DEVELOPMENT PLAN

TAX INCREMENT DISTRICT 2006-1

CITY OF WAHPETON, NORTH DAKOTA

May 15, 2006
(as Amended by Council August 4, 2008)

OBJECTIVE

This Development Plan is intended to provide for the consistent application of Tax Increment Financing (TIF) within the 2006-1 district boundaries that is conducive to economic growth, private development and regional infrastructure improvements. Project developers and City government will use this plan as a guide to coordinate development and systematically evaluate projects to leverage private and public fiscal resources.

INTRODUCTION

Tax Increment Financing (TIF) is a method of financing improvements and development in an area of underutilized real property that is zoned and used as industrial or commercial, as defined by the criteria set forth in NDCC Chapter 40-58 and Chapter 16 of the Revised Ordinances of the City of Wahpeton. Project improvements are to be completed utilizing private investment, special assessments, revenue and or general obligation bonds or by granting a total or partial property tax exemption.

The original taxable value of a district is to be determined by the City or County assessor as of the last assessed and equalized value before the date of the creation of the TIF District. This valuation is termed the Tax Increment Base Valuation for the district, or simply the "base valuation." The base portion of the property taxes paid continues to be distributed to the taxing entities (i.e. State, County, City, School District and Park), the implementation of a TIF District maintains property tax collections to the other political sub-divisions at the established base value.

As development occurs, the assessed valuation within the district increases, the total property taxes paid by the owners of property in the district also increases accordingly. That increase in taxable valuation is the "increment." When the tax bills are paid, only that portion of the tax bill which results from the Base Valuation is paid to the taxing entities. The remainder of the tax bill, known as the tax increment, is deposited in a debt service fund to make bond payments on the debt incurred on behalf of real property improvements. It is anticipated that all properties in this proposed Tax Increment District will be used for commercial purposes and subject to property taxes.

All increases in assessed valuation within the TIF District will contribute to the increment. Only projects requesting TIF funding will be subject to the council TIF approval process.

The tax increment financing method is invaluable for encouraging growth, development, and re-development of distressed areas and underdeveloped areas. This development model is made effective by coordinating infrastructure with public and private investment using a project plan directly related to the increase in valuation which a given project or development will create.

Overview of the 2006-1 Tax Increment Financing District Plan:

Implementation of a TIF plan requires the following as identified in NDCC Chapter 40-58:

1. Findings and Declaration of Necessity;
2. Encouragement of Private Enterprise;
3. Improvements Eligible for Public Funding;
4. Development and Negotiation of Project Developer Agreements;
5. Initial Approval of Each Developer Agreement;
6. Public Hearing on Each Developer Agreement;
7. City Council Approval of Each Developer Agreement; and
8. Accountability

1. Findings and Declaration of Necessity:

There are three elements in the declaration of necessity:

A. The entire area lying within the Wahpeton City limits has been designated as part of an Urban Renewal District and the Wahpeton City Council has assumed the Urban Renewal powers granted under NDCC Chapter 40-58.
B. The Wahpeton City Council has adopted a general development plan for the organized and planned growth as identified in the Comprehensive Plan for the City of Wahpeton (*Mort Mazaheri Associates* February 1997).
C. The designated TIF district identified in Exhibit A is: currently underdeveloped; zoned business and or industrial; commercial and industrial development in this area is in the interest of economic growth and expansion; and no residences are located within the TIF District 2006-1.

2. Encouragement of Private Enterprise:

The City of Wahpeton will work directly with property owners to facilitate planned regional growth with adequate city services and appropriate zoning conducive to economic vitality. Annexation and development agreements will be constructed to leverage public monies for the construction of infrastructure of regional importance enhancing the accessibility and promulgation of private development.

