

TAX INCREMENT FINANCING PLAN

for the establishment of the

SNELLING MIDWAY REDEVELOPMENT TAX INCREMENT FINANCING DISTRICT
(a redevelopment district)

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

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Adopted by HRA: To Be Determined

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(for reference purposes only)

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TAX INCREMENT FINANCING PLAN FOR
THE SNELLING MIDWAY REDEVELOPMENT
TAX INCREMENT FINANCING DISTRICT

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 a Redevelopment tax increment financing district to be known as the Snelling Midway Redevelopment Tax Increment Financing District (the “TIF District”). The TIF District is located within the Saint Paul Neighborhood Redevelopment Project Area heretofore established by the HRA (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 469.1794 (the “TIF Act”), to assist in financing public costs related to a redevelopment project.

Section 3. Statement of Objectives. The TIF District currently consists of 15 parcels and adjacent roads and rights-of-way. The TIF District is being created to facilitate the redevelopment of the area bordered by Snelling Avenue on the West, University Avenue on the North, Pascal Street North on the East, and St. Anthony Avenue on the South into a mix of residential rental, office, retail, hotel and structured parking uses with related public infrastructure based on the adopted Snelling Midway Redevelopment Site Master Plan dated April 18, 2016, as revised May 24, 2016 (the “Master Plan”) and the Resolution Committing to Community Benefits at the Snelling-Midway Redevelopment Site adopted by the Saint Paul City Council on August 17, 2016 (the “Community Benefits Resolution”) (collectively, the “Development”). This tax increment financing plan for the TIF District (the “TIF Plan”) is expected to achieve the objectives outlined in the Saint Paul Neighborhood Redevelopment Project Area Plan (the “Redevelopment Plan”) for the Redevelopment Project Area through the construction of a medium-to-high density, mixed use urban neighborhood including a mix of office, retail, hotel and residential uses. The following are some of the objectives being facilitated by the TIF Plan.

A. Create and Retain Jobs. The Development will redevelop the former commercial properties with higher density development which will be used by private businesses, will capitalize on economic development stimulated by the professional soccer stadium adjacent to the site, and will be accessible by light rail and a bus rapid transit line. The Development will help promote and secure additional employment opportunities within the City and prevent the loss of existing employment opportunities.

B. To Redevelop Underused Property. The HRA found by resolution that the TIF District contains five buildings, three of which (i.e. 60%) are structurally substandard. In order to encourage new development in the area, remove and prevent the emergence of blight and blighting influences, it is expected that the use of tax increment financing will be necessary to encourage the redevelopment of the site in accordance with the Master Plan.

C. Expand the Tax Base of the City of Saint Paul. It is expected that the taxable market value of the property in the TIF District will increase by approximately \$489,144,000 as a result of the proposed new development.

D. Provide Housing for Saint Paul Residents. The available housing for residents in the Redevelopment Project Area will be expanded with the construction of a range of residential housing units, including market rate and affordable rental apartments.

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 and within the Redevelopment Project Area.

Section 4. Parcels to be Included in TIF District. The following parcels located in the City of Saint Paul, Ramsey County, Minnesota is to be included in the TIF District:

