

TAX INCREMENT FINANCING PLAN

for the establishment of the

TAX INCREMENT FINANCING DISTRICT  
(Cossetta Project)  
(an economic development district)

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

Approved by City Council: May 18, 2011

Adopted by Housing and Redevelopment Authority of the City of Saint Paul: May 25, 2011

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(for reference purposes only)

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## TAX INCREMENT FINANCING PLAN FOR A TAX INCREMENT FINANCING DISTRICT (COSSETTA PROJECT)

Section 1. Foreword. The Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the "HRA"), and its staff and consultants have prepared the following information for the establishment of an economic development tax increment financing district (the "Tax Increment Financing District"). The Tax Increment Financing District is located within the Riverfront Redevelopment District heretofore established by the HRA, as modified to include the property in the Tax Increment Financing District contemporaneously with the establishment of this Tax Increment Financing District (the "Redevelopment Project Area").

Section 2. Statutory Authority. There exist areas within the City of Saint Paul, Minnesota (the "City") where public involvement is necessary to cause development to occur. To this end, the HRA has certain statutory powers pursuant to Minnesota Statutes, Section 469.001 to 469.047 (the "HRA Law") and Minnesota Statutes, Section 469.174 through 469.1799 (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to a development project.

Section 3. Statement of Objectives. The Tax Increment Financing District consists of four parcels of land and adjacent and internal rights-of-way. The Tax Increment Financing District is being created to facilitate the expansion of an existing restaurant and food market known as Cossetta's Italian Market and Pizzeria on West 7<sup>th</sup> Street in the City by the construction of a new building of approximately 16,450 square feet above grade and 7,570 below grade, the renovation and internal reconfiguration of existing space and related parking improvements (the "Project"). The tax increment financing plan is expected to achieve the objectives outlined in the Redevelopment Plan for the Redevelopment Project Area by the expansion of commercial and retail facilities. The following are some of the objectives being facilitated by the Tax Increment Financing Plan.

A. Create and Retain Jobs. The Project will create and retain jobs in the State, including construction jobs, and the construction would not commence before July 1, 2011 without the tax increment financing assistance.

B. Redevelop Underused Property. In order to encourage new development and the expansion of existing businesses in the area, and prevent the emergence of blight and blighting influences, tax increment financing must be used to encourage the expansion and development of the site.

C. Expand the Tax Base of the City of Saint Paul.

It is expected that the taxable market value of parcels in the Tax Increment Financing District will increase by approximately \$4,252,900 as a result of the new development.

The activities contemplated in the Redevelopment Plan and this Tax Increment Financing Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of the Tax Increment Financing District and within the Redevelopment Project Area.

Section 4. Redevelopment Plan Overview.

1. Property to be Acquired – The HRA does not intend to acquire any property in the Tax Increment Financing District.
2. Relocation - if necessary, complete relocation services are available pursuant to Minnesota Statutes, Chapter 117 and other relevant state and federal laws.
3. The HRA may sell or assist a private developer with the cost of acquisition of properties within the Tax Increment Financing District, or may lease land or facilities to a developer.

Section 5. Parcels to be Included in Tax Increment Financing District. The following parcels located in the City of Saint Paul, Ramsey County, Minnesota, are included in the Tax Increment Financing District.

**PID Numbers**

06-28-22-23-0127  
06-28-22-23-0130  
06-28-22-23-0131  
06-28-22-23-0129

Including all interior and adjacent public streets and rights of way.

FURTHER INFORMATION REGARDING THE IDENTIFICATION OF THE PARCELS TO BE INCLUDED IN THE TAX INCREMENT FINANCING DISTRICT CAN BE OBTAINED FROM THE EXECUTIVE DIRECTOR OF THE HRA.

Section 6. Parcels to be Acquired. The HRA does not intend to acquire any parcels in the Tax Increment Financing District. However, in the event the HRA were to acquire any parcels with tax increments in excess of the percentages permitted by Minnesota Statutes, Section 469.176, Subd. 5, the HRA will enter into an agreement with a private developer for the development of the parcels which will provide recourse to the HRA if the development is not completed. The HRA may use its powers of eminent domain to acquire parcels which it cannot obtain through private negotiation.

