TAX INCREMENT FINANCING PLAN

for the establishment of the

CUSTOM HOUSE/POST OFFICE REDEVELOPMENT TAX INCREMENT FINANCING DISTRICT

(a redevelopment district)

HOUSING AND REDEVELOPMENT AUTHORITY OF THE
CITY OF SAINT PAUL, MINNESOTA
RAMSEY COUNTY
STATE OF MINNESOTA

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(for reference purposes only)

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TAX INCREMENT FINANCING PLAN FOR
THE CUSTOM HOUSE/POST OFFICE REDEVELOPMENT
TAX INCREMENT FINANCING DISTRICT

Section 1. Foreword. The Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA"), and its staff and consultants have prepared the following information for the establishment of a redevelopment tax increment financing district (the "Tax Increment Financing District"). The Tax Increment Financing District is located within the Riverfront Project Area heretofore established by the HRA (the "Redevelopment Project Area").

Section 2. Statutory Authority. There exist areas within the City of Saint Paul, Minnesota (the "City") where public involvement is necessary to cause development to occur. To this end, the HRA has certain statutory powers pursuant to Minnesota Statutes, Section 469.001 to 469.047 (the "HRA Law") and Minnesota Statutes, Section 469.174 through 469.1799 (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to a redevelopment project.

Section 3. Statement of Objectives. The Tax Increment Financing District consists of one parcel and adjacent and internal rights-of-way. The Tax Increment Financing District is being created to facilitate the redevelopment of a substandard building by the construction of a new mixed use rental housing project (collectively, the "Project"). The tax increment financing plan is expected to achieve the objectives outlined in the Redevelopment Plan for the Redevelopment Project Area by the construction of high density housing. The following are some of the objectives being facilitated by the Tax Increment Financing Plan.

A. Provide Housing for Saint Paul Residents. The available housing for residents in the Redevelopment Project Area will be expanded when approximately 202 units of market rate rental housing are constructed.

B. To Redevelop Underused Property. The Tax Increment Financing District contains one building that is structurally substandard. In order to encourage new development in the area, remove and prevent the emergence of blight and blighting influences, tax increment financing must be used to encourage the redevelopment of the site.

C. Expand the Tax Base of the City of Saint Paul. It is expected that the taxable market value of the property in the Tax Increment Financing District will increase by approximately $31,987,600 as a result of the new development.

The activities contemplated in the Redevelopment Plan and this Tax Increment Financing Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of the Tax Increment District and the Redevelopment Project Area.

Section 4. Redevelopment Plan Overview.

A. Property to be Acquired – The HRA does not expect to acquire any property in the Tax Increment Financing District. The HRA may acquire other property in the Redevelopment Project Area.

B. Relocation - if necessary, complete relocation services are available pursuant to Minnesota Statutes, Chapter 117 and other relevant state and federal laws and regulations.

Section 5. Parcel to be Included in Tax Increment Financing District. The following parcel located in the City of Saint Paul, Ramsey County, Minnesota is to be included in the Tax Increment Financing District:

PID Number	**Address**
06.28.22.11.0025	180 East Kellogg Boulevard

Including all interior and adjacent public streets and rights of way.

A map of the Tax Increment Financing District is attached as Exhibit E.

FURTHER INFORMATION REGARDING THE IDENTIFICATION OF THE PARCEL TO BE INCLUDED IN THE TAX INCREMENT FINANCING DISTRICT CAN BE OBTAINED FROM THE EXECUTIVE DIRECTOR OF THE HRA.

Section 6. Parcels to be Acquired. The HRA does not plan to acquire any property in the Tax Increment Financing District.

The following are conditions under which properties in the Redevelopment Project Area not designated to be acquired may be acquired at a future date:

A. The HRA may acquire property by gift, dedication or direct purchase from willing sellers in order to achieve the objectives of the Tax Increment Financing Plan.

B. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

Section 7. Development Activity in Tax Increment Financing District for which Contracts have been Signed. Ironton Custom House, LLC (the "Developer") proposes to undertake the renovation of an existing building located in the Tax Increment Financing District by the construction of approximately 202 units of rental housing, approximately 350,000 square feet of hotel, restaurant and commercial space with underground parking (the "Development"). The total development costs are estimated to be approximately $76,000,000, and the development is expected to be substantially completed by November 1, 2015. The following contracts have been or will be entered into in connection with the Development:

A. A Tax Base Revitalization Account Contamination Cleanup Grant Program Metropolitan Livable Communities Act Grant Agreement between the City and the Metropolitan Council dated January 22, 2014 and a related Subgrant Agreement between City of Saint Paul and the Developer, dated May 1, 2014.

B. A Department of Employment and Economic Development Business and Community Development Division Redevelopment Grant Contract between the State of Minnesota and the City dated March 5, 2014 and a related Subgrant Agreement to be executed between the City and the Developer.

