

AMENDED AND RESTATED
TAX INCREMENT FINANCING PLAN
for
TAX INCREMENT FINANCING DISTRICT
(East 7th and Bates Senior Housing Project)

HOUSING AND REDEVELOPMENT AUTHORITY
OF THE CITY OF SAINT PAUL, MINNESOTA

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(for reference purposes only)

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SECTION 1. DEFINITIONS

The terms defined below shall, for purposes of the Tax Increment Financing Plan have the meaning herein specified, unless the context otherwise specifically requires:

“Captured Tax Capacity” means the amount by which the current net tax capacity of the tax increment financing district exceeds the original net tax capacity, including the value of property normally taxable as personal property by reason of its location on or over property owned by a tax-exempt entity.

“City” means the City of Saint Paul, Minnesota.

“Comprehensive Plan” means the City’s Comprehensive Plan which contains the objectives, policies, standards and programs to guide public and private land use, development, redevelopment and preservation for all lands and water within the City.

“County” means Ramsey County, Minnesota.

“Governing Body” means the duly appointed City Council of the City.

“Housing Act” means Minnesota Statutes, Section 469.001 to 469.047.

“HRA” means the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota, a body corporate and politic;

“Redevelopment Plan” means Redevelopment Plan for the Redevelopment Project Area.

“Redevelopment Project Area” means the St. Paul Neighborhood Redevelopment Project area depicted on **Exhibit A-1** attached hereto and described in the Redevelopment Plan.

“State” means the State of Minnesota.

“Tax Increment Financing Act” means Minnesota Statutes, Section 469.174 through 469.1794.

“Tax Increment Financing District” means the East 7th and Bates Senior Housing Tax Increment Financing District described in the Tax Increment Financing Plan and depicted on **Exhibit A-2**.

“Tax Increment Financing Plan” means this Amended and Restated Tax Increment Financing Plan for the East 7th and Bates Senior Housing Tax Increment Financing District.

SECTION 2. AMENDED AND RESTATED TAX INCREMENT FINANCING PLAN FOR THE EAST 7TH AND BATES SENIOR HOUSING TAX INCREMENT FINANCING DISTRICT

Subsection 2.1 FORWARD

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 East 7th and Bates Senior Housing Tax Increment Financing District (“Tax Increment Financing District”), a housing tax increment financing district, located in the St. Paul Neighborhood Redevelopment Project area (the “Redevelopment Project Area”).

Subsection 2.2 STATUTORY AUTHORITY

Within the City, there exist areas 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 “Housing Act”) and Sections 469.174 through 469.1794 (the “Tax Increment Financing Act”), to assist in financing public costs related to a project.

Subsection 2.3 STATEMENT OF OBJECTIVES

The Tax Increment Financing District is created to facilitate the acquisition and construction of an affordable senior housing development containing one building of approximately 113 total housing units, with underground parking (the “Housing Development”). In addition, on an adjacent parcel in the Tax Increment Financing District, an approximately 20,000 square foot grocery store with surface parking will be constructed (the “Grocery Store” and, together with the Housing Development, the “Development”). The Tax Increment Financing Plan is expected to achieve many of the objectives outlined in the Redevelopment Plan for the Redevelopment Project Area.

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 Financing District.

The Tax Increment Financing District shall consist of two parcels of land as shown in **Exhibit A-2** and shall include any adjacent and internal roadways and rights-of-way.

Subsection 2.4 REDEVELOPMENT PLAN OVERVIEW

1. Property to be Acquired – The parcel or parcels of land located within the Tax Increment Financing District may be acquired by the HRA.
2. Relocation – If necessary, complete relocation services are available pursuant to Minnesota Statutes, Chapter 117 and other relevant state and federal laws.
3. Upon approval of a developer’s plan relating to a project and completion of the necessary legal requirements, the HRA may sell or assist a developer with the acquisition cost of selected properties within the Tax Increment Financing District, or may lease land or facilities to a developer.

4. The HRA may perform or provide financing for some or all necessary environmental removal or remediation, acquisition, construction, relocation, landscaping, site work, demolition, and required streets and utilities within the Tax Increment Financing District.

Subsection 2.5 PARCELS TO BE INCLUDED IN THE TAX INCREMENT FINANCING DISTRICT

A map showing the boundaries of the Tax Increment Financing District is attached as **Exhibit A-2**. The Tax Increment Financing District shall consist of two parcels of land depicted as Parcel A and Parcel B as shown in **Exhibit A-2** and shall include any adjacent and internal roadways and rights-of-way. The two parcels comprising the Tax Increment Financing District are legally described as follows:

Grocery Store parcel (Parcel A):

Lots 5, 6, 7, 8 and 9, Auditor's Subdivision No. 72, according to the recorded plat thereof, Ramsey County, Minnesota, and part of Lots 10 and 11, said Auditor's Subdivision No. 72, lying northeasterly of a line described as commencing at the most northerly corner of said Lot 5; thence South 55 degrees 32 minutes 00 seconds West, along the northwesterly line of said Auditor's Subdivision No. 72, a distance of 195.00 feet to the point of beginning of the line to be described; thence South 34 degrees 28 minutes 00 seconds East 210.40 feet to the southeasterly line of said Lot 11 and said line there terminating.

