

TAX INCREMENT FINANCING PLAN
for
2700 UNIVERSITY AT WESTGATE STATION HOUSING PROJECT
TAX INCREMENT FINANCING DISTRICT
(a Housing District)

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

Approved by the City Council: October 15, 2014

Adopted by the HRA Board: October 22, 2014

This document was drafted by:
KENNEDY & GRAVEN, CHARTERED (JSB)
Lawson Commons
380 Saint Peter Street, Suite 750
Saint Paul, MN 55102

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(for reference purposes only)

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SECTION 1. DEFINITIONS

The terms defined below shall, for purposes of the TIF 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 Franklin-Emerald Redevelopment Project area depicted on **Exhibit A** attached hereto and described in the Redevelopment Plan.

“State” means the State of Minnesota.

“TIF Act” means Minnesota Statutes, Section 469.174 through 469.1794.

“TIF District” means the 2700 University at Westgate Station Housing Project Tax Increment Financing District described in the TIF Plan and depicted on **Exhibit A**.

“TIF Plan” means the Tax Increment Financing Plan for the 2700 University at Westgate Station Housing Project Tax Increment Financing District.

SECTION 2. TAX INCREMENT FINANCING PLAN FOR THE 2700 UNIVERSITY AT WESTGATE STATION HOUSING PROJECT TIF 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 the 2700 University at Westgate Station Housing Project Tax Increment Financing District (“TIF District”), a housing tax increment financing district, located in the Franklin-Emerald Redevelopment Project (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 “TIF Act”), to assist in financing public costs related to a project.

Subsection 2.3 STATEMENT OF OBJECTIVES

The TIF District is created to facilitate the acquisition and construction of an affordable housing development containing one building of 248 total housing units, including 3,000 gross square feet of commercial space on the first floor, shared community space, including a fitness room, an outdoor pool deck, and below grade parking (the “Development”). The TIF 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 TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of the TIF District.

The TIF District shall consist of one tax parcel and any adjacent and internal rights of ways. A map showing the TIF District is attached as **Exhibit A**. The existing single tax parcel will be reconfigured to create two separate tax parcels upon a lot split, vertical subdivision, common interest community declaration or other property subdivision prior to the construction of the Development resulting in two separate tax parcels within this TIF District. A map showing the approximate boundaries of the Redevelopment Project Area is attached as **Exhibit A**.

Subsection 2.4 REDEVELOPMENT PLAN OVERVIEW

1. Property to be Acquired –The parcel or parcels of land located within the TIF 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 TIF 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 TIF District.

Subsection 2.5 PARCELS TO BE INCLUDED IN THE TIF DISTRICT

The TIF District currently includes the following tax parcel:

<u>Parcel ID</u>	<u>Address</u>
29.29.23.32.0127	2700 University Avenue West

The existing single tax parcel will be reconfigured to create two separate tax parcels upon a lot split, vertical subdivision, common interest community declaration or other property subdivision prior to the construction of the Development resulting in two separate tax parcels within this TIF District.

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 TIF 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 TIF 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 TIF DISTRICT FOR WHICH CONTRACTS HAVE BEEN SIGNED

The HRA will enter into a Development Agreement with 2700 University FC, Limited Partnership, or an affiliate, the owner of the income restricted housing portion of the Development, (the “Income Qualified Developer”) and 2700 FC, LLC, or an affiliate, the owner of the market rate housing and commercial portion of the Development, (the “Market Rate Developer”) with respect to the acquisition and construction of the Development. The following contracts have been or will be entered into in connection with the Development:

- A. A HOME Loan Agreement to be executed between the HRA and the Income Qualified Developer.

B. A Transit Oriented Development Program Demonstration Account (TOD) Grant Agreement between the City and the Metropolitan Council and a related Subgrant Agreement to be executed between the City of Saint Paul and the Market Rate Developer.

C. A Development Agreement to be executed among the HRA, the Income Qualified Developer and the Market Rate Developer with respect to the Development.

The tax increments are proposed to be provided to the Income Qualified Developer. No tax increments will be used in connection with the acquisition and construction of the commercial space. The Income Qualified Developer and the Market Rate Developer expect that construction of the Development will commence on or before April 30, 2015, and be substantially completed by July 31, 2016. The Development is expected to have a market value of \$38,941,700 upon completion.