C. A Development Agreement between the Authority and the Developer with respect to the Development.

Section 8. Other Specific Development Expected to Occur within Redevelopment Area. The HRA does not anticipate that other future development will occur in the Tax Increment Financing District.

Section 9. Estimated Cost of Project; Tax Increment Financing Plan Budget. The HRA has determined that it will be necessary to utilize tax increment financing for certain public costs of the Development. To facilitate the Development within the Tax Increment Financing District, this Tax Increment Financing Plan authorizes the use of tax increment financing to pay for a portion of the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with Tax Increment Financing District is outlined on Exhibit A.

The HRA may spend tax increments or other revenues identified in Section 11 hereof in other areas of the City. Any expenditure of tax increments outside the Tax Increment District will comply with the pooling limitations described under Section 23, paragraphs B and D.

Estimated costs associated with the Tax Increment Financing District are subject to change and may be reallocated between line items by a resolution of the HRA. The cost of all activities to be financed by the tax increment will not exceed, without formal modification, the budget for the tax increments set forth on Exhibit A.

Section 10. Estimated Amount of Bonded Indebtedness. The expenditures authorized by this Tax Increment Financing Plan may be paid for either on a pay-as-you-go basis or paid from the proceeds of tax increment revenue bonds or notes. If bonded indebtedness is issued by the HRA, the principal amount of permanent long term financing is estimated not to exceed $11,000,000.

Section 11. Sources of Revenue. The costs outlined in Section 9 above and Exhibit A will be financed on a pay as you go basis through the annual collection of tax increments. The market value upon completion of the Project is estimated to be approximately $36,987,600.

Section 12. Estimated Captured Tax Capacity and Estimate of Tax Increment. The current tax capacity of Tax Increment Financing District is $0 based on its exempt classification. Upon reclassification which includes residential and commercial/industrial property, the original net tax capacity is estimated to be $79,396. The captured tax capacity of the Tax Increment

Financing District, upon completion and initial occupancy of the building, is estimated to be $470,606, which is estimated to occur by December 31, 2015, for taxes payable in 2017.

The HRA elects to retain all of the captured tax capacity to finance the costs of Tax Increment Financing District. The HRA elects the method of tax increment computation set forth in Minnesota Statutes, Section 469.177, Subd. 3(a).

Exhibit B shows the various information and assumptions used in preparing the projected tax increment generated over the life of the Tax Increment Financing District.

Section 13. Type of Tax Increment Financing District. Tax Increment Financing District is a redevelopment district established pursuant to Minnesota Statutes, Section 469.174, Subd. 10, clauses (a)(1).

The Tax Increment Financing District contains one parcel. The parcel is occupied since it meets the requirements of Section 469.174, Subd. 10(a)(1) in that at least 70% of the area of this parcel is occupied by buildings, streets, utilities, paved or gravel parking lots or similar structures. There is one building located in the Tax Increment Financing District. The building is "structurally substandard" to a degree requiring substantial renovation or clearance. The "structurally substandard" building is not in compliance with the building code applicable to new buildings, and the costs of modifying the building to satisfy the building code is more than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The reasons and supporting facts for these determinations are set forth in a report dated March 6, 2014, prepared by LHB, Inc., a copy of which is on file with the Executive Director of the HRA, which determinations are ratified by the City Council. There have been no building permits issued or improvements made to the building since the date of the report.

The HRA and the City have determined that the proposed development of the Tax Increment Financing District would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing is approximately $0, which is less than the increase in the market value estimated to result from the proposed development (i.e., approximately $31,987,600) after subtracting the present value of the projected tax increments for the maximum duration of the Tax Increment Financing District, which is approximately $8,755,670.

Section 14. Duration of Tax Increment Financing District. The duration of Tax Increment Financing District will be 25 years from the receipt of the first tax increment. The Authority elects 2017 as the date of receipt of the first tax increment. Attached as Exhibit C is a projected cash flow showing the estimated receipt of tax increments from the Tax Increment Financing District.

Section 15. Alternate Estimates of the Impact of the Tax Increment Financing on the Net Tax Capacities of All Taxing Jurisdictions. The impact of this Tax Increment Financing District on the affected taxing jurisdictions is reflected in the HRA's anticipated need to utilize the tax increments generated from this Tax Increment Financing District during the period described in Section 14 above for the purposes of financing the public costs referenced in Section 9 above, as the same may be amended, following which period the increased assessed valuations will inure to the benefit of such taxing jurisdictions.

For the payable 2014 property taxes, the respective proposed tax capacity rates and net tax capacities of these taxing jurisdictions are set out in Exhibit D.

On the assumption that the estimated captured tax capacity of this Tax Increment Financing District would be available to the above taxing jurisdictions without creation of this Tax Increment Financing District, the impact of this tax increment financing on the tax capacities of those taxing jurisdictions is relatively small, as shown by comparing on a percentage basis the marginal effect on tax capacity rates and by comparing the estimated $470,606 of captured tax capacity, to the tax capacities of each of those jurisdictions, respectively.

