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Mile 725 Upper Mississippi

AGENDA

DATE: May 17, 2021
TIME: 5:00 P.M.
PLACE: Electronic Via Zoom – See Attached Notes

1. CALL TO ORDER

2. PUBLIC HEARING

A. Public Hearing – WinCraft TIF No. 6 Business Assistance

Pursuant to the public hearing notice published on May 5, 2021, the Port Authority of Winona will hold a public hearing to consider granting a business subsidy to Sport Co LLC in connection with the construction of a 120,000 square foot industrial manufacturing and warehouse facility adjacent to their existing facility located within the Riverbend Industrial Development District in the City (the "Project"). The Project will be leased to WinCraft, Inc.

Following the hearing, Commissioners will consider a resolution approving the establishment of Tax Increment Financing District No. 6 and approving the TIF Plan and Development Agreement.

3. ADJOURNMENT

**Zoom Procedures for Port Authority Meeting
Monday, May 17, 2021 at 5:00 pm
Winona City Hall**

All interested parties are invited to participate via electronic means. This meeting is open to the public via web or phone. This meeting begins at 5:00 pm; please log in prior to the start of the meeting. You may exit the meeting at any time.

Port Authority Commissioners and Staff:

- To join the Zoom Meeting via web, go to:
<https://us02web.zoom.us/j/89737287571?pwd=dS9FbGxJam0xVzh4RjZDQTU1dFcydz09>
and enter **Meeting ID: 897 3728 7571**
Passcode: 55987

- To join via phone, dial phone number:
+1 312 626 6799 US (Chicago)
When prompted, enter the following **Meeting ID: 897 3728 7571**
Passcode: 55987
Then enter your participant ID if you have one; if not, enter #

For participants:

- Only use one audio source; audio from computer is preferred if available.
- Be aware of background noise from your location.
- If using phone, do not use the speaker function.
- If using a web cam, be aware of what is in your background.
- If you have headphones, please use them as that will limit background noise
- Please mute your audio until you wish to speak. Then unmute your audio, and ask the Chairman for permission to talk.
- If using web access, note the options for you to view the meeting (gallery shows all participants same size)

Other notes:

- Staff will “host” the meeting on a city computer and will manage when participants’ audio is muted / unmuted.

- The public hearing notices included the Zoom meeting information, and also indicated that written comments could be submitted to staff by a set date prior to the Port Authority meeting. These written comments will be provided to the Commissioners either in advance or at the public hearing.

PORT AUTHORITY AGENDA ITEM

AGENDA ITEM: 2. A. Public Hearing - WinCraft TIF No. 6 Business Assistance

DATE: May 17, 2021

ATTACHMENTS: Resolution-Tax Increment Financing District No. 6 WinCraft Expansion Project
Tax Increment Financing Plan
Development Agreement

Port Authority staff has been meeting with WinCraft to encourage the expansion project of a new 120,000 sq. ft. facility adjacent to their current facility at 1301 Innovation Drive.

Pursuant to a public hearing notice published on May 5, 2021, a hearing to consider Business Assistance to Sport Co LLC in connection with WinCraft Inc. Expansion Project.

The President will call on staff to present the project and a public hearing will follow for anyone wishing to speak, to come forward.

The proposed project is estimated to be over \$8 million with substantial soil, grading and excavation work. The proposed project would consist of an acquisition of land from the Port Authority of Winona site improvements, and construction of a 120,000 square foot facility designed for manufacturing, finished goods, and distribution. The Company is reviewing proposed locations for the expansion opportunity.

The Port Authority may authorize a variety of programs to encourage development, revitalization and expansion of commerce and industry. One tool available is TIF which can be used with City Council approval and within statutory requirements.

Minnesota State Statutes allow for TIF to be used for eligible economic development projects. Development will result in an enhanced tax base and increased employment and discourage commerce, industry, or manufacturing to locating to another state are the statutory requirements for an Economic Development TIF.

The proposed TIF parameters for review by Commissioners are as follows:

- An Economic Development can be for eight years. The term of the district could be reduced and/or the district could be decertified once the tax increment collected and distributed covers the tax increment eligible costs outlined in the tax increment plan.

- The proposed tax increment outlined in the attached Development Agreement calls for TIF for up to 8 years and not to exceed \$891,000.
- The proposed Tax Increment District would be a “pay-as-you-go” Tax Increment note.
- The capital for the construction of the facility is to come from the developer. TIF proceeds will become available to the developer after the tax increment is received.

Financial Information on the TIF

Current Property:

Current Estimated Market Value	\$ 207,440
Tax Capacity	3,112

Proposed Value of Developed Property

Total Estimated Market Value	\$6,335,000
Tax Capacity	125,950

- Estimated Annual Increment at full buildout will be \$126,359.
- The total estimated maximum increment over the life of the district is \$1,075,943.
- Recommended amount for the proposed TIF \$891,000 maximum.

TIF BUDGET:

Costs

Site Improvement-land preparation costs	\$810,000
Administrative	<u>81,000</u>
	891,000

Source

Tax Increment Revenue	\$891,000
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If Port Authority Commissioners concurs with the establishment of Tax Increment Financing District No. 6, a motion to approve the attached resolution and encourage council to support the proposed TIF would be appropriate.

Attachments:

- Resolution - Tax Increment Financing District No. 6 - WinCraft Expansion Project
- Tax Increment Financing Plan
- Development Agreement

EXTRACT OF MINUTES OF MEETING OF THE BOARD OF
COMMISSIONERS OF THE PORT AUTHORITY OF WINONA

HELD: May 17, 2021

Pursuant to due call and notice thereof, a regular or special meeting of the Board of Commissioners of the Port Authority of Winona was duly called and held at the City Hall in the City of Winona, Minnesota on May 17, 2021, at 5:00 P.M.

The following commissioners were present:

and the following were absent:

Commissioner _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. _____

RESOLUTION APPROVING THE ESTABLISHMENT OF TAX INCREMENT
FINANCING (ECONOMIC DEVELOPMENT) DISTRICT NO. 6 AND
APPROVING THE ADOPTION OF A TAX INCREMENT FINANCING PLAN
THEREFOR; AUTHORIZING AN INTERFUND LOAN AND AUTHORIZING
EXECUTION OF A DEVELOPMENT AGREEMENT

BE IT RESOLVED by the Board of Commissioners of the Port Authority of Winona (the "Board") as follows:

Section 1. Recitals.

1.01. It has been proposed that the Port Authority of Winona (the "Authority") for the City of Winona (the "City") (a) establish Tax Increment Financing (Economic Development) District No. 6 (the "TIF District") within the Riverbend Industrial Development District (the "Project Area"); (b) approve and adopt the proposed Tax Increment Financing Plan (the "TIF Plan") therefor pursuant to and in accordance with Minnesota Statutes, Sections 469.048 through 469.068 and Sections 469.174 through 469.1794, as amended, and Section 469.089; (c) authorize an Interfund Loan (hereinafter defined); and (d) authorize the execution of a development agreement.

1.02. The Authority has investigated the facts and has caused to be prepared a proposed TIF Plan for the TIF District (the "TIF Plan"); and

1.03. The City is holding a public hearing to approve the TIF Plan on the date hereof, following not less than 10 days and not more than 30 days published notice in the local newspaper of general circulation.

1.04. The Authority has investigated the facts, and has caused to be prepared the TIF Plan for the TIF District, and performed all actions required by law to be performed prior to the establishment of the TIF District and the TIF Plan therefor, including, but not limited to, a review

of the proposed TIF Plan by Winona County and Independent School District No. 861, which have taxing jurisdiction over the property to be included in the TIF District.

1.05. Sport Co LLC, a Minnesota limited liability company, (the "Landlord") has requested the Authority assist with the financing of certain costs incurred in connection with the construction of a 120,000 square foot industrial manufacturing and warehouse facility adjacent to the existing facility for WinCraft, Incorporated, a Minnesota corporation, (the "Company") in the City (the "Project"); and

1.06. The Authority, The Landlord and the Company have determined to enter into a Development Agreement providing for the Authority's tax increment financing assistance for the Project (the "Development Agreement").

Section 2. Project Area. The Authority is not modifying the boundaries of the Project Area.

Section 3. Findings for the Establishment of the TIF District and Adoption of the TIF Plan.

3.01. The TIF District is an economic development district as defined in Minnesota Statutes, Section 469.174, Subd. 12, the specific basis for such determination is set forth in Section J of the TIF Plan.

3.02. The proposed development, in the opinion of the Authority, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future. The reasons for such determination are set forth in Section J(2) of the TIF Plan.

3.03. 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 the TIF District permitted by the TIF Plan. The reasons supporting this finding are set forth in Section J(2) of the TIF Plan.

3.04. The TIF Plan for the TIF District conforms to the general plan for development or redevelopment of the City as a whole. The reasons for supporting this finding are set forth in Section J(4) of the TIF Plan.

3.05. The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the Project Area by private enterprise. The reasons supporting this finding are set forth in Section J(3) of the TIF Plan.

3.06. Section J of the TIF Plan is incorporated herein by reference.

Section 4. Approval of the Establishment of the TIF District and the TIF Plan.

4.01. The establishment of the TIF District and the TIF Plan therefor are hereby approved and adopted and the TIF Plan shall be placed on file in the office of the Executive Secretary of the Authority.

