

AMENDED AND RESTATED TAX INCREMENT FINANCING PLAN
for
TAX INCREMENT FINANCING DISTRICT
(Schmidt Brewery Project)

HOUSING AND REDEVELOPMENT AUTHORITY
OF THE CITY OF SAINT PAUL

Approved by the City Council: February 22, 2012
As Amended and Restated: September 19, 2012

Adopted by the HRA Board: February 22, 2012
As Amended and Restated: September 12, 2012

This document was drafted by:
KENNEDY & GRAVEN, CHARTERED (JSB)
470 U.S. Bank Plaza
200 South 6th Street
Minneapolis, MN 55402
612) 337-9202

TABLE OF CONTENTS
(for reference purposes only)

	Page
SECTION 1. DEFINITIONS.....	1
SECTION 2. TAX INCREMENT FINANCING PLAN FOR THE SCHMIDT BREWERY TAX INCREMENT FINANCING DISTRICT	2
Subsection 2.1 FORWARD.....	2
Subsection 2.2 STATUTORY AUTHORITY	2
Subsection 2.3 STATEMENT OF OBJECTIVES	2
Subsection 2.4 REDEVELOPMENT PLAN OVERVIEW	2
Subsection 2.5 PARCEL TO BE INCLUDED IN THE TAX INCREMENT FINANCING DISTRICT.....	3
Subsection 2.6 PARCEL IN ACQUISITION AND PARCELS TO BE ACQUIRED	3
Subsection 2.7 DEVELOPMENT ACTIVITY IN THE TAX INCREMENT FINANCING DISTRICT FOR WHICH CONTRACTS HAVE BEEN SIGNED	3
Subsection 2.8 OTHER SPECIFIC DEVELOPMENT EXPECTED TO OCCUR WITHIN REDEVELOPMENT PROJECT AREA.....	4
Subsection 2.9 ESTIMATED COST OF PROJECT AND TAX INCREMENT FINANCING PLAN BUDGET	4
Subsection 2.10 ESTIMATED AMOUNT OF BONDED INDEBTEDNESS	4
Subsection 2.11 SOURCES OF REVENUE.....	4
Subsection 2.12 ESTIMATED CAPTURED TAX CAPACITY AND ESTIMATE OF TAX INCREMENT	4
Subsection 2.13 TYPE OF TAX INCREMENT FINANCING DISTRICT	5
Subsection 2.14 DURATION OF THE TAX INCREMENT FINANCING DISTRICT.....	5
Subsection 2.15 ESTIMATED IMPACT ON OTHER TAXING JURISDICTIONS	5
Subsection 2.16 MODIFICATIONS TO THE TAX INCREMENT FINANCING DISTRICT.....	6
Subsection 2.17 ADMINISTRATIVE EXPENSES.....	7
Subsection 2.18 LIMITATION OF INCREMENT.....	7
Subsection 2.19 USE OF TAX INCREMENT	8
Subsection 2.20 NOTIFICATION OF PRIOR PLANNED IMPROVEMENTS	9
Subsection 2.21 EXCESS TAX INCREMENTS.....	9
Subsection 2.22 REQUIREMENTS FOR AGREEMENTS WITH THE DEVELOPER	9
Subsection 2.23 ASSESSMENT AGREEMENTS	10
Subsection 2.24 ADMINISTRATION OF TAX INCREMENT FINANCING DISTRICT.....	10
Subsection 2.25 FINANCIAL REPORTING REQUIREMENTS.....	10
Subsection 2.26 OTHER LIMITATIONS ON THE USE OF TAX INCREMENT	10
Subsection 2.27 COUNTY ROAD COSTS	11
Subsection 2.28 NO BUSINESS SUBSIDY	12

TABLE OF CONTENTS, continued

	Page
EXHIBIT A	Map of Project Area and Tax Increment Financing District..... A-1
EXHIBIT A-1	Proposed Plat of Schmidt Brewery Addition.....A-1-1
EXHIBIT B	Tax Increment Financing Plan Budget B-1
EXHIBIT C	Assumption Report C-1
EXHIBIT D	Projected Tax Increment D-1
EXHIBIT E	Estimated Impact on Other Taxing Jurisdictions Report..... E-1

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:

“Authority” means the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota.