On the alternate assumption, that none of the estimated captured tax capacity would be available to these taxing jurisdictions without the District, there would be no effect on the other taxing jurisdictions, but upon the expiration or earlier termination of the Tax Increment District, each taxing jurisdiction's tax capacity would be increased by the captured tax capacity, as it may be adjusted over that time period.

The estimated amount of tax increment that will be generated over the life of the Tax Increment District is approximately $19,959,599. The estimated amount of tax increment attributable to the School District and County levies is estimated to be approximately $5,671,212 and $7,213,806 respectively assuming a total local tax rate of 163.125%, for tax payable year 2014. The School District's general education levy tax rate is not captured in tax increment and therefore is not included in the School District impact amount. It is not expected that the Tax Increment District will have any impact on the need for new or improved public infrastructure, other than the infrastructure paid for by tax increments or from other public and private funds currently appropriated. The impact on City provided services such as police and fire protection are anticipated to increase only slightly as a result of the Tax Increment Financing District.

Section 16. <u>Modification of Tax Increment Financing District and/or Tax Increment Financing Plan</u>. No modifications to the Tax Increment Financing District or the Tax Increment Financing Plan, except as provided herein, have been made as of the date hereof.

Section 17. <u>Modifications to Tax Increment Financing District</u>.

In accordance with Minnesota Statutes, Section 469.175, Subd. 4, any:

A. reduction or enlargement of the geographic area of the Redevelopment Project Area or the Tax Increment Financing District;

B. increase in amount of bonded indebtedness to be incurred, including a determination to capitalize interest on debt if that determination was not a part of the original plan, or to increase or decrease the amount of interest on the debt to be capitalized;

C. increase in the portion of the captured net tax capacity to be retained by the HRA;

D. increase in total estimated tax increment expenditures; or

E. designation of additional property to be acquired by the HRA;

shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original Tax Increment Financing Plan.

The geographic area of the Tax Increment Financing District may be reduced, but shall not be enlarged after five years following the date of certification of the original net tax capacity by the County Auditor. The requirements of this paragraph do not apply if (1) the only modification is elimination of parcel(s) from the Tax Increment Financing District, and (2)(A) the current net tax capacity of the parcel(s) eliminated from the Tax Increment Financing District equals or exceeds the net tax capacity of those parcel(s) in the Tax Increment Financing District's original net tax capacity, or (B) the HRA agrees that, notwithstanding Minnesota Statutes, Section 469.177, Subd. 1, the original net tax capacity will be reduced by no more than the current net tax capacity of the parcel(s) eliminated from the Tax Increment Financing District.

The HRA must notify the County Auditor of any modification that reduces or enlarges the geographic area of the Tax Increment Financing District or the Redevelopment Project Area. Modifications to the Tax Increment Financing District in the form of a budget modification or an expansion of the boundaries will be recorded in the Tax Increment Financing Plan.

Section 18. Administrative Expenses.

In accordance with Minnesota Statutes, Section 469.174, Subd. 14, and Minnesota Statutes, Section 469.176, Subd. 3, administrative expenses means all expenditures of the HRA, other than:

A. amounts paid for the purchase of land or amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the district;

B. relocation benefits paid to or services provided for persons residing or businesses located in the district; or

C. amounts used to pay interest on, fund a reserve for, or sell at a discount bonds issued pursuant to Minnesota Statutes, Section 469.178.

Administrative expenses also include amounts paid for services provided by bond counsel, fiscal consultants, and planning or economic development consultants. Tax increment may be used to pay any authorized and documented administrative expenses for the Tax Increment Financing District up to but not to exceed 10% of the total tax increment expenditures authorized by this Tax Increment Financing Plan or the total tax increment expenditures, whichever is less.

Pursuant to Minnesota Statutes, Section 469.176, Subd. 4h, tax increments may be used to pay for the county's actual administrative expenses incurred in connection with the Tax

Increment Financing District. The county may require payment of those expenses by February l5 of the year following the year the expenses were incurred.

Pursuant to Minnesota Statutes, Section 469.177, Subd. 11, the county treasurer shall deduct an amount equal to approximately thirty-six hundredths of one percent (.36%) of any tax increment distributed to the HRA and the county treasurer shall pay the amount deducted to the state treasurer for deposit in the state general fund to be appropriated to the State Auditor for the cost of financial reporting of tax increment financing information and the cost of examining and auditing authorities' use of tax increment financing.

Section 19. Limitation of Increment.