4.02. The Board hereby requests the City Council to approve the establishment of the TIF District and the TIF Plan.

4.03. Upon approval by the City Council, the staff of the City and Authority and the City's and Authority's advisors and legal counsel are authorized and directed to proceed with the implementation of the TIF Plan for the TIF District.

Section 5. Interfund Loan.

5.01. The Authority has determined that it may pay for certain costs (the "Qualified Costs") identified in the TIF Plan consisting of certain administrative expenses, which costs may be financed on a temporary basis from the Authority's general fund or any other fund from which such advances may be legally made (the "Fund"). Under Minnesota Statutes, Section 469.178, Subd. 7, the Authority is authorized to advance or loan money from the Fund in order to finance the Qualified Costs. The Authority intends to reimburse itself for the payment of the Qualified Costs, plus interest thereon, from tax increments derived from the TIF District in accordance with the following terms (which terms are referred to collectively as the "Interfund Loan"):

5.02. Authority shall repay to the Fund from which the Qualified Costs are initially paid, the principal amount of up to \$1,205,752 (or, if less, the amount actually paid from such fund) together with interest at 4.00% per annum (which is not more than the greater of (i) the rate specified under Minnesota Statutes, Section 270C.40, or (ii) the rate specified under Minnesota Statutes, Section 549.09) from the date of the payment.

5.03. Principal and interest on the Interfund Loan ("Payments") shall be paid annually on each December 31 commencing with the date the tax increments from the TIF District are available and not otherwise pledged to and including the earlier of (a) the date the principal and accrued interest of the Interfund Loan is paid in full, or (b) the date of last receipt of tax increment from the TIF District ("Payment Dates") which Payments will be made in the amount and only to the extent of available tax increments. Payments shall be applied first to accrued interest, and then to unpaid principal.

5.04. Payments on the Interfund Loan are payable solely from the tax increment generated in the preceding twelve (12) months with respect to the TIF District and remitted to the Authority by Winona County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1794, as amended. Payments on this Interfund Loan may be subordinate to any outstanding or future bonds, notes or contracts secured in whole or in part with tax increment if approved by the Authority, and are on parity with any other outstanding or future interfund loans secured in whole or in part with tax increments.

5.05. The principal sum and all accrued interest payable under this Interfund Loan are pre-payable in whole or in part at any time by the Authority without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Interfund Loan.

5.06. The Interfund Loan is evidence of an internal borrowing by the Authority in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and is a limited obligation payable solely from tax increment pledged to the payment hereof under this resolution. The Interfund Loan

and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the Authority. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Interfund Loan or other costs incident hereto except out of tax increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on the Interfund Loan or other costs incident hereto. The Authority shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the termination of the TIF District.

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

Section 6. Approval of Development Agreement. The Board of Commissioners hereby approves, subject to the City Council approval of the TIF Plan, a Development Agreement with the Landlord and the Company in substantially the form submitted, and the President and Executive Secretary are hereby authorized and directed to execute the Development Agreement on behalf of the Authority. The approval hereby given to the Development Agreement 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 the Authority officials authorized by this resolution to execute the Agreement. The execution of the Agreement by the appropriate officer or officers of the Authority shall be conclusive evidence of the approval of the Development Agreement in accordance with the terms hereof.

The motion for the adoption of the foregoing resolution was seconded by commissioner _____ and upon vote being taken thereon, the following voted in favor thereof;

and the following voted against the same.

Passed and adopted by the Board of Commissioners of the Port Authority of Winona, Minnesota, this ____ day of May, 2021.

President

Attest:

Executive Secretary

Tax Increment Financing Plan
for
Tax Increment Financing (Economic
Development) District No. 6
within
Riverbend Industrial Development
District
(Wincraft 2.0 Expansion Project)

City of Winona, Minnesota

Port Authority of Winona

Prepared by

Baker Tilly Municipal Advisors, LLC

Draft Dated: May 6, 2021

Anticipated Public Hearing: May 17, 2021

Anticipated Approval by City Council: May 17, 2021

Anticipated Approval by Port Authority: May 20, 2021

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Section A Definitions

The terms defined in this section have the meanings given herein, unless the context in which they are used indicates a different meaning:

"Authority" means the Port Authority of Winona.

"City" means the City of Winona, Minnesota; also referred to as a "Municipality".

"City Council" means the City Council of the City; also referred to as the "Governing Body".

"County" means Winona County, Minnesota.

"Industrial Development District" means Riverbend Industrial Development District in the City, which is described in the corresponding Development Plan previously adopted for the Industrial Development District.

"Development Plan" means the Development Plan for the Industrial Development District.

"Project Area" means the geographic area of the Industrial Development District.

"School District" means Independent School District No. 861, Minnesota.

"State" means the State of Minnesota.

"TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1794, both inclusive.

"TIF District" means Tax Increment Financing (Economic Development) District No. 6.

"TIF Plan" means the tax increment financing plan for the TIF District (this document).

Section B Statutory Authorization

See the Development Plan for the Industrial Development District.

Section C Statement of Need and Public Purpose

See the Development Plan for the Industrial Development District.

Section D Statement of Objectives

See the Development Plan for the Industrial Development District.

**Section E Designation of Tax Increment Financing District as an
Economic Development District**

Economic development districts are a type of tax increment financing district which consist of any project, or portions of a project, which the City finds to be in the public interest because:

- (1) it will discourage commerce, industry, or manufacturing from moving their operations to another state or municipality;
- (2) it will result in increased employment in the state; or
- (3) it will result in preservation and enhancement of the tax base of the state.

The TIF District qualifies as an economic development district in that the proposed development described in this TIF Plan (see Section I) meets the criteria listed above in (1) and (2) and (3). Without establishment of the TIF District, the proposed development would not occur within the City and may result in relocation outside the City and State. The proposed development will also result in increased employment and enhancement of the tax base in both the City and the State.

Tax increments from an economic development district must be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or other assistance in which at least 85% of the square footage of the facilities to be constructed are used for any of the following purposes:

- (1) manufacturing, production, or processing of tangible personal property;
- (2) warehousing, storage and distribution of tangible personal property, excluding retail sales;
- (3) research and development related to the activities listed in (1) or (2) above;
- (4) telemarketing if that activity is the exclusive use of the property;
- (5) tourism facilities (see M.S. Section 469.174, Subd. 22);
- (6) space necessary for and related to the activities listed in (1) through (5) above;
- (7) a workforce housing project that satisfies the requirements of paragraph (d).

Tax increments from the TIF District will be used to provide financial assistance to the proposed development (see Section I), in which over 85% of the square footage of the facilities to be constructed will be used for warehousing, storage and distribution of tangible property, excluding retail sales, or other purposes as listed in (1) through (7) above.

Section F Duration of the TIF District

Economic development districts may remain in existence 8 years from the date of receipt by the Authority and City of the first tax increment. The Authority and City anticipates that the TIF District will remain in existence the maximum duration allowed by law (projected to be through the year 2031, due to anticipated receipt of first increment in 2023). Modifications of this plan (see Section AA) shall not extend these limitations.

Section G Property to be Included in the TIF District

The TIF District is an approximate 5.4-acre area of land comprising of the parcel listed below that is located within the Project Area. A map showing the boundaries of the TIF District is shown in Exhibit I.

<u>Parcel ID Number</u>	<u>Legal Description</u>
32-508-0070	Sect-36 Twp-107 Range-007 TECHNOLOGY PARK Lot-003 Block-003 EX: .98 ACRES NW NE
32-508-0080 *	Sect-36 Twp-107 Range-007 TECHNOLOGY PARK Lot-004 Block-003

** only 1 acre of this parcel to be included in TIF district. Parcel will be replatted to include only a portion of the parcel within the boundaries of the District. At the time of the drafting of the Plan, the new parcel ids are not available.*

The area encompassed by the TIF District shall also include all street or utility right-of-ways located upon or adjacent to the property described above.

Section H Property to be Acquired in the TIF District

The Authority and City may acquire and sell any or all of the property located within the TIF District; however, the Authority and City do not anticipate acquiring any such property at this time. The Port Authority will be selling property to the company to facilitate the development of the property and construction of the new expansion facility.

Section I Specific Development Expected to Occur Within the TIF District

The proposed project is anticipated to consist of approximately 5.40 acres consisting of the property located at 1365 Innovation Drive and a portion of the property located at 770 Innovation Drive in the City owned by the Port Authority of Winona. Wincraft (the "Developer") is planning to construct an estimated new 120,000 square foot manufacturing/warehousing facility adjacent to their existing facility. The square footage of the completed building will comply with the requirements of an economic development district with at least 85% being used for a qualifying purpose and less than 15% will be office space.

It is anticipated that the Authority and City will use the tax increment to finance a portion of the extraordinary site development and infrastructure improvement costs that are necessary for this project to proceed. In addition, the Authority and City may use tax increment for related administrative expenses, and any other eligible expenditures associated with development of the site that may include additional necessary public improvements.

Construction of the project is expected to commence in 2021. The facility is expected to be 50% assessed and on the tax rolls as of January 2, 2022 for taxes payable in 2023 and 100% assessed and on the tax rolls as of January 2, 2023 for taxes payable 2024.

At the time this document was prepared there were no signed construction contracts with regards to the above described development.

Section J Findings and Need for Tax Increment Financing

In establishing the TIF District, the City makes the following findings:

- (1) The TIF District qualifies as an economic development district;

See Section E of this document for the reasons and facts supporting this finding.
- (2) 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 and

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 the district permitted by the TIF Plan.