The HRA may acquire property by gift, dedication or direct purchase from willing sellers in order to achieve the objectives of the tax increment financing plan.

Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

Section 7. Development Activity in Tax Increment Financing District for which Contracts have been Signed. The following contracts have been or will be entered into by the HRA and the persons named below:

A Development Agreement by and between the HRA and Bocce, Inc. the owner of the Project will be entered into in connection with the development of the Project described in Section 3 hereof. The total development costs of the Project (which include all equipment, trade fixtures, appliances, small wares and other personality additions purchased by, and new product development costs incurred by, the Project's tenant) are estimated to be approximately \$10,500,000. Construction is expected to be 75% completed by December 31, 2011, and substantially completed by April 30, 2012.

Section 8. Other Specific Development Expected to Occur within Redevelopment Area. The HRA does not anticipate that other future development in the Tax Increment Financing District will occur.

Section 9. Estimated Cost of Project; 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 construction of the Project within the Tax Increment Financing District, this Tax Increment Financing Plan authorizes the use of tax increment financing to pay for a portion of the cost of certain eligible expenses of the Project. The estimate of public costs and uses of funds associated with Tax Increment Financing District is outlined on Exhibit A.

The HRA may spend tax increments or other revenues identified in Section 11 hereof in other areas of the City. Any expenditure of tax increments outside the Tax Increment District will comply with the pooling limitations described under Section 23, paragraph 2.

Estimated costs associated with Tax Increment Financing District are subject to change and may be reallocated between line items by a resolution of the HRA. The cost of all activities to be financed by the tax increment will not exceed, without formal modification, the budget for the tax increments set forth on Exhibit A.

Section 10. Estimated Amount of Bonded Indebtedness. The expenditures authorized by this Tax Increment Financing Plan will be paid on a pay-as-you-go basis. The principal amount of the pay-as-you-go indebtedness is estimated to be approximately \$388,000 with simple interest at 6.5% per annum, as evidenced by a promissory note in customary form.

Section 11. Sources of Revenue. The costs outlined in Section 9 above will be financed on a pay as you go basis through the annual collection of tax increments. Other sources of revenues to pay the costs include private financing obtained by the private developer. The market value of the elements of the Project that are subject to real estate tax, upon completion of the Project in 2012, is estimated to be approximately \$6,600,000.

Section 12. Estimated Captured Tax Capacity and Estimate of Tax Increment. The current tax capacity of the parcels to be included in the Tax Increment Financing District is \$45,442. The captured tax capacity of Tax Increment Financing District, at the completion of the construction of the Development which is estimated to occur by December 31, 2012, is estimated to be \$55,292 on January 1, 2013.

The method of tax increment computation set forth in Minnesota Statutes, Section 469.177, Subd. 3(b) shall apply.

Section 13. Type of Tax Increment Financing District. Tax Increment Financing District is an economic development district established pursuant to Minnesota Statutes, Section 469.174, Subd. 12, and the tax increment revenue may be used for the Project in accordance with Section 469.176, Subd. 4c, clause (d), because the Project will create and retain jobs in the State, including construction jobs, and the Developer has represented that the construction of the Project would not commence before July 1, 2011, without the tax increment assistance, and that construction will begin no later than July 1, 2011. The Authority will request certification of the Tax Increment Financing District not later than June 30, 2011.

The HRA and the City have determined that the proposed development of the Tax Increment Financing District would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than \$3,819,515, which is the increase in the market value estimated to result from the proposed development (\$4,252,900) less the present value of the projected tax increments for the maximum duration of the Tax Increment Financing District permitted by the Tax Increment Financing Plan (\$433,385). Attached as Exhibit B-3 is a market value analysis report.