3. Improvements Eligible for Public Funding:

Tax Increment Funding will be considered for the following regional public improvements:

- Arterial and collector streets and street lighting
- Traffic signals
- Major storm sewers, legal drains, and regional storm water detention ponds
- Sanitary trunk sewers and interceptors
- Water transmission mains
- Shared use paths and lighting
- Public parks

Exhibit B illustrates potential regional improvements within the 2006-1 TIF District

Tax Increment Funding will be considered on a per project basis for the following improvements per NDCC Chapter 40-58-20.1(3):

- Land improvements/grading on commercial or industrial property
- Construction of streets, utilities and other improvements essential to development

4. Development and Negotiation of Project Developer Agreements:

The development of the TIF District will include multiple annexation and development agreements to ensure compliance with City ordinances and to promote orderly growth in conjunction with the *Comprehensive Plan for the City of Wahpeton*. The primary objective of the 2006-1 TIF District Plan is the development of industrial and commercial properties to facilitate economic growth and development of the city.

5. Initial Approval of Each Developer Agreement:
Development project plans will be submitted to the City Coordinator for compliance review of subdivision regulations, zoning ordinances, building codes, and the 2006-1 Tax Increment Financing Plan.

The Planning Commission will evaluate the project proposal for conformity with the *Comprehensive Plan for the City of Wahpeton* and this Development Plan.

5. Initial Approval of Each Developer Agreement cont.:
Upon approval of the compliance reviews and recommendation from of the Planning Commission, an individual developer's agreement may be drafted and negotiated by City staff with the developer for submission to the Council as provided for in paragraph 6 hereof.

Individual developers agreements are subject to North Dakota Open Records laws.

6. Public Hearing on Each Developer Agreement:
A public hearing will be held on each development project within the TIF district. The project developer will present to the Council and public the proposed project; residents, competitors and elected officials will have an opportunity to review the developer's agreement including potential funding formulas. The City Council will provide written notice of a public hearing to all potential competitors of any prospective commercial or industrial development project in the TIF district not less than 15 days prior to the hearing date.

Additionally, the notice will be published in the official newspaper and include the time, date, place and purpose of the hearing, generally identifying the proposal and outline the general scope of development under consideration. (N.D.C.C. 40-58-20.1)

7. Approval of Each Developer Agreement:
Following a public hearing the City Council may approve by resolution any developer agreement that includes the following:

1. A feasible method for the relocation of displaced families (if any), to be relocated without undue hardship;
2. The development agreement conforms to the Comprehensive Plan for the City of Wahpeton (*Mort Mazaheri Associates* February 1997) and this development plan;
3. Affirmation by Council motion (following the public hearing) that the developer's agreement and project will not result in unfair competition and is in the best interest of the community as a whole;
4. The project developer and its' principals must be taxpayers in good standing, and current on all municipal obligations; and
5. The development project provides maximum opportunity consistent with the needs of the City of Wahpeton for the improvement of the 2006-1 TIF District by private enterprise.

(See Exhibit C for project approval checklist.)

8. Accountability:
Public improvements within the district will be coordinated and implemented based upon a project specific development agreement between the City and developer(s). The City will monitor each project to meet accountability standards, compliance with ordinances and compliance with the Development Plan as approved.

Development Plan Amendments

The City Council may amend or modify this Development Plan, by Resolution; substantial change to this Development Plan will further require a public hearing. The conditions of future building use must remain compliant with the Development Plan.

Powers of the City of Wahpeton

The City Council will exercise the powers necessary and available as stated in N.D.C.C. 40-58-07, 08 & 09 and all city ordinances governing the same as amended to carry out and effectuate the purposes and provisions of this TIF District Plan and development.

Tax Increment Financing – Property Tax Abatement

Construction of approved infrastructure within the TIF district may also be funded by a partial property tax exemption. TIF Abatement proposals will be considered in accordance to N.D.C.C. Chapter 40, section 58-20 (11). The property tax exemption is limited to the incremental value (the value of the real property improvements) for improvements identified in this plan. The amount to be reimbursed, by tax exemption, to the project developer must be all or a portion of eligible public costs which have been paid by the project developer, plus interest on those costs at a rate not to exceed ten percent per annum. The amount of tax exemption must be an amount sufficient to reimburse the project operator for those eligible costs, amortized pursuant to the agreement between the project developer and the City of Wahpeton.