Factual basis:

Proposed development not expected to occur:

The proposed development consists of the construction of approximately 120,000 square feet of manufacturing/warehousing space. The Developer has requested financial assistance to write down a portion of the site improvement and infrastructure costs associated with development of the site. The Developer has provided supplemental financial information demonstrating that the development of this site would not occur without the assistance provided in this TIF Plan.

Therefore, the City has determined that the proposed development would not occur but for the financial assistance provided in this TIF Plan because of the increased costs related to development within the TIF District. The location and condition of the property requires expenditures related to acquisition, stormwater storage, and other related site development costs which currently do not allow development on the property.

No higher market value expected:

The land located within TIF District No. 6 requires significant site improvement and other development and related infrastructure improvements. To commence construction of the new facility, assistance with financing a portion of those costs will be necessary. The financial assistance provided under this TIF Plan will help offset the costs of these improvements. Given the nature of this property, there is no reasonable expectation of any development occurring that would generate as much market value increase as is estimated to be generated by the proposed development by the new business. Therefore, the City has concluded that substantial development at this particular site--and hence any significant increase in market value--is not reasonably expected to occur unless the City provides tax increment assistance as described in this Tax Increment Plan.

To summarize the basis for the City's findings regarding alternative market value, in accordance with Minnesota Statutes, Section 469.175, Subd. 3(d), the City makes the following determinations:

- a. The City's estimate of the amount by which the market value of the site will increase without the use of tax increment financing is \$0 (for the reasons described above), except some unknown amount of appreciation.
 - b. If the proposed development to be assisted with tax increment occurs in the District, the total increase in market value would be approximately \$7,700,680, including the value of the building (See Exhibit II).
 - 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 \$913,417 (See Exhibit V).
 - 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 \$6,787,263 (the amount in clause b less the amount in clause c) without tax increment assistance.
- (3) The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for development of the Project Area by private enterprise.

Factual basis: The proposed development is the construction of manufacturing/warehousing space in the Project Area that is expected to create new jobs in the City and State, plus create new tax base for the City and the state. The development meets the City's economic development goals in terms of land use, job retention, and wage levels.

(4) The TIF Plan conforms to general plans for development of the City as a whole.

Factual basis: The City Council has determined that the development proposed in the TIF Plan conforms to the City comprehensive plan.

Section K Estimated Public Costs

The estimated public costs of the TIF District are listed below. Such costs are eligible for reimbursement from tax increments of the TIF District.

Estimated Public Costs	Estimated Amount
Land/Building acquisition	\$1,045,361
Site Improvements/Preparation costs	\$0
Utilities	\$0
Other public improvements	\$0
Construction of affordable housing	\$0
Administrative expenses	\$116,152
Total Estimated Public Costs	\$1,161,513
Interest expenses	\$0
Total Costs	\$1,161,513

The Authority and City reserves the right to administratively adjust the amount of any of the items listed above or to incorporate additional eligible items, so long as the total estimated public costs (\$1,161,513) do not increase. The Authority and City also reserves the right to fund any of the identified costs with any other legally available revenues, such as grants and/or loans, but anticipates that such costs will be primarily financed with tax increments.

Section L Estimated Sources of Revenue

Estimated Sources of Revenue	Estimated Amount
Tax Increment revenue	\$1,161,513
Interest on invested funds	\$0
Total	\$1,161,513

The Authority and City anticipates providing financial assistance to the proposed development through pay-as-you-go financing in which the Authority and City will provide funding to the Developer to offset a portion of the project costs and collect annual increments to repay the note. As tax increments are collected from the TIF District in future years, a portion will be retained by the Authority and City and the

remaining funds will be provided as reimbursement for certain identified costs as necessary within the TIF District to assist with financing the public costs incurred (see Section K).

The Authority and City reserves the right to finance any or all public costs of the TIF District using pay-as-you-go assistance, internal funding, general obligation or revenue debt, or any other financing mechanism authorized by law. The Authority and City also reserves the right to use other sources of revenue legally applicable to the Project Area to pay for such costs including, but not limited to, special assessments, utility revenues, federal or state funds, and investment income. The projected tax increment report is included as Exhibit III.

Section M Estimated Amount of Bonded Indebtedness

The maximum principal amount of bonds (as defined in the TIF Act) secured in whole or part with tax increment from the TIF District is \$1,161,513. The Authority and City currently plans to finance the improvement costs through pay-as-you-go financing. The Authority and City reserves the right to issue an interfund loan or issue bonds in any form, including without limitation any interfund loan with interest not to exceed the maximum permitted under Section 469.178, subd. 7 of the TIF Act.

Section N Original Net Tax Capacity

The County Auditor shall certify the original net tax capacity of the TIF District. This value will be equal to the total net tax capacity of all property in the TIF District as certified by the State Commissioner of Revenue. For districts certified between January 1 and June 30, inclusive, this value is based on the previous assessment year. For districts certified between July 1 and December 31, inclusive, this value is based on the current assessment year.

The Estimated Market Value of all property within the TIF District as of January 2, 2020, for taxes payable in 2021, is \$207,440. Upon establishment of the TIF District, it is estimated that the original net tax capacity of the TIF District will be \$3,112, upon classification as commercial-industrial.

Each year the County Auditor shall certify the amount that the original net tax capacity has increased or decreased as a result of:

- (1) changes in the tax-exempt status of property;
- (2) reductions or enlargements of the geographic area of the TIF District;
- (3) changes due to stipulation agreements or abatements; or
- (4) changes in property classification rates.

Section O Original Tax Capacity Rate

The County Auditor shall also certify the original tax capacity rate of the TIF District. This rate shall be the sum of all local tax rates that apply to property in the TIF District. This rate shall be for the same taxes payable year as the original net tax capacity.

In future years, the amount of tax increment generated by the TIF District will be calculated using the lesser of (a) the sum of the current local tax rates at that time or (b) the original tax capacity rate of the TIF District.

It is anticipated the request for certification of the District will occur after June 30, 2021 and the local tax rates for taxes levied in 2021 and payable in 2022 will apply. The payable 2022 rates are not available at

the time of drafting of the TIF Plan. For purposes of estimating the tax increment generated by the TIF District, the sum of the local tax rates for taxes levied in 2020 and payable in 2021 of 99.450% have been used and are shown below:

<u>Taxing Jurisdiction</u>	<u>2020/2021 Local Tax Rate</u>
City of Winona	42.031%
Winona County	37.966%
ISD 861	17.355%
Other	<u>2.098%</u>
Total	99.450%

Section P Projected Retained Captured Net Tax Capacity and Projected Tax Increment

The Authority and City anticipates that the building construction will be 50% completed by December 31, 2021 creating a total tax capacity for TIF District No. 6 of \$62,600 as of January 2, 2022. The captured tax capacity as of that date is estimated to be \$59,488 and the first full year of tax increment is estimated to be \$59,161 payable in 2023. The building is estimated to be 100% completed by December 31, 2022 creating a total tax capacity for TIF District No. 6 of \$127,851 as of January 2, 2023. The captured tax capacity as of that date is estimated to be \$124,739 and the first full year of tax increment is estimated to be \$124,053 payable in 2024. A complete schedule of estimated tax increment from the TIF District is shown in Exhibit III.

The estimates shown in this TIF Plan assume that commercial class rates remain at 1.50% of the estimated market value up to \$150,000 and 2.0% of the estimated market value over \$150,000; and assume 3% annual increase in market values.

Each year the County Auditor shall determine the current net tax capacity of all property in the TIF District. To the extent that this total exceeds the original net tax capacity, the difference shall be known as the captured net tax capacity of the TIF District.

The County Auditor shall certify to the City the amount of captured net tax capacity each year. The Authority and City may choose to retain any or all of this amount. It is the Authority and City's intention to retain 100% of the captured net tax capacity of the TIF District. Such amount shall be known as the retained captured net tax capacity of the TIF District.

Exhibit II gives a listing of the various information and assumptions used in preparing a number of the exhibits contained in this TIF Plan, including Exhibit III which shows the projected tax increment generated over the anticipated life of the TIF District.

Section Q Use of Tax Increment

Each year the County Treasurer shall deduct 0.36% of the annual tax increment generated by the TIF District and pay such amount to the State's General Fund. Such amounts will be appropriated to the State Auditor for the cost of financial reporting and auditing of tax increment financing information throughout the state. Exhibit III shows the projected deduction for this purpose over the anticipated life of the TIF District.

The Authority and City has determined that it will use 100% of the remaining tax increment generated by the TIF District for any of the following purposes:

- (1) pay for the estimated public costs of the TIF District (see Section K) and County administrative costs associated with the TIF District (see Section T);
- (2) pay principal and interest on tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (3) accumulate a reserve securing the payment of tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (4) pay all or a portion of the county road costs as may be required by the County Board under M.S. Section 469.175, Subdivision 1a; or
- (5) return excess tax increments to the County Auditor for redistribution to the City, County and School District.

Tax increments from property located in one county must be expended for the direct and primary benefit of a project located within that county, unless both county boards involved waive this requirement. Tax increments shall not be used to circumvent levy limitations applicable to the City.

Tax increment shall not be used to finance the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the State or federal government, or for a commons area used as a public park, or a facility used for social, recreational, or conference purposes. This prohibition does not apply to the construction or renovation of a parking structure or of a privately-owned facility for conference purposes.