Section 14. Duration of Tax Increment Financing District. The duration of Tax Increment Financing District will be 8 years from the receipt of the first tax increment. It is anticipated that the Authority will receive the first increment in 2013. Attached as Exhibit B is the projected receipt of tax increments from the Tax Increment Financing District.

Section 15. Alternate Estimates of the Impact of the Tax Increment Financing on the Net Tax Capacities of All Taxing Jurisdictions. The impact of the Tax Increment Financing District on the Taxing Jurisdiction is set forth on Exhibit C.

On the alternate assumption, that none of the estimated captured tax capacity would be available to these taxing jurisdictions without the District, there would be no effect on the other taxing jurisdictions, but upon the expiration or earlier termination of this portion of the Tax Increment District, each taxing jurisdiction's tax capacity would be increased by the captured tax capacity, as it may be adjusted over that time period.

The estimated amount of tax increment that will be generated over the life of the Tax Increment District is approximately \$643,468. The estimated amount of tax increment attributable to the School District and County levies is estimated to be approximately \$168,490 and \$243,524 respectively. It is not expected that the Tax Increment District will have any impact on the need for new or improved public infrastructure, other than the infrastructure paid for by tax increments or from other public and private funds currently appropriated. The impact on City provided services such as police and fire protection are anticipated to increase only slightly as a result of the Tax Increment District since the Project is an expansion of an existing business. The Authority will provide any additional infrastructure requested by the County or School District.

Section 16. Modification of Tax Increment Financing District and/or Tax Increment Financing Plan. This is a new Tax Increment Financing Plan so no modifications to Tax

Increment Financing District or the Tax Increment Financing Plan have been made as of the date hereof.

Section 17. Modifications to Tax Increment Financing District.

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

1. reduction or enlargement of the geographic area of the Tax Increment Financing District;
2. increase in amount of bonded indebtedness to be incurred, including a determination to capitalize interest on debt if that determination was not a part of the original plan, or to increase or decrease the amount of interest on the debt to be capitalized;
3. increase in the portion of the captured net tax capacity to be retained by the HRA;
4. increase in total estimated tax increment expenditures; or
5. designation of additional property to be acquired by the HRA,

shall be approved upon notice and after the discussion, public hearing and findings required for approval of the original Tax Increment Financing Plan.

The geographic area of the Tax Increment Financing District may be reduced, but shall not be enlarged after five years following the date of certification of the original net tax capacity by the County Auditor. The requirements of this paragraph do not apply if (1) the only modification is elimination of parcel(s) from the Tax Increment Financing District, and (2)(A) the current net tax capacity of the parcel(s) eliminated from the Tax Increment Financing District equals or exceeds the net tax capacity of those parcel(s) in the Tax Increment Financing District's original net tax capacity, or (B) the HRA agrees that, notwithstanding Minnesota Statutes, Section 469.177, Subd. 1, the original net tax capacity will be reduced by no more than the current net tax capacity of the parcel(s) eliminated from the Tax Increment Financing District.

The HRA must notify the County Auditor of any modification that reduces or enlarges the geographic area of the Tax Increment Financing District or the Redevelopment Project Area. Modifications to Tax Increment Financing District in the form of a budget modification or an expansion of the boundaries will be recorded in the Tax Increment Financing Plan.

Section 18. Administrative Expenses.

In accordance with Minnesota Statutes, Section 469.174, Subd. 14, and Minnesota Statutes, Section 469.176, Subd. 3, administrative expenses means all expenditures of the HRA, other than:

1. amounts paid for the purchase of land or amounts paid to contractors or others providing materials and services, including architectural and engineering services,

directly connected with the physical development of the real property in the district;

2. relocation benefits paid to or services provided for persons residing or businesses located in the district; or
3. amounts used to pay interest on, fund a reserve for, or sell at a discount bonds issued pursuant to Minnesota Statutes, Section 469.178.

Administrative expenses also include amounts paid for services provided by bond counsel, fiscal consultants, and planning or economic development consultants. Tax increment may be used to pay any authorized and documented administrative expenses for the Tax Increment Financing District up to but not to exceed 10 percent of the total tax increment expenditures authorized by this Tax Increment Financing Plan or the total tax increment expenditures, whichever is less.

