AMENDED AND RESTATED TAX INCREMENT FINANCING PLAN

for the establishment of the

PENFIELD REDEVELOPMENT TAX INCREMENT FINANCING DISTRICT
(a redevelopment district)

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

Approved by City Council: June 21, 2006
Adopted by Authority: June 28, 2006

Amended and Restated Plan
Approved by City Council: February 15, 2012
Adopted by Authority: February 22, 2012

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(for reference purposes only)

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THE PENFIELD 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 Saint Paul Neighborhood Redevelopment 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 city block 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 new rental housing, including commercial space and relating structured parking (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 Project Area will be expanded when approximately 254 units of 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 parcels in the Tax Increment Financing District will increase by approximately $29,008,750 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.

Section 4. Redevelopment Plan Overview.

1. Property to be Acquired – The HRA owns all the property within the Tax Increment Financing District. The HRA will redevelop the property through Penfield Apartments, LLC, a Minnesota limited liability company, of which the HRA is the sole member.

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

3. The HRA may lease land or facilities to a private entity for commercial use.

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** |
|---|---|
| 31.29.22.43.1544 | 101 East Tenth Street |

Including all interior and adjacent public streets and rights of way. A map showing the parcel to be included in the Tax Increment District is attached hereto 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 owns the parcel identified in Section 5 of this Tax Increment Financing Plan. The HRA did not acquire the parcel with proceeds of tax increment revenue bonds.

The following are conditions under which properties not designated to be acquired may be acquired at a future date:

1. 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.

2. 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. The Penfield Apartments LLC proposes to undertake the construction of approximately 254 units of rental sale housing, 27,550 square feet of commercial space and 329 related structured parking spaces (the “Development”). The total development costs are estimated to be approximately $62,050,000, and the development is expected to be substantially completed by July 31, 2014. The following contracts have been or will be entered into by the HRA or Penfield Apartments LLC, which is owned by the HRA, and the persons named below:

A Lease with Lunds dated August 18, 2010 and a First Amendment to Lease dated November 30, 2011.

An agreement dated October 29, 2010, with Dougherty Mortgage, regarding the application of HUD mortgage insurance for a Dougherty Mortgage loan for the project.

A resolution of the HRA adopted on December 22, 2011 approving the allocation of capital contributions to the Penfield Apartments LLC for financing and construction of the project.

A loan agreement with Dougherty Mortgage upon HUD approval of mortgage insurance for the project. The anticipated closing date is July 15, 2012.

A tax increment financing agreement to be entered into between Penfield Apartments LLC and the HRA.

An AIA Document B108 architect agreement with BKV Group, Inc. dated December 16, 2011.

An "owner's representative" agreement with Studio Five Architects, Inc. dated August 11, 2011.

A consulting agreement with Village Green Residential Properties LLC dated February 1, 2011.

A construction contract with Weis Builders.

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, paragraph 2.

Estimated costs associated with 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 or the City, the principal amount of permanent long term financing is estimated not to exceed $15,000,000.

Section 11. Sources of Revenue. The costs outlined in Section 9 above will be financed from proceeds of the sale of revenue bonds or notes, or on a pay as you go basis through the annual collection of tax increments. Other sources of revenues to pay the costs include a Minnesota Department of Employment and Economic Development (DEED) contamination cleanup grant; DEED redevelopment grant; Metropolitan Council Livable Communities Demonstration Account grant; a Ramsey County Environmental Response grant, and a private loan insured by the Department of Housing and Urban Development as a Government National Mortgage Association security. The market value upon completion of the Project is estimated to be approximately $31,400,000.

Section 12. Estimated Captured Tax Capacity and Estimate of Tax Increment. The property in the Tax Increment District is currently tax exempt. If the property were taxable, the HRA estimates the current tax capacity of Tax Increment Financing District would be approximately $31,850 based on the proposed redevelopment uses. The captured tax capacity of Tax Increment Financing District, upon completion and initial occupancy of the building, is estimated to be $385,525 which is estimated to occur by December 31, 2014, for taxes payable in 2016. The HRA elects to delay the receipt of the first increment until tax payable year 2015.

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) and (a)(3).

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. In addition, there is only 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 such 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 support facts for these determinations are set forth in a report dated January 16, 2006, prepared by Short Elliot Hendrickson, Inc., a copy of which is on file with the Executive Director of the HRA. There have been no permits issued or improvements made to the building since the date of the report. The parcel number identified in this report has since changed to that shown in Section 5 above.

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 $31,383,750) after subtracting the present value of the projected tax increments for the maximum duration of the Tax Increment Financing District, which is approximately $7,903,683.