If there exists any type of agreement or arrangement providing for the developer, or other beneficiary of assistance, to repay all or a portion of the assistance that was paid or financed with tax increments, such payments shall be subject to all of the restrictions imposed on the use of tax increments. Assistance includes sale of property at less than the cost of acquisition or fair market value, grants, ground or other leases at less than fair market rent, interest rate subsidies, utility service connections, roads, or other similar assistance that would otherwise be paid for by the developer or beneficiary.

Section R Excess Tax Increment

In any year in which the tax increments from the TIF District exceed the amount necessary to pay the estimated public costs authorized by the TIF Plan, the Authority and City shall use the excess tax increments to:

- (1) prepay any outstanding tax increment bonds;
- (2) discharge the pledge of tax increments thereof;
- (3) pay amounts into an escrow account dedicated to the payment of the tax increment bonds; or
- (4) return excess tax increments to the County Auditor for redistribution to the City, County and School District. The County Auditor must report to the Commissioner of Education the amount of any excess tax increment redistributed to the School District within 30 days of such redistribution.

Section S Tax Increment Pooling and the Five-Year Rule

At least 80% of the tax increments from the TIF District must be expended on activities within the district or to pay for bonds used to finance the estimated public costs of the TIF District (see Section E for additional restrictions). No more than 20% of the tax increments may be spent on costs outside of the TIF District but within the boundaries of the Project Area, except to pay debt service on credit enhanced bonds. All administrative expenses are considered to have been spent outside of the TIF District. Tax increments are considered to have been spent within the TIF District if such amounts are:

- (1) actually paid to a third party for activities performed within the TIF District within five years after certification of the district;
- (2) used to pay bonds that were issued and sold to a third party, the proceeds of which are reasonably expected on the date of issuance to be spent within the later of the five-year period or a reasonable temporary period or are deposited in a reasonably required reserve or replacement fund.
- (3) used to make payments or reimbursements to a third party under binding contracts for activities performed within the TIF District, which were entered into within five years after certification of the district; or
- (4) used to reimburse a party for payment of eligible costs (including interest) incurred within five years from certification of the district.

Beginning with the sixth year following certification of the TIF District, at least 80% of the tax increments must be used to pay outstanding bonds or make contractual payments obligated within the first five years. When outstanding bonds have been defeased and sufficient money has been set aside to pay for such contractual obligations, the TIF District must be decertified.

The Authority and City do not anticipate that any tax increments will be spent outside of the TIF District (including allowable administrative expenses); but the Authority and City reserves the right to allow for tax increment pooling from the TIF District in the future.

Section T Limitation on Administrative Expenses

Administrative expenses are defined as all costs of the Authority and City other than:

- (1) amounts paid for the purchase of land;
- (2) amounts paid for materials and services, including architectural and engineering services directly connected with the physical development of the real property in the project;
- (3) relocation benefits paid to, or services provided for, persons residing or businesses located in the project;
- (4) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to section 469.178; or
- (5) amounts used to pay other financial obligations to the extent those obligations were used to finance costs described in clause (1) to (3).

Administrative expenses include amounts paid for services provided by bond counsel, fiscal consultants, planning or economic development consultants, and actual costs incurred by the County in administering the TIF District. Tax increments may be used to pay administrative expenses of the TIF District up to the lesser of (a) 10% of the total tax increment expenditures authorized by the TIF Plan or (b) 10% of the total tax increments received by the TIF District.

Section U Limitation on Property Not Subject to Improvements - Four Year Rule

If after four years from certification of the TIF District no demolition, rehabilitation, renovation of property or other site preparation, including qualified improvement of an adjacent street, has commenced on a parcel located within the TIF District, then that parcel shall be excluded from the TIF District and the original net tax capacity shall be adjusted accordingly. Qualified improvements of a street are limited to construction or opening of a new street, relocation of a street, or substantial reconstruction or rebuilding of an existing street. The Authority and City must submit to the County Auditor, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

If a parcel is excluded from the TIF District and the Authority and City or owner of the parcel subsequently commences any of the above activities, the Authority and City shall certify to the County Auditor that such activity has commenced and the parcel shall once again be included in the TIF District. The County Auditor shall certify the net tax capacity of the parcel, as most recently certified by the Commissioner of Revenue, and add such amount to the original net tax capacity of the TIF District.

Section V Estimated Impact on Other Taxing Jurisdictions

Exhibit IV shows the estimated impact on other taxing jurisdictions if the maximum projected retained captured net tax capacity of the TIF District was hypothetically available to the other taxing jurisdictions. The Authority and City believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since the proposed development would not have occurred without the establishment of the TIF District and the provision of public assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified and the development therein becomes part of the general tax base.

The fiscal and economic implications of the proposed tax increment financing district, as pursuant to Minnesota Statutes, Section 469.175, Subdivision 2, are listed below.

1. The total amount of tax increment that will be generated over the life of the district is estimated to be \$1,165,709.
2. To the extent the facility in the proposed TIF District generates any public cost impacts on city-provided services such as police and fire protection, public infrastructure, and borrowing costs attributable to the district, such costs will be levied upon the taxable net tax capacity of the City, excluding that portion captured by the District. The Authority and City do not anticipate issuing tax increment revenue bonds in conjunction with this project but reserves the right to issue bonds as necessary to facilitate development.
3. 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 estimated to be \$203,427.
4. 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 estimated to be \$445,020.

5. No additional information has been requested by the county or school district that would enable it to determine additional costs that will accrue to it due to the development proposed for the district.

Section W Prior Planned Improvements

The Authority and City shall accompany its request for certification to the County Auditor (or notice of district enlargement), with a listing of all properties within the TIF District for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan. The County Auditor shall increase the original net tax capacity of the TIF District by the net tax capacity of each improvement for which a building permit was issued.

There have been no building permits issued in the last 18 months in conjunction with any of the properties within the TIF District.

Section X Development Agreements

If within a project containing an economic development district, more than 10% of the acreage of the property to be acquired by the Authority and City is purchased with tax increment bonds proceeds (to which tax increment from the property is pledged), then prior to such acquisition, the Authority and City must enter into an agreement for the development of the property. Such agreement must provide recourse for the Authority and City should the development not be completed.

The Authority and City anticipates entering into an agreement with the Developer relating to the project but do not anticipate acquiring any property located within the TIF District.

Section Y Assessment Agreements

The Authority and City may, upon entering into a development agreement, also enter into an assessment agreement with the developer, which establishes a minimum market value of the land and improvements for each year during the life of the TIF District.

The assessment agreement shall be presented to the County or City Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land, and so long as the minimum market value contained in the assessment agreement appears to be an accurate estimate, shall certify the assessment agreement as reasonable. The assessment agreement shall be filed for record in the office of the County Recorder of each county where the property is located. Any modification or premature termination of this agreement must first be approved by the City, County and School District.

The Authority and City do not anticipate entering into an assessment agreement.

Section Z Modifications of the Tax Increment Financing Plan

Any reduction or enlargement in the geographic area of the Project Area or the TIF District; increase in the amount of bonded indebtedness to be incurred; determination to capitalize interest on the debt if it was not part of original plan; increase in that portion of the captured net tax capacity to be retained by the Authority and City ; increase in the total estimated public costs; or designation of additional property to be acquired by the Authority and City shall be approved only after satisfying all the necessary requirements for approval of the original TIF Plan. This paragraph does not apply if:

- (1) the only modification is elimination of parcels from the TIF District; and
- (2) the current net tax capacity of the parcels eliminated equals or exceeds the net tax capacity of those parcels in the TIF District's original net tax capacity, or the Authority and City agrees that the TIF District's original net tax capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

The Authority and City must notify the County Auditor of any modification that reduces or enlarges the geographic area of the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

Section AA Administration of the Tax Increment Financing Plan

Upon adoption of the TIF Plan, the Authority and City shall submit a copy of such plan to the Minnesota Department of Revenue. The Authority and City shall also request that the County Auditor certify the original net tax capacity and net tax capacity rate of the TIF District. To assist the County Auditor in this process, the Authority and City shall submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements. The Authority and City shall also send the County Assessor any assessment agreement establishing the minimum market value of land and improvements in the TIF District and shall request that the County Assessor review and certify this assessment agreement as reasonable.

The County shall distribute to the Authority and City the amount of tax increment as it becomes available. The amount of tax increment in any year represents the applicable property taxes generated by the retained captured net tax capacity of the TIF District. The amount of tax increment may change due to development anticipated by the TIF Plan, other development, inflation of property values, or changes in property classification rates or formulas. In administering and implementing the TIF Plan, the following actions should occur on an annual basis:

- (1) prior to July 1, the Authority and City shall notify the County Assessor of any new development that has occurred in the TIF District during the past year to ensure that the new value will be recorded in a timely manner.
- (2) if the County Auditor receives the request for certification of a new TIF District, or for modification of an existing TIF District, before July 1, the request shall be recognized in determining local tax rates for the current and subsequent levy years. Requests received on or after July 1 shall be used to determine local tax rates in subsequent years.
- (3) each year the County Auditor shall certify the amount of the original net tax capacity of the TIF District. The amount certified shall reflect any changes that occur as a result of the following:
 - (a) the value of property that changes from tax-exempt to taxable shall be added to the original net tax capacity of the TIF District. The reverse shall also apply;
 - (b) the original net tax capacity may be modified by any approved enlargement or reduction of the TIF District;
 - (c) if laws governing the classification of real property cause changes to the percentage of estimated market value to be applied for property tax purposes, then the resulting increase or decrease in net tax capacity shall be applied proportionately to the original net tax capacity and the retained captured net tax capacity of the TIF District.