Pursuant to Minnesota Statutes, Section 469.176, Subd. 4h, tax increments may be used to pay for the county's actual administrative expenses incurred in connection with the Tax Increment Financing District. The county may require payment of those expenses by February 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 thirty-six hundredths of one percent (.36%) of any tax increment distributed to the HRA and the county treasurer shall pay the amount deducted to the state treasurer for deposit in the state general fund to be appropriated to the State Auditor for the cost of financial reporting of tax increment financing information and the cost of examining and auditing authorities' use of tax increment financing.

Pursuant to Minnesota Statutes, Section 469.176, Subd. 6:

if after four years from the date of certification of the original net tax capacity of the tax increment financing district pursuant to Minnesota Statutes, Section 469.177, no demolition, rehabilitation or renovation of property or other site preparation, including qualified improvement of a street adjacent to a parcel but not installation of utility service including sewer or water systems, has been commenced on a parcel located within a tax increment financing district by the authority or by the owner of the parcel in accordance with the tax increment financing plan, no additional tax increment may be taken from that parcel and the original net tax capacity of that parcel shall be excluded from the original net tax capacity of the tax increment financing district. If the authority or the owner of the parcel subsequently commences demolition, rehabilitation or renovation or other site preparation on that parcel including qualified improvement of a street adjacent to that parcel, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced and the county auditor shall certify the net tax capacity thereof as most recently certified by the commissioner of revenue and add it to the original net tax capacity of the tax increment financing district. The county auditor must enforce the

provisions of this subdivision. For purposes of this subdivision, qualified improvements of a street are limited to (1) construction or opening of a new street, (2) relocation of a street, and (3) substantial reconstruction or rebuilding of an existing street.

Section 19. Use of Tax Increment.

The HRA hereby determines that it will use 100 percent of the captured net tax capacity of taxable property located in the Tax Increment Financing District for the following purposes:

1. to pay the principal of and interest on bonds used to finance a project;
2. to finance, or otherwise pay the capital and administration costs of the Redevelopment Project Area pursuant to the Minnesota Statutes, Sections 469.001 to 469.047;
3. to pay for project costs as identified in the budget;
4. to finance, or otherwise pay for other purposes as provided in Minnesota Statutes, Section 469.176, Subd. 4;
5. to pay principal and interest on any loans, advances or other payments made to the HRA or for the benefit of Redevelopment Project Area by the developer;
6. to finance or otherwise pay premiums and other costs for insurance, credit enhancement, or other security guaranteeing the payment when due of principal and interest on tax increment bonds or bonds issued pursuant to the Tax Increment Financing Plan or pursuant to Minnesota Statutes, Chapter 462C and Minnesota Statutes, Sections 469.152 to 469.1651, or both; and
7. to accumulate or maintain a reserve securing the payment when due of the principal and interest on the tax increment bonds or bonds issued pursuant to Minnesota Statutes, Chapter 462C and Minnesota Statutes, Sections 469.152 to 469.1651, or both.

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

Section 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 eighteen (18) months immediately preceding approval of the Tax Increment Financing Plan by the municipality pursuant to Minnesota Statutes, Section 469.175, Subd. 3. The County Auditor shall increase the original value of the Tax Increment Financing District by the value of improvements for which a building permit was issued.

## Section 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 therefor;
3. pay into an escrow account dedicated to the payment of such bond; or
4. return the excess to the County Auditor for redistribution to the respective taxing jurisdictions in proportion to their local tax rates.

In addition, the HRA may, subject to the limitations set forth herein, choose to modify the Plan in order to finance additional public costs in the Tax Increment Financing District or Redevelopment Project Area.

## Section 22. Requirements for Agreements with Developers.

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 City 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 ten percent (10%), by acreage, of the property to be acquired in the Tax Increment Financing District as set forth in the Tax Increment Financing 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 ten percent (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.