“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;

“Project Area” means the Schmidt Brewery Redevelopment Project Area depicted on Exhibit A attached hereto and described in the Redevelopment Plan.

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

“State” means the State of Minnesota.

“Tax Increment Financing Act” means Minnesota Statutes, Section 469.174 through 469.1799.

“Tax Increment Financing District” means the Schmidt Brewery Tax Increment Financing District described in the Tax Increment Financing Plan and depicted on Exhibit A.

“Tax Increment Financing Plan” means the Amended and Restated Tax Increment Financing Plan for the Schmidt Brewery Tax Increment Financing District.

SECTION 2. TAX INCREMENT FINANCING PLAN FOR THE SCHMIDT BREWERY TAX INCREMENT FINANCING DISTRICT

Subsection 2.1 FORWARD

The Housing and Redevelopment Authority of the City of Saint Paul (the “HRA”), and its staff and consultants have prepared the following information for the establishment of Schmidt Brewery Tax Increment Financing District (“Tax Increment Financing District”), a housing tax increment financing district, located in the Schmidt Brewery 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 469.1799 (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 shall consist of 1 parcel of land and include any adjacent and internal rights-of-way based on a re-plat of a larger area that currently includes 3 tax parcels. The parcel shown on the proposed plat to be included in the Tax Increment Financing District is labeled as Lot 3, Block 2, Schmidt Brewery Addition and attached as Exhibit A-1. The parcels will be re-platted prior to the construction of the project. A map showing the approximate boundaries of the Tax Increment District and Redevelopment Project Area is attached as Exhibit A.

The Tax Increment Financing District is created to facilitate the acquisition, new construction and renovation of two existing historic buildings into an affordable housing development as a mid-rise, medium-to-high density, mixed use urban neighborhood consisting of approximately 261 rental units. The Tax Increment Financing Plan is expected to achieve many of the objectives outlined in the Redevelopment Plan for the Schmidt Brewery 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.

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

The Tax Increment Financing District currently includes the following tax parcels:

<u>Parcel ID</u>	<u>Address</u>	<u>Portion in District</u>
12.28.23.23.0010	383 Erie Street	100%
12.28.23.23.0101	543 James	Less than 100%
12.28.23.23.0121	0 7 th Street West	Less than 100%

The above parcels will be re-platted prior to the construction of the project and only an approximately 339,000 square foot portion will be included in the Tax Increment Financing District as identified in the proposed plat as Lot 3, Block 2, Schmidt Brewery Addition (as shown in Exhibit A-1).

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 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

The HRA will enter into a Development Agreement with St. Paul Leased Housing Associates IV, Limited Partnership, the owners of the Development (as that term is defined below), (the "Developer") with respect to the acquisition and renovation of two existing historic buildings commonly known as the "Brew House" and the "Bottle House" of the Schmidt Brewery. The

buildings will be renovated into 248 affordable housing units; in addition the project includes the construction of 13 new units of affordable rental townhomes (the "Development"). The Developer expects that construction of the Development will commence on or before September 30, 2012, and be substantially completed by June 30, 2014. The Project is expected to have a market value of \$26,360,000 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 Development.

Subsection 2.8 OTHER SPECIFIC DEVELOPMENT EXPECTED TO OCCUR WITHIN REDEVELOPMENT PROJECT AREA.

Other development expected to occur within the Redevelopment Project Area includes some commercial/retail development as both new construction and adaptive reuse of existing historic buildings.

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

The HRA has determined that it will be necessary to provide assistance for certain public costs of the Project. To facilitate the development of the Tax Increment Financing District, this Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses of the Project. 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 above. 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 \$3,770,000 bearing interest at the rate of approximately 4.45% per annum.

Subsection 2.11 SOURCES OF REVENUE

The costs outlined in Section 2.9 above under the Estimated Cost of Project 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 Project.

Subsection 2.12 ESTIMATED CAPTURED TAX CAPACITY AND ESTIMATE OF TAX INCREMENT

The current tax capacity of the Tax Increment Financing District as of January 2, 2011 is estimated to be \$39,850, based on the proposed re-plat. When adjusted to affordable residential, the original net tax capacity is estimated to be \$24,869.