The County Auditor shall notify the City of all changes made to the original net tax capacity of the TIF District.

Section AB Filing TIF Plan, Financial Reporting and Disclosure Requirements

The Authority and City will file the TIF Plan, and any subsequent amendments thereto, with the Commissioner of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes, Section 469.175, subdivision 4A. The Authority and City will comply with all reporting requirements for the TIF District under Minnesota Statutes, Section 469.175, subdivisions 5 and 6.

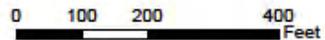
Map of
Tax Increment Financing (Economic Development) District No. 6



TECHNOLOGY PARK
Proposed Lot 3 and Part of Lot 4, Block 3



March 1, 2021
This map was compiled from a variety of sources. This information is provided with the understanding that conclusions drawn from such information are solely the responsibility of the user. The GIS data is not a legal representation of any of the features depicted, and any assumptions of the legal status of this map is hereby disclaimed. 2020 Imagery



Assumptions Report

City of Winona, Minnesota

Tax Increment Financing (Economic Development) District No. 6

WinCraft 2.0 Expansion Project

Final Draft TIF Plan Exhibits: \$6,335,000 Value with 3% Annual MV Inflator

Type of Tax Increment Financing District	Economic Development
Maximum Duration of TIF District	8 years from 1st increment

Projected Certification Request Date	08/01/21
Decertification Date	12/31/31 (9 Years of Increment)

	<u>2020/2021</u>
Base Estimated Market Value	\$207,440

Original Net Tax Capacity	\$3,112
---------------------------	---------

	Assessment/Collection Year			
	2021/2022	2022/2023	2023/2024	2024/2025
Base Estimated Market Value	\$207,440	\$207,440	\$207,440	\$207,440
Estimated Increase in Value - New Construction	0	2,960,060	6,222,585	6,415,486
Total Estimated Market Value	207,440	3,167,500	6,430,025	6,622,926
Total Net Tax Capacity	\$3,112	\$62,600	\$127,851	\$131,709

City of Winona	42.031%
Winona County	37.966%
ISD #861	17.355%
Other (3202)	2.098%
Local Tax Capacity Rate	99.450% 2020/2021

Fiscal Disparities Contribution From TIF District	NA
Administrative Retainage Percent (maximum = 10%)	10.00%
Pooling Percent	0.00%

<u>Bonds</u>		<u>Note (Pay-As-You-Go)</u>	
Bonds Dated	NA	Note Dated	08/01/21
Bond Rate	NA	Note Rate	4.00%
Bond Amount	NA	Note Amount	\$850,000
Present Value Date & Rate	08/01/21 4.00%	PV Amount	\$816,352

Notes

Projections assume no future changes to classification rates and current tax rates remain constant.

Projections are based on certified pay 2021 rates.

Projections are based on a preliminary value estimate of \$6,335,000

Projections assume project 100% completed in 2022

Projections assume 3.0% market value inflation

Projected Tax Increment Report

City of Winona, Minnesota
Tax Increment Financing (Economic Development) District No. 6
WinCraft 2.0 Expansion Project
Final Draft TIF Plan Exhibits: \$6,335,000 Value with 3% Annual MV Inflator

Annual Period Ending (1)	Total Market Value (2)	Total Net Tax Capacity (3)	Less: Original Net Tax Capacity (4)	Retained Captured Net Tax Capacity (5)	Times: Tax Capacity Rate (6)	Annual Gross Tax Increment (7)	Less: State Aud. Deduction 0.360% (8)	Subtotal Net Tax Increment (9)	Less: City Retainage 10.00% (10)	Annual Net Revenue (11)	P.V. Annual Net Rev. To 08/01/21 4.00%
12/31/21	207,440	3,112	3,112	0	99.450%	0	0	0	0	0	0
12/31/22	207,440	3,112	3,112	0	99.450%	0	0	0	0	0	0
12/31/23	3,167,500	62,600	3,112	59,488	99.450%	59,161	213	58,948	5,895	53,053	49,050
12/31/24	6,430,025	127,851	3,112	124,739	99.450%	124,053	447	123,606	12,361	111,245	98,896
12/31/25	6,622,926	131,709	3,112	128,597	99.450%	127,890	460	127,430	12,743	114,687	98,035
12/31/26	6,821,614	135,682	3,112	132,571	99.450%	131,842	475	131,367	13,137	118,230	97,176
12/31/27	7,026,262	139,775	3,112	136,664	99.450%	135,912	489	135,423	13,542	121,881	96,324
12/31/28	7,237,050	143,991	3,112	140,879	99.450%	140,105	504	139,601	13,960	125,641	95,477
12/31/29	7,454,161	148,333	3,112	145,222	99.450%	144,423	520	143,903	14,390	129,513	94,634
12/31/30	7,677,786	152,806	3,112	149,694	99.450%	148,871	536	148,335	14,834	133,501	93,796
12/31/31	7,908,120	157,412	3,112	154,301	99.450%	153,452	552	152,900	15,290	137,610	92,964
						\$1,165,709	\$4,196	\$1,161,513	\$116,152	\$1,045,361	\$816,352

⁽¹⁾ Total estimated market value based on information provided by City and County
 Includes 3.0% annual market value inflator.

⁽²⁾ Total net tax capacity based on commercial-industrial class rate of 1.5% first \$150,000 value and 2% value above \$150,000

⁽³⁾ Original net tax capacity based on a portion of existing land value for the property to be included in the development

⁽⁴⁾ Total local tax capacity rate for taxes payable 2021

Estimated Impact on Other Taxing Jurisdictions Report

City of Winona, Minnesota

Tax Increment Financing (Economic Development) District No. 6

WinCraft 2.0 Expansion Project

Final Draft TIF Plan Exhibits: \$6,335,000 Value with 3% Annual MV Inflator

Taxing Jurisdiction	Without Project or TIF District		With Project and TIF District					
	Final 2019/2020 Taxable Net Tax Capacity (1)	2019/2020 Local Tax Rate	2019/2020 Taxable Net Tax Capacity (1)	Projected Retained Captured Net Tax Capacity +	New Taxable Net Tax Capacity =	Hypothetical Adjusted Local Tax Rate (*)	Hypothetical Decrease In Local Tax Rate (*)	Hypothetical Tax Generated by Retained Captured N.T.C. (*)
City of Winona	22,582,055	42.031%	22,582,055	\$154,301	22,736,356	41.746%	0.285%	64,414
Winona County	52,842,526	37.966%	52,842,526	154,301	52,996,827	37.855%	0.111%	58,411
ISD #861	36,312,387	17.355%	36,312,387	154,301	36,466,688	17.282%	0.073%	26,666
Other (2)	-	2.098%	-	-	-	2.098%	-	-
Totals		99.450%				98.981%	0.469%	

*** Statement 1:** If the projected Retained Captured Net Tax Capacity of the TIF District was hypothetically available to each of the taxing jurisdictions above, the result would be a lower local tax rate (see Hypothetical Adjusted Tax Rate above) which would produce the same amount of taxes for each taxing jurisdiction. In such a case, the total local tax rate would decrease by 0.469% (see Hypothetical Decrease in Local Tax Rate above). The hypothetical tax that the Retained Captured Net Tax Capacity of the TIF District would generate is also shown above.

Statement 2: Since the projected Retained Captured Net Tax Capacity of the TIF District is not available to the taxing jurisdictions, then there is no impact on taxes levied or local tax rates.

(1) Taxable net tax capacity = total net tax capacity - captured TIF - fiscal disparity contribution, if applicable.

(2) The impact on these taxing jurisdictions is negligible since they represent only 2.11% of the total tax rate.

Market Value Analysis Report

City of Winona, Minnesota

Tax Increment Financing (Economic Development) District No. 6

WinCraft 2.0 Expansion Project

Final Draft TIF Plan Exhibits: \$6,335,000 Value

<u>Assumptions</u>				
		Present Value Date		08/01/21
		P.V. Rate - Gross T.I.		4.00%
<hr/>				
		Increase in EMV With TIF District		\$7,700,680
		Less: P.V of Gross Tax Increment		913,417
				<hr/>
		Subtotal		\$6,787,263
		Less: Increase in EMV Without TIF		0
				<hr/>
		Difference		\$6,787,263
<hr/>				
			Annual	Present
			Gross Tax	Value @
		Year	Increment	4.00%
				<hr/>
1		2023	59,161	54,883
2		2024	124,053	110,656
3		2025	127,890	109,691
4		2026	131,842	108,731
5		2027	135,912	107,777
6		2028	140,105	106,828
7		2029	144,423	105,885
8		2030	148,871	104,949
9		2031	153,452	104,017
			<hr/>	<hr/>
			\$1,165,709	\$913,417

DEVELOPMENT AGREEMENT
BY AND AMONG
THE PORT AUTHORITY OF WINONA,
WINCRAFT, INCORPORATED AND
SPORT CO LLC

This instrument drafted by:
Taft Stettinius & Hollister LLP (MLI)
2200 IDS Center
80 South 8th Street
Minneapolis, Minnesota 55402

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DEVELOPMENT AGREEMENT

THIS AGREEMENT, made as of the ____ day of _____, 2021, by and among the Port Authority of Winona, a body politic and corporate organized and existing under the constitution and the laws of the State of Minnesota (the "Authority"), WinCraft, Incorporated, a Minnesota corporation (the "Company") and Sport Co LLC (the "Landlord"), a Minnesota limited liability company;

WITNESSETH:

WHEREAS, pursuant to Minnesota Statutes, Section 469.058, the Authority has established the Riverbend Industrial Development District (the "Industrial Development District") and has adopted a Development Plan therefor (the "Development Plan"); and

WHEREAS, the Authority proposed that City of Winona, Minnesota (the "City") establish a tax increment financing district within the Industrial Development District for which due notice was given and a public hearing was held on May 17, 2021.

