|--|------------------|---------------------|
| Estimated Development Tax Capacity upon completion | 178,365 | |
| Less: Original Net Tax Capacity (ONTC) | 56,439 | |
| Less: Fiscal Disparities | 0 | |
| Estimated Captured Tax Capacity (CTC) | 121,926 | |
| Original Local Tax Rate | 106.8050% | Prelim. Pay 2026 |
| Estimated Annual Tax Increment | \$130,223 | |
| Percent Retained by the City | 100% | |

Note: Tax capacity includes a 5% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 9. The tax capacity of the District in year one is estimated to be \$73,314.

Pursuant to *M.S., Section 469.177, Subd. 4*, the City 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 is reviewing the area to be included in the District to determine if any 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 | \$ 825,628 |
| Interest | 82,563 |
| TOTAL | \$ 908,191 |

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The City reserves the right to issue bonds (as defined in the TIF Act) or incur 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 notes and interfund loans. Any refunding amounts will be deemed a budgeted cost without a formal modification to this TIF Plan.

This provision does not obligate the City to incur debt. The City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The City may issue bonds secured in whole or in part with tax increments from the District in a maximum principal amount of \$752,437. 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 (insert description). The City has determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described herein.

The City 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 | |
|---|-------------------|
| Land/Building Acquisition | \$ 400,000 |
| Site Improvements/Preparation | 100,000 |
| Utilities | 100,000 |
| Other Qualifying Improvements | 69,874 |
| Administrative Costs (up to 10%) | 82,563 |
| PROJECT COSTS TOTAL | \$ 752,437 |
| Interest | 155,754 |
| PROJECT AND INTEREST COSTS TOTAL | \$ 908,191 |

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 capital and administrative costs listed above are subject to change among categories by modification of the TIF Plan without hearings and notices as required for approval of the initial TIF Plan, so long as the total capital and administrative costs combined do not exceed the total listed above.

Further, the City may spend up to 20% of the tax increment revenues from the District for activities (described in the table above) located outside the boundaries of the District but within the boundaries of the Development District No. 1 (including administrative costs, which are considered to be spend outside the District), subject to all other terms and conditions of this TIF Plan.

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 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 | | | |
|---------------------|--------------------------------|---------------------|--------------------------------|
| Entity | Preliminary Pay 2026 Total NTC | CTC upon completion | Percent of CTC to Entity Total |
| Sherburne County | 171,858,164 | 121,926 | 0.0709% |
| City of Elk River | 43,981,418 | 121,926 | 0.2772% |
| ISD 728 (Elk River) | 68,590,127 | 121,926 | 0.1778% |

| Impact on Tax Rates | | | | |
|---------------------|-------------------------------------|------------------|---------|-------------------|
| Entity | Preliminary Pay 2026 Extension Rate | Percent of Total | CTC | Potential Taxes |
| Sherburne County | 38.8930% | 36.41% | 121,926 | \$ 47,421 |
| City of Elk River | 41.1460% | 38.52% | 121,926 | 50,168 |
| ISD 728 (Elk River) | 24.4780% | 22.92% | 121,926 | 29,845 |
| Other | 2.2880% | 2.14% | 121,926 | 2,790 |
| | 106.8050% | 100.00% | | \$ 130,223 |

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Preliminary Pay 2026 rate. The total net capacity for the entities listed above are based on Preliminary Pay 2026 figures. The District will be certified under the Final Pay 2026 rates, which were unavailable at the time this TIF Plan was prepared.

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 \$825,628;
- (2) Probable impact of the District on city provided services and ability to issue debt. The impact of the District on police protection is expected to be minimal. With any expansion of businesses, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in 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 does not expect that the proposed development, in and of itself, will necessitate new capital investment in 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. On site improvements include standard hook-ups to the main service, relocation of utilities to accommodate the building expansion: a storm conveyance pipe, and a length of water service. These costs will be funded using a combination of TIF, grants, and private funding. No costs will be borne by the public utilities.

Based on the development plans, there are nominal additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the District is expected to contribute an estimated \$67,500 in sanitary sewer (SAC) and water (WAC) connection fees.

The probable impact of the issuance of any general obligation tax increment bonds payable from tax increment revenues from the District 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 \$189,221;
- (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 \$300,652;
- (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* this 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.