<u>PID Number</u>	<u>Address</u>	<u>Approximate Legal Description</u>
34.29.23.32.0001	1578 University Ave W	Section 34, Town 29, Range 23, Subj to Avenues the W 270 Ft of N 260 Ft of SW 1/4 of Sec 34, Town 29, Range 23
34.29.23.32.0005	1544 University Ave W	Block 1, Lot 2, Midway Shopping Center Plat
34.29.23.32.0006	1532 University Ave W	Block 1, Lot 3, Midway Shopping Center Plat
34.29.23.32.0009	1570 University Ave W	Block 1, Lot 1 (Subject to Road), Midway Shopping Center Plat
34.29.23.32.0013	0 University Ave W	Block 1, Lot 1, MLS Soccer Redevelopment Plat
34.29.23.32.0014	0 University Ave W	Block 2, Lot 1, MLS Soccer Redevelopment Plat
34.29.23.32.0015	1460-1536 University Ave W	Block 2, Lot 2, MLS Soccer Redevelopment Plat
34.29.23.32.0016	0 Pascal St N	Block 3, Lot 3, MLS Soccer Redevelopment Plat
34.29.23.32.0017	0 Pascal St N	Block 3, Lot 1, MLS Soccer Redevelopment Plat
34.29.23.32.0018	0 Pascal St N	Block 3, Lot 2, MLS Soccer Redevelopment Plat
34.29.23.32.0019	0 University Ave W	Block 4, Lot 1, MLS Soccer Redevelopment Plat
34.29.23.32.0020	0 University Ave W	Outlot A, MLS Soccer Redevelopment Plat
34.29.23.32.0021	0 Pascal St N	Outlot B, MLS Soccer Redevelopment Plat
34.29.23.32.0022	0 University Ave W	Outlot C, MLS Soccer Redevelopment Plat
34.29.23.32.0023	400 Snelling Ave N	Section 34, Town 29, Range 23, Subj to Street and Hwy 392 and with easements in Doc 1356037 and excluding N 697.38 Ft of part S of University Avenue the W 820.35 Ft of Part of W 1/2 of SW 1/4 northernly of St. Anthony Avenue and east of Snelling Avenue

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

A map of the TIF District is attached as **Exhibit E**.

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

Section 5. Parcels to be Acquired. The HRA has no immediate plans to acquire property in the TIF District but reserves the right to acquire any property in the Redevelopment Project Area. The following are conditions under which properties in the Redevelopment Project Area may be acquired at a future date:

A. The HRA may acquire property by gift, dedication or direct purchase from willing sellers in order to achieve the objectives of the TIF Plan.

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

C. The City and the HRA will not exercise eminent domain powers in the TIF District with respect to acquiring property for the Development.

Section 6. Development Activity in TIF District for which Contracts have been Signed. The HRA expects to enter into a development agreement (the “Development Agreement”) with a developer (the “Developer”) to undertake the redevelopment of the 30 acre site into the Development. The Development, consistent with the Master Plan, is projected to include approximately 1,000,000 square feet of office development, approximately 421,100 square feet of retail development, approximately 400 hotel rooms, approximately 4,530 stalls of structured parking, and approximately 620 housing units, with a planned goal for 30% of the rental units to be income restricted consistent with the Community Benefits Resolution and the Housing Chapter of the City’s Comprehensive Plan. A Development Agreement would be executed prior to providing any tax increment financing assistance to the Developer to assist with the qualified costs of the Development in accordance with this TIF Plan. Other than a Demolition and Development Agreement between the HRA, RK Midway Shopping Center, LLC and Snelling-Midway Redevelopment, LLC in accordance with Minnesota Statutes, Section 469.174, subdivision 10(d)(2) (the “Demolition Agreement”), no contracts have yet been executed.

The HRA anticipates that construction of the Development will commence late 2021 or early 2022. The development is expected to be completed by December 31, 2031 with an expected market value of approximately \$514,207,500.

Based on conversations with developers of similar developments and representations in the Demolition Agreement, the HRA has determined that the proposed mixed-use redevelopment of the TIF District, consistent with the Master Plan and Community Benefits Resolution would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future. This finding is consistent with the HRA’s experience on other large brownfield sites being converted to mixed use, due to the condition of the site and the buildings thereon and the higher cost of redevelopment compared to development of bare land as well as the costs of infrastructure described in the Master Plan, including without limitation, the walkable street grid, public open spaces, structured parking, and the requirement for income restricted rental housing.

Section 7. Other Specific Development Expected to Occur within Redevelopment Area. The HRA anticipates that other future development or redevelopment will occur in the Redevelopment Project Area.