Except that part of said Lot 9, lying southeasterly of a line described as beginning at the most easterly corner of said Lot 10; thence northeasterly to the most southerly corner of said Lot 7 and said line there terminating.

Housing Development parcel (Parcel B):

Lots 1, 2, 3, 4 and 5, Block 1, Auditor's Subdivision No. 19, according to the recorded plat thereof, Ramsey County, Minnesota, except the Northwesterly 14.00 feet thereof; and Lots 12, 13, 14 and 15, Auditor's Subdivision No. 72, according to the recorded plat thereof, Ramsey County, Minnesota, and part of Lots 10 and 11, said Auditor's Subdivision No. 72, lying Southwesterly of a line described as commencing at the most Northerly corner of Lot 5, said Auditor's Subdivision No. 72; thence South 55 degrees 32 minutes 00 seconds West, along the Northwesterly line of said Auditor's Subdivision No. 72, a distance of 195.00 feet to the point of beginning of the line to be described; thence South 34 degrees 28 minutes 00 seconds East 210.40 feet to the Southeasterly line of said Lot 11 and said line there terminating;

Excepting therefrom the Southeasterly 13.00 feet of the Southwesterly 71.00 feet of Lot 15, Auditor's Subdivision No. 72, according to the recorded plat thereof, Ramsey County, Minnesota.

Subsection 2.6 PARCELS IN ACQUISITION AND PARCELS TO BE ACQUIRED

The HRA may finance all or a part of the costs of acquisition of the parcel in this Tax Increment Financing District. The HRA may use its powers of eminent domain as permitted by law to acquire parcels which neither it or a private developer can obtain through private negotiation.

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, condemnation or direct purchase from willing sellers in order to achieve the objectives of the Tax Increment Financing Plan; and
2. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

Subsection 2.7 DEVELOPMENT ACTIVITY IN THE TAX INCREMENT FINANCING DISTRICT FOR WHICH CONTRACTS HAVE BEEN SIGNED

St. Paul Leased Housing Associates VI, LLC or an affiliate, the owners of the Housing Development (the “Developer”) expects that construction of the Housing Development will commence on or before June 30, 2015, and be substantially completed by December 31, 2016. The following contracts have been or will be entered into in connection with the Housing Development:

- A. If awarded, a Livable Communities Demonstration Account (LCDA) Grant Agreement to be executed between the City and the Metropolitan Council and a related Subgrant Agreement to be executed between City of Saint Paul and the Developer.
- B. A STAR Loan Agreement to be executed between the City and the Developer.
- C. A HOME Loan Agreement to be executed between the Authority and the Developer.
- D. An Environmental Response Fund Program Grant Agreement to be executed between the County and the Developer.
- E. A Development Agreement to be executed between the Authority and the Developer with respect to the Housing Development.

No tax increments will be used in connection with the acquisition and construction of the Grocery Store which will be constructed by a different developer pursuant to a sale and redevelopment agreement between the HRA and Mississippi Market Cooperative, Inc. or an affiliate (the “Grocery Store Developer”). In addition, the Grocery Store Developer expects to enter into a Subgrant Agreement with the City related to a Tax Base Revitalization Account Contamination Cleanup Grant Program Metropolitan Livable Communities Act Grant Agreement between the City and the Metropolitan Council and an Environmental Response Fund Program Grant Agreement to be executed with the County. Construction of the Grocery Store is expected to commence on or before October 1, 2014, and be substantially completed by July 1, 2015.

The Development in the Tax Increment Financing District is expected to have a market value of \$14,074,300 upon completion.

At the time this Tax Increment Financing Plan was prepared there were no signed construction contracts with respect to the construction of the Housing Development in the Tax Increment Financing District.

Subsection 2.8 NO OTHER SPECIFIC DEVELOPMENT EXPECTED TO OCCUR WITHIN REDEVELOPMENT PROJECT AREA.

In addition to the Housing Development and the Grocery Store, unrelated development is expected to occur within the Redevelopment Project Area.

Subsection 2.9 ESTIMATED COST OF DEVELOPMENT AND TAX INCREMENT FINANCING PLAN BUDGET

The HRA has determined that it will be necessary to provide assistance for certain public costs of the Housing Development. To facilitate the development of the Tax Increment Financing District, this Tax Increment Financing Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses of the Housing Development. The estimate of public costs and uses of funds associated with the Tax Increment Financing District is outlined on the table attached hereto as **Exhibit B**. Estimated costs associated with the Tax Increment Financing District are subject to change. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget set forth in **Exhibit B**. The dollar amounts for specific line items in the budget may be adjusted between the line items by resolution of the HRA without a public hearing as long as the total expenditures are not increased.