Pursuant to Minnesota Statutes, Section 469.176, Subd. 6:

> if after four years from the date of certification of the original net tax capacity of the tax increment financing district pursuant to Minnesota Statutes, Section 469.177, no demolition, rehabilitation or renovation of property or other site preparation, including qualified improvement of a street adjacent to a parcel but not installation of utility service including sewer or water systems, has been commenced on a parcel located within a tax increment financing district by the authority or by the owner of the parcel in accordance with the tax increment financing plan, no additional tax increment may be taken from that parcel and the original net tax capacity of that parcel shall be excluded from the original net tax capacity of the tax increment financing district. If the authority or the owner of the parcel subsequently commences demolition, rehabilitation or renovation or other site preparation on that parcel including qualified improvement of a street adjacent to that parcel, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced and the county auditor shall certify the net tax capacity thereof as most recently certified by the commissioner of revenue and add it to the original net tax capacity of the tax increment financing district. The county auditor must enforce the provisions of this subdivision. For purposes of this subdivision, qualified improvements of a street are limited to (1) construction or opening of a new street, (2) relocation of a street, and (3) substantial reconstruction or rebuilding of an existing street.

Section 20. Use of Tax Increment.

The HRA hereby determines that it will use 100% of the captured net tax capacity of taxable property located in the Tax Increment Financing District for the following purposes:

A. to pay the principal of and interest on bonds used to finance a project;

B. to finance, or otherwise pay the capital and administration costs of the Redevelopment Project Area pursuant to the Minnesota Statutes, Sections 469.001 to 469.047;

C. to pay for project costs as identified in the budget;

D. to finance, or otherwise pay for other purposes as provided in Minnesota Statutes, Section 469.176, Subd. 4;

E. to pay principal and interest on any loans, advances or other payments made to the HRA or for the benefit of the Redevelopment Project Area by the developer;

F. to finance or otherwise pay premiums and other costs for insurance, credit enhancement, or other security guaranteeing the payment when due of principal and interest on tax increment bonds or bonds issued pursuant to the Tax Increment Financing Plan or pursuant to Minnesota Statutes, Chapter 462C and Minnesota Statutes, Sections 469.152 to 469.1655, or both; and

G. to accumulate or maintain a reserve securing the payment when due of the principal and interest on the tax increment bonds or bonds issued pursuant to Minnesota Statutes, Chapter 462C and Minnesota Statutes, Sections 469.152 to 469.1655, or both.

These revenues shall not be used to circumvent any levy limitations applicable to the HRA nor for other purposes prohibited by Minnesota Statutes, Section 469.176, Subd. 4.

Section 21. Notification of Prior Planned Improvements.

The HRA shall, after due and diligent search, accompany its request for certification to the County Auditor or its notice of the Tax Increment Financing District enlargement with a listing of all properties within the Tax Increment Financing District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the Tax Increment Financing Plan by the City pursuant to Minnesota Statutes, Section 469.175, Subd. 3. The County Auditor shall increase the original value of the Tax Increment Financing District by the value of improvements for which a building permit was issued.

Section 22. Excess Tax Increments.

Pursuant to Minnesota Statutes, Section 469.176, Subd 2, in any year in which the tax increment exceeds the amount necessary to pay the costs authorized by the Plan, including the amount necessary to cancel any tax levy as provided in Minnesota Statutes, Section 475.61, Subd. 3, the HRA shall use the excess amount to do any of the following:

A. prepay any outstanding bonds;

B. discharge the pledge of tax increment therefor;

C. pay into an escrow account dedicated to the payment of such bond; or

D. return the excess to the County Auditor for redistribution to the respective taxing jurisdictions in proportion to their local tax rates.

In addition, the HRA may, subject to the limitations set forth herein, choose to modify the Plan in order to finance additional public costs in the Tax Increment Financing District or Redevelopment Project Area.

Section 23. Other Limitations on the Use of Tax Increment.

A. General Limitations. All revenue derived from tax increment shall be used in accordance with the Tax Increment Financing Plan. The revenues shall be used to finance, or otherwise pay the capital and administration costs of the Redevelopment Project Area pursuant to the HRA Law;

These revenues shall not be used to circumvent existing levy limit law. No revenues derived from tax increment shall be used for 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 provision shall not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure or a privately owned facility for conference purposes.

B. Pooling Limitations. At least 75% of tax increments from the Tax Increment Financing District must be expended on activities in the Tax Increment Financing District or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities within said district or to pay, or secure payment of, debt service on credit enhanced bonds. Not more than 25% of said tax increments may be expended, through a development fund or otherwise, on activities outside of the Tax Increment Financing District except to pay, or secure payment of, debt service on credit enhanced bonds. For purposes of applying this restriction, all administrative expenses must be treated as if they were solely for activities outside of the Tax Increment Financing District. As set forth in paragraph D below, the Authority elects to increase its pooling percentage by 10% on activities located outside the Tax Increment District as permitted by Minnesota Statutes, Section 469.1763, Subd. 2(d).