Section 8. Estimated Cost of Project; TIF Plan Budget. The HRA has determined that without the use of tax increment financing for certain public costs of the Development and the Redevelopment Project Area the proposed Development is not reasonably expected to proceed as described herein within the reasonably foreseeable future. To facilitate the Development within the TIF District, this TIF Plan authorizes the use of tax increment financing to pay for a portion of the cost of certain eligible expenses, primarily to include public infrastructure and the construction of affordable housing. The estimate of public costs and uses of funds associated with TIF District is outlined on **Exhibit A**.

The HRA may spend tax increments or other revenues identified in Section 10 hereof in other areas of the City. Any expenditure of tax increments outside the TIF District will comply with the pooling limitations described under Section 22, paragraphs B and D.

Estimated costs associated with the TIF 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 9. 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 tax increment revenue note and/or revenue bond to assist in financing a portion of the public costs of the Development. To the extent bonding is required to finance the costs set forth in Section 8 and **Exhibit A**, 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. The maximum principal amount of bonds (as defined in the TIF Act) secured in whole or part with tax increment from the TIF District is \$209,602,000, which is equal to the total estimated cost associated with the TIF District as shown in **Exhibit A**.

Section 10. Sources of Revenue. The costs outlined in Section 8 above and **Exhibit A** will be financed primarily on a pay as you go basis through the annual collection of tax increments and the proceeds of bonds payable from tax increments. The market value upon completion of the Development is estimated to be approximately \$514,207,500.

Section 11. Estimated Captured Tax Capacity and Estimate of Tax Increment. The original net tax capacity for taxes payable in 2022 is estimated to be \$492,270 as primarily commercial property. Upon completion, the original net tax capacity is anticipated to adjust to \$441,066 based on the mix of uses, and the captured tax capacity of the TIF District is estimated to be \$6,611,294, which is estimated to occur by December 31, 2031, for taxes payable in 2033.

The HRA elects to retain all of the captured tax capacity to finance the costs of TIF District. The HRA elects the method of tax increment computation set forth in Minnesota Statutes, Section 469.177, Subd. 3(b) of the TIF Act.

Section 12. Type of Tax Increment Financing District. The TIF District is a redevelopment district established pursuant to Minnesota Statutes, Section 469.174, Subd. 10, clauses (a)(1). The reasons and supporting facts for these determinations are set forth in that certain

Report of Inspection Procedures and Results for Determining Qualifications of a Tax Increment Financing District as a Redevelopment District - Snelling Midway Redevelopment TIF District, Saint Paul, Minnesota, dated November 13, 2020, prepared for the TIF District by LHB, Inc. (the “Redevelopment Assessment Report”), copies of which are on file with the Executive Director of the HRA. These findings are based in part upon on-site examination and written reports substantiating the structurally substandard nature of the buildings.

The TIF District currently contains 15 parcels. Fourteen of the parcels are occupied since they meet the requirements of Section 469.174, Subd. 10(e) in that at least 15% of the area of each of these parcels is occupied by buildings, streets, utilities, paved or gravel parking lots or similar structures. The occupied parcels comprise over 97% of the area of the TIF District, which is greater than 70%. In addition, there are 5 buildings located in the TIF District. As set forth in the Redevelopment Assessment Report, 3 of the 5 buildings (i.e. 60%) are “structurally substandard” to a degree requiring substantial renovation or clearance. The “structurally substandard” buildings were not in compliance with the building code applicable to new buildings, and the costs of modifying the building to satisfy the building code would be more than 15% of the cost of constructing new structures of the same square footage and type on the site.

The HRA and the City have determined that the proposed development of the TIF District would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the only development that could occur on the site without the use of tax increment would be limited in scope and scale and therefore the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing is approximately \$35,000,000, which is less than \$384,930,815 which is the increase in the taxable market value estimated to result from the proposed development (i.e., approximately \$489,144,000) after subtracting the present value of the projected tax increments for the maximum duration of the TIF District, (i.e. approximately \$104,213,185). Exhibit B details these assumptions and calculations.