Subsection 2.10 ESTIMATED AMOUNT OF BONDED INDEBTEDNESS

The HRA anticipates issuing a pay-as-you-go note in the principal amount not to exceed \$3,000,000 bearing interest at the rate approximately equal to the rate on the Developer's permanent financing which has been estimated at 5% per annum.

Subsection 2.11 SOURCES OF REVENUE

The costs outlined in Section 2.9 above under the Estimated Cost of Development will be financed through the annual collection of tax increments as described below. In addition, the HRA anticipates issuing housing revenue bonds pursuant to Minnesota Statutes, Chapter 462C for the Development and the Developer will obtain tax credit financing.

Subsection 2.12 ESTIMATED CAPTURED TAX CAPACITY AND ESTIMATE OF TAX INCREMENT

The property in the Tax Increment Financing District is currently owned by the HRA and carries an exempt classification such that the current tax capacity of the Tax Increment Financing District as of January 2, 2014 is \$0. Ramsey County will determine the market value to calculate the original net tax capacity for the Tax Increment Financing District at the time the HRA sells the property for development. When adjusted to a mix of commercial and affordable residential, the original net tax capacity is estimated to be \$20,625 based on an estimated valuation provided by Ramsey County.

The estimated Captured Tax Capacity of the Tax Increment Financing District upon completion of the Housing Development is estimated to be \$118,862 as of January 2, 2017.

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

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

Subsection 2.13 TYPE OF TAX INCREMENT FINANCING DISTRICT

The HRA, in determining the need to create a tax increment financing district in accordance with the Tax Increment Financing Act, finds that the Tax Increment Financing District is a housing district pursuant to Minnesota Statutes, Section 469.174, Subd. 11 as defined below:

“Housing district” means a type of tax increment financing district which consists of a project or a portion of a project intended for occupancy, in part, by persons or families of low and moderate income as defined in Chapter 462A, Title II of the National Housing Act of 1934; the National Housing Act of 1959; the United States Housing Act of 1937, as amended; Title V of the Housing Act of 1949, as amended; and any other similar present or future federal, state or municipal legislation or the regulations promulgated under any of those acts. A project does not qualify under this subdivision if more than 20% of the square footage of the buildings that receive assistance consist of commercial, retail or other non-residential uses.

In meeting the statutory criteria described above, the HRA relies on the following facts and findings:

The Housing Development will consist of one approximately 158,353 gross square foot, five level building (including underground parking). The Housing Development will consist of approximately 113 rental housing units and at least 40% of the units (i.e., 46 units) will be rented to and occupied by individuals or families whose income is not greater than 60% of area median income. The building included in the Housing Development is not expected to be used for any commercial, retail, or other non-residential use. The Tax Increment Financing District qualifies as a housing district, in that it meets all of the criteria listed above.

Tax increments derived from a housing district must be used solely to finance the cost of housing projects as defined above. The cost of public improvements directly related to the housing projects and the allocated administrative expenses of the HRA may be included in the cost of a housing project. The Grocery Store will not receive any tax increment financing assistance.

Subsection 2.14 DURATION OF THE TAX INCREMENT FINANCING DISTRICT

The duration of the Tax Increment Financing District will be 25 years after the receipt of the first tax increment. The HRA elects to first receive increment in 2017, resulting in an estimated final year of 2042. Attached as **Exhibit D** is a projected cash flow showing the estimated receipt of tax increments from the Tax Increment Financing District.

Subsection 2.15 ESTIMATED IMPACT ON OTHER 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 2.14 above for the purposes of financing the public costs referenced in Section 2.9 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 tax capacity rates and net tax capacities of these taxing jurisdictions are estimated for the payable 2015 tax year and are set out in **Exhibit E**.

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 \$118,862 of captured tax capacity in assessment year 2017 which assumes no annual inflation, to the tax capacities of each of those jurisdictions, respectively.

On the alternate assumption, which has been found to be the case, that none of the estimated captured tax capacity would be available to these taxing jurisdictions without the creation of this Tax Increment Financing District, during the period of this District's existence, there would be no effect on the above tax capacities, but upon the expiration or earlier termination of this Tax Increment Financing 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 \$5,006,656. The estimated amount of tax increment attributable to the School District and County levies is estimated to be approximately \$1,422,564 and \$1,809,507 respectively. It is not expected that the Development in the Tax Increment District will have any significant impact on the need for new or improved public infrastructure. Existing roads and utilities will serve the Development in the Tax Increment District. The impact on City provided services such as police and fire protection are not anticipated to increase significantly as a result of the Development in the Tax Increment Financing District.