- (i) In making said determination, reliance has been placed upon (1) written representation made by the Developer to such effects; and (2) 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 District and Appendix C.
- (ii) A comparative analysis of estimated market value both with and without establishment of the District and the use of tax increments has been performed. Such analysis is included with the cashflow in Appendix B and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the District and the use of tax increments.

DISTRICT ADMINISTRATION

Administration of the District will be handled by the Economic Development Director.

Appendix A: Map of Development District No. 1 and the TIF District

 **TIF District No. 30**



Northstar Business Park
L1 B1 (partial)
75-00757-0105

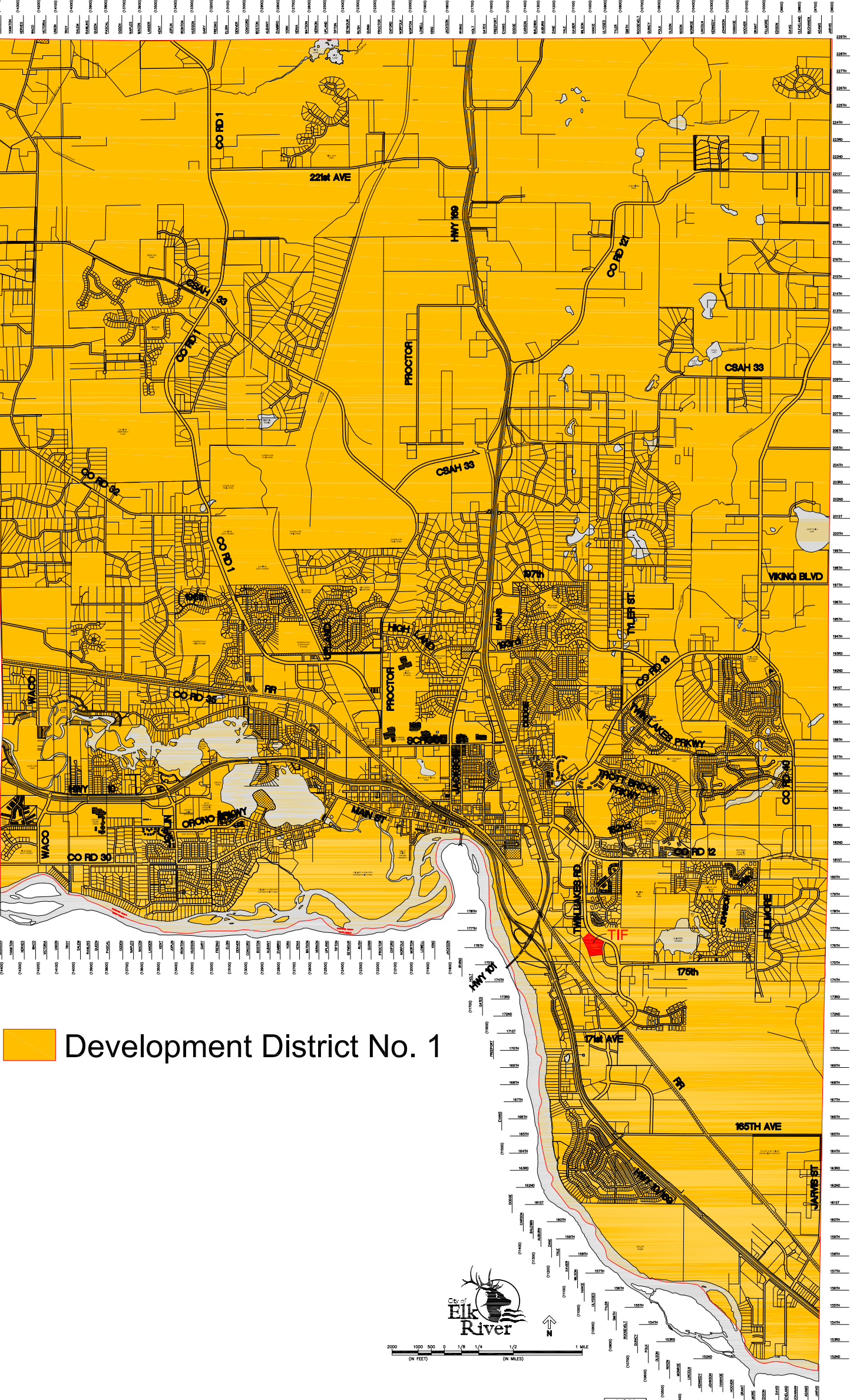
Northstar Business Park
L2 B1
75-00757-0110

