TAX INCREMENT FINANCING PLAN
for
TAX INCREMENT FINANCING DISTRICT
(West Side Flats Phase III Apartment Project)
(a housing district)

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

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(for reference purposes only)

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SECTION 1. DEFINITIONS

The terms defined below shall, for purposes of this Tax Increment Financing 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.

"Development" means the development within the TIF District of the Affordable Housing Development and the Market Rate Housing Development as defined in Section 2.3.

"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 the Redevelopment Plan for the Redevelopment Project Area, as amended.

"Redevelopment Project Area" means the Riverfront 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 Tax Increment Financing District (West Side Flats Phase III Apartments Project) described in the TIF Plan and depicted on **Exhibit A**.

"TIF Plan" means this TIF Plan for the Tax Increment Financing District (West Side Flats Phase III Apartment Project).

SECTION 2. TIF PLAN FOR THE TAX INCREMENT FINANCING DISTRICT (WEST SIDE FLATS PHASE III APARTMENT PROJECT) (A HOUSING 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 Tax Increment Financing District (West Side Flats Phase III Apartment Project) (a housing district) ("TIF District"), a housing tax increment financing district, located in the Riverfront Redevelopment Project area (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 a housing development containing one building of approximately 82 total housing units, with underground parking (the "Affordable Housing Development") and one building of approximately 174 total housing units, with underground parking (the "Market Rate Housing Development" and, together with the Affordable Housing Development, 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 currently includes 3 parcels as shown in Exhibit A, including any adjacent roads and rights-of-way. The 3 parcels will be reconfigured before Development commences creating one parcel for the Affordable Housing Development and one parcel for the Market Rate Housing Development. As such, upon completion of the Development, the TIF District shall consist of 2 parcels of land and any adjacent roads and rights-of-way.

Subsection 2.4 REDEVELOPMENT PLAN OVERVIEW

1. Property to be Acquired – The HRA currently owns the property in the TIF District. Any additional property located within the Redevelopment Project may be acquired by the HRA.

2. 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.

3. The HRA may perform or provide financing for some or all necessary environmental removal or remediation, acquisition, construction, 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 parcels:

Parcel ID	Address	Approximate Legal Description*
06.28.22.41.0050	Unassigned	VACATED STREETS & ALLEYS ACCRUING; THE FOLLOWING,SUBJECT TO EASEMENTS; PART OF GOVT LOT 7 & PART OF BLOCK 175 ROBERTSONS ADDITION & PART OF BLOCKS 3 AND 4 BAZIL AND ROBERT'S ADD DESCRIBED AS BEGINNING AT INTERSECTION OF SOUTHERLY LINE OF BLOCK 175 AND EASTERLY LINE OF RAILROAD ROW THEN NORTHERNLY ALONG EASTERLY LINE OF SD RAILROAD RIGHT OF WAY TO SHORE OF RIVER THEN NORTHEASTERNLY ALONG SHORE LINE TO SOUTHWESTERN LINE OF RIVERVIEW OFFICE ADDITION THEN SOUTHERNLY & SOUTHWESTERNLY ALONG SD SOUTHWESTERNLY LINE TO SOUTH LINE OF BLOCK 175 THEN SOUTHWESTERNLY ALONG SD SL TO BEGINNING
06.28.22.41.0049	0 Livingston Ave	OUTLOT C OF RIVERVIEW OFFICE ADDITION
06.28.22.14.0021	0 Livingston Ave	OUTLOT B of RIVERVIEW OFFICE ADDITION

*The existing parcels will be replatted to create two new tax parcels for the Development. The parcels are proposed to be identified as follows: Lot 1, Block 1 and Lot 2, Block 1, West Side Flats Phase III Plat. A map showing the boundaries of the TIF District and the three parcels existing prior to certification is attached as **Exhibit A**.

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 parcels in the Redevelopment Project. The HRA currently owns the property in the TIF District. The City and the HRA will not exercise eminent domain powers in the TIF District with respect to property for the Development.

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 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

WSF Phase III B Limited Partnership, a Minnesota limited partnership or an affiliate, the owners of the Development (the "Developer") expects that construction of the Affordable Housing Development will commence on or before November 1, 2019, and be substantially completed by December 1, 2020. The HRA will enter into a Development Agreement with the Developer with respect to the construction of the Affordable Housing Development.