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 date of receipt of the first tax increment is expected to be in 2015 (per HRA election). 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 2012 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 $385,525 of captured tax capacity in assessment year 2015, 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 this portion 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 $15,133,793. The estimated amount of tax increment attributable to the School District and County levies is estimated to be approximately $3,940,486 and $5,591,067 respectively assuming a total local tax rate of 152.997%, proposed for tax payable year 2012. 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 District. The Authority will provide any additional infrastructure requested by the County or School District.

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

Section 17. Modifications to Tax Increment Financing District.

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

1. reduction or enlargement of the geographic area of the Tax Increment Financing District;

2. 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;

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

4. increase in total estimated tax increment expenditures; or

5. designation of additional property to be acquired by the HRA,

shall be approved upon 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 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:

1. 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;

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

3. 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 percent 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 percent of the captured net tax capacity of taxable property located in the Tax Increment Financing District for the following purposes:

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

2. 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;

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

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

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

6. 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 469.1651, or both; and

7. 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 469.1651, 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 municipality 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:

1. prepay any outstanding bonds;

2. discharge the pledge of tax increment therefor;

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

4. 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.

1. 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, recreation 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.

2. <u>Pooling Limitations</u>. 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.

3. <u>Five Year Limitation on Commitment of Tax Increments</u>. Tax increments derived from the Tax Increment Financing District shall be deemed to have satisfied the 75% test set forth in paragraph (2) 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.

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. <u>Assessment Agreements</u>.

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: Penfield
Type of District: Redevelopment District
Duration of District: 25 years following 1st collection

| **ESTIMATED REVENUES** | **Estimated Amount** |
|---|---|
| Tax Increment Revenue (1) | $15,080,000 |
| | |
| | |
| **ESTIMATED PROJECT/FINANCING COSTS** | **Estimated Amount** |
| Land/Building Acquisition | $0 |
| Site Improvements/Preparation Costs | $495,500 |
| Utilities | $0 |
| Other Qualifying Public Impr (Parking Facilities and Foundation) | $7,800,000 |
| Administrative Costs | $1,500,000 |
| Estimated Tax Increment Project Costs | $9,795,500 |
| | |
| Estimated Financing Costs | |
| Interest Expense | $5,284,500 |
| | |
| Total Estimated Project/Financing Costs Paid to be Paid From Tax Increment | $15,080,000 |

(1) Net of State Auditor Deduction

## EXHIBIT B

TIF Assumptions

Housing & Redevelopment Authority of the City of St. Paul

| | |
|---|---|
| Name of Project | The Penfield Project |
| Name of Developer | Penfield Apartments, LLC |
| Type of TIF District | Redevelopment |
| Maximum Duration | 25 years after 1st collection |
| | |
| Est. Date of Certification Request | 3/1/2012 |
| Elect First Year | Yes |
| Est. First Year of Increment | 2015 |
| Final Year of Increment (Max) | 2040 |
| | |
| Tax Rates | Proposed Pay 2012* |
| City of St. Paul | 45.336% |
| Ramsey County | 56.524% |
| ISD #625 | 39.837% |
| Miscellaneous | 11.300% |
| Total Local Rate | 152.997% |
| Watershed Name/No. | Capital Region/151 |
| | |
| Fiscal Disparity (In or Out) | Outside TIF (Clause A) |
| Sharing Factor | 31.8918% |
| FD Tax Rate | 141.9450% |
| State General Tax Rate | 52.0000% |
| Market Value Based Tax Rate (ISD #625) | 0.14915% |
| | |
| Assess year values for base** | 2011 |
| Pay year values for base | 2012 |

** Property is currently tax-exempt and County will determine value once property becomes taxable

* Proposed Pay 2012 rates received from Ramsey County on 12/12/2011 based on Truth In Taxation Notices

# EXHIBIT B (Cont'd)

TIF Assumptions

**Housing & Redevelopment Authority of the City of St. Paul**
**The Penfield Project**
**Tax Increment Financing District (Redevelopment)**

| | Assess 2011-Pay 2012 | | |
|---|---|---|---|
| Proposed TIF Parcels | Market Value | Current Class | Current TC |
| 31.29.22.43.1544 | 3,395,200 | Exempt | 0 |
| | 3,395,200 | | 0 |

| Proposed Redevelopment SF | Total | Residential | Commercial |
|---|---|---|---|
| Total Building SF | 281,357 | 253,807 | 27,550 |
| Total Parking SF | 124,968 | 86,083 | 38,885 |
| Total SF | 406,325 | 339,890 | 66,435 |
| % Commercial | 16.35% | | |
| % Residential | 83.65% | | |

