

FIRST AMENDMENT TO
TAX INCREMENT FINANCING PLAN

FOR

KOCH MOBIL TAX INCREMENT FINANCING DISTRICT
(a redevelopment district)

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

ORIGINALLY ADOPTED: February 11, 2004

AMENDED:

HRA Board: December 9, 2015

City Council: December 16, 2015

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1. BACKGROUND

The Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the “Authority”), on February 11, 2004, created the Koch Mobil Tax Increment Financing District (the “Tax Increment Financing District”) located within the Saint Paul Neighborhood Redevelopment Project Area after a public hearing by the City Council of the City of Saint Paul, Minnesota (the “City”) on February 4, 2004.

The Authority has determined that it is necessary to further amend the Tax Increment Financing Plan to increase the project area in which tax increments are authorized to be spent in connection with additional development anticipated to occur including, but not limited to, public redevelopment costs to be incurred by the City and Authority in connection with the renovation of the historic Schmidt Brewery Keg House and Rathskeller and other development or redevelopment of the Koch-Mobil Redevelopment Project Plan Area, as expanded (the “Project Area”), to develop or redevelop sites, lands or areas within the Project Area in conformance with the City’s Comprehensive Plan, and to implement recommendations of studies completed, in order to implement the City’s Comprehensive Plan. The redevelopment activities are expanded by this First Amendment to include in the objectives outlined in the Koch-Mobil Redevelopment Project Area Plan, as amended by the First Amendment to Koch-Mobil Project Area Plan (the “Redevelopment Plan”) for the Project Area which includes, but is not limited to, the redevelopment activities outlined in the Redevelopment Plan adopted by the HRA on the same date as this First Amendment, activities to create a mixed use urban neighborhood, and elimination of the adverse physical and environmental conditions that exist in the Schmidt Brewery Area, all consistent with the principles, goals and objectives of the West 7th/Fort Road District 9 Area Plan, the Fort Road Development Plan and the Saint Paul on the Mississippi Development Framework as interpreted as a guide for neighborhood redevelopment, in compliance with the Jacob Schmidt Brewing Company Heritage Preservation District.

To accomplish these goals, it is necessary to amend the Tax Increment Financing Plan to, among other things, increase the project area in which tax increments are authorized to be spent in connection with additional development anticipated to occur in the Project Area. Contemporaneously with the amendment of this Tax Increment Financing Plan, the Authority is also enlarging the Project Area to include all the properties and adjacent roadways, sidewalks and rights of way shown on the map included as **Exhibit E** attached hereto.

2. AMENDMENTS

The Koch Mobil Tax Increment Financing Plan is hereby amended as follows:

- A. Section 3, entitled “Statement of Objections” is amended and restated as follows:

“Section 3. Statement of Objectives. The Tax Increment Financing District consists of approximately 65 acres of land and adjacent and internal rights-of-way. The Tax Increment Financing District was created to facilitate the redevelopment of a blighted area by the construction of new owner occupied and rental housing facilities, including related parking and public improvements (collectively, the “Project”). This Tax Increment Financing Plan is expected to achieve the objectives outlined in the Redevelopment Plan, as amended. The following are some of the objectives being facilitated by the Tax Increment Financing Plan.

A. Provide Affordable Housing for Saint Paul Residents. The available housing for residents in the Project Area will be expanded when approximately 650 units of housing are constructed.

B. To Redevelop Underused Property. The Tax Increment Financing District contains properties that were previously occupied by tank facilities and which have been underutilized for many years because of, among other things, the existence of contaminated soil. In order to encourage new development in the area, remove and prevent the emergence of blight and blighting influences in the Project Area, tax increment financing must be used to encourage the development of new housing facilities in the Tax Increment Financing District and the redevelopment of the sites in the Project Area, including without limitation the renovation of the historic Schmidt Brewery Keg House and Rathskeller and other development or redevelopment of the Project Plan Area.

C. Transit. The Tax Increment Financing District is located at a key transit node for West Seventh Street Area which has been identified as a central transit corridor. The Project will result in a higher intensity, mixed use development that interrelates development with multi-mode transportation options, including without limitation, pedestrian and non-motorized vehicle pathways in accordance with the City’s commuter biking plans.

D. Expand the Tax Base of the City of Saint Paul. It is expected that the taxable market value of the property in the Tax Increment Financing District and the Project Area will increase as a result of the new development.

E. Create and Retain Jobs. The development in the Project Area will, among other things, renovate historically significant structures which will be used by private businesses. Such development will help promote and secure additional employment opportunities within the City and prevent the loss of existing employment opportunities.

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.”

- B. Section 6, entitled “Parcels to be Acquired” is amended to add that the Authority may acquire other property in the Redevelopment Project Area for any purpose consistent with the objectives of this Tax Increment Financing Plan, including without limitation, to encourage the redevelopment of blighted or underutilized property.
- C. Section 7, entitled “Development Activity in Tax Increment Financing District for which Contracts have been Signed” is amended to add that the Authority anticipates entering into additional contracts in connection with the redevelopment of property in the Tax Increment Financing District and other development or redevelopment in the Redevelopment Project Area.
- D. Section 8, entitled “Other Specific Development Expected to Occur within Redevelopment Area” is amended to add that the Authority anticipates additional development or redevelopment will occur within the Project Area, including without limitation the renovation of the historic Schmidt Brewery Keg House and Rathskeller.
- E. Section 10, entitled “Estimated Amount of Bonded Indebtedness” is amended to add that the Authority may also incur bonded indebtedness in the form of one or more interfund loans or other internal, interest bearing Authority-financed borrowing.
- F. Section 16, entitled “Modification of Tax Increment Financing District and/or Tax Increment Financing Plan” is amended to reflect that it has been amended by this First Amendment to Tax Increment Financing Plan.
- G. Section 19, entitled “Limitation of Increment” is amended and updated to reflect that the 3-year rule under Section 469.176, Subd. 1(a) has been repealed and Section 19 is amended and restated as follows:

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

(a) 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.

(b) For tax increment financing districts which were certified on or after January 1, 2005, and before April 20, 2009, the four-year period under paragraph (a) is deemed to end on December 31, 2016. Because this Tax Increment Financing District was certified on October 14, 2005, the four-year period under paragraph (a) is deemed to end on December 31, 2016.”

- H. Section 24, entitled “Other Limitations on the Use of Tax Increment” is amended and updated to add the following paragraph at the end of Subsection 3 entitled Five Year Limitation on Commitment of Tax Increments:

“For a redevelopment district or a renewal and renovation district certified after June 30, 2003, and before April 20, 2009, the foregoing five-year period is extended to ten years after certification of the district. This extension is provided primarily to accommodate delays in development activities due to unanticipated economic circumstances. Because this Tax Increment Financing District was certified on October 14, 2005, the foregoing five-year period is deemed to end on October 14, 2015.”

- I. Section 28, entitled “Financial Reporting Requirements” is amended to delete the reference to 469.175, Subd. 6a which has been repealed.
- J. Except as herein amended, all other provisions of the Tax Increment Financing Plan shall remain unchanged and in full force and effect.

Exhibit E **Depiction of Redevelopment Project Area, as Amended**