TWIN LAKES RD

TYLER ST

175th

TWIN LAKES RD



Development District No. 1

- (1440) ZENITH
- (1450) VANTAGE
- (1460) VANTAGE
- (1470) VANTAGE
- (1480) VANTAGE
- (1490) VANTAGE
- (1500) VANTAGE
- (1510) VANTAGE
- (1520) VANTAGE
- (1530) VANTAGE
- (1540) VANTAGE
- (1550) VANTAGE
- (1560) VANTAGE
- (1570) VANTAGE
- (1580) VANTAGE
- (1590) VANTAGE
- (1600) VANTAGE
- (1610) VANTAGE
- (1620) VANTAGE
- (1630) VANTAGE
- (1640) VANTAGE
- (1650) VANTAGE
- (1660) VANTAGE
- (1670) VANTAGE
- (1680) VANTAGE
- (1690) VANTAGE
- (1700) VANTAGE
- (1710) VANTAGE
- (1720) VANTAGE
- (1730) VANTAGE
- (1740) VANTAGE
- (1750) VANTAGE
- (1760) VANTAGE
- (1770) VANTAGE
- (1780) VANTAGE
- (1790) VANTAGE
- (1800) VANTAGE
- (1810) VANTAGE
- (1820) VANTAGE
- (1830) VANTAGE
- (1840) VANTAGE
- (1850) VANTAGE
- (1860) VANTAGE
- (1870) VANTAGE
- (1880) VANTAGE
- (1890) VANTAGE
- (1900) VANTAGE
- (1910) VANTAGE
- (1920) VANTAGE
- (1930) VANTAGE
- (1940) VANTAGE
- (1950) VANTAGE
- (1960) VANTAGE
- (1970) VANTAGE
- (1980) VANTAGE
- (1990) VANTAGE
- (2000) VANTAGE

Appendix B: Estimated Cash Flow for the District

CDI Expansion - 3% Inflation

City of Elk River

45,000 Sq. Ft. Manufacturing Expansion



ASSUMPTIONS AND RATES

| | |
|--|-----------------------------|
| DistrictType: | Economic Development |
| District Name/Number: | |
| County District #: | |
| First Year Construction or Inflation on Value | 2025 |
| Existing District - Specify No. Years Remaining | |
| Inflation Rate - Every Year: | 5.00% |
| Interest Rate: | 4.00% |
| Present Value Date: | 1-Aug-26 |
| First Period Ending | 1-Feb-27 |
| Tax Year District was Certified: | Pay 2026 |
| Cashflow Assumes First Tax Increment For Development: | 2027 |
| Years of Tax Increment | 9 |
| Assumes Last Year of Tax Increment | 2035 |
| Fiscal Disparities Election [Outside (A), Inside (B), or NA] | NA |
| Incremental or Total Fiscal Disparities | NA |
| Fiscal Disparities Contribution Ratio | NA Prelim. Pay 2026 |
| Fiscal Disparities Metro-Wide Tax Rate | NA Prelim. Pay 2026 |
| Maximum/Frozen Local Tax Rate: | 106.805% Prelim. Pay 2026 |
| Current Local Tax Rate: (Use lesser of Current or Max.) | 106.805% Prelim. Pay 2026 |
| State-wide Tax Rate (Comm./Ind. only used for total taxes) | 29.0000% Prelim. Pay 2026 |
| Market Value Tax Rate (Used for total taxes) | 0.26739% Prelim. Pay 2026 |

| Tax Rates | | |
|--|--|-------|
| Exempt Class Rate (Exempt) | | 0.00% |
| Commercial Industrial Preferred Class Rate (C/I Pref.) | | |
| First \$150,000 | | 1.50% |
| Over \$150,000 | | 2.00% |
| Commercial Industrial Class Rate (C/I) | | 2.00% |
| Rental Housing Class Rate (Rental) | | 1.25% |
| Affordable Rental Housing Class Rate (Aff. Rental) | | |
| First \$100,000 | | 0.25% |
| Over \$100,000 | | 0.25% |
| Non-Homestead Residential (Non-H Res. 1 Unit) | | |
| First \$500,000 | | 1.00% |
| Over \$500,000 | | 1.25% |
| Homestead Residential Class Rate (Hmstd. Res.) | | |
| First \$500,000 | | 1.00% |
| Over \$500,000 | | 1.25% |
| Agricultural Non-Homestead | | 1.00% |