At the time this TIF Plan was prepared there were no signed construction contracts with respect to the construction of the Development.

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

Other unrelated development is expected to occur within the Redevelopment Project Area but no other specific proposals have been identified.

Subsection 2.9 ESTIMATED COST OF DEVELOPMENT AND TIF PLAN BUDGET

The HRA has determined that it will be necessary to provide assistance for certain public costs of the Development. To facilitate the development of the TIF District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses of the Development. The estimate of public costs and uses of funds associated with the TIF District is outlined on the table attached hereto as **Exhibit B**. Estimated costs associated with the TIF 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 \$8,300,000 bearing interest at the rate approximately equal to the rate on the Developer's construction financing which has been estimated at 4.50% per annum. If bonding is required to finance the costs set forth in Section 2.9 and **Exhibit B**, the reasonable and customary expenses for that bonding, such as capitalized interest, interest on the debt, bond discount, and fiscal and legal fees, would be included. Bonding may include traditional general obligation or revenue bonding, including interest-bearing "pay-as-you-go" financing, an interfund loan or other internal, interest bearing HRA-financed borrowing in an amount not to exceed \$17,000,000.

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 Income Qualified Developer will obtain tax credit financing and a HOME loan and the Market Rate Developer will obtain TOD grant proceeds.

Subsection 2.12 ESTIMATED CAPTURED TAX CAPACITY AND ESTIMATE OF TAX INCREMENT

The current tax capacity of the TIF District as of January 2, 2014 is \$46,284 as commercial vacant land, upon completion of the redevelopment and reclassification, the original net tax capacity is estimated to be \$25,162. The estimated Captured Tax Capacity of the TIF District upon completion of the Project as of January 2, 2017 is estimated to be \$414,412.

The HRA elects to retain all of the captured tax capacity to finance the costs of the 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 TIF 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 TIF Act, finds that the TIF 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 Development will consist of approximately 248 rental housing units and at least 20% of the units (i.e., 50 units) will be rented to and occupied by individuals or families whose income is not greater than 50% or less of area median income. The Development consists of one approximately 345,594 gross square foot, six level building (including below grade parking) of which the commercial portion will comprise approximately 3,000 gross square feet which is less than one level and not more than 20% of the square footage of the building. The TIF 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 City may be included in the cost of a housing project. The commercial portion of the building will not receive any tax increment financing assistance.

Subsection 2.14 DURATION OF THE TIF DISTRICT

The duration of the TIF 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 TIF District.

Subsection 2.15 ESTIMATED IMPACT ON OTHER TAXING JURISDICTIONS

The impact of this TIF District on the affected taxing jurisdictions is reflected in the HRA's anticipated need to utilize the tax increments generated from this TIF 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 TIF District would be available to the above taxing jurisdictions without creation of this TIF 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 \$414,412 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 TIF District, during the period of this TIF District's existence, there would be no effect on the above tax capacities, but upon the expiration or earlier termination of this TIF 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 TIF District is approximately \$17,252,184. The estimated amount of tax increment attributable to the School District and County levies is estimated to be approximately \$4,901,942 and \$6,235,291 respectively. It is not expected that the Development will have any significant impact on the need for new or improved public infrastructure. Existing roads and light rail will serve the Development. Neither the HRA nor the City anticipates issuing any bonds (other than a pay as you go tax increment revenue note, an interfund loan for administrative expenses and conduit housing revenue bonds pursuant to Minnesota Statutes, Chapter 462C) for the costs of the Development nor that the TIF District will affect the City's or the HRA's ability to issue other debt for general fund purposes. The City's police and fire departments currently serve the area so the probable impact on the City's budget for services such as police and fire protection is minimal. City planning documents anticipate high density development along the University Avenue corridor resulting from the availability of light rail.

Subsection 2.16 MODIFICATIONS TO THE TIF 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 TIF 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 TIF 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 TIF District and (2)(a) the current net tax capacity of the parcel(s) eliminated from TIF District equals or exceeds the net tax capacity of those parcel(s) in the TIF 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 TIF District.