Section 13. Duration of TIF District. The duration of TIF District will be 26 total years (25 years after the first receipt of tax increment). Pursuant to Minnesota Statutes, Section 469.175, Subd. 1(b), the HRA elects to first receive increment in 2025, resulting in an estimated final year of 2050. Attached as **Exhibit C** is a projected cash flow showing the estimated receipt of tax increments from the TIF District. The HRA retains the option to close the TIF District earlier provided all projects costs have been paid.

Section 14. Alternate Estimates of the Impact of the TIF District on the Net Tax Capacities of All 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 13 above for the purposes of financing the public costs referenced in Section 8 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 2021 property taxes, the respective tax capacity rates and net tax capacities of these taxing jurisdictions are set out in **Exhibit D**, and are used to estimate payable 2022 property taxes which information was not available at the time this document was drafted.

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 on a percentage basis the marginal effect on tax capacity rates and by comparing the estimated \$6,611,294 of captured tax capacity, 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 District, there would be no effect on the other taxing jurisdictions, but upon the expiration or earlier termination of the 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 \$205,142,945. The estimated amount of tax increment attributable to the School District and County levies is estimated to be approximately \$54,976,023 and \$65,878,806 respectively assuming a total local tax rate of 136.299%, as currently in effect for tax payable year 2021. Certain public infrastructure will be required within the TIF District which is intended to be paid for by tax increments or from other funds provided by the Developer. The HRA does not expect there to be a need for other new or improved infrastructure, but any infrastructure needs will be addressed through the AUAR process and an obligation of the Developer. The City's police and fire departments currently serve the area, and with the proposed development uses of primarily office and retail with phased in rental apartments, additional police or fire services are not expected to be necessary. The HRA anticipates that it will issue a pay as you go tax increment revenue note and/or revenue bonds to the Developer to finance a portion of the public costs but such note, bonds or other obligations will not affect the City's or the HRA's ability to issue other debt for general fund purposes.

Section 15. Modification of TIF District and/or TIF Plan. No modifications to the TIF District or the TIF Plan, except as provided herein, have been made as of the date hereof.

Section 16. Modifications to TIF District.

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

- A. reduction or enlargement of the geographic area of the Redevelopment Project Area or the TIF District;
- B. 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;
- C. increase in the portion of the captured net tax capacity to be retained by the HRA;
- D. increase in total estimated tax increment expenditures; or
- E. 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 TIF District, and (2)(A) the current net tax capacity of the parcel(s) eliminated from the 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 the 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 TIF Plan.

Section 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:

- A. 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;
- B. relocation benefits paid to or services provided for persons residing or businesses located in the Redevelopment Project Area; or
- C. amounts used to pay interest on, fund a reserve for, or sell at a discount bonds issued pursuant to Minnesota Statutes, Section 469.178.

Administrative expenses also include amounts paid for services provided by bond counsel, fiscal consultants, and planning or economic development consultants. Tax increment may be used to pay any authorized and documented administrative expenses for the TIF District and the Redevelopment Project Area up to but not to exceed 10% of the total tax increment expenditures authorized by this TIF Plan or the total tax increments, as defined in section 469.174, subdivision 25, clause (1), 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 TIF District. The county may require payment of those expenses by February 15 of the year following the year the expenses were incurred. Increments 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 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.

Section 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.

Section 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:

- A. to pay for project costs as identified in the budget;
- B. to pay the principal of and interest on bonds used to finance a project, if applicable;
- C. 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;
- D. to finance, or otherwise pay for other purposes as provided in Minnesota Statutes, Section 469.176, Subd. 4;
- E. 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;

- F. 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 TIF Plan or pursuant to Minnesota Statutes, Chapter 462C and Minnesota Statutes, Sections 469.152 to 469.1655, or both; and
- G. 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 469.1655, 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. In accordance with Minnesota Statutes, Section 469.176, Subd. 4j, at least 90% of the Tax Increments will be used to finance the cost of correcting the conditions that allow designation of a tax increment financing district as a redevelopment district. These costs include, but are not limited to, acquiring properties containing structurally substandard buildings or improvements or hazardous substances, pollution, or contaminants, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition and rehabilitation of structures, clearing of the land, the removal of hazardous substances or remediation necessary to development of the land, and installation of utilities, roads, sidewalks, and parking facilities for the site. The allocated administrative expenses of the HRA, including the cost of preparation of the development action response plan, may be included in the qualifying costs.