No tax increments will be used in connection with the acquisition and construction of the Market Rate Housing Development which will be constructed by a different developer pursuant to a sale and redevelopment agreement between the HRA and West Side Flats Phase IIIA Limited Partnership, a Minnesota limited partnership, or an affiliate (the "Market Rate Housing Developer"). Construction of the Market Rate Housing Development is expected to commence on or before November 1, 2019, and be substantially completed by April 1, 2021.

The Development in the TIF District is expected to have a market value of $44,906,364 upon completion.

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

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

In addition to the Affordable Housing Development and the Market Rate Housing Development, certain unrelated housing development and redevelopment may occur within the Redevelopment Project.

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 Affordable Housing 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 TIF District and Redevelopment Project Area. 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 expenditures authorized by this TIF Plan may be paid for either on a pay-as-you-go basis or paid from the proceeds of tax increment revenue bonds or notes or an interfund loan. The HRA anticipates issuing a pay-as-you-go note to assist in financing a portion of the Developer's construction costs of the Affordable Housing Development. If bonding is required to finance the costs set forth in **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 $18,130,000.

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 Affordable Housing Development and the Developer will obtain tax credit financing.

Subsection 2.12 ESTIMATED CAPTURED TAX CAPACITY AND ESTIMATE OF TAX INCREMENT

The property in the TIF District is currently owned by the HRA and carries an exempt classification such that the current tax capacity of the TIF District as of January 2, 2019 is $0. Ramsey County will determine the market value to calculate the original net tax capacity for the TIF District at the time the HRA sells the property for development. When adjusted to a mix of market rate and affordable residential rental, the original net tax capacity is estimated to be $18,562 based on an estimated valuation of $1,664,800 provided by Ramsey County.

The estimated Captured Tax Capacity of the TIF District upon completion of the Development is estimated to be $482,982 as of January 2, 2022 (for taxes payable in 2023).

The HRA elects to retain all of the captured tax capacity to finance the costs of the Redevelopment Project Area. 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 TIF 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 Affordable Housing Development will consist of approximately 82 rental housing units and related facilities and at least 40% of the units (i.e., 33 units) will be rented to and occupied by individuals or families whose income is not greater than 60% of area median income. The Market Rate Housing Development will consist of approximately 174 rental housing units and related facilities. The building included in the Affordable Housing Development is not expected to be used for any commercial, retail, or other non-residential use. 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 HRA may be included in the cost of a housing project. The Market Rate Housing Development 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. Pursuant to Minnesota Statutes, Section 469.175, Subd. 1(b), the HRA elects to first receive increment in 2022, resulting in an estimated final year of 2047 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 2019 property taxes, the respective 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 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 shown by comparing the estimated $482,982 of captured tax capacity in assessment year 2022 which assumes no annual inflation, to the tax capacities of each of those jurisdictions, respectively as set forth in **Exhibit E**.

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 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 $17,985,930 less the deduction by the Office of the State Auditor. The estimated amount of tax increment attributable to the School District and County levies is estimated to be

approximately $4,630,134 and $6,021,378, respectively, based on the pay 2019 tax rates. It is not expected that the Development in the TIF District will have any significant impact on the need for new or improved public infrastructure, other than any infrastructure installed by the Developer which may be reimbursed by tax increments or from other public and private funds currently appropriated, and an expansion of the sanitary sewer lift station which will serve multiple properties in the Redevelopment Project Area. Except as noted above, existing roads and utilities will serve the Development in the TIF District. The City's police and fire departments currently serve the area so the City's budget for services such as police and fire protection is expected not to increase and the probable impact of the TIF District on such services is expected to be minimal. The HRA anticipates that it will issue a pay as you go tax increment revenue note to the Developer for a portion of the Public Costs of the Affordable Housing Development but such note or other obligations will not affect the City's or the HRA's ability to issue other debt for general fund purposes.

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 TIF 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 Redevelopment Project Area;

2. relocation benefits paid to or services provided for persons residing or businesses located in the Redevelopment Project Area; 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 Redevelopment Project Area up to, but not to exceed, 10% of the total estimated tax increment expenditures authorized by the TIF Plan or 10% of the total tax increments, as defined in Section 469.174, subdivision 25, clause (1), from the TIF District, 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. Increment used to pay the county's administrative expenses under Subdivision 4h are not subject to the 10% limit.