The HRA must notify the County Auditor of any modification that reduces or enlarges the geographic area of the TIF District or Redevelopment Project Area. Modifications to the TIF 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 TIF District up to, but not to exceed, 10% of the total tax increment expenditures authorized by the TIF 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 TIF 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 TIF District enlargement with a listing of all properties within the TIF District or area of enlargement for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City pursuant to Minnesota Statutes, Section 469.175, Subd. 3. The County Auditor shall increase the original tax capacity of the TIF 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 TIF 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 Development.

Pursuant to Minnesota Statutes, Section 469.176, Subd. 5, no more than 10%, by acreage, of the property to be acquired within the TIF 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.

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 TIF District which establishes a minimum market value of the land and completed improvements for the duration of TIF 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 anticipates that it may enter into one or more assessment agreements establishing a minimum market value upon completion.

Subsection 2.24 ADMINISTRATION OF THE TIF DISTRICT

Administration of the TIF 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 TIF 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 TIF District must be expended on activities within the TIF District or to pay for bonds used to finance the estimated public costs of the TIF District. No more than 20% of the tax increments may be spent on costs outside of the TIF 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 TIF District. All administrative expenses are considered to have been spent outside of the TIF District. Tax increments are considered to have been spent within the TIF District if such amounts are:
 - A. actually paid to a third party for activities performed within the TIF District within five years after certification of the TIF 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 TIF 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 TIF District, at least 80% of the tax increments must be used to pay outstanding bonds or make contractual payments obligated within the first five years. When outstanding bonds have been defeased and sufficient money has been set aside to pay for such contractual obligations, the TIF District must be decertified.

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

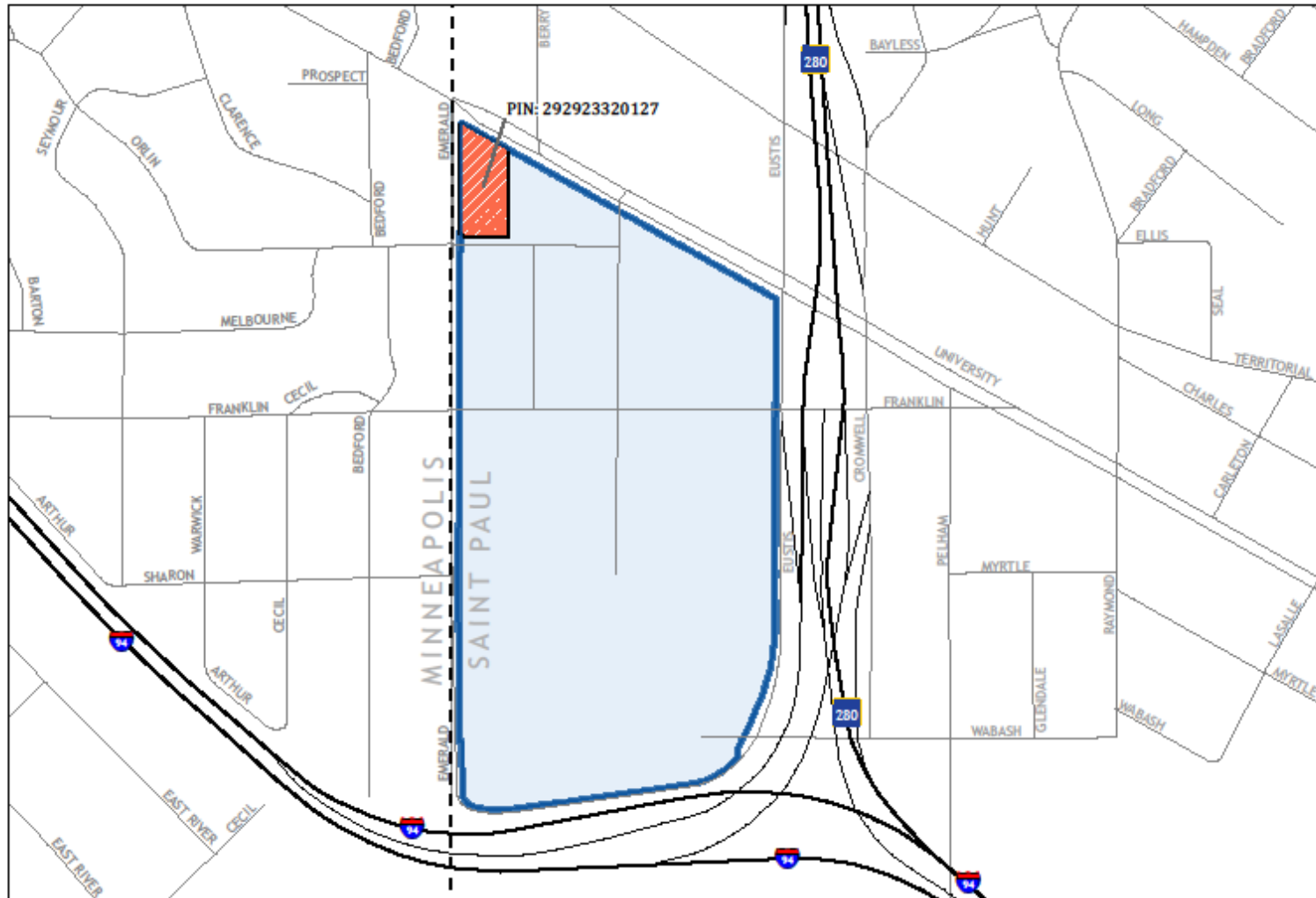
In the opinion of the HRA and consultants, the proposed development outlined in this TIF Plan will have little or no impact upon county roads. If the county elects to use increments to improve county roads, it must notify the HRA within thirty days of receipt of this Plan.