C. Five Year Limitation on Commitment of Tax Increments. Tax increments derived from the Tax Increment Financing District shall be deemed to have satisfied the 75% test set forth in paragraph B above only if the five year rule set forth in Minnesota Statutes, Section 469.1763, Subd. 3, has been satisfied; and beginning with the sixth year following certification of the Tax Increment Financing District, 75% of said tax increments that remain after expenditures permitted under said five year rule must be used only to pay previously commitment expenditures or credit enhanced bonds as more fully set forth in Minnesota Statutes, Section 469.1763, Subd. 5.

D. Expenditures Outside District. The Authority hereby elects to spend an additional 10% of the tax increments on activities located outside the Tax Increment District as permitted by Minnesota Statutes, Section 469.1763, Subd. 2(d) provided that the expenditures meet the following requirements, as such requirements may be amended from time to time:

(1) they are used exclusively to assist housing that meets the requirements for a qualified low-income building as defined in Section 42 of the Internal Revenue Code of 1986, as amended (the "Code");

(2) they do not exceed the qualified basis of housing as defined under Section 42(c) of the Code less the amount of any credit allowed under Section 42 of the Code, and

(3) they are used to (i) acquire and prepare the site for housing, (ii) acquire, construct or rehabilitate the housing or (iii) make public improvements directly related to the housing.

(4) to be used to develop housing:

(i) if the market value of the housing does not exceed the lesser of

(a) 150 percent of the average market value of single-family homes in that municipality; or

(b) $200,000 for municipalities located in the metropolitan area, as defined in Section 473.121, or $125,000 for all other municipalities; and

(ii) if the expenditures are used to pay the costs of site acquisition, relocation, demolition of existing structures, site preparation, and pollution abatement on one or more parcels, if the parcel contains a residence containing one to four family dwelling units that has been vacant for six or more months and is in foreclosure as defined in Section 325N.10, subdivision 7, but without regard to whether the residence is the owner's principal residence, and only after the redemption period stated in the notice provided under Section 580.06 has expired.

Section 24. <u>County Road Costs</u>.

Pursuant to Minnesota Statutes, Section 469.175, Subd. 1a, the county board may require the HRA to pay for all or part of the cost of county road improvements if, the proposed development to be assisted by tax increment will, in the judgment of the county, substantially increase the use of county roads requiring construction of road improvements or other road costs and if the road improvements are not scheduled within the next five years under a capital improvement plan or other county plan.

In the opinion of the HRA and consultants, the proposed development outlined in this Plan will have little or no impact upon county roads. If the county elects to use increments to improve county roads, it must notify the HRA within thirty days of receipt of this Plan.

Section 25. Assessment Agreements.

Pursuant to Minnesota Statutes, Section 469.177, Subd. 8, the HRA may enter into an agreement in recordable form with the developer of property within the Tax Increment Financing District which establishes a minimum market value of the land and completed improvements for the duration of the Tax Increment Financing District. The assessment agreement shall be presented to the assessor who shall review the plans and specifications for the improvements constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appear, in the judgment of the assessor, to be a reasonable estimate, the assessor may certify the minimum market value agreement. The HRA does not anticipate entering into assessment agreements establishing a minimum market value upon completion.

Section 26. Administration of the Tax Increment Financing District.

Administration of the Tax Increment Financing District will be handled by the Executive Director of the HRA.

Section 27. Financial Reporting Requirements.

The HRA will comply with all reporting requirements of Minnesota Statutes, Section 469.175, Subd. 5, 6 and 6a.

EXHIBIT A

Estimates of Tax Increments and Uses

Name of District: Custom House
Type of District: Redevelopment District
Duration of District: 25 years following 1st collection

ESTIMATED TAX INCREMENT REVENUES	Estimated Amount
Tax Increment Revenue (1)	$19,900,000
Interest and Investment Earnings	$100,000
Estimated Tax Increment Revenues	**$20,000,000**
ESTIMATED PROJECT/FINANCING COSTS	**Estimated Amount**
Land/Building Acquisition	$2,500,000
Site Improvements/Preparation Costs	$3,300,000
Utilities	
Other Qualifying Public Improvements	$1,990,000
Construction of Affordable Housing	$2,985,000
Administrative Costs	$1,990,000
Estimated Tax Increment Project Costs	**$12,765,000**
Estimated Financing Costs	
Interest Expense	$7,235,000
Total Est. Project/Financing Costs Paid From Tax Increment	**$20,000,000**

(1) Net of State Auditor Deduction

EXHIBIT B

TIF Assumptions

Housing & Redevelopment Authority of the City of St. Paul

Name of Project	Custom House/Post Office	
Name of Developer	Ironton Custom House LLC	
Type of TIF District	Redevelopment	
Maximum Duration	25 years after 1st collection	
Est. Date of Certification Request	6/30/2014	
Elect First Year	Yes	
Est. First Year of Increment	2017	
Final Year of Increment (Max)	2042	
Tax Rates	Final Pay 2014	
City of St. Paul	46.067%	
Ramsey County	58.957%	
ISD #625 w/o General Ed Levy	46.349%	
ISD #625 General Ed Levy	*0.357%*	*
Miscellaneous	11.752%	
Total Local Rate	163.482%	
Local Rated Captured for TIF	163.125%	