County provided base market value of $2.375 million

Adjust Current Classification of Parcels Based On Redevelopment Uses

| | Market Value | Classification | Adjusted TC |
|---|---|---|---|
| *Total Market Rental* | 1,986,682 | Rental | 24,834 |
| *Total C/I* | 388,318 | C/I Preferred | 7,016 |
| | 2,375,000 | | 31,850 |

**Proposed Project**

| | |
|---|---|
| Market Value per Rental Unit | $110,000 |
| Total No. of Apartments | 254 |

| | Market Value | Tax Capacity |
|---|---|---|
| Rental Units | $27,940,000 | 349,250 |
| Total Retail Space | 27,550 | |
| Market Value per SF | $125 | |
| Commercial Units | $3,443,750 | 68,125 |
| **Total Project** | **$31,383,750** | **$417,375** |

| Project Timing | Apartments | Commercial | |
|---|---|---|---|
| Construction Start | 6/1/2012 | | |
| Project Opening | 12/1/2013 | | |
| Stabilized Occupancy | 6/1/2015 | 3/1/2015 | |
| Percent Value By Year | | | |
| Assess 2012/Pay 2013 | 0% | 0% | base value only |
| Assess 2013/Pay 2014 | 15% | 15% | |
| Assess 2014/Pay 2015 | 75% | 35% | |
| Assess 2015/Pay 2016 | 100% | 100% | |

# EXHIBIT C

## Projected Tax Increments

**Housing & Redevelopment Authority of the City of St. Paul**

**The Penfield Project**

**Tax Increment Financing District (Redevelopment) - Elect 2015 as First Year**

**Rental Housing - 254 Apts @ $110,000/unit Plus 27,550 SF of Retail @ $125/sf**

**Total Estimated Market Value of $31.383M with 0% Inflation, Fiscal Disparity Outside (Clause A), Proposed Pay 2012 Tax Rates**