Subsection 2.16 MODIFICATIONS TO THE TAX INCREMENT FINANCING DISTRICT

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

1. reduction or enlargement of the geographic area of Redevelopment Project Area or 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 the notice and after the discussion, public hearing and findings required for approval of the original 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 Redevelopment Project Area or Tax Increment Financing District and (2)(a) the current net tax capacity of the parcel(s) eliminated from 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 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 Redevelopment Plan.

Subsection 2.17 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% of the total tax increment expenditures authorized by the Tax Increment Financing Plan or the total tax increments, 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 said District. The county may require payment of those expenses by February 15 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 0.36% of any 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.

Subsection 2.18 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.

Subsection 2.19 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:

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 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 469.174, Subd. 11;
5. 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;
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 Plan or pursuant to Minnesota Statutes, Chapter 462C and Minnesota Statutes, Sections 469.152 to 469.165, 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 469.165, or both.

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

Revenues derived from tax increment from a housing district must be used solely to finance the cost of housing projects as defined in Minnesota Statutes Section 469.174, subd. 11. The cost of public improvements directly related to the housing projects and the allocated administrative expenses of the HRA may be included in the cost of a housing project.

Subsection 2.20 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 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 tax capacity of the Tax Increment Financing District by the value of improvements for which a building permit was issued.

Subsection 2.21 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 therefore;
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.

Subsection 2.22 REQUIREMENTS FOR AGREEMENTS WITH THE DEVELOPER

The HRA will review any proposal for private development to determine its conformance with the Redevelopment Plan and with applicable municipal ordinances and codes. To facilitate this effort, the following documents may be requested for review and approval: site plan, construction, mechanical, and electrical system drawings, landscaping plan, grading and storm drainage plan, signage system plan, and any other drawings or narrative deemed necessary by the HRA to demonstrate the conformance of the development with city plans and ordinances. The HRA may also use the Agreements to address other issues related to the Housing Development.

Pursuant to Minnesota Statutes, Section 469.176, Subd. 5, no more than 10%, by acreage, of the property to be acquired within the Tax Increment Financing District as set forth in the Plan shall at any time be owned by the HRA as a result of acquisition with the proceeds of bonds issued pursuant to Minnesota Statutes, Section 469.178, without the HRA having, prior to acquisition in excess of 10% of the acreage, concluded an agreement for the development or redevelopment of the property acquired and which provides recourse for the HRA should the development or redevelopment not be completed. The property in the Tax Increment Financing District is currently owned by the HRA but was not acquired with the proceeds of bonds issued pursuant to Minnesota Statutes, Section 469.178.

Subsection 2.23 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 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.

Subsection 2.24 ADMINISTRATION OF TAX INCREMENT FINANCING DISTRICT

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

Subsection 2.25 FINANCIAL REPORTING REQUIREMENTS

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

Subsection 2.26 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 Minnesota Statutes, Sections 469.001 to 469.047;

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.

2. Tax Increment Pooling and Five Year Limitation on Commitment of Tax Increments. At least 80% of the tax increments from the Tax Increment Financing District must be expended on activities within the Tax Increment Financing District or to pay for bonds used to finance the estimated public costs of the Tax Increment Financing District. No more than 20% of the tax increments may be spent on costs outside of the Tax Increment Financing District but within the boundaries of the Redevelopment Project Area, except to pay debt service on credit enhanced bonds; provided that a housing project as defined in Section 469.174, Subd. 11 is an activity within the Tax Increment Financing District. All administrative expenses are considered to have been spent outside of the Tax Increment Financing District. Tax increments are considered to have been spent within the Tax Increment Financing District if such amounts are:

- A. actually paid to a third party for activities performed within the Tax Increment Financing District within five years after certification of the Tax Increment Financing District;
- B. 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;
- C. used to make payments or reimbursements to a third party under binding contracts for activities performed within the Tax Increment Financing District, which were entered into within five years after certification of the district; or
- D. 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 Tax Increment Financing 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 Tax Increment Financing District must be decertified.

The HRA does not anticipate that tax increments will be spent outside the Tax Increment Financing District (except for allowable administrative expenses); however, the HRA does reserve the right to allow for tax increment pooling from the Tax Increment Financing District in the future.

Subsection 2.27 COUNTY ROAD COSTS

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 Housing 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 Tax Increment Financing 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.

Subsection 2.28 NO BUSINESS SUBSIDY

The HRA is providing tax increment financing only for the Housing Development and therefore, the provisions of Minnesota Statutes, Sections 116J.993 and 116J.994 (which states that a recipient of a business subsidy must create a net increase in jobs and meet wage level goals within two years of receiving assistance) are not applicable.