The estimated Captured Tax Capacity of the Tax Increment Financing District upon completion of the Project is estimated to be \$172,831 as of January 2, 2014.

The HRA elects to retain all of the captured tax capacity to finance the costs of the Project.

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 Project will consist of approximately 261 rental housing units and at least 40% of the units (i.e., 105 units) will be rented to and occupied by individuals or families whose income is 60% or less of area median income. 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 City may be included in the cost of a housing project.

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 2015, resulting in an estimated final year of 2040. 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 2012 property taxes, the respective proposed tax capacity rates and net tax capacities of these taxing jurisdictions 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 \$228,667 of captured tax capacity in assessment year 2039 which assumes 1% 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 \$7,945,737. The estimated amount of tax increment attributable to the School District and County levies is estimated to be approximately \$2,081,902 and \$2,948,319 respectively. It is not expected that the Project will have any impact on the need for new or improved public infrastructure. The impact on City provided services such as police and fire protection are not anticipated to increase significantly as a result of the Project. The City will provide any additional infrastructure requested by the County or School 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 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 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 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 .36 percent 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 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 City 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 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 development.

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

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, 6 and 6a.

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 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 path, or a facility used for social recreation or conference purposes. This provision shall not prohibit the use of revenues derived from tax increments for

the construction or renovation of a parking structure, 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 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 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 for housing 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 Project Area and Tax Increment Financing District