WHEREAS, pursuant to the provisions of Minnesota Statutes, Section 469.174 through 469.1794, as amended (hereinafter, the "Tax Increment Act"), the City has heretofore created, within the Industrial Development District, Tax Increment Financing District No. 6 (the "Tax Increment District") and has adopted a tax increment financing plan therefor (the "Tax Increment Plan") which provides for the use of tax increment financing in connection with certain development within the Industrial Development District; and

WHEREAS, in order to achieve the objectives of the Development Plan and particularly to make the land in the Industrial Development District available for development by private enterprise in conformance with the Development Plan, the Authority has determined to assist the Landlord with the financing of certain costs of a Project (as hereinafter defined) to be constructed within the Tax Increment District as more particularly set forth in this Agreement; and

WHEREAS, the Landlord intends to lease the Project to the Company pursuant to a triple-net lease (the "Lease");

WHEREAS, pursuant to the terms of the Lease, the Landlord shall be responsible for the payment of the construction of the Project, and accordingly, as acknowledged by the Landlord, the Company shall be entitled to the receipt of all payments from the Authority pursuant to the Note (as hereinafter defined), provided neither the Company nor the Landlord is in default of this Agreement;

WHEREAS, the Authority believes that the development and construction of the Project, and fulfillment of this Agreement are vital and are in the best interests of the City, the health, safety, morals and welfare of residents of the City, and in accordance with the public purpose and provisions of the applicable state and local laws and requirements under which the Project has been undertaken and is being assisted; and

WHEREAS, the requirements of the Business Subsidy Law, Minnesota Statutes, Section 116J.993 through 116J.995, apply to this Agreement; and

WHEREAS, the Authority has adopted criteria for awarding business subsidies that comply with the Business Subsidy Law, after a public hearing for which notice was published; and

WHEREAS, the City has approved this Agreement as a subsidy agreement under the Business Subsidy Law;

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. All capitalized terms used and not otherwise defined herein shall have the following meanings unless a different meaning clearly appears from the context:

Agreement means this Agreement, as the same may be from time to time modified, amended or supplemented;

Authority means the Port Authority of Winona;

Business Day means any day except a Saturday, Sunday or a legal holiday or a day on which banking institutions in the City are authorized by law or executive order to close;

City means the City of Winona, Minnesota, its successors and assigns;

Company means WinCraft, Incorporated, a Minnesota corporation, its successors and assigns;

County means Winona County, Minnesota;

Development Plan means the development plan approved in connection with the Industrial Development District;

Development Property means the real property described in Exhibit A attached to this Agreement;

Event of Default means any of the events described in Section 5.1 hereof;

Industrial Development District means the real property located in the Riverbend Industrial Development District heretofore established;

Landlord means Sport Co LLC, a Minnesota limited liability company, its successors and assigns;

Legal and Administrative Expenses means the fees and expenses incurred by the Authority in connection with the adoption and administration of the Tax Increment Financing Plan, the preparation of this Agreement and the issuance of the Note;

Note Payment Date means February 15, 2024, and each February 15 of each year thereafter to and including February 15, 2033; provided, that if any such Note Payment Date should not be a Business Day, the Note Payment Date shall be the next succeeding Business Day;

Prime Rate means the rate of interest from time to time publicly announced by U.S. Bank National Association in St. Paul, Minnesota, as its "prime rate" or "reference rate" or any successor rate, which rate shall change as and when that rate or successor rate changes;

Project means the construction by the Landlord on the Development Property of an approximately 120,000 square-foot industrial manufacturing and warehouse facility adjacent to their existing facility and the lease thereof to the Company;

Site Improvements means those site improvements identified on Exhibit C attached hereto to be undertaken on the Development Property;

State means the State of Minnesota;

Tax Increment Act means Minnesota Statutes, Sections 469.174 through 469.1794, as amended;

Tax Increment District means Tax Increment Financing (Economic Development) District No. 6 located within the Development District, a description of which is set forth in the Tax Increment Financing Plan, which was qualified as an economic development district under the Tax Increment Act;

Tax Increment Financing Plan means the tax increment financing plan approved for the Tax Increment District by the City on May 17, 2021, and by the Authority on May 17, 2021, and any future amendments thereto;

Tax Increment Note or Note means the Tax Increment Revenue Note (WinCraft 2.0 Expansion Project) to be executed by the Authority and delivered to the Company pursuant to Article III hereof, the form of which is attached hereto as Exhibit B;

Tax Increments means ninety percent (90%) of the tax increments derived from the Development Property which have been received by the Authority in accordance with the provisions of Minnesota Statutes, Section 469.177;

Termination Date means the earlier of (i) February 15, 2033, (ii) the date the Note is paid in full, or (iii) the date this Agreement is terminated or rescinded in accordance with its terms; and

Unavoidable Delays means delays, outside the control of the party claiming its occurrence, which are the direct result of strikes, other labor troubles, unusually severe or prolonged bad weather, acts of God, fire or other casualty, to the Project, litigation commenced by third parties which, by injunction or other similar judicial action or by the exercise of reasonable discretion, directly results in delays, or acts of any federal, state or local governmental unit (other than the City or the Authority) which directly result in delays.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of the Authority. The Authority makes the following representations and warranties:

(1) The Authority is a body corporate and politic organized under the provisions of the Constitution and laws of the State and has the power to enter into this Agreement and carry out its obligations hereunder;

(2) The Tax Increment District is an "economic development district" within the meaning of Minnesota Statutes, Section 469.174, Subdivision 12, and was created, adopted and approved in accordance with the terms of the Tax Increment Act.

(3) The development contemplated by this Agreement is in conformance with the development objectives set forth in the Development Plan;

Section 2.2. Representations and Warranties of the Company. The Company makes the following representations and warranties:

(1) The Company is a Minnesota corporation and has the power and authority to enter into this Agreement and to perform its obligations hereunder and is not in violation of its articles of incorporation or bylaws, or the laws of the State.

(2) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provision of any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which the Company is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(3) The Company will cooperate fully with the Authority with respect to any litigation commenced with respect to the Project.

(4) The Company will cooperate fully with the Authority in resolution of any traffic, parking, trash removal or public safety problems which may arise in connection with the operation of the Project.

(5) The Company shall operate the Project as a manufacturing facility for the term of this Agreement.

Section 2.3. Representations and Warranties of the Landlord. The Landlord makes the following representations and warranties:

(1) The Landlord is a Minnesota limited liability company and has the power and authority to enter into this Agreement and to perform its obligations hereunder and is not in violation of its articles of organization or bylaws, or the laws of the State.

(2) The Landlord shall cause the Project to be constructed in accordance with the terms of this Agreement, the Development Plan and the Tax Increment Financing Plan, and all applicable local, state and federal laws and regulations (including, but not limited to, environmental, zoning, energy conservation, building code and public health laws and regulations).

(3) The construction of the Project would not be undertaken by the Landlord, and in the opinion of the Landlord would not be economically feasible within the reasonably foreseeable future, without the assistance and benefit to the Landlord provided for in this Agreement.

(4) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provision of any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which the Landlord is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(5) The Landlord will cooperate fully with the Authority with respect to any litigation commenced with respect to the Project.

(6) The Landlord will cooperate fully with the Authority in resolution of any traffic, parking, trash removal or public safety problems which may arise in connection with the construction of the Project.

(7) The Landlord shall commence construction of the Project by October 1, 2021, and, barring Unavoidable Delays, the Project shall be substantially completed by October 1, 2022.

(8) The Company and the Landlord will not seek a reduction in the market value as determined by the Winona County Assessor of the Project or other facilities, if any, that is constructed on the Development Property, pursuant to the provisions of this Agreement, for so long as the Note remains outstanding.

ARTICLE III

UNDERTAKINGS BY THE COMPANY AND THE AUTHORITY

Section 3.1. Reimbursement of Site Improvements and Legal and Administrative Expenses.

(1) As consideration for the execution of this Agreement and the construction of the Project by the Landlord and the operation of the Project by the Company, subject to the further provisions of this Agreement, including but not limited to the limitations on source of reimbursement and amount set forth in Section 3.2 hereof, the Landlord agrees to construct the Site Improvements and pay the costs thereof, and the Authority agrees to pay the Company the lesser of \$810,000 or the costs of the Site Improvements actually incurred and paid by the Landlord (the "Reimbursement Amount") as further provided in Section 3.2.

(2) The Company shall reimburse the Authority for all actual out-of-pocket Legal and Administrative Expenses in an amount not to exceed \$10,000 for upfront fees and the Authority shall retain 10% of the Tax Increments received for additional Legal and Administrative Expenses.