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 – 4 YEAR RULE

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

> if after 4 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 and 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 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 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 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 Affordable Housing 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. The property in the TIF District was previously acquired and is currently owned by the HRA.

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 does not anticipate entering into assessment agreements establishing a minimum market value upon completion.

Subsection 2.24 ADMINISTRATION OF 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 Housing Act;

   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. Pooling Limitations. At least 80% of tax increments from the TIF District must be expended on activities in the TIF 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% of said tax increments may be expended, through a development fund or otherwise, on activities outside of the TIF 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 TIF District. As set forth in paragraph 4 below, the HRA elects to increase its

pooling percentage by up to 10% on activities located outside the TIF District as permitted by Minnesota Statutes, Section 469.1763, Subd. 2(d).

3. Five Year Limitation on Commitment of Tax Increments. Tax increments derived from the TIF District shall be deemed to have satisfied the 80% test set forth in paragraph 2 above only if the 5-year rule set forth in Minnesota Statutes, Section 469.1763, Subd. 3, has been satisfied; and beginning with the 6th year following certification of the TIF District, use of tax increments may be restricted as more fully set forth in Minnesota Statutes, Section 469.1763, Subd. 4.

4. Expenditures Outside District. The HRA hereby elects to authorize spending up to an additional 10% of the tax increments on activities located outside the TIF District as permitted by Minnesota Statutes, Section 469.1763, Subd. 2(d) provided that the expenditures meet the following requirements, as such requirements may be amended from time to time:

(A) they are used exclusively to assist housing that meets the requirements for a qualified low-income building as defined in Section 42 of the Internal Revenue Code of 1986, as amended (the "Code");

(B) they do not exceed the qualified basis of housing as defined under Section 42(c) of the Code less the amount of any credit allowed under Section 42 of the Code, and

(C) they are used to (i) acquire and prepare the site for housing, (ii) acquire, construct or rehabilitate the housing or (iii) make public improvements directly related to the housing.

The HRA reserves 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. la, the county board may require the HRA to pay for all or part of the cost of county road improvements if, the proposed Development 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 Affordable Housing 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