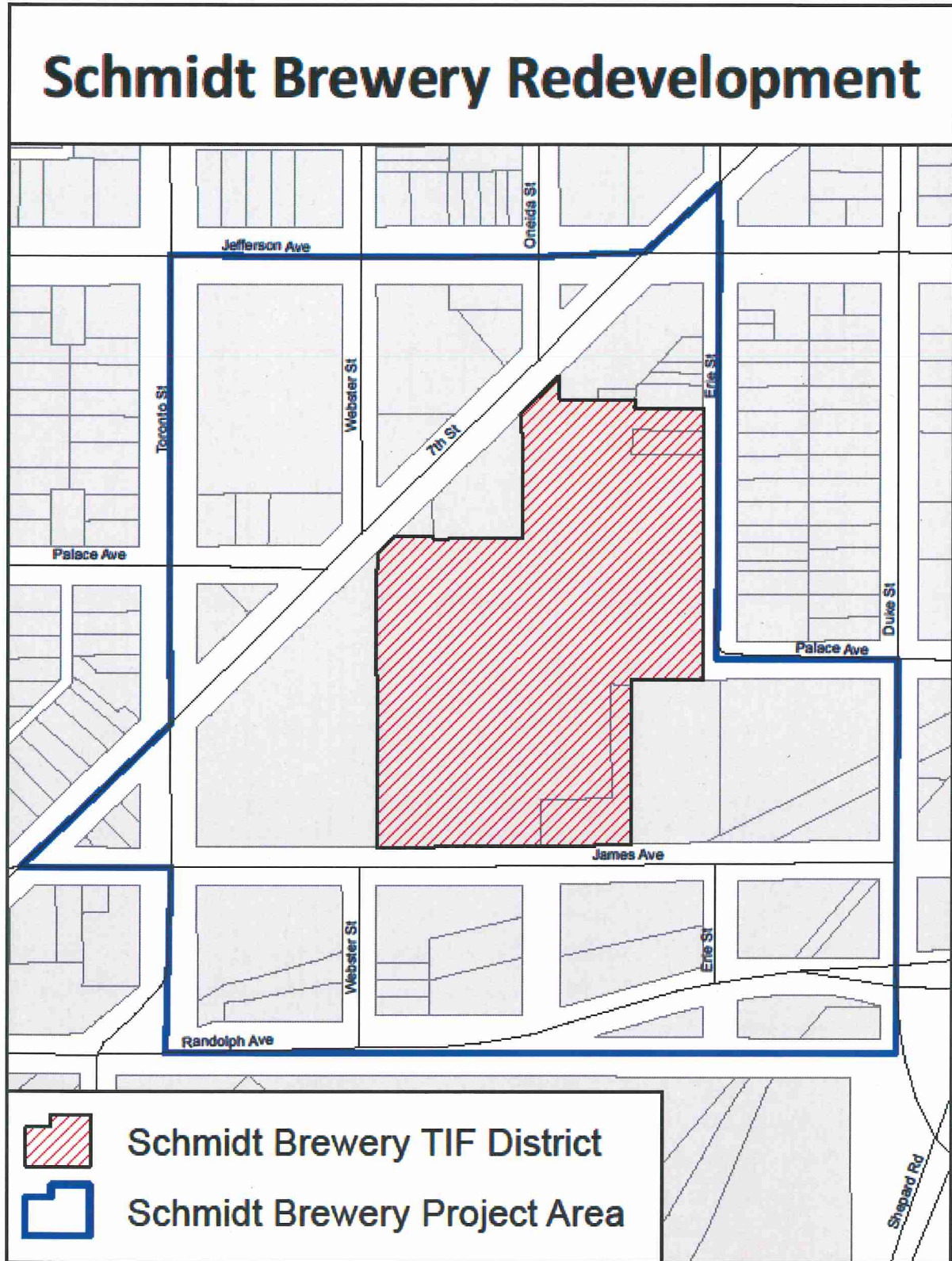


EXHIBIT A-1

Proposed Plat Identifying Lot 3, Block 2, Schmidt Brewery Addition as Boundary of Tax Increment Financing District