** Captured Rate Excludes ISD #625 General Ed Levy*

Watershed Name/No.	Capital Region/151
Fiscal Disparity (In or Out)	Outside TIF (Clause A)
Sharing Factor	29.8048%
FD Tax Rate	163.1210%
State General Tax Rate	52.1600%
Market Value Based Tax Rate (ISD #625)	0.13684%
Assess year values for base	2013
Pay year values for base	2014
Admin Retainage	10.00%
Pooling Retainage	25.00%

Prepared by PED (5/7/2014)

EXHIBIT B (Cont'd)

TIF Assumptions

Housing & Redevelopment Authority of the City of St. Paul
Custom House/Post Office
Tax Increment Financing District (Redevelopment)

	Assess 2013-Pay 2014		
Proposed TIF Parcels	Est. Market Value	Current Class	Current TC
06.28.22.11.0025	5,000,000	Exempt	0

Proposed Redevelopment Units		
Total Building SF	740,000	
Commercial SF	348,212	
Residential SF	391,788	(202 units)

Adjust Current Classification of Parcels Based On Redevelopment Uses

	Est. Market Value	Classification	Adjusted TC
Total Residential	2,647,214	Rental	33,090
Total C/I	2,352,786	C/I Preferred	46,306
	5,000,000		79,396

Proposed Project		*Component Value*
Apartments		
Market Value per Rental Unit*	$123,762	*$25,000,000*
Total No. of Apartments	202	
Hotel Units		
Market Value per Hotel Unit*	$50,000	*$7,500,000*
Total Retail Space	150	
Commercial Space		
Market Value per Unit*	$86.37	*$890,600*
Total Gross SF	10,312	
Storage Units		
Market Value per Unit*	$52.66	*$3,597,000*
Total Gross SF	68,310	

	Est. Market Value	Tax Capacity
Apartments	$25,000,000	$312,500
Commercial Units	$11,987,600	$237,502
Total Project	**$36,987,600**	**$550,002**
Increased Market Value	***$31,987,600***	

Project Timing	
Construction Start	8/1/2014
Project Opening	11/1/2015
Stabilized Occupancy	11/1/2016

*** Estimated by Ramsey County**

Prepared by PED (5/7/2014)

EXHIBIT C
Projected Tax Increments

Housing & Redevelopment Authority of the City of St. Paul
Custom House/Post Office
Tax Increment Financing District (Redevelopment)
Market Rate Rental Housing - 202 Apts @ $123K/unit; 150 Hotel Units @ $50K/unit; 68,310 sf storage @ $52.66/sf
Total Estimated Market Value of $36,987,600 with 0% Inflation, Fiscal Disparity Outside (Clause A), Final Pay 2014 Tax Rate - Elect First Year 2017