## Section 23. Other Limitations on the Use of Tax Increment.

1. General Limitations. All revenue derived from tax increment shall be used in accordance with the Tax Increment Financing Plan. The revenues shall be used to finance, or otherwise pay the capital and administration costs of the Redevelopment Project Area pursuant to the HRA Law;

These revenues shall not be used to circumvent existing levy limit law. No revenues derived from tax increment shall be used for the acquisition,

construction, renovation, operation or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the state or federal government, or for a commons area used as a public park, or a facility used for social, recreation or conference purposes. This provision shall not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure.

2. Pooling Limitations. Except as otherwise provided in paragraph 4 below, at least eighty percent (80%) of tax increments from the Tax Increment Financing District must be expended on activities in the Tax Increment Financing District or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities within said district or to pay, or secure payment of, debt service on credit enhanced bonds. Not more than 20 percent of said tax increments may be expended, through a development fund or otherwise, on activities outside of the Tax Increment Financing District except to pay, or secure payment of, debt service on credit enhanced bonds. For purposes of applying this restriction, all administrative expenses must be treated as if they were solely for activities outside of the Tax Increment Financing District.
3. Five Year Limitation on Commitment of Tax Increments. Tax increments derived from the Tax Increment Financing District shall be deemed to have satisfied the 20 percent test set forth in paragraph (2) above only if the five year rule set forth in Minnesota Statutes, Section 469.1763, Subd. 3, has been satisfied; and beginning with the sixth year following certification of the Tax Increment Financing District, 80 percent of said tax increments that remain after expenditures permitted under said five year rule must be used only to pay previously committed expenditures or credit enhanced bonds as more fully set forth in Minnesota Statutes, Section 469.1763, Subd. 5.

#### Section 24. 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 Plan will have little or no impact upon county roads. If the county elects to use increments to improve county roads, it must notify the HRA within thirty days of receipt of this Plan.

#### Section 25. 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 the Tax Increment Financing District. Any 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.

Section 26. Administration of the Tax Increment Financing District.

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

Section 27. Financial Reporting Requirements.

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

## **EXHIBIT A**

### Tax Increment Financing Plan Budget

Name of District: Cossetta  
Type of District: Economic Development District  
Duration of District: 8 years following 1<sup>st</sup> collection

<b>SOURCES OF FUNDS</b>	<b>TIF Financing</b>
Tax Increment Revenue (1)	\$641,155.00
Interest on Invested Funds	
Loan/Bond Proceeds	
Real Estate Sales	
Special Assessments	
Rent/Lease Revenue	
Grants (Specify)	
Other Sources (Specify)	
Transfers In (Specify)	
Total Sources of Funds	\$641,155.00
<b>USES OF FUNDS</b>	<b>TIF Financing</b>
Land/Building Acquisition	
Site Improvements/Preparation Costs	\$388,000.00
Installation of Public Utilities	
Parking Facilities and Foundation	
Street and Sidewalks	
Public Park Facilities	
Social, Recreational	
Interest Reduction Payments	
Bond Principal Payments	
Bond Interest Payments	
Loan/Bond Principal Payments	
Loan/Bond/Note Interest Payments	\$189,040.00
Administrative Costs	\$64,115.00
Bond Issuance Costs	
Pollution Abatement	
Capitalized Interest	
Contingency	
Other Uses (Specify)	
Transfers Out (Specify)	
Total Uses of Funds	\$641,155.00

(1) Net of State Auditor Deduction

# **EXHIBIT B**

## Projected Tax Increments

### Assumptions Report

**City of Saint Paul, Minnesota**  
**Tax Increment Financing District (Economic Development)**  
**Cossetta's Expansion Project (Special Authority for TIF)**  
**Scenario: \$6.6M Post Development Market Value**

Type of Tax Increment Financing District	Economic Development
Maximum Duration of TIF District	8 years from 1st increment
Projected Certification Request Date	06/01/11
Decertification Date	12/31/21 (9 Years of Increment)