Subsection 2.28 NO BUSINESS SUBSIDY


The HRA is providing tax increment financing only for the housing portion of the 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.

EXHIBIT A

Map of Redevelopment Project Area and Tax Increment Financing District



2700 University at Westgate Station Housing TIF District

 Franklin Emerald Project Area

 2700 University Ave at Westgate Station Housing TIF District

Document Path: K:\GIS\Projects\TIP\WestgateStationHousing_2014\WestgateStationHousing.mxd Source: City of Saint Paul, Department of Planning and Economic Development



EXHIBIT B

Tax Increment Financing Plan Budget

TAX INCREMENT FINANCING PLAN BUDGET

Name of District : 2700 University at Westgate Station Housing Project

Type of District: Housing District

Duration of District: 25 Years following 1st collection

ESTIMATED REVENUES	Estimated Amount
Tax Increment Revenue ⁽¹⁾	\$17,195,000
Investment Earnings	\$85,000
Estimated Tax Increment Revenues	\$17,280,000
ESTIMATED DEVELOPMENT/FINANCING COSTS	Estimated Amount
Land/Building Acquisition	\$700,000
Site Improvements/Preparation Costs	\$0
Utilities	\$0
Other Qualifying Public Improvements	\$0
Construction of Affordable Housing	\$7,600,000
Administrative Costs	\$1,719,500
Estimated Tax Increment Development Costs	\$10,019,500
Estimated Financing Costs	
Interest Expense	\$7,260,500
Total Est. Development/Financing Costs Paid to be Paid From Tax Increment	\$17,280,000

⁽¹⁾ Net of State Auditor deduction

EXHIBIT C

Assumption Report

Housing & Redevelopment Authority of the City of St. Paul

Name of Project	2700 University at Westgate Station
Name of Developer	Flaherty & Collins
Type of TIF District	Housing
Maximum Duration	25 years after 1st collection
Est. Date of Certification Request	3/1/2015
Elect First Year	Yes
Est. 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

** Pay 2015 Tax Rates are estimated based on Final Pay 2014 Tax Rates

*** Taxes generated from these levy rates are not captured in TIF districts

EXHIBIT C (Cont'd)

Assumption Report

**Housing & Redevelopment Authority of the City of St. Paul
2700 University at Westgate Station
Tax Increment Financing District (Housing)**

	Assess 2014-Pay 2015		
Proposed TIF Parcel (LAND)	Est. Market Value	Current Class	Current TC
29.29.23.32.0127	2,351,700	C/I Preferred	46,284