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 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.

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:

- A. prepay any outstanding bonds;
- B. discharge the pledge of tax increment therefor;
- C. pay into an escrow account dedicated to the payment of such bond; or
- D. 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.

Section 22. Other Limitations on the Use of Tax Increment.

- A. General Limitations. All revenue derived from tax increment shall be used in accordance with the TIF Plan and the Redevelopment Plan 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, 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.

- B. Pooling Limitations. At least 75% 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 25% 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 D below, the HRA elects to increase its pooling percentage by 10% on activities located outside the TIF District as permitted by Minnesota Statutes, Section 469.1763, Subd. 2(d) of the TIF Act. And in this case, as permitted by Minnesota Statutes, Section 469.1763, Subd. 2(c) of the TIF Act, if the only expenses for activities outside of the district are for these purposes, administrative expenses will be considered as expenditures for activities in the TIF District.

- C. Five Year Limitation on Commitment of Tax Increments. Tax increments derived from the TIF District shall be deemed to have satisfied the 75% test set forth in paragraph B 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 TIF District, Minnesota Statutes, Section 469.1763, Subd. 5 applies.

- D. Expenditures for Housing. 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:

(1) 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”);

(2) 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

(3) 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; or

(4) to assist owner-occupied housing that meets the requirements of Minnesota Statutes, Section 469.1761, subdivision 2 of the TIF Act.

Section 23. 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 will result in an increase in traffic volume on existing roadways (including county roads), but we anticipate that the increase can be handled within the existing physical capacity of the existing roadways. 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 24. 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 the 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 reserves the right to enter into assessment agreements establishing a minimum market value upon completion as needed.

Section 25. Administration of the TIF District.

Administration of the TIF District will be handled by the Executive Director of the HRA.

Section 26. Financial Reporting Requirements.

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

EXHIBIT A

ESTIMATES OF TAX INCREMENTS AND USES

Name of District: Snelling Midway
Type of District: Redevelopment
Duration of District: 25 years following 1st collection

ESTIMATED TAX INCREMENT REVENUES	Estimated Amount
Tax Increment Revenue (1)	\$204,405,000
Interest and Investment Earnings	\$5,197,000
Estimated Tax Increment Revenues	\$209,602,000
ESTIMATED PROJECT/FINANCING COSTS	Estimated Amount
Land/Building Acquisition	\$0
Site Improvements/Preparation Costs	\$0
Utilities	\$0
Other Qualifying Public Improvements	\$42,360,000
Construction of Affordable Housing	\$94,720,000
Administrative Costs	\$11,000,000
Estimated Tax Increment Project Costs	\$148,080,000
Estimated Financing Costs	
Interest Expense	\$61,522,000
Total Est. Project/Financing Costs Paid From Tax Increment	\$209,602,000

(1) Net of State Auditor Deduction

EXHIBIT B

Market Value Analysis Report

**Housing & Redevelopment Authority of the City of St. Paul
Snelling Midway TIF
Tax Increment Financing District (Redevelopment)**

Projected Taxable Market Value	\$514,207,500
Less Taxable Base Market Value	25,063,500
Equals Increased Market Value	489,144,000
Less Present Value of tax increments (@ 4.0%)	(104,213,185)
Equals	384,930,815

EXHIBIT C

PROJECTED TAX INCREMENTS

Snelling Midway TIF

Tax Increment Financing District (Redevelopment)

Development Includes 620 Rental Apartments; 1 million SF of Office; 231K SF of Retail; and 4,530 Structured Parking Stalls

Total Estimated Market Value of \$514 Million, Fiscal Disparity Inside (Clause B), Final Pay 2021 Rate as Estimate - Elect First Year 2025