Issuance of Debt

The City of Wahpeton intends to issue special assessment municipal bonds to facilitate public infrastructure within the TIF District. Project specific developer agreements will define the intended use of the special assessment process and the anticipated pro rata formula for public monies (as generated by the tax increment) and private monies to be assessed to the benefiting properties. To ensure proper public process and authority the basic proceedings for improvements by special assessment will be applied to all TIF debt issues. See Exhibit C for basic proceedings for improvements by special assessment.

Repayment of Debt

Debt repayment schedules will be structured with accelerated repayment features when practical, to ensure timely use of the tax increment proceeds and to promote growth in the property tax base valuations. Tax increment funds will be segregated to a separate and distinct sinking fund for the retirement of bonded debt and obligations. When the sinking fund balance is sufficient to retire all principal, interest, administrative expenses of the district, and all costs of development reimbursable to the City - any excess deposits will be returned to the county treasurer for pro-rata allocation back to the political subdivisions.

Dissolution of the TIF District

When all financial obligations of the TIF district have been met, including implementation of adequate infrastructure of regional importance enhancing the accessibility and promulgation of private development, the TIF District will be dissolved by resolution of the city council. Notice will be sent to the county treasurer and county auditor to no longer segregate the tax increment from property tax collections.

Exhibit A
TIF District Map

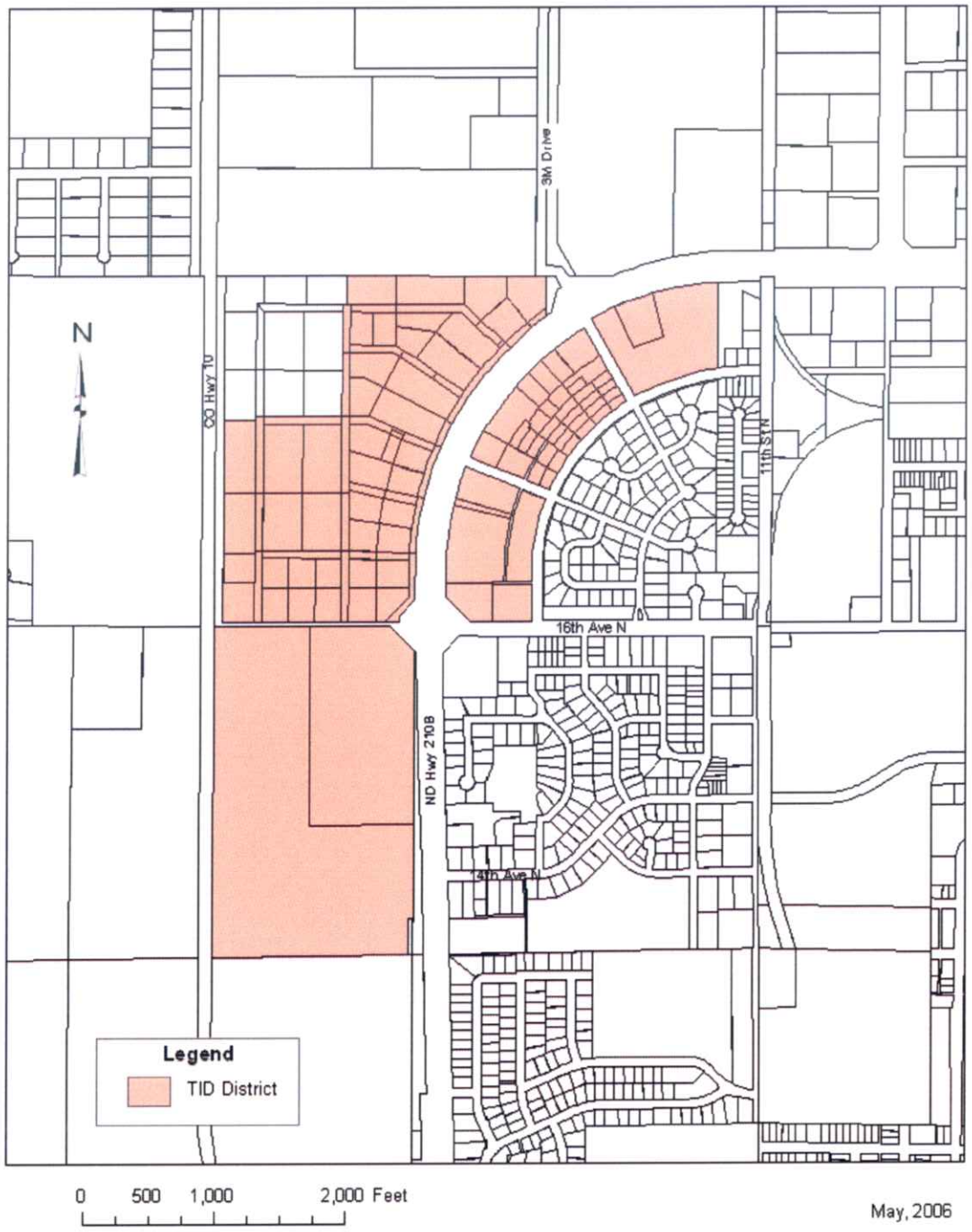
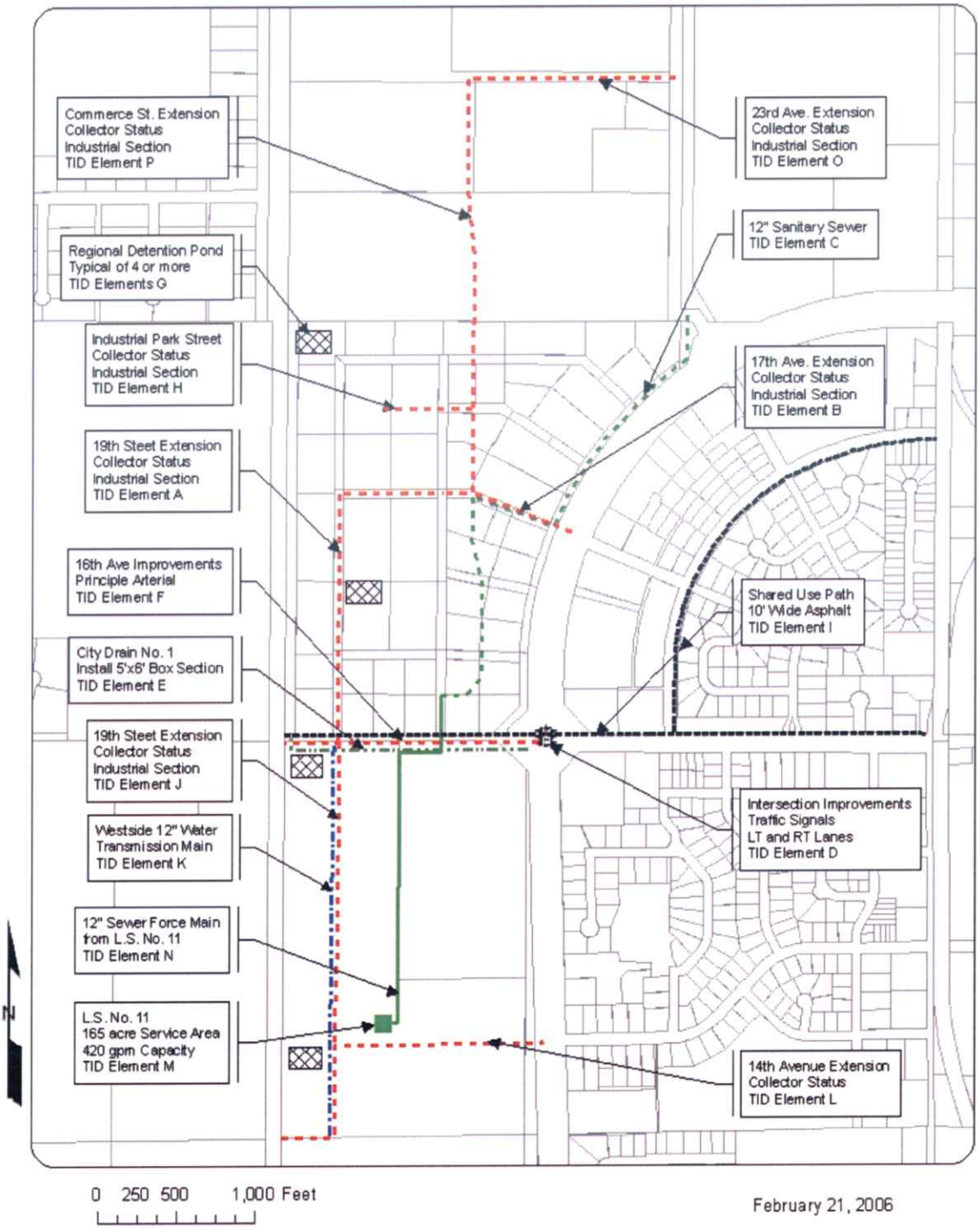