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EXHIBIT A-1

Map of Redevelopment Project Area

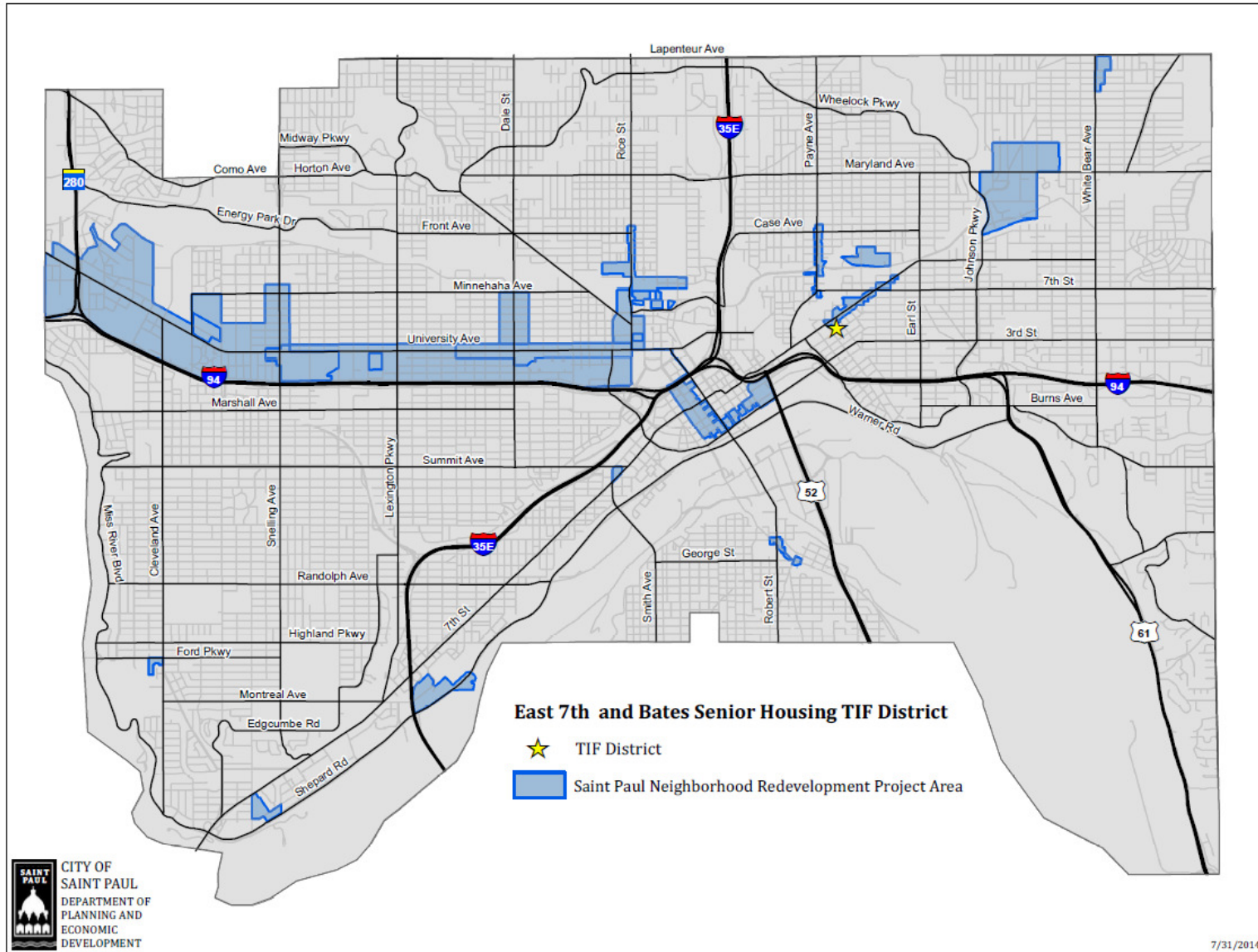


EXHIBIT A-2

Map of East 7th and Bates Senior Housing Tax Increment Financing District Located in the Saint Paul Neighborhood Redevelopment Project Area Consisting of Parcels A and B Only together with Adjacent and Internal Roadways and Rights-of-way