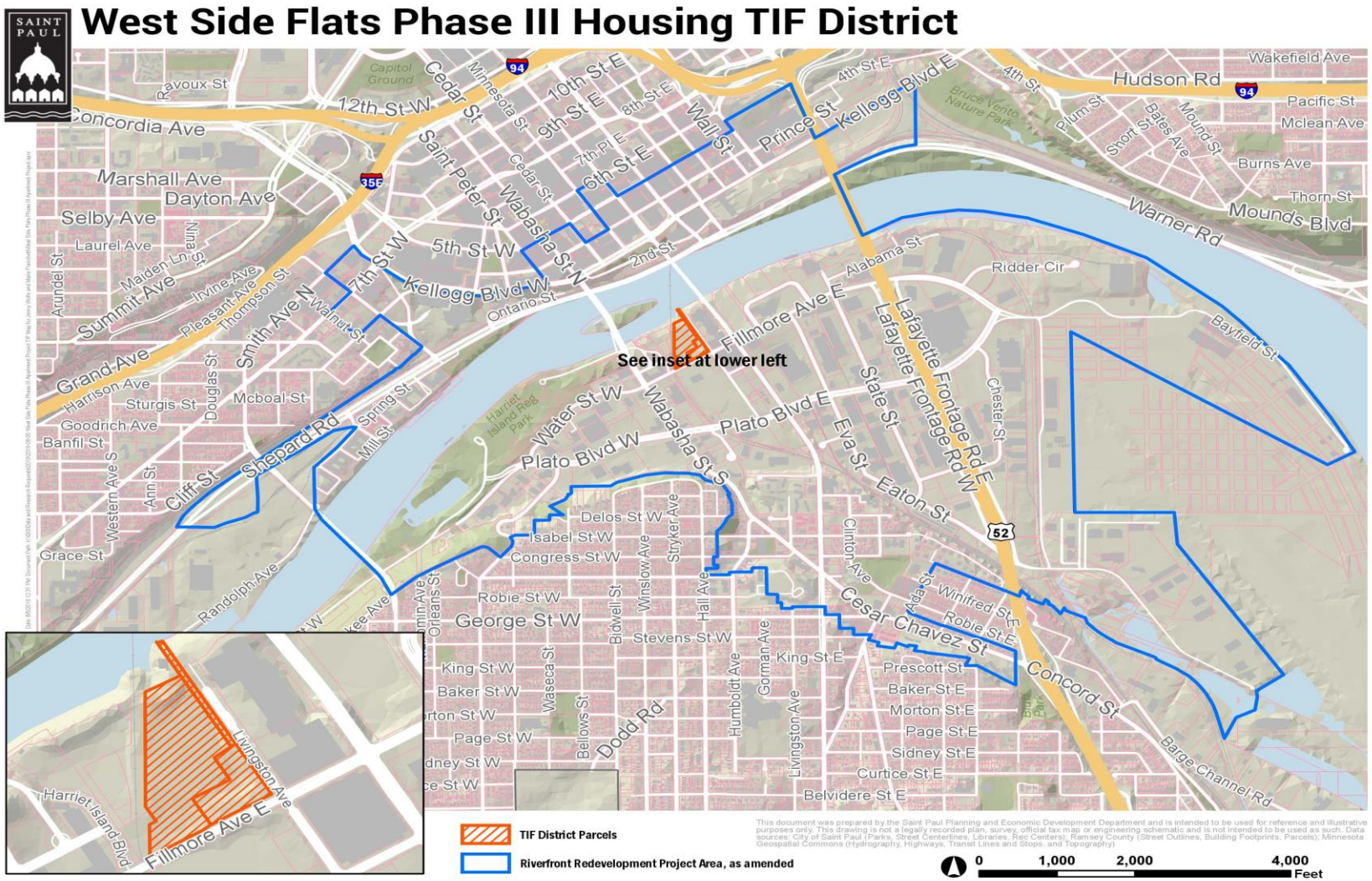

EXHIBIT B

TIF Plan Budget

TAX INCREMENT FINANCING PLAN BUDGET

Name of District : West Side Flats Phase III Apartment Project

Type of District: Housing District

Duration of District: 25 Years following 1st collection

ESTIMATED TAX INCREMENT REVENUES	Estimated Amount
Tax Increment Revenue [(1)]	$17,930,000
Interest and Investment Earnings	$200,000
Total Estimated Tax Increment Revenues	$18,130,000
ESTIMATED PROJECT/FINANCING COSTS	Estimated Amount
Land/Building Acquisition	$0
Site Improvements/Preparation Costs	$0
Utilities	$0
Other Qualifying Public Improvements	$0
Construction of Affordable Housing	$8,700,000
Administrative Costs	$1,793,000
Estimated Tax Increment Project Costs	$9,993,000
Estimated Financing Costs	
Interest Expense	$7,637,000
Total Estimated Development/Financing Costs Paid to be Paid From Tax Increment	$18,130,000

[(1)] Net of State Auditor deduction

EXHIBIT C
Assumption Report

Housing & Redevelopment Authority of the City of St. Paul

Name of Project	West Side Flats Phase III
Name of Developer	Sherman Associates
Type of TIF District	Housing
Maximum Duration	25 years after 1st collection
Est. Date of Certification Request	10/1/2019
Elect First Year	Yes
Est. First Year of Increment	2022
Final Year of Increment (Max)	2047
Tax Rates	Final Pay 2019*
City of St. Paul	50.266%
Ramsey County	48.462%
ISD #625	37.265%
Miscellaneous	8.763%
Local Rate Captured for TIF	144.756%

** Estimate for Final Pay 2020 Tax Rates*

Watershed Name/No.	Lower Mississippi/154
Fiscal Disparity (In or Out)	Outside TIF (Clause A)
Sharing Factor	30.6788%
FD Tax Rate	143.992%
State General Tax Rate	42.416%
Market Value Based Tax Rate (ISD #625)	0.20754%
Assess year values for base	2019
Pay year for base	2020

Prepared by PED (07/30/2019)

Housing & Redevelopment Authority of the City of St. Paul
West Side Flats Phase III
Tax Increment Financing District (Housing)