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 | 75-00757-0110 | O' Brien Holdings, LLC | 17560 Tyler St. | 398,600 | 1,803,700 | 2,202,300 | 100% | 2,202,300 | Pay 2026 | C/I Pref. | 43,296 | C/I Pref. | 43,296 | 1 |
| 2 | 75-00757-0105 | City & EDA | 17610 Tyler St. | 1,133,000 | 0 | 1,133,000 | 58% | 657,140 | Pay 2026 | Exempt | - | C/I | 13,143 | |
| | | | | 1,531,600 | 1,803,700 | 3,335,300 | | 2,859,440 | | | 43,296 | | 56,439 | |

Note:

1. Base values are for pay 2026 based on review of County website on 6-30-25.
2. Located in SD #728

CDI Expansion - 3% Inflation

City of Elk River
45,000 Sq. Ft. Manufacturing Expansion



| 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 2025 | Percentage Completed 2026 | Percentage Completed 2027 | Percentage Completed 2028 | First Year Full Taxes Payable |
| | Existing | 87 | 87 | 33,000 | 2,859,440 | C/I Pref. | 56,439 | 2 | 100% | 100% | 100% | 100% | 2027 |
| | Manufacturing | 75 | 75 | 45,000 | 3,375,000 | C/I | 67,500 | 2 | 25% | 100% | 100% | 100% | 2028 |
| TOTAL | | | | | 6,234,440 | | 123,939 | | | | | | |
| Subtotal Residential | | | | 0 | 0 | | 0 | | | | | | |
| Subtotal Commercial/Ind. | | | | 78,000 | 6,234,440 | | 123,939 | | | | | | |

Note:
1. Market values are based upon estimates.

| 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 |
| Existing | 56,439 | 0 | 56,439 | 60,279 | 0 | 15,715 | 7,646 | 83,640 | 2.53 |
| Manufacturing | 67,500 | 0 | 67,500 | 72,093 | 0 | 18,705 | 9,024 | 99,823 | 2.22 |
| TOTAL | 123,939 | 0 | 123,939 | 132,373 | 0 | 34,420 | 16,670 | 183,463 | |

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 | 183,463 |
| less State-wide Taxes | (34,420) |
| less Fiscal Disp. Adj. | 0 |
| less Market Value Taxes | (16,670) |
| less Base Value Taxes | (60,279) |
| Annual Gross TIF | 72,093 |

| MARKET VALUE BUT / FOR ANALYSIS | |
|---|------------------|
| Current Market Value - Est. | 2,859,440 |
| New Market Value - Est. | 6,234,440 |
| Difference | 3,375,000 |
| Present Value of Tax Increment | 654,926 |
| Difference | 2,720,074 |
| Value likely to occur without Tax Increment is less than: | 2,720,074 |