Assess Year (1)	Collect Year (2)	Total Est. Market Value (3)	Total Net Tax Capacity (4)	Less Original Net Tax Capacity (5)	Captured Net Tax Capacity (6)	Local Captured Tax Rate* (7)	Projected Tax Increment (8)	Less State Auditor Deduction 0.360% (9)	Annual TI to HRA (10)	Less Admin Retainage 10.00% (11)	Less Pooling Retainage 25.00% (12)	Annual Net Revenue to Developer 65.00% (13)
2014	2015	$5,000,000	79,396	(79,396)	0	163.125%	$0	$0	$0	$0	$0	$0
2015	2016	$14,795,040	79,396	(79,396)	0	163.125%	$0	$0	$0	$0	$0	$0
2016	2017	$36,987,600	550,002	(79,396)	470,606	163.125%	$767,677	($2,764)	$764,913	($76,491)	($191,228)	$497,194
2017	2018	$36,987,600	550,002	(79,396)	470,606	163.125%	$767,677	($2,764)	$764,913	($76,491)	($191,228)	$497,194
2018	2019	$36,987,600	550,002	(79,396)	470,606	163.125%	$767,677	($2,764)	$764,913	($76,491)	($191,228)	$497,194
2019	2020	$36,987,600	550,002	(79,396)	470,606	163.125%	$767,677	($2,764)	$764,913	($76,491)	($191,228)	$497,194
2020	2021	$36,987,600	550,002	(79,396)	470,606	163.125%	$767,677	($2,764)	$764,913	($76,491)	($191,228)	$497,194
2021	2022	$36,987,600	550,002	(79,396)	470,606	163.125%	$767,677	($2,764)	$764,913	($76,491)	($191,228)	$497,194
2022	2023	$36,987,600	550,002	(79,396)	470,606	163.125%	$767,677	($2,764)	$764,913	($76,491)	($191,228)	$497,194
2023	2024	$36,987,600	550,002	(79,396)	470,606	163.125%	$767,677	($2,764)	$764,913	($76,491)	($191,228)	$497,194
2024	2025	$36,987,600	550,002	(79,396)	470,606	163.125%	$767,677	($2,764)	$764,913	($76,491)	($191,228)	$497,194
2025	2026	$36,987,600	550,002	(79,396)	470,606	163.125%	$767,677	($2,764)	$764,913	($76,491)	($191,228)	$497,194
2026	2027	$36,987,600	550,002	(79,396)	470,606	163.125%	$767,677	($2,764)	$764,913	($76,491)	($191,228)	$497,194
2027	2028	$36,987,600	550,002	(79,396)	470,606	163.125%	$767,677	($2,764)	$764,913	($76,491)	($191,228)	$497,194
2028	2029	$36,987,600	550,002	(79,396)	470,606	163.125%	$767,677	($2,764)	$764,913	($76,491)	($191,228)	$497,194
2029	2030	$36,987,600	550,002	(79,396)	470,606	163.125%	$767,677	($2,764)	$764,913	($76,491)	($191,228)	$497,194
2030	2031	$36,987,600	550,002	(79,396)	470,606	163.125%	$767,677	($2,764)	$764,913	($76,491)	($191,228)	$497,194
2031	2032	$36,987,600	550,002	(79,396)	470,606	163.125%	$767,677	($2,764)	$764,913	($76,491)	($191,228)	$497,194
2032	2033	$36,987,600	550,002	(79,396)	470,606	163.125%	$767,677	($2,764)	$764,913	($76,491)	($191,228)	$497,194
2033	2034	$36,987,600	550,002	(79,396)	470,606	163.125%	$767,677	($2,764)	$764,913	($76,491)	($191,228)	$497,194
2034	2035	$36,987,600	550,002	(79,396)	470,606	163.125%	$767,677	($2,764)	$764,913	($76,491)	($191,228)	$497,194
2035	2036	$36,987,600	550,002	(79,396)	470,606	163.125%	$767,677	($2,764)	$764,913	($76,491)	($191,228)	$497,194
2036	2037	$36,987,600	550,002	(79,396)	470,606	163.125%	$767,677	($2,764)	$764,913	($76,491)	($191,228)	$497,194
2037	2038	$36,987,600	550,002	(79,396)	470,606	163.125%	$767,677	($2,764)	$764,913	($76,491)	($191,228)	$497,194
2038	2039	$36,987,600	550,002	(79,396)	470,606	163.125%	$767,677	($2,764)	$764,913	($76,491)	($191,228)	$497,194
2039	2040	$36,987,600	550,002	(79,396)	470,606	163.125%	$767,677	($2,764)	$764,913	($76,491)	($191,228)	$497,194
2040	2041	$36,987,600	550,002	(79,396)	470,606	163.125%	$767,677	($2,764)	$764,913	($76,491)	($191,228)	$497,194
2041	2042	$36,987,600	550,002	(79,396)	470,606	163.125%	$767,677	($2,764)	$764,913	($76,491)	($191,228)	$497,194
							$19,959,599	($71,855)	$19,887,745	($1,988,774)	($4,971,936)	$12,927,034

**** Final Pay 2014 tax rate received from Ramsey County (excludes School District's General Education Levy)***

Prepared by PED (5/7/2014)

EXHIBIT D

Fiscal and Economic Impact on Other Taxing Jurisdictions

Housing & Redevelopment Authority of the City of St. Paul
Custom House/Post Office
Tax Increment Financing District (Redevelopment)
Statement of Alternate Estimates of the Impact of Tax Increment Financing

	No Captured Net Tax Capacity Without Creation of District		Captured Net Tax Capacity Available Without Creation of District					
Taxing Jurisdiction	Final Pay 2014 Taxable Net Tax Capacity (a)	Final Pay 2014 Local Tax Rate*	Final Pay 2014 Taxable Net Tax Capacity (a)	Projected Captured Net Tax Capacity	New Taxable Net Tax Capacity (b)	Hypothetical Local Tax Rate	Hypothetical Decline in Local Tax Rate	Hypothetical Tax Generated by Captured Net Tax
City of St. Paul	170,900,879	46.067%	170,900,879	470,606	171,371,485	45.940%	0.127%	$216,793
Ramsey County	373,064,850	58.957%	373,064,850	470,606	373,535,456	58.882%	0.074%	$277,454
ISD #625 w/o General Ed Levy	170,902,362	46.349%	170,902,362	470,606	171,372,968	46.222%	0.127%	$218,124
Miscellaneous **	-	11.752%	-	-	-	11.752%	0.000%	$0
		163.125%				162.797%	0.328%	$712,371

Statement #1: If assume the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district, the taxing jurisdictions would have increased taxable net tax capacity to tax upon thereby resulting in a hypothetical decline in the local tax rate, while producing the same level of taxes. The above hypothetical analysis indicates a total tax rate decline of 0.328%; alternatively an increase in taxable net tax capacity without a reduction in the tax rate would produce an additional $712,371 of taxes.