	Assess 2019-Pay 2020		
Proposed TIF Parcels	Est. Market Value	Current Class	Current TC
06.28.22.41.0050	1,302,000	Exempt	0
06.28.22.41.0049	298,800	Exempt	0
06.28.22.14.0021	64,000	Exempt	0
	1,664,800		0

Adjust Current Classification of Parcels Based On Completed Appraised Value

	Est. Market Value	Classification	Adjusted TC
Affordable Residential-IIIB	449,500	Rental - Affordable	3,371
Market Rate Residential-IIIA	1,215,300	Rental	15,191
	1,664,800		18,562

Proposed Project		*Component Value*
Phase IIIA		
Market Rate Apartments		
Market Value per Rental Unit	$189,364	*$32,949,364*
Total No. of Apartments	174	
Phase IIIB		
Affordable Apartments		
Market Value per Rental Unit	$145,817	*$11,957,000*
Total No. of Apartments	82	

	Est. Market Value*	Tax Capacity
Phase IIIA		
Market Rate Apartments	$32,949,364	$411,867
Phase IIIB		
Affordable Apartments**	$11,957,000	$89,678
Total Project	**$44,906,364**	**$500,795**
Increased Market Value	***$43,241,564***	

Project Timing	Phase IIIA	Phase IIIB
Construction Start	11/1/2019	11/1/2019
Project Opening	4/1/2021	12/1/2020
Stabilized Occupancy	4/1/2022	5/1/2021
Percent Value By Year		
Assess 2021/Pay 2022	70%	90%
Assess 2022/Pay 2023	100%	100%

*** Estimated by Ramsey County based on the Developer Plans and current market conditions**

**** Affordable tax capacity includes two tiers, the first tier is $150,000 as most recently determined by the MN Dept. of Revenue (Assess 2019)**

Prepared by PED (07-30-2019)

EXHIBIT D
Projected Tax Increment

Housing & Redevelopment Authority of the City of St. Paul
West Side Flats Phase III
Tax Increment Financing District (Housing)
Two Buildings with Mixed Income Housing (256 units) - valued at $145K-$189K/unit; 82 Affordable Units
Total Estimated Market Value of $44.9M with 0% Inflation, Fiscal Disparity Outside (Clause A), Final Pay 2019 Rate as Estimate - Elect First Year 2022