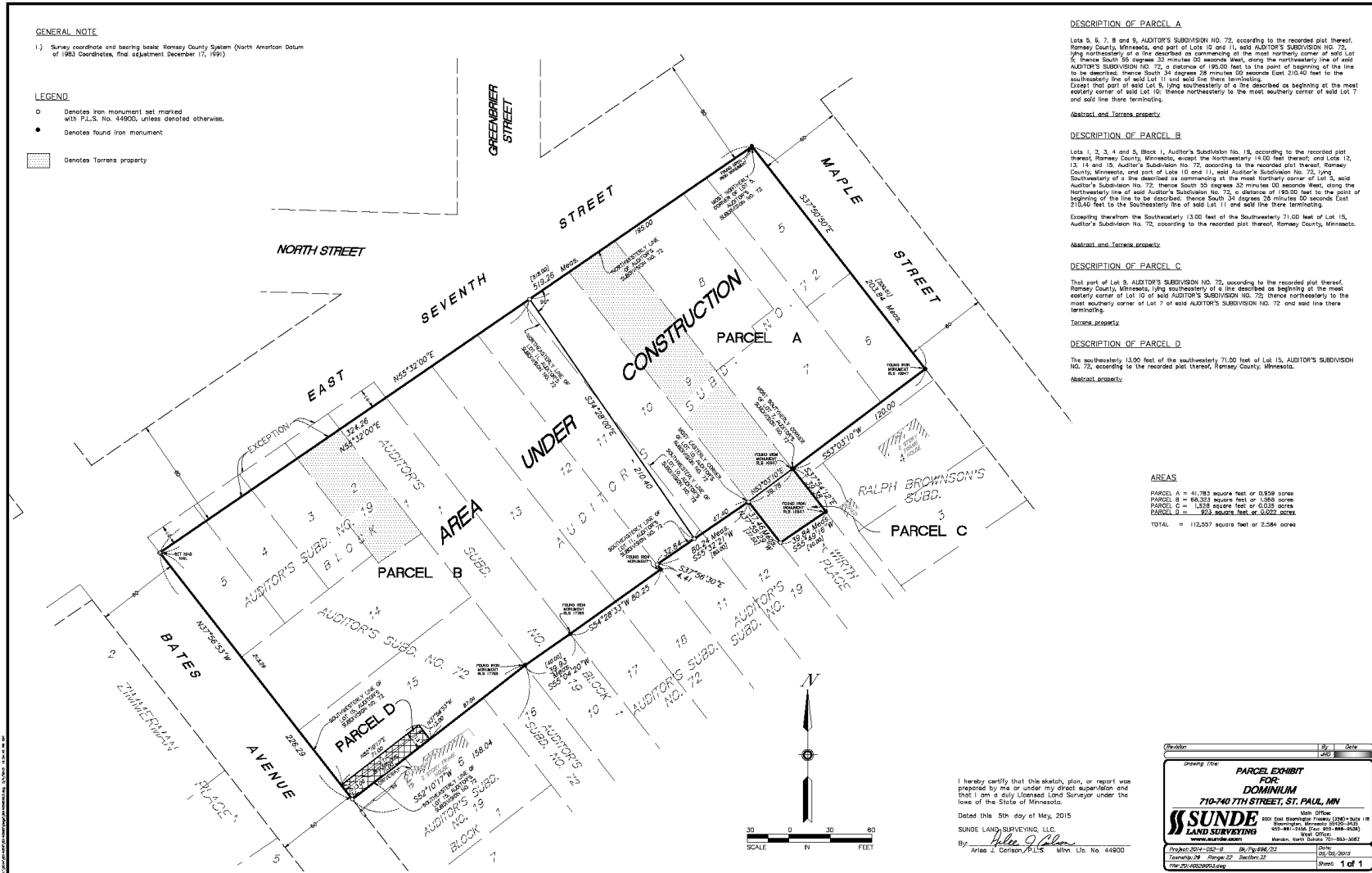


EXHIBIT B

Tax Increment Financing Plan Budget

TAX INCREMENT FINANCING PLAN BUDGET

Name of District : East 7th and Bates Senior Housing
Type of District: Housing District
Duration of District: 25 Years following 1st collection

ESTIMATED REVENUES	Estimated Amount
Tax Increment Revenue ⁽¹⁾	\$5,000,000
Interest and Investment Earnings	\$50,000
Total Estimated Tax Increment Revenues	\$5,050,000
ESTIMATED DEVELOPMENT/FINANCING COSTS	Estimated Amount
Land/Building Acquisition	
Site Improvements/Preparation Costs	
Utilities	
Other Qualifying Public Improvements	
Construction of Affordable Housing	\$2,291,000
Administrative Costs	\$500,000
Estimated Tax Increment Development Costs	\$2,791,000
Estimated Financing Costs	
Interest Expense	\$2,259,000
Total Estimated Development/Financing Costs Paid to be Paid From Tax Increment	\$5,050,000

⁽¹⁾ Net of State Auditor deduction

EXHIBIT C
Assumption Report

Housing & Redevelopment Authority of the City of St. Paul

Name of Project	East 7th & Bates Senior Housing
Name of Developer	Dominium
Type of TIF District	Housing
Maximum Duration	25 years after 1st collection
Est. Date of Certification Request	3/1/2015
Elect First Year	Yes
First Year of Increment	2017
Final Year of Increment (Max)	2042

<u>Tax Rates</u>	<u>Final Pay 2014</u>	
City of St. Paul	46.067%	
Ramsey County	58.957%	
ISD #625 w/o General Ed Levy	46.349%	
<i>ISD #625 General Ed Levy</i>	<i>0.357%</i>	*
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	2014
Pay year values for base	2015

EXHIBIT C (Cont'd)
Assumption Report

Housing & Redevelopment Authority of the City of St. Paul
East 7th & Bates Senior Housing

Proposed TIF Parcels	Assess 2014-Pay 2015		
	Est. Market Value	Current Class	Current TC
30.29.22.13.0028	61,400	Exempt	0
30.29.22.13.0029	39,600	Exempt	0
30.29.22.13.0030	30,700	Exempt	0
30.29.22.13.0031	73,900	Exempt	0
30.29.22.13.0032	41,800	Exempt	0
30.29.22.13.0033	63,500	Exempt	0
30.29.22.13.0034	94,500	Exempt	0
30.29.22.14.0235*	605,500	Exempt	0
	1,010,900		0

* Following a lot split, a portion of this parcel will likely be removed from the TIF district

Proposed Redevelopment Units

Total SF of Buildings	135,760
Commercial SF	22,760
Residential SF	158,353 (113 units)

The parcels are exempt and the County will determine the base value at the time of sale

Adjust to Taxable Classification of Parcels Based On Redevelopment Uses

	Est. Market Value*	Classification	Adjusted TC
Total Residential	1,695,000	Rental - Affordable	12,713
Total C/I	433,100	C/I Preferred	7,912
	2,128,100		20,625

Proposed Project

Affordable Apartments

Market Value per Unit*	\$100,000	\$11,300,000
Total No. of Apartments	113	

Commercial Space

Market Value per SF*	\$121.89	\$2,774,300
Total Gross SF	22,760	

	Est. Market Value*	Tax Capacity
Affordable Apartments	\$11,300,000	\$84,750
Commercial Space	\$2,774,300	\$54,736
Total Project	\$14,074,300	\$139,486
<i>Increased Market Value</i>	<i>\$11,946,200</i>	

Project Timing	<u>Apartments</u>	<u>Commercial</u>
Construction Start	4/1/2015	10/1/2014
Project Opening	3/1/2016	7/1/2015
Stabilized Occupancy	12/1/2016	7/1/2015
Percent Value By Year		
Assess 2016/Pay 2017	75%	100%
Assess 2017/Pay 2018	100%	100%

* Estimated by Ramsey County

**EXHIBIT D
Projected Tax Increment**

**Housing & Redevelopment Authority of the City of St. Paul
East 7th & Bates Senior Housing
Tax Increment Financing District (Housing)**

Affordable Rental Housing - 113 Apts @ \$100K/unit; 22,760 sf Grocery Store @ \$122/sf

Total Estimated Market Value of \$14,074,300 with 0% Inflation, Fiscal Disparity Outside (Clause A), Est. Final Pay 2015 Tax Rate - Elect First Year 2017

Assess Year	Collect Year	Total Est. Market Value	Total Net Tax Capacity	Less Original Net Tax Capacity	Captured Net Tax Capacity	Est. Local Captured Tax Rate*	Projected Tax Increment	Est. TI Attributable to City Levy*	Est. TI Attributable to County Levy*	Est. TI Attributable to School Dist Levy*	Less State Auditor Deduction 0.360%	Annual TI to HRA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(9)	(10)
2016	2017	\$11,249,300	118,299	(20,625)	97,674	163.125%	\$159,331	\$44,995	\$57,585	\$45,271	(\$574)	\$158,757
2017	2018	\$14,074,300	139,486	(20,625)	118,862	163.125%	\$193,893	\$54,756	\$70,077	\$55,092	(\$698)	\$193,195
2018	2019	\$14,074,300	139,486	(20,625)	118,862	163.125%	\$193,893	\$54,756	\$70,077	\$55,092	(\$698)	\$193,195
2019	2020	\$14,074,300	139,486	(20,625)	118,862	163.125%	\$193,893	\$54,756	\$70,077	\$55,092	(\$698)	\$193,195
2020	2021	\$14,074,300	139,486	(20,625)	118,862	163.125%	\$193,893	\$54,756	\$70,077	\$55,092	(\$698)	\$193,195
2021	2022	\$14,074,300	139,486	(20,625)	118,862	163.125%	\$193,893	\$54,756	\$70,077	\$55,092	(\$698)	\$193,195
2022	2023	\$14,074,300	139,486	(20,625)	118,862	163.125%	\$193,893	\$54,756	\$70,077	\$55,092	(\$698)	\$193,195
2023	2024	\$14,074,300	139,486	(20,625)	118,862	163.125%	\$193,893	\$54,756	\$70,077	\$55,092	(\$698)	\$193,195
2024	2025	\$14,074,300	139,486	(20,625)	118,862	163.125%	\$193,893	\$54,756	\$70,077	\$55,092	(\$698)	\$193,195
2025	2026	\$14,074,300	139,486	(20,625)	118,862	163.125%	\$193,893	\$54,756	\$70,077	\$55,092	(\$698)	\$193,195
2026	2027	\$14,074,300	139,486	(20,625)	118,862	163.125%	\$193,893	\$54,756	\$70,077	\$55,092	(\$698)	\$193,195
2027	2028	\$14,074,300	139,486	(20,625)	118,862	163.125%	\$193,893	\$54,756	\$70,077	\$55,092	(\$698)	\$193,195
2028	2029	\$14,074,300	139,486	(20,625)	118,862	163.125%	\$193,893	\$54,756	\$70,077	\$55,092	(\$698)	\$193,195
2029	2030	\$14,074,300	139,486	(20,625)	118,862	163.125%	\$193,893	\$54,756	\$70,077	\$55,092	(\$698)	\$193,195
2030	2031	\$14,074,300	139,486	(20,625)	118,862	163.125%	\$193,893	\$54,756	\$70,077	\$55,092	(\$698)	\$193,195
2031	2032	\$14,074,300	139,486	(20,625)	118,862	163.125%	\$193,893	\$54,756	\$70,077	\$55,092	(\$698)	\$193,195
2032	2033	\$14,074,300	139,486	(20,625)	118,862	163.125%	\$193,893	\$54,756	\$70,077	\$55,092	(\$698)	\$193,195
2033	2034	\$14,074,300	139,486	(20,625)	118,862	163.125%	\$193,893	\$54,756	\$70,077	\$55,092	(\$698)	\$193,195
2034	2035	\$14,074,300	139,486	(20,625)	118,862	163.125%	\$193,893	\$54,756	\$70,077	\$55,092	(\$698)	\$193,195
2035	2036	\$14,074,300	139,486	(20,625)	118,862	163.125%	\$193,893	\$54,756	\$70,077	\$55,092	(\$698)	\$193,195
2036	2037	\$14,074,300	139,486	(20,625)	118,862	163.125%	\$193,893	\$54,756	\$70,077	\$55,092	(\$698)	\$193,195
2037	2038	\$14,074,300	139,486	(20,625)	118,862	163.125%	\$193,893	\$54,756	\$70,077	\$55,092	(\$698)	\$193,195
2038	2039	\$14,074,300	139,486	(20,625)	118,862	163.125%	\$193,893	\$54,756	\$70,077	\$55,092	(\$698)	\$193,195
2039	2040	\$14,074,300	139,486	(20,625)	118,862	163.125%	\$193,893	\$54,756	\$70,077	\$55,092	(\$698)	\$193,195
2040	2041	\$14,074,300	139,486	(20,625)	118,862	163.125%	\$193,893	\$54,756	\$70,077	\$55,092	(\$698)	\$193,195
2041	2042	\$14,074,300	139,486	(20,625)	118,862	163.125%	\$193,893	\$54,756	\$70,077	\$55,092	(\$698)	\$193,195
							\$5,006,656	\$1,413,888	\$1,809,507	\$1,422,564	(\$18,024)	\$4,988,632

* Final Pay 2015 tax rate unavailable at this time; Final Pay 2014 rates are used and exclude School District's General Education Levy

EXHIBIT E
Estimated Impact on Other Taxing Jurisdictions Report

Housing & Redevelopment Authority of the City of St. Paul
East 7th & Bates Senior Housing
Tax Increment Financing District (Housing)
Statement of Alternate Estimates of the Impact of Tax Increment Financing

Taxing Jurisdiction	No Captured Net Tax Capacity Without Creation of District		Captured Net Tax Capacity Available Without Creation of District					Hypothetical Tax Generated by Captured Net Tax Capacity
	Estimated* Pay 2015 Taxable Net Tax Capacity (a)	Estimated* Pay 2015 Local Tax Rate	Estimated* Pay 2015 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	
City of St. Paul	170,900,879	46.067%	170,900,879	118,862	171,019,741	46.035%	0.032%	\$54,756
Ramsey County	373,064,850	58.957%	373,064,850	118,862	373,183,712	58.938%	0.019%	\$70,077
ISD #625 w/o Gen Ed Levy**	170,902,362	46.349%	170,902,362	118,862	171,021,224	46.317%	0.032%	\$55,092
Miscellaneous ***	-	11.752%	-	-	-	11.752%	0.000%	\$0
		163.125%				163.042%	0.083%	\$179,924

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 0.083%; alternatively an increase in taxable net tax capacity without a reduction in the tax rate would produce an additional \$179,924 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 Pay 2015 tax capacities and tax rates are unknown at this time, they have been estimated utilizing Final Pay 2014 tax capacities and 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