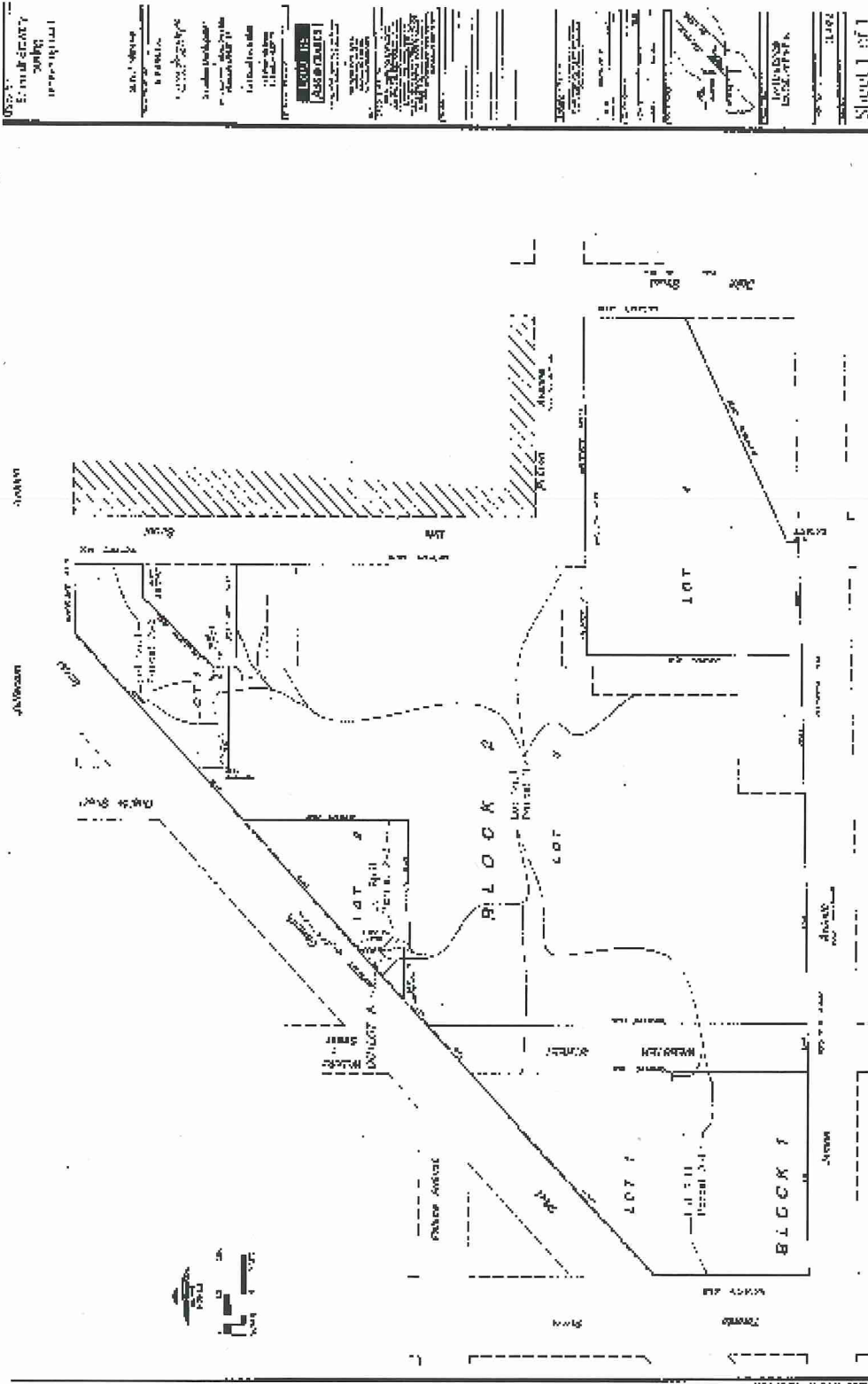


EXHIBIT B

Tax Increment Financing Plan Budget

TAX INCREMENT FINANCING PLAN BUDGET

Name of District : Schmidt Brewery
 Type of District: Housing District
 Duration of District: 25 Years following 1st collection

ESTIMATED REVENUES	Estimated Amount
Tax Increment Revenue ⁽¹⁾	\$7,918,000
ESTIMATED PROJECT/FINANCING COSTS	Estimated Amount
Land/Building Acquisition	\$750,000
Site Improvements/Preparation Costs	\$0
Utilities	\$0
Other Qualifying Public Improvements	\$0
Construction of Affordable Housing	\$3,020,000
Administrative Costs	\$791,800
Estimated Tax Increment Project Costs	\$4,561,800
Estimated Financing Costs	
Interest Expense	\$3,356,200
Total Estimated Project/Financing Costs Paid to be Paid From Tax Increment	\$7,918,000

⁽¹⁾ Net of State Auditor deduction

EXHIBIT C
Assumption Report

Housing & Redevelopment Authority of the City of St. Paul

Name of Project	Schmidt Brewery Housing
Name of Developer	Dominium Development
Type of TIF District	Housing
Maximum Duration	25 years after 1st collection

Est. Date of Certification Request	3/1/2012
Elect First Year	Yes
Est. First Year of Increment	2015
Final Year of Increment (Max)	2040

<u>Tax Rates</u>	<u>Final Pay 2012</u>
City of St. Paul	44.839%
Ramsey County	56.801%
ISD #625	40.109%
Miscellaneous	11.330%
Total Local Rate	153.079%

Watershed Name/No.	Capital Region/151
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Fiscal Disparity (In or Out)	Outside TIF (Clause A)
Sharing Factor	31.8918%
FD Tax Rate	141.9450%
State General Tax Rate	51.1000%
Market Value Based Tax Rate (ISD #625)	0.14951%

Assess year values for base	2011
Pay year values for base	2012

Admin Retainage	10.00%
Pooling Retainage	0.00%

EXHIBIT C (Cont'd)
Assumption Report

**Housing & Redevelopment Authority of the City of St. Paul
Schmidt Brewery Housing
Tax Increment Financing District (Housing)**

Proposed TIF Parcels	Assess 2011-Pay 2012		
	Est. Market Value	Current Class	Current TC
12.28.23.23.0121*	1,920,000	C/I Preferred	37,650
12.28.23.23.0010	30,000	C/I Non-Preferred	600
12.28.23.23.0101*	80,000	C/I Non-Preferred	1,600
	2,030,000		39,850

* Only a portion of these parcels will be included in the TIF district. The estimated market value is based on a total value for the TIF district of \$2,030,000 with 338,283 s.f. valued at \$6.00 per s.f.