Assess Year (1)	Collect Year (2)	Total Est. Market Value (3)	Total Net Tax Capacity (4)	Less Original Net Tax Capacity (5)	Increment Tax Capacity (7)	Local Captured Tax Rate* (8)	Projected Tax Increment (9)	Est. TI Attributable to City Levy* (10)	Est. TI Attributable to County Levy* (11)	Est. TI Attributable to School Dist Levy* (12)	Less State Auditor Deduction 0.360% (13)	Annual TI to HRA (14)
2021	2022	$33,825,855	369,017	(18,562)	350,455	144.756%	$507,304	$176,160	$169,837	$130,596	($1,826)	$505,478
2022	2023	$44,906,364	501,545	(18,562)	482,982	144.756%	$699,145	$242,777	$234,062	$179,982	($2,517)	$696,628
2023	2024	$44,906,364	501,545	(18,562)	482,982	144.756%	$699,145	$242,777	$234,062	$179,982	($2,517)	$696,628
2024	2025	$44,906,364	501,545	(18,562)	482,982	144.756%	$699,145	$242,777	$234,062	$179,982	($2,517)	$696,628
2025	2026	$44,906,364	501,545	(18,562)	482,982	144.756%	$699,145	$242,777	$234,062	$179,982	($2,517)	$696,628
2026	2027	$44,906,364	501,545	(18,562)	482,982	144.756%	$699,145	$242,777	$234,062	$179,982	($2,517)	$696,628
2027	2028	$44,906,364	501,545	(18,562)	482,982	144.756%	$699,145	$242,777	$234,062	$179,982	($2,517)	$696,628
2028	2029	$44,906,364	501,545	(18,562)	482,982	144.756%	$699,145	$242,777	$234,062	$179,982	($2,517)	$696,628
2029	2030	$44,906,364	501,545	(18,562)	482,982	144.756%	$699,145	$242,777	$234,062	$179,982	($2,517)	$696,628
2030	2031	$44,906,364	501,545	(18,562)	482,982	144.756%	$699,145	$242,777	$234,062	$179,982	($2,517)	$696,628
2031	2032	$44,906,364	501,545	(18,562)	482,982	144.756%	$699,145	$242,777	$234,062	$179,982	($2,517)	$696,628
2032	2033	$44,906,364	501,545	(18,562)	482,982	144.756%	$699,145	$242,777	$234,062	$179,982	($2,517)	$696,628
2033	2034	$44,906,364	501,545	(18,562)	482,982	144.756%	$699,145	$242,777	$234,062	$179,982	($2,517)	$696,628
2034	2035	$44,906,364	501,545	(18,562)	482,982	144.756%	$699,145	$242,777	$234,062	$179,982	($2,517)	$696,628
2035	2036	$44,906,364	501,545	(18,562)	482,982	144.756%	$699,145	$242,777	$234,062	$179,982	($2,517)	$696,628
2036	2037	$44,906,364	501,545	(18,562)	482,982	144.756%	$699,145	$242,777	$234,062	$179,982	($2,517)	$696,628
2037	2038	$44,906,364	501,545	(18,562)	482,982	144.756%	$699,145	$242,777	$234,062	$179,982	($2,517)	$696,628
2038	2039	$44,906,364	501,545	(18,562)	482,982	144.756%	$699,145	$242,777	$234,062	$179,982	($2,517)	$696,628
2039	2040	$44,906,364	501,545	(18,562)	482,982	144.756%	$699,145	$242,777	$234,062	$179,982	($2,517)	$696,628
2040	2041	$44,906,364	501,545	(18,562)	482,982	144.756%	$699,145	$242,777	$234,062	$179,982	($2,517)	$696,628
2041	2042	$44,906,364	501,545	(18,562)	482,982	144.756%	$699,145	$242,777	$234,062	$179,982	($2,517)	$696,628
2042	2043	$44,906,364	501,545	(18,562)	482,982	144.756%	$699,145	$242,777	$234,062	$179,982	($2,517)	$696,628
2043	2044	$44,906,364	501,545	(18,562)	482,982	144.756%	$699,145	$242,777	$234,062	$179,982	($2,517)	$696,628
2044	2045	$44,906,364	501,545	(18,562)	482,982	144.756%	$699,145	$242,777	$234,062	$179,982	($2,517)	$696,628
2045	2046	$44,906,364	501,545	(18,562)	482,982	144.756%	$699,145	$242,777	$234,062	$179,982	($2,517)	$696,628
2046	2047	$44,906,364	501,545	(18,562)	482,982	144.756%	$699,145	$242,777	$234,062	$179,982	($2,517)	$696,628
							$17,985,930	$6,245,579	$6,021,378	$4,630,134	($64,749)	$17,921,180

**** Final Pay 2019 tax rate is used as an estimate for the Pay 2020 tax rate that will become the Certified Tax Rate***

Prepared by PED (07-30-2019)

EXHIBIT E
Estimated Impact on Other Taxing Jurisdictions Report

Housing & Redevelopment Authority of the City of St. Paul
West Side Flats Phase III
Tax Increment Financing District (Housing)
Statement of Alternate Estimates of the Impact of Tax Increment Financing

		No Captured Net Tax Capacity Without Creation of District		Captured Net Tax Capacity Available Without Creation of District					
Taxing Jurisdiction		Final* Pay 2019 Taxable Net Tax Capacity (a)	Final* Pay 2019 Local Tax Rate	Final* Pay 2019 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		249,424,027	50.266%	249,424,027	482,982	249,907,009	50.169%	0.097%	$242,777
Ramsey County		528,905,652	48.462%	528,905,652	482,982	529,388,634	48.418%	0.044%	$234,062
ISD #625		249,425,407	37.265%	249,425,407	482,982	249,908,389	37.193%	0.072%	$179,982
Miscellaneous	**	-	8.763%	-	-	-	8.763%	0.000%	$0
			144.756%				144.543%	0.213%	$656,820

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 0.213%; alternatively an increase in taxable net tax capacity without a reduction in the tax rate would produce an additional $656,820 of taxes from the three taxing jurisdictions listed above.

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 Final Pay 2019 tax capacities and tax rates were provided by Ramsey County (to estimate Final Pay 2020)*
*** The miscellaneous taxing jurisdictions have been excluded (they represent just 6.05% 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