Exhibit B
Proposed TIF Improvements Map



February 21, 2006

2006 TAX INCREMENT FINANCING DISTRICT
DEVELOPMENT PROJECT REQUIREMENTS

Requirement	Date Completed	Confirmation	Council Action
1. Parcel No. of the Project is located in the TIF District			
2. Taxpayer in good standing			
3. Current on all City obligations			
4. Real property improvement estimate			
5. Full time employment estimate			
6. Compliant with city ordinances (sub-division, planning, zoning, etc.)			
7. Prospective funding sources identified			
8. Conforms with Comprehensive Plan			
9. States feasible method of relocating displaced persons			
10. Written notice to all competitors			
11. No unfair competition created by proposal			
12. Notice of public hearing			
13. Public hearing			
14. Council motion approving plan			

WAHPETON NORTH DAKOTA

BASIC PROCEEDINGS FOR IMPROVEMENTS BY SPECIAL ASSESSMENT

Requirement	Date Completed	Resolution No.
1. Resolution creating the district NDCC 40-22-08, 40-22-09, 40-05-01(60)		
2. Financing resolution NDCC 40-24-18, 19, 20, & 22		
3. Resolution directing preparation of engineer's Report & cost estimate NDCC 40-22-10		
4. Preliminary engineer's report NDCC 40-22-10		
5. Resolution approving engineer's report NDCC 40-22-10		
6. Resolution directing preparation of detailed plans NDCC 40-22-11		
7. Resolution approving engineer's plans, Specifications & estimates NDCC 40-22-11		
8. Resolution of necessity (may be waived by petition of NDCC 40-22-15 majority landowners) *not required for water and or sewer projects only		
9. Affidavit of publication for Resolution of Necessity (if resolution of necessity is required)		
10. Resolution determining insufficiency of Protest NDCC 40-22-17, 40-22-18		
11. Resolution directing advertisement of bids NDCC 40-22-19, 48-01.1 & 48-02		
12. Affidavit of publication for Advertisement of Bids		
13. Resolution awarding contract NDCC 48-01.1-02, 07; 40-22-29, 35, 36, & 37		
14. Resolution approving contractor's bond NDCC 48-02-06.2		
15. Initial resolution of refunding NDCC 40-27		