Section 3.2. Reimbursement: Tax Increment Note. The Authority shall reimburse the Company for the costs identified in Section 3.1 through the issuance of the Authority's Tax Increment Note in substantially the form attached to this Agreement as Exhibit B, subject to the following conditions:

(1) The Note shall be dated, issued and delivered when the Landlord shall have demonstrated in writing to the reasonable satisfaction of the Authority that the Landlord has completed the Project and has incurred and paid the costs of the Site Improvements, as described in and limited by Section 3.1 and the Landlord shall provide the Authority with copies of paid invoices for the Site Improvements in an amount not less than the Reimbursement Amount.

(2) The Note shall not bear interest.

(3) The principal amount of the Note shall be payable solely from the Tax Increments.

(4) On each Note Payment Date and subject to the provisions of the Note, the Authority shall pay to the Company, against the principal outstanding on the Note, the Tax Increments received by the Authority during the preceding twelve (12) months. All such payments shall be applied to reduce the unpaid principal of the Note.

(5) The Authority's obligation to make payments on the Note on any Note Payment Date or any date thereafter shall be conditioned upon the requirements that (A) there shall not at that time be an Event of Default that has occurred and is continuing under this Agreement and (B) this Agreement shall not have been rescinded pursuant to Section 4.2(2).

(6) The Note shall be governed by and payable pursuant to the additional terms thereof, as set forth in Exhibit B. In the event of any conflict between the terms of the Note and the terms of this Section 3.2, the terms of the Note shall govern. The issuance of the Note pursuant and subject to the terms of this Agreement, and the taking by the Authority of such additional actions

as bond counsel for the Note may require in connection therewith, are hereby authorized and approved by the Authority.

Section 3.3. Business Subsidies Act.

(1) In order to satisfy the provisions of Minnesota Statutes, Sections 116J.993 to 116J.995 (the "Business Subsidies Act"), the Landlord acknowledges and agrees that the amount of the "Business Subsidy" granted to the Landlord under this Agreement is the Reimbursement Amount which is \$810,000 for the Site Improvements paid by the Landlord and reimbursed to the Company by Tax Increments. The Business Subsidy is needed because the Project is not sufficiently feasible for the Landlord to undertake without the Business Subsidy. The Tax Increment District is an economic development district and the public purpose of the Business Subsidy is to encourage the expansion of manufacturing facilities in the City. The Company agrees that it will meet the following goals (the "Goals") in connection with the development of the Development Property: It will create at least fifteen (15) full-time equivalent jobs at an hourly wage of at least \$15.50, including benefits, per hour within two years from the "Benefit Date", which is the earlier of the date the Landlord completes the Project or the Company occupies the Project.

(2) If the Goals are not met, the Company agrees to repay all or a part of the Business Subsidy to the Authority, plus interest ("Interest") set at the implicit price deflator defined in Minnesota Statutes, Section 275.70, Subdivision 2, accruing from and after the Benefit Date, compounded semiannually. If the Goals are met in part, the Company will repay a portion of the Business Subsidy (plus Interest) determined by multiplying the Business Subsidy by a fraction, the numerator of which is the number of jobs in the Goals which were not created at the wage level set forth above and the denominator of which is fifteen (15) (i.e., number of jobs set forth in the Goals).

(3) The Company agrees to (i) report its progress on achieving the Goals to the Authority until the later of the date the Goals are met or two years from the commencement of construction of the Project, or, if the Goals are not met, until the date the Business Subsidy is repaid, (ii) include in the report the information required in Minnesota Statutes, Section 116J.994, Subdivision 7 on forms developed by the Minnesota Department of Employment and Economic Development, and (iii) send completed reports to the Authority. The Company agrees to file these reports no later than March 1 of each year commencing March 1, 2023, and within 30 days after the deadline for meeting the Goals. The Authority agrees that if it does not receive the reports, it will mail the Company a warning within one week of the required filing date. If within 14 days of the post marked date of the warning the reports are not made, the Company agrees to pay to the Authority a penalty of \$100 for each subsequent day until the report is filed up to a maximum of \$1,000.

(4) The Company agrees to continue operations within the City for at least five (5) years after the Benefit Date.

(5) There are no other state or local government agencies providing financial assistance for the Project other than the Authority which is providing the Tax Increment Note.

(6) There is no parent corporation of the Company or the Landlord.

(7) The Company and the Landlord certify that they do not appear on the Minnesota Department of Employment and Economic Development's list of recipients that has failed to meet the terms of a business subsidy agreement.

ARTICLE IV

EVENTS OF DEFAULT

Section 4.1. Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean whenever it is used in this Agreement any one or more of the following events:

(1) Failure by the Landlord to timely pay any ad valorem real property taxes assessed, special assessments or other City charges, with respect to the Development Property when due and payable.

(2) Failure of the Company or the Landlord to observe or perform any covenant, condition, obligation or agreement on their part to be observed or performed under this Agreement.

(3) Failure by the Landlord to cause the construction of the Project to be completed pursuant to the terms, conditions and limitations of this Agreement.

(4) The holder of any mortgage on the Development Property or any improvements thereon, or any portion thereof, commences foreclosure proceedings as a result of any default under the applicable mortgage documents.

(5) If the Company or the Landlord shall:

- (a) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act of 1978, as amended or under any similar federal or state law; or
- (b) make an assignment for the benefit of its creditors; or
- (c) admit in writing its inability to pay its debts generally as they become due; or
- (d) be adjudicated a bankrupt or insolvent; or if a petition or answer proposing the adjudication of the Company or the Landlord, as a bankrupt or its reorganization under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within sixty (60) days after the filing thereof; or a receiver, trustee or liquidator of the Company or the Landlord, or of the Project, or part thereof, shall be appointed in any proceeding brought against the Company or the Landlord, and shall not be discharged within sixty (60) days after such appointment, or if the Company or the Landlord, shall consent to or acquiesce in such appointment.

Section 4.2. Remedies on Default. Whenever any Event of Default referred to in Section 4.1 occurs and is continuing, the Authority, as specified below, may take any one or more of the following actions against the defaulting party (i.e. the Company or the Landlord, as the case may

be) after the giving of thirty (30) days' written notice to the Company and the Landlord, but only if the Event of Default has not been cured within said thirty (30) days; or if such noncompliance cannot reasonably be cured within thirty (30) days of receipt of such notice, the defaulting party has not provided assurances, reasonably satisfactory to the Authority, that such noncompliance will be cured as soon as reasonably possible.

(1) The Authority may suspend its performance under this Agreement until it receives assurances from the defaulting party, deemed adequate by the Authority in its reasonable judgment, that the defaulting party will cure its default and continue its performance under this Agreement.

(2) The Authority may terminate this Agreement.

(3) The Authority may take any action, including legal or administrative action, in law or equity, against the Landlord or the Company, which may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant of the Landlord or the Company under this Agreement.

Section 4.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the non-defaulting party is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 4.4. No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 4.5. Agreement to Pay Attorney's Fees and Expenses. Whenever any Event of Default occurs and the Authority shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of the Landlord or the Company herein contained, the Company and the Landlord agree that it shall, on demand therefor, pay to the Authority the reasonable fees of such attorneys and such other expenses so incurred by the Authority. The Company and the Landlord shall not be required to pay the fees of such attorneys and such other expenses so incurred by the Authority in the event the Authority's determination of an Event of Default and its pursuit of collection or performance is non-meritorious as determined by a neutral third party.

Section 4.6. Indemnification of Authority.

(1) The Company covenants and agrees that the Authority, its governing body members, officers, agents, including the independent contractors, consultants and legal counsel, servants and employees thereof (hereinafter for purposes of this Section, collectively, the "Indemnified Parties") shall not be liable for, and agrees to indemnify and hold harmless the Indemnified Parties against loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Project, provided that the foregoing indemnification shall not be effective for any actions of the Indemnified Parties that are not contemplated by this Agreement.

(2) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, the Company agrees to protect and defend the Indemnified Parties, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from the actions or inactions of the Company (or if other persons acting on its behalf or under its direction or control) under this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project; provided, that this indemnification shall not apply to the warranties made or obligations undertaken by the Authority in this Agreement or to any actions undertaken by the Authority which are not contemplated by this Agreement but shall, in any event and without regard to any fault on the part of the Authority, apply to any pecuniary loss or penalty (including interest thereon from the date the loss is incurred or penalty is paid by the Authority at a rate equal to the Prime Rate) as a result of the Project causing the Tax Increment District to not qualify or cease to qualify as an "economic development district" under Section 469.174, Subdivision 12 of the Act or to violate limitations as to the use of Tax Increments as set forth in Section 469.176, Subdivision 4c and Subdivision 7.

(3) The Company covenants and agrees that the Indemnified Parties shall not be liable for and agrees to indemnify and hold harmless the Indemnified Parties against any loss or damage to property or any injury to or death of any person occurring after the Completion Date at or about or resulting from any defect in the Project, provided that the foregoing indemnification shall not be effective for any actions of the Indemnified Parties that are not contemplated by this Agreement.

(4) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, the Company agrees to protect and defend the Indemnified Parties, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from the actions or inactions of the Company (or if other persons acting on its behalf or under its direction or control) under this Agreement, or the transactions contemplated hereby or the operation of the Project; provided, that this indemnification shall not apply to the warranties made or obligations undertaken by the Authority in this Agreement or to any actions undertaken by the Authority which are not contemplated by this Agreement but shall, in any event and without regard to any fault on the part of the Authority, apply to any pecuniary loss or penalty (including interest thereon from the date the loss is incurred or penalty is paid by the Authority at a rate equal to the Prime Rate) as a result of the Project causing the Tax Increment District to not qualify or cease to qualify as an "economic development district" under Section 469.174, Subdivision 12 of the Act

or to violate limitations as to the use of Tax Increments as set forth in Section 469.176, Subdivision 4c and Subdivision 7.