CDI Expansion - 3% Inflation

City of Elk River

45,000 Sq. Ft. Manufacturing Expansion

| TAX INCREMENT CASH FLOW | | | | | | | | | | | | | | |
|-------------------------|----------------------|--------------------------------------|-----------------------|---------------------------|----------------|----------------------------|---------------------------------|---------------------|-----------------|-------------------------------|---------------------------|--------------------|----------|--------------|
| % of OTC | Project Tax Capacity | Original Tax Capacity | Fiscal Disparities NA | Captured Tax Capacity | Local Tax Rate | Annual Gross Tax Increment | Semi-Annual Gross Tax Increment | State Auditor 0.36% | Admin. at 10% | Semi-Annual Net Tax Increment | Semi-Annual Present Value | PERIOD ENDING Yrs. | Tax Year | Payment Date |
| 100% | 73,314 | (56,439) | - | 16,875 | 106.805% | 18,023 | 9,012 | (32) | (898) | 8,081 | 7,767 | 0.5 | 2027 | 02/01/27 |
| 100% | 126,761 | (56,439) | - | 70,322 | 106.805% | 75,107 | 37,554 | (135) | (3,742) | 33,677 | 15,383 | 1 | 2027 | 02/01/28 |
| 100% | 133,099 | (56,439) | - | 76,660 | 106.805% | 81,877 | 37,554 | (135) | (3,742) | 33,677 | 76,997 | 2 | 2028 | 02/01/29 |
| 100% | 139,754 | (56,439) | - | 83,315 | 106.805% | 88,984 | 40,938 | (147) | (4,079) | 36,712 | 109,596 | 2.5 | 2029 | 08/01/29 |
| 100% | 146,741 | (56,439) | - | 90,303 | 106.805% | 96,448 | 40,938 | (147) | (4,079) | 36,712 | 141,556 | 3 | 2029 | 02/01/30 |
| 100% | 154,078 | (56,439) | - | 97,640 | 106.805% | 104,284 | 44,492 | (160) | (4,433) | 39,899 | 175,609 | 3.5 | 2030 | 08/01/30 |
| 100% | 161,782 | (56,439) | - | 105,344 | 106.805% | 112,512 | 44,492 | (160) | (4,433) | 39,899 | 208,995 | 4 | 2030 | 02/01/31 |
| 100% | 169,872 | (56,439) | - | 113,433 | 106.805% | 121,152 | 48,224 | (174) | (4,805) | 43,245 | 244,471 | 4.5 | 2031 | 08/01/31 |
| 100% | 178,365 | (56,439) | - | 121,926 | 106.805% | 130,223 | 48,224 | (174) | (4,805) | 43,245 | 279,251 | 5 | 2031 | 02/01/32 |
| | | | | | | | 52,142 | (188) | (5,195) | 46,759 | 316,120 | 5.5 | 2032 | 08/01/32 |
| | | | | | | | 52,142 | (188) | (5,195) | 46,759 | 352,266 | 6 | 2032 | 02/01/33 |
| | | | | | | | 56,256 | (203) | (5,605) | 50,448 | 390,500 | 6.5 | 2033 | 08/01/33 |
| | | | | | | | 56,256 | (203) | (5,605) | 50,448 | 427,984 | 7 | 2033 | 02/01/34 |
| | | | | | | | 60,576 | (218) | (6,036) | 54,322 | 467,554 | 7.5 | 2034 | 08/01/34 |
| | | | | | | | 60,576 | (218) | (6,036) | 54,322 | 506,349 | 8 | 2034 | 02/01/35 |
| | | | | | | | 65,112 | (234) | (6,488) | 58,390 | 547,231 | 8.5 | 2035 | 08/01/35 |
| | | | | | | | 65,112 | (234) | (6,488) | 58,390 | 587,311 | 9 | 2035 | 02/01/36 |
| Total | | | | | | | | 828,611 | (2,983) | (82,563) | 743,065 | | | |
| | | Present Value From 08/01/2026 | | Present Value Rate | 4.00% | | 654,926 | (2,358) | (65,257) | 587,311 | | | | |

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. 30 as required pursuant to *Minnesota Statutes (M.S.), Section 469.175, Subd. 3* are as follows:

1. *Finding that Tax Increment Financing District No. 30 is an economic development district as defined in M.S., Section 469.174, Subd. 12.*

Tax Increment Financing District No. 30 is a contiguous geographic area within the City's Development District No. 1, delineated in the TIF Plan, for the purpose of financing economic development in the City through the use of tax increment. The District is in the public interest because it will facilitate (insert description) in the City which will increase employment in the State and preserve and enhance the tax base of the State.

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 and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the 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 Tax Increment Financing District No. 30 permitted by the TIF Plan.*

The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future: This finding is supported by the fact that the development proposed in this plan is an expansion of a manufacturing facility that meets the City's objectives for economic development. The cost of land acquisition, and related site improvements necessary to maximize development potential, makes development of the facility infeasible without City assistance. The business was asked for and provided project cost detail and out of state alternative investment options as justification that the developer would not have gone forward without tax increment assistance.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in 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 TIF

Plan: The City supported this finding on the grounds that the project includes expansion of a manufacturing facility within Elk River that could be developed in another state. The City reasonably determines that no other development of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.
 - b. If the proposed development occurs, the total increase in market value will be \$3,375,000 (see Appendix B of the TIF Plan)
 - c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$654,926 (see Appendix B of the TIF Plan).
 - d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$2,720,074 (the amount in clause b less the amount in clause c) without tax increment assistance.
3. *Finding that the TIF Plan for Tax Increment Financing District No. 30 conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The City Council reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the Tax Increment Financing Plan for Tax Increment Financing District No. 30 will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of Development District No. 1 by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, increased tax base of the State, and add a high-quality development to the City.