Assess Year	Collect Year	Total Est. Market Value	Total Net Tax Capacity	Less Original Net Tax Capacity	Less FD Tax Capacity	Sharing Factor	Increment Tax Capacity	Local Captured Tax Rate	Projected Tax Increment	Est. TI Attributable to City Levy	Est. TI Attributable to County Levy	Est. TI Attributable to School Dist Levy	Less State Auditor Deduction 0.360%	Annual TI to HRA
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
2024	2025	\$114,746,937	2,111,904	(441,066)	(440,218)	0.582707	1,230,622	136.299%	\$1,677,321	\$555,065	\$538,648	\$449,503	(\$6,038)	\$1,671,283
2025	2026	\$162,818,166	2,783,047	(441,066)	(496,468)	0.663127	1,845,513	136.299%	\$2,515,409	\$832,408	\$807,789	\$674,102	(\$9,055)	\$2,506,354
2026	2027	\$238,284,416	3,834,637	(441,066)	(583,153)	0.732903	2,810,417	136.299%	\$3,830,560	\$1,267,622	\$1,230,131	\$1,026,547	(\$13,790)	\$3,816,770
2027	2028	\$297,493,484	4,874,557	(441,066)	(823,206)	0.740639	3,610,287	136.299%	\$4,920,772	\$1,628,399	\$1,580,238	\$1,318,712	(\$17,715)	\$4,903,057
2028	2029	\$362,205,984	6,008,963	(441,066)	(1,083,832)	0.746230	4,484,069	136.299%	\$6,111,725	\$2,022,514	\$1,962,696	\$1,637,874	(\$22,002)	\$6,089,723
2029	2030	\$402,367,946	6,812,203	(441,066)	(1,325,012)	0.740748	5,046,126	136.299%	\$6,877,801	\$2,276,026	\$2,208,710	\$1,843,174	(\$24,760)	\$6,853,041
2030	2031	\$478,812,500	8,341,094	(441,066)	(1,784,077)	0.733231	6,115,949	136.299%	\$8,335,955	\$2,758,564	\$2,676,976	\$2,233,943	(\$30,009)	\$8,305,946
2031	2032	\$496,510,000	8,695,044	(441,066)	(1,890,354)	0.731868	6,363,624	136.299%	\$8,673,533	\$2,870,276	\$2,785,385	\$2,324,410	(\$31,225)	\$8,642,308
2032	2033	\$514,207,500	9,048,994	(441,066)	(1,996,631)	0.730611	6,611,294	136.299%	\$9,011,104	\$2,981,986	\$2,893,791	\$2,414,875	(\$32,440)	\$8,978,664
2033	2034	\$514,207,500	9,048,994	(441,066)	(1,996,631)	0.730611	6,611,294	136.299%	\$9,011,104	\$2,981,986	\$2,893,791	\$2,414,875	(\$32,440)	\$8,978,664
2034	2035	\$514,207,500	9,048,994	(441,066)	(1,996,631)	0.730611	6,611,294	136.299%	\$9,011,104	\$2,981,986	\$2,893,791	\$2,414,875	(\$32,440)	\$8,978,664
2035	2036	\$514,207,500	9,048,994	(441,066)	(1,996,631)	0.730611	6,611,294	136.299%	\$9,011,104	\$2,981,986	\$2,893,791	\$2,414,875	(\$32,440)	\$8,978,664