Proposed Redevelopment Units - 100% Affordable

Total Units	261
Apartment Units	248
TH Style Units	13

Adjust Current Classification of Parcels Based On Redevelopment Uses

	Est. Market Value	Classification	Adjusted TC
<i>Total Apt Rental</i>	1,928,889	Rental - Affordable	24,111
<i>Total TH Style Rental</i>	101,111	Rental - Affordable	758
	2,030,000		24,869

Proposed Project

	Apt	TH Style
Market Value per Rental Unit*	\$100,000	\$120,000
Total No. of Apartments	248	13
Percent Affordable Class	100.0%	100.0%
Number Affordable Class	248	13

	Est. Market Value	Tax Capacity
Apt Units	\$24,800,000	\$186,000
TH Style Units	\$1,560,000	\$11,700
Total Project	\$26,360,000	\$197,700

Project Timing	<u>Apartments</u>	<u>TH Style</u>
Construction Start	10/1/2012	10/1/2012
Project Opening	12/1/2013	10/1/2013
Stabilized Occupancy	7/1/2014	12/1/2013
Percent Value By Year		
Assess 2012/Pay 2013	0%	0%
Assess 2013/Pay 2014	30%	30%
Assess 2014/Pay 2015	100%	100%
Assess 2015/Pay 2016	100%	100%

* Value estimates provided by Ramsey County Assessor's Office

EXHIBIT D

Projected Tax Increment

Housing & Redevelopment Authority of the City of St. Paul
Schmidt Brewery Housing

Tax Increment Financing District (Housing)

Total Estimated Market Value of \$26.36M with 1% Inflation, Final Pay 2012 Tax Rate - Elect First Year 2015