	2010/2011			
Base Estimated Market Value (1)	\$2,347,100			
#06.28.22.23.0127	864,000			
#06.28.22.23.0129	576,000			
#06.28.22.23.0130	574,500			
#06.28.22.23.0131	332,600			
Original Net Tax Capacity	\$45,442			
	Assessment/Collection Year			
	2011/2012	2012/2013	2013/2014	2014/2015
Base Estimated Market Value	\$2,347,100	\$2,347,100	\$2,347,100	\$2,347,100
Increase in Estimated Market Value (3)	0	2,932,900	4,252,900	4,252,900
Total Estimated Market Value (2)	2,347,100	5,280,000	6,600,000	6,600,000
Total Net Tax Capacity	\$45,442	\$104,850	\$131,250	\$131,250
City of St. Paul	38.058%			
Ramsey County	50.669%			
ISD #625	35.057%			
Other	10.100% Capital W/S			
Local Tax Capacity Rate (4)	133.884% Final Pay 2011 Rates			
Fiscal Disparities Contribution From TIF District	35.5629%			
Administrative Retainage Percent (maximum = 10%)	10.00%			
Pooling Percent	0.00%			

#### Notes

- (1) District parcels provided by Cossetta's and use Pay 2011 values
- (2) Estimated post-development market value for TIF District of \$6.6M provided by Cossetta's
- (3) Project commences in 2011 with an estimated 80% of post-development market value assessed 1/2/2012 for taxes payable 2013; 100% assessed 1/2/2013 for taxes payable 2014
- (4) Projections utilize final pay 2011 tax rates.

Projections assume no future changes to class and tax rates, and no market value inflator.

Assumes qualification as special Economic Development District as follows:

the municipality finds that the project will create or retain jobs in Minnesota, including construction jobs, and that construction of the project would not have commenced before July 1, 2011, without the authority providing TIF assistance; construction of the project begins no later than July 1, 2011; and the request for certification of the district is made no later than June 30, 2011.

# Projected Tax Increment Report

## City of Saint Paul, Minnesota Tax Increment Financing District (Economic Development) Cossetta's Expansion Project (Special Authority for TIF) Scenario: \$6.6M Post Development Market Value

Annual Period Ending	Total Taxable Market Value	Total Net Tax Capacity	Less:		Retained Captured Net Tax Capacity	Times: Tax Capacity Rate	Annual Gross Tax Increment	Final Tax Rates Pay 2011					Less: State Aud. Deduction 0.360%	Annual Gross Revenue to HRA	Less: Admin. Retainage 10.00%	Annual Net Revenue
			Original Net Tax Capacity	Fiscal Disp. @ 35.5629%				City's Share At Tax Rate of 38.058%	County's Share At Tax Rate of 50.669%	School Dist. Share At Tax Rate of 35.057%						
12/31/12	2,347,100	45,442	45,442	0	0	133.884%	0	0	0	0	0	0	0	0	0	0
12/31/13	5,280,000	104,850	45,442	21,127	38,281	133.884%	51,252	51,252	14,569	19,397	13,420	185	51,067	5,107	45,960	
12/31/14	6,600,000	131,250	45,442	30,516	55,292	133.884%	74,027	74,027	21,043	28,016	19,384	266	73,761	7,376	66,385	
12/31/15	6,600,000	131,250	45,442	30,516	55,292	133.884%	74,027	74,027	21,043	28,016	19,384	266	73,761	7,376	66,385	
12/31/16	6,600,000	131,250	45,442	30,516	55,292	133.884%	74,027	74,027	21,043	28,016	19,384	266	73,761	7,376	66,385	
12/31/17	6,600,000	131,250	45,442	30,516	55,292	133.884%	74,027	74,027	21,043	28,016	19,384	266	73,761	7,376	66,385	
12/31/18	6,600,000	131,250	45,442	30,516	55,292	133.884%	74,027	74,027	21,043	28,016	19,384	266	73,761	7,376	66,385	
12/31/19	6,600,000	131,250	45,442	30,516	55,292	133.884%	74,027	74,027	21,043	28,016	19,384	266	73,761	7,376	66,385	
12/31/20	6,600,000	131,250	45,442	30,516	55,292	133.884%	74,027	74,027	21,043	28,016	19,384	266	73,761	7,376	66,385	
12/31/21	6,600,000	131,250	45,442	30,516	55,292	133.884%	74,027	74,027	21,043	28,016	19,384	266	73,761	7,376	66,385	
							\$643,468		\$182,913	\$243,524	\$168,490	\$2,313	\$641,155	\$64,115	\$577,040	