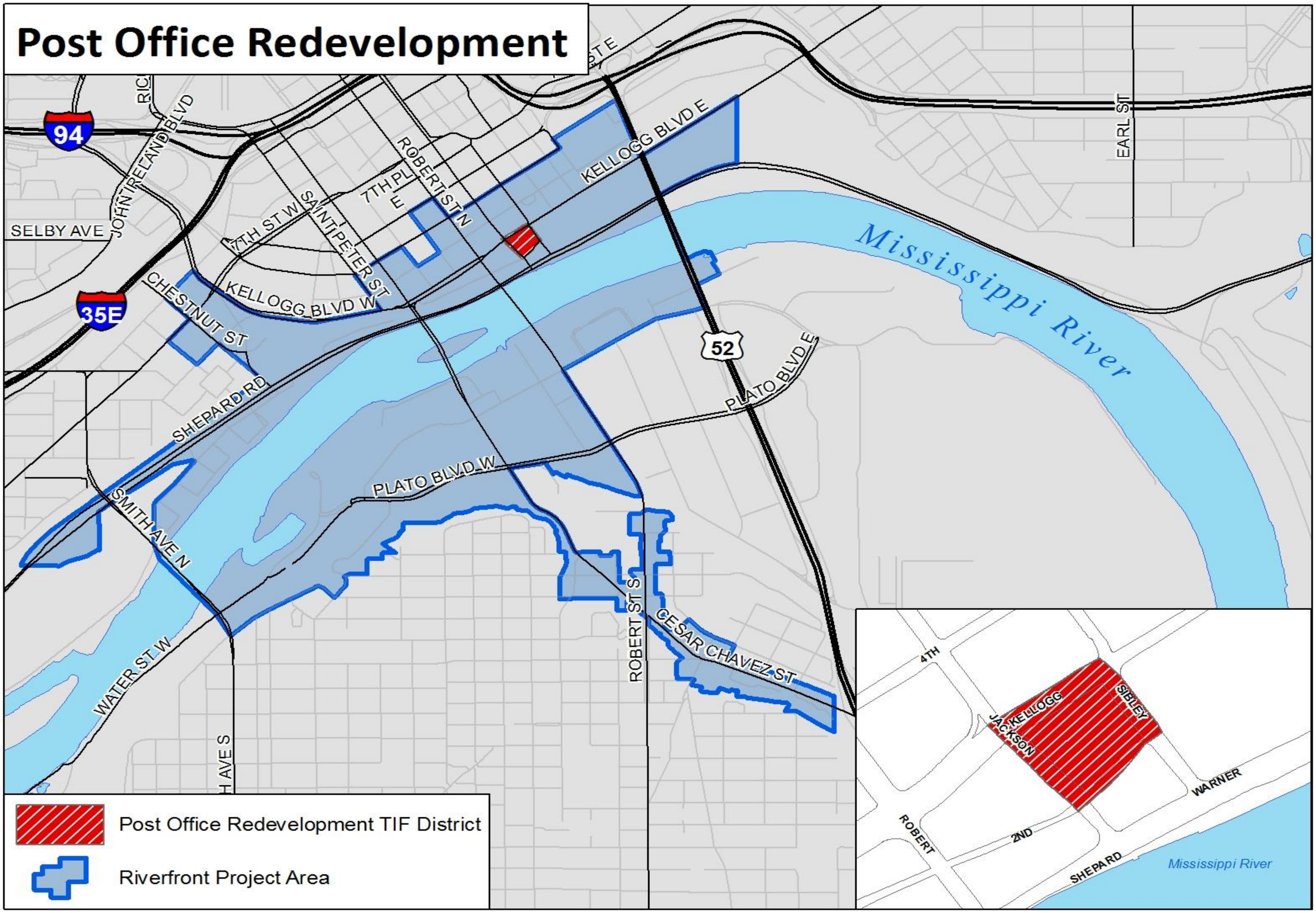
Statement #2: If assume the estimated captured net tax capacity would not be available to the taxing jurisdictions without creation of the district, the projected captured net tax capacity shown above would not be available and the taxing jurisdictions would have no change to their taxable net tax capacity or tax rates.

** The rate for ISD #625 excludes the General Education Levy which is not captured in TIF*
*** The miscellaneous taxing jurisdictions have been excluded as they represent just 7.2% of the total local tax rate.*

(a) Taxable Net Tax Capacity equals the total tax capacity minus tax increment tax capacity minus fiscal disparity contribution ("Value for Local Rate")
(b) New Taxable Net Tax Capacity adds Projected Captured Net Tax Capacity to Taxable Net Tax Capacity

EXHIBIT E

Map of Tax Increment District



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