2036	2037	\$514,207,500	9,048,994	(441,066)	(1,996,631)	0.730611	6,611,294	136.299%	\$9,011,104	\$2,981,986	\$2,893,791	\$2,414,875	(\$32,440)	\$8,978,664
2037	2038	\$514,207,500	9,048,994	(441,066)	(1,996,631)	0.730611	6,611,294	136.299%	\$9,011,104	\$2,981,986	\$2,893,791	\$2,414,875	(\$32,440)	\$8,978,664
2038	2039	\$514,207,500	9,048,994	(441,066)	(1,996,631)	0.730611	6,611,294	136.299%	\$9,011,104	\$2,981,986	\$2,893,791	\$2,414,875	(\$32,440)	\$8,978,664
2039	2040	\$514,207,500	9,048,994	(441,066)	(1,996,631)	0.730611	6,611,294	136.299%	\$9,011,104	\$2,981,986	\$2,893,791	\$2,414,875	(\$32,440)	\$8,978,664
2040	2041	\$514,207,500	9,048,994	(441,066)	(1,996,631)	0.730611	6,611,294	136.299%	\$9,011,104	\$2,981,986	\$2,893,791	\$2,414,875	(\$32,440)	\$8,978,664
2041	2042	\$514,207,500	9,048,994	(441,066)	(1,996,631)	0.730611	6,611,294	136.299%	\$9,011,104	\$2,981,986	\$2,893,791	\$2,414,875	(\$32,440)	\$8,978,664
2042	2043	\$514,207,500	9,048,994	(441,066)	(1,996,631)	0.730611	6,611,294	136.299%	\$9,011,104	\$2,981,986	\$2,893,791	\$2,414,875	(\$32,440)	\$8,978,664
2043	2044	\$514,207,500	9,048,994	(441,066)	(1,996,631)	0.730611	6,611,294	136.299%	\$9,011,104	\$2,981,986	\$2,893,791	\$2,414,875	(\$32,440)	\$8,978,664
2044	2045	\$514,207,500	9,048,994	(441,066)	(1,996,631)	0.730611	6,611,294	136.299%	\$9,011,104	\$2,981,986	\$2,893,791	\$2,414,875	(\$32,440)	\$8,978,664
2045	2046	\$514,207,500	9,048,994	(441,066)	(1,996,631)	0.730611	6,611,294	136.299%	\$9,011,104	\$2,981,986	\$2,893,791	\$2,414,875	(\$32,440)	\$8,978,664
2046	2047	\$514,207,500	9,048,994	(441,066)	(1,996,631)	0.730611	6,611,294	136.299%	\$9,011,104	\$2,981,986	\$2,893,791	\$2,414,875	(\$32,440)	\$8,978,664
2047	2048	\$514,207,500	9,048,994	(441,066)	(1,996,631)	0.730611	6,611,294	136.299%	\$9,011,104	\$2,981,986	\$2,893,791	\$2,414,875	(\$32,440)	\$8,978,664
2048	2049	\$514,207,500	9,048,994	(441,066)	(1,996,631)	0.730611	6,611,294	136.299%	\$9,011,104	\$2,981,986	\$2,893,791	\$2,414,875	(\$32,440)	\$8,978,664
2049	2050	\$514,207,500	9,048,994	(441,066)	(1,996,631)	0.730611	6,611,294	136.299%	\$9,011,104	\$2,981,986	\$2,893,791	\$2,414,875	(\$32,440)	\$8,978,664
									\$205,142,945	\$67,886,626	\$65,878,806	\$54,976,023	(\$738,515)	\$204,404,430