Sources and Uses of Funds - Updated 2/27/2026

CDI Expansion in Elk River

| Use of Funds | Bank(s) | Equity | State (e.g. MIF) | Local | | Total |
|-------------------------------------|---------------------|---------------------|------------------|-------------------|-------------|---------------------|
| | | | | Government | Other | |
| Property Acquisition | | \$ 118,364 | | \$ 400,000 | | \$ 518,364 |
| Site Improvement | | \$ 432,000 | \$ 90,000 | | | \$ 522,000 |
| New Construction | \$ 4,400,000 | \$ 400,000 | | | | \$ 4,800,000 |
| Renovations of an Existing Building | | \$ 25,000 | | | | \$ 25,000 |
| Purchase of Machinery & Equipment | | \$ 75,000 | | | | \$ 75,000 |
| Other | | \$ 275,000 | | | | \$ 275,000 |
| Total Project Cost | \$ 4,400,000 | \$ 1,325,364 | \$ 90,000 | \$ 400,000 | \$ - | \$ 6,215,364 |

| Description | New Construction | Property Acquisition | Site Improvement | Local Government |
|-------------|--|--|---|----------------------|
| | is the additional of 48,000 sq. ft, including office space of 1k SF, new breakroom of 3k SF, and employee restrooms of 3k SF | reflects impact of TIF | are funds the City of Elk River is seeking to assist with utilities and site work | reflects TIF funding |
| | | Renovations Convert existing restroom to office only | | |
| | | Site improvement includes over 600 ft of access road, employee and truck parking and other exterior work by CDI. | | |
| | | Other reflects \$275k for architect and Legal fees | | |



The Economic Development Authority for the City of Elk River

Resolution 26-03

A Resolution of the City Council of the City of Elk River supporting the modification of the Development Program for Municipal Development District No. 1; the creation of Tax Increment District No. 30 with Municipal Development District No. 1; and the adoption of a Tax Increment Financing Plan therefor.

WHEREAS, on April 6, 2026, the City Council (the "City Council") of the City of Elk River, Minnesota (the "City") will consider adopting a Modification to the Development Program (the "Development Program Modification") for the City's Municipal Development District No. 1 (the "Development District") and a Tax Increment Financing Plan (the "TIF Plan" and together with the Development Program Modification, the "Plans") for Tax Increment Financing District No. 30 (an economic development district) (the "TIF District"), located within the Development District which includes the Property, all in accordance with Minnesota Statutes, Sections 469.124 through 469.133 and Sections 469.174 through 469.1794, all as amended (the "TIF Act").

WHEREAS, Crystal Distribution Inc., a Minnesota corporation, or an affiliate thereof or entity related thereto (collectively, the "Developer"), has requested tax increment financing assistance in connection with the proposed acquisition of property and the development of an approximately 45,000 to 55,000 square foot expansion to the Developer's manufacturing business in the City (the "Project").

WHEREAS, the proposed Plans have been presented to the Board and the Board has reviewed the Plans and the Developer's proposal for the Project and information regarding the proposed tax increment financing assistance.

WHEREAS, the City will consider providing tax increment financing assistance to the Developer for the Project.

NOW, THEREFORE, BE IT RESOLVED by the Economic Development Authority for the City of Elk River, Minnesota, as follows:

1. The Authority supports the Plans and the use of a portion of the tax increment generated from the TIF District to assist the Developer with financing a portion of the extraordinary development costs of the Project.
2. The Authority supports the creation of the TIF District and the adoption of the Plans; provided, however, that final authorization of tax increment financing assistance for the Project contemplated in the TIF Plan is solely within the discretion of the City Council following all proceedings required pursuant to the TIF Act.

Passed and adopted this 16 day of March, 2026.

Matthew Westgaard, President

ATTEST:

Recording Secretary



Request for Action

To
Economic Development Authority

Item Number
10.1

Meeting Date
March 16, 2026

Prepared By
Brent O'Neil, Economic Development Director

Item Description
Introduction to Project Fit

Reviewed by
Cal Portner

Action Requested
Discuss and provide feedback.

Background/Discussion

We have been in contact with a small and growing regional company which wishes to construct a new facility in Sherburne or Wright County.

The company is interested in two Elk River sites, one of which is owned by the city at Nature's Edge Business Park. We plan to share the company's plans for construction and job growth as well as the company's request for an incentive offering.

Financial Impact
N/A

Mission/Policy/Goal
Support industrial growth.

Attachments
None

The Elk River Vision

A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity

