

TAX INCREMENT PLEDGE AGREEMENT

This Tax Increment Pledge Agreement (the "Agreement") is dated as of March 15, 2005; is by and between the City of Saint Paul, Minnesota (the "City"), and the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA"); and provides as follows:

A. WHEREAS, the City Council on March 9, 2005, adopted a resolution (the "Bond Resolution") awarding the sale of the City's \$5,130,000 Taxable General Obligation Tax Increment Refunding Bonds, Series 2005C (the "Bonds"), to refund in part in a current refunding all the outstanding bonds of the City's \$7,660,000 Taxable General Obligation Tax Increment Bonds, Series 1995A (the "Prior Bonds"), to continue to provide financing for certain public costs of redevelopment made with respect to the Saint Paul Neighborhood Redevelopment Project (the "Project"), and the Snelling-University Tax Increment Financing District therein, being a tax increment financing district established as a redevelopment district under the tax increment act by the HRA, and a resolution adopted by the HRA on December 13, 1989; and

B. WHEREAS, the HRA has heretofore certified the Snelling-University Tax Increment Financing District as a tax increment financing district (the "Snelling-University Tax Increment District") to the County Auditor of Ramsey County; and

C. WHEREAS, tax increments from the Snelling-University Tax Increment District have not been pledged to the payment of other obligations of the City or HRA, except to the Prior Bonds, pursuant to a Pledge Agreement dated as of March 1, 1995, relating to the Prior Bonds (the "Prior Pledge Agreement"), and to certain other obligations which are paid or defeased in connection with the issuance of the Bonds; and

D. WHEREAS, the Bond Resolution contemplates the pledge of tax increments from the Snelling-University Tax Increment District pursuant to Minnesota Statutes, Section 469.178, Subdivision 2, to secure payment of the Bonds and interest thereon; and

E. WHEREAS, certain terms used herein have the meanings given them in the resolution adopted by the City Council of the City on February 22, 1995, authorizing issuance of the Prior Bonds (the "Prior Bond Resolution"), which has been incorporated in part into the Bond Resolution:

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the City and HRA hereby covenant and agree as follows:

1. Prior Pledge Agreement. The Prior Pledge Agreement shall no longer apply after payment of the Prior Bonds.

2. Pledge of Tax Increments. The HRA hereby pledges to the payment of the Bonds all Tax Increments (as defined on the Prior Bond Resolution) and Shortfall Payments (as defined in the Prior Bond Resolution) in the manner and to the extent provided in the Prior Bond Resolution.

3. Remittance. All Tax Increments and Shortfall Payments shall be remitted directly to the City and the City, acting as agent of the HRA, shall segregate all Commingled Tax Increments (as defined in the Prior Bond Resolution) and Shortfall Payments so received in a special account on its official books and records and shall apply the same as provided in the Bond Resolution (which incorporates for this purpose the Prior Bond Resolution) and in this Tax Increment Pledge Agreement.

Any Commingled Tax Increments not deemed to be Tax Increments under the terms of the Prior Bond Resolution shall be promptly remitted to the HRA, and may be used by the HRA for any purpose authorized by law, subject to the provisions of the Development Agreements (as defined in the Prior Bond Resolution). Any and all other Tax Increments and Shortfall Payments not deemed pledged to the payment of the Bonds under the terms of the Prior Bond Resolution, less any amount required to (i) reimburse the City for any General Fund Monies (as defined in the Prior Bond Resolution) used to pay debt service on the Bonds or (ii) pay, or reimburse the City for any General Fund Monies used to pay, Administrative Expenses (as defined in the Prior Bond Resolution) ("Excess Revenues") shall be remitted by the City to the HRA and may be used by the HRA for any purpose authorized by law, subject to the provisions of the Development Agreements.

4. Other Security. At the request of the City, the HRA shall execute such pledge and assignment of the HRA's right, title, interest and privilege in, to and under any Security Agreements (as defined in the Prior Bond Resolution) entered into, including, but not limited to, all Shortfall Payments which either the HRA or City is entitled to receive under any Security Agreements, as the City may reasonably require, and agrees to cooperate in the enforcement of all covenants and obligations of the Developer under the Security Agreements, and agrees that, upon execution and delivery of said pledge and assignment, the City in its name or in the name of the HRA may enforce all rights of the HRA and all obligations of the Developer under and pursuant to the Security Agreements, whether or not the HRA has undertaken to enforce such rights and obligations.

5. Overlapping Tax Increment District. On or before December 31 of each year, the HRA shall consult with the Ramsey County Treasurer's Office to determine whether the amount of Tax Increments payable with respect to the Snelling-University Tax Increment District in the next succeeding year will be, absent decertification of one or more Off-Site Tax Parcels (as defined in the Prior Bond Resolution), less than the amount of Tax Increments that would be payable with respect to the Snelling-University Tax Increment District if it were a single tax increment financing district under the Tax Increment Act. If the HRA determines that, due to one or more Off-Site Tax Parcels, there would be such a negative effect on Tax Increments payable in the next succeeding calendar year and if, after taking into account the negative effect, the Actual Debt Service Coverage Ratio (as defined in the Prior Bond Resolution) will be less than 1.30, the HRA shall promptly notify the City of said determination and shall, at the request of the City, on or before July 1 of the next succeeding year either (i) take such action as is necessary to decertify and thus exclude from the Overlapping Tax Increment District (as defined in the Prior Bond Resolution) the Off-Site Tax Parcel(s) that will negatively affect the Tax Increments or (ii) remit to the City for deposit in the Bond Fund a sum which, together with Tax Increments projected to be payable in the next succeeding calendar year, causes the Actual Debt

Service Coverage Ratio to equal at least 1.30, as if the sum deposited were payable Tax Increments.

6. Performance of HRA and City Duties Under Bond Resolution. The HRA shall, at the request of the City, perform and agrees to be bound by each and every duty accorded to the HRA under the Bond Resolution; and the City shall, at the request of the HRA, perform and agrees to be bound by each and every covenant made by the City under the Bond Resolution for the benefit of the HRA, including each covenant required to be performed in order to carry out the obligations of the HRA under the Development Agreements.

7. Filing; Computation; Collection and Segregation. An executed copy of this Tax Increment Pledge Agreement shall be filed with the County Auditor of Ramsey County (or the officer of Ramsey County who performs the functions of a County Auditor) and shall constitute the request and authorization of the HRA and the City to the County Auditor (or such substitute officer) and County Treasurer to compute, collect and segregate all Commingled Tax Increments derived from the Overlapping Tax Increment Financing District in the City in accordance with the provisions of this Tax Increment Pledge Agreement and Minnesota Statutes, Sections 469.177 and 469.178, Subdivision 2, and to remit the same to the City (Department of Finance and Management Services, Treasury Division) acting as agent of the HRA.

8. Administrative Expenses. The HRA shall pay, or reimburse the City for the payment of, all Administrative Expenses (as defined in the Prior Bond Resolution) not paid or reimbursed.

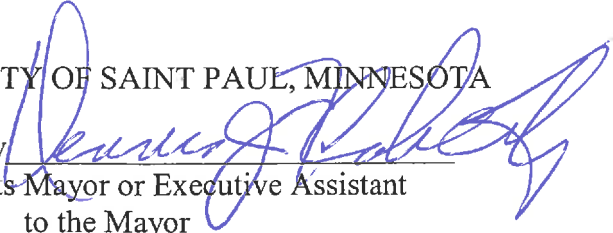
9. Definitions. All capitalized terms used but not defined herein shall have the meaning given those terms in the Bond Resolution or, as applicable, the Prior Bond Resolution.

10. Third Party Beneficiaries. The Developers shall not be deemed intended third party beneficiaries of the obligations of the City under this Tax Increment Pledge Agreement or the Bond Resolution but shall be entitled to compel the HRA to enforce its rights hereunder if such action is reasonably required in order for the HRA to carry out its obligations under the Development Agreements. The Bondholders shall not be deemed intended third party beneficiaries of any obligations created under this Agreement except for the pledge of Tax Increments and Shortfall Payments under paragraph 2 hereof.

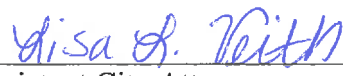
11. Effective Date. This Agreement shall become effective upon the actual issuance and delivery of the Bonds.

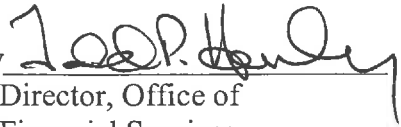
IN WITNESS WHEREOF, the City and HRA have caused this Agreement to be duly executed on their behalf and their seals to be affixed hereto, all as of the day and year first above written.

CITY OF SAINT PAUL, MINNESOTA

By 
Its Mayor or Executive Assistant
to the Mayor

APPROVED AS TO FORM:


Assistant City Attorney

And By 
Director, Office of
Financial Services

(SEAL)

Tax Increment Pledge Agreement relating to Taxable General Obligation Tax Increment Refunding Bonds, Series 2005C.