## Market Value Analysis Report

**City of Saint Paul, Minnesota**  
**Tax Increment Financing District (Economic Development)**  
**Cossetta's Expansion Project (Special Authority for TIF)**  
**Scenario: \$6.6M Post Development Market Value**

<u>Assumptions</u>			
Present Value Date		06/01/11	
P.V. Rate - Gross T.I.		6.50%	
<hr/>			
Increase in EMV With TIF District			\$4,252,900
Less: P.V of Gross Tax Increment			<u>433,385</u>
Subtotal			\$3,819,515
Less: Increase in EMV Without TIF			<u>0</u>
Difference			\$3,819,515
<hr/>			
		Annual Gross Tax Increment	Present Value @ 6.50%
	Year		
			<hr/>
1	2013	51,252	44,248
2	2014	74,027	60,010
3	2015	74,027	56,348
4	2016	74,027	52,909
5	2017	74,027	49,679
6	2018	74,027	46,647
7	2019	74,027	43,800
8	2020	74,027	41,127
9	2021	74,027	38,617
		<hr/>	<hr/>
		\$643,468	\$433,385

# EXHIBIT C

## Fiscal and Economic Impact on Other Taxing Jurisdictions

### Estimated Impact on Other Taxing Jurisdictions Report

City of Saint Paul, Minnesota  
Tax Increment Financing District (Economic Development)  
Cossetta's Expansion Project (Special Authority for TIF)  
Scenario: \$6.6M Post Development Market Value

Taxing Jurisdiction	Without Project or TIF District			With Project and TIF District				
	2010/2011 Taxable Net Tax Capacity (1)	2010/2011 Local Tax Rate	2010/2011 Taxable Net Tax Capacity (1)	Projected Retained Captured Net Tax Capacity + Capacity	New Taxable Net Tax Capacity	Hypothetical Adjusted Local Tax Rate (*)	Hypothetical Decrease In Local Tax Rate (*)	Hypothetical Tax Generated by Retained Captured N.T.C. (*)
City of St. Paul	195,001,767	38.058%	195,001,767	\$55,292	195,057,059	38.047%	0.011%	21,037
Ramsey County	424,195,301	50.869%	424,195,301	55,292	424,250,593	50.862%	0.007%	28,012
ISD #625	195,004,188	35.057%	195,004,188	55,292	195,059,480	35.047%	0.010%	19,378
Other (2)	---	10.100%	---	55,292	---	10.100%	---	---
Totals		133.884%				133.857%	0.027%	

\* **Statement 1:** If the projected Retained Captured Net Tax Capacity of the TIF District was hypothetically available to each of the taxing jurisdictions above, the result would be a lower local tax rate (see Hypothetical Adjusted Tax Rate above) which would produce the same amount of taxes for each taxing jurisdiction. In such a case, the total local tax rate would decrease by 0.027% (see Hypothetical Decrease in Local Tax Rate above). The hypothetical tax that the Retained Captured Net Tax Capacity of the TIF District would generate is also shown above.

**Statement 2:** Since the projected Retained Captured Net Tax Capacity of the TIF District is not available to the taxing jurisdictions, then there is no impact on taxes levied or local tax rates.

(1) Taxable net tax capacity = total net tax capacity - captured TIF - fiscal disparity contribution, if applicable.

(2) The impact on these taxing jurisdictions is negligible since they represent only 7.54% of the total tax rate.