(5) All covenants, stipulations, promises, agreements and obligations of the Authority contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Authority and not of any governing body member, officer, agent, servant or employee of the Authority.

ARTICLE V

ADDITIONAL PROVISIONS

Section 5.1. Restrictions on Use. Until termination of this Agreement, the Company agrees for itself, its successors and assigns and every successor in interest to the Development Property, or any part thereof, that the Company and such successors and assigns shall operate, or cause to be operated, the Project as a manufacturing facility and shall devote the Development Property to, and in accordance with, the uses specified in this Agreement.

Section 5.2. Conflicts of Interest. No member of the governing body or other official of the Authority shall have any financial interest, direct or indirect, in this Agreement, the Development Property or the Project, or any contract, agreement or other transaction contemplated to occur or be undertaken thereunder or with respect thereto, nor shall any such member of the governing body or other official participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No member, official or employee of the Authority shall be personally liable to the Authority in the event of any default or breach by the Company or the Landlord or their successors or on any obligations under the terms of this Agreement.

Section 5.3. Titles of Articles and Sections. Any titles of the several parts, articles and sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 5.4. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

- (1) in the case of the Company is addressed to or delivered personally to:

WinCraft, Incorporated

- (2) in the case of the Landlord is addressed to or delivered personally to:

Sport Co LLC
200 Twilite Street
LaCrescent, MN 55947
Attention: Jeff Wieser

(3) in the case of the Authority is addressed to or delivered personally to the Authority at:

Port Authority of Winona
207 Lafayette
PO Box 378
Winona, MN 55987
Attention: Lucy McMartin, Director of Community Development

With a copy to:

Taft Stettinius & Hollister LLP
2200 IDS Center
80 South 8th Street
Minneapolis, MN 55402
Attention: Mary Ippel

or at such other address with respect to any such party as that party may, from time to time, designate in writing and forward to the other, as provided in this Section.

Section 5.5. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 5.6. Law Governing. This Agreement will be governed and construed in accordance with the laws of the State.

Section 5.7. Expiration. This Agreement shall expire on the Termination Date, unless earlier terminated or rescinded in accordance with its terms.

Section 5.8. Provisions Surviving Rescission or Expiration. Sections 4.5 and 4.6 shall survive any rescission, termination or expiration of this Agreement with respect to or arising out of any event, occurrence or circumstance existing prior to the date thereof.

Section 5.9. Assignability of Agreement. Neither the Company nor the Landlord may assign this Agreement or any rights hereunder to any other party without prior written consent of the Authority and upon sufficient evidence provided to the Authority documenting the need for continued assistance. If the Company or the Landlord, as the case may be, obtains the Authority's consent and assigns this Agreement, the assignor shall be relieved of any future liability under this Agreement, provided the assignee shall assume in writing all of the obligations of the assignor hereunder.

IN WITNESS WHEREOF, the Authority, the Company, and the Landlord have caused this Agreement to be duly executed in their respective names and on their behalf, on or as of the date first above written.

PORT AUTHORITY OF WINONA

By _____
Its President

ATTEST

By _____
Its Executive Secretary

This is a signature page to the Development Agreement by and between the Port Authority of Winona, WinCraft, Incorporated, and Sport Co LLC.

WINCRAFT, INCORPORATED

By _____
Its _____

By _____
Its _____

This is a signature page to the Development Agreement by and between the Port Authority of Winona, WinCraft, Incorporated, and Sport Co LLC.

SPORT CO LLC

By _____
Its _____

By _____
Its _____

This is a signature page to the Development Agreement by and between the Port Authority of Winona, WinCraft, Incorporated, and Sport Co LLC.

EXHIBIT A

DESCRIPTION OF DEVELOPMENT PROPERTY

Real property located in Winona County, Minnesota:

* Properties in the process of being replatted.

EXHIBIT B

FORM OF TAX INCREMENT NOTE

No. R-1

\$ _____

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF WINONA
PORT AUTHORITY OF WINONA

TAX INCREMENT NOTE
(WINCRAFT 2.0 EXPANSION PROJECT)

The Port Authority of Winona, a body politic and corporate organized and existing under the constitution and the laws of the State of Minnesota (the "Authority"), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay the amounts hereinafter described (the "Payment Amounts") to WinCraft, Incorporated (the "Company") or its registered assigns (the "Registered Owner"), but only in the manner, at the times, from the sources of revenue, and to the extent hereinafter provided.

The principal amount of this Note shall equal from time to time the principal amount stated above, as reduced to the extent that such principal installments shall have been paid in whole or in part pursuant to the terms hereof; provided that the sum of the principal amount listed above shall in no event exceed \$810,000, as provided in that certain Development Agreement, dated as of _____, 2021, as the same may be amended from time to time (the "Development Agreement"), by and among the Authority, the Company and Sport Co LLC (the "Landlord"). No interest shall accrue on the unpaid balance of this Note.

The amounts due under this Note shall be payable on February 15, 2024, and on each February 15 thereafter to and including February 15, 2033, or, if the first should not be a Business Day (as defined in the Development Agreement), the next succeeding Business Day (the "Payment Dates"). On each Payment Date the Authority shall pay by check or draft mailed to the person that was the Registered Owner of this Note at the close of the last business day of the Authority preceding such Payment Date an amount equal to ninety percent (90%) of the Tax Increments (hereinafter defined) received by the Authority during the twelve (12) month period preceding such Payment Date. All payments made by the Authority under this Note shall first be applied to principal.

The Payment Amounts due hereon shall be payable solely from tax increments (the "Tax Increments") from the Development Property within the Authority's Tax Increment Financing District No. 6 (the "Tax Increment District") within the Riverbend Industrial Development District which are paid to the Authority and which the Authority is entitled to retain pursuant to the provisions of Minnesota Statutes, Sections 469.174 through 469.1794, as the same may be

amended or supplemented from time to time (the "Tax Increment Act"). This Note shall terminate and be of no further force and effect following the last Payment Date defined above, on any date upon which the Authority shall have terminated the Development Agreement under Section 4.2(2) thereof, or on the date that all principal payable hereunder shall have been paid in full, whichever occurs earliest.

The Authority makes no representation or covenant, expressed or implied, that the Tax Increments will be sufficient to pay, in whole or in part, the amounts which are or may become due and payable hereunder.

The Authority's payment obligations hereunder shall be further conditioned on the fact that no Event of Default under the Development Agreement shall have occurred and be continuing at the time payment is otherwise due hereunder, but such unpaid amounts shall become payable if said Event of Default shall thereafter have been cured; and, further, if pursuant to the occurrence of an Event of Default under the Development Agreement the Authority elects to terminate the Development Agreement, the Authority, from the date of the Event of Default, shall have no further debt or obligation under this Note whatsoever. Reference is hereby made to all of the provisions of the Development Agreement, including without limitation Section 3.2 thereof, for a fuller statement of the rights and obligations of the Authority to pay the principal of this Note, and said provisions are hereby incorporated into this Note as though set out in full herein.

This Note is a special, limited revenue obligation and not a general obligation of the Authority and is payable by the Authority only from the sources and subject to the qualifications stated or referenced herein. This Note is not a general obligation of the Authority or the City and neither the full faith and credit nor the taxing powers of the Authority or the City are pledged to the payment of the principal of this Note and no property or other asset of the Authority or the City, save and except the above-referenced Tax Increments, is or shall be a source of payment of the Authority's obligations hereunder.

This Note is issued by the Authority in aid of financing a project pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including the Tax Increment Act.

This Note may not be assigned to any other party without the consent of the Authority which consent shall not be unreasonably withheld. In order to assign the Note, the assignee shall surrender the same to the Authority either in exchange for a new fully registered note or for transfer of this Note on the registration records for the Note maintained by the Authority. Each permitted assignee shall take this Note subject to the foregoing conditions and subject to all provisions stated or referenced herein.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; and that this Note, together with all other indebtedness of the Authority outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the Authority to exceed any constitutional or statutory limitation thereon.

IN WITNESS WHEREOF, City of Winona, Minnesota, by its City Council, has caused this Note to be executed by the manual signatures of its President and Executive Secretary and has caused this Note to be issued on and dated as of _____, 20__.

President

Executive Secretary

CERTIFICATION OF REGISTRATION

It is hereby certified that the foregoing Note was registered in the name of WinCraft, Incorporated, and that, at the request of the Registered Owner of this Note, the undersigned has this day registered the Note in the name of such Registered Owner, as indicated in the registration blank below, on the books kept by the undersigned for such purposes.

NAME AND ADDRESS OF
REGISTERED OWNER

DATE OF
REGISTRATION

SIGNATURE OF CITY
EXECUTIVE SECRETARY

WinCraft, Incorporated

EXHIBIT C

SITE IMPROVEMENTS

Foundations and Footings

Grading/earthwork

Engineering

Survey

Environmental Testing

Site Preparation

Onsite Utilities

Storm Water/Ponding

Outdoor Lighting

Onsite Road, Curb, Gutter, Driveway, Sidewalk and Streetscape Improvements

Parking

Underground Plumbing

Exterior Lighting