Assess Year (1)	Collect Year (2)	Total Est. Market Value (3)	Less			Est. Local Tax Rate* (7)	Projected Tax Increment (8)	Est. TI Attributable to City Levy* (9)	Est. TI to County Levy* (10)	Est. TI to School Dist Levy* (11)	Less State Auditor Deduction 0.360% (12)	Annual TI to HRA (13)
			Total Net Tax Capacity (4)	Original Net Tax Capacity (5)	Less Net Tax Capacity (6)							
2012	2013	\$2,030,000	24,869	(24,869)	0	153.079%	\$0	\$0	\$0	\$0	\$0	\$0
2013	2014	\$7,908,000	24,869	(24,869)	0	153.079%	\$0	\$0	\$0	\$0	\$0	\$0
2014	2015	\$26,360,000	197,700	(24,869)	172,831	153.079%	\$264,567	\$77,495	\$98,169	\$69,321	(\$952)	\$263,615
2015	2016	\$26,623,600	199,677	(24,869)	174,808	153.079%	\$267,594	\$78,382	\$99,292	\$70,114	(\$963)	\$266,630
2016	2017	\$26,889,836	201,674	(24,869)	176,804	153.079%	\$270,650	\$79,277	\$100,427	\$70,914	(\$974)	\$269,676
2017	2018	\$27,158,734	203,691	(24,869)	178,821	153.079%	\$273,737	\$80,182	\$101,572	\$71,723	(\$985)	\$272,752
2018	2019	\$27,430,322	205,727	(24,869)	180,858	153.079%	\$276,856	\$81,095	\$102,729	\$72,540	(\$997)	\$275,859
2019	2020	\$27,704,625	207,785	(24,869)	182,915	153.079%	\$280,005	\$82,017	\$103,898	\$73,365	(\$1,008)	\$278,997
2020	2021	\$27,981,671	209,863	(24,869)	184,993	153.079%	\$283,186	\$82,949	\$105,078	\$74,199	(\$1,019)	\$282,166
2021	2022	\$28,261,488	211,961	(24,869)	187,092	153.079%	\$286,398	\$83,890	\$106,270	\$75,041	(\$1,031)	\$285,367
2022	2023	\$28,544,103	214,081	(24,869)	189,211	153.079%	\$289,643	\$84,840	\$107,474	\$75,891	(\$1,043)	\$288,600
2023	2024	\$28,829,544	216,222	(24,869)	191,352	153.079%	\$292,920	\$85,800	\$108,690	\$76,749	(\$1,055)	\$291,865
2024	2025	\$29,117,839	218,384	(24,869)	193,514	153.079%	\$296,230	\$86,770	\$109,918	\$77,617	(\$1,066)	\$295,163
2025	2026	\$29,409,018	220,568	(24,869)	195,698	153.079%	\$299,573	\$87,749	\$111,159	\$78,493	(\$1,078)	\$298,494
2026	2027	\$29,703,108	222,773	(24,869)	197,904	153.079%	\$302,949	\$88,738	\$112,411	\$79,377	(\$1,091)	\$301,859
2027	2028	\$30,000,139	225,001	(24,869)	200,132	153.079%	\$306,359	\$89,737	\$113,677	\$80,271	(\$1,103)	\$305,257
2028	2029	\$30,300,140	227,251	(24,869)	202,382	153.079%	\$309,804	\$90,746	\$114,955	\$81,173	(\$1,115)	\$308,688
2029	2030	\$30,603,142	229,524	(24,869)	204,654	153.079%	\$313,282	\$91,765	\$116,246	\$82,085	(\$1,128)	\$312,155
2030	2031	\$30,909,173	231,819	(24,869)	206,949	153.079%	\$316,796	\$92,794	\$117,549	\$83,005	(\$1,140)	\$315,656
2031	2032	\$31,218,265	234,137	(24,869)	209,268	153.079%	\$320,345	\$93,833	\$118,866	\$83,935	(\$1,153)	\$319,191
2032	2033	\$31,530,447	236,478	(24,869)	211,609	153.079%	\$323,929	\$94,883	\$120,196	\$84,874	(\$1,166)	\$322,763
2033	2034	\$31,845,752	238,843	(24,869)	213,974	153.079%	\$327,549	\$95,944	\$121,539	\$85,823	(\$1,179)	\$326,370
2034	2035	\$32,164,209	241,232	(24,869)	216,362	153.079%	\$331,205	\$97,015	\$122,896	\$86,781	(\$1,192)	\$330,013
2035	2036	\$32,485,852	243,644	(24,869)	218,774	153.079%	\$334,898	\$98,096	\$124,266	\$87,748	(\$1,206)	\$333,692
2036	2037	\$32,810,710	246,080	(24,869)	221,211	153.079%	\$338,627	\$99,189	\$125,650	\$88,725	(\$1,219)	\$337,408
2037	2038	\$33,138,817	248,541	(24,869)	223,672	153.079%	\$342,394	\$100,292	\$127,048	\$89,712	(\$1,233)	\$341,162
2038	2039	\$33,470,205	251,027	(24,869)	226,157	153.079%	\$346,199	\$101,407	\$128,459	\$90,709	(\$1,246)	\$344,953
2039	2040	\$33,804,907	253,537	(24,869)	228,667	153.079%	\$350,042	\$102,532	\$129,885	\$91,716	(\$1,260)	\$348,782
							\$7,945,737	\$2,327,418	\$2,948,319	\$2,081,902	(\$28,605)	\$7,917,132

EXHIBIT E
Estimated Impact on Other Taxing Jurisdictions Report

Housing & Redevelopment Authority of the City of St. Paul

Schmidt Brewery 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				
	Final Pay 2012 Tax Capacity (a)	Final Pay 2012 Local Tax Rate**	Final Pay 2012 Taxable Net Tax Capacity (a)	Projected Captured Net Tax Capacity	New Taxable Net Tax Capacity (b)	Hypothetical Local Tax Rate	Hypothetical Decline in Local Tax Rate	Hypothetical Tax Generated by Captured Net Tax
City of St. Paul	178,097,225	44.8399%	178,097,225	228,667	178,325,892	44.782%	0.057%	\$102,532
Ramsey County	387,812,729	56.801%	387,812,729	228,667	388,041,396	56.768%	0.033%	\$129,885
ISD #625	178,099,637	40.109%	178,099,637	228,667	178,328,304	40.058%	0.051%	\$91,716
Miscellaneous *	-	11.330%	-	-	-	11.330%	0.000%	\$0
		153.079%				152.937%	0.142%	\$324,134

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 0.142%; alternatively an increase in taxable net tax capacity without a reduction in the tax rate would produce an additional \$324,134 of taxes.

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

* The miscellaneous taxing jurisdictions have been excluded as they represent just 7.4% of the total local tax rate.
 ** Final Pay 2012 Tax Rates

(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