<u>Proposed Redevelopment</u>		<u>Site SF</u>
<u>Residential Units:</u>	248	1.7136
Affordable Units	50	
Market Rate Units	198	
<u>Commercial Units:</u>	3,000 <i>total s.f.</i>	<u>0.086</u>
		1.7996

Adjust Current Classification of Parcel (Land) Based On As Completed Redevelopment Uses

	Est. Market Value	Classification	Adjusted TC
<i>Total Affordable Residential</i>	451,475	Rental - Affordable	1,129
<i>Total Market Rate Residential</i>	1,787,840	Rental	22,348
<i>Total Commercial/Industrial</i>	112,385	C/I Preferred	1,686
	<u>2,351,700</u>		<u>25,162</u>

<u>Proposed Project (Building)</u>	Residential	Commercial
Market Value per Unit*	\$145,000	\$210
Total No. of Units	248	3,000

<u>Land & Building</u>	Est. Market Value	Tax Capacity	MVPerUnit/PerSF
Affordable Units	\$7,701,475	\$44,254	\$154,029
Market Rate Units	\$30,497,840	\$381,223	\$154,029
Commercial Units	\$742,385	\$14,098	\$247

Total Project	\$38,941,700	\$439,574
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	<u>Project Timing</u>	
Construction Start	3/1/2015	<i>Estimated</i>
Project Opening	7/1/2016	<i>Estimated</i>
Stabilized Occupancy	11/1/2017	<i>Estimated</i>
Percent Value By Year		
Assess 2016/Pay 2017	50%	
Assess 2017/Pay 2018	100%	

* Estimate from Ramsey County Assessor's Office

EXHIBIT D

Projected Tax Increment

Housing & Redevelopment Authority of the City of St. Paul
2700 University at Westgate Station

Tax Increment Financing District (Housing)

248 Units of Rental Housing - 20% Affordable (50 Units) Plus 3,000 sf Retail

Total EMV of \$38.941M with 0% Inflation, Estimated Pay 2015 Tax Rate, Fiscal Disparity Outside (Option A) - Elect First Year 2017