EXHIBIT D

Fiscal and Economic Impact on Other Taxing Jurisdictions

Snelling Midway TIF

Tax Increment Financing District (Redevelopment)

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 2021 Taxable Net Tax Capacity (a)	Final* Pay 2021 Local Tax Rate	Final* Pay 2021 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 Capacity
City of St. Paul	351,593,670	45.104%	351,593,670	6,611,294	358,204,964	44.272%	0.832%	\$2,981,986
Ramsey County	727,382,569	43.770%	727,382,569	6,611,294	733,993,863	43.376%	0.394%	\$2,893,791
ISD #625	351,593,670	36.527%	351,593,670	6,611,294	358,204,964	35.852%	0.674%	\$2,414,875
Miscellaneous	** -	10.897%	-	-	-	10.897%	0.000%	\$0
		136.299%				134.398%	1.901%	\$8,290,652

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 1.901%; alternatively an increase in taxable net tax capacity without a reduction in the tax rate would produce an additional \$8,290,652 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.

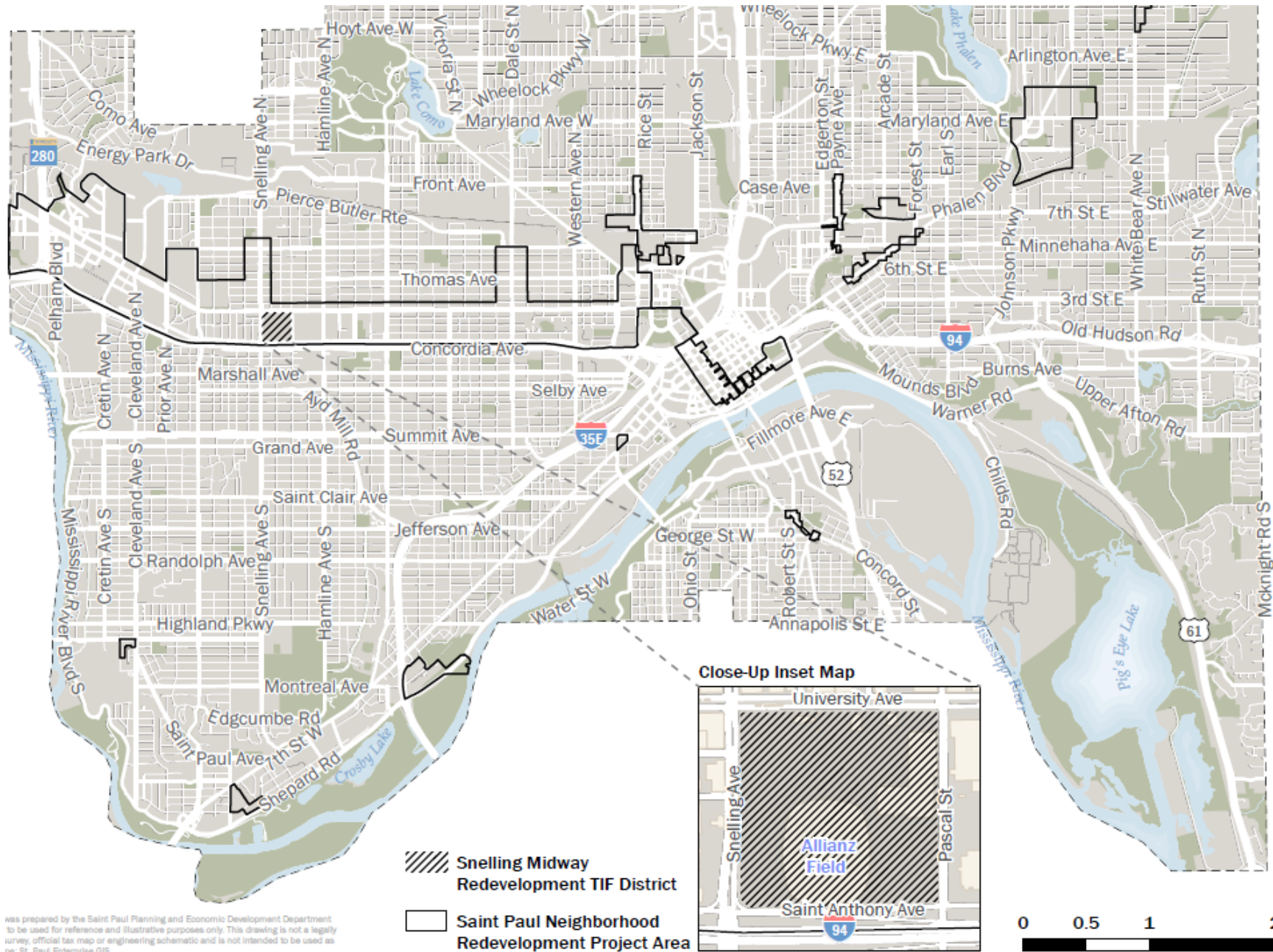
* The Final Pay 2021 tax capacities and tax rates were provided by Ramsey County and used to estimate Pay 2022

** The miscellaneous taxing jurisdictions have been excluded (they represent 8% 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

EXHIBIT E MAP OF TIF DISTRICT



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