| 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) | Est. Local Tax Rate (7) | Projected Tax Increment (8) | Est. TI Attributable to City Levy 45.336% (9) | Est. TI Attributable to County 56.524% (10) | Est. TI Attributable to SD Levy 39.837% (11) | Less State Auditor Deduction 0.360% (12) | Annual TI to HRA (13) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2012 | 2013 | $2,375,000 | 31,850 | (31,850) | 0 | 152.997% | $0 | $0 | $0 | $0 | $0 | $0 |
| 2013 | 2014 | $4,707,563 | 31,850 | (31,850) | 0 | 152.997% | $0 | $0 | $0 | $0 | $0 | $0 |
| 2014 | 2015 | $22,160,313 | 285,294 | (31,850) | 253,444 | 152.997% | $387,761 | $114,902 | $143,255 | $100,964 | ($1,396) | $386,365 |
| 2015 | 2016 | $31,383,750 | 417,375 | (31,850) | 385,525 | 152.997% | $589,841 | $174,782 | $217,912 | $153,581 | ($2,123) | $587,718 |
| 2016 | 2017 | $31,383,750 | 417,375 | (31,850) | 385,525 | 152.997% | $589,841 | $174,782 | $217,912 | $153,581 | ($2,123) | $587,718 |
| 2017 | 2018 | $31,383,750 | 417,375 | (31,850) | 385,525 | 152.997% | $589,841 | $174,782 | $217,912 | $153,581 | ($2,123) | $587,718 |
| 2018 | 2019 | $31,383,750 | 417,375 | (31,850) | 385,525 | 152.997% | $589,841 | $174,782 | $217,912 | $153,581 | ($2,123) | $587,718 |
| 2019 | 2020 | $31,383,750 | 417,375 | (31,850) | 385,525 | 152.997% | $589,841 | $174,782 | $217,912 | $153,581 | ($2,123) | $587,718 |
| 2020 | 2021 | $31,383,750 | 417,375 | (31,850) | 385,525 | 152.997% | $589,841 | $174,782 | $217,912 | $153,581 | ($2,123) | $587,718 |
| 2021 | 2022 | $31,383,750 | 417,375 | (31,850) | 385,525 | 152.997% | $589,841 | $174,782 | $217,912 | $153,581 | ($2,123) | $587,718 |
| 2022 | 2023 | $31,383,750 | 417,375 | (31,850) | 385,525 | 152.997% | $589,841 | $174,782 | $217,912 | $153,581 | ($2,123) | $587,718 |
| 2023 | 2024 | $31,383,750 | 417,375 | (31,850) | 385,525 | 152.997% | $589,841 | $174,782 | $217,912 | $153,581 | ($2,123) | $587,718 |
| 2024 | 2025 | $31,383,750 | 417,375 | (31,850) | 385,525 | 152.997% | $589,841 | $174,782 | $217,912 | $153,581 | ($2,123) | $587,718 |
| 2025 | 2026 | $31,383,750 | 417,375 | (31,850) | 385,525 | 152.997% | $589,841 | $174,782 | $217,912 | $153,581 | ($2,123) | $587,718 |
| 2026 | 2027 | $31,383,750 | 417,375 | (31,850) | 385,525 | 152.997% | $589,841 | $174,782 | $217,912 | $153,581 | ($2,123) | $587,718 |
| 2027 | 2028 | $31,383,750 | 417,375 | (31,850) | 385,525 | 152.997% | $589,841 | $174,782 | $217,912 | $153,581 | ($2,123) | $587,718 |
| 2028 | 2029 | $31,383,750 | 417,375 | (31,850) | 385,525 | 152.997% | $589,841 | $174,782 | $217,912 | $153,581 | ($2,123) | $587,718 |
| 2029 | 2030 | $31,383,750 | 417,375 | (31,850) | 385,525 | 152.997% | $589,841 | $174,782 | $217,912 | $153,581 | ($2,123) | $587,718 |
| 2030 | 2031 | $31,383,750 | 417,375 | (31,850) | 385,525 | 152.997% | $589,841 | $174,782 | $217,912 | $153,581 | ($2,123) | $587,718 |
| 2031 | 2032 | $31,383,750 | 417,375 | (31,850) | 385,525 | 152.997% | $589,841 | $174,782 | $217,912 | $153,581 | ($2,123) | $587,718 |
| 2032 | 2033 | $31,383,750 | 417,375 | (31,850) | 385,525 | 152.997% | $589,841 | $174,782 | $217,912 | $153,581 | ($2,123) | $587,718 |
| 2033 | 2034 | $31,383,750 | 417,375 | (31,850) | 385,525 | 152.997% | $589,841 | $174,782 | $217,912 | $153,581 | ($2,123) | $587,718 |
| 2034 | 2035 | $31,383,750 | 417,375 | (31,850) | 385,525 | 152.997% | $589,841 | $174,782 | $217,912 | $153,581 | ($2,123) | $587,718 |
| 2035 | 2036 | $31,383,750 | 417,375 | (31,850) | 385,525 | 152.997% | $589,841 | $174,782 | $217,912 | $153,581 | ($2,123) | $587,718 |
| 2036 | 2037 | $31,383,750 | 417,375 | (31,850) | 385,525 | 152.997% | $589,841 | $174,782 | $217,912 | $153,581 | ($2,123) | $587,718 |
| 2037 | 2038 | $31,383,750 | 417,375 | (31,850) | 385,525 | 152.997% | $589,841 | $174,782 | $217,912 | $153,581 | ($2,123) | $587,718 |
| 2038 | 2039 | $31,383,750 | 417,375 | (31,850) | 385,525 | 152.997% | $589,841 | $174,782 | $217,912 | $153,581 | ($2,123) | $587,718 |
| 2039 | 2040 | $31,383,750 | 417,375 | (31,850) | 385,525 | 152.997% | $589,841 | $174,782 | $217,912 | $153,581 | ($2,123) | $587,718 |
| | | | | | | | $15,133,793 | $4,484,463 | $5,591,067 | $3,940,486 | ($54,482) | $15,079,312 |

# EXHIBIT D

## Fiscal and Economic Impact on Other Taxing Jurisdictions

**Housing & Redevelopment Authority of the City of St. Paul**
**The Penfield Project**
**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 | Proposed Pay 2012 Taxable Net Tax Capacity (a) | Proposed Pay 2012 Local Tax Rate** | Proposed Pay 2012 Taxable Net Tax Capacity (a) | Projected Captured Net Tax Capacity | New Taxable Net Tax Capacity (b) | Hypothetical Local Tax Rate | Hypothetical Local Tax Rate | Hypothetical Tax Generated by Captured Net Tax |
| City of St. Paul | 179,315,435 | 45.336% | 179,315,435 | 385,525 | 179,700,960 | 45.239% | 0.097% | $174,782 |
| Ramsey County | 389,625,167 | 56.524% | 389,625,167 | 385,525 | 390,010,692 | 56.468% | 0.056% | $217,912 |
| ISD #625 | 179,317,855 | 39.837% | 179,317,855 | 385,525 | 179,703,380 | 39.751% | 0.085% | $153,581 |
| Miscellaneous * | - | 11.300% | - | - | - | 11.300% | 0.000% | $0 |
| | | 152.997% | | | | 152.758% | 0.239% | $546,276 |

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 0.239%; alternatively an increase in taxable net tax capacity without a reduction in the tax rate would produce an additional $546,276 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 miscellaneous taxing jurisdictions have been excluded as they represent just 7.39% of the total local tax rate.*
*** Proposed Pay 2012 rates received from Ramsey County on 12/12/2011 based on Truth In Taxation Notices*

(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 Financing District