Assess Year	Collect Year	Total Net Tax Capacity	Less Original Net Tax Capacity	Captured Net Tax Capacity	Sharing Factor	Increment Tax Capacity	Est. Local 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)	(12)	(13)	(14)
2016	2017	245,420	(29,677)	215,742	0.879076	215,742	163.125%	\$351,929	\$99,385	\$127,194	\$99,995	(\$1,267)	\$350,663
2017	2018	439,574	(25,162)	414,412	0.942757	414,412	163.125%	\$676,010	\$190,906	\$244,324	\$192,078	(\$2,434)	\$673,577
2018	2019	439,574	(25,162)	414,412	0.942757	414,412	163.125%	\$676,010	\$190,906	\$244,324	\$192,078	(\$2,434)	\$673,577
2019	2020	439,574	(25,162)	414,412	0.942757	414,412	163.125%	\$676,010	\$190,906	\$244,324	\$192,078	(\$2,434)	\$673,577
2020	2021	439,574	(25,162)	414,412	0.942757	414,412	163.125%	\$676,010	\$190,906	\$244,324	\$192,078	(\$2,434)	\$673,577
2021	2022	439,574	(25,162)	414,412	0.942757	414,412	163.125%	\$676,010	\$190,906	\$244,324	\$192,078	(\$2,434)	\$673,577
2022	2023	439,574	(25,162)	414,412	0.942757	414,412	163.125%	\$676,010	\$190,906	\$244,324	\$192,078	(\$2,434)	\$673,577
2023	2024	439,574	(25,162)	414,412	0.942757	414,412	163.125%	\$676,010	\$190,906	\$244,324	\$192,078	(\$2,434)	\$673,577
2024	2025	439,574	(25,162)	414,412	0.942757	414,412	163.125%	\$676,010	\$190,906	\$244,324	\$192,078	(\$2,434)	\$673,577
2025	2026	439,574	(25,162)	414,412	0.942757	414,412	163.125%	\$676,010	\$190,906	\$244,324	\$192,078	(\$2,434)	\$673,577
2026	2027	439,574	(25,162)	414,412	0.942757	414,412	163.125%	\$676,010	\$190,906	\$244,324	\$192,078	(\$2,434)	\$673,577
2027	2028	439,574	(25,162)	414,412	0.942757	414,412	163.125%	\$676,010	\$190,906	\$244,324	\$192,078	(\$2,434)	\$673,577
2028	2029	439,574	(25,162)	414,412	0.942757	414,412	163.125%	\$676,010	\$190,906	\$244,324	\$192,078	(\$2,434)	\$673,577
2029	2030	439,574	(25,162)	414,412	0.942757	414,412	163.125%	\$676,010	\$190,906	\$244,324	\$192,078	(\$2,434)	\$673,577
2030	2031	439,574	(25,162)	414,412	0.942757	414,412	163.125%	\$676,010	\$190,906	\$244,324	\$192,078	(\$2,434)	\$673,577
2031	2032	439,574	(25,162)	414,412	0.942757	414,412	163.125%	\$676,010	\$190,906	\$244,324	\$192,078	(\$2,434)	\$673,577
2032	2033	439,574	(25,162)	414,412	0.942757	414,412	163.125%	\$676,010	\$190,906	\$244,324	\$192,078	(\$2,434)	\$673,577
2033	2034	439,574	(25,162)	414,412	0.942757	414,412	163.125%	\$676,010	\$190,906	\$244,324	\$192,078	(\$2,434)	\$673,577
2034	2035	439,574	(25,162)	414,412	0.942757	414,412	163.125%	\$676,010	\$190,906	\$244,324	\$192,078	(\$2,434)	\$673,577
2035	2036	439,574	(25,162)	414,412	0.942757	414,412	163.125%	\$676,010	\$190,906	\$244,324	\$192,078	(\$2,434)	\$673,577
2036	2037	439,574	(25,162)	414,412	0.942757	414,412	163.125%	\$676,010	\$190,906	\$244,324	\$192,078	(\$2,434)	\$673,577
2037	2038	439,574	(25,162)	414,412	0.942757	414,412	163.125%	\$676,010	\$190,906	\$244,324	\$192,078	(\$2,434)	\$673,577
2038	2039	439,574	(25,162)	414,412	0.942757	414,412	163.125%	\$676,010	\$190,906	\$244,324	\$192,078	(\$2,434)	\$673,577
2039	2040	439,574	(25,162)	414,412	0.942757	414,412	163.125%	\$676,010	\$190,906	\$244,324	\$192,078	(\$2,434)	\$673,577
2040	2041	439,574	(25,162)	414,412	0.942757	414,412	163.125%	\$676,010	\$190,906	\$244,324	\$192,078	(\$2,434)	\$673,577
2041	2042	439,574	(25,162)	414,412	0.942757	414,412	163.125%	\$676,010	\$190,906	\$244,324	\$192,078	(\$2,434)	\$673,577
								\$17,252,184	\$4,872,045	\$6,235,291	\$4,901,942	(\$62,108)	\$17,190,076

* Estimated Pay 2015 Tax Rates and Levies Based on Final Pay 2014 Tax Rates and Levies

EXHIBIT E

Estimated Impact on Other Taxing Jurisdictions Report

Housing & Redevelopment Authority of the City of St. Paul

2700 University at Westgate Station

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	171,381,633	46.067%	171,381,633	414,412	171,796,045	45.956%	0.111%	\$190,906
Ramsey County	373,064,850	58.957%	373,064,850	414,412	373,479,262	58.891%	0.065%	\$244,324
ISD #625 w/o General Ed Levy	170,902,362	46.349%	170,902,362	414,412	171,316,774	46.237%	0.112%	\$192,078
Miscellaneous **	-	11.752%	-	-	-	11.752%	0.000%	\$0
		163.125%				162.836%	0.289%	\$627,308

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 0.289%; alternatively an increase in taxable net tax capacity without a reduction in the tax rate would produce an additional \$627,308 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 capacity and tax rates have been estimated utilizing Final Pay 2014 tax capacities and rates.

** 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